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The Development Fund for Africa

REPORT

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The Development Fund for Africa

REPORT

Agency for International Development, 1991

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About this Report

For years, the American people have given generously to reduce poverty and stimulate economic development in Africa. Contributions have been channelled through private voluntary organizations, international organizations such as the World Bank, and the United States Agency for International Development (A.I.D.). A.I.D. works with governments, private sector groups, and individuals in 45 countries in sub-Saharan Africa to bring about sustainable, broad-based, market-oriented growth in the region. This report describes, in a very summary way, initiatives which Africans are pursuing with A.I.D. support, especially since the inauguration of the Development Fund for Africa (DFA).

Established by Congress in late 1987, the DFA provided A.I.D. with a special mandate, a stable and assured source of funding, and more leeway in deciding where and how to spend the funds. A.I.D. was asked to take a new look at African problems — and solutions — and to decide how and where resources could best be used to make a difference in improving the lives of Africa's people. With this mandate, A.I.D.'s Africa Bureau drew up the DFA Action Plan, setting out four objectives which it felt would best focus its energies toward the goal of broad-based, market-oriented, and sustainable economic growth.

The four objectives can be briefly stated:

1. encourage policy and institutional changes which will help African governments to provide public services more efficiently,
2. support actions which will make markets more competitive and encourage private business,
3. strengthen the foundations for long-term development, and
4. improve food security.

In spending DFA funds, A.I.D. has chosen to concentrate its efforts on these objectives and in those countries where there are good possibilities for accomplishing them. Chart 1 lists those 23 countries in Africa which have been designated "priority."

In these pages, after a brief overview of developments in the region, A.I.D.'s recent efforts to accomplish these objectives are reported with one or more examples of what has happened to date and what remains to be done. Through this report, A.I.D. hopes to stimulate greater dialogue with readers in both public and private sectors who are concerned about the challenges of economic development in sub-Saharan Africa. Requests for additional information are welcomed and should be addressed to:

Office of Development Planning
Bureau for Africa
Agency for International Development
Washington, D.C. 20523

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SUB-SAHARAN AFRICA: A Region in Transition

Since most of the 45 countries of sub-Saharan Africa became independent in the early 1960s, political, economic — and above all, demographic — changes have swept across the region. Some have improved the daily lives of Africans; many others have not.

The population in sub-Saharan Africa has more than doubled since 1960 — and now totals about 500 million. Life expectancy climbed from 39 to 49 years between 1960 and 1987. Child mortality in 1987 was 35 percent lower than in 1960. Improved immunization schemes and better treatment of diarrhea — the twin themes of the child survival strategy of the 1980s — have clearly borne fruit. Primary school enrollment rates rose at more than 7 percent per year in the 1960s and 1970s and adult literacy rose from 9 to 42 percent between 1960 and 1985.

This pace of social progress was not matched by the rate of economic growth. Between 1960 and 1979, African economies — the so-called "formal" economies which are visible, taxed, and regulated — grew at only 1.6 percent per capita each year. This modest overall growth rate was markedly exceeded by some countries — Botswana, Lesotho, and Mauritius — but in the region as a whole, average per capita income growth rates were lower in the 1970s than they had been in the 1960s. Agricultural output increased steadily but too slowly — per capita food production fell almost everywhere. Fortunately, in most countries, the "informal" — and uncounted — economies managed to thrive and prosper, often in spite of the efforts and policies of national governments to control them. Informal firms sold everything from t-shirts to furniture to soap and created significant numbers of jobs.

In the early 80s, the formal economies in much of Africa took a turn for the worse. Domestic and foreign investment decreased, and the growth of industry virtually ceased. The prices of many African exports fell on the international market while the prices of much-needed imports soared. Africa's share of world trade declined by about 50 percent. After 1980, most American banks closed their offices in Africa, either for lack of business or due to financial losses. The long-term debt burden increased markedly, even as numerous debt reschedulings took place.

This downturn highlighted policy problems which had long been there — policies which had resulted in disinvestment, poor production choices, and excessive controls. By the mid-80s, governments were scrambling to control the damage and halt the decline. Either on their own, or with the assistance of donors, they embarked on a series of often drastic reforms, the results of which are just now beginning to be felt. The reforms liberalized markets, encouraged private enterprise and entrepreneurship, and reduced bottlenecks and red tape. Efforts to track the impact of these changes are providing the first new evidence that an economic turnaround might be in the offing for many countries in Africa. The data indicate that reforms have helped trim deficits, spurred nontraditional exports, and raised personal incomes. A new phase of development in Africa may well have begun.

Chart 1

DFA Priority Countries

BOTSWANA
BURUNDI
CAMEROON
CHAD
THE GAMBIA
GHANA
GUINEA
GUINEA-BISSAU
KENYA
LESOTHO
MADAGASCAR
MALAWI
MALI
MOZAMBIQUE
NIGER
RWANDA
SENEGAL
SWAZILAND
TANZANIA
TOGO
UGANDA
ZAIRE
ZAMBIA

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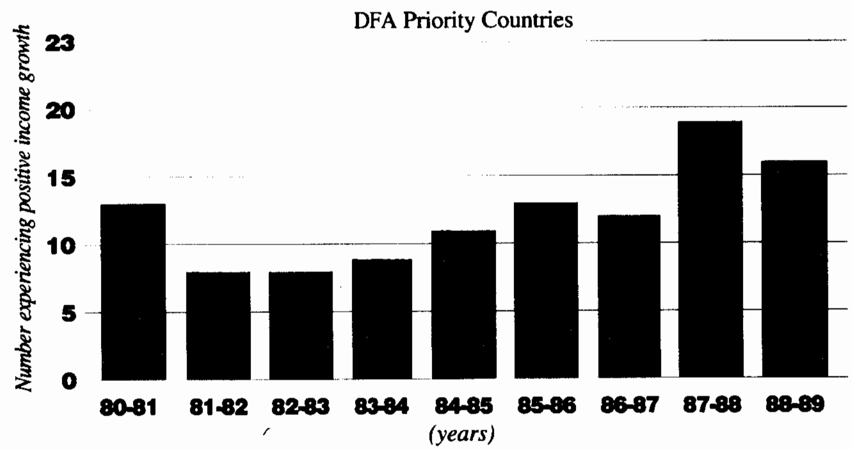
. . . what A.I.D. can do — and intends to do — is to provide support for those African decisions and initiatives which promise rising incomes, greater participation of the population in the economy, and healthier, better-educated men, women, and children.

A reversal in income trends for many Development Fund for Africa priority countries is now evident *(Figure 1)* and may be paralleled by a rise in agricultural output.

