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FOR FISCAL YEAR 1990

Development Resources Center
Development

BOTSWANA

TABLE OF CONTENTS

Page

I. Special Factors Affecting the USAID/Botswana Program: 1

A. Introduction 1

B. The Growing Partnership in Economic Policy Between the Public and Private Sectors..... 2

C. The Unemployment Dilemma 3

D. Tensions in a Democratic Society Undergoing Rapid Economic Development 4

E. What are the Implications to USAID's Program? 5

II. Progress Toward Overall Botswana Program Goals: 6

III. Progress Toward the Four Strategic Objectives and Related Progress Indicators: 7

A. Strategic Objective 1: Increase in the Number of Batswana Owned Enterprises in the Nonmineral Sectors of the Economy 7

B. Strategic Objective 2: Increase of 106,306 New Jobs in the Nonmineral Private Sector Between 1989/90 and 1996/97 10

C. Strategic Objective 3: Improved Quality and Relevance of Basic Education 12

D. Strategic Objective 4: Increased Contraceptive Prevalence Rate from 32 Percent in 1988 to 40 Percent in 1996 16

E. Summary 18

The Assessment of Program Impact (API) reports for the following Category I A.I.D. country programs are included in this report:

Botswana
Burundi
Cameroon
Chad
The Gambia
Ghana
Guinea
Guinea Bissau
Kenya
Lesotho
Malawi
Mali
Mozambique
Niger
Senegal
Swaziland
Tanzania
Togo
Uganda
Zaire
Zambia

SECTION I

SPECIAL FACTORS AFFECTING THE USAID/BOTSWANA PROGRAM

A. Introduction:

While there are undoubtedly a myriad of special factors which influence the implementation of USAID's program strategy, there are three which are particularly important and deserve to be highlighted at this time. First, success in opening up policy dialogue between the private and public sectors and the further deregulations of the economy have increased the complexity and sophistication of the environment in which this policy dialogue is taking place. Second, rapid growth appears to have changed the underlying dynamics of the labor market and is forcing a rethink and re-analysis of policies which have favored enterprise development as a means of employment creation to give greater attention to policies to redress the skill imbalances and mix of the labor force itself. Third, economic growth has heightened pressure on Botswana's democratic institutions and traditions. The need to solve problems and issues quickly works counter to community and national consensus building which have been critical to Botswana's post-independence economic successes. How USAID takes these three factors into account and weaves them into its program implementation will have an important bearing on whether or not the program's strategic objectives are achieved.

B. The Growing Partnership in Economic Policy Between the Public and Private Sectors:

The economic boom which has characterized Botswana's development over the last two decades continues unabated. Declines in export earnings experienced in the first half of the year rebounded slightly at the onset of the second half with modest gains in earnings from beef offset by the weak performance of minerals. None-the-less Botswana maintained its enviable foreign exchange reserves. Although there is little, if any, excess capacity in the economy and critical shortages of skilled labor plague sectors such as construction, manufacturing and finance, the inflation rate has remained stable at around 11 percent annually.

While Botswana's macroeconomic indicators suggest a well-managed economy which is expanding rapidly while simultaneously containing inflationary pressures, three recent events could trigger an increase in the inflation rate and set in motion a series of policies which would diminish the rate of growth. However, so far these countervailing pressures within the economy seem to have offset the inflationary forces.

First, on September 13, 1990, the National Assembly of Botswana approved the new Government of Botswana Policy on Incomes, Employment, Prices and Profits. This new policy which replaces the 1972 one goes a long way toward breaking the public sectors influence over the private sector wages and employment. The private sector is freer to respond to economic trends and forces dictated by the market place rather than by the public

5

sector. Although there were fears that this would set in motion a round of pay and price increases in the private sector, this has so far not materialized. If anything, the reverse may have happened.

Second, the Government of Botswana recently announced a 12 percent increase in public sector wages. Unlike previous years in which Government wage policy required comparable increases by the private sector, this has not been followed by a corresponding across the board increase in private sector wages. Basically, employers seem to be assessing their own position in the market and are likely to be influenced by upward pressures on other input costs set off by the third event, the rise in fuel prices, before increasing wages.

Although it is certainly too soon to predict how these three developments will pan out in a market starved for skilled labor, it would seem reasonable that there will be, on net, upward pressures on inflation, particularly given the recent dramatic price increases in petroleum products. If this were to occur, the Government of Botswana and the Bank of Botswana are likely to respond with fiscal and monetary policies to dampen excess demand.

Even though the Government will continue to exercise considerable influence and control over the economy, the deregulations and freeing up of the economy are beginning to redefine the relationship between the private and public sectors. The new relationship will be based increasingly on a partnership founded on trust, confidence, collaboration and dialogue. Thus, USAID/Botswana's emphasis on strengthening the capacity of both sectors to engage in this policy dialogue takes on added importance.

In summary, it is this rapidly changing relationship, brought about in no small measure by the success of the USAID program, which is one of the most important factors affecting the program. This is a far more complex relationship than the one which existed previously and will demand even greater professional, technical and managerial local and expatriate talent to make it work. The ability to help Botswana achieve this will rest primarily on the resources provided through the new Botswana Private Enterprise Development Project (633-0253).

C. The Unemployment Dilemma:

The 1985 Labour Force Survey estimated that 25 percent of the labor force was unemployed. Although there has not been a more recent national survey of employment and unemployment, economic publications continue to cite this statistic, most public and private sector economists in Botswana believe that the post-1985 period has witnessed some decrease in this rate. This is mainly based on the dramatic increases in employment driven by a buoyant economy between 1986 and 1989 compared to the 1982 to 1985 period.

6

Between 1986 and 1989, wage employment in the public and private sectors increased from 123,500 to 182,200, an increase of 47.5 percent. The increase between 1982 and 1985 was from 100,100 to 116,000, a rise of only 15.9 percent. Obviously, influencing this turn of events was the economic recovery following the ending of the serious drought which plagued Botswana during most of the early to mid 1980's. However, this was not the only factor. Preliminary analysis undertaken by economists in the Ministry of Finance and Development Planning point to an increase in the employment elasticity over this same period as a consequence of the Financial Assistance Policy (FAP) to encourage firms to hire labor and other programs to expand the access of small and medium enterprises to credit such as through Tswelelo and the Small Business Program at the National Development Bank.

Another indicator of labor demand increasing faster than labor supply has been the mounting pressure on the Government to relax the restrictions on work permits and the importation of labor from neighboring countries. This is particularly true in the construction industry.

With a population growth rate estimated at 3.3 percent and a growing number of young people entering the labor market after the completion of junior and senior secondary education, labor supply has been undergoing a significant increase over this same period. Parents and community leaders are complaining more vocally that their children cannot find employment after completing school and are putting pressure on the Government to respond to this problem of limited employment opportunity. This is occurring at the same time that private and public sector employers are unable to recruit and retain skilled workers. Thus, while labor demand has obviously increased and the economy has become more labor absorptive as a consequence of Government policies, a serious problem confronts new entrants into the labor force who are ill-prepared for the jobs which are available.

Botswana faces a dilemma. Up until recently, the assumption has been that Botswana's unemployment is more a function of inadequate demand rather than limitations on labor supply. Thus, policy has been directed at increasing the number of job opportunities by creating a more favorable investment climate and one that rewards entrepreneurs for hiring additional labor. While this undoubtedly was the correct assumption in the past, there are growing signs that Botswana's own economic success in broadening employment opportunities is beginning to bump up against increasingly serious structural problems affecting the supply of labor. In other words as the demand for labor has increased, so has the range of skills being demanded by the market place. Responding to this transformation in labor demand will require new policies and programs which pay more attention to pre-employment and on-the-job training.

Botswana is at a critical juncture in its employment policy. How it responds will, of course, depend on a number of

considerations. Not the least of these is the perception among policy makers and the political leadership about the root causes of unemployment. Two factors, critical to informed decision making, are unfortunately missing. First, there is the lack of current and comprehensive labor market data and analyses. Second, dialogue between the public and private sectors on this issue is limited.

USAID is well positioned to assist in this policy dialogue and problem solving process. First, it has the confidence and respect of both sectors. This comes from years of assisting each. Second, the planned new project in education, the Basic Education Consolidation Project (633-0254) is already being designed to strengthen pre-vocational attitudes and skills in the basic nine year curriculum. Third, the Minister and Permanent Secretary of Education have approached USAID for assistance in thinking through the Ministry's options in responding to increased political pressure to enlarge opportunities for vocational and technical education. Fourth, the United States among developed countries has one of the best and most diversified systems of pre-employment and inservice training. Thus, the ingredients for USAID playing an effective catalytic and facilitative role in this process are in place and will be incorporated into the Jobs for Batswana Project (633-0256) planned for design in FY 1992 and obligated in FY 1993.

D. Tensions in a Democratic Society Undergoing Rapid Economic Development:

A rapidly growing economy has heightened and exacerbated stresses and strains within Botswana society and culture. These manifest themselves in a number of ways. In the parliamentary debate on the Policy on Incomes, Employment, Prices and Profits, rural representatives complained bitterly that the policy did nothing to promote rural development. Teachers have shown increased propensity to resort to strike actions to force consideration of their grievances regarding pay and incentives. The decision to curtail the drought relief's food for work program has adversely affected Remote Area Dwellers, predominantly Basarwa (Bushmen), who have few opportunities to either grow the food to feed themselves or to work for money to buy the food they need. The recent five day Symposium on Tourism brought together environmentalists, tour operators, private business leaders, government officials, community representatives and conservationists. The spirited and even at times acromonious debate underscored the wide divergence of interests and views which surround this issue and the difficulties inherent in reaching consensus on a new national tourism policy.

Botswana's democratic traditions encourage a process of active debate from the community to the national levels to forge consensus on major policy issues and decisions. This process is inherently slow, tortuous and intense. It tends to work counter to external pressure on USAID to demonstrate results quickly.

Thus, as the Mission and the program become more involved in supporting the evolution of supportive national policies in key areas such as the private sector, population, employment, education and natural resources, it will be important to maintain a realistic time frame for being able to assess change and not to resort to pressure to force prematurely policy decisions which have yet to achieve a national consensus which is so vital in Botswana for their successful implementation.

E. What are the Implications to USAID's Program?

The discussion of these three factors argues for building flexibility in project and program design to be able to response to a rapidly changing and dynamic situation. Also it draws attention to the importance of applied and timely research and analysis to feed accurate and well-documented factual information into the decision making process. Finally, it puts emphasis on the need to take a long-term rather than short-term approach. USAID/Botswana has taken these into account in the development of its Action Plan and its design of major projects such as the Botswana Private Enterprise Development Project, the Basic Education Consolidation Project and the planned Jobs for Batswana Project (633-0256).

SECTION II

PROGRESS TOWARD OVERALL BOTSWANA PROGRAM GOALS

The overall goal of USAID/Botswana's program strategy is to assist the Government of Botswana to achieve a sustainable increased economic and social well-being for the average Batswana household. This will be accomplished through two subgoals. The first is to maximize the household's human resource potential mainly through improvements in the quality and relevance of basic education and access to family planning services. The second is to increase off-farm sources of income through expanded opportunities for income generation and employment in the nonmineral private sectors of the economy. The indicators to assess progress toward these two subgoals are yet to be determined.

The indicator to measure goal attainment will be the increase in average urban and rural household income between the 1985/86 Household Income and Expenditure Survey and the one to be conducted in 1994/95. The monthly averages in 1985/86 were P 547 for urban households and P 219 for rural. While there is no interim published data to indicate how the 13 percent annual growth rate is impacting on household income, economists in the Ministry of Finance and Development Planning who are putting together the National Development Plan 7 say that their preliminary analyses of various unpublished income data suggest that growth is being shared proportionately among different income groups. In other words, there is no evidence of any worsening in income inequalities. However, the corollary is that there has not been any improvements either.

SECTION III

PROGRESS TOWARD FOUR STRATEGIC OBJECTIVES

AND RELATED PROGRESS INDICATORS

A. Strategic Objective 1: Increase in the Number of Batswana Owned Enterprises in the Nonmineral Sectors of the Economy:

1. Target 1: Increase Domestic and Foreign Investment in the Nonmineral Private Sectors of the Economy from Around P 132 million in 1990/91 to P 187 million in 1996/97 in constant 1990/91 prices. The amounts in current prices P 132 million in 1990/91 and P 331 million in 1996/97

The Mission has been involved during the first year of the LCDSS in putting together the Botswana Private Enterprise Development Project (633-0253). This will be its main vehicle to work on the attainment of strategic objective 1 and this target. In the meantime, progress was made on a number of fronts using existing projects and activities supported through regional and central funds.

Between 1981 and 1989, the number of new businesses being registered increased from 528 to 1714. This shows a steady increase in the number of enterprises. USAID has played a significant role in this growth through the BWAST Project. BWAST has funded general and industry specific training for micro, small and medium size businesses. Financial management and general business courses/seminars have been followed up with on-site consultancies to assure improved business management. In-country academic and professional skills training has been provided for over 1,000 participants. These have attracted a large number of businesses and individuals interested in establishing a business. The training has been done at the Institute of Development Management (IDM) and other local institutions.

The Small Business Association was created in November 1989 by 25 of the 150 participants who took part in the financial management training program in late 1988 and early 1989. At the inauguration of the association and in response to recent questionnaires on the training effectiveness, the founders of the association attributed their business success to these training courses. The fifteen participants who completed the questionnaire indicated a cummulative increase in investment of one million Pula ($530,000) and 76 new employees. The membership in the association has climbed to 250. It has now become the Small Business Division under the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM).

PRE financed an evaluation of the Loan Guarantee Scheme with the three local commercial banks - Barclays Bank, Standard

11

Chartered and the Bank of Commerce and Credit. This evaluation has uncovered a couple of misperceptions about the access of businesses to credit and will be an extremely important analysis for further policy dialogue with the banking sector. First, access to credit by small, medium and large businesses is not a constraint to investment. Those businesses which need, want and can justify credit by-in-large get it. Established and commercially viable medium and large businesses have ready access to the commercial banking sector. Those smaller and less viable firms may tap the Financial Assistance Policy and Tswelelo. That considerable amounts of unused FAP funds get returned annually to the treasury at the end of the GOB's fiscal year and the banks remain highly liquid are not so much the results of restrictive lending policies as they are of limited business opportunities. In other words it is the demand for credit which is a constraint not its supply.

Second, the banking statistics do not validate the claim from entrepreneurs that overly restrictive security and collateral requirements hamper the availability of credit. Almost two-thirds of all loans to businesses by the commercial banks are unsecured. Loan rejections are more likely to be related to being too highly leveraged or a weak justification for the loan. Entrepreneurs may cite the absence of collateral as the reason to rationalize their rejection, being unwilling to accept the bank's argument that they don't have a viable business proposal.

Technical expertise provided to BOCCIM and the Botswana Development Corporation and assistance from the International Executive Service Corps continue to give valuable assistance to new and existing businesses. The BOCCIM and BDC experts are working with entrepreneurs on proposals for investment financing. The BOCCIM experts are analyzing the training needs of entrepreneurs and attempting to match up established entrepreneurs with newly emerging ones. The IESC is assisting businesses and different business associations in such diverse areas as construction and tourism to enhance their effectiveness. In October 1990, USAID assistance helped support a major tourism symposium in Gaborone which brought senior government officials, tour operators, community leaders and environmentalists together to debate the pros and cons of different approaches to stimulate this sector. USAID and Embassy staff are working with Washington on plans for an OPIC investment mission to Botswana in early 1991. When the new BPED project comes on line in early FY 1991, the resources to expand these efforts through feasibility studies, business linkage trips and additional technical assistance will be in place.

2. **Target 2: Broadened Opportunities for Citizen Entrepreneurs with Special Emphasis on Women:**

Between 1989 and 1990, USAID has financed the training of 1,035 entrepreneurs in business related courses. In addition to these efforts, the Botswana Management Assistance Program under BOCCIM has provided 325 on site consultancies to various

entrepreneurs of which 81 were women. During 1990, approximately 25 percent of all BOCCIM's beneficiary firms were owned by women.

The Project Implementation Committee for the BWAST Project has approved funding to BOCCIM to initiate a comprehensive entrepreneurial training needs survey. This plus further ongoing evaluations of the effectiveness of the training program will establish a solid foundation for an even more intensive business management training effort under the Botswana Private Enterprise Development Project.

3. Target 3: Increased Effectiveness of the Dialogue Between the Private and Public Sectors in the Areas of Policies to Promote Private Business Development, Reduce Regulatory and Procedural Constraints and Increased Implementation Capacity:

Increasing the effectiveness of dialogue between the public and private sectors is an area in which USAID has played a pivotal catalytic role. The Francistown Conference sponsored by USAID in 1988 set the stage for much of the recent success in creating an even more favorable environment for private sector development. BWAST-funded technical experts in the Ministry of Finance and Development Planning have been instrumental in the development of the new Policy on Incomes, Employment, Prices and Profits. This policy represents a major step toward diminished public sector regulation of the private sector. For example, Government regulation of private sector wages and incomes which up until recently have been tied to public sector wage levels has ended. The private sector is free to establish its own wages. The statutory minimum wage is not to be extended to the agricultural and domestic service sectors. The process of issuing commercial licenses is to be expedited and the decision to issue a license will not be based on an appraisal of the commercial viability of the business by public sector officials. All remaining retail price controls for competitively priced goods will cease. Social welfare policies will take a back seat to employment creation. The government will move away from subsidies to greater attention to policies and programs to enhance job creation.

Until the arrival in the last year of an USAID funded advisor to work on government regulations and deregulation, there was a gap between the establishment of policy and its implementation. The Regulation Review Committee rarely met and was essentially moribund. It has been revived and is beginning to concentrate its efforts on the constraints to policy implementation. These constraints are largely a function of poor communication from policy makers to implementers and inadequate attention to staff training and accountability for performance.

The ongoing dialogue between the Gaborone City Council (GCC) and USAID has resulted in the GCC's thinking positively about privatization of the collection and disposal of solid

waste. USAID is financing a two prong project to assist them in this area. First, the Privatization of Social Services Project (633-0255) is providing technical assistance to develop various strategies to carry this out. Second, in the second part of the project short-term technical assistance will help them implement their approved strategy.

2. **Strategic Objective 2: Increase of 106,306 New Jobs in the Nonmineral Private Sector Between 1989/90 and 1996/97:**

USAID will track the achievement of this strategic objective in two ways. The first will be analyzing annual employment data. The second will be monitoring data on employment elasticities to measure the effectiveness of Government policies to stimulate job creation. As discussed earlier in the API, the Botswana economy has been able to increase the rate of job creation over the period since 1985. A major contributor to this success has been the Government's Financial Assistance Policy which has provided businesses prepared to take on and train additional workers with training grants. While the Government will continue to emphasize job creation in its policies and programs, there will be growing attention to increasing labor productivity. This is likely to become even more important as it addresses some of the emerging structural imbalances in the labor force and gives increased attention to increasing household income. In FY 1992, USAID will build on these data and analyses to design the Jobs for Batswana Project (633-0256) to provide assistance in direct support of this objective.

1. **Target 1: Establishment of Further Incentives to Promote Labor-Intensive Enterprises:**

A corollary to USAID's program focus on enterprise development is job creation. The importance of doing this is amply illustrated by the recent finding of the evaluation of the PRE financed Loan Guarantee Scheme which indicated that through a sampling of 20 loan recipients the number of new jobs created as a direct result of the scheme was 29 at a cost of P30,000 ($15,900) per job. Thus, one of the recommendations emerging from the evaluation is the need to redefine the term "productive enterprise" to incorporate concepts of value added and employment generation to better utilize this resource for employment promotion.

Using FY 1991 PD&S funds, USAID will begin to explore how best it can assist the Government of Botswana to create further incentives for employment generation while simultaneously addressing the structural problems in labor supply. During 1991, the Mission will finance a study of the Financial Assistance Policy (FAP) to review its impact and to suggest other options for job creation.

Similarly with the heightened public attention on problems of youth unemployment and the growing pressure from the private

sector to further relax regulations on the importation of skilled labor, USAID will be identifying ways in which it can facilitate policy dialogue between the public and private sectors on issues pertaining to employment promotion and skills training. USAID is particularly well positioned to do this given its ongoing role in private sector policy dialogue and its emerging dialogue with the Ministry of Education on increasing the relevance of basic education and how best to respond to pressures to vocationalize secondary education.

2. **Target 2: A Basic Education Curriculum Developed by 1996/97 that Includes Changes in the Curriculum and in Teacher Education that Will Result in Young Batswana Who Are More Motivated and Possess a Sound Foundation for Vocational/Technical Training:**

Integrating pre-vocational skills and attitudes into the basic nine year education curriculum will be undertaken in the new Basic Education Consolidation Project (633-0254) which will come on stream in mid-1991. In the early years of this project, a great deal of attention will be paid to ethnographic research to better understand how motivation and attitudes toward work are shaped by the family, community and the schools as well as job experiences and exposure to work as a young person. This will be critical to the development of the new curriculum.

While USAID is laying the foundation for folding pre-vocational attitudes and motivation into the curriculum, it will also be discussing with the Ministry of Education and private sector leaders the holding of a national conference on pre-vocational attitudes and motivation and the role of basic education. This will help to forge closer ties between the two sectors in development of new curriculum materials and teacher training.

Under the Junior Secondary Improvement Project (633-0229), a start has been made in introducing curriculum materials which better prepare students for the workplace. Even when JSEIP began in 1985, there was a technical studies curriculum comprised of wood work, technical drawing, and some metal work. The Ministry of Education was, however, interested in a different approach which would better prepare students to use a variety of technologies and skills to solving real-life problems.

The approach taken in the JSEIP Design and Technology Course is new to Botswana and relatively new to Africa itself. It is a skill based, problem solving approach requiring multiple-activities occurring in the classroom from analyzing a problem, identifying technologies for solving it, finding the necessary resources and combining resources and technology to solve it. It is a modular approach in which the practical application of skills in a problem solving environment is tested. The emphasis is on broadening technical awareness geared toward the needs and environment of the student and the application of knowledge from a variety of other subject areas,

especially mathematics and science. The problem solving situations are ones drawn from the home, community and school environments. The technologies go from the making of building materials from local resources to adapting solar energy to address problems faced by the community. This program begins to respond to the frequent complaints from the private sector that students are ill-prepared to apply their basic literacy, numeracy and science skills to the work environment.

C. Strategic Objective 3: Improved Quality and Relevance of Basic Education:

The indicator for assessing progress toward the attainment of this objective is an increase in the performance levels of students who complete grades 7 and 9. Of particular importance will be the performance of girls in the maths and sciences.

Revisions in the basic education curriculum are carrying over into student assessment. Historically, examinations at the conclusion of primary and junior secondary education have been norm-referenced rather than criterion-referenced. They have been used mainly to select students for higher levels of education rather than to assess the learner's actual skills, abilities and knowledge acquired.

Through the JSEIP project, steps are being taken to move away from norm-referenced testing to criterion referenced testing. The staff at the Curriculum Development and Evaluation Department are constructing refined test blueprints and plans which are based on curriculum and learning objectives for each area tested by the Primary School Leaving Examination and the Junior Certificate Examination. Student performance will be reported as subject achievement marks, that is the percentage of tested objectives attained, together with an aggregated selection score. These scores will have meaning in terms of what students learn and are able to do.

1. Target 1: A Supportive National Education Policy Environment:

Over the past year, considerable effort by the Ministry of Education has gone into preparations for National Development Plan 7. The priorities which are being established under NDP 7 are essentially the same as those articulated in the 1976 Report of the National Commission on Education. While there has not been any formal decision to either revive the National Commission or to review its recommendations in light of changes in the past 14 years, there is growing general discontent with education among educationists, community leaders, politicians, private business leaders, parents and students. The discontent doesn't seem to be with the overall areas emphasized in the National Commission's Report but rather their relative importance and how best to implement them. For example, the national education policy has put emphasis on vocational and technical education. However, the expansion of vocational and

technical education has not succeeded in either addressing the needs of employers for skilled labor or satisfying community and family employment aspirations for their children.

In July 1990, the Mission financed a visit by the Permanent Secretary of Education and the Chief Education Officer for Teacher Education to the USA. The purpose was to better acquaint the new Permanent Secretary with the variety of technical resources available to his ministry and give him an opportunity to begin to establish personal professional contacts with them. The two areas emphasized were teacher education and vocational/technical education.

The visit has engendered two very important developments on the policy front. First, the Permanent Secretary wants to strengthen applied policy research in the Ministry. With assistance from the Resident Technical Advisor from the Improving the Efficiency of Education System Project, the Planning Unit in the Ministry has recently completed an options paper for the development of a research unit. Each department within the Ministry would continue to undertake research of direct relevance to them. A central policy research capacity would be established in the Planning Unit. Support for the development of this new section will come from the Basic Education Consolidation Project (633-0254). Second, both the Permanent Secretary and the Minister of Education have requested USAID to assist them in thinking through the various options for improving vocational/technical education.

2. Target 2: An Integrated 9-Year Basic Education Curriculum Developed and a Process for Further Curriculum Modification and Change in Place to Ensure Relevance:

Considerable progress has been made through the Junior Secondary Education Improvement Project (633-0229) to develop the curriculum at the junior secondary level. With the introduction of the new Basic Education Consolidation Project (633-0254) in 1991, the vehicles for intensifying this effort at the junior secondary level and broadening it to primary education will be in place.

The institutional development of the Curriculum Development Unit which now forms a part of the Department of Curriculum Development and Evaluation is one of USAID's major accomplishments in Botswana. The 1977 National Commission on Education Report recommended the establishment of a curriculum development and testing unit. Until 1978 when a USAID funded advisor was recruited as the first professional staff of the new organization it existed in name only. While the National Commission Report laid out the goals for the organization, it was the USAID advisor who established the structure of the department and the use of subject panels to assist in curriculum work. These have endured the test of time.

When the technical advisors under the junior secondary project arrived in 1985, the unit was small, consisting of six officers. Up until this time, the department had been responsible for only primary education. With the advent of JSEIP, it took on the responsibility for junior secondary curriculum.

The introduction of a new nine year program of basic education necessitated changes in both primary and junior secondary curricula as an integrated whole. In the early years of JSEIP, progress toward achieving this seemed slow. However, looking back over the last five years a dramatic transformation has occurred in the unit and the Department of Curriculum Development and Evaluation.

Currently, the Curriculum Development Unit has over twenty curriculum development officers, including four advisors provided by the USAID/JSEIP project. Whereas it had officers in only four subject areas in 1985, it now has officers representing ten areas: the core subjects of English, Mathematics, Setswana, Agriculture, Science and Social Studies as well as optional subjects of Art, Design and Technology, Religious Education and Home Economics. Many of the more recently-appointed officers were former seconded teachers to the unit.

Through the Kalahari Conservation Society, a local NGO, the unit has one full-time individual working on environmental education, financed from an EEC grant. Half of the Curriculum Development Officers have Master's degrees and at least two more are completing their graduate programs. These have been financed by USAID. In 1990, the unit has added a curriculum planner, a curriculum evaluator and a production officer to its staff.

The Curriculum Development Unit has evolved from a unit where many officers were unsure about how to write an instructional objective to a staff which is now concerned with ensuring that the instructional objectives are relevant and appropriate to the needs of the country and are validly and reliably tested and evaluated. It has moved from a time when people waited weeks for a document to be produced by the secretarial pool to a professional staff who have demanded and have received access to their own computers to produce higher quality documents on laser printers. During the same period, the Department of Curriculum Development and Evaluation has grown into a sizeable department housed mostly in a USAID financed modern and functional structure which includes the Curriculum Development Unit, Examinations Unit, Guidance and Counselling Unit, Educational Publications Unit, Schools Broadcasting Unit and Teaching Aids Production Unit (located in Francistown). Thus, the institutional basis for more comprehensive and integrated work on the basic curriculum is well in place.

3. Target 3: Pre-Service and In-service Teacher Training Focused on Preparing a Basic Education Teacher:

The Primary Education Improvement Project has assisted the University of Botswana to establish a Bachelor of Education (Primary), Diploma and Masters of Education in the Faculty of Education. Furthermore, the project has strengthened the curriculum at the Primary Teacher Training Colleges. The Department of Primary Education at the University is rapidly acquiring a mature status with a Batswana staff who are increasingly capable of providing national leadership in primary education. The Master's degree programme, which can respond to a variety of human resource needs in education, is in place and has recently accepted its second intake of 17 students, nine of whom are in the primary education specialization. The PTTCs are completing their five-year development plans, based upon the Self-Study conducted in each college, and curriculum development is continuing in all twelve subject areas.

USAID has invested heavily in inservice teacher training in both PEIP and JSEIP. This has included the construction of Regional Education Centers at Maun, Selebi-Phikwe, Ghanzi, Tsabong, Molepolole and Mochudi; construction of two other centers at Kasane and Tlokweng is underway; and the training of center staff as well as field education officers. The strategy of inservice teacher education is becoming increasingly classroom oriented. Just as the institutionalization of curriculum development is a story of USAID's success in education so is inservice teacher training. PEIP has focused on developing leadership skills among education officers and leadership teams in the 575 primary schools of Botswana. The Centres are literally scheduled full serving all levels of the education sector as well as other groups. An important first "test" of the inservice education delivery system is nearing completion as all Primary Education Officers and Education Centre personnel conduct four-day workshops in their respective schools. In an eight-month period, over 9,000 teachers will have participated in these workshops.

For example,in the Department of Secondary Education thirty-four Field Education Officer posts now exist to support in-service training for teachers and headmasters. By April 1991, the department expects to have 69 Field Education Officers in the field providing inservice support in all subject areas to teachers in 146 junior secondary and 23 senior secondary schools. The major goal of this program is to maintain, or increase, student achievement in an expanding school system by assisting teachers and headmasters to improve the quality of classroom instruction. Field Education Officers are trained to employ the coaching model to deliver context-based inservice training. In this model, the Field Education Officer works first with the headmaster to establish the instructional needs of the school and then second with the headmaster and his staff to strengthen classroom performance. This is done through team building, development of a collaborative work environment, classroom planning, cooperative teaching, evaluation of student performance and follow-up and feedback.

During 1990, important steps were taken to provide for greater planning and national coordination for the development of teacher education at all levels. The establishment and staffing of the new Department of Teacher Education in the Ministry of Education and the advanced plans in the Faculty of Education at the University of Botswana to appoint both a Director of Graduate Studies and an Associate Professor of Teacher Education (Coordinator for Affiliated Institutions) are facilitating the transition of responsibility from PEIP to local personnel. Plans are also underway for a "first-ever" national teacher education conference in April 1991, under the auspices of the National Council on Teacher Education which has received considerable nurturing from USAID technical advisors.

With the growing attention on an integrated basic education curriculum, the Ministry of Education and the University of Botswana have initiated a re-examination of teacher training. For example, with financial assistance from USAID through PEIP, a study was done on the establishment of a diploma in teacher education program. The Department of Teacher Education is exploring the option of combining primary and junior secondary teacher training into a single basic education teacher training program with specializations in primary or junior secondary education. Similarly, the Department of Primary Education at the University of Botswana is beginning to consider the implications of an integrated basic education curriculum for its Bachelor of Education (Primary) degree program.

4. Target 4: An Enhanced System for Management, Administration and Delivery of Basic Education:

Much has been accomplished through JSEIP, PEIP, and IEES to strengthen the organizational and institutional capacity of the Ministry of Education in curriculum development, teacher education and planning. This process will continue under the Basic Education Consolidation Project with greater attention on establishing formal mechanisms and procedures to strengthen collaboration among the Departments of Curriculum Development and Evaluation, Primary Education, Secondary Education and Teacher Teacher.

D. Strategic Objective 4: Increased Contraceptive Prevalence Rate from 32 Percent in 1988 to 40 Percent in 1996:

1. Target 1: Establishment of a National Policy Environment Supportive of Family Planning:

Considerable progress has been made over the last couple of years in creating a supportive policy environment for family planning. This has included extensive debate at the community and national levels on the importance of family planning and population as a major development issue. USAID's Botswana Population Sector Assistance Program (633-0249) has played a key

role in these changes. The program has sponsored seminars and workshops to increase the awareness among policy makers and community groups. It has also provided resources to assist the Government in the formulation of a national population strategy and to incorporate population into the National Development Plan 7. As a consequence, several of the major chapters in the National Development Plan 7 will address population issues and the plan itself lays out the parameters for a National Population and Development Policy to be worked out in 1991 following enactment of the Plan.

Similarly in the last year, USAID furnished short-term technical assistance to help the various ministries and organizations to put together a comprehensive implementation plan for carrying out the Government's family planning program. This plan is sub-divided into major areas such as policy development, maternal child health, contraceptive logistics and procurement, education and research. Each of these areas is organized around the major objectives to be accomplished and the tasks and resources required to do this. The draft plan was circulated in August 1990 and is awaiting review and approval by the Interministerial Steering Committee on Population and Development.

2. Target 2: Expanded and More Effective Maternal Child Health/Family Planning Integrated Service Delivery System:

According to the 1988 Demographic and Health Survey financed by USAID, Botswana has made steady progress in lowering infant and early childhood mortality and improving the health status of mothers. Infant mortality has declined from 57 per 1000 in the 1973/77 period to 37 per 1000 in the 1983/88 period. In the 1983/1988 period, ninety-two percent of the children born received antenatal care from a doctor or a nurse. Eighty-nine percent of the children 12-23 months of age were fully immunized against the major preventable childhood diseases. Three-quarters of the children who suffered from diarrhea received oral rehydration therapy.

In 1988, ninety-five percent of the women surveyed mentioned that they had a knowledge of one or more family planning methods. While about half had tried a contraception method, only 32 percent were actually practicing family planning. Education, counseling and availability of contraceptives are critical to increase the contraceptive prevalence rate over the 1988 to 1996 period. These are areas emphasized in the Botswana Population Sector Assistance Program (633-0249).

Until a few years ago, family planning advice and education were provided through clinics and health posts on specific days of the week. This has changed with the introduction of integrated health care services. Therefore, maternal child health and family planning services are provided on a daily

21

basis. A recent examination of the effectiveness of the system by a USAID consultant suggest that utilization of family planning services has increased significantly.

The draft population and development implementation plan contains a comprehensive strategy and plan for supporting the integrated health care delivery system in the areas of maternal and child health and family planning. This includes resources to strengthen education, information and communication programs; to increase and improve the knowledge and skills of clinical staff; and to improve the contraceptive logistical support and supply system.

E. Summary

Although 1990 was the first year of USAID/Botswana's new strategy, much has been accomplished in creating a solid foundation for attaining the objectives in the Program Logframe. The program builds on the considerable success already achieved in the key program areas of enterprise development, basic education and family planning.

BURUNDI

ASSESSMENT OF PROGRAM IMPACT (API)

USAID/BURUNDI

OCTOBER 31, 1990

24

PREFACE

This year's Assessment of Program Impact (API) for USAID/Burundi reports on two sectors in which the Mission was active during the mid-to-late 1980s: agriculture and health. We have based our reporting on purpose-level and End-of-Project-Status (EOPS) indicators for projects in these sectors, as suggested by organizers of the September 1990 API Workshop. While an atypical approach, this allows us to complete the 1991 API in the absence of an approved Program Logframe or other strategy document. Furthermore, to ensure maximum utility from this year's API exercise (and given that the Mission has just begun to implement its new centerpiece AEPRP program, which requires full Mission effort), we have limited our reporting to projects which still constitute a significant part of our portfolio and which are likely to be reported on in future APIs.

Special circumstances affect USAID/Burundi's ability to complete a "standard" API report this year:

- a near phase-out of Mission activities in 1987/88, followed by a significant build-up of project/non-project activities in 1990;

- the lack of an approved strategy document since 1983 (and hence, the lack of articulated strategic objectives, targets, and sub-targets);

- a dramatic shift away from a relatively large multi-sectoral project portfolio to one tightly focused on private enterprise development and complementary to the GRB/IBRD's Structural Adjustment Program;

- the change in the Mission's classification from a Category III (B) to a Category I (B) post in mid-1990; and

- a change in Mission management and the agreement of the DAA/AFR to allow a delayed submission of a Program Logframe/CPSP until as late as 1992.

It should be noted that, while lacking an approved strategy document (CDSS, Action Plan, CPSP, and Program Logframe), USAID does have a *de facto* "approved strategy" based on work conducted in preparation for our FY 1990 AEPRP. In early 1989, as a result of the Program Assessment for an AEPRP in Burundi, the Mission was instructed to pursue the following strategy (see 89 State 65679):

> "The AEPRP goal of increased and diversified sources of employment and real per capita income become the unifying concept and principal focus of the Burundi program over the next five-year period. All current and future Mission activities are to be directed/redirected towards achievement of this goal."

This goal is being now being pursued on several fronts. Two new activities, the Burundi Enterprise Promotion Program (BEPP), and the companion Burundi Enterprise Support and Training Project (BEST), directly support the Mission's private enterprise development mandate. Other major Mission activities, e.g.,

25

the Small Farming Systems Research Project (SFSR -- reported on in this API using the project's original logframe), and the Mission's Human Resources Development Project (BUHRD), were recently reoriented to support the private enterprise development thrust. In addition, USAID continues to support "targets of opportunity" in the areas of child survival, family planning, and AIDS prevention.

While the Mission will not be undertaking a CPSP exercise until 1992, we do intend to develop, with AID/W assistance, a Program Logframe during the coming year. This will then serve as the basis for next year's API. Thus, USAID will establish Strategic Objectives, Targets, Sub-Targets, and indicators reflective of our present "*de facto*" strategy and not, as we have had to do this year, based on project-specific logframes.

I. SPECIAL FACTORS AFFECTING THE USAID PROGRAM (1985-1990)

As was explained in the Preface, the USAID/Burundi API for this year is not set within the context of an approved Program Logframe/CPSP. Rather, it reports on project-level impact for the past half-decade. This being the case, we are compelled to include in this section events which date back several years, but which we believe had a significant effect on USAID's ability to deliver people-level impact during the reporting period, 1985-1990:

A. Relations between the GRB and the USG seriously deteriorated during the mid-1980s. Exacerbating the situation were attempts by State and AID/W, at different times, to shut down USAID operations in Burundi. One effect of this was a three-year delay in the signing of the technical assistance contract for the SFSR Project. Another was the Mission's inability to develop a cohesive long-term strategic plan for the latter half of the decade, due to the uncertainty concerning USAID's future. The result was a portfolio comprised of numerous "targets of opportunity" in addition to core activities in agriculture and health. Such a scattered approach limited the Mission's ability to have a major impact in any one sector.

B. The current President, Maj. Pierre Buyoya, came to power in a bloodless coup in September 1987. He adopted a more conciliatory approach towards the West than his predecessor, and most importantly, embarked on a program of ethnic reconciliation and broad-based economic development. Initiatives to address the ethnic conflict include appointment of more members of the majority ethnic group to ministerial-level and other key government positions, creation of the position of Prime Minister and appointment of a member of the ethnic majority to that position, drafting of a "National Unity Charter," and a referendum for a new constitution (scheduled for 1991). Combined, these factors have put the GRB in good stead with other bilateral and multilateral donors, setting the stage for increased levels of donor assistance.

C. Correspondingly, the GRB's recognition of the role of the private sector in the country's economic recovery, and its relatively good performance under its Structural Adjustment Program, provided the basis for a reorientation and eventual build-up of the USAID program in Burundi in 1990.

D. The increasing incidence of AIDS in Burundi during the past five years (18% seropositivity for urban adults in 1990) has had, and will continue to have, negative implications for infant and overall mortality rates, human productivity, and GRB expenditures for health care.

E. Notwithstanding the impact of AIDS, population pressures (Burundi has the second highest population density in Africa, with a population growth rate of 3.06%), continue to erode gains made in agricultural production and health care, and necessarily limit USAID's ability to keep up with, much less positively impact, these sectors.

II. PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

USAID's program goal during the latter half of the 1980s was *to increase agricultural production and improve health status.* We have therefore chosen, as appropriate indicators of goal-level impact, agricultural production and life expectancy figures. Because data for these indicators are at the macro-level (provided by World Bank Development Reports and FAO Production Yearbooks), and since the targeted populations for our projects constitute only a limited proportion of the country's population, the conclusions drawn from these data can only infer associative, rather than an attributive, impact on the part of USAID/Burundi.

Although the table below shows that agricultural production has increased slightly with respect to the baseline years of 1979-81, per capita production (shown in Section III) has slightly fallen - a result of agricultural production being unable to keep pace with population increases and unseasonably heavy rainfalls in 1988/89. In the short-term, USAID does not anticipate being able to impact significantly in this area, given the limited geographic coverage of the SFSR Project (until its redesign in 1990). Moreover, the timeframe usually required to show production increases at a national level as a result of agricultural research projects, in addition to the range of other factors affecting overall agricultural production, prevent us from drawing any meaningful conclusions, either attributive or associative, regarding USAID or other donor activities. However, we do note that our efforts to reorient the agricultural research system to include participation of small farmers in the research agenda, can, and likely will, have important long-term impacts at the goal-level.

Regarding people-level impact at the goal-level in the health sector, we note a slightly increased life expectancy figure, from 47 years in 1985 (1983 data), to 49 years in 1989 (1987 figures). Preliminary estimates for 1990 show yet another increase, from 49 years to 50 years. Again, it is probably impossible to make any meaningful conclusions regarding goal-level impact attributable to USAID-funded health activities. However, it should be noted that vaccine coverage rates have risen and morbidity rates for certain childhood diseases have fallen (see Section III), so it can be said that overall health status has improved during the latter half of the 1980s.