Figure 1
Per Capita Incomes in Africa, 1980-1989



But much, much more needs to be done if both economic growth and social progress are to be realized on a scale and at rates significant enough to translate into a truly brighter future for the average African. Affected by both civil unrest and drought, millions of Africans still depend entirely or in part on donated food to feed themselves and their families. Both political and technical solutions are called for. The informal entrepreneurs who supplied many of the essential goods and services as well as the jobs for the growing populations of the 1970s and 1980s should continue to grow. But they need assurance that they will not be stymied by regulations and taxes as they grow and try to exploit the broader markets being created as policy barriers are brought down. Even in some countries where recent social and economic progress has been most heartening, people are being forced to come to grips with new problems. AIDS is spreading rapidly, and is responsible, in Uganda, for a stunning rise in the number of orphans.

Perhaps more than ever before, African governments and their people need the support of the developed countries and the international agencies that work with them to address the challenges of the 1990s. It is, of course, beyond the ability of outside agencies, private or public, to ensure that African governments make all the "right" decisions necessary to improve the lives of the citizens in their countries. Or that individual Africans make all the "right" choices to improve their own futures. But what A.I.D. can do — and intends to do — is to provide support for those African decisions and initiatives which promise rising incomes, greater participation of the population in the economy, and healthier, better-educated men, women, and children.

A.I.D. is working with those Africans who have decided that this vision of progress makes sense for them and are making it reality in their countries. A.I.D. must — and will — work in partnership with private organizations and individuals ready to commit their own resources in support of progress in sub-Saharan Africa as well as with governments. Some of the ways in which A.I.D.'s program has done this so far are highlighted in this report. Activities which promote each of the four DFA objectives are described.

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Program Highlights

Public Policy and Public Services

During the late 1970s and early 1980s, the governments of many African countries suffered from a series of afflictions. Public debt grew to unmanageable proportions. Governments ran out of financial resources sufficient to provide even basic services. Foreign currency exchange policies reduced incentives to export and encouraged entrepreneurs to smuggle or to simply not produce. At the same time, quasi-governmental corporations provided jobs for thousands of Africans but almost always operated at a loss, compromising the ability of government to carry out other functions.

Accordingly, A.I.D. targeted DFA resources to support governments making significant changes in the management of their economies and in the way they provided public services to their citizens. A.I.D. singled out some areas for special attention: improving fiscal and monetary policies, reducing the government's role in producing and marketing goods and services, and helping governments provide public services — health, education — more equitably and efficiently. Some of the progress made has been sustained. Backsliding on difficult reforms, however, is always a possibility, as the cases described here illustrate.

Better Fiscal and Monetary Policies — A New Approach in Senegal

By 1990, a number of African governments had instituted fiscal and monetary policy reforms with the assistance of A.I.D. The Agency evaluated the impact of these reforms in selected countries. Findings from Senegal demonstrate both the importance of such reforms and the difficulties they can create.

Between 1986 and 1988, A.I.D. encouraged the Government of Senegal to

- reduce restrictions on imports to allow commercial and industrial enterprises more authority to import,
- implement a new commercial investment code,
- reduce across-the-board tariff protection to local industries to encourage them to become more efficient, and
- revise the tax system.

These reforms were supposed to result in a larger tax base and greater tax revenues, increased incentives for investment, and more competition in the industrial sector. Some of these things happened. Competition flourished. The tariff reductions and import reforms administered a psychoeconomic shock to the previously protected industries, forcing a number of large firms to change the way they did business. In interviews with A.I.D. evaluators, the owners of 15 of these firms described several steps they have taken to become more competitive. At the same time, owners of 38 small businesses in the informal sector told evaluators the reforms have let them increase their profits, make more investments in new equipment, and increase employment.

But not all the news from Senegal is good. Many businesses are still struggling to adjust. Unaccustomed to competition, many of the large private firms have seen their sales drop off, resulting in a serious decline in government revenue. Meanwhile, a series of factors unrelated to the reforms including political instability, locust infestations, and a poor harvest of the major export crop (peanuts), have put their own strain on the government and the economy. Fearing a major revenue shortfall, which would have jeopardized other programs, the government reversed some of the tariff reforms in 1989, thereby sending a confusing signal on trade policy to current and future investors.

Reducing the Government's Role in Producing and Marketing Goods and Services – In Cameroon: Fertilizer When You Want It

A good example of a government's cutting back on its direct intervention in the economy comes from Cameroon, where, with A.I.D.'s assistance, the government reduced subsidies on fertilizer for coffee and cocoa and got out of the fertilizer marketing business altogether. In two years, the subsidy was cut by $215 a ton, saving the Cameroonian treasury $13 million, while the simultaneous privatization of the fertilizer market slashed distribution costs from $280 to $50 a ton. The net result for the average coffee farmer — who could have been hit with an enormous price increase after the subsidy was cut — was a relatively low 4.2 percent price rise and much more timely delivery of fertilizer. *(See box on Lukong Pious.)* It is too early, however, to predict that these new incentives will pay off in increased production and incomes for coffee farming families. Coffee prices have fallen on the international market, seriously undercutting the incentive for farmers to grow — and fertilize — coffee. But studies have shown that if some other reforms are made in this sector, Cameroonian coffee growers can stay competitive, and A.I.D. continues to look for ways to foster these changes.

Broad-gauged reforms such as these — improved fiscal policies and reduced government intervention — are essential for the kind of economic growth Africa needs. But unless these broad reforms go hand in hand with specific improvements in key public services (e.g., family planning, health, education, roads), they may not take hold in the long run or have the intended effect. For this reason,

LUKONG PIOUS — CAMEROON

Lukong Pious grows coffee in the North West province of Cameroon. Last year, when he sold his coffee to the local cooperative, he got cash for one quarter of it and was told he would be paid for the rest when the coop got the money it was owed by the state-run National Produce Marketing Board.

But that's not how things turned out. As the price of Cameroon's major exports — oil, coffee, cotton and cocoa — declined on the international market, the economy was plunged into a recession, and now the government cannot pay its coffee farmers the money it owes them. Instead of the cash he needs to pay for his children's school fees (which recently went up), Lukong got a piece of paper explaining that the Board owes him money. At the same time, the Government announced a 52 percent cut in the price it will pay for coffee, to bring Cameroon, it said, in line with the international price.

To make matters worse, the government announced it planned to reduce the subsidies it normally paid for the fertilizer Lukong uses on his coffee, and he now expects the price of that fertilizer to increase. Moreover, fertilizer is sometimes in short supply, so that even if he had the money in hand, Lukong still might have to wait more than half a year for a delivery.

But there may be some relief at hand. Through the Fertilizer Sub-sector Reform Program (FSSRP), A.I.D. has been working closely with the Government of Cameroon to get the government out of the fertilizer subsidy and distribution business. For one thing, the cash-strapped Government can no longer afford the subsidies and, for another, the end of state control over the program should put a stop to years of bureaucratic inefficiency that has driven up the subsidy bill for the government. Through the FSSRP, the Government of Cameroon has received a grant to relieve its cash crisis. This assistance, along with the subsequent transfer of fertilizer sales and distribution to the private sector, spells hope for Cameroonian coffee farmers.

What all this means for Lukong Pious is this: In spite of a 20 percent reduction in the fertilizer subsidy, the price of his fertilizer, the coop has told him, will go up by only 4.2 percent. And thanks to privatization, the time it takes to get fertilizer from the port out to the coops has been halved. Meanwhile, there is a chance Lukong will get the money he's owed since the Government and the Marketing Board are now in a better position to pay their coffee farmers.

A.I.D. has also been active in promoting reforms in the way governments provide key public social services in nearly all of the 23 DFA priority countries.

Population Policy and Family Planning: In Kenya, the Word Is Out

A.I.D. has moved aggressively to educate African policymakers in the potentially explosive consequences of high birth rates and to equip their governments to develop and support effective family planning programs. Kenya, Botswana, and Zimbabwe continue to lead the sub-Saharan countries in implementing such programs, although a heightened commitment to the promotion of effective family planning is emerging in most of the DFA priority countries as well. An example from Kenya, where A.I.D. has supported family planning policy and programs since the 1960s, shows what this commitment means when it is sustained long enough.

In Kenya, about 90 percent of the women contacted by survey teams in 1989 said that they were aware of family planning methods and knew where to get the services they needed. Between 1984 and 1989, the use of modern contraceptive methods doubled, and the use of the most effective methods likewise rose dramatically. In 1984, there were four voluntary surgical contraception sites in the country; now there are 50. And in that same period the number of procedures performed rose from a few hundred to nearly 10,000. In just over ten years, the average size of the ideal family in Kenya has dropped from 7.2 children to 4.4.

Still, not all Kenyan women are getting the services they need, so A.I.D. continues to support both the public and private health care delivery systems, the latter consisting of health facilities in private commercial firms, training institutions, private maternity homes, and hospitals and health centers run by private voluntary organizations. What is clear from the Kenya experience – and this has been confirmed in Botswana and Zimbabwe – is that functioning health care delivery systems are essential to successful family planning programs.

Health and Child Survival: AIDS and Malaria – Two New Killers

The news on this important front is mixed. Infant and child mortality have declined markedly over the past three decades, with rates dropping by more than a third between 1960 and 1988. Evidence suggests, though, that the decline may have slowed. For example, although increased immunization has brought down the mortality rate, the decrease may be short-lived if immunization programs are not successfully institutionalized so that these services continue to be offered to all newborns. Such programs depend on sustained levels of public financing, of course, and this has been a problem for many countries. And other problems — not financial — are also emerging.

In Malawi, for example, A.I.D. assistance has made a significant difference in health and child survival. Malawian officials credit A.I.D. with bringing about the first major increase in Ministry of Health clinical staff, with raising the percentage of children receiving correct treatment for diarrhea (from 42 percent two years ago to 70 percent today), and with creating greater access to piped water.

But other health statistics in Malawi are troubling because of two new killers: malaria and pediatric AIDS. Since the mid-1980s, the infant mortality rate has not improved and may have increased despite the advances noted. Health officials worry that infant and childhood mortality may continue to increase during the next decade because of these diseases.

In the case of malaria, the problem is a new, chloroquine-resistant strain of the disease which afflicts more than 80 percent of all children, according to one 1990 study. High transmission rates and the high susceptibility of young children make this disease the most common cause of out-patient visits and in-patient pediatric admissions and deaths. Alternative therapies are needed — and these require the re-education of patients and health workers and will increase drug costs.

In the case of AIDS, HIV seroprevalence among mothers is on the rise, increasing from 2 percent in 1985 to over 20 percent in 1990 among one group of urban women. An estimated 30 percent of the children born to these women will contract — and succumb to — pediatric AIDS, while an undetermined number of the rest face a precarious future as AIDS orphans. The World Health Organization now estimates that, in some countries, pediatric AIDS will soon become the major cause of death among infants and children.

Faced with what it calls "these numbing statistical possibilities," the A.I.D. Mission in Malawi has adjusted its program emphasis. No longer expecting to bring infant and child mortality rates down, the Mission is concentrating on helping the Ministry of Health to establish strong malaria and AIDS control programs which can limit the impact of these diseases. The Mission continues to support and strengthen health information/disease monitoring systems to track the dimensions and changing nature of the problem.

Education: Lesotho Looks to Its Own Devices

Historically, A.I.D. has not been widely involved in supporting primary education programs in Africa. Given the enormity of the task, A.I.D., with its limited resources, chose to concentrate on other problems. But a number of factors, including growing Congressional concern, have prompted a change in strategy in selected countries:

- In the long run, improvements in education will help make African economies become more productive and more competitive. Education currently absorbs 15 percent of total government spending in sub-Saharan Africa – three times more than what is spent on health care.
- Success with policy reforms in other sectors encouraged another look at education, where, for example, financing reforms can increase community participation and mobilize more private resources for schooling.
- Greater school attendance, especially by girls, will have the added advantage of leading to more effective health and family planning programs.

In planning how to expand its support to primary education, A.I.D. has drawn on the lessons learned from its work with the school system in Lesotho, one of the few countries where A.I.D. has provided education assistance for some years. As part of its effort to create more jobs and more qualified workers, the Government of Lesotho, working with A.I.D., decided that improving the country's primary education system would better prepare young Basotho to enter the labor force. A 1986/87 survey showed that more than 50 percent of all rural households in that country depend on remittances from migrant mineworkers in South Africa as their major source of income. But increasing pressure to employ native South Africans and the greater use of capital-intensive mining techniques mean that many Basotho will now have to find work at home, where unemployment in 1988 was already 23 percent.

Improving the efficiency of the system and the quality of the education given were key objectives to the government in the BANFES — Basic and NonFormal Education Systems — effort. Specifically, the A.I.D.-supported project aimed to get more of the school-age population into school, to increase the efficiency of primary schools by emphasizing students' completing all grades rather than merely starting school, and to give the curriculum more practical content geared to the Lesotho environment.

BANFES has made a difference. Between 1985 and 1989, the proportion of school-age children enrolled in primary school rose from 70 to almost 80 percent. The percentage of children completing primary school and passing the very tough completion exam rose from 46 to 53 percent. While the pupil/teacher ratio is still very high, over 55 to 1, a strong in-service education program sharpened

As African governments began to undertake the kinds of reforms already described, the opportunities for private businesses to do a more efficient job of providing goods and services became apparent.

the skills of 1200 rural teachers. Texts are more plentiful: In 1985, each student had one text in the local language (Sesotho), one in math, and one in English; by 1989, each student had the basic set of texts plus a Sesotho reader, a radio language arts text in English, and a set of supplementary math materials. Teachers' materials for agriculture and practical arts and crafts were prepared and each fifth- through seventh-grader received, in 1990, a Small Business Reader. This reader was based on interviews conducted with women managing their own small businesses. Their stories were transformed into instructional material which permits their learning-by-doing to be easily communicated to students who may soon be facing the same challenges themselves.

Also encouraging is the fact that, even with enrollment up, efficiency and quality have more than held their own.

- In 1985, it took 15.3 years' worth of resources (teachers, classrooms, supplies, etc.) to turn out a primary school graduate; that figure has now been cut by 15 percent.
- The pass rate for children taking the standardized Primary School Leaving Exams rose four percentage points.