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 1 of 1
Program Goal No. 1	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
crease food production in Burundi.	Food production index (1985): 116.14 1979-81 = 100	Food production index: 124.92 (actual)	Food production index: 129.24 (actual)	Food production index: 113.87 (actual)	Food production index: —— Data not yet available.	Food production index: —— Data not yet available.	Food production index: —— Data not yet available.
	Source: 1989 FAO Production Yearbook Table 4	Source: 1989 FAO Production Yearbook Table 4	Source. 1989 FAO Production Yearbook Table 4	Source: 1989 FAO Production Yearbook Table 4	Source: 1990 FAO Production Yearbook Table 4	Source: 1991 FAO Production Yearbook Table 4	Source: 1992 FAO Production Yearbook Table 4
Program Goal No. 2							
prove health status of Burundians.	Life expectancy at birth. 47 (actual. 1983 data)	Life expectancy at birth: 48 (actual, 1985 data)	Life expectancy at birth: 48 (actual, 1986 data)	Life expectancy at birth: 49 (actual, 1987 data)	Life expectancy at birth: — Data not yet available.	Life expectancy at birth: — Data not yet available.	Life expectancy at birth: — Data not yet available.
	Source. IBRD World Development Report (1985)	Source: IBRD World Development Report (1987)	Source: IBRD World Development Report (1988)	Source: IBRD World Development Report (1989)	Source: IBRD World Development Report (1990)	Source: IBRD World Development Report (1991)	Source: IBRD World Development Report (1992)
	Infant Mortality Rate: (see API Section III)	Infant Mortality Rate (see API Section III)	Infant Mortality Rate. (see API Section III)	Infant Mortality Rate: (see API Section III).	Infant Mortality Rate: (see API Section III).	Infant Mortality Rate: (see API Section III).	Infant Mortality Rate: (see API Section III).
	Source: N/A	Source: N/A	Source. N/A	Source. N/A	Source: N/A	Source: N/A	Source: N/A

29

III. PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

The Strategic Objectives for this year's API correspond to the broader purpose-level objectives of the SFSR Project for agriculture, and the CCCD Project for health. Where possible, we retained the original End-of-Project-Status (EOPS) indicators which accompanied them. We revised these indicators only when they were inappropriate for measuring people-level impact (as required by the API), or when statistical data were lacking to measure progress. In the latter instance, we substituted anecdotal information, as recommended by AFR Bureau staff during the API Workshop.

1. STRATEGIC OBJECTIVE #1

1. TABLE (see pages 5 - 8)

2. DISCUSSION

The SFSR Project

The original objectives of the Small Farming Systems Research Project (SFSR) were to strengthen the institutional linkages between agricultural research and extension organizations and the farming community, and to upgrade the professional skills of the Ministry of Agriculture and Livestock's (MOAL) research and extension staffs through farmer training, field trials, and demonstrations. The project was designed as an institution-building project, and was ultimately to contribute to strong GRB agricultural institutions leading to improved nutrition and welfare of small farmers in Burundi.

Project implementation, due to start in 1984, was delayed from the beginning. Because of the poor state of USG/GRB political relations, the contract between A.I.D. and the University of Arkansas, the implementing contractor, was not signed until mid-1986. In 1990, the Project was amended to be complementary to the new private enterprise development reorientation of the Mission's strategy. This API report reflects the project's ***original*** objectives.

There have been some significant developments which positively affect USAID's potential to influence people-level impact over the coming years. Though difficult to quantify in the API reporting format, it is worth mentioning that USAID, through the SFSR Project, has made significant improvements in turning around the research philosophy of the national agricultural research institute (ISABU). At the Project's inception, ISABU was heavily dominated by expatriates (primarily Belgians), and both research and development of the research agenda were led by the expatriate technicians. By working closely with the Burundians in ISABU, as well as providing long- and short-term training, we have been able to have a positive impact, in terms of who is conducting the research, how the research agenda is developed, and the degree to which the small farmers are involved.

Over time, we expect to show that ISABU's adoption of the FSR methodology, together with a strengthened local capacity to carry it out, will have an impact in terms of increased agricultural production for Burundi.

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 1, S.O. #1
	Baseline Indicators	*Actual and Expected Levels of Achievement*					
Strategic Objective No. 1		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
mprove the nutrition and welfare mall farmers in Burundi.	Per capita farm production index: 100.99 (1985) 1979-81 = 100	Per capita farm production index: 102.42	Per capita farm production index: 102.97	Per capita farm production index: 88.20	Per capita farm production index: ——— No data yet available.	Per capita farm production index: ——— No data yet available.	Per capita farm production index: ——— No data yet available.
	Source: 1989 FAO Production Yearbook Table 9	Source: 1989 FAO Production Yearbook Table 9	Source: 1989 FAO Production Yearbook Table 9	Source: 1989 FAO Production Yearbook Table 9	Source: 1990 FAO Production Yearbook Table 9	Source: 1991 FAO Production Yearbook Table 9	Source: 1992 FAO Production Yearbook Table 9
	Average caloric intake: 2,116 (1985)	Average caloric intake: ——— No data yet available	Average caloric intake: ——— No data yet available.	Average caloric intake: ——— No data yet available.	Average caloric intake: ——— No data yet available.	Average caloric intake: ——— No data yet available.	Average caloric intake: ——— No data yet available.
	Source: IBRD Dev t Report (1987/89)	Source: IBRD Dev t Report (1990)	Source: IBRD Dev t Report (1991)	Source. IBRD Dev t Report (1992)	Source: IBRD Dev't Report (1993)	Source: IBRD Dev t Report (1994)	Source: IBRD Dev't Report (1995)
get No. 1-1 strengthen the GRB institutional ages between the agricultural earch/extension organizations l the farming community	Proportion of research undertaken specifically tailored to small farmer needs: 0% (actual)	Proportion of research undertaken specifically tailored to small farmer needs: 5% (actual)	Proportion of research undertaken specifically tailored to small farmer needs: 10% (actual)	Proportion of research undertaken specifically tailored to small farmer needs: 30% (actual)	Proportion of research undertaken specifically tailored to small farmer needs: 60% (actual)	Proportion of research undertaken specifically tailored to small farmer needs: 80% (planned)	Proportion of research undertaken specifically tailored to small farmer needs: 100% (planned)
	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR
	No of research ateliers (workshops): 1 and No. of "collaborating farmers" participating: 50 (actual)	No. of research ateliers (workshops): 1 and No. of "collaborating farmers" participating. 50 (actual)	No. of research ateliers (workshops): 1 and No. of "collaborating farmers" participating: 50 (actual)	No. of research ateliers (workshops): 1 and No. of "collaborating farmers" participating: 50 (actual)	No. of research ateliers (workshops): 4 and No. of "collaborating farmers" participating: 240 (actual)	No. of research ateliers (workshops): 5 and No. of "collaborating farmers" participating: 300 (planned)	No. of research ateliers (workshops): 5 and No. of "collaborating farmers" participating: 300 (planned)
	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 2, S.O. #1
Strategic Objective No. 1 (continued)	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
rget No. 1-1 (continued)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock (1986): **Low** (actual)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock: **Low** (actual)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock: **Low** (actual)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock: **Medium** (actual)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock: **Medium** (actual)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock: **High** (planned)	Level of ISABU's participation in planning and policy development in the Ministry of Agriculture and Livestock: **High** (planned)
	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR
rget No. 1-2 upgrade the professional skills the Ministry of Agriculture's earch and extension staffs	Proportion of farmers in project area accepting complete new technological packages: — **No data available before 1991; baseline year will be 1990.**	No data available.	No data available.	No data available.	Data beginning to be collected: will not be available until 1991. (baseline)	Proportion of farmers in project area accepting complete new technological packages: **10%.** (planned)	Proportion of farmers in project area accepting complete new technological packages: **20%.** (planned)
	Source: N/A	Source: N/A	Source: N/A	Source: N/A	Source: Research Atelier Reports	Source: Research Atelier Reports	Source: Research Atelier Reports
b-Target 1-2-1 increase the role of Burundians ISABU's administration and search activities	Percentage of Burundians in key administrative positions in ISABU. **25%** (1986)	Percentage of Burundians in key administrative positions in ISABU: **50%** (actual)	Percentage of Burundians in key administrative positions in ISABU. **50%** (actual)	Percentage of Burundians in key administrative positions in ISABU: **60%** (actual)	Percentage of Burundians in key administrative positions in ISABU: **100%** (actual)	Percentage of Burundians in key administrative positions in ISABU: **100%** (planned)	Percentage of Burundians in key administrative positions in ISABU: **100%** (planned)
	Source: ISABU/ SFSR	Source. ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR

32

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 3, S.O. #1
Strategic Objective No. 1 (continued)	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
›-Target 1-2-1 (continued)	Percentage of Burundians managing research programs at ISABU. 20% (1986)	Percentage of Burundians managing research programs at ISABU. 20% (actual)	Percentage of Burundians managing research programs at ISABU. 30% (actual)	Percentage of Burundians managing research programs at ISABU: 30% (actual)	Percentage of Burundians managing research programs at ISABU. 40% (actual)	Percentage of Burundians managing research programs at ISABU: 50% (planned)	Percentage of Burundians managing research programs at ISABU: 60% (planned)
	Source: ISABU/ SFSR	Source. ISABU/ SFSR	Source. ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR
get No. 1-3 provide the farmers of Burundi › relevant innovations in icultural production technology l methods through farmer training, l trials, and demonstration.	Production levels for Corn: ___ MT/Ha. Sorghum: ___ MT/Ha. Potatoes: ___ MT/Ha. Beans: ___ MT/Ha Cassava: ___MT/Ha. Forage: (types and area). ____ Livestock: (# of head): ___ Agroforestry: (# of farmers using). ___ **No data available until 1991; baseline year will be 1989.**	No data available.	No data available.	Data being collected, awaiting reliable statistical analysis over several seasons. Data results will be available in 1991.	Data being collected; awaiting reliable statistical analysis over several seasons. Data results will be available in 1991.	Production levels for: Corn: ___ MT/Ha. Sorghum: ___ MT/Ha. Potatoes: ___ MT/Ha. Beans: ___ MT/Ha. Cassava: ___MT/Ha. Forage: (types and area): ____ Livestock: (# of head): ___ Agroforestry: (# of farmers using): ___ (to be determined)	Production levels for: Corn: ___ MT/Ha. Sorghum: ___ MT/Ha. Potatoes: ___ MT/Ha. Beans: ___ MT/Ha. Cassava: ___MT/Ha. Forage: (types and area): ____ Livestock: (# of head): ___ Agroforestry: (# of farmers using): ___ (to be determined)
	Source: N/A	Source: N/A	Source. N/A	Source: N/A	Source: N/A	Source: Research Atelier Reports	Source: Research Atelier Reports

33.

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 4, S.O. #1
Strategic Objective No. 1	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
arget 1-3 (continued)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 0 Sorghum: 0 Potatoes. 0 Beans: 0 Cassava: 0 Forage: 0 Livestock: 0 Agroforestry: 0 (1986)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 0 Sorghum: 0 Potatoes. 0 Beans: 0 Cassava: 0 Forage: 0 Livestock: 0 Agroforestry: 0 (0 total) (actual)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 1 Sorghum: 0 Potatoes: 0 Beans: 0 Cassava: 0 Forage: 0 Livestock: 0 Agroforestry: 0 (1 total) (actual)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 1 Sorghum: 1 Potatoes: 0 Beans: 0 Cassava: 0 Forage: 0 Livestock: 0 Agroforestry: 0 (2 total) (actual)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 1 Sorghum: 1 Potatoes: 1 Beans: 0 Cassava: 0 Forage: 0 Livestock: 0 Agroforestry: 0 (3 total) (actual)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 1 Sorghum: 1 Potatoes: 1 Beans: 0 Cassava: 0 Forage: 0 Livestock: 1 Agroforestry: 0 (4 total) (planned)	Technologies introduced in the final FSR stage of on-farm, farmer-controlled trials for: Corn: 1 Sorghum: 1 Potatoes: 1 Beans: 0 Cassava: 0 Forage: 0 Livestock: 1 Agroforestry: 0 (plus 2 new technologies (to be determined) - total: 6) (planned)
	Source ISABU/ SFSR	Source. ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR	Source: ISABU/ SFSR
	Total number of farmers participating in project-sponsored farmer meetings: 0 (1986)	Total number of farmers participating in project-sponsored farmer meetings: 400 (actual)	Total number of farmers participating in project-sponsored farmer meetings: 1,000 (actual)	Total number of farmers participating in project-sponsored farmer meetings: 3,000 (actual)	Total number of farmers participating in project-sponsored farmer meetings: 7,500 (actual)	Total number of farmers participating in project-sponsored farmer meetings: 12,500 (planned)	Total number of farmers participating in project-sponsored farmer meetings: 25,000 (planned)
	Source. ISABU/ SFSR	Source. ISABU/ SFSR	Source. ISABU/ SFSR	Source: Research Atelier Reports	Source: Research Atelier Reports	Source: Research Atelier Reports	Source: Research Atelier Reports

34

Indicators for the above table were developed to report on people-level impact. However, indicators measuring strengthened institutional capacity of ISABU were also included. We have done so since the SFSR Project was originally designed to strengthen the institutional capacity of ISABU to carry out farming systems research (FSR). While we have attempted to be responsive to the AFR Bureau's mandate to report only at the people-level impact level (and not at the institution-building level), we could not ignore the fact that institution-building was indeed a central objective of the SFSR Project. So, while we recognize that a strengthened ISABU is not the Project's ultimate goal, we also realize that a strengthened agricultural research institute is a *sine qua non* to increased agricultural production.

S.O. #1: Per capita farm production remained slightly ahead of the population growth rates during the period 1985-88. However, in 1989, unseasonably high rainfall resulted in significantly reduced agricultural production. In future APIs, we will track per capita farm production, as well as average caloric intake, as figures become available.

Target 1-1: We have selected three indicators to measure the strength of institutional linkages between agricultural research, agricultural extension, and the small farmer. First, we believed that the proportion of agricultural research specifically tailored to small farmer needs was an important indicator, since it would show if small farmer needs were indeed being taken into consideration in agricultural research (before the project, small farmer needs were not considered). The table shows a dramatic increase in the proportion of agricultural research being undertaken that is specifically tailored to small farmer needs.

The number of "research *ateliers*" (research workshops) and "collaborating farmers" participating in these *ateliers* is another important indicator, since it demonstrates the commitment of the researchers and extension agents to direct their research findings to the small farmer. Since collaborating farmers are expected to extend to their neighbors what they have learned in the research *ateliers*, the spread effect should be significant over time.

Finally, we believed that the increases in the level of ISABU's participation in planning and policy development within and outside the MOAL demonstrates strong institutional linkages, as well as be a good indicator of organizational maturity. Though difficult to quantify, we believe that senior ISABU management's inclusion on national policy-making commissions, such as the National Seed Commission, National Social/Economic Reform Commission, and the National Export Promotion Commission, represent increasing influence ISABU has at the national level.

Target 1-2: To measure the professional skills of research and extension staffs within MOAL, we believed that the proportion of farmers in the project area accepting complete new technological packages was a good indicator. The higher this figure, the greater the ability of extension workers to effectively relay information from the farmers to the researchers, and the greater the ability of the researchers to respond to the small farmer needs. Data are being collected in regions where research *ateliers* are located, although this information will not be available until 1991.

Sub-Target 1-2-1: The percentage of Burundian staff in key administrative and research roles, while not a people-level impact indicator, was believed to be a good intermediate indicator of the institutional strength and professional skills of ISABU and the MOAL.

Target 1-3: The "bottom line" of providing improved technologies to the small farmer is increased productivity. To measure these productivity changes, we hope to track, through the SFSR Project's PACD, yields per hectare for selected crops being researched/developed under the Project. Data collection began in 1989, but yield figures are not yet available, since such data need to be collected over several years in order to yield statistically reliable figures. Another gauge of providing farmer access to improved technologies is the number of technologies introduced at the farmer level, and the attendance of small farmers at organized "field days" where improved technologies are introduced.

B. STRATEGIC OBJECTIVE #2

1. TABLE (see pages 11 - 13)

2. DISCUSSION

The CCCD Project

The CCCD project, which supports the GRB's national immunization program, is being implemented collaboratively with inputs from the GRB, USAID, and UNICEF. The GRB furnishes personnel, offices, chloroquine, and some operational expenses. USAID provides technical assistance, training for Health Unit personnel, the majority of vehicles and all gasoline for their use, cold-chain equipment, and support for health education. UNICEF also provides some cold chain equipment and supports health education, and in addition, unilaterally provides ORS packets and all vaccines. UNICEF's contribution in financial terms is about twice that of USAID.

USAID support for immunization activities in Burundi began in 1981 with the four-year Expanded Program of Immunization (EPI). This activity laid the groundwork for immunization acceptance throughout much of Burundi. With the advent of the CCCD project in 1985, the program was expanded, and diarrheal disease and malaria components were added. The efforts of the immunization program are now bearing fruit, as is evident in the vaccination coverage rates shown in the table above (Sub-Targets 2-1-1, 2-1-2, and 2-1-3). This is discussed in greater detail below.

S.O. #2: Although the above table shows an increase in the Infant Mortality Rate (IMR) from 85/1,000 live births during 1977-86 to 149/1,000 live births in 1990, we believe that this may be misleading for two reasons. First, the baseline data may not be accurate, due to the methodology employed in the Demographic and Health Surveys (DHS). That methodology required women to recall infant deaths going back as far as ten years. In addition, socio-cultural inhibitions related to speaking of infant deaths may have caused women to under-report the number of children they lost. This leads us to believe that the IMR of 85/1,000 live births may be significantly underestimated.

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 1, S.O. #2
Strategic Objective No. 2	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
decrease Infant Mortality Rates IRs) by 25%.	IMR = **85 per 1,000** during baseline period (1977-86) for children <1	No data available.	No data. available.	No data. available.	IMR = **149 per 1,000** (different data source; for children <2) (actual)	IMR = — (To be determined; please see text.)	IMR = — (To be determined; please see text.)
	Source: DHS (1987)	Source: N/A	Source: N/A	Source: N/A	Source: Preceding Birth Study	Source: Preceding Birth Study	Source: Preceding Birth Study
rget No. 2-1 decrease by 40% the incidence of ccine-preventable diseases onatal tetanus, polio, pertussis, d measles) in the target pulation of children under five ars of age.	1985 incidence (#/100,000 pop) for: Measles: 789 Pertussis: 97 Polio: 0.54	1987 incidence (#/100,000 pop) for: Measles. 472 (40% reduct.); Pertussis: 40 (49% reduct.); Polio. 0.84 (-55% reduct.). (actual)	1988 incidence (#/100,000 pop) for: Measles: 635 (21% reduct.); Pertussis: 21 (78% reduct.); Polio: 0.81 (-50% reduct.). (actual)	1989 incidence (#/100,000 pop) for: Measles. 530 (33% reduct.); Pertussis: 17 (82% reduct.); Polio: 0.40 (25% reduct.). (actual)	1990 incidence (#/100,000 pop.) for: Measles: 330 (58% reduct.); Pertussis: 15 (85% reduct.); Polio: 0.35 (35% reduct.). (estimated)	1991 incidence (#/100,000 pop.) for: Measles: <330 (>58% reduct.); Pertussis: <15 (>85% reduct.); Polio: 0.30 (44% reduct.). (planned)	1992 incidence (#/100,000 pop.) for: Measles: <330 (>58% reduct.); Pertussis: <15 (>85% reduct.); Polio: <0.30 (>44% reduct.) (planned)
	Source: MOH Epidemiology Bulletin	Source: MOH Epidemiology Bulletin	Source: MOH Epidemiology Bulletin	Source: MOH Epidemiology Bulletin	Source: MOH Epidemiology Bulletin	Source: MOH Epidemiology Bulletin	Source: MOH Epidemiology Bulletin
b-Target No. 2-1-1 onatal tetanus vaccination verage for pregnant women aches 80%	Vaccination coverage rate (1985) 18% (actual)	Vaccination coverage rate: 49% (actual)	Vaccination coverage rate: 61% (actual)	Vaccination coverage rate: 65% (actual)	Vaccination coverage rate: 80% (planned)	Vaccination coverage rate: >80% (planned)	Vaccination coverage rate: >80% (planned)
	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Survey	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report
b-Target No. 2-1-2 ree-dose polio/DPT vaccination verage for children less than e year of age reaches 80%	Vaccination coverage rate (1985) 39% (actual)	Vaccination coverage rate: 72% (actual)	Vaccination coverage rate: 73% (actual)	Vaccination coverage rate: 88% (actual)	Vaccination coverage rate: >88% (planned)	Vaccination coverage rate: >88% (planned)	Vaccination coverage rate: >88% (planned)
	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 2. S.O. #2
Strategic Objective No. 2 (continued)	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
›-Target No. 2-1-3 asles vaccination coverage for dren under one year of age ches 80%.	Vaccination coverage rate (1985): 34% (actual)	Vaccination coverage rate: 57% (actual)	Vaccination coverage rate: 59% (actual)	Vaccination coverage rate: 79% (actual)	Vaccination coverage rate: >80% (planned)	Vaccination coverage rate: >80% (planned)	Vaccination coverage rate: >80% (planned)
	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report	Source: MOH EPI Report
get No. 2-2 ıuce by 25% mortality due to rrhea.	Mortality rate: __% No data available before 1990.	No data available.	No data available.	No data available.	Data not yet available – expected in early 1991 (baseline).	Mortality rate: __% (To be determined)	Mortality rate: __% (To be determined)
	Source: N/A	Source: N/A	Source: N/A	Source: N/A	Source: Preceding Birth Survey	Source: Preceding Birth Survey	Source: Preceding Birth Survey
›-Target No. 2-2-1 % of Health Centers (HCs) perly treating diarrhea through lication of Oral Rehydration rapy (ORT)	HCs using ORT: 0% National diarrheal program was launched in 1989	No data available.	No data available.	No data available.	HCs using ORT: 30% (actual)	HCs using ORT: 80% (planned)	HCs using ORT: 90% (planned)
	Source. DHS (1987)	Source. N/A	Source. N/A	Source: N/A	Source: MOH supervisory reports.	Source: MOH supervisory reports.	Source: MOH supervisory reports.
-Target No. 2-2-2 : of mothers continue to give l/liquids to their children ng diarrheal episodes.	Percentage of mothers continuing to give food/liquids during diarrheal episodes: __% No data available before 1987.	Percentage of mothers continuing to give food/liquids during diarrheal episodes: 30% (baseline)	No data available.	No data available.	Percentage of mothers continuing to give food/liquids during diarrheal episodes: 40% (planned)	Percentage of mothers continuing to give food/liquids during diarrheal episodes: 50% (planned)	Percentage of mothers continuing to give food/liquids during diarrheal episodes: 60% (planned)
	Source: N/A	Source: DHS (1987)	Source: N/A	Source: N/A	Source: WHO Survey	Source: WHO Survey	Source: WHO Survey

USAID/BURUNDI	ASSESSMENT OF PROGRAM IMPACT (API)				Date: 31-Oct-90		Page 3, S.O. #2
Strategic Objective No. 2 (continued)	Baseline Indicators	*Actual and Expected Levels of Achievement*					
		FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
rget No. 2-3 duce by 25% mortality due to ıaria	Mortality rate: __% **No disease-specific mortality figures available before 1990.**	No disease-specific mortality figures available.	No disease-specific mortality figures available.	No disease-specific mortality figures available.	Data not yet available - expected in early 1991 (baseline).	Mortality rate: __% (To be determined)	Mortality rate: __% (To be determined)
	Source. N/A	Source: N/A	Source. N/A	Source: N/A	Source: Preceding Birth Survey	Source: Preceding Birth Survey	Source: Preceding Birth Survey
b-Target No. 2-3-1 % of Health Centers (HCs) rrectly treating malaria through e of Chloroquine in cases of ver	Percentage of HCs correctly using Chloroquine in cases of fever __% **No data available before 1989.**	No data available	No data available	Percentage of HCs correctly using Chloroquine in cases of fever: 75% (Baseline)	Percentage of HCs correctly using Chloroquine in cases of fever: 85% (planned)	Percentage of HCs correctly using Chloroquine in cases of fever: 90% (planned)	Percentage of HCs correctly using Chloroquine in cases of fever: >90% (planned)
	Source: N/A	Source: N/A	Source: N/A	Source: Belgian Study (1989)	Source: MOH supervisory visits.	Source: MOH supervisory visits.	Source: MOH supervisory visits.

Second, the IMR reported in the DHS was for infants under one year of age. Other sources (e.g., UNDP World Report on Human Development) report IMRs for under five years of age. As the DHS methodology is too expensive to replicate, the CCCD project began using in 1990 a new, lower-cost methodology - the Preceding Birth Survey. This methodology, used to identify high-risk pregnancies, compiles data based on a 24-month birth interval, and thus yields information on infant mortality for age two and under.

Because of the discrepancies between the data collection methodologies, the IMR of 149/1,000 live births for 1990 may not necessarily indicate an increase in infant mortality. Future reporting will be able to provide more reliable impact information in this area.

Finally, no discussion of Infant Mortality Rates can exclude mention of the growing incidence of AIDS in this region. With an HIV seropositivity rate of 18% for urban adults it is clear that AIDS will have a significant impact on IMRs. For example, with 18% of urban women HIV seropositive, 8% of births in urban areas will be seropositive, since 40% of all children born to seropositive mothers are themselves seropositive (18% x 40% = 8%). This alone will account for an IMR of 80/1000 births for urban children due to AIDS.

Target No. 2-1: Disease incidence for measles and pertussis has decreased significantly during the Project life (58% for measles, 85% for pertussis) and has far exceeded the originally planned target of 40% reduction. Polio incidence, however, has not decreased to the same degree (25% reduction), due to minor outbreaks in 1987-88. This smaller decrease is not seen as problematic, however, since the disease incidence rate for polio is already low (3.5 cases per million inhabitants in 1990), and the low rate makes it mathematically more sensitive to minor fluctuations.

Sub-Targets 2-1-1, 2-1-2, and 2-1-3: The CCCD project expects to meet or exceed in 1990, the 80% target for vaccination coverage for for neonatal tetanus, three-dose polio/DPT, and measles for the target population.

Targets 2-2 and 2-3: Several factors must be considered where impact in diarrheal disease and malaria control is concerned:

a. Even though the CCCD project specifies target reductions of 25% in mortality rates due to diarrheal disease and malaria, there has not existed in Burundi a method whereby data can be reliably collected on the specific *cause* of death. That is, the DHS survey which was conducted in Burundi in 1987 obtained overall mortality data, not disease-specific data; until the new methodology--Preceding Birth Surveys--becomes fully operational, it is impossible to measure changes in the mortality rates due to malaria or diarrheal disease. The new methodology is being utilized as of 1990 and the first report is expected to become available in 1991.

b. The GRB did not actually establish its diarrheal disease program until June 1989, so this part of the CCCD project did not advance until very recently. Although progress has been made (three diarrheal disease training centers are now established in Burundi, and 50% of Health Unit personnel will have been trained in diarrheal disease case management by

the end of calendar 1990), the supply of ORS packets is still erratic due to problems with the local ORS packet production facility.

c. No national policy regarding malaria existed prior to 1987. CCCD progress since then has been considerable, particularly in the key area of training personnel in the correct treatment of malaria throughout the country (see Sub-Target 2-3-1). The morbidity rate for malaria, however, is rising--as it is in much of Africa. There is a good deal of speculation as to why this is so, but in Burundi at least, the following phenomena may be to blame:

(1) Due to increasing population pressure and improvements in agriculture and irrigation, Burundi's people are moving into areas which were historically uninhabited because of the presence of malaria and other endemic diseases.

(2) The growing road network in Burundi permits people to travel easily between the lowlands and high elevations, providing mobility for infected people as well as facilitating the movement of mosquitoes.

(3) Chloroquine is not always available in the health centers.

d. While statistics are hard to come by, it is an accepted belief in the medical community that reduced sensitivity of *p falciparum* (cerebral malaria) to chloroquine is on the rise. This means that, despite the best efforts to ensure that medical clinics around the country have and prescribe the most effective (to date) and lowest-cost treatment, i.e., chloroquine, the morbidity and mortality rates will not improve. A search for alternative treatment is underway and research is being conducted to develop appropriate case management techniques for that percentage of the population for which chloroquine is no longer effective.

CAMEROON

Date: October 30, 1990

MEMORANDUM

To: Myron Golden, AFR/CCWA

From: Robert V. Shoemaker,
Chief, Project Development and Evaluation, Office

Subject: USAID/Cameroon API Submission

Please find attached USAID/Cameroon's Assessment of Program Impact Report (API). Although the design of PRAMS-I and PRAMS-II made it impossible for the Mission to allocate as much time as it had planned to the preparation of the API, the attached document does represent a considerable effort. As was underlined in the API guidelines, this was an experimental but serious effort, and one we plan to build on over the next several months. We invite the frank and constructive criticism of our AID/W colleagues.

The Mission agreed with the Action Plan Review Committee that strategic objectives one and two overlap considerably. To simplify and consolidate the logic of our Program Logframe, the Mission combined the two objectives into a single statement focusing on increasing the role and efficiency of private markets in the Cameroonian economy. We believe this statement captures the full range and emphasis of our efforts to increase the role of th private sector.

In addition, the Mission has rearticulated targets and indicators to address issues raised by the Action Plan Review Committee with respect to information gaps, lack of clarity of terms used (e.g. liberalization mode), uncertainty about quantifiability, and the appropriateness of certain indicators (e.g., in terms of measuring efficiency). In addition, partly as a result of miscommunications with our AID/W colleagues, the format of Section III is not entirely consistent with that suggested by AID/W. We were far along with the development of the framework when the difference was brought to light. Because we had spent considerable time with our Project Officers and their contractor/GRC counterparts, we decided to stick with our format (which we believe has some advantages over the recommended version) to avoid confusion.

We believe the final product provides the Mission with a tool to better relate our project and nonproject activities to our overall strategic program objectives and to monitor their performance in terms of, among other things, their contribution to those strategic objectives. In addition, we now have specific indicators for measuring for achievement at the strategic objectives level. The process of preparing the API also provided an opportunity to bring some of, although not all of, our technical assistance teams directly into the process of linking the activities under which they are working to broader Mission objectives.

We plan to expand our review of the API with our Chiefs of Party and to hold joint reviews with entire contract teams and their host country counterparts. This will provide a venue for underlining the importance of reporting requirements under the DFA and the fact that project performance and future funding will be assessed in terms of their contribution to the achievement of our strategic objectives.

I. Special Factors Affecting the USAID Program

Cameroon's economic woes continued in FY 1990, with GDP declining for the fourth year in a row, bringing the estimated cumulative 1986-90 decline to slightly over 21% in nominal terms. The impact of this continued decline on the policy reform process being carried out under structural adjustment has been decidedly mixed.

On the one hand, the GRC has agreed to reforms at a level that has significantly exceeded initial donor expectations. On the other hand, implementation of certain key, agreed-upon SAP objectives has lagged. For example, under the parastatal reform program, 12 months ago the IBRD agreed with the GRC's plans to rehabilitate 30 companies, privatize 6, and liquidate 12. Subsequently, under increasing budgetary pressure, the GRC signed performance contracts for rehabilitating 17 enterprises, selling (i.e. privatizing) 15 companies, and liquidating 21 companies. That is, the GRC intended to go further than SAP objectives. However, the real cost of implementing these reforms significantly exceeds GRC and IBRD initial estimates. With revenue running significantly below projections[1/] and expenditures somewhat above, the GRC does not have sufficient resources to implement the reforms, including signed performance contracts. Likewise, important progress toward restructuring the banking sector has occurred, but limited funds will retard the implementation of those plans. Specifically, restructuring one bank has been completed and four more are ready to be restructured and recapitalized by the end of 1990, leaving only three banks still to be restructured. However, the FCFA 480 billion now estimated to be necessary to implement the bank restructuring program exceeds initial World Bank and GRC estimates. Absent additional resources, the lack of available funds will continue to retard implementation.

A major contributor to the insufficiency of budgetary funds for implementing policy reform under the SAP is the lack of progress in implementing civil service reform. While the GRC has shown willingness to restructure the Cameroon economy through reforms of SOEs, banks, and the marketing of export crops, it has been less willing to come to grips with the reform of the civil service. A major component of civil service reform requires staff/payroll and benefit reductions. The continued economic decline is certainly a key factor behind the GRC's reluctance to address this most politically sensitive reform head on, since reemployment prospects during this period are extremely poor. Nevertheless, without civil service reform, prospects for significant budgetary improvements are minimal.

Unfortunately, delay only exacerbates the problem, since the longer both banking and SOE sector reforms are delayed, the higher their costs go. Moreover, since the lack of progress in increasing revenues and in achieving

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1) Due in part to a declining tax base and tax yields, revenue collections for 1989/90 were about FCFA 140 billion below levels called for under the IMF standby agreement. The poor tax collection performance of the GRC was a key factor in the IMF's decision to declare the standby agreement inoperative.

budgetary balance and SOE and banking sector reforms were key factors in the IMF declaring the standby agreement inoperative and in the World Bank's decision to delay the release of the SAL-I $50 million second tranche[2/], the GRC has little choice but to improve its performance in these areas. The question is where are the resources necessary to relieve this "catch 22" situation going to come from.

Fortunately, some relief may be in sight. Recent agreements on performance targets for release of the second tranche reached during the IMF/IBRD Annual Meeting in September are expected to result in the release of both IBRD and AFDB moneys before the end of this calendar year. Of potentially greater importance, the recent oil price increases, should they last long enough and remain at sufficiently high levels, could provide significant relief of the budget crisis and allow a speed-up of the banking and SOE sector reform process, even in the absence of immediate progress in civil service reform.

More specifically, the impact on the USAID program of the continuing economic decline has also been mixed, as the following discussion of key events and their relevance to USAID/Cameroon's program accomplishments indicates. Most of these events flow from the continued economic crisis and the discipline it is increasingly imposing on GRC policy makers and, indeed, the economy as a whole.

First, the continued decline in the price of coffee and cocoa as well as the significant level of outstanding arrears ((FCFA 10.9 billion) owed to cocoa and coffee producers have reduced fertilizer demand from a projected level of 75,000 MT for CY 1989 to actual level of 64,000 MT. Further reduction can be expected for the current 1990 campaign. In response to this deteriorating situation, the decision was made to limit the reduction of the fertilizer subsidy this year from 25% to 20% rather than from 25% to the 10% that had been planned. On the brighter side, two importers are planning to develop a private, for-profit (as opposed to coop-based) fertilizer retail distribution network in several provinces. To meet expected demand, they are importing an estimated 30,000 MT bulk for this market. This is a major milestone for the fertilizer reform program.

Second, the Ministry of Health adopted a new National Primary Health Care Strategy. This strategy calls for the establishment of community-managed and co-financed health districts in which the sale of essential drugs and other cost recovery measures generate funds necessary to operate the system. This new strategy has several significant advantages over the former centralized health care approach: (1) community involvement in the management of health facilities contributes to the achievement of greater local autonomy; (2) operating costs are provided by the community through cost recovery measures, not through the unreliable central treasury; (3) health workers are directly responsible to the community and thus are more responsive and accountable to

2) This in turn delayed the AFDB's second tranche of $43 million.

their service population; and (4) essential drugs are more geographically and economically accessible to the population. In response to this situation, the Mission has revised the MCH/CS project approach so as to place primary emphasis on community management and cost recovery.

Third, over the past year the environment for population and family planning has significantly improved. The MOH's 1991 workplan highlights family planning as one of a small number of areas targeted for emphasis. The MOH's newly created Directorate of Family and Mental Health initiated important pilot projects to provide family planning information and services. In addition, the medical and nursing schools began developing pre-service family planning training programs with practicums. Finally, the Ministry of Plan has completed a draft of a population policy, which is expected to be approved in early 1991. These events provide a much improved environment for the planned population/family planning intervention to be initiated under USAID/Cameroon funding in FY 1991.

Fourth, UCDS sought and was able to establish a legal means to retain for its own use 100% of the income generated by the University through an agreement with the Ministry of Finance. The University is now testing a variety of revenue generating mechanisms designed to cover an increasing share of recurrent and development costs incurred by the University. Initially, these include charging marginal fees for room and board to students long accustomed to 100% scholarships, and charging competitive fees for various revenue-generating activities such as soils analyses, conducting studies for the public and private sectors, providing nondegree extension courses in computers, agri-business, language training, etc. and for repairing private vehicles in its auto repair facilities. Additional ways to exploit this new revenue maintenance authority are to be considered as part of the phase II design of Ag Ed.

Fifth, the GRC issued a public statement accepting responsibility for CamCCUL savings deposited in failed state banks and assured CamCCUL that that money would be repaid. However, the date by which repayment would be effected was not indicated. In the meantime, the squeeze imposed by the continued economic decline and nonpayment of arrears to producers is increasingly being felt in the rural areas. Savings have leveled off, and credit union demands for CamCCUL loans are approaching CamCCUL's full capacity to make such loans. Unless the downward economic trends are reversed, a net decrease in CamCCUL savings is likely to occur.

Sixth, in response to its deepening financial crisis and to specific reform proposals from the donor community (primarily USAID, the IBRD and, in their wake, the Caisse Central), the GRC made what in the Cameroonian context can only be referred to as a major political decision. That is, to progressively but fully liberalize and privatize the markets for coffee and cocoa and, in the process , to severely reduce the responsibilities and authorities of what was once the GRC's most powerful parastatal, the Office Nationale de Commercialization des Produits de Base (ONCPB). Although partial liberalization of the coffee and cocoa markets was made part of the Structural

Adjustment Program (SAP), nothing on the order of what the GRC agreed to under PRAMS-I was previously thought possible, i.e. a program for complete liberalization of the arabica coffee market. This involves the transfer of marketing responsibility to liberalized cooperative and for-profit firms under free market pricing, and the elimination of price stabilization. In tandem with this process, the Caisse Central financed a study of ONCPB and its cocoa/coffee marketing operations which proposed for the sector reforms that are important, though significantly less extensive than those achieved under PRAMS-I. Subsequently, with some prodding by the IBRD and USAID, the Caisse Central, in an Aide Memoire to the GRC, recommended more far-reaching reforms aimed at greater liberalization of internal marketing. These include removing quantitative/spacial quotas, increasing the number of buyers who would continue to be accredited by ONCPB, increasing the transparency of the marketing process and eliminating ONCPB's direct role in marketing. Moreover, the Caisse supported full liberalization of the coffee/cocoa sector by 1992. The initial, if informal, response of the GRC to this proposal has been positive. More important, the GRC took concrete steps toward liberalization and privatization of cocoa markets by introducing competition in the cocoa marketing sector for the campaign that began in September. Although ONCPB will continue to set floor prices and to be responsible for quality control, the private sector has been given wide autonomy in both internal and external marketing of cocoa. PRAMS-II, which is to be designed and authorized this FY, will be the first donor-funded program to directly support the formal liberalization/privatization of the coffee and cocoa markets, starting in the South West Province.

In response to ongoing policy dialogue with USAID/Cameroon, which was supported by detailed and intensive feasibility studies and seminars financed by USAID, the GRC in January 1990 signed into law a Presidential Ordinance creating a Free Trade Zone Regime (FTZ) for enterprises that produce goods and services exclusively for export or for sale to buyers who are resident outside of Cameroon. The Regime includes a package of regulatory and financial incentives that combines many of the best aspects of export processing regimes now in existence. Under the regime, three important changes are occurring that will improve Cameroon's comparative advantage in international markets. First, it creates a one-stop-shop for free zone investment approval under which all regulatory and administrative authority previously held by a plethora of scattered government offices is transferred to and centralized within the National Office of Industrial Free Zones (NOIFZ). Second, the NOIFZ is comprised of six representatives of the private sector and three representatives of the public sector. NOIFZ decisions are made on a one-person, one-vote basis. Third, the FTZ regime allows the creation of industry-specific free zones (points francs) for export activities that for economic or financial reasons are required to be located near or adjacent to their primary source of inputs. Thus, the regime allows for the creation of both "industry free zone parks" and "points francs" that can be located throughout the country. The importance of this policy breakthrough cannot be overstated in terms of its impact on Cameroon's competitiveness in international markets or, perhaps more important, in terms of the concrete example it provides of the benefits of liberalization and its impact on market efficiency and competitiveness.

Eigth, in response to its seriously deteriorated budgetary situation and the recommendations of the Parastatal Reform Commission, the GRC has decided to get out of the seed production business. The parastatal that was responsible for seed multiplication and dissemination and under which the North Cameroon Seed Multiplication project was being implemented has been dissolved. To fill the gap, the GRC has negotiated an agreement with a private American seed firm (Pioneer H-Bred International) to begin seed multiplication and marketing in CY 1991. This turn of events was not foreseeable when the original seed project was designed and goals and purpose were established. It is a direction, however, that USAID/Cameroon has made every effort to support and is very likely the only long-term solution to providing Cameroon with a self-sustaining capability for seed production. It also has the potential to be a significant foreign exchange earner for the country in future years to the degree that other African markets for improved seeds from Pioneer's Cameroon operations are established. Pioneer will utilize much of the infrastructure established through this project, and will benefit from the years of technical assistance provided and the participants trained.

Finally, in October, 1989, the GRC required the Agriculture Research Institute (IRA) (which is receiving support under both the National Cereals Research and Extension project (NCRE) and the Tropical Roots and Tubers Research project) as part of the Parastatal Reform Program, to prepare a five year action plan to integrate, consolidate and render more efficient its overall research program. The primary objective of the action plan was to reduce the overall cost of research and at the same time increase its contribution to national development. One objective of the Action Plan was to provide a framework for the Performance Contract (PC) signed between the GRC and IRA in December 1989. The PC sets out the agreed-upon strategic objectives of IRA and defines the conditions within which these objectives must be attained, the means required and the implementation schedule for their attainment. Finally, the PC spells out the reciprocal commitments of the GRC and the IRA. The duration of the PC is five years, beginning in FY 1990-91. Although the GRC is unable to meet its budgetary commitments under the contract at this time, the Action Plan and Performance Contract are a major step toward improving the relevance and efficiency and sustainability of Cameroon's agriculture research program. The targets and indicators laid out in section III of this API are designed to support and extend the shifts that are called for under the AP/PC.