Transportation: Convincing the President

Good roads are good business. They open up markets, stimulate productivity, and keep prices down. And they also make more services available to more people. In countries where A.I.D. supports improvements in transportation, it has a special interest in getting more private firms involved in road-building and maintenance because they perform those services more efficiently. In Tanzania, A.I.D. has helped the Government of Tanzania to pilot a program enabling the government to contract with local construction firms and thereby to supplement its own capacity to build and maintain rural roads.

President Ali Hassan Mwinyi of Tanzania wasn't taken with this notion to begin with, but changed his mind after visiting both a traditional government road construction project and an A.I.D.-financed project in the Shinyanga District. The government road crew and a private Tanzanian firm had started work on the same day. When the president visited Shinyanga on July 18, 1990, the government road-builders were 60 percent behind schedule and the private company was 60 percent ahead.

Tanzania is now planning to spend $800 million on road rehabilitation and maintenance in the next five years, and the president himself is leading the call for turning much of the work over to private construction firms. If the track record of the Shinyanga private contractor is maintained, a rebuilt road network will ensure that Tanzanian consumers will once again be able to buy Tanzanian produce.

Market Development and the Private Sector

Years of government-controlled prices and restricted market competition in most countries in sub-Saharan Africa led to widespread inefficiency and disincentives to produce. Prices had little meaning and were, in fact, misleading. The climate for private enterprise was not only poor; it was actually hostile in many countries. Major industries were state-owned monopolies, and, in most cases, they were losing money. The informal sector businesses which operated — and, often, thrived — were tolerated because they were providing needed goods and services.

As African governments began to undertake the kinds of reforms already described, the opportunities for private businesses to do a more efficient job of providing goods and services became apparent. Analyses showed, however, that the markets for commodities, capital, and labor had to be deregulated, expanded, and revitalized before private investors could or would step in. A.I.D. focused its

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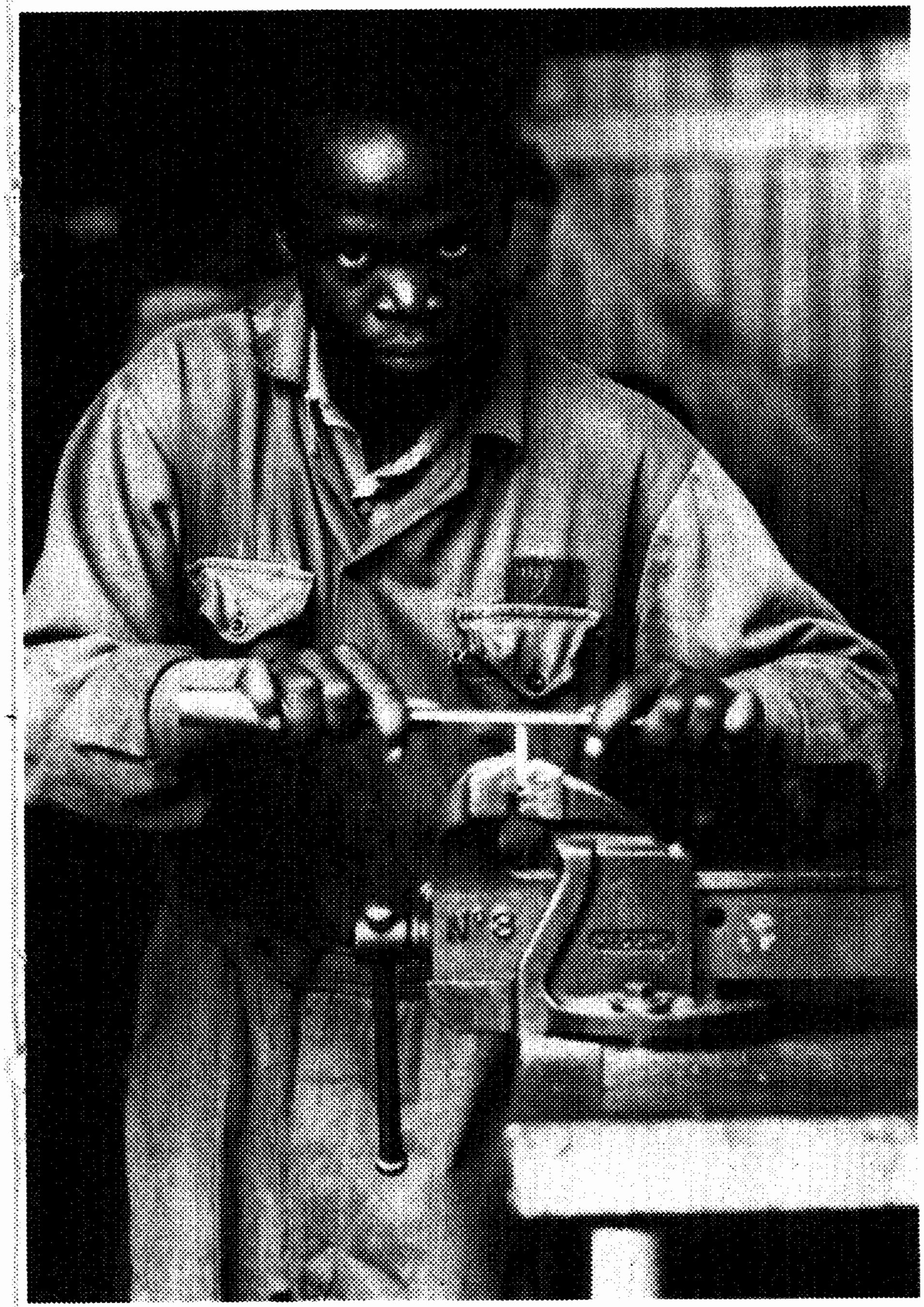
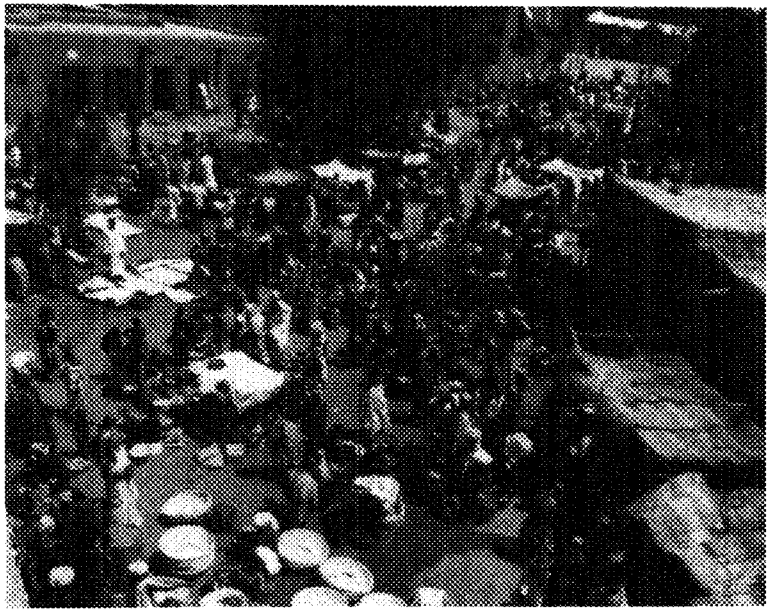


second objective in implementing the Development Fund for Africa on making markets more competitive.

A.I.D. has encouraged and supported:

- the Government of Uganda in revising its trade policies to diversify export earnings by selling commodities other than coffee, thereby assuring more stable foreign exchange earnings and more income for farmers who grow crops besides coffee,
- the governments of Togo and Cameroon in the wholesale revision of their labor, import, and market controls needed to establish Free Trade Zones and generate new jobs for Togolese and Cameroonian workers, and
- the governments of Senegal and The Gambia to improve bank supervision and divest state ownership in banks as part of a broader effort to increase the availability of competitively-priced capital to private investors.

To better understand how the private business owners and managers themselves perceived their problems, and to figure out what to do about them, A.I.D. undertook a unique series of country studies. In each study, private business experts associated with A.I.D. interviewed both informal and formal business managers, entrepreneurs, and bankers. The interview findings were then discussed in depth with representatives of the government, the A.I.D. Mission and other donors. The studies have already resulted in a number of practical steps to encourage



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investment: changed policies and regulations, reduced tax rates, one-stop shops to encourage foreign investors, and so forth. Multilateral organizations supported by A.I.D. are also expected to use such results in their efforts to make private businesses in Africa grow. One such organization, the Africa Project Development Facility helps companies prepare sound business plans and acquire commercial financing. Another, the African Management Services Company, helps private businesses to improve their management.

But progress in market reforms and private sector development takes time. While a government can quickly declare its intention to get rid of price and import controls, carrying out the institutional reforms to implement the policy and building up investor confidence in the new policy and institutions take longer. The A.I.D. programs in Uganda and Mali, however, are making inroads.

For decades, private businesses in Uganda weren't allowed to export most goods, and, because of a lack of foreign exchange, they didn't have money to buy the imports they needed — such as spare parts or fertilizer — to make or grow their products. But in 1988 the government did away with public monopolies on several crops and, with A.I.D. support, allowed exporters to keep any foreign exchange they earned. In the following year, exports of sesame, beans, and other produce doubled, and the figures for 1990 were even better. Buoyed by these results, the government is taking other steps to promote such nontraditional exports.

With A.I.D.'s assistance, the Government of Mali has instituted an information system to make the recently liberalized grain trade more competitive and efficient. *(See box on Broulaye Diakite.)* Officials from the other Sahelian countries asked for demonstrations of the system and participated in a conference recently held in Bamako, Mali. Experts who helped design the Malian system are now working with the governments in Chad, Niger, and Senegal to tailor the approach to their own markets.

Strengthening the Foundations of Long-Term Productivity

The actions already described are expected to increase the productivity of African economies, businesses, and families in the relatively short term, and, with A.I.D. support, have done so in a wide variety of ways. The size and sustainability of these gains, however, depends on a country's natural resource endowment, its capacity to use technology to get the most from its natural resources, capital, and labor, and, finally, the skills and initiatives of its people. A.I.D. supports governments, communities, and individuals in sub-Saharan Africa to strengthen these foundations of economic growth and progress as the third of its priority objectives in implementing the Development Fund for Africa.

Natural Resource Management: Of Governments and Firewood

Natural resources are, for most countries, essential to their economic growth. Effective management of the environment is especially important for sub-Saharan African countries whose soil, water, and forest resources are limited. The challenge for these countries, then, is to balance current use against future need. Not only must present resources be used efficiently; provisions have to be made for their conservation, replacement and even expansion for future needs. Achieving such a balance requires commitment from the highest levels of government and the cooperation of individual users in local communities.

Some farmers and woodcutters in Niger have shown how it can be done. For years, nearby residents illegally cut trees in the Guesselbodi forest reserve for use as firewood. Then, with support from the government, A.I.D. and various private voluntary organizations, the farmers and woodcutters replanted 5,000 hectares in the devastated reserve as the centerpiece of a village-level demonstration project in natural resource management. The scheme proved not only that unproductive land could be recovered, but that local users would plant and protect trees if they were given the rights to use them. A second experiment, in the Maggia Valley, demonstrated that windbreaks could improve crop production and at the same time generate income when the component trees were sold as poles and firewood.

BROULAYE DIAKITE–MALI

Broulaye Diakite sells cereal grains in Bamako — and makes a living at it. Unremarkable in today's Mali, such a situation would have been extremely rare ten years ago when the government had a monopoly on grain trade and private traders like Diakite risked stiff fines and often had their goods confiscated at roadblocks. Now, thanks to the Cereals Marketing Restructuring Project (PRMC) — and a good radio — Diakite's business is flourishing.

The PRMC is part of the A.I.D.'s Africa-wide effort to loosen central government control of commodity sales and give private businessmen a chance to compete in the market place. To help the Government of Mali get out of the grain trade, a move fraught with political and economic risk, A.I.D. and nine other donors promised food aid to stabilize the markets while the government went about opening up the cereals trade and energizing the private sector. With PRMC support, the government got out of the cereals business in the mid-1980s and private entrepreneurs moved into the void.

To stimulate competition, the government used some of the food aid sales proceeds to start the Market Information System (known by the French acronym SIM) whereby the government collects and distributes — via weekly radio broadcasts — the latest information on grain prices and availability around the country. Now, by listening to the radio, Diakite knows where he can buy grain cheaply and what retailers like him are selling it for in Bamako. Consumers know too, since most of them have radios, and Diakite keeps his prices competitive — even if he has to lower them a bit. "Information has changed commerce," Diakite says. "When my prices are lower, I have more customers and I earn more money."

From the beginning, A.I.D. has recognized the training of individuals as an important development tool. Over the years, thousands of Africans have received training in dozens of fields — from spraying for locusts to designing sophisticated econometric models.

Today, more than 13,000 hectares of Niger's woodland are under community control, compared with 1,500 in 1986. And the Mission estimates that 400,000 hectares of agricultural land are being managed for sustainable production. More important for the long term, the Government of Niger has now officially reversed its policy of state control of natural forest reserves and given communities the incentives – as well as the rights – to manage these resources.

Agricultural Technology: Success With Corn and Sesame

Between 1980 and 1989, foodgrain production in sub-Saharan Africa rose from 42 million to 52 million metric tons. While this increase didn't keep pace with population growth, it is encouraging that, in four of the last five years, yields per hectare appear to have exceeded 900 kilograms, the highest level attained since the U.S. Department of Agriculture started keeping records in 1966. The challenges faced in producing results such as these were eloquently summarized in a recent report on agricultural research:

> If [agricultural scientists] are [to be] successful in their work, they must accomplish two tasks more or less simultaneously. On the one hand, they must restructure the plant and/or its environment so as to meet certain objectives (e.g., increased yield, stability, height, drought tolerance). On the other hand, they must modify the behavior of the farmer so that he or she buys the improved seeds, plants, and weeds and harvests according to the prescribed methods...in the prescribed manner and time....The hundreds of cultivars that sit gathering dust on experiment station shelves around the world are a grim reminder that the use of scientific methods by themselves is insufficient to change the behavior of farmers.