II. Progress Toward Overall Country Program Goals

The Program Goal adopted by the Mission is to assist Cameroon in achieving sustainable, market-oriented, and broad-based economic growth. Historical evidence suggests that to be sustainable, growth must be market oriented. Moreover, the current economic and budgetary problems facing the GRC dictate that growth can occur only if an efficient/competitive private sector takes the lead. This in turn requires that the financial and administrative burden imposed by the over-employed, inefficient, and control-oriented public sector be reduced and that public sector efficiency be increased. At the same time, to maintain public support for the policy reforms required to achieve sustainable growth, it is necessary to minimize the level and duration of the social costs associated (usually inaccurately) with the transition.

Thus, in monitoring progress toward this overall goal, the Mission will focus its primary data collection and analysis efforts on those macro-economic and social impact indicators that are most specific to our portfolio composition and program strategy. In this context, the Mission will concentrate on the following country trend indicators:

Macro-Economic Indicators

1. Economic Growth
   - GDP Trends
   - Growth in nonoil components of GDP
   - Growth in total employment
   - Growth in coffee/cooca production
2. Reduction of the Financial and Transaction Costs Imposed by Government
   - Reduction in government expenditures relative to GDP
   - Reduction in transaction costs
3. Expand the Role of the Private Sector
   - Growth in total private investment
   - Increased ratio of private to public investment
   - Increased ratio of private to public sector employment
4. Increasing Public Sector Efficiency
   - Decreased number of public employees
   - Decreased ratio of wages bill to other recurrent expenditures
   - Decreased number of SOE
   - Decreased number of SOE employees
5. Increasing Private Sector Efficiency
   - Reduction in cost of inputs to producers
   - Increase in private sector exports
   - Reduction in subsidies

Social Indicators

- GDP per capita
- Infant mortality rates
- Household income/distribution
- Household expenditures on food
- GRC education expenditure levels
- Ratio of higher education expenditures to primary/secondary level expenditures
- GRC health expenditure levels
- Ratio of expenditures on rural health to hospital operations
- Payment of outstanding arrears to producers

In generating data for measuring the progress of macro-economic indicators, the Mission has relied and will continue to rely heavily on information presented in IMF/IBRD documents. These data will be adjusted where possible by Mission personnel and Mission consultants who may have access to more up-to-date or accurate data.

In addition, the Mission plans to supplement the IMF/IBRD macro data with data from the following sources: (1) AID-funded project and non-project assistance activities that generate data on an on-going basis, (2) special studies financed under on-going projects or with PDS funds, and (3) other donors.

A. MACRO ECONOMIC INDICATORS

Data from all of these sources have been used in this initial and somewhat compressed attempt at quantifying progress toward the country program goal. The resulting data presented in Table I reflect the mixed impact the economic decline is having on the goal achievement.

1. Economic Growth

With respect to economic growth, according to IMF/IBRD national accounts data[1/] GDP declined about 4% between fiscal years 1988/89 and 1989/90. More recent IMF estimates suggest that the actual decline will be between 5% and 7%. With prices of coffee and cocoa having dropped significantly in 1989-90 followed by near chaos in the coffee and cocoa marketing campaign, and with many business cutting back in response to reduced demand, the contribution of the non-oil components to GDP declined both in absolute terms and relative to the oil sector.

Contrary to expectations, both private and public sector employment increased between FY 89 and FY 90. Such increases, would appear to be highly unlikely due to the reported closing of a number of private and parastatal firms. However, at least part of the "increase" in public sector employment can be accounted for by the transfer back to the civil service of public employees previously seconded to the parastatal sector following recent reductions in force in or closing of the parastatal to which they were seconded. Notwithstanding such transfers, given the public sector hiring freeze announced in 1988 by the GRC as part of the structural adjustment program, an increase of such magnitude is surprising.

Even more surprising is the reported increase in "private" sector employment (note that parastatal firms are included in the private sector), given the preponderance of anecdotal evidence that private sector activity declined over the past year. Assessments of public employment levels and by parapublic employment levels by the IBRD (under the public sector reform program) and the Parastatal Reform Commission, respectively, planned for FY 91 should shed needed light on the modern sector employment picture.

1/ Note that FY 1989/90 figures are based on estimates not actual data.

Coffee (robusta and arabica) and cocoa exports (which generate approximately 50% of rural income) declined by 7%, 38% and 6%, respectively, over the past year. Given the late start of the marketing campaign in the North West Province, the drop in arabica exports is likely to be somewhat greater than 6% once all the 1989/90 coffee has been exported.

2. Reducing the Public Sector Burden

Measurement of the financial and transaction costs imposed by the public sector on the rest of the economy presents some difficulties because of the lack of a widely accepted, accurate and comprehensive indicator of the public sector financial burden. However, due to public sector inefficiency, lack of accountability and rent-seeking behavior, a significant portion of both recurrent and capital expenditures could be considered a financial burden. In this case, however, since it is impossible to identify which portion of government expenditures represents a burden (as opposed to a positive contribution) and since gross public expenditure is probably a less accurate figure than central government expenditure, we chose the latter, stated a percent of GDP, as the best proxy indicator of the public sector financial burden. We note that in FY 1989-90 central government expenditures as a percent of GDP, and thus the financial burden of the public sector, increased by about 2%.

A direct measure of the transaction costs imposed by the public sector does not exist. Thus, the Mission chose to rely on DeSoto-like measures, such as the time it takes to form and operate a business enterprise in terms of obtaining/renewing licences, obtaining investment approvals, clearing customs, settling disputes, etc. Two proxy indicators of these costs will be used, normative indicators (e.g., the attitude/perception of businessmen as to whether they are reducing or increasing over time) and quantitative indicators, actually attaching prices to the time spent by the average businessman on these activities. In both cases, comparative data from follow-on MAPS surveys conducted every two years will be used. The Mission has not yet begun of pricing the activity/time required to complete the transactions identified in MAPS-I.

3. Expand the Role of the Private Sector

To measure the expansion of the private sector's role in the Cameroonian economy, the Mission is relying on three indicators contained in the IMF/IBRD national accounts data for Cameroon: growth in private investment levels, improvements in the ratios of private to public sector investment, and improvement of private to public sector employment ratios. IMF data indicates during the past year a 13% increase in private investment has occurred. Given the overall decline in economic activity this level of growth is unlikely to have occurred. The data also indicates the ratio of public to private investment declined from 42% to 36%. During the same period, the ratio of public to private sector employment also declined from 63% to 50%. Thus, while the degree of change stated is suspect the direction is not. Over the past year the role of the private sector has increased both absolutely and relatively to that of the public sector.

51

4. Increase Public Sector Efficiency

Four indicators of public sector efficiency have been selected. With respect to the first, the decline in the number of public employees, the past year saw a decline in efficiency, as that number increased by an estimated 5%. The second, the ratio of wage expenditures to other recurrent expenditures, declined significantly, from approximately 1:1 to 8:1. The third, the number of state-owned enterprises also declined. However, the exact level of decline is uncertain. This data is to be provided by the end of the CY by the Parastatal Reform Commission (PRC). Similarly, the number of SOE employees has also declined. However, the exact number and status of employees in SOEs under rehabilitation, sale and liquidation is uncertain. The PRC is planning a study of employment under parastatal before the end of the calendar year.

5. Increase Private Sector Efficiency

Measuring private sector efficiency also requires the use of proxy indicators. From the important indicators of efficiency, the Mission has chosen to use the variation in unsubsidized producer input prices at the farmgate. In this case the first proxy used is fertilizer. As a result of policy reform to liberalize and privatize fertilizer importation and distribution, the average price per kg has declined nearly 38% since the FSSRP was instituted. Further reductions are expected. The second proxy indicator for private sector efficiency is the percentage of FOB price received by producers for their output. In this case, three commodities for which the GRC is now liberalizing and privatizing the market, cocoa, robusta coffee and arabica coffee, were selected. However, since the liberalization process is only beginning, no efficiency data is available. Collection of such data will begin during the 1990-1991 campaign for robusta coffee and arabica coffee and during the 1991-92 campaign for cocoa. Baseline data for all three crops already exists. Although social impact indicators have been identified, significant information gaps prohibit measurement of progress with respect to certain key indicators at this time. These include the infant mortality rate, life expectancy, household income and income distribution, food, health, nutrition expenditures. Of the remaining indicators, GDP per capita declined over the past year by nearly 7%. Evidence of this decline in the lack of job opportunities and reduced capacity to address consumption needs, including purchase of ag inputs and payment of education costs is increasingly evident. At the same time, in the health sector recurrent expenditures declined by 3.5%. However, the significance of this decline is not clear, since cost recovery efforts have resulted in the local populations picking up a larger share of non salary costs, e.g. for health center operations and for essential drugs. Because these changes are in an early stage, it is unlikely that they are yet capable of compensating fully for the reduced GRC input. Thus, total expenditure on health may have declined slightly.

In the education sector, recurrent expenditures increased by about 11%. Available figure indicate that the increase did not include personnel costs, which are not unchange from the previous year. However, available figures do not indicate where the increase in recurrent expenditures occurred. It is

likely that with the 1989-90 increase in student enrollment at the University of Yaounde of 37% (from 19,000 to 26,000) the recurrent budget increase went almost entirely to support that additional students.

The lack of information regarding the impact of the crisis on household employment and income as well as on the distributional nature of that impact within and among households, regions, income groups, urban/rural dwellers, etc. is compelling. Also lacking is information regarding the impact of the economic crisis on the quality and availability of health and education services in the urban and rural areas.

To address this gap in information on the social dimensions of adjustment, the GRC, with the help of the World Bank, USAID, and other donors is designing two longitudinal studies to identify and systematically track SDA. These include the Cameroonian Household Survey, which is to be managed by the Ministry of Plan (MINPAT) and is being funded by the IBRD under the Social Dimensions of Adjustment Project, and the Demographic Health Survey (DHS), which is also under MINPAT management and being financed by AID.

The objectives of the household survey are to improve the capacity of the government and donors to assess the incidence of poverty in Cameroon, to identify vulnerable groups, and to follow the impact of structural adjustment on the living standards of different groups. Initial information from this effort will be available in 1991.

The objective of the DHS is to collect data on the level and time trends in fertility, family planning knowledge and practices, breastfeeding, maternal and child health, and child nutrition. Information from the DHS will be available in 1992.

While the Mission has made a serious effort to project trends for the various country trend indicators, neither the available data nor the available technical resources were adequate to complete this effort at an acceptable level of realism. Thus, the projections should be interpreted as indicative and directional only. As additional technical resources are allocated to this effort over the next several months, the projects will be updated and made more realistic. At that time they will be adopted as serious targets against which progress in meeting overall country goals can be measured.

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Program Logframe Country Trend Indicators

	Baseline Year	Actual FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
PROGRAM GOAL						
Assist Cameroon in achieving sustainable, market-oriented and broad-based economic growth	Best immediate prospects for GDP increase are: oil price increase over a long period : increase in price of coffee					
A. Macro Economic Indicators						
1. Gross Domestic Production/Expenditures						
- GDP (billions of CFA) at current prices	1988/89 = 3,495	3,346	3,275	3,260	3,330	3,430
. Oil	218	253	325	325	340	390
. Non-Oil of which	3,277	3,093	2,950	2,935	2,990	3,040
Agriculture	(939)	(891)	(860)	(860)	(875)	(880)
Industry	(728)	(677)	(640)	(640)	(675)	(700)
Services	(1,611)	(1,525)	(1,450)	(1,455)	(1,460)	(1,460)
- Gross Domestic Expenditures at current prices	3,451	3,290	3,220	3,220	3,300	3,400
. Consumption	2,912	2,706	2,590	2,520	2,500	2,490
-- Private	412	391	360	360	370	385
-- Public	2,500	2,309	2,220	2,160	2,130	2,105
. Investment	539	584	630	700	800	910
-- Public	159	155	155	160	170	190
-- Private	380	430	475	540	630	720
-- Ratio of Public to Private Investment (percent)	42	36	32	30	27	26
- Annual Percentage Change in GDP	-5.4	-4.3	-2.0	-0-	2.0	3.0
2. Balance of Payments						
- Exports, f.o.b. (in millions of SDRs)	1988/89 1,340	1,395				
. Petroleum	(533)	(587)				
. Cocoa	129	120 (est)	113	95	90	90
. Arabica Coffee	16	15	14	16	18	18
. Robusta Coffee	122	75	70	63	60	62
. Other	540	598				
- Imports, f.o.b.	-979	-1,052				
. Fertilizer (metric tons)						
- Trade Balance	362	343				
- Services (net)	-526	-630				
- Transfers (net)	-65	-40				
- Current Account Balance	-230	-237				

Program Logframe Country Trend Indicators

	Baseline Year	Actual FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
3. Central Government Revenues & Expenditures						
- Total Revenues	532.4	537.0	575	600	610	620
. Oil	(192.0)	(182.0)	(220)1/	(230)	(235)	(235)
	(340.4)	(355)	(355)	(370)	(375)	(385)
. Other						
- Total Expenditures	672.9	703.7	697	692	685	675
. Current	514.3	549	542	532	520	505
-- wage bill	257.9	252.2	247	247	235	230
-- Other Goods and Services	148.7	130.0	135	140	145	145
-- Interest Payments non-wage)	68.4	128.6	160	150	140	130
-- Subsidies and Transfers)	39.3	38.4				
-- Ratio of wage to expenditure	38.3	35.8	39.8	36.9	36.7	36.8
. Capital	158.6	154.5	155	160	165	170
. Deficit (commitment basis)	-140.5	-166.7	-122	-92	-75	-55
. Net change in arrears and restructuring cost	-168.1	-277.8				
. Overall deficit (cash basis)	-308.6	-444.5				
- In Percent of GDP						
. Total Revenues	15.2	16	17.5	18.4	18.3	18
. Total Expenditures	19.3	21	21.3	21.3	20.6	19.6
. Overall Surplus or Deficit	4	5	3.7	2.8	2.3	1.6
4. Employment Modern Sector						
- Public Sector 1987	179	188.3	TBD			
. Civil Service	60.7	74	TBD			
. Other Government	117	114				
- Parastatal	279		TBD			
- Private Sector/(FORMAL)	---?	378.1	TBD			
- Ratio of Public to Private Sector Employment (in percent)	63	50	TBD			
- Number of SOE	TBD	TBD				
- government Outlays for SOE	TBD	TBD				
5. TOTAL Enterprise Investment						
- Number of Public Enterprises	TBD					
- Government Equity ownership	TBD					
- SOE Subsidies	TBD					

Program Logframe Country Trend Indicators

	Baseline Year	Actual FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
B. SOCIAL INDICATORS						
1. Population						
- Total Population (millions)	1988/89 = 11.0	11.3	11.6	11.9	12.2	12.6
- Population Growth Rate	2.9	2.9	2.9	2.9	2.9	2.9
- GDP Per Capita (CFAO	317,727	296,106				
- Life expectancy at Birth	57	57.5	57	57	60	80
- Infant Mortality Rate (per 000)	94	94	94	94	85	85
2. Food, Health and Nutrition						
- Index of Food Production Per Capita (1979-81 = 100)	1985-87 average 97					
- Per capita supply of calories/day	1989 = 2080					
- Percent of total expenditure allocated to food						
. Urban (average)	1983-4 = 22%					
. Rural (average)	= 52%					
3. Recurrent Health Budget (Billions of CFA)	1989/90 = 24.0	24.0	24	24	25.7	26
- Personnel	20.2	19.3	19.3	19.3	19.3	19
- Medications	1.9		2.9	2.9	2.9	2.9
- Other	1.9	1.9	1.8	1.8	1.8	1.8
- Ratio (Personnel/total operating costs))	84.2	80.4	75.6	75.6	75.6	75.6
4. Recurrent Education Budget (Billions of CFA)	1988/89 = ---	75	73.5	73.4	73.2	74.4
- Personnel	59.3	60	59	58.5	58	59.3
- Operations/Maintenance	3.5	3.2	3.5	3.8	4	4.5
- Scholarships (abroad)	4.7	5.5	5	4.8	4.7	4.9
- Other, including universities and private schools, scholarship, etc	---	6.3	6	5.8	5.5	5.7
- Ratio (Personnel/Education budget)		80%	80.3%	79.7%	79.2%	79.7%

III. Progress toward Strategic Objectives and Related Progress Indicators

Notwithstanding the continuing decline of the Cameroonian economy, important progress has been made toward the achievement of our strategic objectives. Under strategic objective number one, which is to increase the role and efficiency of private markets in the Cameroonian economy, the Fertilizer Subsector Reform Program (FSSRP) continues to provide a viable model for designing and implementing policy reform. It also demonstrates both the potential impact that reform efforts involving individual commodity slices can have as well as the limitations imposed on these efforts by conditions and events within the broader economic context. The FSSRP has had an impressive, measurable and positive impact on the efficiency of the fertilizer market in Cameroon. Key indicators of this impact are: (1) the average domestic distribution cost per ton, which declined again in 1989 by over 16%; (2) the average delivered price to wholesale markets (cooperatives), which declined in 1989 (5%) after a 35% drop in 1988; and (3) the price per ton delivered to farmers, which actually rose only (4%) in spite of a 21% reduction in the unit subsidy and a 4% rise in the price of fertilizer at the port. Thus, the entire reduction in the amount of the subsidy was balanced by an increase in efficiency.

Applying the experience and credibility gained under FSSRP in policy dialogue to liberalize the coffee and cocoa markets, the Mission, in collaboration with the World Bank and other donors, has been able to achieve important policy concessions in both markets. Based on USAID policy dialogue interventions beginning in November 1989 as part of the design of phase one of the Program for the Reform of the Agriculture Marketing Sector (PRAMS-I), the Mission has been able to convince the GRC (1) to grant cooperatives in the North West Province partial autonomy in marketing up to 2,000 MT of arabica coffee during the 1989-90 marketing campaign and (2) to arrange repayment of a portion ($5 million) of the total arrears outstanding to farmers in the Province. Although the GRC retained responsibility for setting prices, producers still received a higher effective price because NWCA paid farmers upon delivery, whereas they normally waited months to receive payment from the GRC. We are anticipating that due to the market reforms achieved during the first year under PRAMS-I, the farmers' portion of the f.o.b. price will increase by 20% over previous years.

The signing of the Grant Agreement for the Program for the Reform of the Export Processing Sector (PREPS) represents another important step toward improving the efficiency and role of private markets in Cameroon. Following the passage of legislation establishing a free trade zone regime, a group of 22 American businessmen representing 16 firms visited Cameroon under OPIC sponsorship. Based on over 150 contacts with Cameroonian businessmen, over half the firms indicated serious progress had been achieved on promising investment agreements. Although it will be several months before the FTZ becomes operational, there are already important indications of its potential impact on increasing investment in Cameroon.

Important progress has also occurred under strategic objective number two: to increase the efficiency with which public services in agriculture (food) research, higher agricultural education, and health (in three provinces) are provided. To begin with, performance indicators have been rearticulated as part of the API preparation process.

The process of rearticulating performance and progress indicators for the API report itself produced important progress in refining project implementation directions and procedures. The best example of the benefit of this process is the NCRE project. In refining performance and progress indicators, a major effort was made to support the strategic objective laid out in the IRA Action Plan and Performance contract. Thus, the underlying thrusts of the revised performance indicators are: (a) to place increased emphasis on improving the research-farmer linkage aimed at increasing adoption rates, (b) to establish targets for closure on technology development, thereby ensuring a focus on output rather than on research iteration, (c) to increase the emphasis on economic analysis and linkages between policy reform and research priority setting, (d) to reorient the focus of research toward development of sustainable technologies, and (e) at the same time, to reduce research costs to levels that are sustainable by the GRC. In 1991, the NCRE will conduct an inventory of research outputs over the life of phase II to lay the groundwork for a shift in emphasis from the generation of new varieties/technologies to promotion of improved technologies and, thereby, adoption of those already in existence. The rearticulated targets and indicators are designed to track this shift.

Rearticulated efficiency targets for the Agriculture Education Project supporting the development of UCDS have also been identified. They reflect an on-going effort by the university to increase its relevance to and support of private sector development, including the economic/policy analysis needed to support the structural adjustments necessary to create an environment for an expanded private sector role. In addition, UCDS is leading its mother institution, the University of Yaounde, and three other branches of the university system in instituting needed measures and policies designed to improve higher education in agriculture and enhance its institutional and financial sustainability. For example, UCDS has developed a long-range philosophical mission, with shorter-ranged objectives, has established Fulltime Teaching Equivalencies (FTE's) for its faculty that require the integration of research and outreach with teaching responsibilities, has improved its financial and informational management systems, has given increased attention to agricultural planning and management, has reduced overall recurrent operating costs by 50% over the past four years, and has introduced cost recovery and revenue generation strategies aimed at covering an increasing portion of its operating costs. As indicated in Section I, a major breakthrough this year allowed UCD to retain 100% of any earnings it is able to generate through various cost recovery measures. Based on this authority, UCD estimates that in 1990/1991 it will earn sufficient funds to cover 5% of its operating budget. Data on other efficiency targets is being collected.

In the health sector, new policy breakthroughs have also been achieved in the areas of cost recovery and community management of health facilities. However, since these activities are only beginning, and the targets/progress indicators have only recently been formalized.

Although the systems for collection of process recovery (sale of contraceptives, utilization rates, operating costs, etc.) and impact (contraceptive prevalence rates, infant mortality rates, etc.) are in place,

data collection has only begun. Process data being collected under MCH/CS will be available in 1991. Impact data is being collected under the Demographic Health Survey and will only be available with its completion in 1992. The latter data should also provide critically needed information regarding the social dimensions of the structural adjustment process. In addition, USAID has initiated data collection on utilization and cost recovery/income generation at sentinal health units. Using the results of the DHS and improved information gathering at sentinal and health units, as well as the results of the 1991 evaluation of the MCH/CS project and performance information generated under the new Population/Family Planning initiative, the October 1992 API report will focus on the theme of performance and impact of USAID/Cameroon health/population program.

REVISED VERSION

COUNTRY PROGRAM LOGFRAME

CAMEROON: ASSESSMENT OF PROGRAM IMPACT [API] OCTOBER 1990

STRATEGIC OBJECTIVE NO. ONE	Actual Baseline	and FY 1990	Expected FY 1991	Levels of FY 1992	Achievement FY 1993	FY 1994
Increase the role and efficiency of private markets	GRC has near monopoly administrative control over pricing and internal/external marketing of (1) arabica coffee, (2) robusta coffee, (3) cocoa, (4) fertilizer and (5) export processing generally 1987	Fertilizer importation and distribution fully privatized including free market pricing and diminishing subsidy	-Internal/external arabica coffee market fully privatized under coop (monopoly) with free market pricing. -Fully liberalized (world class) export processing free zone created under private management.	-Full competition introduced in arabica coffee market -Internal/external marketing of robusta coffee and cocoa in SW Province fully privatized and competitive with free market pricing	Fertilizer susidy eliminated	

Source: FSSRP, PRAMS I and II, and PREPS Annual Reviews

PROGRAM PERFORMANCE INDICATORS

1. Agricultural inputs (fertilizer/pesticides)1/ delivered to small holder produces at reduced cost2/	average delivered cost of fertilizer 1987 1.33 CFA per kg	averaged delivered cost of fertilizer 82,7 CFA/kg	average delivered cost of fertilizer 82, CFA/kg	average delivered cost of fertilizer 80, CFA/kg	average delivered cost of fertilizer 78, CFA/kg	average delivered cost of fertilizer' 75, CFA/kg

Source: FSSRP Annual Reviews

1/ Because no intervention (USAID) in the pesticide subsector is expected to occur before 1992, no target or indicators are included for the commodity.

2/ Since the subsidy for fertilizer was beyond the GRC's financial capacity to continue, farmers would have had to pay the full price for fertilizer with or without the program. Thus, the subsidy was ignored in calculation of price both before and after the FSSRP.

Program Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
. Producers receiver higher percentage of FOB price for arabica and robusta coffee and cocoa	arabica 30% 1989	arabica 30%	arabica 50%	arabica 60%	arabica 65%	arabica 65%
	robusta 31% 1989	robusta 31%	robusta 32%	robusta 34%	robusta 50%	robusta 54%
	cocoa 48% 1989	cocoa 42%	cocoa 44%	cocoa 46%	cocoa 63%	cocoa 81%
Source: PRAMS I, II Annual Reviews						
. Increased private sector employment related to the export processing sector	-0-	-0-	-0-	1,432	2,312	3,520
Source: PREPS Annual Reviews						
arget 1.1						
iberalization/Privatization of ertilizer importation and istribution markets.	SOE-FONADER controls 100% of the subsidized fertilizer importation system sets prices and distributes through cooperatives and other parastatals. 1987	FONADER's role is eliminated, gov't price setting is eliminated and subsidy (managed by a private fiduciary bank) has been reduced to 20% of total delivered cost	Fertilizer subsidy reduced to 15% of total delivered cost	Fertilizer subsidy reduced to 10% of total delivered cost	Fertilizer subsidy eliminated and market fully privatized	
Source: FSSRP Annual Review						
ARGET PERFORMANCE INDICATOR						
. Progressive elimination of public sector importation of subsidized fertilizer nationwide	1987 100% Imported by public sector	5% Imported by public sector	0% Imported by public sector			
Source: FSSRP Annual Review						

Program Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
2. Progressive reduction of domestic fertilizer distribution costs	1987 domestic distribution cost = 36 CFA/kg	30% of reduction in domestic distribution costs (25 CFA/kg)	Additional 5% reduction in domestic distribution cost (24 CFA/kg)	Additional 5% reduction in domestic distribution cost 23 CFA/kg)		
Source: FSSRP Annual Reviews						
3. Progressive reduction in CIF price of fertilizer.	1986 average CIF Douala fertilizer price exceeds average world price by 41%	Average CIF Douala price exceeds average world price by 26%	Average CIF Douala price exceeds average world price by 15%	Average CIF Douala price approximately equal to world price.		
Source: IFDC Fertilizer Price Data/FSSRP loan requests. Data currentTy being collected						
Target No. 1.2 Progressive liberalization/ privatization of internal and external marketing of arabica coffee	SOE ONCPB controls 100% of internal/ external marketing system in NW Province 1989	40% of NW Province arabica coffee marketed and exported by private cooperative	100% of NW and West Provinces arabica coffee marketed and exported by private cooperatives			
Source: PRAMS I Annual Reviews						
TARGET PERFORMANCE INDICATORS						
1. Progressive extablishment of full and open competition under free market pricing in arabica coffee market.	Marketing monopolies exist in arabica producing zones in 1989 with NWCA acting as agent for SOE ONCPB		Monopoly marketing rights for arabica coffee retained by 2 private cooperatives in West and North West Provinces.		Full/open competition established in arabica production zones.	Full/open competition established in arabica production zones.
Source: PRAMS I Annual Reviews						

62.

ram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
:ompetitive pricing :stablished at all levels in arabica marketing zones	GRC controls prices at all levels of arabica marketing chain 1989		GRC control over prices eliminated at all levels	Fully competitive pricing retained at all levels in marketing chain		Fully competitive pricing retained at all levels in marketing chain
ource: PRAMS I Annual Reviews						
get 1.3						
eralization/privatization internal/external marketing robusta coffee and cocoa in uthwest Province	In 1989 SOE-ONCPB controls 100% of internal marketing of robusta coffee and cocoa, 100% of exports; sets prices at all levels of marketing chain and manages price stabilization program		100% of robusta coffee and cocoa marketed and exported by the private sector under competitive conditions. ONCPB continues to set prices at farm gate and manage stabilization fund.		ONCPB ceases setting prices and stabilization eliminated	100% of province's robusta coffee and cocoa is marketed and exported by the private sector under market pricing and competitive conditions
Source: PRAMS II Annual Reviews						
ARGET PERFORMANCE INDICATOR						
. SOWEFCU granted full autonomy over its internal and external marketing operations in competition with other private operations under free market pricing.	SOWEFCU is buying agent for ONCPB with marketing margins, quality control and prices set by ONCPB. 1989		SOWEFCU granted autonomy over internal and external marketing operations in competition with private buying agents authorized by ONCPB.		Prices at all levels of marketing chain are market determined and price stabilization is eliminated.	
Source: PRAMS II Annual Reviews						

Program Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
Target No. 1.4.						
Increase the role/efficiency of community level financial service markets	. Total CamCCUL savings in 1989 10.5 Billion CFA . 1990 increase in credit union membership in Francophone zone is 5% . 35% loan delinquency (past 2 months due) in 1990 . 5% funds from central liquidity facility lent to credit unions & other coops in 1990	. Total CamCCUL savings 10.7 Billion CFA	. Total CamCCUL savings 11 Billion CFA . 1990 increase in credit union membership in Francophone zone is 5% . 30% loan delinquency (past 2 months due) . 20% funds from central liquidity facility lent to credit unions & other coops	. Total CamCCUL savings 11 Billion CFA . 1990 increase in credit union membership in Francophone zone is 7% . 25% loan delinquency (past 2 months due) . 25% funds from central liquidity facility lent to credit unions & other coops	. Total CamCCUL savings 11 Billion CFA . 1990 increase in credit union membership in Francophone zone is 8% . 18% loan delinquency (past 2 months due) . 30% funds from central liquidity facility lent to credit unions and other cooops	. Total CamCCUL savings 13 Billion CFA . 1990 increase in credit union membership in Francophone zone is 10% . 15% loan delinquency (past 2 months due) . 35% funds from central liquidity facility lent to credit unions and other cooops

Source: CAMCCUL Annual Reports

Target No. 1.5						
Increase efficiency/diversity of export marketing by establishing a privately managed Free Trade Zone regime for Cameroonian and Foreign owned export industries.	. 0 private export investments approved in 1989		.0 private export investments approved	. 12 private export investments approved	. 20 private export investments approved	.30 private export invest- approved
	. # new investments in non traditional exports in 1987-89			. 8 new investments in non traditional exports	. 15 new investments in non traditional exports	. 20 new investments in non traditional exports
	. 30 seperate government entities involved typical invest-. ment approval 1990		. One entity, the NOIFZ, responsible for approval of typical investment proposal			

Program Logframe	ASSESSMENT	OF	PROGRAM	IMPACT	[API]
	Baseline	Actual	and	Expected	Levels of Achievement
	Indicators	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
	. 6-18 months required to approve a typical export investment proposals in 1990		30 days required to approve export investment proposals.			
	. 4-8 weeks required required to clear customs 1990		. 4 weeks required to clear goods through customs	. 3 weeks required to clear goods through customs	. 2 weeks required to clear goods through customs	. 1 week required to clear goods through customs
	. 2-4 years required to settle disputes in the court system 1990		. 12 months required to settle contract disputes		. 6 months required to settle contract disputes	
Source: PREPS Annual Reviews						
Target No. 1.6						
Reduce transaction costs thru progressive establishment of stream-lined/transparent laws, regulations and procedures (LRP) for conduct of general private commercial activities.	. Prior to investment code reform average period/ cost required to complete an investment project is 24 months 1989		. New investment code promulgated	. 30% reduction in time required to complete an investment project		. 30% further reduction in time required to complete an investment project
	. High transaction associated with existing LRPs cost discouraged domestic/foreign investors. An estimated 453 firms[1/] established in the formal sector in 1987.		. 0% increase in the number of formal sector firms established outside FTZ		. 5% increase in the number of formal sector firms established outside FTZ	

1/ This includes "firms" of all sizes (micro, small, medium and large). Sixty of this number were established in the industrial sector.

Program Logframe	ASSESSMENT	OF	PROGRAM	IMPACT	[API]
Baseline	Actual	and	Expected	Levels of	Achievement
Indicators	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
. Prior to coop law reform partial marketing autonomy arabica was granted 6 cooperatives in the West Province under apex organization UCCAO in 1972	. Similar in partial autonomy granted 45 coops in NW Province under apex NWCA	. Full marketing/ pricing autonomy granted cooperatives in the NW (45)/West West (6) Provinces. SW province (12) granted partial autonomy (farm gate prices still set by GRC)	. 12 Cooperatives in SW Province achieve autonomy. Full autonomy achieved by cooperatives in NW, West and SW Provinces.		
Source: MAPS STUDY		MAPS II		MAPS III	

rogram Logframe		ASSESSMENT	OF	PROGRAM	IMPACT	[API]
S T R A T E G I C	Baseline	Actual	and	Expected	Levels of	Achievement
O B J E C T I V E N O. T W O	Indicators	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
ncrease efficiency with which ublic services in agricultural food) research, higher gricultural education and ealth (in 3 provinces) are rovided.						

Source: Project Specific Documents

ROGRAM PERFORMANCE INDICATORS

. Increased IRA generation of economically relevant and acceptable staple food technologies at sustainable overall research cost.	. One year retention rate for 10 staple food crop varieties calculated at 60% in 1990 in on-farm trials calculated at 60% 1990.	. One year retention for 4 additional staple food technologies calculated at 60% for varieties; 20% for other technologies	. Multi-year retention rate for 7 technologies calculated at 50% for varieties; 20% for other technologies	. One year retention for 4 additional staple food technologies calculated at 60% for varieties; 20% for other technologies	. Multi-year retention rate for 15 technologies calculated at 50% for varieties; 20% for other technologies
	. Staple food and FS program expenditures at no more than 3.7 million FCFA per researcher in 1990	. Staple food and FS program expenditures at no more than 3.4 million FCFA per researcher	. Staple food and FS program expenditures at no more than 3.1 million FCFA per researcher	. Staple food and FS program expenditures at no more than 3.4 million FCFA per researcher	. Staple food and FS program expenditures at no more than 3.1 million FCFA per researcher

Source: IRA Annual Reviews

Program Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
2. Increased policy impact of MINAGRI MINEPIA information/ analytical capabilities.	DEAPA/DEPF influence on Policy Analytical/Reform not evident (PRAMS-I is only exception)		. DEAPA participates in analysis/design of PRAMS-II, draft Economic analysis for PAIP/PAAD . DEAPA conducts data collection/ analysis of FSSRP impact . Minister of Ag requests DEAPA to conduct one major policy related studies . Minister of Livestock requests DEPF to manage one major policy-related study	. DEAPA Participates in analysis/design of PRAMS-III, draft economic analysis of PAIP/PAAD . DEAPA conducts data collection/ analysis of FSSRP impact . Minister of Ag requests DEAPA to conduct two major policy related study . Ministe of Livestock requests DEPF to manage two major policy-related study	. DEAPA conducts data collection/ analysis of FSSRP impact . Minister of Ag requests DEAPA to conduct three major policy related study . Minister of Livestock requests DEPF to manage three major policy-related study	
Source: CAAP Annual Report						
3. More relevant student training achieved at lower per per student cost	0 % of graduates hired by private sector or self-employed 1989 TBD total annual cost per student in 1989		10% of graduates hired by private sector or self-employed ___total annual cost per student	15% of graduates hired by private sector or self-employed ___total annual cost per student	20% of graduates hired by private sector or self-employed ___total annual cost per student	25% of graduates hired by private sector or self-employed ___total annual cost per student
Source: Agriculture Education Annual Review						

gram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
Increased access to high quality, community-managed and co-financed, integrated PHC/MCH services provided at lower cost per client (5-10 year target) in Adamaoua, South and Extreme North Provinces (Target Provinces)	. Only 8 community managed and co-financed health facilities are operational to date. . Cost per client data is being gathered	. 8 upgraded PHCs exist in the target provinces . Cost per client rate TBD		. 45 upgraded PHCs exist in the target provinces . Cost per client rate TBD		. 125 upgraded PHCs exist in the target provinces . Cost per client rate TBD
ource: MCH/CS Annual Report						
get 2.1.1						
ification of Value and eptability of improved hnologies under actual ual farming conditions	16 farm level economic/technical/ farmer assessment analyses in 1990		16 additional farm level economical/technical/farmer assessment analyses	16 additional farm level economical/technical/farmer assessment analyses	16 additional farm level economical/technical/farmer assessment analyses	16 additional farm level economical/technical/farmer assessment analyses
ource: IRA Annual Report						
GET INDICATORS						
Increase Farming Systems/ Program role in research priority setting, design and implementation	. Ratio of FS Program staff to staple food commodity staff of 1:2.2 in 1990 . Ratio of FS program budget budget to staple foods program budgets of 1:3 in 1990		. Ratio of 1:2.0 . Ratio of 1:2.4		. Ratio of 1:1.8 . Ratio of 1:1.8	
ource: IRA Administrative Records						

·ogram Logframe	ASSESSMENT	OF	PROGRAM	IMPACT	[API]
	Baseline	Actual	and	Expected	Levels of	Achievement
	Indicators	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
. Farmers participate in review of the IRA Annual Work Plans/results	Farmers from one ecological zone participate in formal review of IRA annual work plan/results in 1989	Farmer from two ecological zones participate in formal review of IRA annual work plan/results	Farmer from three ecological zones participate in formal review of IRA annual work plan/results	Farmer from four ecological zones participate in formal review of of IRA annual work plan/results	Farmer from five ecological zones participate in formal review of IRA annual work plan/results	
Source: IRA Annual Report						
. Increased farmer participation in research implementation	. 30 % of staple food and FS program trials implemented by farmers on farmers' fields in 1990 . 40% on-farm trial participants are women in 1990		. 35 % of staple food and FS program trials implemented by farmers on farmers' fields . 45% on-farm trial participants are women	. 45% on-farm trial participants are women	. 35 % of staple food and FS program trials implemented by farmers on farmers' fields . 50% on-farm trial participants are women	. 50% on-farm trial participants are women
Source: IRA Annual Report						
. Increased extension collaboration	. 450 collaborative tests and demonstrations in 1990 . 20% FS program budget to collaboration		. 650 collaborative tests and demonstrations . 30% of budget to collaboration	. 800 collaborative tests and demonstrations . 35% of budget to collaboration	.1200 collaborative tests and demonstrations .40% of budget to collaboration	.1000 collaborative tests and demonstrations .40% of budget to collaboration
Source: IRA Annual Report						
ırget No. 2.1.2 ıcreased reliance on economic ;sessment for research policy ıd priority setting.	2 economic analyses for policy and priority setting in 1990		4 additional studies	4 additional studies	4 additional studies	4 additional studies
Source: Studies Produced						

rogram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
ARGET PERFORMANCE INDICATORS						
. Expanded assessment of reforms achieved under the SAP as guide in improving input and output marketing/pricing policy, determining demand for and viability of specific technologies.	0 policy reform focused studies in 1990		2 of above (2.1.2) studies relate policy reform	2 of above studies relate to policy reform	2 of above studies relate to policy reform	2 of above studies relate to policy reform
Source: Documents Produced						
. Increased economic analysis of returns to research operations	0% of IRA research operations subject to B/C or scoring in 1990		10% of IRA research operations subject to B/C or scoring	20% of IRA research operations subject to B/C or scoring	30% of IRA research operations subject to B/C or scoring	50% of IRA research operations subject to B/C or scoring
Source: IRA Annual Review						
. Determine impact of IRA staple food crops and farming systems research	No data available for impact assessment in 1990		Developed methodology for impact assessment	Methodology pretested in representative range of loactions	Data collected for nation-wide impact assessment	Data analyzed and results made available
Source: IRA Annual Review						
arget 2.1.3						
ncreased emphasis on sustainable griculture technologies	Trials covering 5 sustainable agriculture themes in 1990		Trials covering 8 sustainable agriculture themes		Trials covering 12 sustainable agriculture themes	
Source: IRA Annual Review						

rogram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
ARGET PERFORMANCE INDICATORS						
. Increased consideration of natural resource sustainability in selection and testing of new varieties/ cultural practices	Sustainable impact assessment statements for 0% of staple food and farming systems programs trials in 1990		Statements for 25% of trials		Statements for 50% of trials	
Source: IRA Annual Review						
. Expanded emphasis on sustainable ag technologies	10% of staple food and farming systems program budgets applied to developing sustainable technologies in 1990		20% applied to developing sustainable technologies		30% applied to developing sustainable technologies	
Source: IRA Annual Review						
arget No. 2.2.1						
ncrease quality/dissemination f MINAGRI (DEAPA) and MINEPIA DEPF) information	. Public with data set, methodologies and cost minimize agriculture survey's relevance	. Revised sample frame/collection methodology, data entry system and data set tested	. Revised sample frame/collection methodology data data entry system and data set operationalized			
	. MINEPIA has no data set or collection methodology	. MINEPIA data set collection methodology designed	. MINEPIA data set collection methodology tested	. MINEPIA data set collection methodology operationalized		
	. Annual survey data 2-5 years behind in publication/dissemination		. Annual survey data published/ disseminated within 120 days after completion of field interviews	. Annual survey data published/ disseminated within 90 days after completion of field interviews		

ogram Logframe	ASSESSMENT	OF	PROGRAM	IMPACT	[API]
Baseline	Actual	and	Expected	Levels of	Achievement
Indicators	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
. Total annual cost of survey __CFA.		. Total annual cost of survey ___ CFA	. Total annual cost of survey __ CFA	. Total annual cost of survey __ CFA	
. Crop-specific analyses based on annual survey results are not published		. 3 crop-specific analyses published within 120 days of field interviews completion	. 5 crop specific analyses published within 90 days of field interviews completion	. 7 crop specific analyses published within 90 days of field interviews completion	. 9 crop specific analyses published within 90 days of field interviews completion
. Survey results are not shared with field offices responsible for data collection		. 5 province-specific survey results are delivered to field offices within 120 days of completion of field interviews	. 5 province-specific survey results are delivered to field offices within 90 days of completion of field interviews		
. Ag sector review not published		. Ag sector review published within 8 months of completion of field interviews	. Ag sector review published within 6 months of completion of field interviews	. Ag sector review published published with-n in 6 months of completion of field interviews	. Ag sector review published within 6 months of completion field interviews