Nevertheless, the corn research program in Kenya, which A.I.D. has supported since the 1960s, continues to provide evidence that the challenge can be met. In 1963, when corn varietal research started, no one produced hybrid corn; by 1977, the majority of smallholders in the higher altitude areas of Kenya grew hybrid corn and about 15 percent of total corn area in the country was planted to hybrid varieties. By 1988, nearly 50 percent of Kenya's corn land was in hybrids. Overall corn production doubled from 1970 to 1988.

An A.I.D.-supported program in The Gambia has also met the challenge. Over the last three years, the Gambia Research Service has been responding to farmers' requests for information and training in new agricultural technologies by expanding its program of on-farm trials. One such trial introduced local farmers to sesame and has since been cited as an example of what happens when a good fit is made between farmer interest, crop characteristics, and enthusiastic extension *(see box on Fatou Njie).*

Training: Keeping Track

While better use of the environment and improved technologies are important to increasing productivity, it is the people and the know-how they bring to their daily work which are critical to a family's and an economy's progress. From the beginning, A.I.D. has recognized the training of individuals as an important development tool. Over the years, thousands of Africans have received training in dozens of fields — from spraying for locusts to designing sophisticated econometric models. In the past two years, the Africa Bureau has installed a trainee tracking system which allows its managers to keep tabs on who has been trained in what. The system will facilitate follow-up studies to find out if the training was effective (and if not, to change it).

A.I.D. has also learned that training groups of individuals in work-associated settings seems to work better than training individuals alone. For example, one program in Kenya trained trainers themselves to do their jobs better. The clients in this instance were civil servants in the Directorate of Personnel Management, responsible for overseeing all training activities in the country. Because of A.I.D.'s policy (in Kenya) that one-half of the training scholarships it awards must go to the private sector, Directorate trainers found their classes brimming with business people who demanded that training be tied directly to results. In training-of-trainer workshops, Directorate staff learned how to design results-oriented training, how to tailor training for individual groups, how to assess the needs of trainees, and how to improve their delivery skills. The creation of a computerized database listing all the training opportunities currently offered by donor organizations in Kenya, another element of the program, makes opportunities for training more widely available.

This example illustrates well the ripple effects that training can have — one reason why it is so hard to measure the full impact of A.I.D.'s support.

Food Security

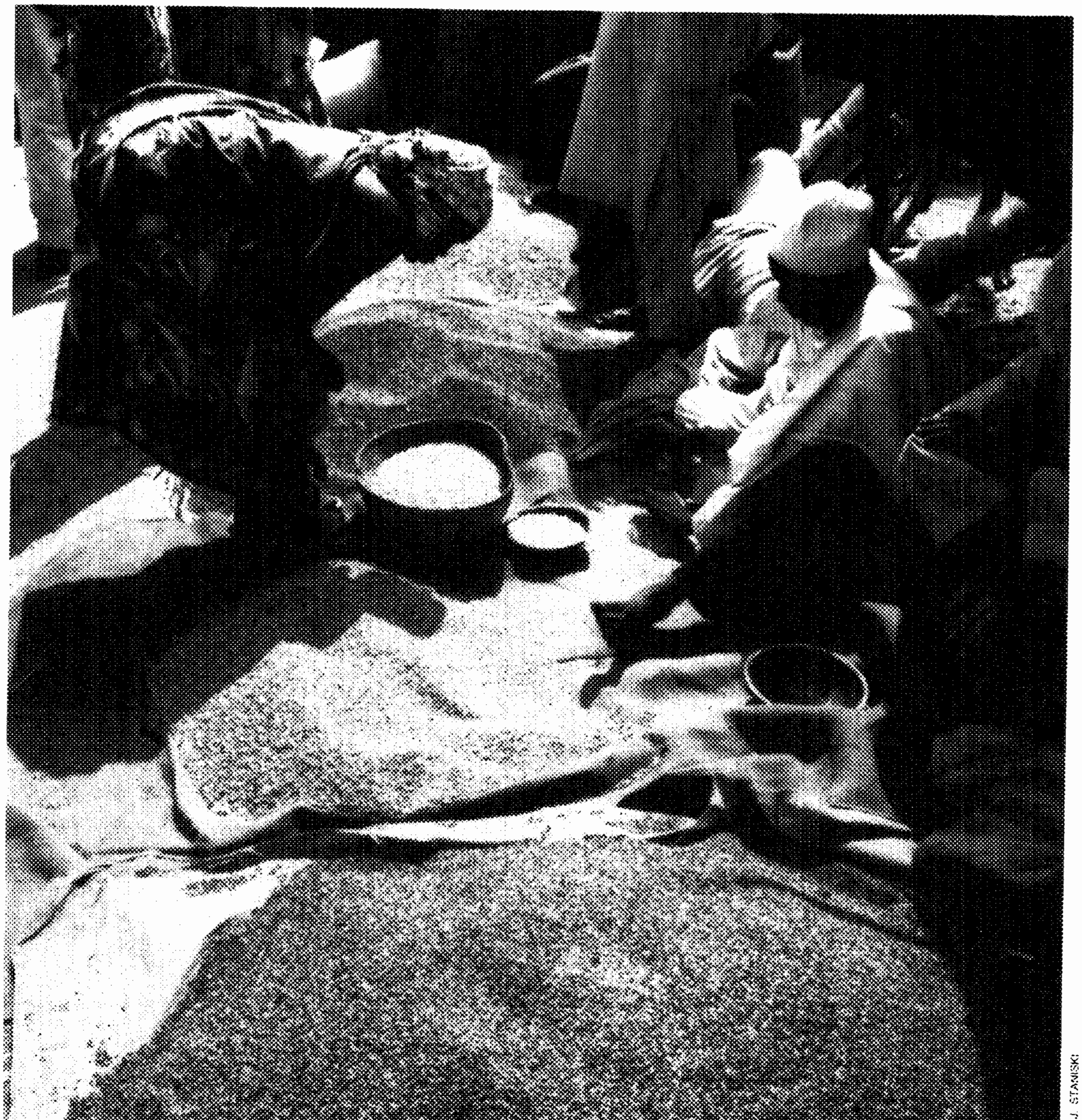
Food production in Africa increased during the 1980s at an annual rate of about two percent. The population grew even faster, though, resulting in a decline in per capita availability

FATOU NJIE — GAMBIA

"Sesame is amazing," Fatou Njie told a visitor. "If you have little land and a bag or two of fertilizer, you can grow it." Which is what Mrs. Njie now does, thanks to an A.I.D.-funded agricultural research project and some tireless sesame promotion by Catholic Relief Services (CRS). Most Gambian farmers, like Mrs. Njie, grow peanuts, the country's largest export. But there are some problems with peanuts. For one, peanuts are the only cash income source the farmers have, so they like to sell as many as they can. This sometimes leaves them short of oil for cooking. Too, until recently, the Gambia Produce Marketing Board was the only authorized processor of peanut oil, so farm households wanting to buy cooking oil when their own ran out did not always find it on the market at a price they could afford. When you consider that the lack of fat in the local diet is the cause of severe malnutrition among Gambian children under five, the significance of sesame — and especially sesame oil — takes on new urgency.

To provide a cheap source of fat for the family diet, CRS conducted field trials with sesame starting in 1978 and found that it does well in The Gambia. The crop's image soared in 1983 when it proved highly resistant to a drought that severely damaged peanuts and sunflowers. What's more, it was discovered that sesame cake (left behind after the oil is pressed out) can be used to fatten the rams which are much in demand on religious feast days. Word spread, and today more than 50,000 Gambian farmers, mostly women, are organized into 16 sesame growers associations, each with its own oil processing facility. CRS provides training to these groups in literacy, numeracy, record keeping and equipment maintenance. Many of the farmers now have not only a ready source of cheap oil but, after selling their surplus, some extra income to cover school fees or finance trading activities.

And the future for Mrs. Njie and other growers may be even brighter if they can grow enough to export: sesame commands a high price on the international market. If enough Gambian farmers produce substantial surpluses, they will find no shortage of ready buyers.



S. J. STANISKI

of food from local sources at a rate of about one percent per year, a drop not offset by increased commercial food imports and food aid. On average, it appears as though African consumers had lower levels of food availability in 1990 than they did in 1980 *(Figure 2)*. While food prices on the international market fell and, in some countries, domestic food prices also declined, income constraints kept consumption down. Even the farm households selling crops were affected; they were not able to count on income from the sale of these crops to purchase other items needed.

In light of continuing food shortages and the importance of food in maintaining even a minimal quality of life, A.I.D.'s fourth objective in implementing the DFA is one which it has pursued for several years: improving food security.

Food security depends on three related factors:

- Food availability: Is there enough from farms, local markets, international markets, and food aid?
- Individuals' access to food: Do individuals have adequate incomes (from selling and/or processing farm produce as well as from off-farm employment, remittances, and the like) to buy the food they need?
- Whether food is lost or wasted: Are proper storage and processing techniques used? Is there adequate knowledge of nutrition and child care techniques? Are adequate health and sanitation services available?

Availability

With the majority of African households located in rural areas, the most direct way to improve food security is to make farming more productive by giving farmers access to fertilizer, seeds, technologies, and markets. For urban families, jobs and efficient markets are critical. Food imports play an important role in complementing local production.

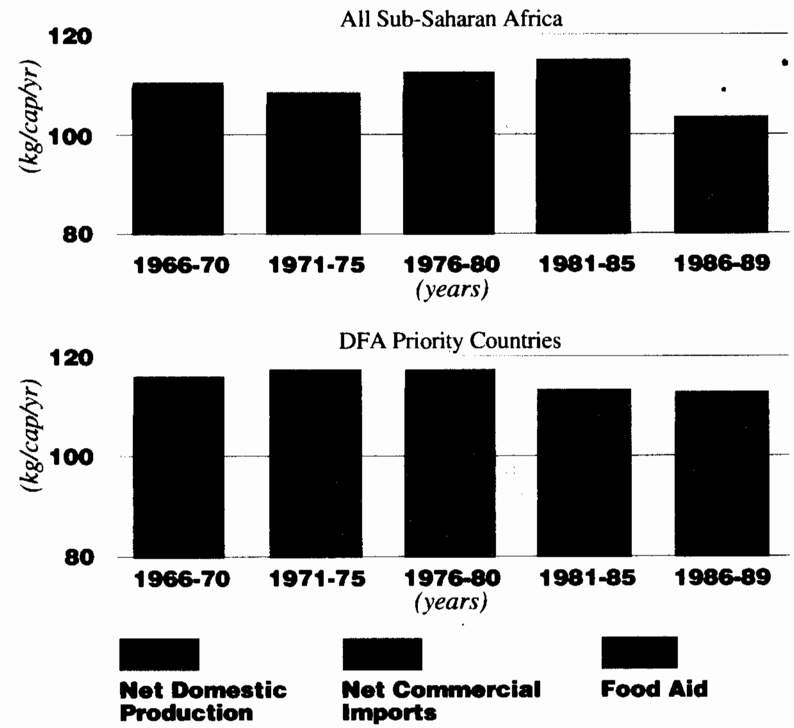
For most countries in sub-Saharan Africa, food aid supplements commercial imports. In the 1980s, several countries experienced repeated droughts and increased their reliance on food aid as a source of food supplies to avoid widespread famine.

Beginning with the 1984-85 Africa-wide drought, A.I.D. has made major advances in famine preparedness and management of relief operations. In 1990, two massive alarms were given by the famine early warning system supported by A.I.D. In northern and eastern Ethiopia, three million people were identified at famine risk in late July. In Sudan, A.I.D. gave warning in early August of an impending nation-wide food crisis that could touch more than 10 million people over the next year.

In both cases, new A.I.D.-funded remote sensing technology permitted warning two months earlier than ever before. This early warning, along with new methods to identify people who were the most at-risk, permitted the U.S. Government and other donors to rapidly develop emergency food and relief responses and potentially save thousands of lives.

Figure 2

Foodgrain Availability, 1966 - 1989



A principal finding from recent A.I.D.-funded analyses is not surprising: 'households with diverse sources of income — from crops, animals, on-farm food processing, outside employment — stand a greater chance of being food-secure.

At present, this warning capability applies principally to the Sahelian band stretching from Mauritania in the west to Ethiopia in the east. These new methods are now being transferred to indigenous regional organizations in East and Southern Africa where, even in surplus years, both chronic and temporary pockets of food insecurity can exist.

A.I.D. works in close partnership with private voluntary and U.N. relief organizations to address peoples' needs in areas experiencing severe food shortages. The rapid evolution of these situations makes this job a tough one. As the A.I.D. Mission in Mozambique reported:

> In the northern part of Inhambane Province, the Adventist relief organization delivered [food] as scheduled, but the number of beneficiaries had increased by over 60 percent. In Zambezia [Province], with the recently reported 100 percent increase in displaced persons, it is unlikely that any[one] receives full rations 100 percent of the time.

U.S. food aid not only responds to immediate food emergencies. Through food aid sales programs, the U.S. also makes commodities available to meet market demand not met by commercial imports alone. Funds generated by food aid sales are used to address longer-term food security issues. In Guinea and Mali, for example, U.S.-donated food aid met consumption needs while sales proceeds were used to improve cereals markets.