Source: CAPP Annual Report

rget 2.2.2				
ncrease demand for DEAPA/DEPF tional agricultural survey ta and analysis	___ Formal demands in 1990 for survey specific data from - MOA - Other GRC - Donors - Private sector	TBD Formal demands for survey specific data from - MOA - Other GRC - Donors - Private sector	TBD Formal demands for survey specific data from - MOA - Other GRC - Donors - Private sector	TBD Formal demands for survey specific data from - MOA - Other GRC - Donors - Private sector

23

gram Logframe		ASSESSMENT	OF	PROGRAM	IMPACT	[API]
	Baseline	Actual	and	Expected	Levels of	Achievement
	Indicators	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
	__ Formal demands in 1990 for analyses/studies from: - MOA - Other GRC - Donors - Private Sector		TBD Formal demands for analyses/ studies from: - MOA - Other GRC - Donors - Private Sector	TBD Formal demands for analyses/ studies from: - MOA - Other GRC - Donors - Private Sector	TBD Formal demands for analyses/ studies from: - MOA - Other GRC - Donors - Private Sector	
ource:						
Increased economic analyses conducted by DEAPA in responsive to specific outside demands	0 demand responsive economic analyses completed in 1989 0 collaborative studies carried out by DEAPA/MINAGRI DEPF/MINEPIA in 1989	3 demand responsive economic analyses completed 0 collaborative studies carried out by DEAPA/MINAGRI DEPF/MINEPIA	4 demand responsive economic analyses completed 2 collaborative studies carried out by DEAPA/MINAGRI DEPF/MINEPIA	4 demand responsive economic analyses completed 3 collaborative studies carried out by DEAPA/MINAGRI DEPF/MINEPIA	5 demand responsive economic analyses completed 4 collaborative studies carried out by DEAPA/MINAGRI DEPF/MINEPIA	
ource: CAPP Annual Report						
get No. 2.3.1						
reased demand for UCD cation, outreach and research abilities from the public private sectors in Cameroon within region	TBD student applications in 1990 TBD Requests for research/results in 1990 TBD Requests for outreach support in 1990		__student applications __Requests for research/results __Requests for outreach support	__student applications __Request for research/results __Requests for outreach support	__student applications __Requests for research/ results __Requests for outreach support	__student applications __Requests for research/ results __Requests for outreach support
ource: UCD Annual Report						

ogram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
RGET PERFORMANCE INDICATORS						
Increased number of nongovernment-financed students attend UCD	2 nongovernment-financed students 1989	4 nongovernment-financed students	8 nongovernment-financed students students	13 nongovernment-financed students	18 nongovernment-financed students	25 nongovernment-financed students
Source: UCD Annual Report						
Increased number of foreign students attend UCD	. 26 foreign students in 1989 . 4% of total student enrollment	. 20 Foreign students . 4% of total student enrollment	. 18 Foreign students . 5% of total student enrollment	. 20 Foreign students . 7% of total student enrollment	. 25 Foreign students . 9% of total student enrollment	. 30 Foreign students . 11% of total student enrollment
Source: UCD Annual Report						
Increased faculty time devoted to research and and outreach	1989 breakdown 87% teaching 10% research/ studies 3% outreach	87% teaching 10% research/ studies 3% outreach	85% teaching 11% research/ studies 4% outreach	80% teaching 12% research/ studies 8% outreach	75% teaching 13% research/ studies 12% outreach	70% teaching 15% research studies 15% outreach
Source: UCD Annual Report						
Increasing number of female students enrolled at UCD	9% of incoming degree students in 1989 are female		11% of incoming degree students are female		13% of incoming degree students are female	15% of incoming degree students are female
Source: UCD Annual Report						
Women remain a major client of UCD research and outreach activity	40% of clients served by UCD outreach/research activity are women in 1989		45% of clients served by UCD outreach/research activity are women		50% of clients served by UCD outreach/research activity are women	
Source: UCD Annual Report						

rogram Logframe		ASSESSMENT	OF	PROGRAM	IMPACT	[API]
	Baseline Indicators	Actual FY 1990	and FY 1991	Expected FY 1992	Levels of FY 1993	Achievement FY 1994
arget 2.3.2						
ncreased financial self-ufficiency through cost ecovery	5% of UCD budget is self-generated in 1990		10% of UCD budget is self-generated	15% of UCD budget is self-generated	18% of UCD budget is self-generated	20% of UCD budget is self-generated
Source: UCD Annual Report						
ARGET PERFORMANCE INDICATORS						
. Increased revenues from grants, awards and contracts	TBD CFA 1990	TBD CFA	TBD CFA	TBD CFA	TBD CFA	
Source: UCD Annual Report						
. Matriculation costs increasingly covered by student fees	Less 10% of total matriculation costs covered in 1990		15% of total matriculation costs covered in	20% of total matriculation costs covered in	22% of total matriculation costs covered in	25% of total matriculation costs covered in
Source: UCD Annual Report						
arget 2.4.1						
ncreased utilization of pgraded health centers in outh, Adamaoua and Extreme orth Provinces.	Data from sentinel clinics is being collected			20% increase in utilization in sentinel clinics		40% increase in utilization in sentinel clinics
Source:	Special Survey			Special Survey		Special Survey

gram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
get 2.4.2						
reased funds available from t recovery measures to port the non-salaried rating costs of PHC in South, maoua, and Extreme North vinces	0 1990			30,000 CFA per health center per month available for operating costs		50,000 CFA per health center
ource:				Routine reports from MCH/CS and SCF/CARE Projects and special study		Routine reports from MCH/CS and SCF/CARE Projects and special study
get No. 2.4.3						
reased Access to Higher lity Integrated PHC/MCH vices.						
GET PERFORMANCE INDICATORS						
Increased contraceptive prevalence rate for modern methods.	2% modern methods estimated			4% modern methods		
ource:				DHS Survey		
Increased sales of contraceptives by health centers, social marketing distributors and pharmacies as measured by the indicator couple-years of protection (CYP)	30,000	30,000 CYP Est.	33,000 CYP	37,000 CYP	41,000 CYP	45,000 CYP
RCE:	Special study			DHS Survey		

·ogram Logframe	Baseline Indicators	ASSESSMENT Actual FY 1990	OF and FY 1991	PROGRAM Expected FY 1992	IMPACT Levels of FY 1993	[API] Achievement FY 1994
. Increased numbers of public and private PHC/MCH facilities offering supervised family planning information and services.	21 facilities	21 facilities	25 facilities	30 facilities	45 facilities	60 facilities
)URCE:		Special study	Special study	Special study	Special study	Special study
. Increasing vaccination coverage rates for children and women of reproductive age.	15% measles Est. 20% DPT/Polio 3 Est. 15% TT2 Est.		30% measles 35% DPT 3 20% TT2	35% measles 40% DPT 25% TT		50% measles 60% DPT/Polio 3 45% TT2
)URCE:			National EPI coverage survey	DHS		National EPI coverage survey

78

CHAD

Assessment of Program Impact

USAID/N'Djamena

Fiscal Year 1990

N'Djamena filecode: PRM 1-6

80

ASSESSMENT OF PROGRAM IMPACT

USAID/N'DJAMENA

October 30, 1990

I. Special Factors Affecting the USAID/N'Djamena Program . 1

II. Progress toward Overall Country Program Goals 4

III. Progress toward Strategic Objectives and Related Progress Indicators 7

A. Transport Sector 7

B. Administratively and Financially Stable Government 10

C. Agriculture and Related Ventures in Areas Affected by USAID Activities 12

D. Child and Maternal Survival 19

Annex A: Review of Benchmark Indicators and Expected Levels of Achievement 23

81

I. Special Factors Affecting the USAID/N'Djamena Program

Because USAID/NDjamena was recently designated a class IB mission, it had neither prepared a program log frame, nor did it have an information system in place to track the performance indicators that normally would appear in an API. Per discussions with AID/W, the mission constructed a program log frame based on its Program Rationale FY 1989 to 1994, which was completed in 1988. This document outlined the direction that the program would take over the next several years. The mission was generally able to formulate the goal and strategic objectives directly from the text of the Program Rationale. In the few instances where this was not possible, a strategic objective or target was inferred from what the mission actually did during this period. The Program Rationale did not include benchmarks to measure the magnitude of progress. Expected levels of achievement are shown here if they were previously articulated. Benchmarks were inferred from actual practice if possible. Usually, however, benchmarks were not established, and this API has the character of reporting results instead of evaluating progress against a pre-established "metric."

The mission has adhered to the project development agenda and schedule that was put forth in the Program Rationale, except that the Agricultural Marketing and Technology Transfer (AMTT) Project will be obligated in FY 1991 instead of FY 1990 per instructions from AID/W. The Project Paper for the AMTT Project was developed in FY 1990, but the project is not yet authorized. The Chad Child Survival Project was developed and obligated in FY 1989. The Strengthening Road Maintenance Project and the PVO Development Initiatives Project were both amended and have continued. The Strengthening Development Ministries cash transfers continued, albeit at a decreased level in FY 1990 because of a reduction in the ESF account.

As has been stated elsewhere, the project development, approval and contracting processes for the child survival and agricultural projects have been lengthy. Thus, the mission is not yet in a position to have an effect on agricultural marketing or child survival, which were identified as priority areas in the Program Rationale. The AMTT project is essentially ready for authorization, but funds remain to be obligated, and implementation must be underway before an impact can be claimed. As stated in the Program Rationale, the Mission continued to work with PVOs and reoriented the umbrella PVO Development Initiatives Project to increase the emphasis on agricultural marketing. In this regard, ACDI arrived on the ground in September 1990 to begin implementation of an agricultural marketing subproject under the umbrella activity. CARE is in final negotiations on a new cooperative agreement under the same project for activities that stress agricultural marketing. ORT submitted a proposal that includes more marketing activities than their present subproject. The mission has thus followed through in changing

its focus to agricultural marketing; however these activities are just coming on-line, and it will be some time before an impact can be expected.

Besides the normal long start-up time for projects, the Chad Child Survival Project has had contracting problems. The Project, which was obligated August 30, 1989, attempted to use the 8A mechanism for the main technical assistance contract. Competition was close between the top two firms, and the losing firm filed an unofficial protest. Procurement rules changed during the contracting process, and a waiver was processed on the basis of urgent need to permit negotiation with the top-rated company. Contract discussions with that company did not yield an agreement on price and were so lengthy that the urgent need argument was no longer valid. The result was that negotiations had to be terminated. The project now has to go through the entire contract process again over a year after obligation.

In addition, some key personnel at the Ministry of Public Health (MoPH) have been changed, and the new personnel are not as knowledgeable about health or the objectives of our project. Although the project can point to some accomplishments in health center rehabilitation, it is dependent upon the TA contractor and informed MoPH personnel to have an impact on important "people-level" indicators.

Despite these problems, the Child Survival Project moved forward in rehabilitating ten health and social centers in the Moyen-Chari Prefecture. Design work on a baseline survey was completed, and the survey itself should be concluded by next spring. The mission is fielding a PP amendment team this month to make any needed modifications in the PP and to redraft the scope of work for rebidding the technical assistance contract. Several bridge activities occurred outside the project including numerous types of training in child survival and family planning methods. A family planning advisor is on board, and activities in that area include hosting a major conference on "family well-being" in December 1988. A study on ways to improve family planning logistic management was recently carried out, and training modules in family planning are being developed for the nursing school in N'Djamena.

The Strengthening Road Maintenance Project benefited from the initiation of the Transport Sector Adjustment Program, which is funded by the World Bank, USAID and other donors. Contractors funded by USAID work side by side with technical assistance teams funded by the Bank, and overall operations of the road maintenance organization have improved. The mission plans to continue to coordinate closely with the Bank in this area.

The mission will complete some additional studies, including an agricultural sector assessment, and develop a full CPSP this

fiscal year. Objectives, targets and indicators will be developed for agricultural marketing and redone for child survival activities. By the next API, the mission intends to have an information system in place that can track "results-oriented" indicators.

II. Progress toward Overall Country Program Goals

The goal of the A.I.D. program in Chad is to promote sustained economic growth and contribute to improved child and maternal health.

Table 1: Economic Indicators Related to Goal

	1988	1989	1990
Per Capita GDP (000 1977 CFAF)	36.3	36.9	37.1
Population (millions)	5.43	5.57	5.60
Total GDP (billions of 1977 CFAF)	196.8	204.9	211.1
Real Growth Rate (percent)	18.0	4.1	3.0
Primary Sector	83.1	79.2	78.0
Agriculture	59.5	54.9	53.1
(cotton)	(5.1)	(4.9)	(5.4)
Livestock	23.6	24.3	24.9
Secondary Sector	28.4	34.3	37.3
Industry	24.8	30.3	31.6
Utilities; Other	3.6	4.0	5.7
Tertiary Sector	76.4	80.9	83.8
Commerce & Transport	56.5	59.3	61.5
Government	19.9	21.6	22.3
Indirect Taxes	8.9	10.5	12.0

Source: GOC Ministry of Plan, Plan d'Orientation and Comptes Economiques. Data for 1990 are preliminary.

85

Discussion: Chad experienced real growth of 4.1 percent in 1989, which is noteworthy since it followed an 18 percent increase in 1988, and the contribution of agriculture declined in 1989. In 1990 the GDP was estimated to grow at a 3 percent rate, the components of which were a 1.6 percent drop in agriculture production and increases of 8.8 and 3.6 percent respectively in the industrial and service sectors. Efforts to restructure COTONTCHAD are proceeding as planned, and it may show a profit this year, although it is too early to say conclusively. Chad has been less successful in diversifying into new areas that can supplement export earnings from cotton. Agriculture, excluding cotton, is the only sector to have decreased in absolute value since 1988. On a per capita basis, Chadians are consuming about 20 percent less domestically produced food in 1990. There was a general cereal crop failure this year in the sahelian zone resulting from low rainfall; however rainfall and crop yields in the sudanian zone appear to be adequate. Information is not yet available to determine the extent of the overall problem and the need for food aid.

Health Indicators: - See table 2.

Chadian ability to redress important health problems remained strained due to insufficient human and material resources and was compounded by limited funds available for allocation to the health budget. Chad relied on donors, including the European Community, the French, the Swiss, USAID, the WHO, various NGOs and others, to finance most of its health initiatives. Are these efforts making a difference in the health of Chadians? Health programs have gone through two major phases since 1982. The first was meeting emergency needs, rebuilding the health delivery system and bringing all health providers under the control of the Ministry of Public Health (MoPH). The second phase, which is in its initial stage, seeks to reorganize the MoPH to conform to the Chadian reality and coordinate donor activities. Hence, most programs have not been active long enough to claim an effect, and the information base is also weak. As a result of past USAID-funded activities with the MoPH, a health information system is in place that accurately reports facility-based data, although data on the population as a whole is very weak. USAID's Child Survival project is in the start-up phase and will fund a population-based baseline survey, which is scheduled for early 1991. On a positive note, there is some evidence that the expanded program of vaccination, which has been in existence since 1986, has contributed to reducing the number of deaths from neonatal tetanus. However, as the indicators in table 2 attest, the health of Chadians is among the most precarious in the world.

Table 2: Health Indicators Related to Goal

	1987	1988	1989
Infant Mortality per 1000, 0 - 11 months			180
Child Mortality per 1000, 0 - 5 years			250
Maternal Mortality per 100,000 live births	747	927	710
Population Growth Rate	2.3%	2.3%	2.1%
Food Aid Distributions (tons)	26,000	12,000	16,000

Sources: Infant and child mortality figures are based on reports from UNICEF and Direction of Economic and Demographic Studies of the Ministry of Plan. Although based on field observations, an accurate survey has not been done, and the estimate is for only one point in time. The maternal mortality rate was calculated from statistics from 5 hospitals and does not reflect the rates for the population as a whole. Population figures for 1989 are extrapolated from voter registration records and reveal a smaller population than extrapolations from the partial 1964 census, which was used for previous calculations. Food aid distributions figures are from the Mission's Food for Peace office.

Other than a speech by the President supporting family well-being at the end of the December 1988 family well-being conference, Chad has not articulated an official population policy. Some observers have classified its actions in this area as mildly pro-natalist. USAID has made some headway in gaining support for family planning as a health intervention. Past efforts have succeeded in building a demand for family planning services in the N'Djamena area. USAID's Chad Child Survival Project supports child spacing and is encouraging the formulation and approval of a national policy and the abrogation of a law that prohibits import and distribution of contraceptives. Despite this law, contraceptives are openly imported, sold and distributed. Other than USAID, the only major donor involved in family planning is the United Nations Fund for Population Activities. A private National Family Planning Association is presently being created. It will be some time however before the

necessary factors, such as a national policy, enhanced awareness and demand, and a structure to deliver services, are in place and can influence the national population growth rate.

The lower population growth rate reported in table 2 is the result of a change in the method of calculating population. The new method is based on voter registrations, and extrapolations from this base yield a smaller population that past projections that were based on the constant 2.3 percent growth rate. USAID believes that the new figures are more accurate but will have to wait for the outcome of the full census, which is currently scheduled for December of 1991.

Food aid distributions are an indication of food requirements that are not met by local production or private imports. This figure is obviously closely related to cereals production and rainfall. Per N'Djamena 5641, the Mission believes that food aid distributions present a more accurate picture of actual needs than the cereals balance approach. Revised population figures will also influence the calculation of the deficit. These figures fairly characterize Chad as a mildly food-deficit country.

III. Progress toward Strategic Objectives and Related Progress Indicators

A. Transport Sector

Strategic Objective:	Contribute to the lower cost transport of people and goods over the Chadian road network
Indicators:	- Freight rates on key routes decreased by 15 percent (as of May 1990) over pre-1989 levels.
	- Traffic volume increased by 80 percent in the southern part of the country and by 100 percent in the northern zone between 1985 (pre-USAID activities) and 1988 (last year for which data is available).

Discussion: Decreases in freight rates resulted from increased competition brought about by liberalization of the transport sector. As a result of the Transport Sector Adjustment Program

(TSAP), in which the World Bank and USAID participated in the negotiations, a truckers' monopoly was disbanded. (The TSAP totals $180 million; USAID activities through the Strengthening Road Maintenance Project and projected follow-on activities that support the TSAP amount to $23 million. Besides the Bank, the European Community, the French, and the Germans are major contributors.) Prices are now set by the market as determined by individual transactions between carriers and shippers. Although benchmarks on freight rates were not established, the fact that enough competition already exists to bid the price down is a positive sign. Source of data: Bureau National de Fret

A system has been developed, but is not yet activated, whereby each geographical division of OFNAR is charged with carrying out yearly traffic counts on major routes. USAID will seek to assure implementation of this system both for the benefit of rational planning at OFNAR and our own reporting requirements. These figures will be reported in the next API. The decrease in freight rates is almost entirely attributable to liberalization of the transport market; further decreases are expected to result from the improved conditions of roads.

A.1. Target: Contribute to the rehabilitation (construction) of primary routes in the country

Indicator:	Actual		Planned	
	1988	1990	1991	Total
Roads Constructed (kilometers)	0	45	20	65

Discussion: Construction of this new road (Dandi-Djermaya) will provide improved access to primary road-building materials that are needed to complete the GOC's road-rehabilitation effort. Funds from the Strengthening Road Maintenance Project were granted to the World Bank, which included construction of this segment in a larger contract at a lower per unit cost than would have otherwise been possible. If construction proceeds as planned, the road should be finished during 1991.

A.2. Target: Capacity of Chadian road maintenance agency to maintain roads increases

Discussion: The $29.62 million Strengthening Road Maintenance Project has been the USAID/NDjamena's largest project. This phase I project, whose completion is scheduled for 1992, concentrated on developing an institution (OFNAR) to maintain

TABLE 3: Road Maintenance Institution-Building Indicators

Indicator	Baseline 1985	Expected 1990	Actual 1990
Kilometers of roads maintained to national standards by OFNAR's N'Djamena Road Agency	0	750	600
Percentage contribution by OFNAR to project's recurrent costs	10	50	55
Adequately trained and: functioning OFNAR employees			
- Mechanics & shop technicians	0	50	52
- Equipment operators	0	49	42
- Supervisors & managers	4	18	14

roads. Any follow-on efforts will also look at increasing the capacity of the indigenous private sector to perform road maintenance with OFNAR as a contracting agent.

The original target of maintaining 1600 kilometers of roads was changed to 750 kilometers when the Project Paper Supplement, signed in May 1989, limited support for maintenance activities to the N'Djamena Road Agency. The figure of roads actually maintained is less than 750 because some primary routes are still under reconstruction, and responsibility for maintenance has not yet shifted to the N'Djamena Road Agency. Activities are also underway under the present project to implement a comprehensive planning, budgeting and evaluation system. This system would inventory the physical condition of roads, inventory equipment and other resources, look at traffic patterns and formulate a program for maintenance. Different standards of maintenance would be established for roads of different priorities. When these varying standards are set, this indicator will be modified.

The project design called for OFNAR to make a contribution to recurrent costs that increases by 10 percent per year. They are slightly ahead of schedule. Continuing activities with OFNAR will retain this provision. This is an important indicator of sustainability.

A.3. Target: Policy environment improves to promote increased competition among transporters

Indicators:
- The Statute changed in 1989 to remove the monopoly to the truckers union, the Cooperative of Chadian Transporters.

- Number of individual entities in trucking subsector increased from one before 1989 to two transport groups, one trucking company and at least 25 independent operators as of May 1990.

Discussion: Restructuring of the transport sector is proceeding according to plans agreed to between the GOC, the World Bank, USAID and other donors, and the private sector appears to be adequately responding to the opening up of the subsector. Effects on the overall economy are not yet known but will be examined in the future.

B. Administratively and Financially Stable Government

Strategic Objective: Contribute to the administrative and financial stability of the GOC to continue development-related activities

Indicators:
- GOC fulfilled key governmental administrative functions as illustrated by the publication and implementation of annual recurrent and development budgets yearly from 1987 to 1990.

- GOC did not default on any major obligation in its budget plans and did not increase arrears in debt service payments from 1988 to 1990.

- GOC reduced its recurrent budget deficit from 3.4 percent of GDP in 1987 to a projected 1.9 percent in 1990.

Discussion: The GOC is pursuing measures to improve Chad's economic performance. In the short term, it is implementing a World Bank/IMF-approved structural adjustment program to reduce rather sizeable financial deficits and to revitalize the economy. The adjustment program entails developing new sources of tax revenues and imposing strict ceilings on government expenditures.

In the longer term, the government, assisted by the World Bank and other donors, is seeking to restore profitability to the cotton sector, which will be an important source of revenues from direct and indirect taxes. The GOC has concurrently undertaken a program to strengthen its public administrative capability. Budget expenditure patterns show that the GOC considers regular payment of salaries to civil servants a priority as an incentive for improving their performance. Simultaneously, the GOC has taken steps to reduce the relative size of the budget deficit. It is directing donor efforts in the reconstruction of the country's badly deteriorated infrastructure in order to facilitate economic growth and provision of public services.

B.1. Target: Contribute to the GOC ability to administer key development ministries

Table 4: Indicators of GOC Administration of Development-Related Ministries

	1988	1989	1990	Total
Percent of established base salary GOC paid to civil servants	60	100	100	NA
Budget expenditures of 8 main development-oriented ministries				
-Salaries	4,360.9	7,708.9	7,124.8	NA
-Supplies	550.1	2,765.9	1,930.4	NA
-Totals	4,911.0	10,474.8	9,055.2	NA
(Millions CFAF)				
GOC personnel trained under AID auspices	31	23	55	109

Discussion: With growing numbers of civil servants, the public wage bill expanded more than 60 percent from 1987 to 1990. During that period, aggregate monthly wages for GOC civilian employees increased from an initial total of CFAF 871 million to CFAF 1423 million in 1990. These figures reflect payments of only 60 percent of a prewar salary scale for 1987 and 1988. For 1989 and 1990, they represent salaries paid at 100 percent of a new salary schedule adopted late in 1988. The salary increases, which were a natural step by the GOC, were only possible with

92

donor assistance, including that of A.I.D. The combination of salaries fixed at a maximum 60 percent of a 1967 pay scale and 20 years of inflationary pressures constituted a situation that was eroding employee morale and administrative effectiveness. A.I.D. budgetary support focused on the payment of salaries for civilian development-oriented ministries. World Bank support, to boost the supply of office materials and equipment needed by those same ministries, complimented our own resources. Government officials were trained primarily under the Sahel Human Resource Development Project. With additional training and increased budgets for salaries and materials, the GOC was better able to deliver government services.

B.2. Target: Contribute to the development of rational civil service regulations and practices

Indicators:

- The GOC established an Interministerial Commission in 1988 to analyze data from the AID-supported civil service census.

- In 1989 the Ministry of Civil Service began using technical assistance financed by A.I.D. and the World Bank to analyze the need for policy and organizational reform in the civil service.

- Computerization of the government payroll system is 50 percent complete as of September 1990 compared to 0 percent as of December 1989.

Discussion: An expert in public service management worked at the Ministry of Civil Service (MFP) during December 1989, to study the civil service in general and the role of the MFP in establishing policy and procedures in particular. His report was shared with the GOC and major donors, which concur with his recommendation that civil service reform should be a multi-donor effort. The GOC has agreed to the next step: development of an overall reform plan and its initial implementation in the MFP. Follow-up technical assistance at the MFP will perform a management survey, formulate a reorganization plan along functional lines, outline technical and managerial training needs and identify immediate needs for materials. Computerization of the payroll is proceeding as planned.

C. Agriculture and Related Ventures in Areas Affected by USAID Activities

Strategic Objective: Increase agricultural incomes, production and food security and develop

private businesses in areas affected by USAID activities

Income Indicators:

- Net revenue[1] figures from the ORT subproject under the PVO Development Initiatives Project increased by 61 percent.

- As a perception of income, 67 percent of the farmers in the ORT project area responded affirmatively in 1990 when asked if they had an adequate standard of living compared to a 33 percent affirmative response rate to the same question in 1987.

Discussion: Although income is an important indicator, there is a paucity of data with which to make accurate estimates. Income besides indicating overall development is directly related to food security. Information shows that vegetables grown under irrigation in the Sahelian zone are sold and the proceeds used to buy rainfed cereals from the Sudano-Sahelian zone. The Mission will assure that new PVO subprojects report on income.

Production Indicators:

- From 1988 to 1989, total production is estimated to have increased by 21 percent in the ORT subproject (400 farm families), declined by 45 percent in the CARE Kanem area (2000 farm families)[2]

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[1] The Mission does not currently have any reliable estimates of income in areas affected by USAID activities. This estimate from the ORT subproject is the best proxy available. It compares the estimated revenue of farmers practicing improved techniques to that of farmers practicing only traditional methods. Since these activities are site-specific, generalization of effects on income in other areas is impossible. Other baseline data does not show relationships that can be attributed to interventions sponsored by A.I.D. In developing the CPSP this year, the mission will formulate other proxies for income.

[2] This decline in production resulted from farmers leaving the project site and returning to nomadism as conditions improved. While over 3000 farmers cultivated the wadis during the drought years of the mid-1980s, after a good rainfall year in 1988, this number dropped to 1830. Rainfall decreased the following year, and the number of cultivators increased to 2300 in 1989/90. The objective of providing an alternate cropping system during low rainfall years appears to have been achieved. Production statistics for the 89/90 season in the Kanem are not yet available but are expected to show an increase.

and declined by 7.5 percent in the CARE rice perimeters in the Mayo Kebbi (500 farm families).

- 100 percent of farmers in affected areas attained an adequate food supply for their families from their own production. In 1989 a low-rainfall year, some food aid was required at Nokou, which is a marginal site in the northern Sahelian zone.

Discussion: Production statistics have also not been adequately quantified. GOC statistics on cereals production by prefecture were seen as outside the mission's manageable interest and are not presented. Most interventions in production have been through the PVO Development Initiatives Project and have dealt primarily with vegetables (except for rice in Mayo Kebbi) grown under irrigation. Cereals are primarily grown under rainfed conditions. Observations show that technologies adopted at one site are not easily replicable at other sites and that the manageable interest of the Mission is thus limited to areas where a USAID-sponsored activity has a presence. Training of 69 farmer-extension agents in the ORT subproject is an attempt to increase the spread effects. The system is working well, but it is too early to document any effects on production.

In 1989, the area planted and hence production decreased in some areas because 1988 was a very good agricultural year. Farmers often could not market their surplus production and cereals produced in 1988 remained in storage the following year. In the Kanem wadis, which were heavily cultivated during the drought years, prior-year cultivators returned to nomadism as conditions improved. A recent evaluation points out that, while a core group cultivates wadis every year, others only rely on the wadi as a safety valve when there are no opportunities for rainfed agriculture or herding. Activities in the Kanem began as a relief effort that included food for work. When this practice was discontinued in 1987, a number of people left the wadis, which indicates that the food for work had led to an artificially high level of participation. In the Mayo Kebbi rice perimeters, easily exploitable production opportunities in the rainfed areas resulted in lower participation rates; however productivity per participant increased.

Private Business Indicators: See table 5.

As the recent evaluation of the VITA supervised credit subproject points out, although VITA did not meet the benchmarks

Table 5: Indicators of Private Business Development: VITA Private Enterprise Project

Number of Loans

Type	Baseline 1987	Cumulative 1987 - 1990	Expected 1987-1990	Percent of Expected
N'Djamena SMEs	6	157	114	138
Rural/Agriculture	58	89	226	39
Total	64	246	340	72

Cumulative Employment Generated by Sector 1987 to 1990 (Jobs)

Sector	Full Time	Family	Seasonal	Total
Agriculture	29	99*	34	162
Services	231	--	--	231
Manufacturing	38	--	--	38
Trade	32	--	--	32
Traditional Rural	--	52	--	52
Non-trad. Rural	38	--	15	53
TOTAL	368	151	49	568

* Mostly in one agricultural cooperative

source: Chad: Evaluation of the VITA Private Enterprise Project Phase II

that were established during the design stage, it has made an impact on the economy by supporting the development of small and medium-sized enterprises (SMEs) in Chad. Figures on employment generated provide an indication of the distribution of this impact. Failure to meet benchmarks is due to an economic slow down during 1987 and early 1988. This was, reportedly, brought about by compulsory contributions for defense that were levied on many businesses, which deterred entrepreneurs from expanding and, thus, seeking new loans. By 1989, loan disbursements levels had improved to a point where, if that rate had been maintained throughout the life of the subproject, the benchmarks would have been met. The VITA loan portfolio is in better-than-average

condition, with only 6 percent of the amount loaned estimated to be unrecoverable. Although much of VITA's portfolio is outside of agriculture, it is reported here since many businesses in the other sectors process agricultural products, trade with agriculture or otherwise serve agriculture. No entity other than VITA has previously or is presently providing credit to SMEs in Chad. Credit through the formal banking system is very difficult to obtain, and VITA fills an important niche in stimulating business development in Chad.

Besides the VITA subproject, other PVOs have encouraged business development. In the ORT subproject area, farmers formed a private group that is now providing well installation services to area farmers. This group has installed 18 tubewells. In other areas, groups have formed to increase marketing options. See discussion of marketing under section C.1.

C.1. Target	Increase agricultural production incentives by facilitating marketing of agricultural products[3]
Indicators:	- The number of marketing options (means to sell production) for the CARE Mayo Kebbi irrigated perimeters increased from 1 in 1986/87 to 5 in 87/88 and 88/89.
	- The number of self-managed marketing groups in the ORT subproject increased from 0 in 1987 to 5 in 1990. These groups made a 50 percent profit in 1990 by speculating on onions.

Discussion: Evidence indicates that marketing problems are an important constraint on production. The PVO subprojects have been reoriented to address marketing problems better, and marketing is an important aspect of the CARE and ORT subprojects. Farmers' cooperatives in the five rice perimeters in the Mayo Kebbi have become much more successful in selling their surplus rice.

A study by DAI in 1988 estimated that approximately 20 percent of the cereals harvest is commercialized. Fruits and

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[3] The Mission is developing an extensive set of indicators for agricultural marketing through its AMTT project. These will be expanded in the agricultural sector review and the CPSP. By the next API, the Mission should have a complete set of indicators and an information system for marketing. Additional time may be required however to complete studies to gather baseline data.

vegetables, which are usually grown under irrigation, are produced mainly for the market. Data from the ORT subproject indicates that 75 percent of fruit and vegetable production is marketed, while data from Africare shows that 85 percent of the fruits and vegetables in their area are sold.

C.2. Target — Increase adoption of more efficient agricultural technologies and more reliable technologies for low-rainfall years

Table 6: Indicators of Adoption of New and More Reliable Technologies between 1985 and 1990

		Mayo Kebbi	Kanem	Ouaddai	Lake Chad Area	Total
New land brought into production (hectares)	(1990)	190	0	100	13	303
	(1985)	0	0	0	0	0
Land previously in production where farmers adopted improved water-lifting technology (hectares)	(1990)	0	120	20	100	240
	(1985)	0	0	0	0	0
Farmers who adopted improved agronomic irrigation techniques (farmers)	(1990)	466	0	0	233	699
	(1985)	0	0	0	0	0

source: Project records

Discussion: Benchmarks were generally not established for the indicators shown in table 6. Only in the case of the Lake Chad area (the ORT subproject) was it stated that 200 farmers were expected to adopt the improved techniques. Thus, in this area, the subproject has exceeded expectations. The new agronomic and cultural techniques introduced by the PVO subprojects have resulted in higher yields. Although in many cases this increase has not been documented, a study of the ORT subproject showed average increases of about 50 percent for vegetable crops and 100 percent for cereal crops. See table 7.

Table 7: Increase in per Hectare Yields from Improved Practices in the ORT Subproject (tons)

Crop	Traditional Methods	Improved Methods	Percent Increase
Onion	20	30	50
Eggplant	30	40	33
Tomato	20	30	50
Pepper	25	35	40
Okra	25	30	20
Maniac	25	40	60
Wheat	2	4	100
Sorghum	1.5	3	100
Millet	1	2	100

C.3. Target — Contribute to GOC efforts to prevent crop loss from pests, such as grasshoppers, locusts and rodents

Indicators:

- 134,000 hectares of crop land were sprayed for grasshoppers in 1987 (90 percent of the target)

- In 1988 a locust campaign was initiated, but no major targets were found.

Discussion: Mission locust control efforts have ended, and it does not intend to support an ongoing locust control program. The possibility of responding to an emergency is left open; however, alternatives to pest control programs such as food aid to replace lost cereals will be considered before moving ahead with a spraying program. There is no estimate of the value of the crops that were saved as a result of the grasshopper campaign. Surveys after treatment showed grasshopper mortality rates of greater than 95 percent. The Rodent Research program is just getting underway and will establish a baseline on rodent populations and estimate crop loss by 1991.

D. Child and Maternal Survival

Strategic Objective: Lay the groundwork for making sound investment decisions[4] in health through support for an information system and training health workers and promoting family planning

Indicators:

- Information was made available to decision makers on key factors in the health system.

- The competency of health workers, while still not adequately trained in some areas, improved.

- Limited progress was made in gaining acceptance of a national family well-being program. Abrogation of the law prohibiting the import, sale and distribution of contraceptives has not yet occurred.

Discussion: The Bureau of Statistics, Planning and Studies (BSPE) continued to make information available on incidence of disease from facility-based statistics. Information on health resources and service delivery was also included. The African Development Bank funded a Health Sector Assessment that presented a comprehensive view of the sector.

Information from the BSPE indicates that many employees of the Ministry of Public Health are not adequately trained to function properly in the position they hold. USAID through regional projects and small grants met some key training needs. See Target D.2. and table 7. USAID's Child Survival Project will address training needs related to treatment protocols; child survival interventions; maternal health; child spacing; information, eduction and communication; and other key areas. Activities of other donors are addressing other training needs.

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[4] More "results-oriented" strategic objectives, targets and indicators, which will be used in the future, are shown in Annex A. Since the API is retrospective, de facto objectives and indicators are presented that reflect the Mission's past program. This approach is necessary because activities under the Mission's Child Survival Project are just starting or are yet to begin. This Project includes a detailed health survey that is scheduled for early 1991, which will be the base year for many of the new indicators.

Although USAID activities gained the support of some government officials and other leaders for family well-being and child spacing, this support is yet to be concretized in the form of a national policy or abrogation of the anti-contraceptive law. Contraceptives are however openly imported and distributed. The Ministry of Public Health has provided A.I.D. letters requesting that contraceptives be delivered and exempting those associated with USAID from the provisions of the anti-contraceptive law. Discussions are still in progress with key government officials concerning abrogation of the law. The MoPH is considering placing condoms on the list of essential drugs, which would facilitate distribution to the field.

D.1. Target — The BSPE fulfills role of compiling, analyzing and presenting key health information.

Indicators:
- The BSPE published the 1989 Annual Statistical Yearbook in April 1990 with important health information for the entire country.
- The BSPE continued to operate its health information system for routine reporting.

Discussion: The BSPE published its second annual Statistical Yearbook with the help of some short-term technical assistance. At the end of 1989, 89.6 percent of the health centers were routinely reporting to the health information system, as compared to 85 percent at the end of 1988. The 1989 version tracks essentially the same information as the 1988 version, making comparisons possible. The 1989 edition also includes the results of studies on urinary schistosomiasis and AIDS. Under the Chad Child Survival Project, technical assistance will be provided to improve the reporting of child survival, family well-being and cost-recovery indicators.

D.2. Target — Health workers trained and functioning in ORT, family planning methods, reproductive health, program management and IEC for child survival and family well-being.

Indicator: See table 8.

Discussion: These short-term training opportunities were sponsored by USAID through small grants and buy-ins to regional projects. Among the organizations providing the training were: JHPIEGO, World Health Organization, INTRAH, Pathfinder, International Planned Parenthood Federation, Columbia University, and Africare. These were important efforts at improving the

Table 8: Health Training Indicators

Numbers of Chadians Trained under A.I.D. Auspices
1987-1990

Type of Training	Number of Participants			
	1988	1989	1990	Total
Information, Communication and Education	20			20
Maternal Child Health and Family Well-Being	51			51
Reproductive Health (clinical)	9		14	23
General Family Planning			50	50
Operations Research		45		45
ORT Training of Trainers	125			125
ORT Practice	525	___	___	525
Total	730	45	64	839

human resource capacity of the public health personnel. In some instances, post-testing has indicated that additional, more intensive training is needed. Under the Chad Child Survival Project, further training will be carried out.

D.3. Target — Sensitization of political and religious leaders to the need for a population policy and family planning program for Chad

Indicators:

- Approximately 100 political and religious leaders participated in family planning study tours and the December 1988 Family Well-Being Conference.

- Efforts are underway to form a private family well-being association.

Discussion: Some seed money has been provided to assist in the formation of the Chadian Family Well-Being Association. To date, three meetings have been held and by-laws and statutes drafted. Now the Association is in the process of approving the by-laws

102

and electing board members. This group will be affiliated with the International Planned Parenthood Federation, some representatives of which are planning to visit Chad in November 1990.

Annex A: Review of Benchmark Indicators and Expected Levels of Achievement

Work done to date in developing strategic objectives, targets and indicators to be used in reporting the future health program in Chad are presented below.