Access

Farming provides rural households both food itself [availability] and income to purchase more food [access]. However, since many African farm families lack sufficient land, labor, and capital, additional job opportunities off the farm are necessary. A principal finding from recent A.I.D.-funded analyses is not surprising: households with diverse sources of income — from crops, animals, on-farm food processing, outside employment — stand a greater chance of being food-secure. In The Gambia, for example, several programs supported by private voluntary organizations have encouraged small farmers, especially women, to diversify into vegetables, rice, or small animals, and not to be dependent on a single crop or income source.

Agribusinesses supported by A.I.D.'s microenterprise development program have had a similar effect by increasing employment and by diversifying households' sources of incomes. A.I.D.'s support of microenterprise development has doubled in Africa in the last three years through credit and training programs which help small entrepreneurs to establish their own businesses, especially in rural areas *(See box on Eunice W.)* These small businesses also open up job opportunities for others.

But food aid remains an importance resource used by A.I.D. and partner private relief organizations to address the problems of families and individuals whose access to food supplies is restricted by civil unrest and war. In 1988-1990, millions of Africans were separated from their sources of income with little chance of finding employment elsewhere. Without food and the means to buy food, hundreds of thousands of Africans depend on emergency donations from outside organizations.

Avoiding Losses and Waste

The importance of ensuring that food harvested is used as efficiently as possible is illustrated by the introduction of a package of appropriate, farm-level grain storage technologies in Kenya. For the farmers in the project area who adopted even some of the recommendations (and about 40 percent did), losses on stored maize were cut in half — from 30 percent to 15 percent. A positive side effect was that the demand for improved storage technology led to the employment of 1,500 artisans to make grain storage bins, thereby increasing their incomes.

Changing the Way A.I.D. Does Business

In creating the Development Fund for Africa, Congress gave A.I.D., and the Africa Bureau in particular, an important — and complex — mandate. First, Congress expressed the continued commitment of the U.S. to help African countries improve their economic performance and the lives of their people. Second, it recognized that the challenge of improving economic performance might require some new and different approaches. Third, it provided funding stability with a minimum of funding constraints. Fourth, it underscored the importance of working in partnership with others — African government officials, grassroots organizations, private businesses and banks, other major donors, and the private voluntary community. Put simply, A.I.D. was asked to change the way it does business in order to increase its impact in Africa.

In implementing the DFA, A.I.D. has made changes. It has made a major effort to concentrate its programs in countries where there is a commitment to and a potential for real economic growth and social development — where its efforts are most likely to make a difference. As a result, about 80 percent of A.I.D.'s DFA funding and staff are now concentrated in 23 DFA priority countries. *(See chart on page 3.)* The commitment and performance of the priority country governments themselves has allowed A.I.D. to try out new approaches to providing support. Rather than only providing tightly structured project assistance, with substantial inputs of foreign experts and commodities, A.I.D.'s new approach is to support a sector program which the government itself is committed to carrying out. Only occasional technical assistance and general financial support may be required.

To keep tabs on how a country is doing, a monitoring, evaluation, and reporting system is being put in place that permits the Agency to track economic and social indicators of development performance on an annual basis — in short, the impact of our assistance. Budget modifications will be made over time, based in large measure on performance. Since the beginning of the DFA, some of the original priority countries have been dropped, and some new ones added, because of changes in their commitments to and performance in attaining sustainable development progress.

EUNICE W. — KENYA

Eunice W. sells vegetables at a roadside stand in Ravine in the South Baringo District of Kenya. A single parent with 9 children, Eunice would like to expand her business so that she could afford to sell beans in addition to vegetables and, one day, open a shop. With no credit history and no collateral, Eunice can't interest banks in giving her the loan she needs to realize her modest ambitions.

But thanks to PRIDE, Eunice's future is looking up. PRIDE (Promotion of Rural Initiatives and Development Enterprises) is a non-profit private development agency which specializes in making loans to the smallest of small businesses. PRIDE receives its initial capital through the A.I.D.-financed Kenya Rural Enterprise Program, one arm of a larger effort to increase the role and improve the efficiency of private commerce and industry in Kenya. Eunice got a loan of 3,000 Kenya shillings ($150) from PRIDE and used it to expand her stock.

Before the loan, Eunice's daily sales came to 50 shillings; now, on a good day, she takes in twice that amount, which covers expenses and leaves her a small profit. The profit buys food and clothes for her children and allows her to make her weekly loan repayment of 66 shillings. When her first loan is repaid, Eunice then becomes eligible to apply for another, larger loan. As her stock and credit-worthiness increase, Eunice gets closer to the day when, either through PRIDE or through the regular banking system, she can qualify for the loan she needs to open a permanent stand.

A.I.D. has also streamlined management procedures so that it can more efficiently carry out the mandate of the DFA. The Africa Bureau led the Agency in computerization, delegated more management responsibility to the A.I.D. employees in DFA priority countries, and revised paperwork requirements to report more on results and impact rather than just recording the steps of implementation.

Finally, sobered by the magnitude and diversity of Africa's needs, A.I.D. has stepped up efforts to work more closely with other donor organizations. Many Missions now regularly encourage and sponsor partnerships between local non-governmental organizations and U.S. private voluntary organizations. In joint efforts with the World Bank, the Africa Bureau has become more involved in such areas as food security and agricultural research. And, in league with the Overseas Private Investment Corporation, the Department of Commerce and numerous private investors, A.I.D. has pushed for more American private investment in Africa.

This report is one of the results of A.I.D.'s recognition that partnership with others is essential to addressing the development challenge in Africa. The exchange of information is, of course, a first step toward increased understanding and cooperation.

Requests for additional information are welcomed and should be addressed to:

Office of Development Planning
Bureau for Africa
Agency for International Development
Washington, D.C. 20523

Sub-Saharan Africa in Numbers

FACTORS	YEARS	ALL SUB-SAHARAN AFRICA	DFA PRIORITY COUNTRIES
POPULATION *(millions)*	1965 1989	243 479	118 213
INFANT/CHILD MORTALITY *(deaths/1,000 live births)*	1965 1988	160 108	158 109
TOTAL FERTILITY RATE *(no. births/childbearing woman)*	1965 1988	6.7 6.6	6.5 6.3
PRIMARY SCHOOL ENROLLMENT *(as % of school-age children)*	1960 1987	36.9 68.3	49.6 74.8
ADULT LITERACY *(as % of people over age 15)*	1960 1985	13.6 45.4	18 50.9
GROSS NATIONAL INCOME *(billions of 1980 U.S. $)*	1965 1988	28 153	12 65
DEBT *(as % of exports)*	1960 1988	76 477	85 470
PRIVATE FOREIGN INVESTMENT *(billions of current U.S. $)*	1970 1988	0.2 1.5	-0.1 0.1
AGRICULTURAL PRODUCTION *(billions of current U.S. $)*	1965 1988	11.8 50.8	4.7 21.4
GRAIN PRODUCTION *(kg/cap/yr)*	1966 1989	107 85	117 96
FOODGRAIN AVAILABILITY *(kg/cap/yr)*	1966 1989	115 103	128 110

SOURCES: Various U.N., World Bank, and U.S. Department of Agriculture publications.
NOTES: Data for some Countries were missing. All averages are weighted.