Strategic Objective: Improve the health status of Chadian infants, children and women of child-bearing age

Indicators:

- Reduce infant (0 to 11 months) mortality rates in the target areas from 180 per 1,000 in 1990 to 140 per 1,000 in 1993 and 100 per 1,000 by 1995

- Reduce child mortality rates (ages 0 to 5) in the target areas from 250 per 1,000 in 1990 to 210 per 1,000 in 1993 and 180 per 1,000 by 1995

- Reduce the maternal mortality rate in the target area from 800 per 100,000 in 1990 to 700 per 100,000 in 1993 and 600 per 100,000 by 1995

- Increase the number of repeat visits to centers for child spacing services by a half percent per year

Health Target 1 Decrease diarrhea-related morbidity and mortality in children from 0 to 5 years in the target area

Indicators:

- Reduce the incidence of diarrhea-related dehydration from 8 percent in 1990 to 6 percent in 1993 and to 4 percent by 1995

- Use of ORS in health centers increases by 20 percent in 1993 and 40 percent by 1995

Health Target 2 Improve service delivery and quality of care in the target areas

Indicators:

- Population's use of health facilities increases from 218,000 in 1990 to 300,000 by 1995

- Percentage of pregnant women who complete minimum of 3 prenatal visits increases from 20 percent in 1990 to 50 percent in 1995

104

	- Of the 35 health and social centers in the project area, 15 will offer IEC services for ORT and child spacing in 1993 and 30 by 1995
Health Target 3	Increase child spacing services in the target area
Indicator:	- Repeat visits to health centers for child-spacing services increases from 0 percent in 1990 to 1 percent in 1992 and 2 percent by 1995
Health Target 4	Improve health data collection and analysis in the target areas
Indicators:	- 15 dispensaries reporting child survival, child spacing and cost recovery data increases from 0 in 1990 to 15 in 1993 and to 30 in 1995
	- The health statistical yearbook published annually, and adds child survival and child spacing data that conforms to international standards by 1992 and cost-recovery data by 1993
Health Target 5	The GOC established, or modifies, a drug procurement system that incorporates non-profit procurement and cost recovery at local health centers
Indicators:	- Decentralization decree permits prefectures and health districts to collect fees and retain a portion of proceeds for operations by 1993
	- Policy of public sector pharmacy stresses procurement of essential drugs from non-profit supply houses
Health Target 6	The GOC allocates additional funds to the prefecture and district levels and permits retention of fees at the level where they are collected
Indicators:	- By 1995, 34 percent of the MoPH budget is disbursed locally
	- 40 percent of user fees retained at health district level and 20 percent at the prefecture level by 1993

Health Target 7	Anti-contraceptive law abrogated
Indicator:	- Law abrogated by 1993
Health Target 8	MoPH decentralization plan implemented
Indicators:	- Decentralization decree issued by 1993
	- Central level directorates concentrate on planning and policy by 1993 and not implementation
	- Médecin Chef de Prefecture's given total authority prefecture health program by 1995

THE GAMBIA

USAID/BANJUL

ASSESSMENT OF PROGRAM IMPACT

July 1, 1989 to June 30, 1990

108

TABLE OF CONTENTS

	PAGE
ASSESSMENT OF PROGRAM IMPACT	1
I. Special Factors Affecting the USAID Program	1
II. Progress Toward Overall Program Goals.	3
Indicator 1. Real per capita income	3
Indicator 2. Rural Incomes	4
III. Progress Toward Strategic Objectives and Related Progress Indicators	6
STRATEGIC OBJECTIVE: 1. Increase private sector investment	6
Indicator 1. Total Investment	6
Indicator 2. Private Investment	6
Indicator 3. Domestic exports other than groundnuts	7
Indicator 4. Number of business firms	8
TARGET 1: Sound macroeconomic and free market policies sustained	8
Indicator 1. Fiscal Deficit	9
Indicator 2. Inflation rate	9
Indicator 3. Balance of payments Deficit	10
Indicator 4. Privatization activities	10
Indicator 5. Economic Policy Reforms	11
TARGET 2: Increase availability and efficiency of financial services	11
Indicator 1. Ratio of savings and time deposits to GDP	12
Indicator 2. Spread between lending and deposit rates	12
Indicator 3. Savings Rate	13
Indicator 4. Real interest rate	13
TARGET 3. Reduce administrative, legal and procedural constraints in establishing a new business or in expanding an existing firm.	14
Indicator 1. New laws or administrative changes enacted relating to private sector activities	14
TARGET 4. Increase relevant job skills to support private sector expansion	14

Indicator 1. Number of new jobs filled by newly trained people, by gender. 14
Indicator 2. Number of higher grade jobs filled by training present workers, by gender 14

STRATEGIC OBJECTIVE 2. Increase agricultural incomes through the economically efficient utilization of natural resources 15

TARGET 1. Increase soil fertility 15

Indicator 1. Fertilizer Use 16
Indicator 2. Adoption of alley cropping 17

TARGET 2. Maintain and improve available productive crop land through soil conservation. 18

Indicator 1. Area of swamp reclamation 18
Indicator 2. Area of upland soil conservation 18

TARGET 3. Adopt natural resource management practices through a national environmental education program 19

Indicator 1. Adoption of NRM practices on the farm 19
Indicator 2. Number of school programs involving nurseries and afforestation 19

TARGET 4. Maintain current levels of biodiversity through improved management of forest land and establishment of protected areas 20

Indicator 1. Incrementally increased area of natural forest managed in reporting period 20

Indicator 2. Number of species variations maintained or reintroduced 21

ASSESSMENT OF PROGRAM IMPACT

USAID/Banjul is in the process of formulating a program log frame and articulating strategic objectives and targets. One of our two major new programs is in the initial design stage (Financial and Private Enterprise Program) and the other, which will be in the agricultural/natural resource management sector, is at the sector assessment stage. Consequently, the targets and indicators which underpin the following Assessment of Program Impact must be viewed as indicative only of the current ideas which are being discussed at the Mission. As the assessments and designs are completed and the logframe accepted by AID/W, changes in strategies, objectives and targets are to be expected.

I. Special Factors Affecting the USAID Program

Early in fiscal year 1989/90, the Senegambia Confederation was dissolved, which had an immediate but short-lived detrimental impact on The Gambia's re-export trade. Senegal instituted a number of measures which disrupted not only Gambian trade with Senegal but with other neighboring countries as well. Happily, most trade soon returned to previous levels. While there was little growth in re-exports, tourist receipts fell, producing expections of lower GDP growth in 1989/90. Fortunately, agriculture turned in an excellent performance and world prices for groundnut oil were strong. Real GDP growth was thus sustained and even improved -- to an annual rate of 6 percent. Nevertheless, the breakup and the drop in tourism brought home the vulnerability of The Gambia in relying too heavily on these sectors for tax revenue, trader incomes and foreign exchange earnings. The economy needs more diversification and that is one of the reasons for the Mission's Strategic Objective of promoting greater private investment in productive, as opposed to commercial activities.

The Gambia's participation in ECOMOG, the ECOWAS peace keeping operation in Liberia, can be expected to generate budgetary problems. The costs of the peace keeping operation are supposed to be borne by ECOWAS and Western donors' contributions. However, contributions so far are not enough to cover the expenses and The Gambia's military force in Liberia of over 100 men and their equipment, which were not in the original budget, are exacting a toll on government revenue. The Gulf crises and the consequent increase in the price of petroleum is also causing problems for The Gambia. The Gambia receives petroleum grants but these are fixed in monetary terms. Consequently, the sharp price rise results in a lower quantity of grant petroleum. In addition, The Gambia follows a practice of fixing the price at the pump, with excise tax revenue a residual. Although the pump price was increased twice, it was not enough to cover increased costs. The increased expenditures for ECOMOG, the reduced revenue from petroleum excise taxes, and the increased need for foreign exchange to pay for petroleum imports may create hardships and affect The Gambia's attainment of benchmarks and targets with the IMF and the World Bank.

Thus far, The Gambia has satisfactorily met IMF targets and benchmarks and thus has qualified for an ESAF disbursement of $8.8 in the 1990/91 fiscal year. The country is, however, having problems in meeting World Bank requirements. Problems in restructuring GCDB and in implementing World Bank projects are major obstacles and release of a SAL II disbursement has been delayed, increasing the difficulty of meeting IMF targets in the future.

In the IMF/World Bank program, The Gambia has agreed to privatize the GCDB by end May 1991. While privatizing the bank is one of USAID's targets, USAID doubts that the bank can be privatized at such an early date. USAID has programmed long-term technical assistance to improve operating procedures at the bank. This assistance was delayed when the GOTG appointed a Managing Director Designate without the World Bank financed Managing Director's concurrence. In response USAID withheld the third tranche disbursement of our AEPRP program, asked AID/W to withhold authorizing our new Financial Sector Restructuring Program (FSRP), withheld our three advisors to the GCDB, and agreed with AID/W to cancel the PAIP review of our new Financial and Private Enterprise Program (FAPE). The GOTG subsequently withdrew its nominee from the GCDB and the Mission is now restarting the delayed activities, including recruitment of long-term TA for GCDB.

During this reporting period, the GCDB was reorganized as a limited liability company, resulting in the elimination of its preferential status and subjecting it to the same standards of the Financial Institutions Act as other commercial banks. The Central Bank eliminated credit ceilings and began to control the availability of money and credit by controlling its holdings of domestic assets. These actions are conditions associated with our FSRP developed in concert with the IMF and the World Bank.

All arrears on external debt have now been paid off. This will reduce external debt payments until 1992 when Paris Club rescheduled debt starts coming due. During this interim period, The Gambia, at IMF prodding, intends to build up international reserves to a level equivalent to five months of imports from the current three.

For the current agricultural season, rains started 30 days late and cumulative rainfall averaged only 60-70 percent of normal. Estimated crop yields are 20-25 percent below last year's levels. Fertilizer imports are still very low. The FAO brought in 2,000 MT for distribution by private traders. However, for the most part, private traders are still reluctant to import fertilizer on their own account. One trader has imported 500 MT but only after receiving an FAO guarantee of the retail selling price through the FAO dealer distribution network. In general, private traders still distrust Government and fear that the Government may revert to subsidizing its distribution of fertilizer through the Gambia Cooperative Union (GCU).

The Ministry of Agriculture's Department of Planning began collecting data on farm stocks of commodities. Major farm commodity stocks were

112

above the expected level and were sufficient to carry farmers through the "hungry season". These findings are consistent with the Missions own food security assessment.

Exports of horticultural products continue to grow. Every year more producers are participating in the export trade. The biggest constraint producers face is the lack of adequate air freight capacity. Despite three additional airlines servicing Banjul, the amount of available air cargo space has not increased enough to satisfy the growers' demand.

II. Progress Toward Overall Program Goals.

Goal: Broad-based, sustainable per capita GDP growth of at least three percent per annum.

Per Capita income is increasing at around 2.1 percent a year. The Mission's modest goal is to increase that growth rate to three to four percent. If per capita income can be increased to three percent, income will double in 24 years rather than in 34. At a four percent growth rate, income will double in 18 years. Even with a doubling, incomes will still be extremely low (equivalent to $550 at current exchange rate and prices).

There can be no question that the economic reforms carried out so far have contributed greatly to creating a new enabling environment for economic growth. Our EFPA project, with the Harvard Institute for International Development (HIID) as the major contractor, has played a large role in formulating and implementing those reforms.

Indicator 1. Real per capita income

Since the start of the ERP in 1985, estimates of the growth rate in real per capita income vary between 1.9 and 2.1 percent per year. The higher estimate uses a 3.2 percent population growth rate while the lower estimate uses a 3.4 percent growth rate. In setting future targets, a 3.4 percent population growth rate is used. If The Gambia is to achieve the targeted growth rate of 3 percent in real per capita income by 1994/95, then real income growth must reach 6.4 percent a year. Our mid term target for 1992/93 is for income to grow by 6.0 percent.

Fiscal year 1989/90 was a good year for The Gambia with GDP growing by 6.0 percent. Almost all of the growth was due to a good groundnut harvest (35 percent increase). The only other industry not connected to groundnuts showing a double digit growth rate was construction (15 percent). Tourism experienced a decline of 10 percent. Over the period 1985/86 to the present, real income grew by 5.4 percent a year.

Real Per Capita Income*
(in Dalasis based on 1989/90 prices)

	Base		Targets	
	1985/86	1989/90	1992/93	1994/95
Per Capita Income	1,924	2,091	2,306	2,436

*Based on an estimated population of 756,000 in 1985/86 and 857,560 in 1989/90. Current population growth rate is estimated to be 3.4 percent.

Source: GOTG, National Income Account Data

Indicator 2. Rural Incomes

This year's freeing of groundnut marketing, as part of our conditionality, helped farmers receive the best deal possible in a rising world market. This had a direct impact on farmers' incomes since most farmers grow groundnuts and it accounts for almost 50 percent of their estimated income. On a smaller scale, but indicative of the opportunities available to increase incomes, the GARD project introduced a ram fattening program, a groundnut seed dressing campaign, and a rice row seeding campaign. For the ram fattening program, net financial returns per ram purchased were almost 100 percent, after netting out the cost of labor and feed. GARD will introduce the program in two new villages and assist CRS and ITC staff in introducing the program to other villages. Over 103 villages and 957 hectares were planted using the groundnut seed dressing. Early tests showed that plant stands increased by 70 percent. The rice row seeding was introduced to 14 villages. The harvest is not yet in but interviews with women growers indicate that they like the new method as it makes seeding and weeding easier.

Using data collected by the Ministry of Agriculture's Department of Planning, where one of our GARD technical advisers is located, USAID has constructed estimates of rural incomes. These are lower income level estimates as the growing of only five crops (millet, maize, sorghum, rice, and groundnut) and the raising of only three animals (cattle, goats and sheep) are included. Other sources of income, such as horticultural crops, crafts, and off farm employment are excluded. The data has just become available for the 1989/90 season and will form the base for measuring impact in the future.

114

	POPULATIO	TOTAL AREA CULT. (HA)	CROP INCOME PER CAP.	LIVESTOCK INCOME PER CAP.	TOTAL INCOME PER CAP.	PROPORTION OF INCOME FROM GROUNDNUT	OTHER CROPS	LIVESTOCK
WESTERN	157,750	21,268	223	35	258	0.50	0.37	0.14
NORTH BANK	133,246	48,896	761	44	806	0.54	0.40	0.06
LOWER RIVER	59,044	14,345	556	50	606	0.42	0.49	0.08
MID NORTH	62,595	25,226	813	81	894	0.58	0.33	0.09
MID SOUTH	80,903	28,747	786	77	863	0.44	0.47	0.09
UPPER RIVER	121,463	38,170	576	76	652	0.43	0.45	0.12
GAMBIA	615,001	176,652	575	57	632	0.49	0.42	0.09

III. Progress Toward Strategic Objectives and Related Progress Indicators

Strategic Objective: 1. Increase private sector investment

The only way to increase per capita incomes is to increase productivity, usually through capital deepening or through changes in technology. An increase in investment is desirable because it not only increases the capital stock but it may also increase productivity (embodied technological innovation). Our new programs are designed to promote increased private sector investment.

Indicator 1. Total investment

In order to achieve a growth rate in real income of 6.4 percent a year, investment must equal 23 percent of GDP (using an estimated incremental capital-output ratio of 3.6). The three year average for gross investment (1986/87 - 1988/89) was 18.9 percent. In 1989/90, it is provisionally estimated at 22.0 percent. This high level is largely the result of the construction of a five-star hotel. Public investment was 14.6 percent of GDP and private investment was 7.4 percent. In the past, public investment has averaged about 13 percent of GDP and that is what the Mission projects for the future. The required increase in total investment is projected to come from the private sector.

Gross Investment
(as a percent of GDP)

			Targets	
	Base*	1989/90	1992/93	1994/95
Gross Investment	18.9	22.0	21.5	23.0

*Three year average, 1986/87 - 1988/89

Source: GOTG, National Income Account Data

Indicator 2. Private investment

The three year average for private investment (1986/87 - 1988/89) was 5.7 percent of GDP. In 1989/90 it was 7.4 percent. In order to reach our target growth rate in income of 6.4 percent, private investment must increase to 10 percent of GDP. This is a significant increase but one which the Mission believes is achievable.

For the five year period 1983/84 - 1987/88, private investment averaged only 4.7 percent of GDP. In the last two years private investment has increased substantially and we believe the trend will

continue as further economic reforms are carried out and both domestic and international investors gain confidence in The Gambian economy. Foreign private investment in The Gambia is estimated to have increased from an average of only SDR 2.5 million for the two year period 1987/88 - 1988/89 to SDR 8.4 million in 1989/90, due mainly to the construction of the new hotel. As a result of joint efforts of AFR/MDI and USAID, the first American direct investment in The Gambia was made in this reporting period, an initial $550,000. It represents two fishing trawlers with the possibility of six more being added. A Gambian company will process the shrimp and fish caught. The American company is negotiating a $700,000 loan from OPIC for the upgrading and expansion of its fleet. The Gambian company is negotiating with the IFC for a $1.1 million loan to expand its processing capacity.

Private Investment
(as a percent of GDP)

			Targets	
	Base*	1989/90	1992/93	1994/95
Private Investment	5.7	7.4	8.5	10.0

*Three year average 1986/87-1988/89

Source: GOTG, National Income Account Data

Indicator 3. Domestic exports other than groundnuts

Increased economic growth will require diversification of the economic base. The Gambia cannot rely primarily on groundnuts and the re-export trade for its foreign exchange earnings. The increased investments we foresee will help to diversify the economy. This will show up in increased exports of other domestically produced goods. These accounted for only 21 percent of total domestically produced exports in 1985/86 and for 39 percent in 1989/90. We are targeting these exports to grow by at least 12 percent a year in real terms. The growth will be supported by our FAPE program in promoting exports of fish, horticultural and other agroindustry products.

117

Domestically Produced Exports,
excluding groundnut products
(in millions of Dalasis at constant
1989/90 prices)

	Base		Targets	
	1985/86	1989/90	1992/93	1994/95
Domestic exports, excluding groundnuts	12.0	50.9	71.5	89.7

Source: GOTG, Trade Division

Indicator 4. Number of business firms

There are no available records at present on the number of firms operating in The Gambia. The increase in investment that we foresee will not only expand existing businesses but will increase the number of firms as well. As part of the forthcoming baseline survey, estimates will become available and targets will then be set for the future.

Business Firms Operating in
The Gambia
(number)

	Base	Targets	
	1989/90	1992/93	1994/95
Gambian Firms			

Source: GOTG, Business Registry and Tax Records.

Target 1: Sound macroeconomic and free market policies sustained.

One of the essential preconditions for increased private sector investment is business confidence in the economy and in the economic policies promoted by the GOTG. Since the start of the ERP in 1985, the overall enabling environment, which encompasses those factors among others, has improved dramatically in The Gambia. USAID's principle inputs contributing to this process have been the EFPA project, which provides HIID technical assistance to the Ministry of Finance and Economic Affairs, and the recently completed AEPRP, which focused on interest rate policies and groundnut marketing. The

Mission's new FSRP and FAPE programs will continue the policy dialogue process and continue HIID's involvement in the process.

Indicator 1. Fiscal deficit

The GOTG has made good progress in controlling its budgetary deficit even with the large payments it has made for past mistakes connected with parastatal losses. This drain should now be ended except for a possible further injection of funds into GCDB to cover its past bad debts. Even with these drains, the deficit has been reduced to 10.7 percent of GDP for the fiscal year just ended. This includes a special provision to wipe out debts of GCDB, GCU, and GPMB equivalent to 6.1 percent of GDP. If this special provision had not been made, the deficit would have been only 4.6 percent of GDP before grants and a surplus of 3.8 percent after grants. Beginning in 1990/91, The Gambia should have a surplus in its budget after the receipt of foreign grants and the surplus is expected to continue through the target period. This will help The Gambia to build up its holdings of international reserves.

Fiscal Deficit
(as percent of GDP)

	Base	Targets		
	1985/86	1989/90	1992/93	1994/95
Fiscal Deficit:				
excluding grants	-13.0	-10.7	-3.0	-2.0
including grants	-6.1	- 2.3	+2.0	+1.0

Source: GOTG.

Indicator 2. Inflation rate

Inflation had receded to a 7.5 percent rate in the fiscal year ending June 1989. This reporting year the rate shot up to 13.3 percent. Monetary growth was high with M1 increasing by 20 percent and M2 by 17 percent. The dalasi depreciated by 18 percent vis-a-vis the pound sterling and by 22 percent against the CFA franc.

The monetary system will have to be monitored closely now that the Central Bank has eliminated credit ceilings and begun to control the money supply through the control of domestic assets of the Central Bank. The foreign exchange float continues with only minor differences (less than 5 percent) between the parallel market rate and the rates quoted by banks.

Inflation, end of period
(in percent)

	Base		Targets	
	1986/87	1989/90	1992/93	1994/95
Inflation Rate	22.3	13.5	5.0	3.0

Source: GOTG.

Indicator 3. Balance of payments Deficit

Progress continues in bringing down the current account deficit of the balance-of payments. Including official transfers, the deficit has almost been eliminated. When official loans and private capital are accounted for, the overall balance-of-payments showed a surplus of SDR 20 million in 1989/90. This was used to build up international reserves by SDR 9 million and to pay off arrears. With the repayment of all arrears, the external debt service burden will be reduced from 52.6 percent in 1989/90 to 27.7 percent in 1990/91.

Balance of Payments
(in percent of GDP)

	Base		Targets	
	1986/87	1989/90	1992/93	1994/95
Current Account Balance				
Excluding Official Transfers	-30.1	-21.1	-18.0	-15.0
Including Official Transfers	-2.9	-1.0	0	0

Source: GOTG

Indicator 4. Privatization activities

The Gambia has attempted to privatize a number of firms in 1989/90 with no success. Part of the problem is due to an unrealistic assessment of the value of a firm but part is also due to the limited market in The Gambia. Given the low state of development and thin markets, there are not many buyers with the needed capital, organizational, and management skills to take over the enterprises. However, the Mission is engaged in several privatization actions which should result in the privatization of two major firms, GPMB and GCDB. The Mission supports other privatization activities being undertaken by other donors, e.g., the World Bank/EEC privatization activities at GUC.

120

Privatization

	Base	Targets	
	1989/90	1992/93	1994/95
Privatization of State Owned Enterprises	0	2*	5*

*Cumulative firms privatized by end of period.
Source: NIB.

Indicator 5. Economic Policy Reforms

In order to qualify for disbursement of NPA grant funds, the GOTG must carry out a number of economic reforms. The last disbursement was just completed under our AEPRP. In qualifying for disbursement, the GOTG clarified its interest rate policies. All interest rates in The Gambia are to be market determined unless a donor insists on subsidizing the rate outside of official channels. In response, the World Bank under its ADP II program agreed to increase its lending charge to the GCU to the T-bill rate plus 0.5 percent, the lowest market-determined rate. GPMB, which had received credit from the Central Bank at the T-bill rate plus 0.5 percent may now be charged the T-bill rate plus 5.5 percent. Instead of borrowing directly from the Central Bank, GPMB will issue G-bills (groundnut bills) to investors which are guaranteed by the Central Bank. The G-bills will entitle the holder to the T-bill rate but GPMB must pay the T-bill rate plus a 5.5 percent payment to the Central Bank for underwriting and credit guarantee fees. This will place GPMB about on a par (with respect to interest charges) with GCU and private traders (who must borrow from banks at a rate ranging from 23 to 29 percent) in buying groundnuts directly from farmers.

Also associated with the AEPRP and the just-completed PL480, Title II program is the liberalizing of the groundnut trade. GPMB's monopoly in exporting groundnuts is eliminated and all traders receive the same price from GPMB. GCU's preferential access to credit at GCDB was ended and GCU had to pledge its property as collateral in order to qualify for a loan.

Targets for the future will consist of those policy reforms which comprise the conditionality of our NPA activities. They will be specified in future API's as they are approved in AID/W.

Target 2. Increase availability and efficiency of financial services.

The Gambia's financial sector remains undeveloped with limited competition between two private commercial banks and one parastatal bank. Depositors sometimes are turned away and there is a lack of credit for noncommercial productive activities. The Mission's aim is

121

to promote competition in the sector and stimulate greater savings and investment. Both the FSRP and FAPE will provide NPA and technical assistance in support of this target.

Indicator 1. Ratio of savings and time deposits to GDP

The lack of financial depth is evidenced by the very low levels of savings and time deposits in commercial banks. With the recent elimination of credit ceilings, we expect banks to compete more for deposits.

Savings and Time Deposits
at Commercial Banks
(in percent of GDP)

	Base		Targets	
	1985/86	1989/90	1992/93	1994/95
Time and Savings Deposits	11.6	12.2	15.0	17.5

Source: GOTG and Central Bank.

Indicator 2. Spread between lending and deposit rates

The lack of competition in the banking sector shows up in the large spread between lending and depositor rates. At least one new bank is expected to open in The Gambia within the year. That, along with the already mentioned elimination of credit ceilings, should further increase bank competition.

Spread Between Bank
Lending rates and Savings Deposit Rate
(in percent per annum, end of period)

	Base		Targets	
	1985	1990*	1992/93	1994/95
Crop finance rate minus savings deposit rate	19.0	13.5	11.0	9.0
Trade credit minus savings deposit rate	19.0	16.5	11.0	9.0
Mfg. credit rate savings deposit rate	22.0	14.0	11.0	9.0

Source: Central Bank
*In June

122

Indicator 3. Savings Rate

Domestic savings in The Gambia are very low and in several years, private national savings is estimated to be negative. Most domestic savings takes place through the fiscal budget. As seen below, Gross Domestic Savings, the difference between GDP and Consumption, was only 7.1 percent in 1988/89. If we add in net factor services (which are negative) and transfers, we arrive at National Savings which is a respectable 21.7 percent in 1988/89. The uncertainty is for how long and for how much can The Gambia rely on external transfers.

Savings in The Gambia
(in percent of GDP)

	Base		Targets	
	1985/86	1988/89	1992/93	1994/95
Gross Domestic Savings	7.3	7.1	8.5	10.0
Gross National Savings	15.1	21.7	21.5	23.0

Source: Central Bank

Indicator 4. Real interest rate

In 1988 and 1989, real interest rates on T-bills were quite high at 9-10 percent. With the recent rise in inflation and no major change in interest rates, the real rate on T-bills has been reduced to six percent. On three month time deposits, it is only one percent. The great variability in inflation and relative stability of interest rates demonstrates the controlled nature of financial markets in The Gambia.

Indicators two and four are closely related in terms of the Mission's strategic objective of increasing private investment. To encourage investment, we need lower interest rates which we hope to achieve by reducing spreads. At the same time, we do not want to see real interest rates fall so low as to discourage savings and cause capital flight.

Real Interest Rates*
(in percent per annum,
end of period)

	Base	Targets		
	1985	1990	1992/93	1994/95
T-bill rate	-10.4	6.0	3.0	3.0
3-month Time Deposit Rate	-10.0	1.0	2.0	2.0

*Calculated as a difference between the interest paid and the latest 12-month inflation rate.

Source: Central Bank

Target 3. Reduce administrative, legal and procedural constraints in establishing a new business or in expanding an existing firm.

Indicator 1. New laws or administrative changes enacted relating to private sector activities.

The indicator for this target will be a qualitative one related to changes in laws or administrative practices. Specific changes will be identified at the completion of the design for our new FAPE program.

Target 4. Increase relevant job skills to support private sector expansion.

Indicator 1. Number of new jobs filled by newly trained people, by gender.

Targets will be established at the completion of our baseline survey and the PAAD design for FAPE.

Indicator 2. Number of higher grade jobs filled by training present workers, by gender.

Targets will be established at the completion of our baseline survey and the PAAD design for FAPE.

Strategic Objective 2. Increase agricultural incomes through the economically efficient utilization of natural resources.

The Gambia is an example of a natural resource dependent economy. Over 30 percent of GDP is derived from agriculture, 70 percent of the population live on farms, and almost 100 percent of all domestically produced exports are agricultural products. Sustainable economic growth will require the effective management and rational use of natural resources. The Gambia must adapt farming and land use practices to the changing environmental conditions. Mining the soil and mining the sea are not sustainable. The Mission is committed to promoting rational natural resource management practices for sustainable increases in agricultural production.

As a consequence of the major economic reforms carried out since 1985, the Mission is convinced that the enabling environment is quite good for the agricultural sector and it will be a leading sector in promoting overall economic growth. In terms of C. Peter Timmer's list of the four major biases against agriculture presented at an A.I.D. seminar on Global Agricultural Issues for the 1990s, The Gambia appears to be well positioned for agricultural growth.

overvalued exchange rate - The Gambia has a floating exchange rate system with no exchange controls.

pervasive industrial protection - the GOTG does not subsidize food prices at the expense of producers nor is the tariff regime highly protective.

taxation of agriculture - there are no explicit taxes on agricultural producers and the implicit tax, from inefficiencies in GPMB and GCU, have largely been eliminated with the ending of GPMB's export monopoly and other reforms in groundnut marketing.

urban bias - there is a skewing of public expenditures towards the urban sector, however, for 1990/91, there has been a 38 percent increase in budgeted expenditures for agriculture in the development budget.

Target 1: Increase soil fertility.

As reported in the recently completed Agricultural Sector Assessment, "A generalization regarding soils of The Gambia is that they are all low or deficient in major nutrients and are physically poor in character, unable to provide increases in productivity without major changes in management practices and additions of moderate levels of outside source fertilizers, particularly nitrogen and phosphorous. Soils have been destroyed by mining them of their nutrient content by crop and animal product removal, by leaching from rains, by volatilization of nutrients in the air from burning, by losing organic matter as a result of solar radiation, by wind and water caused erosion and by poor soil management practices." Increasing soil

125

fertility will be a major target of the Mission's new natural resource management program.

Indicator 1. Fertilizer use

Inorganic fertilizer imports exhibit great variability on a year to year basis. This mainly reflects donor support in some years but not in others. USAID's goal is to have the private sector take over the importation and distribution of inorganic fertilizer. The only importer this reporting period was FAO with distribution being carried out by a network of private dealers. GCU had stocks left over from the previous year and was able to serve some of its members. For the next reporting period, one private dealer has already brought in 500 MT.

A. Sales of Inorganic Fertilizer (MT)

Inorganic Fertilizer Imports
(in MT)

		Targets	
Base	1993/94	1995/96	1995/96
Fertilizer Imports	2,000MT*	3,000	4,000

*Five year average, 1985-1989

Source:FAO

B. Use of Organic Fertilizers

Quantitative targets for the use of manure and protected field trees will be set in the course of designing the new natural resource management program. At present the Mission plans to establish at least three demonstration sites to show the advantages of using protected field trees to improve soil fertility. This target may change in the course of the preparation of the PAAD.

(1) Incremental use of manure.

Manure Usage

	Base	Targets	
	1990/91	1993/94	1995/96
Incremental increased use of manure: Hectares			

Source: USAID Survey

(2) Incremental area of farming land with field trees protected.

Field Trees

	Base	Targets	
	1990/91	1993/94	1995/96
Incremental increased use of field trees protected:			
Hectares, Male	0	3 demo areas	
Hectares, Female	0		

Source: USAID Survey, EDF, and NGO's

Indicator 2. Adoption of alley cropping.

Alley cropping is a new technology being tested in The Gambia by the GARD project. The inclusion of it as an indicator is based on the assumption that it will prove to be a productive and socially acceptable practice for Gambian farmers. The targets established are subject to change as the design of the new agricultural program is completed.

Alley Cropping

	Base	Targets	
	1990/91	1993/94	1995/96
Adoption of Alley Cropping:			
Hectares, Male	0	200	1,000
Hectares, Female	0	200	1,000

Source 1: USAID Survey and EDF

127

Target 2. Maintain and improve available productive crop land through soil conservation.

USAID has been successfully involved in these activities through our Soil and Water Management project since 1983. For the most part, these activities require some capital and technical support. Consequently they are not easily replicated by the average farmer. The Mission in its new natural resource management program, will supplement these activities of the SWMU by promoting simpler techniques like water permiable dikes, windbreaks, field trees, contour plowing and alley cropping. Indicators for these new activities will be set in the course of the new design.

Through the work of the SWMU, eight new villages, comprising 1,600 people, were benefited in 1989/90. Since the start in 1983/84, 78 villages, comprising 20,600 people, have been assisted.

Indicator 1. Area of swamp reclamation

Swamp rehabilitation is a continuing effort of the Soil and Water Management project. Almost all of the benefits accrue to women, the major cultivators of swamp rice. Although our intervention will soon end, it is expected that the Ministry of Agriculture's Soil and Water Management Unit will continue to rehabilitate an average 150 hectares a year. In the current reporting period, 120 hectares were rehabilitated.

Swamp Reclamation*
(in hectares)

	Base			Targets	
	1982/83	1988/89	1989/90	1992/93	1994/95
Rice Fields Rehabilitated	0	938	1,058	1,500	1,800

*Cumulative

Source: SWMU and GTZ

Indicator 2. Area of upland soil conservation

The beneficiaries from this activity are women and men. By using the watershed management approach, the target is to conserve an average 225 hectares a year. In the reporting period just completed, 250 additional hectares were reclaimed.

Upland Conservation
(in hectares)

	Base			Targets	
	1982/83	1988/89	1989/90	1992/93	1994/95
Upland Farmland Reclaimed	0	1,381	1,631	2,300	2,750

Source: SWMU

Target 3. Adopt natural resource management practices through a national environmental education program.

Quantitative targets will be established in the course of the design for our new natural resource management program. The targets will include quantitative measures for the number of hectares by gender.

Indicator 1. Adoption of NRM practices on the farm.

Source: Ministry of Agriculture and NGO's

Indicator 2. Number of school programs involving nurseries and afforestation

The quantitative targets below are early estimates of what USAID intends to achieve. The targets are subject to change as the design is completed.

School Afforestation and Nursery Programs
(in percent)

	Base	Targets	
	1989/90	1992/93	1995/96
Proportion of all schools outplanting at least 100 trees a year.	0*	5%	15%

Source: Ministry of Education and USAID Survey

*Some schools already have a program. The proportion will be determined by our forthcoming baseline survey.

Target 4. Maintain current levels of biodiversity through improved management of forest land and establishment of protected areas.

Promoting the establishment of national parks and protected forestry areas will generate income for The Gambia. Tourism is a rapidly growing sector that is mainly tied to coastal beaches. More inland attractions will generate more tourist expenditures for the rural economy. Forestry products have obvious economic benefits. Equally important but difficult to measure are the contributions from the maintenance of environmental stability, ecosystem equilibrium, and the conservation of plant and animal genetic material.

Indicator 1. Incrementally increased area of natural forest managed in reporting period.

The World Wild Life Fund has recently completed a plan of action to establish a National Park at Kiang West. Monies remaining in the PL 480 Special Account will provide a large portion of the required start-up funding. As part of our new natural resource management program, the Mission will support activities to establish community forest reserves and will encourage other donors to contribute.

Managed Forests
(in hectares)

	Base	Targets	
	1989/90	1992/93	1994/95
Incremental increased area of managed natural forest reserves	0	One National park established	Two community forest reserves established

Source: GOTG records.

Indicator 2. Number of species variations maintained or reintroduced.

A baseline survey will be carried out as part of the design activities for our new agricultural program.

(A) Endangered species list for The Gambia.
(B) Bird sightings.
(C) Plant and tree surveys.

Source: Gambian Ornithology Society, GTZ, USAID Survey.

GHANA

SECTION 1

SPECIAL FACTORS AFFECTING USAID'S PROGRAM IN GHANA

1. INTRODUCTION

For USAID/Ghana, FY 90 was marked by programmatic growth. A new initiative, the Primary Education Program, was added to the Mission's program and a major Family Planning and Health Program was approved. Salient gains were also made in achieving the objectives of the Mission's existing Action Plan, dated February 10, 1989, and in formulating systems needed to monitor the implementation of the program logframe developed last February during the joint AID/W/USAID/REDSO program week. Programmatic progress can be attributed to Ghana's continued commitment to its structural adjustment reform program, its decentralization agenda, improved operations of several key government ministries and the Mission's close and cordial working relations with the Government of Ghana (GOG) and other donors. Continued progress, though, is by no means guaranteed due to impediments that still plague the development of various sectors, especially the private sector, and to world events in the Liberia and the Persian Gulf.

2. GHANA'S MACROECONOMIC SETTING

Ghana reported that real GDP increased 6.1% in 1989 (to 6.6 billion 1975 cedis) compared to the average growth rate of 5.7% experienced since the start of the ERP in 1983. Due to a bumper harvest, agricultural output grew 4.9% compared to the average of 3.4% over the previous five years. A major economic success for Ghana has been its adoption of a system of foreign exchange auctions (to establish an official exchange rate) and private sector Foreign Exchange (Forex) Bureaus that have over time resulted in a nearly uniform exchange rate. Only last year, the spread between the official and the forex exchange rate was 40%. Currently, the spread is minuscule, which suggests that the current foreign exchange rate reflects the realities of the economy and the success of the program. An area of concern is the inflation rate, which has historically been high in Ghana. It averaged 28% from 1983-1989 and accelerated to 37% during the first quarter of 1990.

3. IMPROVEMENTS IN GOG'S MINISTRIES AND INFRASTRUCTURE

The GOG has actively worked to restructure and reorganize its ministries to improve and streamline operations and internal communications. By having improved performance at the ministry level, USAID has been better able (and will be better able in the future as well) to design, implement, and monitor programs.

Several examples of improved ministry performance stand out in USAID's recent work portfolio.

* Data quality and data collection have vastly improved within the Ministries of Agriculture and of Health (MOA and MOH), thus allowing USAID program managers to monitor

132

programs without having to rework and recalculate the data and to better plan and manage programs.

* The quantity of family planning supplies being distributed through the public health system has increased between 35% and 766%, depending on type between 1988 and the first quarter of 1990. During this same period, total sales by the public sector of all contraceptives rose from 459,000 in 1988 to 1,843,000 in the first quarter of 1990. This means that the supply of USAID-donated contraceptives and other medical commodities is getting out of the storage facilities and into users' hands. As a result, couple year protection has increased four fold from 1988 to the first quarter of 1990.

* GOG's completion of the Medium-Term Agricultural Development Plan (MTADP) has focused on policy issues as well as priorities and areas for investment allocation for the agricultural sector and has enabled the donor community and the GOG to better plan future development activities in agriculture.

* Organizational coordination and improvements within the Ministry of Education (MOE) have recently been undertaken to increase its accountability in implementing education reforms. For example, the coordination and working relationship between the MOE and its implementing agency, the Ghana Education Service (GES) has improved; MOE is now directly involved in GES' activities. Also, the MOE has appointed an eleven member national committee to oversee and implement education reforms and policy and curriculum development.

The gradual rehabilitation of Ghana's infrastructure such as its road and communication system have improved USAID's ability to contact officials both locally and internationally in its daily operations. Continued improvement in these areas will also enhance productivity and efficiency in other sectors of the Ghanaian economy in the future.

4. GHANA'S MAJOR ECONOMIC PROBLEM: HARNESSING THE PRIVATE SECTOR

While Ghana's economic performance has been outstanding since 1983, problems remain. One of the Mission's key concerns is whether Ghana's overall progress is sufficient to sustain economic growth. Since 1984, economic progress has been sparked by heavy donor investment. Donor assistance appears to be peaking. It is time for the private sector to pick up the slack, and, to date, the private sector is not doing so. Private sector growth, a critical element in the success of structural adjustment, is still limited and restrained.

The GDP data illustrate this dilemma. Investment has expanded from 3.7% of GDP in 1983 to 14.1% in 1989. But the public sector has taken the lead role, with its share of investment/GDP rising from 0.9% to 8.3%. The private sector has increased investment only from 2.9% to 5.7%.

133

The official data on private savings show little growth, with private savings of 5.3% of GDP in 1983 and 5.7% in 1989. However, more is going on than is reported. Home construction has risen rapidly, and it does not appear to be funded by local credit institutions. It seems likely that a large portion of the funds for this construction come from unreported private savings generated in the informal sector in the Ghanaian economy. This is the first, rudimentary evidence that savings are being mobilized in Ghana. The challenge is to nurture the mobilization until it finances plant and equipment spending as well as homes.

This development has not gone unnoticed or unaddressed. The donor community is working to help the private sector make the critical transition to large scale investment and development. In addition, USAID will begin to monitor private sector investment in Ghana more comprehensively, since changes in this crucial variable will be a key to the long-term viability of the ERP.

GOG's efforts to support private sector activities

The GOG is aware of the need to support private sector investment and in the past year the GOG has improved the business climate to promote private sector development. Private sector investment and activity have been encouraged in a number of ways.

* Eight state-owned enterprises (SOEs) have been sold. An additional four SOEs will be sold by the end of 1990.

* A three day investors' conference, jointly sponsored by the World Bank's Multilateral Investment Guarantee Agency (MIGA) and the Ghana Investment Center, was held in February. Thirty-seven foreign investors from 12 countries participated.

* The Ghana Export Promotion Council has been hosting quarterly Export Forums which have provided direct dialogue between private exporters and GOG officials.

* The Ghana Export Promotion Council has also established the Export Finance Company to facilitate financial assistance to the non-traditional export sector.

* The GOG has reduced the import duty on industrial raw materials from 30% to 10% of c.i.f. value. Reducing the cost of imports allows for better and more competitive cost structure of the finished product. A minimum of 30% import duty is currently imposed on ready-made imported goods.

* The Ghana Investment Code has been modified to benefit existing enterprises in addition to new enterprises. Under the 1985 Ghana Investment Code, only newly established enterprises could benefit from incentives such as a import duty exemption on capital equipment. The March 1990 amendment makes it possible for existing enterprises involved in rehabilitation or expansion to also benefit from the incentives if projects are financed with loans or equity capital.

134

Private sector development constraints

Although reforms have been made and the business climate has improved, the private sector is still lagging. For example, non-traditional exports have made little progress. Ghana has not made any significant inroads in this area. An institutional stumbling block is the infighting between the Ghana Export Promotion Council and the Ministry of Trade and Tourism, both of which claim to have responsibilities in the area. Additional difficulties include the lack of financing and an undeveloped infrastructure. For example, to export horticultural products, cold storage facilitates need to be located near the airport. Kotoka Airport currently has no such facilities. However, the World Bank plans to fund some infrastructure development and improvement through its Agro-Diversification Project. USAID also views the promotion of non-traditional exports as a priority over for the analysis and for a possible new initiative for obligation in FY 92.

USAID studies have consistently shown that credit is probably the single most important constraint facing private enterprise in Ghana, largely because of the banking system's inability to extend it. The Ghanaian banking system had been nearly non-functional in the 1980's as a result of problems such as large foreign currency denominated liabilities and poor lending practices. With the help of a $325 million World Bank program started in 1988, the GOG has been reforming the financial sector. A new banking law became effective in August 1989 which significantly strengthened the regulatory functions of the central bank to monitor the banking system. In addition, all of the non-performing loans of the SOEs (about 23 billion cedis as of December 1988) were replaced with Bank of Ghana promissory notes. The non-performing loans to the private sector (about 36 billion cedis as of December 1988) were taken over by a newly formed Non-Performing Assets Recovery Trust (NPART) in exchange for low coupon Government notes which will be redeemed over five years. (For sake of comparison, the total loans and advances at the end of 1988 were about 66 billion cedis.) The NPART will be responsible solely for loan recovery, and the banks are left with clean balance sheets. The root causes of the banking crisis are under control; banks are again solvent, lending practices have been strengthened, and the government is paying back its loans from the banking sector. Despite these reforms, credit is still tight, partially because lending policies are stringent. Perhaps the largest reason, though, is that the IMF is insisting that strict credit controls be maintained to fight inflation. These controls discourage bank lending as well as savings mobilization. Once those controls are eased, the banking sector can begin to function more normally.

Additional constraints to private sector development include the following.

* While the 1985 Ghana Investment Code has been improved, it is still not competitive with other operating codes in West Africa. For example, the Code regulates, across the board, the size of foreign investment for all projects regardless of total project costs. While investment incentives are listed, the Code does not provide guidelines on how incentives are granted. Also, a portion of the Code is written in a manner that it reads like a criminal code

135

which has put-off foreign investors.

* The Ghana Investment Center (GIC) is institutionally too weak to implement the investment code. GIC staff is more obstructionist than promotional. New business establishment procedures are very cumbersome, giving little incentive for indigenous businesses to enter the formal sector. The GIC has yet to be the "one-stop shop" as it is touted to be.

* New taxes on local businesses have been imposed by the newly established and financially strapped district assemblies. Additional local taxes serve as disincentives for private sector development since local entrepreneurs see more of their revenues being taxed and the purpose of these taxes generally do not benefit their businesses. For example, businesses that have been incorporated already have to pay annual establishment taxes to the district assemblies in addition to corporate license renewals paid to the central government.

* Private sector associations have yet to evolve into effective representatives of business. However, USAID is developing a program to strengthen the capacity of private sector associations, such as the Association of Ghana Industries, the Ghana National Chamber of Commerce, and the Ghana's Employers' Associations, to conduct policy and economic analyses and thus carry out a genuine dialogue with the private sector.

5. GHANA'S SECOND CHALLENGE: INCREASING SMALLHOLDER FOOD CROP PRODUCTION

A second major problem facing the GOG is how to successfully increase smallholder food production on a sustainable scale. While GDP increased an average of 5.7 percent in the last five years, agricultural output rose only 3.4 percent. In fact, food crop production was less, averaging 1.0 percent. With continued high rates of economic growth of 5.5 percent or more, high rates of population growth (3.4 percent) and rapid urbanization, food demand is rising by approximately 6.0 percent per year. At present the agricultural sector is not able to boost production to match that rate which means that expanded food imports are required to meet the deficit.

The GOG is aware of the problem and is making its resolution a priority. However, the complexity of the problem and the difficulties of addressing it can be seen by the experience of the Global 2000 project.

The Sasakawa Global 2000 Agricultural Project, which extends improved technologies developed locally by the Crop Research Institute to small farmers, has provided insights into the problem of raising small farmer productivity. The crop focus has been principally on maize and sorghum. Seed and fertilizer are provided to farmers on credit, which can be repaid in either cash or kind. In 1986 during Global 2000's first year of implementation, 40

farmers from two of the ten regions in Ghana participated and impressive production and income gains were made. Average maize yields per acre nearly tripled and profits per acre doubled from that portion which farmers sold. In 1988, when approximately 15,000 farmers were participating, loan recovery was a remarkable 97% (the bulk of which was payment by farmers in-kind).

In 1989 with 85,000 farmers participating, the project began to confront increasing difficulties. Initially with the number of participating farmers relatively small, Global 2000 could arrange for credit, extension services and marketing. As the number of farmers participating increased, problems arose. For example, facilities to store farmers' commodities (loan repayments) were inadequate. Then, the option to make payment in-kind was subsequently stopped, and consequently loan repayment dropped dramatically. In 1989-90 loan recovery was approximately 30%. Timely credit was no longer available because the institutions were not in place to service the large numbers of farmers involved. Extension services, carried out by MOA extension staff, also could not handle the increased numbers.

In short, while the Global 2000 Agricultural Project offered inputs and technology that have increased yields and profitability substantially in the short-term, it has not provided the supports needed to develop the necessary ancillary mechanisms that would help make the project sustainable in the long-term. In the agricultural sector, providing inputs is only part of the equation in increasing farmers' productivity. Storage facilities, distribution and marketing systems also need to be developed and improved.

The experience of Global 2000's Agricultural Project, reinforces the dilemma of development that fixing up part of the system does not mean that the entire system will operate smoothly and that short-term productivity gains do not add up to long-term development. In the long run, activities that focus on short-term gains can act as a deterrent for future development projects among aid recipients. This danger will be foremost in our minds as USAID designs agricultural sector interventions to deal with the aforementioned constraints in the agricultural sector.

6. DECENTRALIZATION - GOG'S EFFORTS TO SHARE AUTHORITY AND RESPONSIBILITIES

The GOG has earned high marks for its commitment to decentralization. The GOG's far-reaching program for the decentralization of government started with the realignment of local government boundaries to create 110 districts from the original 68 in 1988. This was followed by the appointment and election of district assembly members in 1989. The district assemblies are to be the main planning authority for all the local line ministries. Line ministries such as the Ministry of Health and the Ministry of Education have also recently started to reorganize as part of the GOG's decentralization agenda.

It is too early to state the actual effects of decentralization on USAID's activities. However, we know that the district assemblies are experiencing financial problems and it is likely that these financial burdens will hamper implementation of our programs at the local level, as well as the local private sector growth that is needed for overall economic growth. However, the

137

district assemblies can also provide USAID with a target of opportunity in the future should democratization be adopted as a new AID initiative. USAID could, for example, work with the GOG to analyze financial sources and issues in order to help devise strategies for district assemblies to best finance their activities.

Of the line ministries that we directly work with, it is expected that decentralization of the Ministry of Education (MOE) will have a more positive effect than that of the Ministry of Health (MOH). Ten regional educational areas and 110 school districts have been created, along with the establishment of 10 educational regional directors positions and 110 educational district officers. As of September 30, 1990, 32 educational district officers have been appointed and trained for duty. It is expected that the district officers will help to implement the Primary Education Program. On the other hand, the current reorganization of MOH may adversely affect USAID's Family Planning and Health Program (FPHP), at least in the short term. While much of MOH's functions have been assigned to the 110 district medical offices, these offices have not been given additional funds, personnel, and medical equipment to fully carry out the new responsibilities. Given this current state of flux within the MOH, USAID's ability to collect reliable medical data and to implement its programs may be hampered in the coming year. USAID staff are working closely with MOH counterparts to mitigate the impact of the reorganization during the transition. The design of the new FPHP also calls for a stable core group to provide technical assistance where needed, e.g., in accounting and/or project management, to accomplish this end.

7. USAID'S EFFORTS TO ASSIST THE ECONOMC RECOVERY PROGRAM

USAID/Ghana has tailored its development assistance program to support Ghana's Economic Recovery Program (ERP). The goal selected by USAID to most effectively assist the country's economic recovery is to contribute to an increase in Ghanaian per capita income growth.

To that end, the USAID program focuses on four areas (or Sub-Goals): (1) increasing rural incomes through agricultural and agri-business development; (2) improving worker productivity through improved education and management practices; (3) increasing imports to the economy through support for exchange rate reform; and (4) decreasing family size by increasing the use of family planning methods.

USAID's pursuit of the goal of increasing Ghana's per capita growth rate is divided into five main elements which are as follows:

-- provision of fast-disbursing program assistance through the foreign exchange auction under USAID's non-project assistance activities;

-- local currency generations from program aid and from the PL-480 Program in support of activities in the agriculture and agri-business areas;

--continued project assistance in provision of family planning and child survival service through private sector participation to reduce population growth;

--support for primary education through a new $35 million Education Project; and,

--support of short and long-term training in human resources development.

Although the foreign exchange provided to the Auction System under the APPP and other program assistance is not tracked as to use, a significant portion of the funds supplied can be assumed to result in productive imports (additional to the imports that would otherwise have occurred), contributing in turn to Ghana's economic growth.

Local currencies generated from APPP disbursements are currently applied to a variety of Government agriculture sector-related budget activities, the purpose of which is to raise productivity in non-cocoa food crops. Concurrently, policy dialogue is directed to policy reform in the agricultural area, notably privatization and revitalization of the fertilizer and seed sectors. In the near future, this same procedure will be applied in the health/population and education sectors as recently approved projects are implemented. A similar approach may be taken for future agriculture sector activities yet to be designed.

USAID/Ghana support of primary education will complement a large effort by World Bank and other donors to improve Ghana's overall education system which has deteriorated dramatically since 1975. To date, efforts by other donors have ignored primary education. This activity is a valuable addition to the portfolio, especially since literacy and numeracy are important contributors to productivity and income.

USAID support of population and health activities at present occurs through the Contraceptive Supplies Project, the Africa Child Survival Initiative/Combatting Communicable Childhood Diseases and several HIV-AIDS prevention and control activities. A recently approved $35.0 million family planning and health activity will be signed in FY 1991 to continue our efforts in these areas.

Short-term training through Africa Bureau's Human Resources Development Assistance and AFGRAD programs are intended to stimulate, facilitate and support national and regional training programs. Such programs provide qualified technical, scientific and managerial personnel and policy planners who will support Ghanaian development institutions, enhance growth of the private sector, and increase participation of women in development.

During the current and next fiscal years, USAID plans to design or extend interventions to support agricultural production, export diversification and expansion, private sector management and analysis and economic capacity building. As these activities come on stream, USAID will need to review and revise its Sub-Goals to reflect the additional and/or changed thrust.

8. OUTLOOK

Continued economic growth can only help USAID do its work in Ghana. As the IMF/World Bank showpiece for structural adjustment in Africa, Ghana attracts support from a number of donors and other financial institutions, thus helping it to stay on the path of economic reform and growth. For example, the International Finance Corp. (IFC) will be financing a $93 million investment program for

Ashanti Goldfields Corp. which will enable increases in gold production. However, dependence on donor support to help ease Ghana's budgetary constraints will not last indefinitely.

The key to sustained economic growth is an increase in private, productive investment which Ghana has yet to achieve. And to do so, the GOG needs to send the private sector consistent signals regarding its role in the economy which it has not done. Any actions by the GOG that signals lack of trust in the private sector and willingness to fully liberalize starts another vicious circle of distrust which must be broken if Ghana is to achieve sustained economic growth.

The programmatic progress of USAID activities appear to be on track for the coming years, however, world events threaten to disturb Ghana's economic prospect in the coming year which could adversely affect USAID's program performance. Several developments have cast a pale over the Ghanaian economic scene. The war in Liberia has had three major impacts on the economy. First, the Ghanaian military is heavily involved, and the impact of that on the budget is still undetermined. Second, a number of Ghanaians were living and working in Liberia and sending back substantial remittances. This source of foreign exchange has evaporated. Third, hundreds of thousands of refugees have fled Liberia, and some 20,000 Ghanaians have returned to Ghana, along with 3000 nationals of other countries. While this is a small number compared to previous movements, (e.g., the million people who returned in 1983), it will nonetheless put further strain on Ghana's infrastructure and limited resources. Moreover, the number of refugees may grow dramatically depending on events in Liberia and the policies of her neighbors with regard to refugees. It was recently estimated that over 150,000 refugees were in Sierra Leone, 180,000 in Cote d'Ivoire, and 280,000 in Guinea.

The present Gulf crisis is also having a very serious and negative economic consequences on countries like Ghana who are heavily dependent upon crude oil imports to meet energy needs. Ghana depends on oil to meet one quarter of its energy needs, particularly those associated with the transport of goods and services. It is exactly these uses for which there is no easy substitute and where price increases quickly impact on the entire economy. In 1989 (the most recent year for which data is available) Ghana imported US $ 170 million of petroleum, paying about $18 per barrel. Since the price of crude has been over $40 per barrel, it is clear that if these prices continue - or anything approaching them - there will be major negative consequences for the Ghanaian economy. If prices average $30 per barrel compared to $18 per barrel, the Mission estimates that higher oil prices would cost Ghana around $110 million in additional foreign exchange during the first year. Based on worldwide experience during the last oil price hike, higher energy costs reduced GDP in developed countries by an equivalent dollar amount. The IMF has found that the impact is twice as great in developing economies who export commodities. If one applies this rule of thumb to Ghana, a $110 million projected increase in the oil import bill would reduce GDP by $220 million or by about 5%. This would probably eliminate economic growth in Ghana and would definitly cause a fall in per capita income. Other consequences of the oil price increase include higher inflation and

140

a further devaluation of the cedi. Under the ERP, the Government of Ghana has had to make a number of unpopular decisions over the years, but the negative consequences of those decisions at the popular level were compensated somewhat by the improved health of the economy.

The GOG has already taken steps to keep its fiscal house in order. The price of gasoline has doubled in the past year from 275 to 600 cedis per imperial gallon. In addition, the Government of Nigeria has stated its willingness to make concessions on oil prices with West African governments. Nonetheless, the GOG purchases a significant amount of oil, and it will have to defer other purchases to pay the higher prices. Most of the deferred purchases are likely to be capital investments. Their loss will further slow economic progress.

Perhaps the most encouraging factor concerning Ghana's economic progress does not come from statistics but rather from the contacts which the Mission has with members of the government. On a day-to-day basis, the Mission sees no sign that the GOG's commitment to economic reform is declining.

Overall, the Ghanaian environment has been quite hospitable and receptive to USAID and its program in FY 90. However, the combined effect of slow private sector investment and growth and world events could impede Ghana's expected progress and affect USAID's ability to attain its objectives.

141

SECTION II

. . . . PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

1. GOAL - INCREASED NATIONAL PER CAPITA INCOME

USAID/Ghana's overall country program goal to increase Ghana's per capita income has progressed steadily. The per capita GDP has increased an average of 2.4 percent annually between 1984 and 1989 and in 1989 increased by 2.3 percent. This sustained rise in per capita growth has made Ghana one of the success stories of the 1980's in Africa. While Mission resources have been focused on assisting Ghana to achieve per capita growth in income, support, outside of the family planning area, has only been in existence since 1988. However, Mission believes that our program has had impact in each of the four sub-goals discussed earlier: increased rural incomes, improved worker productivity, increased imports and decreased family size.

SUB-GOAL - INCREASED RURAL INCOME

Overall Performance

In general growth in per capita rural income is not measurable at present due to lack of available data. Therefore, agricultural production and prices are used to provide an imperfect proxy for income. Production growth over the period 1984-1989 was below the performance in the rest of the economy. The growth rate between 1984 and 1988 averaged about 1.9 percent per annum and in 1989 it was 4.9 percent. In fact, growth in the agricultural sector was focused mainly in the cocoa and forestry sector. In the case of cocoa, there has been a significant increase in farmer incomes, some of which has increased other rural incomes. The increase in cocoa farmer incomes has occurred through both an increase in production and an increase in price. In 1984, the Cocoa Board, the sole legal agent allowed to purchase cocoa from the farmers, paid the farmer $150/ton or 6 percent of the world price, while in 1989/90 they paid the farmer $700/ton or about 50 percent of the world price. Correspondingly, cocoa production rose from 158,000 MT to 305,000 MT, thus resulting in a significant increase in income in the rural areas where cocoa is produced.

In food crops, there has been little growth in aggregate production, but a substantial change in mix. Comparing the period 1984-85 with 1988-89, maize production increased from 484 mt per year to 750 mt, rice from 78 mt to 85 mt, and millet from 180 mt to 188 mt. During the same time, cassava production decreased from 3575 mt/year to 3314 mt, and plantain from 1542 mt to 1118 mt.

Role of USAID/Ghana

USAID/Ghana impact on rural income and production was felt in four areas: (1) support for the auction; (2) feeder road rehabilitation and maintenance; (3) support for extension services; and, (4) privatization of the seed and fertilizer

142

industries.

** Under the Agricultural Productivity Promotion Program (APPP), $20.0 million is being provided to support the foreign exchange auction. This mechanism has been used by the GOG to allow the devaluation of the cedi toward a free market level. This in turn has especially helped improve the competitiveness of export crops such as cocoa and has allowed the GOG to provide increased prices for cocoa and other export prices.

** Local currency resources generated under the APPP are being used to finance feeder road rehabilitation and maintenance. Since 1988, 52 contractors have been trained to rehabilitate feeder roads. The contractors have employed between 1800 and 3300 workers each year. They have been given contracts to construct 722 kilometers of road; to date, 373 kilometers have been completed. Under APPP, continued training is being provided to local contractors to upgrade their skills. To complement this activity, the program is assisting the GOG Department of Feeder Roads (DFR) expand its labor intensive road maintenance efforts. The DFR is organizing district level maintenance units which draw upon local labor and are supervised by DFR district staff. In 1989, APPP resources constituted 11% of all feeder road investment (18% of investment in non-cocoa feeder roads) and in 1990, 16% (32% of non-cocoa feeder road investment). This input, coupled with resources from the IBRD, IFAD, ADF and UNDP, is making a significant contribution to the total GOG feeder road program. Even at this early date, some transport costs are beginning to decline and there is greater movement of both people and vehicles on the rehabilitated roads. Deflated rural transport fares declined from 3.10 cedis per mile in 1988 to 2.90 in 1989. (On the other hand, deflated haulage rates increased from 12.61 cedis per ton mile for dry cargo in 1988 to 13.53 in 1989. Rates for corrosive cargo also increased from 16.40 to 17.59 cedis over the same time period.)

** Likewise, APPP local currency generation has been allocated to the Agricultural Extension Service for training and logistical support so that it can inform the farmer of available technologies. This assistance has reinforced the efforts of the GOG to consolidate its extension activities under the Ministry of Agriculture and has complemented assistance by other donors - most notably the IBRD, IFAD, and UNDP/FAO. Before the assistance started, the Extension Service was largely ineffective because it had no means of transporting agents to the farmers. USAID provided 35 vehicles, 55 motorbikes, and 40 scooters which not only increased the mobility of the farmers, but also increased their morale by empowering workers to do their job. The added mobility allowed the extension service to conduct 98 workshops, seminars, and field days over the last two years, nearly doubling the number carried out over the prior two year period. As a result of these inputs, each extension agent was able to visit, on average, 400 farmers in 1989, up from 350 farmers the prior year and as few as 10-50 farmers before 1988. The number of visits should triple by the end of 1991 without

143

any increase in staff.

** The conditionality included in the APPP project focused on reducing the GOG's role in the seed and fertilizer industries. Within the past two years, the GOG has eliminated all subsidies and price controls on fertilizer and has invited private enterprises to register as fertilizer dealers. To date, an impressive 638 have registered to become licensed dealers in all of the major agricultural areas of the country. In addition, a private dealer imported 20,100 mt of fertilizer in 1989 as a response to public sector withdrawal, the first large scale private sector importation of fertilizer in Ghana that anyone can remember.

** In the seed industry, the GOG closed the Ghana Seed Company, established a National Seed Certification Service, and invited private sector participation in commercial seed production. As a result, 163 vertically integrated, private seed companies have registered, and over fifty have started to operate.

These actions have initiated the process to develop dynamic seed and fertilizer companies. However, the process has only begun. There will be a need of a continued monitoring of the industries and identification of second generation problems as the private sector firms assume the responsibility of seed production and sales, as well as private sector fertilizer importation and sales.

One aspect of these changes that have caused farm level concern is the increase in seed and fertilizer prices as government subsidies were phased out. In the case of fertilizer, this has led to a 30 percent decrease in sales between 1989-90 as farmers pay full cost. It is important that farmers understand that the price rises are due to phasing out of the subsidies rather than the private sector price gouging. The up-coming evaluation of the APPP in November 1990 will identify these and other problems and propose necessary follow-on actions.

SUB-GOAL - IMPROVED WORKER PRODUCTIVITY

Overall Performance

The period 1983-1989 has seen a significant increase in worker productivity. The two areas where the greatest increases in productivity occurred were the public sector and the manufacturing sector.

In the public sector, the ERP has improved productivity by significantly reducing excess workers on the payroll of the Government and parastatals. To date, 46,000 workers have been removed from the Government payroll and another 17,000 from the payroll of the Cocoa Board. These reductions did not only increase average worker productivity within the Government but also allowed for the introduction of higher wages for the remaining workers. In the case of the Cocoa Board, it led to a higher price being paid to producers which in turn led to a higher productivity. At the same time the large scale dismissal of employees has created hardships for these employees and has

144

led the Government to develop the Program to Mitigate the Social Cost of Adjustment (PAMSCAD). This is an innovative program which offered money, training and other assistance to the Government and parastatal workers who were redeployed as well as other vulnerable groups impacted by the ERP.

In the case of manufacturing, the worker productivity has increased as firms both adjusted their payrolls and were able to dramatically increase capacity utilization as firms responded to the reform program.

A recent survey of the manufacturing sector reports that the index of manufacturing output of medium and large enterprises has risen from an index of 35 in 1983 to 62 in 1988 (1977 =100). In a few industries such as wood products, beverage and nonferrous basic metals, the output has even recovered to the peak period of 1977. Overall average capacity utilization for manufacturing has increased from a low of 18 percent in 1984 to 40 percent in 1988. Increased capacity utilization generally leads to increased worker productivity. This is especially true in the case in Ghana where firms often have excess workers.

Even in the case of SOE's, significant productivity increase are being recorded. In 1984 to 1986, medium and large scale manufacturing companies owned by the GOG cut back on employment from 17,749 to 16,018. At the same time due to this and to increased capacity utilization, value added per worker increased from 155,823 cedis to 978,505 cedis. More recently, the GOG has liquidated 24 SOE's as of June 1990 (including the Ghana Seed Company) and has drawn up a new list of 34 additional SOE's which it will try to divest. If they are successful, further substantial productivity gains are expected.

Role of USAID/Ghana

USAID/Ghana has directly supported this program of increased productivity in three ways. Our support for the foreign exchange auction has supported the movement to realistic exchange rates and increased foreign exchange for the private sector. Secondly, our conditionality in the APPP was instrumental in the closing of a inefficient SOE, the Ghana Seed Company, and in the developing of private sector enterprise in the seed industry whose survival will depend upon their ability to perform efficiently. Thirdly, USAID contributed $5.4 million to help fund the PAMSCAD program which has served to mitigate the effects of the social cost for adjustment and then make the process more acceptable.

In the longer term, one important source of higher productivity is education. Research shows that literate workers are goal-oriented, more highly motivated, more creative, and more productive. USAID/Ghana has started its PREP program to improve the quality of education at the primary level where it will have the greatest impact on literacy. The program will increase the number of functionally literate students graduating from primary school each year from the present 11% of eligible children to 80% by the end of 1995. Furthermore, PREP provides opportunities for illiterate and untrained teachers to become functionally literate and fully trained by providing funds for

145

35 teachers training colleges which will assess the weaknesses of teachers and strengthen those areas.

SUB-GOAL - INCREASED IMPORTS

Overall Performance

In 1983, Ghana had virtually no capacity to import goods and services because it lacked the necessary foreign exchange. Government policies had decimated the sources of export earnings and discouraged lenders from lending additional foreign exchange. During the worst of Ghana's economic difficulties, it's exchange rate system was so distorted that critical parts and materials, necessary for production, could not be imported. One result was that the manufacturing sector operated at 18% of capacity in 1984.

The manner in which the GOG liberalized the international trade system can serve as a model for other African countries. The GOG's first step was to devalue the official currency from 2.75 cedis to the dollar in 1983 to 90 to the dollar in 1986. It then set up a weekly auction of the available foreign currency, and allowed anyone to bid for the currency so long as they demonstrated they were going to use it for specific purpose which was on an approved list. By slowly increasing the number of purposes on the approved list, the government gradually increased the demand for foreign exchange in the auction market, which allowed a gradual, but sustained, devaluation in the cedi in that market until it was within 2% of the market rate. The result is that the cedi now sells for 340 cedis to the dollar. Despite the large increase in cedi cost of imports, imports grew 70% per year between 1984 and 1988. With additional foreign capital goods and raw materials, manufacturers were able to increase their capacity utilization from 18% in 1984 to 40% in 1988. (Though the 1989 capacity utilization is not yet available, manufacturing grew 7.9% in real terms, so another healthy increase is likely.)

Role of USAID/Ghana

USAID has supported the foreign exchange reform program by channeling much of its aid through the auction. Since 1988, AID has channelled $14.5 million into the auction through the APPP program. AID's contribution is particularly valuable since, unlike the aid of other bilateral donors, AID's funds were all grant and untied, thus eliminating the need for special administrative controls that make an auction less efficient and more cumbersome. The GOG appreciates this aspect of American aid, and it has contributed to the positive working relationship the Mission enjoys with the GOG.

From 1991-95, current programs will contribute an additional $50.5 million to the auction. The Primary Education Program (PREP) agreement provides $32 million over the next five years. Locally generated funds will be programmed to improve the quality of education. The Family Planning and Health Project will contribute $13 million to the auction which is programmed for sectoral support of primary health care in the Ministry of

146

Health. The APPP will add another $5.5 million. Local currency generation from these funds will be programmed into feeder road rehabilitation, extension service, and other activities to improve the productivity of agriculture.

SUB-GOAL - DECREASED FAMILY SIZE

Overall Performance

According to current UNFPA estimates, Ghana's population is 15 million. Although Ghana's exact population growth rate is a matter of dispute, it is estimated to have peaked at 3.4% during the 1980's and the fertility rate at 6.4%. At this rate, the population would double every 22 years, and triple by 2020.

Ghana's demographic problems stem, in part, from advances in medical care. Infant and child mortality has decreased in the past 15 years. Between 1973-1977, infant mortality was 100 per 1000 and between 1983-1988, infant mortality was 77 per 1000, a decline of 23% in the last decade. Similarly, between 1983-1988 childhood mortality was 84 per 1000, a decline of 13% from the level of 97 per thousand a decade earlier. At the same time, the crude birth rate has remained where it has been for decades - between 42 and 50 births per 1000. The inevitable result is rapid population growth which makes it difficult to achieve the overall goal of increased national per capita income and even worse the current population is eating a major portion of gains made from the ERP.

The situation reached its nadir, in the early 1980's when the GOG had a pro-natalist stance and USAID activities was largely dormant. Since 1985, the Ministry of Health (MOH) has been actively working to control and check Ghana's population with the assistance of USAID, UNFPA, and IPPF. Family planning activities have increased. The impact of the program on the Ministry of Health alone is given on the accompanying table. As documented here, this has continued through the most recent available quarter (first quarter 1990). In particular, the importance of the IUD is shown here.

	Sales of Contraceptives by Year		
	1988	1989	1990*
CONDOMS	3,622,000	4,787,000	5,030,000
ORALS	563,000	714,000	826,000
V.T.	738,000	1,152,000	1,449,000
IUD's	3,000	7,200	13,000

* 1990 figures are the sales rates during the first quarter of 1990 expressed at annual rates.

The artificial construct, "Couple Years of Protection," is a better measure of the people level impact of contraception than are the gross supply figures given above. This measure controls for the different efficacy and quantities required for each method to achieve a year of fertility control. Thus, 13 cycles of oral contraceptives are considered to be the

147

equivalent of 150 condoms or foaming tablets.

Calculating from the distribution figures given above, we can estimate that, based upon first quarter 1990 figures, 170,000 couple years of protection were provided on an annual basis to the 2,545,000 women of reproductive age currently in Ghana. While we do not have figures to calculate the number of births averted, extrapolating from these figures gives an estimate of the level of protection which suggests that the annual growth rate of population may have already slowed from 3.4% to 3.1%, and that the total fertility rate may have declined from 6.4 to 6.1. Future, detailed studies will be done to document that this people level impact has occurred.

Role of USAID/Ghana

USAID assistance to the Ghana Family Planning Program began twenty years ago, but the economic difficulties of the early eighties obviated all prior advances. The current program began in 1985 and over the period 1985 to present, USAID has been the predominant donor in the population area. One evidence of this is the fact that we provide 85% of all contraceptives available in Ghana.

Our population activities have supported four specific areas: policy, training, commodity supplies, and information.

** Policy - We have assisted in the policy area by: (a) gaining acceptance of a much broader number of family planning service providers, including private sector midwives, pharmacists, chemical sellers, traditional birth attendants and market women; (b) establishing the acceptability of contraceptive advertising on print and broadcast media; (c) obtaining government recommitment to the 1969 population policy; and (d) establishing the private sector as recognized part of the health care delivery system. These policy reforms have led to the expected achievements in increasing the numbers of providers, increasing availability of supplies and access to information. Ninety percent of health center personnel (4,840 individuals) have been trained in Family Planning Information, Education and Communication, and are currently active in Ministry of Health facilities.

** Training - The training of MOH provides began in late 1987. Since that time, one hundred eighty-nine health center supervisors have been trained, as have 209 district hospital supervisors. Many of these were trained by 124 Nurse Tutors and 100 Service Providers who now function as a sustainable training unit within the Ministry of Health. At the community level, 1530 Traditional Birth Attendants (TBAs) have been trained by 240 TBA trainer/supervisors. TBAs link the private and public sectors at the community level. Thirty-five private practice physicians (1/3 of those in practice in Ghana) have been trained in clinical methods of family planning. Two hundred thirty private sector midwives have been trained, of whom 188 have received training in small business management skills. Some 3183 pharmacists and chemical sellers have been trained in

148

family planning methods and provide services throughout all regions of Ghana. Ninety-four market women extend availability of commodities into six major markets in Accra.

** Commodity Supplies - Availability of contraceptive supplies has increased accordingly. The USAID-supported Social Marketing Program, which is essentially the sole private sector provider of contraceptive commodities, has gone from zero contraceptive in 1986 to distributing 300,000 condoms, 80,000 foaming tablets, and 40,000 cycles of oral contraceptives per month in the first quarter of 1990. The Ministry of Health with USAID funding has shown similar increases, particularly in the past three years. Between 1988 and early 1990, distribution of Copper T IUDs has increased 333% to more than 1000/month, Oral Contraceptives have increased 35% to 24,000/month, Foaming Tablets by 306% to 42,000/month, and condoms by 766% to 87,000/month. Since USAID supports all IUD training and supplies all IUDs available in Ghana, increase in IUD use is directly due to project activities.

A major concern of the Mission is whether USAID will be able to maintain this momentum by providing adequate supplies. The rising demand for contraceptives worldwide has led to enormous pressures on U.S. manufacturers, particularly of condoms, and on the AID/W Contraceptive Procurement and Supply Division (ST/POP/CPSD). This year, condom requirements have increased markedly - both in Ghana and world-wide - and some shipments have been delayed, resulting in the serious threat of stock-outages. Accomplishment of program objectives will depend on the capability of U.S. manufacturers to meet AID worldwide needs, and on the capacity of ST/POP/CPSD to manage the flow.

** Information - USAID-financed activities mean that information is also much more widely available than was in the past. Policy dialogue resulted in the lifting of a ban on contraceptive advertising two years ago, and as of this reporting period, several regional and nationwide Information, Education and Communication efforts have started. All commodities are now advertised on television, radio, and billboards, as well as widespread posters and signboards. A three-region intensive effort under the auspices of the Ministry of Health was begun in March, 1990. While this is believed to have an impact, data documenting it have not yet been analyzed.

It should be noted that PREP will also contribute to the spread of information and increased family planning. Research data show that educated parents tend to plan the size of their family, and by providing quality education to 2.3 million children and 63,000 untrained teachers, PREP will make a significant contribution to the literacy of the Ghanaian people.

2. RELATIONSHIP BETWEEN THE GOAL AND SUB-GOALS

The broad goal, increased national per capita income, is widely used as a rule of thumb of economic welfare. But, like any aggregate statistic, it does not show all the progress which is occurring. The sub-goals give us a better handle on the extent of positive developments in Ghana.

149

-- 1) The increase in rural income, for example, has come at the expense of the Cocoa Board, which is no longer taking most of the profit from cocoa for itself. While there have certainly been individuals hurt by this redistribution of resources away from the Cocoa Board, most people would agree that the Ghanaian economy has become more equitable because of it, and economic welfare is improved.

-- 2) The productivity gains achieved through closing SOEs do not always show up in GDP per capita. For example, government control of fertilizer and fertilizer stocks prevents private enterprise from entering the market. If APPP is successful at freeing the market, the impact on GDP will initially be small. Only after the private sector has had time to expand its distribution network will the full impact be realized.

-- 3) The success of liberalizing the foreign exchange regime means that the markets in Ghana offer a fairly wide variety of goods imported from abroad. In 1983, the shelves were bare. The broader choice that is now available improves the standard of living of Ghanaians, but it is nowhere measured in GDP per capita.

-- 4) USAID programs may be beginning to have a significant impact on the last sub-goal, decreased family size. Simply having the option to determine family size significantly increases Ghanaian welfare even though the effect on GDP per capita is not large.

150

GHANA

Assessment of Program Impact (API)

Program Logframe			
STRATEGIC OBJECTIVE NO. 1	Baseline indicator	PRIOR YEAR	FY 90 Data
Help create productive employment in the private sector, esp. ag	5,422,000 employed in private sector and 3,311,000 employed in ag sector ('84)	——	6,314,000 employed in private sector (4% AR) and 4,203,000 employed in ag. (6.1% AR) in calender '88
SOURCE.	GOG census/IMF/ GLSS	GOG/GLSS/IMF	GOG/GLSS/IMF

TARGET No.1.1 Increased farmer incomes and productivity from maize and rice			
Subtarget (a) Improved market access due to feeder road	Deflated rural freight/passenger fares, (i)beyond 20 miles, 3.10 cedis/mile Deflated haulage rate, (i) dry cargo 12.61 cedis/ton mile (ii) corrosive cargo 16.40 cedis/ton mile (1988)		(i) 2.90 cedis/ mile (ii) 13.53 cedis/ ton mile (iii) 17.59 cedis /ton mile (1989)
SOURCE	GOG Rept.	GOG Rept.	GOG Rept.

Subtarget (b) Establishment of vertically integrated privately run seed companies for maize and rice	0 Companies (1988)	0 (1989)	163 (As of 9/90)
SOURCE	MOA Rept	MOA Rept	MOA Rept

10/25/90

151

	BASELINE INDICATOR	PRIOR YEAR	FY 90 DATA
Subtarget (c) Establishment of privately run fertilizer supply companies	Less than 50 private fertilizer dealers registered (1988)	100 dealers registered (1989)	638 dealers registered (as of 10/90)
SOURCE	MOA Rept.	MOA Rept.	MOA Rept.

Subtarget (d) Make extension service more productive so each agent serves 1150 farmers by 1991	350 farmers served/agent (1988)		400 farmers/agent (1989)
SOURCE.	MOA Rept.	MOA Rept.	MOA Rept.

TARGET 1.2			
350 entrepreneurs trained to successfully bid and execute contracts to maintain feeder roads	12 contractors trained (1988)	22 trained (1989)	18 trained (as of 9/90)
SOURCE.	Dept. of Feeder Roads	Dept. of Feeder Roads	Dept. of Feeder Roads

10/25/90

152

TARGET No.1.3	BASELINE INDICATOR	PRIOR YEAR	FY 90 DATA
Short-term jobs created in rural areas on private sector contracts for feeder road rehabilitation	1800 temporary employers hired by contractors during 1988	3300 temporary employer hired by contractors during 1989	2700 temporary employers hired by contractors from January thru September, 1990
SOURCE:	MOA Rept.	MOA Rept.	MOA Rept.

TARGET No.1.4			
Increase employment in private trade of fertilizer and seeds	Less than 150	300 (1989)	1914 (as of 9/90)
SOURCE:	MOA Rept.	MOA Rept.	MOA Rept.

10/25/90

153

GHANA

Assessment of Program Impact (API)

Program logframe			
STRATEGIC OBJECTIVE NO. 2	Baseline indicator	PRIOR YEAR	FY 90 Data
Finance some of the costs of the SAP	Amount of Donor Disbursement in CY 88. Bilateral Donors -$215.2m Multilateral - Donors $278.8m USAID $21.7m		Bilateral Donors CY 89 $284.3m Multilateral Donors - $280.8m USAID - $21.8m
SOURCE.	World Bank		IMF/WB

Subtarget No.2.1a			
Funds cost of PAMSCAD Donor	Zero contributed in CY 1987 by USAID	Zero contri-buted in CY 88 by USAID	$5.4m contri-buted by USAID CY 89
SOURCE.			USAID Document

Subtarget No. 2.1b			
Compensate redeployees	None compensated in CY 88		Thru 1989, 46,000 redeployees were offered training. 5% accepted
SOURCE	IMF/World Bank Reports		GOG

TARGET 2.2			
Maintain momentum of ERP	Real GDP in 1984 5.1 Billion cedis. Growth Rate 1984-87 = 7.5%	Real GDP grew 6.1% in 1988	Real GDP grew 6.1% in 1989
SOURCE	IMF/World Bank Reports	WB Reports	WB Reports

10/25/90

154

	BASELINE INDICATOR	PRIOR YEAR	FY 90 DATA
Subtarget (a) Maintain fiscal discipline	Central Govt. deficit (broad definition) 2.8% of GDP (1984-87 Aug.)	Deficit 2.6% (1988)	Deficit 5.7% (1989)
SOURCE.	WB Rept.	WB Rept.	WB Rept.

Subtarget (b) Official (auction) exchange rate approaches free market (FOREX) exchange rate	Forex Rate 140% of official rate (at peak in Jan. 1989)	Forex Rate 120% of official rate (YE 1989)	Forex Rate 102% of official rate (10/12/90)
SOURCE.	IMF Rept.	IMF Rept.	Newspaper

Subtarget (c) Reduce inflation rate	123% in 1983	25% in 1989	37% 1Q90/1Q89 Average of 1Q90 compared to 1Q89
SOURCE.	GOG Rept.	GOG Rept.	GOG Rept.

10/25/90

155

Program Logframe			
STRATEGIC OBJECTIVE NO. 3	Baseline indicator	PRIOR YEAR	FY 90 Data
Reduce fertility rate to 6.1 by 1995	Total fertility rate of 6.4 (1988)		Total fertility rate of 6.1 (2ndQ90)
SOURCE.	DHS		Estimated from Contractor Rept. on contraceptive sales

TARGET No.3.1			
Increase modern contraceptive use to 15% by 1995	Modern contra-ceptive use 5% (1988)	Contraceptive use of 6% (1989)	Contraceptive use of 7% (2nd Q 90)
SOURCE.	DHS	Contractor Rept.	Contractor Rept.

10/25/90

156

PREP

Program Logframe			
STRATEGIC OBJECTIVE NO. 4	Baseline indicator	PRIOR YEAR	FY 90 Data
To establish a quality, equitable and financially sustainable primary education system in Ghana by year 2000			
TARGET 4.1 Increase accessibility			
Subtarget (a) By 1995 80% of eligible children attend primary school	69% (1988-89)		70% (1989-90)
SOURCE:	MOE Rept.		MOE Rept.
Subtarget (b) By 1994, improve access in Northern, Upper East, and Upper West to 50%	30% Northern (1988-89) 31% Upper East (1988-89) 32% Upper West (1988-89)		32% Northern (1989-90) 33% Upper East (1989-90) 34% Upper West (1989-90)
SOURCE:	MOE Rept.		MOE Rept.
Subtarget (c) By 1994, schools should reflect population distribution of (47% males and 53% females)	1988-89 Data Boys 55% Girls 45% Male teachers 63.3% Female teachers 36.7%		1989-90 Data Boys 57% Girls 43% Male teachers 65% Female teachers 35%
SOURCE:	MOE Rept.		MOE Rept.

10/25/90

	Baseline indicator	PRIOR YEAR	FY 90 Data
TARGET 4.2 GOG achieves financial sustainability by year 2000	Financial sustainability is defined as achieving the four subgoals		
Subtarget (a) 100% of primary education is financed from GOG recurrent budget by year 2000	1989 GOG 75% Donor 25%		1990 GOG 75% Donors 25%
SOURCE:	GOG Rept.		GOG Rept.

Subtarget (b) GOG devotes 3.5% of GDP to education and 39% to primary education	3.5% GDP '89 39% Budget '89		
SOURCE:	GOG Rept.		

10/25/90

158

	Baseline indicator	PRIOR YEAR	FY 90 Data
TARGET 4.3 Improve efficiency of educational system by 1994	Reduce the cost of educating students till they meet the established criteria in reading, writing and arithmetic		
Subtarget (a) Reducing dropout rate of students, grades 1-6, from 64% to 48%	64% (1988-89)		64% (1989-90)
SOURCE:	GOG Rept.		GOG Rept.
Subtarget (b) Reduce grade repetition from 30% to 23%	30% (1988-89)		30% (1989-90)
SOURCE:	GOG Rept.		GOG Rept.
Subtarget (c) Increase student teacher ratio to 40.1	27:1 (1988-89)		27:1 (1989-90)
SOURCE:	GOG Rept.		GOG Rept.

10/25/90

	Baseline indicator	PRIOR YEAR	FY 90 Data
TARGET 4.4 To improve quality of education by 1995			
Subtarget (a) 80% of children completing P6 meet the established criteria in reading, writing and arithmetic	11% (1988-89)		11% (1989-90)
SOURCE:	MOE Rept.		MOE Rept.

Subtarget (b) 80% of all teachers trained to equivalent of high school education plus one year of teacher training	50% (1988-89)		52% (1989-90)
SOURCE:	MOE Rept.		MOE Rept.

Subtarget (c) 100% children will have access to instructional material	10% (1988-89)		12% (1989-90)
SOURCE:	MOE Rept.		MOE Rept.

10/25/90

160

Comments on Target 2.2

The August 1990 donor review of PAMSCAD, found that only a small number of redeployees have taken advantage of the PAMSCAD Training Program, and, more importantly, that the low participation rate was not due to inadequate funds, but rather to the low interest among redeployees. Most redeployees entered the agricultural sector. The review team recommended that special programs, designed specifically for redeployees, be eliminated.

The Mission will need to modify Target 2.2 since redeployees may not be singled out for special PAMSCAD assistance in the future.

Comments on Objective 3

There were a number of benchmarks discussed in the Action Plan which were not appropriate indicators for the API Process. However, for completeness, the following is a summary of the benchmarks described in the Action Plan.

Benchmark	Target Level	Sept. '90 Level
Percentage of clinics reporting contraceptive stocks and usage	90	94
Number of district level personnel working as family planning providers	68	124
Number of level B service providers trained in family planning and functioning	3200	4840
Contraceptives available in Accra?	YES	YES
Number of traditional birth attendants trained	1500	1530
Sales volumes of modern contraceptives increase		YES

One of the benchmarks was to train 1200 physicians in family planning. That goal proved to be overly ambitious since there are only 1000 physicians in the country. To date, 50 have been trained.

ANNEX A

Changes in Indicators

SO #1 - Subtarget 1.1a - Original benchmarks did not show the impact of feeder road rehabilitation as directly as the new indicator, deflated rural transportation rates.

SO #1 - Subtarget 1.1b - The data underlying the original benchmarks was not sufficiently reliable to be used as an indicator. The new indicator, the number of vertically integrated, private run seed companies, relates more directly to the overall SO of helping create productive employment in the private sector, especially in agriculture.

SO #1 - Subtarget 1.1c - For the same reasons outlined in Subtarget 1.1b, the indicator was changed to be the number of privately run fertilizer supply companies.

SO#1 - Target 1.4 - The original benchmark was based on private sector interviews. The new benchmark is a numerical estimate of the number of people employed in the sector.

SO#1 - Target 2.1 - The original qualitative benchmark has been replaced with two numeric benchmarks, a) the amount of funds provided to the PAMSCAD program, and b) the number of redeployees helped by the program.

SO#1 - Target 2.2 - The original benchmark - maintain the momentum of the Economic Recovery Program - has been sharpened by including three subtarget indicators on GDP, the central government deficit, and the exchange rate.

SO#3 - Previously, objective 3 was expressed in terms of total contraceptive use. The concept, "modern contraceptive use" has been substituted. As a result, Target 3.1 should now read "Increase Modern Contraceptive Use from 5% to 15% by 1995." Also, the baseline indicator has been changed to read "Modern Contraceptive Use of 5% in 1988"

PREP: A New Strategic Objective

Since the PREP was approved after the Action Plan was finalized, it was not included in the Mission's existing Action Plan. Nonetheless, it has been included as the Mission's fourth Strategic Objective. The definition of the strategic objective, targets, and subtargets was taken from the project paper.

GUINEA WORM: A Target of Opportunity

The Mission has recently started to finance the effort to eradicate Guinea Worm. Guinea Worm is a temporarily disabling disease which affects agricultural productivity. The goal is to eradicate it by the year 2000. The disease is more widespread than expected, and the project is still finding new villages which are infected. During CY 1989, 27,760 were reported (8.6 cases/village). Incomplete data for 1990 shows 5.2 cases per village as additional villages are discovered in which there are fewer cases per village.

- 162

AIDS: A Target of Opportunity

The Mission has supported the GOG HIV/AIDS effort since its inception in 1986. Under the initial project, a number of workshops were held to upgrade the skill level of health care workers.

Two additional projects started during the last year. The first, an add-on to the AIDSTECH central cooperative agreement, is intended to initiate interventions with high risk groups. The Ghana Armed Forces have been supplied with the equipment to carry out epidemiological surveys of its members. It has carried out initial Knowledge, Application and Practice surveys and has developed a condom distribution plan. Interventions with commercial sex workers are planned.

The second project is a mission funded buy-in to the central AIDSCOM project for the development of a nation-wide Information, Education and Communication project. There have been difficulties in getting this project started, which stem in part from AID/W contracting restrictions (a contractor is not allowed to subcontract with a Government) and in part in difficulty recruiting technically competent staff.

GUINEA

ASSESSMENT OF PROGRAM IMPACT (API)
USAID/GUINEA FY 1991

SECTION I: SPECIAL FACTORS AFFECTING THE USAID PROGRAM

There are three factors that affected the shape and performance of the USAID/Guinea program since the development of the FY 1989 Action Plan: the influx of Liberian refugees, USAID's new program involvement with the basic education sector, and macroeconomic reform performance by the GOG. The first two of these factors, the refugee influx and support for basic education, are extraneous to the Action Plan. The third factor is both integral to the Action Plan and linked to USAID support to basic education.

Since March 1990, the war in Liberia has forced over 300,000 refugees from that conflict to flee into Guinea, mostly to the Forest Region where the number of refugees continues to grow. Initially, before the donor community could respond to emergency needs, the Guinean host population in the region aided the refugees with their own limited personal resources, sharing food, shelter, and facilities. Over 125,000 Guineans were subsequently exposed to pre-harvest food shortages through such generosity and there will be a continuing effect on food demand with this 30 percent increase in the population of the Forest Region. Additionally, over 750,000 Guineans were indirectly affected by the influx through such problems as strains on social services, deterioration of transport infrastructure, and the aggravation of public health problems. Donors are now responding with assistance through UN and PVO channels. The USG is generously providing significant food, transport and logistics, health and other related support. Neither the US Embassy nor the USAID Mission have sufficient staff to deal with prolonged refugee and emergency related activities. Since March, 1990, USAID has devoted 80 percent of a program assistant and up to 20 percent of senior management time to reporting and assessing needs and monitoring and tracking assistance responses. This additional management burden, at a time of other critical staff shortages and significant Mission transition, has directly affected USAID's ability to address its program objectives. USAID has requested AID/W's assistance to deal with this unexpected program management burden and is hopeful of a positive response, particularly since the refugee crisis shows no sign of abating.

Support for the basic education sector emerged as a major new program area with the late FY 1990 obligation of USAID's contribution to the PASE (Education Sector Adjustment Program), which is partially tied to the IBRD-IMF structural adjustment program through conditionality. While current Mission strategic objectives do not yet incorporate basic education targets, USAID welcomes the opportunity to support the multi-donor effort (IBRD, FAC) to improve basic education in Guinea because continued economic growth and performance are linked with an educated populace better able to respond in a manner which sustains that growth. USAID will shortly revise its Country Program Strategic Plan and basic education and human resources development will be reflected appropriately in the new program objective tree.

For several months in mid-1990, the IMF withheld a structural adjustment facility pending improved GOG macroeconomic reform performance, which appeared to be slowing. In addition to the economic loss of $15 million in balance of payments support represented by the IMF program, the GOG suffered the consequences of donor perception that the reform movement in Guinea was stalling. Recent progress on key elements of the reform agenda, including moves toward privatization of state-owned enterprises and elimination of subsidies (most particularly a 47 percent increase in the pump price of gasoline), has revived critical momentum.

In addition to the macroeconomic reform agenda, Guinea is moving toward democratization. A new constitution, through which the country will evolve from military to democratic civilian rule, has been developed and will be subject to popular referendum by the end of the year. While support for elements of a democratization program have not been, to date, on USAID's program agenda, the Mission will explore involvement in this area in a way that will complement and strengthen program objectives in economic development.

SECTION II: PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

The implementation of structural reforms since 1986 has led to dramatic progress in the Guinean economy. From 1965 to 1985, annual real GDP growth per capita averaged 0.8%, with real income declining during the final year of the period. The Government of Guinea (GOG) embarked upon a series of ambitious economic and financial reforms in 1986. From 1987 through 1989, the GDP growth rate has averaged 5%, and the annual increase in real per capita income--which takes into account Guinea's 2.8% population growth rate--has averaged 1.6%.

The goal of U.S. assistance to Guinea during the Action Plan period FY 1989-FY 1991 is to increase agricultural production and trade through the implementation of structural reform. In the process of the GOG's reform program, many structural constraints to agricultural related development have been addressed at the policy level but remain to be dealt with at the regulatory and administrative level. For example, the role of parastatals in marketing agricultural outputs and inputs has been eliminated, but the parastatals themselves have not been dismantled and the regulatory environment for medium-sized traders is discouraging. Another major plank in the GOG reform program is a 26% reduction in the number of civil servants, including those working in the Ministry of Agriculture and Animal Resources. This reduction in personnel is designed to improve motivation and efficiency by enabling the GOG to increase civil service salaries and training. To date, however, these improvements have not been completely implemented and the expected increases in motivation and efficiency have yet to be realized. Banking system reform, likewise, is a major part of the GOG's reform program; the banking system was privatized in 1986 but real interest rates remain negative, exerting downward pressure on the development of credit for agricultural exports and agro-industries.

To a large extent, Guinea's recent economic growth has been propelled by consumer response to the increased availability of consumer goods and by a dramatic increase in public investment--mainly fueled by donor funds--since 1986, hence the highest rates of growth are in trade and public sector services and construction. As consumer demand is gradually satisfied and the GOG begins to devote more public funds to repay donor loans, new sources of investment and consumption must be developed. The GOG's reform program is designed to promote increased private investment. In addition, the potential foreign demand for agricultural exports--particularly fruit--appears promising. The growth of the Guinean economy over the next few years, will depend heavily on the growth of private enterprises and the development of agricultural export markets.

-167

Over the 1986-1989 period, Guinea's balance of trade accurately reflected patterns of growth in the economy. Although the trade balance remained in surplus, it has narrowed considerably with export expansion of only 16 percent over the period compared to import growth of 21 percent. The rise in imports reflects the consumption response to the lifting of import restrictions. The increase in exports has come largely from the mining sector with non-mining exports increasing from 5.2 percent of total exports in 1986 to only 6.5 percent in 1989. However, since mining exports are dependent on external demand, the GOG has no way to control nor sustain the magnitude of its trade surplus. Consequently, not only is the encouragement of private investment indispensable for the realization of growth in the real economy, but removal of the constraints on exports and on import substitution is also required. Such measures are consistent with the USAID assistance goal in Guinea, which is to "increase agricultural production and trade through the implementation of structural reforms", and can accelerate the achievement of that goal.

Involvement in health and nutrition has been only a marginal part of the USAID program. The Mission does not have data on the impact of the GOG reform program or the USAID program on the population at large. Nevertheless, we believe that support for economic policy reform measures hold the promise of ultimate improvements in people's lives. By the end of FY 1991, the results of the Cornell Nutrition Monitoring and Policy Project should provide preliminary impact indicators for the most vulnerable population in Conakry. The longer-term Social Dimensions of Adjustment Program's permanent Household Survey should provide more comprehensive data within five years. Beginning in FY 1991, all USAID projects incorporate people-level indicators in their monitoring and evaluation plans. As USAID/Guinea designs its new Country Program Strategy Plan over the next nine months, the Mission will be incorporating appropriate people-level indicators for all of our major objectives and targets.

168

SECTION III: ASSESSMENT OF PROGRAM IMPACT BASED ON FY 1989-1991
USAID/GUINEA ACTION PLAN PROGRAM LOGFRAME

Strategic Objective No. 1	Baseline Indicator	FY 1989	FY 1990
Remove structural constraints to agriculture-related development			
	Indicator No. 1 Agric. output as % of GDP	28%	[21.3%]
	(Source: World Bank Publication No. 8774-GUI, June 1990)		

Comment: It is difficult to make a direct link between the GOG's structural adjustment program and short-term fluctuations in agricultural output. The literature suggests that industrial and service sectors are likely to respond more quickly than the agricultural sector to economic liberalization, and hence non-agriculture sectors are expected to grow faster in the short-run. A reduction in the share of agriculture in the GDP from year to year may reflect a slower growth rate for agriculture than the rest of the economy, but does not necessarily imply an unacceptable growth rate for agriculture. This indicator should therefore be used in tandem with the growth rate of output in the agricultural sector.

	Indicator No. 2 Growth rate of agricultural output	N/A

Comment: While these data are not presently available, the National Direction of Statistics of the Ministry of Plan has recently carried out a national agricultural survey. Results from this survey should be available during FY 1991.

169

Target No. 1.1.	Baseline Indicators
Reduce the budgetary deficit by limiting GOG expenditures on personnel, subsidies on parastatals, and by introducing expenditure controls	

Indicator No. 1	1989	1990
# of civil servants: 90,300 (1985)	[46,500]	N/A

(Source: GOG reports and World Bank Publication No. 9774-GUI, June, 90)

Indicator No.2	1989	1990
Fiscal deficit as % of GDP	5.3%	[4.5%]

(Source: Guinea Third Year PFP, January 1990)

Comment: The 4.5 percent figure projected for 1990 assumes that projected increases in GOG revenues are not offset by increases in public expenditures. At the same time the civil service rolls have been dramatically cut, civil service salaries have been substantially increased. The primary purpose of these reform measures is to improve efficiency. Any reduction in GOG expenditures reulting from these reforms will be of secondary importance.

Indicator No. 3	1989	1990
Subsidies to parastatals	N/A	N/A

Comment: The GOG is implementing price adjustment policies which will limit subsidies to the remaining parastatals. Apart from a 47% gasoline price increase in September 1990, implementation of these policies has been slow. Several important reforms relating to the electricity company (ENELGUI), the national airline (AIR GUINEE), and the state-owned bauxite company (OBK) remain to be implemented. The Mission has no quantitative indicators to measure GOG progress towards reducing subsidies to parastatals.

170

Indicator No. 4	1989	1990
Budgetary monitoring control mechanism	Committed expenditures centralized at level of Budget Directorate	N/A

(Source: GOG, Min. of Finance codes)

Comment: By early 1990 most of the necessary procedural and institutional reforms in public expenditures management had been adopted. However, a number of serious problems remain. Control of salary expenditures is still hampered by the lack of a computerized personnel database, and irregular expenditure commitments have by no means been eliminated. Some of the texts necessary for the application of the Procurement Code have not yet been published and its implementation is still very rudimentary. There is also a problem of ensuring that payments made at the instigation of technical ministries correspond to services rendered. An indicator to measure implementation of the codes and budgeting controls at the administrative level does not yet exist.

Indicator No. 5	1989	1990
GOG procurement code	First texts governing application of 1988 code published	N/A

(Source: GOG, Min. of Finance codes)

Comment: By early 1990 most of the necessary procedural and institutional reforms in GOG procurement had been adopted. However, a number of serious problems remain. An indicator to measure implementation of the codes and budgeting controls at the administrative level does not yet exist.

Target No. 1.2
Reduce the balance of payments deficit through the implementation of reforms in trade and investment policies.

171

Indicator No. 1	1989	1990
Balance of payments	- $36.4m	[+$11.3m]

(Source: World Bank Publication No. 8774-GUI, June 1990)

Comment; The 1990 estimate assumes an increase in revenues from mining exports and a decrease in imports.

Indicator No. 2	1989	1990
Restrictions on foreign exchange transactions		
--Formal	None	None
--Informal	See comment	See comment

Comment: The foreign exchange has been allocated by means of a weekly auction since 1987. Informal restrictions are more difficult to monitor, but are believed to be negligible. See comment under Indicator No. 3, below.

Indicator No. 3	1989	1990
Letters of credit for rice imports issued by Central Bank	No problems	See comment

Comment: During the last half of FY 1990, the Central Bank has only issued letters of credit to traders who are able to pay 70 percent of the value of rice being imported in advance. While the GOG has implemented this policy to promote increased domestic rice production, many importers regard it as an attempt by the Central Bank to limit access to foreign exchange. Rice is a staple of the Guinean diet; if this policy results in rice shortages, the GOG could reduce its role in the rice market (by reversing this policy) or further increase its interventions.

Indicator No. 4	1989	1990
Central Bank arrears level:		
--debt rescheduling	See comment	See comment
--foreign debt repayment record	See comment	See comment

Comment: There are serious flaws in debt information flows partly as a result of fragmented responsibilities and excessive bureaucracy within the GOG. This has slowed down the development of more rational debt management.

172

Target No. 1.3
Increase the availability and allocation of credit to more productive activities

Indicator No. 1	1989	1990
Credit available for private enterprises: --$5m AEPRP	Undisbursed	Undisbursed

Comment: The GOG has been unable to meet conditionality necessary to release counterpart-funded small credit program funded under the African Economic Policy Reform Program. Negotiations regarding this credit program are in progress.

Indicator No. 2	1989	1990
Interest rate policy	Negative real interest rate: GOG in process of adjustment	Ongoing

Comment: Since 1986 the banks have offered only negative interest rates on deposits, in part due to the availability, from the Central Bank and from donor-funded credit lines, of highly subsidized refinancing of eligible loans. This has resulted in very low savings rates. Positive real interest rates are one of the conditions precedent to the disbursement of the $5 million AEPRP grant. The GOG is taking a variety of actions to stimulate competition in the savings market and remove distortions in the lending market. For example, the GOG is presently in the process of eliminating preferential interest rates from the Central Bank. It is expected that real positive interest rates be set by early 1991.

Indicator No. 3	1989	1990
Consistent commercial and investment codes with equal access for the private sector	Tax code adopted (3/89)	See comment

(Source: GOG 1989 Tax Code)

Comment: While appropriate codes may have been established or enacted, the problem has been that they are not yet implemented in a way to achieve their purpose or to bring about changes affecting the private sector.

173

STRATEGIC OBJECTIVE NO. 2	Baseline Indicators	1989	1990
Establish competitive agricultural marketing environment conducive to increased trading of agricultural goods			

Comment: Current data on agricultural statistics are difficult to obtain.

Target No. 2.1

Liberalize input and producer marketing with free and equal access

Indicator No. 1	1989	1990
Level of private activity in import/use of agricultural inputs	See comment	See comment

Comment: While the GOG no longer markets agricultural inputs, the administrative structures and staff of the marketing parastatals have not yet been fully dismantled, hence the GOG has yet to experience the full budget-saving effect of this move. At the same time the GOG stopped marketing agricultural inputs it removed subsidies and the resulting increase in the price of agricultural inputs has depressed demand. The private sector has been understandably cautious about entering such a weak market; at present the primary users of imported agricultural inputs are donor-funded agricultural projects. Most agricultural inputs in Guinea are imported and private sector marketing is therefore closely tied to availability of foreign exchange.

Indicator No. 2	1989	1990
Volume of food imports through private channels	No formal GOG involv. in food imports.	See comment

Comment: See Indicator No. 3 of Target No. 1.2 above.

174

Target No. 2.2

Promote small enterprise development

Indicator No. 1 Progress of privatization program	1989	1990
	Most SOEs privatized; major utilities & transport remain public	Plastics SOE privatized

(Source: Agricultural Sector Assessment, 1990, USAID)

Comment: A decrease in State Owned Enterprises (SOEs) producing subsidized commodities should result in greater opportunities for small and medium enterprises to compete in the marketplace. Over 90 percent of the SOE's have been privatized since 1987. Unfortunately, there is no indicator of the number of new enterprises which have started in recent years.

Indicator No. 2 Role played by:	1989	1990
--CNPIP,	Facilitates private sector loans from banks.	Same
	Conducts feasibility studies.	Same
--Chamber of Commerce		Becomes semi-privatized
--Petit et Moyen Enterprise (GOG)		Inactive

Comment: While there has been some activity by CNPIP and the Chamber of Commerce promoting private sector investment and growth, there has not yet been substantial support to small enterprise development from these organizations. There is no indicator of the number of new enterprises which have started in recent years.

175

Target No. 2.3
Rehabilitate and expand the road network

Indicator	1989	1990
Kms.rehabilitated (LOP: 104 kilometers)	0	0

(Source: GOG 4th Highway plan; USAID Project Paper 675-0213)

Comment: Implementation delays related to procurement of services through the World Bank have hampered start up of road rehabilitation activities. In addition, the new GOG "Code de Marché" defines complicated procurement procedures, involving several ministries: Finance, Plan, Transport and Control Financier. Often these ministries cannot agree on a uniform course of action which is also causing implementation delays.

Target No. 2.4
Greater reforestation and conservation efforts to sustain agricultural production

Indicator No. 1	1989	1990
Status of National Natural Resource Conservation and management policy	See comment	See comment

Comment: The GOG has taken significant steps to address natural resource conservation and management issues. The Ministry of Agriculture and Animal Resources (MARA) has developed a national forestry policy which outlines major areas for forestry development protection activities. The GOG, along with AID and other donors, is studying forests and other natural resources as a precursor to the development of a comprehensive national natural resources strategy. The Fouta Djallon Highlands Integrated Regional Development program is a framework within which to develop a focussed bilateral natural resources management and conservation project, which is planned for a FY 1991 start.

176

Indicator No. 2	1989	1990
Level of degraded acidic soil rehabilitated	N/A	Soil mapping system in development

Comment: Acidic soils are found throughout the country and are not yet being rehabilitated. Such soils are about 10cm in depth, are easily eroded, and are poor in organic matter. The first step in rehabilitating these soils was taken by the National Soils Service in identifying their location.

Indicator No. 3	1989	1990
Level of slash and burn agricultural practices	N/A	Slight diminishing of slash & burn practices

(Source: Anecdotal evidence: PP design of NRMS Project)

Comment: Slash and burn agricultural practices may begin to diminish because of the many agro-forestry projects throughout Guinea. A small informal sample of farmers in the Fouta Djallon in FY 1990 demonstrated that some farmers were already aware of some of the drawbacks to slash and burn agriculture.

Target No. 2.5
More efficient and effective public sector support services to private agriculture and small enterprises

Indicator No. 1	1989	1990
Nature and quality of public sector services for private agriculture development	See comment	See comment

Comment: The GOG has explicitly sought to liberalize and privatize the country's trade and marketing institutions. As a result, public intervention has been significantly reduced in the agriculture sector. The public sector currently handles only a very small share of total agricultural commodities.

177

Indicator No.2	1989	1990
Existence of meteorological data, analysis of pesticide standards	-Monthly meteorolog. data collected	Same
	-Crop protect. service uses pesticides according to standards	Same

(Source: GOG reports: MARA, Plant Protection Service)

Comment: MARA has a division which collects and analyzes daily meteorological data from prefectures throughout the country. The National Direction of Agriculture, the largest directorate of MARA, has six services that are responsible for crop protection. Unfortunately, due to a lack of funds, their activities have been severely curtailed.

Indicator No. 3	1989	1990
Level of agricultural statistics	N/A	N/A

Comment: The most useful source of current agricultural survey data promises to be the national agricultural survey census carried out through the National Direction of Statistics of Ministry of Plan. While there are problems with the methodology, the census will likely provide useful baseline data. Overall, the GOG's data gathering and analysis capability must be strengthened at the centralized and decentralized levels. This particular survey has been particularly useful in that it has led to the establishment of a permanent statistics office in MARA that is refining and updating existing data. In addition, the Social Dimensions of Adjustment Programme of the World Bank includes a component for overall strengthening of the statistics gathering and analysis capability of the GOG.

178

GUINEA BISSAU

ASSESSMENT OF PROGRAM IMPACT

OFFICE OF THE

A.I.D. REPRESENTATIVE

GUINEA BISSAU

A.I.D. REPRESENTATIVE

Anne M. Williams

ANNE WILLIAMS

NOVEMBER 16, 1990

180

A P I

Section One: Special Factors Affecting the OAR/Bissau Program

The pace of Guinea Bissau's movement towards political democratization and market-oriented economic growth has intensified over the last year, presenting the USAID country program with a rapidly evolving development environment. These recent developments have reaffirmed the flexible program approach begun in OAR/Bissau's CPSP and continued in its Agricultural Policy, Private and Legal Initiatives (APPLI) Project PID.

After many months of private and public discussion on democratization and multi-partyism, the Government of Guinea-Bissau (GOGB) and the Party (PAIGC) have recently carried the debate into the grassroot levels of the party, government and public. This debate will be continued at an extraordinary meeting of the PAIGC in December where it is anticipated that democratic reforms will be approved. The frank and open debate of this democratic movement has reassured many skeptics that this process is indeed irreversible, and has provided further confidence to the nascent private sector of a continuing favorable investment climate. The relatively liberal and open-market economic orientation implied by these developments is now viewed by decision-makers as fundamental to the progress of the country's economic development. Under OAR/Bissau's country strategy, this process will be encouraged via the FY 1991 APPLI Project and the FY 1992 Agricultural Sector Support II Project (ASAP).

The GOGB also appears strongly committed to an economic structural adjustment program although their performance over the last twelve months has been mixed. With some lapses, a flexible exchange rate regime coupled with fiscal restraint and prudent monetary policy remains in place. However, unmanageable debt service levels, uneven credit supplies and inappropriate public investment strategies continue to seriously hamper development objectives. These policies hinder development of the private sector, with most serious impacts on small enterprises in the informal sector. The Mission's rural initiatives project in FY 1992 will begin to address some of these problems at the grassroots level.

Within this ferment of rapid political and economic change, OAR/Bissau has prepared its first strategy since 1982. Approved in June 1990, it is just starting to be implemented through the design of the APPLI project. This project's objective is to reinforce a supportive environment for private sector growth by targeting legal reform and government agricultural (especially cereals) policies - two different but complementary points of departure.

181

The more immediate upheavals and uncertainties caused by this liberalization in Guinea-Bissau, like that in eastern Europe, require more creative, flexible and rapid inputs than traditionally provided by USAID projects. On the agricultural/cereals side, the GOGB, with World Bank assistance, is now reassessing its entire agricultural organization and sector approach. OAR/Bissau's response intends to ride this wave of new thinking and government reorganization to initially strengthen rational cereals policy making via policy dialogue and untraditional institutional support. On the legal side, the sweeping democratization movement affords opportunities to make basic but important contributions in the reform of now obsolete and constraining law. The initial enthusiasm and even excitement of the GOGB for this effort has encouraged the Mission and bodes well for our project design.

The specific approaches to these problems are still in the process of being articulated and the numerous gaps contained in this API report reflect both the youth of OAR/Bissau's new program and the meager data base in Guinea-Bissau. As the first start is finalized in the second quarter of FY 1991, and the second phase of ASAP is designed, subsequent API reports will contain clearer indications of program performance.

182

Section Two: Progress Towards Program Goals

OAR/Bissau has just developed a new strategy for the next five years. This strategy is not based upon prior programs or strategies due to the fact that OAR/Bissau was in a phase-out mode for at least a year and a half prior to the development of this strategy. Therefore, it is as if A.I.D. were starting anew in Guinea-Bissau.

As it developed this new strategy, OAR/Bissau found available data for measuring impacts of its new programs to be minimal. As a consequence, it was unable to be as precise as it would like in the development of impact indicators. However, cognizant of the need to measure impact, the Mission is in the process of developing methods for obtaining baseline data, redefining indicators as the projects and programs under the new strategy are designed, and establishing a program for evaluating and monitoring progress under the strategy. Therefore, for the purposes of this API, some basic indicators have been generated but these will need to be refined as OAR/Bissau's flagship projects under its new strategy are designed.

Towards this effort, a research framework has been proposed to help monitor impact and to turn out appropriate data and information for program and policy decisions. Both quantitative and qualitative research will be generated vis-a-vis program goals, strategic objectives and targets. (OAR/Bissau is contracting with the University of Wisconsin during the first quarter of FY 91 to refine this task.)

At this time, the data proposed to be collected includes both macro and micro-level information. Macro-level data can be collected locally using World Bank and donor-generated secondary information. This includes the following: GDP broken down by sectors including the private sector, import/export trends, currency exchange rate movements, percapita income indicators, employment figures, and investment and fiscal revenue numbers.

Micro-level data proposed to be collected at this time includes information necessary for monitoring changes and impact in business performance over time (in relation to the policy, regulatory, legal and macro-economic adjustments contained within the OAR/Bissau strategy). Such micro-level data does not presently exist in Guinea-Bissau, and because its collection cost could be enormously prohibitive, a sample or targeted baseline approach must be used. Such data collection will include some of the

following indicators at the subgoal and lower levels of the CPSP: enterprise surveys/enumeration (including locations, numbers, distributions, compositions, etc...), household income and consumption data, marketing and financial input information, competitive and entrepreneurial statistics, business associations data, etc....

As may be apparent, the existence of critical country trend indicators is very tentative at this stage of OAR/Bissau's new strategy implementation. The very broad outline contained herein should not suggest that relevant benchmark monitoring and impact data collection will be readily obtainable. The lack of even the most basic data in Guinea-Bissau could require the Mission to make very costly time and money inputs towards its collection. To reduce these costs, OAR/Bissau will make every effort to coordinate with the data gathering efforts of other donors, at times buying into or expanding ongoing studies.

Section Three: Assessment of Program Impact

Program Goal: Promote economic growth that is broad-based, market oriented and sustainable			
Program Goal Indicators	**Baseline (YEAR)**	**Actual(YEAR)**	**Expected (YEAR)**
Real GDP grows an average annual rate of number(#) percent thru 1995	# % (88) Source: World Bank	Number (yr)	Number (yr)
GDP per capita increases from $160 to $ # in 1995	$160 (88) Source: World Bank	Number (yr)	Number (yr)

Program Subgoal: Expand the role and efficiency of the private sector in agriculture			
Subgoal Indicators	**Baseline**	**Actual**	**Expected**
Small and medium enterprise goods + services increase from # to #	Number (yr) Source: TBD	Number (yr)	Number (yr)
Increase in rural wages from # to #	Number (yr) Source: World Bank	Number (yr)	Number (yr)
Increase in rural per capita GDP from # to #	$160 (88) Source: World Bank	Number (yr)	Number (yr)

Program Subgoal: Enable the agricultural sector to play a pivotal role in promoting economic growth			
Subgoal Indicators	**Baseline**	**Actual**	**Expected**
Key crop production rises from # to #	Number (yr) Source: TBD	Number (yr)	Number (yr)
Agricultural exports increase	Number (yr) Source: TBD	Number (yr)	Number (yr)

185

Strategic Objective 1: Create/Reinforce a supportive environment for private sector growth			
Program Performance Indicator	**Baseline (Year)**	**Actual (Year)**	**Expected (Year)**
Increased private sector economic growth as measured by gdp	Number (#) Source: TBD	Number (yr)	Number (yr)
Increased private sector investment	Number (yr) Source: TBD	Number (yr)	Number (yr)
Reduced barriers or restrictions to market entry and for continuing operation of existing firms	Narrative (yr) Source: TBD	Narrative(yr)	Narrative (yr)

Target 1-1: Reinforce/Help develop policies which promote rational resource allocation			
Program Performance Indicator	**Baseline**	**Actual**	**Expected**
A cereals policy is adopted and implemented	No formal cereals policy in place (90)	Narrative(yr)	Narrative (yr)
Aggregate rice production is responsive to market signals	Narrative (yr) Source: GAPLA (?) (90)	Narrative(yr)	Narrative (yr)
Crop diversification takes place in response to market opportunities	Narrative (yr) Source: GAPLA (?)	Narrative(yr)	Narrative (yr)

186

Sub-Target 1-1-1: Increase GOGB decision making capability in policy development			
Program Performance Indicator	**Baseline**	**Actual**	**Expected**
Data collection and analysis systematized and institutionalized	Not the case currently - scattered and not coordinated or institutionalized Source: TBD	Narrative(yr)	Narrative (yr)
Decision making reflects available information and analysis	Currently doesn't do so (90) Source: TBD)	Narrative(yr)	Narrative (yr)

Target 1-2: Develop a legal framework which strengthens the private sector			
Increase in business registrations	Number (90) Source: various TBD (Commerce/ notario)	Number (yr)	Number (yr)
Increase in business licenses	Number (90) Source: Various TBD (Commerce)	Number (yr)	Number (yr)
Contracts respected and enforced	Narrative (90) Source: TBD	Narrative(yr)	Narrative (yr)

Sub-Target 1-2-1: Reform and create appropriate laws and regulations to promote the private sector			
Program Performance Indicator	**Baseline**	**Actual**	**Expected**
Law reform process institutionalized	Now scattered through ministries and government Source: various TBD	Narrative(yr)	Narrative (yr)
Selected laws and regulations operating effectively	Narrative (90) Source: Various TBD and Min. of Justice Courts)	Narrative(yr)	Narrative (yr)

187

Strategic Objective 2: Strengthen rural entreperneurship			
Program Performance Indicator	**Baseline (Year)**	**Actual (Year)**	**Expected (Year)**
Number of new small and medium enterprises established	Number (yr) Source: TBD	Number (yr)	Number (yr)
Number of new jobs created in SME subsector	Number (yr) Source: TBD	Number (yr)	Number (yr)
Incomes of participating SMEs increased	Number (yr) Source: TBD	Number (yr)	Number (yr)
New markets for SME products expand	Narrative (yr) Source: TBD	Narrative(yr)	Narrative (yr)
Number of women participating in and managing SMEs increased	Number (yr) Source: TBD	Number (yr)	Number (yr)

Target 2-1: Strengthen producer and marketing organizations			
Program Performance Indicator	**Baseline (Year)**	**Actual (Year)**	**Expected (Year)**
More functional agricultural based associations organized and operating	Number (yr) Source: TBD	Number (yr)	Number (yr)
Assets of rural associations increased	Number (yr) Source: TBD	Number (yr)	Number (yr)

188

Increased participation by farmers in agricultural based organizations	Number (yr) Source: TBD	Number (yr)	Number (yr)

Improved management of producer/marketing organizations	Number (yr) Source: TBD	Number (yr)	Number (yr)

Target 2-2: Provide appropriate technical packages and information			
Number of SMEs receive and use appropriate mgmt info systems	Number (yr) Source: TBD	Number (yr)	Number (yr)

Number of SMEs develop and sell new and/or improved products and services	Number (yr) Source: TBD	Number (yr)	Number (yr)

Number of SMEs utilizing timely marketing information	Number (yr) Source: TBD	Number (yr)	Number (yr)

Target 2-3: Improve skills base			
Literacy/Numeracy skills provided and in use by SMEs	Number (yr) Source: TBD	Number (yr)	Number (yr)

Technically trained people functioning in and managing SMEs	Number (yr) Source: TBD	Number (yr)	Number (yr)

Improved management in SMEs	Narrative (yr) Source: TBD	Narrative(yr)	Narrative (yr)

KENYA

USAID/KENYA

Assessment of Program Impact

October 31, 1990

191

TABLE OF CONTENTS

SECTION	DESCRIPTION	PAGE
	Forward	ii
I.	Special Factors Affecting the USAID Program	1
II.	Progress Toward Overall Country Program Goals	3
III.	Progress Toward Strategic Objectives and Related Progress Indicators	6
Annex B	Additional Data on Population Program	

192

FORWARD

USAID/Kenya submitted its Country Program Strategic Plan to Washington for approval in February 1990; a Program Week was held in early March to review it; and an approval cable was received in July. Based on AID/W approval, the Mission has proceeded to implement a program-level monitoring and evaluation system using 1989/90 as the base year and 1995 as the benchmark year. An Africa Bureau/CDIE/MSI team visited Nairobi for two weeks in October 1990 to design a program-level monitoring and evaluation system and outline a detailed Management Information System (MIS) for the Mission.

This year's API report briefly reviews performance over the past five years. As recommended at the API Workshop, the reporting format used is based on USAID/Kenya strategic objectives and targets recently approved by AID/W. As suggested, USAID/Kenya has used Section III to rearticulate several targets and indicators for the population and agriculture objectives. In the case of the private enterprise strategy, the objective and targets have been revised since the submission of the CPSP. The new objective tree is presented here for the first time, and the program is discussed based on this revised objective. For each section, a summary chart is provided with specific indicators and appropriate data, followed by a written description and assessment of program impact.

In this year's API, USAID/Kenya focusses on the impact of the population objective. The review is based on the recently completed 1989 Demographic Health Survey (DHS) and the just completed draft CDIE Impact Study. For the agriculture objective, the report concentrates on the impact of agricultural research interventions based on recent evaluation results. For the private enterprise program, this API presents the objective tree contained in the new private enterprise strategy which will be reviewed by AID/W in November. An impact analysis of the private enterprise program will be provided in next year's API report.

193

SECTION I: USAID/KENYA PROGRAM GOALS

	Actual FY 1985	Actual FY 1988	Latest Est. FY 1989	Data Sources
GOAL				
INCREASE SUSTAINABLE BROAD-BASED ECONOMIC GROWTH:				
1) Increase Real Income Per Capita				
a) Using GOK Inflation Estimate	1.0 %	1.1 %	1.2 %	1990 Economic Survey
b) Using USAID/Kenya Inflation Estimate	1.0 %	-0.9 %	-0.8 %	USAID/Kenya Analysis
2) Percent of Rural Population Without Access to Minimum Food Requirements	18-22 % (1984)	n/a	n/a	1990 World Bank Report
3) Infant and Child Mortality Per Thousand (Ages 0 to 5)	136 (1980)	n/a	110 (1987)	1990 UNICEF Report
4) GOK Expenditure Per Primary Pupil on School Equipment and Supplies (Kenya Pounds)	1.92	.19	.08	1990 World Bank Report
5) Percent Of Forest/Woods Depleted Per Year	n/a	n/a	1.7 % avg. (1980-89)	1989 World Bank Report

SUB-GOAL 1				
REDUCE FERTILITY AND POPULATION GROWTH:				
1) Reduce Fertility Rate	7.7 (1984)	n/a	6.7	DHS
2) Reduce Population Growth Rate	4.1 (1984)	n/a	3.8	Census

SUB-GOAL 2				
INCREASE PRODUCTION, EMPLOYMENT, INCOME AND FOREIGN EXCHANGE EARNINGS:				
1) Real GDP Growth Rate				
a) Using GOK Inflation Estimate	5.1%	5.2 %	5.0 %	1990 Economic Survey
b) Using USAID/Kenya Inflation Estimate	5.1%	3.2 %	3.0 %	USAID/Kenya Analysis
2) Annual Growth Rate in Employment:				
a) Formal Sector	4.9 %	5.7 %	4.5 %	1990 Economic Survey
b) Smallholder Agriculture	3.0 % (1974-85)	n/a	n/a	1988 World Bank Report
3) Foreign Exchange Earnings (Total Exports Plus Tourism, $ in Millions)	$1,228	$1,461	$1,405	1990 Economic Survey

SECTION I

SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Several key factors over the past year have affected and will continue to affect USAID/Kenya's program over the 1990-95 strategy period. The most important is the increasingly uncertain political climate in the country growing out of the multiparty debate. Another key factor is the impact of Kenya's declining terms of trade on the economy. Oil prices have doubled over the past six months and coffee prices have dropped by fifty percent over the past year. Each of these factors is discussed briefly below.

o Increasing Political Uncertainty: Increasing opposition to the Government's political agenda and the growing tide worldwide for democratization have led to growing demands for a multiparty system and new national elections. These issues came to a head in July, 1990 with country-wide demonstrations and riots accompanied by detentions without trial and more recently the banning of a monthly news journal which has been critical of the Government. These recent demonstrations and disturbances have also been fueled by the growing number of disenchanted Kenyans who have seen their employment opportunities diminish over the past five years. The result of this increased political uncertainty and pressure for a multiparty system is a less certain investment climate. In addition, many donors have expressed concern over the Government's handling of the multiparty debate and have suggested that future foreign aid levels depend to some degree on socio-political events as well as economic actions. This is important because Kenya depends heavily on foreign aid to offset its large current account deficit. Decreases in official development assistance would greatly affect the economy and the Government's ability to undertake necessary structural adjustments. The current situation is probably a factor in the diminished political will/ability on the part of the government to implement policy reform.

o Increasing Trade Deficit, Declining Terms of Trade: Kenya's oil import bill will almost double within the next 12 months based on current oil prices. In addition, coffee export earnings continue to be depressed because of a fall in coffee prices by 50 percent in the past year. Recently revised 1990 Balance of Payments (BOP) estimates show a $250 million deficit while only a year ago Kenya experienced an $80 million BOP surplus. The external shocks to Kenya's balance of payments may force the Government to slow and/or back off from its commitment to its import liberalization program. This sharp decline in the terms of trade highlights the need for Kenya to move quickly to implement its broad based export development strategy. Kenya has so far chosen to draw down its foreign exchange reserves but will soon have to make difficult choices, including more pronounced exchange rate depreciation and curtailing of certain imports. The effect

195

of the terms of trade decline on the economy will be substantial, leading to an economic slowdown.

196

SECTION II

PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

Kenya has made substantial progress at the macroeconomic level toward increasing the incomes, standards of living and future for the average Kenyan during the past five years. According to GOK statistics, real income per capita increased by over one percent annually over the past five years. Infant and child mortality rates continued to decline over the 1980 to 1987 period, and the ratio of school-age children in school is still very high. Yet, when analyzing these trends in more detail, focusing on the majority of the population, the results are not so clear and in fact point to potentially troublesome indicators for the future, particularly with regard to nutrition, education, poverty, and the environment. The Mission's analysis of Kenya's progress on country-level indicators is discussed below.

GOAL: Sustained and Broad-Based Economic Growth

1. Income: Using the Government's inflation estimates, per capita income grew by 1.1 percent annually over the past five years. Many analysts in Kenya, however, believe that the Government's consumer price index (CPI) is outdated and may underestimate inflation. The World Bank's draft 1990 Country Economic Memorandum devotes seven pages to the possible "sources of biases and inaccuracies" in the current GOK CPI. USAID/Kenya has previously reported that the CPI may currently underestimate inflation by at least 2 percent annually. Therefore, real per capita income and real modern sector wages in 1989 may have decreased by 0.8 percent instead of increasing by 1.2 percent. The World Bank and the IMF have asked the GOK to review and update the CPI.

2. Nutrition: The World Bank recently completed (1989) an analysis of food and nutrition in Kenya and found an increasing level of malnutrition and child-stunting. The Bank report states that approximately 20 percent of the rural population does not have access to minimum food requirements (1984 data). The report also states that the proportion of children ages 1-4 who are stunted increased from 24 percent in 1977 to 28 percent in 1982.

3. Infant and Child Mortality: Infant and child mortality is currently estimated to be 70 per thousand and 40 per thousand respectively. While under-five mortality is low for Kenya as a whole and has continued to decline, these figures mask the very high levels of mortality found in some districts. According to the Kenya Demographic and Health Survey, infant mortality appears to have remained relatively stable over the past decade.

4. Education: Gross primary school enrollments are quite high in Kenya, estimated at 94 percent in 1987. While high, however, there is reason to suspect that primary enrollments may be falling, and

197

that education in Kenya is suffering from a general decrease in quality of services provided. A key indicator of this decrease in quality is per pupil primary school expenditures on school equipment and supplies. Expenditures in this category dropped from 1.92 Kenya pounds per pupil in 1985 to .4 Kenya pounds per pupil in 1990.

5. Natural Resources: Maintenance of the environment is one measure of the sustainability of broad based economic growth. Kenya's environmental problems stem largely from population pressures on its limited land resources. These pressures are contributing to soil erosion as well as deforestation, which in turn has lead to the destruction of wildlife and natural habitats. In the period from 1980-89, Kenya's forests and woodland have been depleted at a rate of 1.7 percent per year.

SUBGOAL 1: Decrease Fertility Rate and Population Growth Rate

The 1989 Demographic and Health Survey (DHS) documented the first significant decline in fertility in Kenya's history. As shown in Table 1 (Annex B), the total fertility rate (TFR) declined from 7.9 children per woman in 1977/78 to 6.7 in 1989. Moreover, if one compares fertility rates for the 12-month period prior to each of the surveys (versus the three-year period used for the DHS), the decline during the period 1984-1989 is actually from 7.7 to 6.5 children per woman.

The recorded changes in fertility are consistent with other data showing increased knowledge and use of contraception, as reported in the KDHS. Statistics from the Ministry of Health, as well as from other large Non-Governmental Organization providers such as the Family Planning Association of Kenya (FPAK) and the Family Planning Private Sector (FPPS) Project, also show dramatic increases in the availability and use of contraception. Though USAID/Kenya is greatly encouraged by these changes, a TFR of 6.7 is still one of the highest in the world and must decline to much lower levels if Kenya is to achieve its demographic goals.

It is difficult, pending the release of the 1989 Census data, to assess the impact of this recent decline in fertility on the rate of natural increase. However, it would appear that the annual population growth rate has clearly dropped below 4.0 percent. Current estimates used by the Ministry of Planning put the rate at 3.4 percent, while estimates prepared for USAID by the U.S. Census Bureau, show a rate of 3.6 percent per year. It is important to note that, due to the age structure of the population, even the most optimistic scenario projects a doubling of Kenya's current population of 24.3 million in less than 25 years.

A recent analysis of the proximate determinants of fertility indicates that fertility regulation now accounts for 25 percent of the difference between the total fecundability rate, and the

198

current estimate of fertility. As shown in Table 2 (Annex B), this percentage has increased from only 7.0 percent in 1977/78. Fully two-thirds of the decline in fertility since 1977/78 is due to increased fertility regulation. On the basis of this analysis, the CDIE Impact Assessment Team concluded that family planning has been the most important factor in this decline.

SUBGOAL 2: Increase Production, Employment, Income and Foreign Exchange Earnings

Kenya's economy has performed well at the macroeconomic level over the 1985-89 period. According to the GOK, production and income have grown at approximately 5.2 percent annually in real terms over the 1985/89 period. If the CPI is underestimated, then perhaps 3 percent annual growth was achieved, still quite high for sub-Saharan Africa. Foreign exchange earnings increased by 22 percent from 1985 to 1989 in dollar terms as a result of coffee and tea price increases, rapidly growing tourism receipts and a successful opening into horticultural exports. Unfortunately, imports also experienced a boom period, increasing by 53 percent between 1985 and 1989, resulting in a growing current account deficit.

Employment information in Kenya is very good for the formal sector, but irregular special surveys are relied upon to track the large share of the labor force in smallholder agriculture and the informal sector. Employment growth over the 1974-85 period was quite impressive, as the table below indicates. Unfortunately, the public sector was the major source of job creation in the formal sector and the informal sector absorbed the growing labor force in urban areas at a cost of declining real wages.

Employment Growth Trends

	Actual Employment (1985)	Growth Rate (1974-85)
1. Modern Wage Sector	1,175	3.3
Private	588	1.7
Public	346	5.3
Large Agriculture	241	1.8
2. Smallholder Agriculture	5,542	3.0
3. Urban Informal	504	10.1
4. Rural Non-farm	213	6.7
5. Unemployed	236	--
6. TOTAL	7,620	--

Source: 1988 World Bank Report on Kenya's Employment

199

SECTION III

PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

STRATEGIC OBJECTIVE 1: Increase Contraceptive Use

USAID/Kenya's first strategic objective is to increase the use of safe and effective methods of contraception. Specifically, the objective is to increase the prevalence of contraceptive use among married women of reproductive age from the current estimated level of 27 percent to 35 percent by the end of FY 1995. As shown in Table 3 (Annex B), contraceptive use has increased dramatically, from only 7 percent in 1977/78 to 27 percent in 1989, with an increase from 9 to 18 percent in modern method use since 1984. This rate of change is virtually unprecedented in the African context.

Though certain parts of the country lag behind, the 1989 DHS found that contraceptive use increased in all regions of the country, and among all age groups. The period 1984-1989 also found dramatic increases in more effective method use, with voluntary surgical contraception (VSC) and injectable contraceptive use increasing from 2.6 and 0.5 percent to 3.6 and 2.7 percent respectively. Religious differentials in overall contraceptive use were negligible - again reflecting the broad-based acceptance of the concept of family planning.

In addition to periodic national prevalence surveys, USAID will also monitor annual changes in contraceptive use, using aggregate data on couple-years-of-protection (CYP) derived from the newly established Logistics Management Information System (LMIS). The LMIS, which is situated in the Ministry of Health, will generate quarterly estimates of CYP for all registered service delivery points in both the public and private sector. It is projected that there will be a 25 percent increase in CYP over the FY 1991 level by 1995.

TARGET 1.1: Improve the Availability of Family Planning Services

The primary focus of USAID's population assistance is to increase the availability and quality of family planning information and services. This is being accomplished by extending and strengthening clinic-based services, community-based family planning, and contraceptive retail sales. This program emphasis is based upon the belief that considerable unmet demand for family planning exists, and that extending and improving services will help to activate this latent demand.

The recent DHS strongly supports this assumption. There has been a dramatic decline in mean ideal family size in Kenya - from 7.2 in 1977-78 to 4.4 in 1989. What is particularly surprising is that

STRATEGIC OBJECTIVE No. 1

	Actual 1984	Baseline 1989	Benchmark 1995	Data Sources
STRATEGIC OBJECTIVE 1				
INCREASE CONTRACEPTIVE USE:				
1) Increase Contraceptive Prevalence Rate	17 %	27 %	35 %	DHS
2) Increase Couple Years of Protection	n/a	Establish in 1991	25 % Increase	Project Database
TARGET 1.1				
IMPROVE THE AVAILABILITY OF FAMILY PLANNING SERVICES (Indicators are provided in Sub-targets 1.1a-1.1e)				
SUB-TARGET 1.1a				
INCREASE THE NUMBER OF GOVERNMENT HEALTH FACILITIES ROUTINELY OFFERING FAMILY PLANNING SERVICES	577	837	1,088	Project Database
SUB-TARGET 1.1b				
INCREASE THE NUMBER OF PRIVATE SECTOR AND NGO SERVICE DELIVERY POINTS ROUTINELY OFFERING FAMILY PLANNING SERVICES	181	864	1,124	Project Database
SUB-TARGET 1.1c				
INCREASE THE NUMBER OF SITES OFFERING VOLUNTARY SURGICAL CONTRACEPTION	4	47	78	Project Database
SUB-TARGET 1.1d				
INCREASE PERCENT OF SUB-LOCATIONS WITH ACCESS TO COMMUNITY-BASED SERVICES	10	30	45	Project Database
SUB-TARGET 1.1e				
INCREASE NUMBER OF RETAIL OUTLETS SELLING:				
a) Reasonably-Priced Oral Contraceptives	0	0	120	Project Database
b) Reasonably-Priced Condoms	0	120	580	Project Database
TARGET 1.2				
INCREASE DEMAND FOR CONTRACEPTIVE SERVICES				
SUB-TARGET 1.2a				
DECREASE PERCENT OF NON-PREGNANT WOMEN CITING LACK OF KNOWLEDGE OF CONTRACEPTIVE METHODS AS CONSTRAINT TO USE	n/a	23 %	10 %	DHS
SUB-TARGET 1.2b				
INCREASE PERCENT OF WOMEN KNOWING WHERE SERVICES CAN BE OBTAINED FOR:				
1) IUD	n/a	60 %	75%	DHS
2) Female Sterilization	n/a	85 %	95 %	DHS

this change occurred across all age groups. The percent of women wanting no more children increased from 32 to 49 percent between 1984 and 1989, with another 26 percent indicating a desire not to become pregnant within the next 24 months.

The draft CDIE Population Impact Assessment further supports this conclusion. The draft reports states:

> "This rapid decline in ideal family size gives ample evidence of a strong demand for family planning, and suggests the need to increase the availability of family planning services to allow women to bring actual fertility in line with their stated family size preference.
>
> Further evidence is provided in a recent study by Cross and Obungu (1990) based on the 1989 KDHS which concluded that 36 percent of currently married Kenyan women had an unmet need for contraception, that is, they were not currently using contraception, were not currently pregnant or protected by postpartum amenorrhea, and wanted to either limit or space additional children. Among these, 22 percent had an unmet need for a spacing method, and 14 percent for a more permanent method. These data suggest that we can expect contraceptive prevalence to increase further as the availability and quality of family planning services continues to improve.'

TARGET 1.2: Increasing Demand for Contraceptive Services

As discussed above, it is USAID's belief that there is considerable latent demand for contraceptive services in Kenya. Though this latent demand has, in many cases, been activated through improvements in the availability and quality of services, it is clear that lack of correct knowledge about contraceptive methods, and where they can be obtained, remains an important factor limiting contraceptive use. For this reason, USAID will support a focused effort to address this need, and will monitor changes in this knowledge through the DHS planned for 1993, and specialized surveys financed through the centrally-administered Population Communication Services Project.

Program Interventions to Achieve the Strategic Objective and Targets

Clinic based family planning services

USAID has made a major commitment to helping to ensure that, wherever possible, family planning services are offered through existing health facilities, both in the public and private sector. In the public sector, attention has focused on training key service providers in maternal/child health and family planning (MCH/FP), logistics management, and the provision of contraceptive supplies.

- 202'

Though national data will not be available until the end of FY 1991, data from a 1989 Situation Analysis carried out within MOH facilities, as well as training and LMIS data, clearly show a dramatic rise in the number of MOH facilities staffed by personnel trained in MCH/FP and a much improved contraceptive supply system. The number of MOH registered service delivery points has increased from 577 in 1984 to 837 currently. The number is projected to rise to 1,088 by 1995.

Complementing this public sector effort have been several programs to introduce and/or strengthen family planning services in private health facilities. These include, through the Family Planning Private Sector Project, efforts to introduce family planning into health facilities in private commercial firms, parastatals, training institutions, private maternity homes, and NGO hospitals and health centers. In addition, both bilateral and central funds are being used to introduce family planning into the clinics of private medical practitioners. The number of private sector facilities offering family planning has risen from 181 in 1984 to 912 in 1990.

One special subset of the clinic-based services component is the Voluntary Surgical Contraception (VSC) program. Through the Association for Voluntary Surgical Contraception (AVSC), USAID has supported the establishment of 47 VSC sites in both the public and private sector. This expansion of service sites has contributed to the substantial rise in VSC procedures - from a few hundred per year in 1982 to nearly 10,000 in 1989. The number of sites is planned to increase from 4 in 1984 to 78 by the end of 1995.

Community based family planning services

The portion of the country served by community-based family planning (CBFP) workers has increased dramatically since 1988. Until that time, it is estimated that less than 15 percent of the population was served by such programs. Since 1988, there has been a major expansion in the community-based programs implemented by the Family Planning Association of Kenya and Maendeleo ya Wanawake Organization. Through a recent grant to the Christian Health Association of Kenya, USAID is supporting a major effort to expand community-based family planning services through their extensive network of health facilities. In short, through these and other NGO initiatives currently underway, it is estimated that nearly 35 percent of the sublocations are currently served by CBFP workers.

Contraceptive Retail Sales

The newest element of USAID's strategy supports efforts to enhance the availability of reasonably priced condoms and oral contraceptives sold through commercial retail outlets. USAID will help finance the marketing and distribution of four products to be obtained through a commercial arrangement between a local marketing

firm and commercial suppliers. FY 1991 will be the base year for this program and a rapid increase in retail outlets is projected over the three-year project period.

Improved Family Planning Knowledge

USAID/Kenya will support a focused effort to improve knowledge about family planning methods among providers, clients, and potential clients. This effort will be implemented by the Family Planning Association of Kenya, with the assistance of S&T/POP's Population Communication Services Project. The project will support the preparation and distribution of materials to both public and private sector organizations involved in family planning service delivery. This initiative is expected to substantially reduce the portion of clients who cite lack of knowledge as a constraint to family planning use.

STRATEGIC OBJECTIVE No. 2

	Actual 1985	Baseline 1989	Benchmark 1995	Data Sources
STRATEGIC OBJECTIVE 2				
INCREASE AGRICULTURAL PRODUCTIVITY AND FARM INCOME:				
1) Increase Maize Yeilds (MT/Hectare)	1.7 mt/hect (1980-84)	2.2 mt/hect (1985-89)	4% annual increase	CBS, PAM, NCPB
2) Increase On-farm Real Income	4.6% annual inc.(1974-82)	Establish in 1990/91	4% annual increase	CBS, PAM, Survey
TARGET 2.1				
IMPROVE AGRICULTURAL MARKET EFFICIENCY				
SUB-TARGET 2.1a				
REDUCE MARKETING COSTS FOR MAIZE AND BEANS	n/a	Establish in 1990/91	Reduce by 15 %	PAM, Project Survey
SUB-TARGET 2.1b				
REDUCE VARIATIONS IN REGIONAL AND SEASONAL MAIZE PRICES	n/a	Establish in 1990/91	Reduce by X %	CBS, NCPB
TARGET 2.2				
ACCELERATE DEVELOPMENT AND TRANSFER OF IMPROVED TECHNOLOGIES				
SUB-TARGET 2.2a				
INCREASE THE RATE OF DEVELOPMENT OF TECHNOLOGICAL PACKAGES	n/a	Establish in 1990/91	15 by end 1995	KARI Database
SUB-TARGET 2.2b				
INCREASE THE NUMBER OF TECHNOLOGICAL PACKAGES TRANSFERRED TO DISSEMINATION AGENCIES	n/a	Establish in 1990/91	10 by end-1995	KARI Database
SUB-TARGET 2.2c				
INCREASE ADOPTION OF NEW TECHNOLOGIES				
1) Percent Smallholder Maize Acreage in High Yield Varieties	n/a	40 %	60 %	KARI, MOA
2) Increase Fertilizer use	175,000 mt	285,000 mt	15% increase	MOA
3) Increase Adoption Rates	n/a	n/a	surveys	KARI, Surveys

STRATEGIC OBJECTIVE 2: Increase Agricultural Productivity and Farm Income

The USAID/Kenya agriculture program has focused primarily over the past five years on increasing agricultural productivity through accelerating the development and adoption of new technologies. There is strong evidence that recent gains in agricultural productivity in Kenya can be associated with the increased use of improved seed varieties and the increased use of fertilizer. USAID has played a significant role in both.

1) Increase Maize Yields (metric tons per hectare)

During the 1981-90 period, maize yields in Kenya are estimated to have increased at a rate of approximately 2.1 percent per year. While this positive growth trend reversed the negative rate of growth (-0.7 percent per year) experienced during the 1973-80 period, this rate of increase has been insufficient to meet the country's objectives for food security and income growth as the population growth rate has until recently been 4.1 percent per year.

Over the past four crop years, average yields have increased significantly over the early 1980s. The average annual yield for the 1980-84 crop years was 1.725 mt/hectare while it increased to 2.175 mt/hectare in the 1985-89 period. (The 1984/85 drought year is excluded.) Between the first and second half of the 1980s, average yields increased by 26 percent. In recent years the average annual increase in maize yields has been approximately 3 percent, significantly higher than the decade average.

The necessary and sufficient factors which are responsible for this large increase in yields are 1) relatively good price incentives, 2) favorable weather, 3) introduction of new inputs and 4) increased use of fertilizer. As discussed below, USAID/Kenya has been a key donor working with agricultural research and the importation, pricing and distribution of fertilizer. With the area under maize production stabilized since 1983, production gains can be associated with the success of increased agricultural productivity and USAID/Kenya's agricultural sector program.

2) Increase On-Farm Real Incomes

For the period in which most recent data is available, the per capita income for rural smallholders was estimated to have increased at a rate of 4.6 percent per year (1974-1982). Since no country-wide income data has been collected since 1982, conclusions about income in the 1980s are tentative, but many indicators suggest that on-farm incomes may have fallen or at a minimum stagnated during the 1980s. Agricultural sector GDP grew at an average rate of 3 percent per year in the 1980s, while the

206

population growth rate was 4.1 percent, suggesting that per capita agricultural sector income growth was negative. Increased rural malnutrition and child stunting also suggest that rural incomes are not improving. More analysis must be undertaken to address the question of on-farm real income growth.

During the upcoming year, the Government will be analyzing in detail the 1986/87 Agricultural Production Survey which should add additional information on real on-farm incomes. In addition, USAID/Kenya is presently completing a baseline survey in six districts which will provide 1990 on-farm income and expenditure data for selected crops.

TARGET 2.1: Improve Agricultural Market Efficiency

Since agricultural marketing efficiency has only this year become a focus of the agricultural sector strategy, no analysis is presented here. During 1990/91, a baseline for indicators of market efficiency will be established. Data generated under the Kenya Market Development Program will provide the baseline for establishing current marketing costs for maize and beans. In addition, the analysis of current variations in regional and seasonal maize prices will be established as a second indicator to track changes in overall marketing efficiency.

TARGET 2.2: Accelerate Development and Transfer of Improved Technologies

Over the past five years, a number of activities in agricultural research and fertilizer importation and distribution have contributed to the increase in maize yields.

Agricultural Research - New Seed Varieties

USAID/Kenya has focused its support of agricultural research on the Kenya Agricultural Research Institute (KARI) and has become one of the largest donors supporting KARI. For the past three years USAID/Kenya has concentrated its support for KARI on designing and installing new administrative, financial and personnel systems and cereal crop research. A major impact of this assistance can be seen in the number of new or improved maize seed varieties released over the last three years and the release of new technological packages.

While maize seed sales in Kenya have averaged about 17-18,000 metric tons per year over the past six years, the productivity of the new seed varieties has steadily increased. Seven new or improved maize varieties have been released over the last three years. A new coastal variety was released in 1989 which increased yield potential by almost 35 percent from the previously recommended variety. 614-D, recommended for the high potential areas was released in 1987, replacing 614-C. The 614-D has a yield

increase potential over the C variety of 10 percent. Overall 614 sales have increased from 3,390 mt in 1983/84 to 9,877 mt in 1989/90. In 1989 a new hybrid 626 was released which could overtime replace the 614 series. H626 has an increased yield potential of 13 percent over 614D. Sample on-farm yield data from five districts indicate average yields of 5.5 MT/HA for the 614 variety, an approximate 60 percent increase above average yields for these districts.

Maize Streak Research

During the past 18 months, the decisive action and rapid deployment of research scientists and equipment by KARI to study and control the rapid spread of the maize streak virus has prevented a major breakdown of the maize production system in Kenya. Rapidly deployed KARI surveys in 1989 indicated major infestations of the virus in Central and Eastern Provinces. With continued USAID assistance, KARI scientists, working with technical advisors, quickly developed a plan of research action to control the disease and its spread. Resistant cultivars have been identified, and plant breeding techniques developed at KARI are being utilized to incorporate resistance for appropriate Kenya varieties. A large multi-year loss of maize production has been averted in large part because of the rapid detection of the disease and decisive action by KARI to assume responsibility for the applied research and transfer of the research to users in a timely fashion.

Contract Research

KARI has also recently developed an approach to contract research for specific commodities where direct beneficiaries of research outputs are assessed costs under the program. For example, KARI, in collaboration with the Pyrethrum Board of Kenya, has developed a tissue culture laboratory for propagation of pyrethrum planting material. Since 1988, foundation planting material for commercial uses has increased eightfold and has greatly improved in quality. In the two major pyrethrum production areas of Kenya -- Kisii and Nakuru Districts -- average net profit per acre has increased by 30 percent in one year. Virtually all pyrethrum is produced as an important cash crop by farmers with two to five acres, therefore KARI's efforts in pyrethrum research are directly benefiting smallholders in Kenya.

Increased Fertilizer Use

In the mid-1980s, the Government identified the lack of fertilizer use as a major constraint to increased yields. In response to this problem, USAID/Kenya implemented a multi-year fertilizer importation program with a policy agenda which has opened the importation and distribution of fertilizer to private traders and has resulted in decontrolled fertilizer prices. Fertilizer use has increased from 129,000 metric tons in 1980/81 to 175,000 mt in

1984/85 and to 285,000 metric tons in 1988/89. This substantial increase in fertilizer use has been a key component in increasing agricultural productivity. A recent impact evaluation of the USAID/Kenya fertilizer program found that the availability and use of fertilizer by smallholders has also increased substantially.

Strengthening the private sector's role in fertilizer has been a key component of the USAID program. The Government's decontrol of fertilizer prices has lead to increased competition in the market. In addition, the Kenya National Fertilizer Association (KNFA), which represents private firms and cooperatives, has played an increasingly important role in importing and distributing fertilizer. The KNFA's role in importing fertilizer is expected to expand even more in the coming years as the Government's role decreases.

STRATEGIC OBJECTIVE No. 3

	Actual 1985	Baseline 1989	Benchmark 1995	Data Sources
STRATEGIC OBJECTIVE 3				
INCREASE PRIVATE ENTERPRISE EMPLOYMENT WHILE REVERSING THE DECLINE IN REAL WAGES:				
1) Real Wage Bill Growth Rate	7.1 %	5.6 %	7.0 %	Economic Survey
2) Formal Private Sector Employment Growth Rate	3.7 %	1.6%	4.0 %	Economic Survey
3) Private Sector Real Wage Growth Rate	-1.5 %	-0.8 %	1.0 %	Economic Survey and USAID/Kenya
TARGET 3.1				
INCREASE NON-TRADITIONAL EXPORT EARNINGS:				
Increase Non-traditional Export Earnings	$320 Mil.	$420 Mil.	$675 Mil.	Economic Survey
SUB-TARGET 3.1a				
IMPROVE POLICY ENVIRONMENT FOR EXPORTS:				
Increase Investment in Non-traditional Export Enterprises	n/a	Establish in 1990/91	Establish in 1990/91	Project Survey
SUB-TARGET 3.1.b				
EXPAND SUPPORT SERVICES FOR EXPORTERS:				
Increase The Number of Non-Traditional Exporters	n/a	400	550	KNCCI, Special Surveys
TARGET 3.2				
INCREASE PROFITABILITY OF SMEs:				
Increase The Number of SME New Starts	n/a	Establish in 1990/91	Establish in 1990/91	Project Survey
SUB-TARGET 3.2a				
IMPROVE REGULATORY ENVIRONMENT AND SUPPORT SERVICES FOR SMEs:				
Increase New Investment in SMEs	n/a	Establish in 1990/91	Establish in 1990/91	Project Survey

STRATEGIC OBJECTIVE 3: Increase Private Enterprise Employment While Reversing the Decline in Real Wages

USAID/Kenya's third objective, to increase private enterprise employment while reversing the decline in real wages, has been revised from the CPSP. What follows is a brief description of the proposed indicators for the private enterprise strategic objective, targets and subtargets. The reader is directed to the October 1990 USAID/Kenya Private Enterprise Strategy Statement for additional detail on the choice of indicators and the monitoring and evaluation system to be used to track program achievements. A full discussion of the impact of USAID/Kenya's Private Enterprise program will be presented in next year's API report.

The primary indicator proposed for Strategic Objective 3 is the real wage bill. The real wage bill incorporates both employment and real wage concerns. The real wage bill grew by an average of 6.5 percent over the 1985-89 period and by 4.3 percent over the 1988-89 period. The target growth rate is 7.0 percent for 1995, which if achieved, will begin to address the problem of declining real wages.

Real wage growth as well as employment growth will also be tracked for private enterprises. The proposed indicator for real wage growth is a 1 percent average annual increase in formal private sector real wages, from a baseline average real rate increase of -0.8 percent in 1989.

Increasing employment will also be used as an indicator with a 1989 baseline of 1.6 percent and the proposed 1995 target growth rate of 4.0 percent.

Due to the absence of recent data on the informal sector, a survey is planned for FY 91 to establish a baseline on the number of employees and real wages of this sector. The survey will define the informal sector proportion of wage employment. This approach is necessary given the informal entrepreneurs' reticence to report wages or income, and the lack of national statistics. While change in the level of employment and real wage bill of the formal private sector can be tracked on an annual basis, that of the informal sector will be monitored against the FY 91 baseline by special surveys to be conducted in FY 93 and FY 95.

TARGET 3.1: Increase Non-Traditional Export Earnings

Non-traditional export (NTE) earnings, defined as exports excluding coffee, tea and petroleum products, have risen from $320 million in 1985 to $420 million in 1989, with an average annual growth rate of 4.6 percent over the 1985-89 period. Through proposed program interventions, the annual growth rate of NTE earnings is expected to increase to 9 percent over the 1990-99 period, with a target of $675 million in NTE earnings in 1995. The GOK Annual Economic

211

Survey will be utilized to track the increases in non-traditional export earnings. The trend analysis monitored by the Mission will separate non-traditional exports into subsectors of value added from EPZs, horticulture, processed agricultural goods, manufactured goods and handicrafts. Changes in volumes of exports and destinations of products also will be analyzed periodically.

Additional program performance indicators which are proposed for tracking the sub-targets are: 1) increasing investment in non-traditional export enterprises, and 2) increasing the number of non-traditional exporters. Project data will be utilized to analyze the trends in investments and numbers of exporters.

TARGET 3.2: Increase Profitability of Small and Medium Enterprises (SME)

Profitability of small and medium enterprises relates to the income and employment uptake potential of each existing firm in the subsector, and is critically linked to the potential for new entrants to create and expand businesses into the small and medium size range. In order to measure the number of SME new starts, the Mission plans to combine information available from the Statistical Abstract with other data from the Central Bureau of Statistics and several planned impact studies to demonstrate changes over time in the subsector.

In order to determine an increase in investment in SME's over time, a baseline study will be undertaken in FY 91 to determine the level of investment in small and medium enterprises. A Kenyan consulting firm will design, conduct and analyze the research.

212

ANNEX 2

ADDITIONAL POPULATION DATA

Table 1

Total Fertility Rates by Province, Various Surveys: Kenya

Province	1977/78 KFS	1984 KCPS	1989 KDHS	Percent Deadline 1977-1989
Western	8.2	6.3	8.1	1.2
Nyanza	8.0	8.2	7.1	11.3
Rift Valley	8.8	8.6	7.0	20.5
Central	8.6	7.8	6.0	30.2
Nairobi	6.1	5.6	4.6	24.6
Eastern	8.2	8.0	7.0	14.6
Coast	7.2	6.7	5.5	23.6
Kenya	8.1	7.7	6.7	17.3

Source: Cross et. al., 1990, Table 1

ANNEX 2

Table 2

Analysis of Proximate Determinants of Fertility: Kenya

Year	TF	TFR	TF-TFR	Decomposition of Difference Due to: Marriage Patterns	Fertility Regulation	Lactational Amenorrhea
				(No./pct.)	(No./pct.)	(No./pct.)
1977-78	17.3	8.3	-9.0	-1.7 (19%)	-0.6 (17%)	-6.7 (74%)
1984	17.2	7.7	-9.5	-2.4 (25%)	-1.1 (12%)	-6.0 (63%)
1989	17.2	6.7	-10.5	-2.6 (25%)	-2.6 (25%)	-5.3 (50%)
Change 1977-1989			-1.5	-0.9	-2.0	+1.4

Note: TF = Total fecundity rate; i.e., the theoretical maximum number of children in the absence of any inhibiting effects of the proximate determinants.

Source: Robinson, W.W. and S.F. Harbison, 1990

ANNEX 2

Table 3

Percent of Currently Married Women 15-49 Currently Using Contraception, by Method: Kenya, 1977-1989

Method	1977/78 KFS	1984 KCPS	1989 KDHS
All Methods	7	17.0	26.9
Modern Methods	5	9.7	17.9
Tubal Ligation	1	2.6	4.7
Vasectomy	0	0.0	0.0
Pill	2	3.1	5.2
IUD	1	3.0	3.7
Condom	0	0.3	0.5
Injectables	1	0.5	3.3
Vaginals	0	0.1	0.4
Traditional Methods	2	7.3	9.0
Periodic Abstinence	1	3.8	7.5
Withdrawal	0	0.6	0.2
Other	1	2.9	1.3

1989 Kenya Demographic and Health Survey

LESOTHO

ASSESSMENT OF PROGRAM IMPACT

USAID/LESOTHO

October 1990

217

TABLE OF CONTENTS

		Page
TABLE OF CONTENTS		ii
LIST OF ACRONYMS AND ABBREVIATIONS		iii
OBJECTIVE TREE		iv
INTRODUCTION		1
SECTION I	SPECIAL FACTORS AFFECTING THE USAID PROGRAM	2
SECTION II	PROGRESS TOWARD COUNTRY PROGRAM GOAL	3-4
SECTION III	PROGRESS TOWARD STRATEGIC OBJECTIVES, TARGETS AND SUBTARGETS	5
	EDUCATION	6-12
	AGRICULTURE	13-19
	HEALTH	20
APPENDIX I	SUMMARIES OF STUDENT SUCCESS STORIES	21

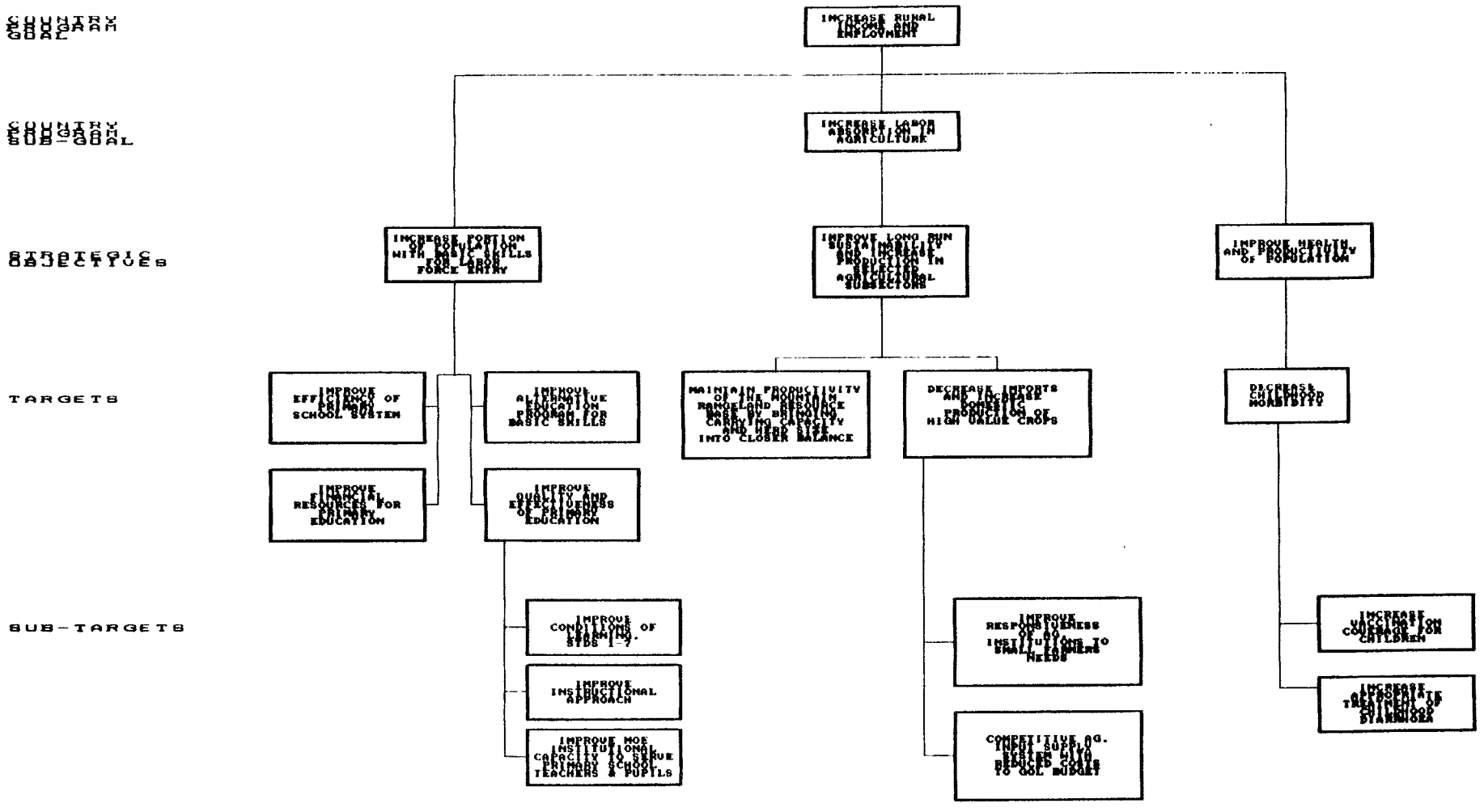
218

LIST OF ACRONYMS AND ABBREVIATIONS

API	Assessment of Program Impact
AU	Animal Unit
BANFES	Basic and Non-Formal Education Systems Project
CDSS	Country Development Strategy Statement
CPSP	Country Program Strategic Plan
DRT	District Resource Teacher
EOL	End of Level
GOL	Government of Lesotho
GDP	Gross Domestic Product
IMF	International Monetary Fund
IMRC	Instructional Materials Resource Center
KG	Kilogram
LAC	Lesotho Agricultural College
LAPSP	Lesotho Agricultural Policy Support Program
LHWP	Lesotho Highlands Water Project
M	Maloti (currency unit for Lesotho)
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOH	Ministry of Health
NCDC	National Curriculum Development Center
NPA	Non-Project Assistance
NTTC	National Teacher Training College
PIEP	Primary Inservice Education Program
PSLE	Primary School Leaving Examination
RMA	Range Management Area
SAF	Structural Adjustment Facility
SEP	Student Enterprise Program
SSU	School Supply Unit
TSTC	Thaba Tseka Skills Training Center
TSU	Teacher Service Unit
USAID	United States Agency for International Development

219

ASSESSMENT OF PROGRAM IMPACT REPORT - 1990
OBJECTIVE TREE - USAID/LESOTHO



220

ASSESSMENT OF PROGRAM IMPACT

INTRODUCTION

This Assessment of Program Impact (API) for 1990 reports progress to date for the Lesotho program. The Fiscal Year (FY) 1986 Country Development Strategy Statement (CDSS) Update, dated February 1984, provides the basic framework for the strategic objectives for the October 1990 API report. Recent Project Implementation Reports, Congressional Presentations and Annual Budget Submissions have also provided information for Mission development of the program logframe. Available data varies by year and quality since the CDSS Update did not identify baseline data and the limited data collected deals with strategic objectives and targets rather than goals. The Mission intends to identify and develop improved data collection sources with the preparation of the Country Program Strategic Plan (CPSP). Section I of this report discusses Special Factors Affecting the USAID Program during the 1984-1990 period. Section II discusses Progress Toward the Country Program Goal: to increase rural incomes and employment. Section III, the final section, provides the major impact discussion by focusing on Progress Toward Strategic Objectives, Targets and Subtargets and Related Indicators.

Although the data does not provide a clear picture of progress toward the goal of increased rural income and employment, trends at the strategic objective, target and subtarget levels suggest positive movement. In education, for example, trend data shows steadily increasing efficiency of the education system. In agriculture, range data shows great strides in the improvement of range quality, although in limited areas.

221

SECTION I - SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Special factors affecting program impact -- the entry of the Government of Lesotho (GOL) in a Structural Adjustment Facility (SAF) arrangement and the changing situation in South Africa -- are discussed below.

The GOL entered into a three-year SAF arrangement with the International Monetary Fund (IMF) to address serious fiscal problems beginning Lesotho FY 1988/89. Complementing SAF efforts to address structural problems, USAID expanded its agricultural portfolio in 1988 and initiated the Lesotho Agricultural Policy Support Program (LAPSP) to encourage more efficient use of Lesotho's domestic resources in crop agriculture and livestock. The conditionality of LAPSP and SAF are mutually reinforcing. LAPSP supports reforms focusing on the privatization of agricultural input supply and distribution, the implementation of a new national livestock policy and the implementation of a grazing control program and complementary market reform.

The changing situation in South Africa, especially the move for negotiations with the African National Congress and the removal of selected apartheid structures, is emerging as a factor that may increasingly affect GOL ability to meet income and employment targets. Employment opportunities for Basotho males in South African mines have stabilized and may abruptly stop because of the greater use of capital-intensive mining techniques and increasing pressure to replace Basotho with South Africans. More Basotho are likely to have to look for options in agriculture and informal activities to meet basic needs. An already high unemployment rate of 23 percent (1988) in Lesotho could increase, particularly among unskilled workers as fewer are employed in the mines and unskilled jobs in South Africa. Since 52.7 percent of rural households identify migrant mineworker remittances as their main source of income (1986/87 Household Budget Survey), a reduction in such employment opportunities could seriously affect rural income and employment. The Lesotho Highlands Water Project (LHWP) is expected to generate increased employment opportunities for Basotho in the early to mid-1990 period (an estimated 4,333 in 1990 and 6,580 in 1994 during the peak year), especially for unskilled construction labor, but this option is short lived and relatively low paid.

On the other hand, the changing South African situation, particularly the projected expansion of education and health facilities, may provide increased short-term, higher paid employment opportunities for skilled Basotho. Such de-capitalization of trained professionals, even temporarily, may slow down GOL efforts to improve social services throughout the country.

SECTION II - PROGRESS TOWARD COUNTRY PROGRAM GOAL

The goal for the FY 1986 CDSS Update is to increase rural income and employment. This general goal will also be used for this API. USAID has also identified a subgoal for agriculture: to increase labor absorption in agriculture. Baseline data and regular assessments of progress toward the goal were neither included with the CDSS Update or developed independently. Thus, macroeconomic indicators will be used as the principal data source for this API together with other available information on household income and employment.

Goal	Baseline Indicator	FY 1989
Increase rural income and employment	Annual increase in real GDP 1985 = 1.6%	1989 = 5.5% (projected)
	Annual increase in real GDP per capita 1985 = -1.0%	1989 = 2.8% (projected)
	Unemployment 1985/86 = 22.9%	1988 = 23%
	Contribution of ag as % of GDP 1985 = 21%	1988 = 20%
	Infant mortality rate in infant deaths/per thousand infants 1985 = 104.4	1988 = 83

The indicators for the period show an increase in real GDP and quality of life. For the period of 1984 through 1988, real GDP growth averaged 6 percent annually. However, given a high population rate of more than 2.6 percent over the period, the increase in real GDP per capita has been considerably less. While this macro data suggests growth in domestic income generally, it says little about the rural population. Agriculture contributes about 20 percent to real GDP, a figure that is slightly decreasing over time, but still a significant factor in GDP. Additionally, the contribution of agriculture can

223

vary considerably depending on weather conditions. Crop production in 1988 was exceptionally high, largely due to favorable weather. On the other hand, the real GDP in 1989 is expected to drop because of decreased agricultural production due to excessive spring and summer rains. While 26.7 percent of the rural households identify subsistence agriculture or cash cropping as their main source of total income, migrant mineworker remittances are a more important main source (52.7 percent of the rural households). Thus, the macro data provide at best only minimal information on the relationship of the USAID agricultural portfolio to rural income. Further, the impact of rangeland improvement is longer term and probably not measurable at the income level in this period.

The employment story is even more difficult to tell using available data. Adequate data for assessing progress on the subgoal of labor absorption in agriculture are not available. In general, Lesotho continues to face a serious problem in generating sufficient jobs for the rapidly expanding workforce. In 1988, overall unemployment approximated 23 percent, increasing slightly over the 1985/86 period. An estimated 2,000 jobs are created annually in the formal private sector. Little is known about the informal sector but USAID's ongoing study on micro-enterprise could provide more data on private sector employment. Overall, however, it is clear that the economy has been unable to keep up with population growth and employ all of the approximate 20,000 annual entrants to the labor force.

Nor has South Africa been able to absorb the excess. While employment of Basotho in mines has increased between 1984 and 1988, employment is now stabilizing. Wages for miners, who make up a large portion (83 percent in 1985/86) of the total migrant workers, have generally risen substantially over the period, staying slightly ahead of inflation. Current annual increases are about 18 percent per annum. Thus, while the employment opportunities have increased slightly and moved toward stabilization over the assessment period, earnings of mineworkers have continued to increase substantially, providing increased resources for the families of mineworkers who reside in rural areas.

SECTION III - PROGRESS TOWARD STRATEGIC OBJECTIVES, TARGETS AND SUBTARGETS

This section of the API includes reporting in matrix of progress on the three strategic objectives, including one each in education, agriculture and health and the related targets and subtargets. The quality and availability of data varies. Thus, some indicators are not as precise as one might desire. More detail on data and impact are included in the texts accompanying each sectoral matrix.

A. MATRIX FORMAT - EDUCATION

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
Strategic Objective 1.0 Increase portion of population with basic skills for labor force entry	A. Access: enrolment of age group (6-12) in primary school	
	1985 = 70%	1989 = 79% girls= 86% boys = 69%
	B. Primary school enrolment	
	1985 = 314,000	1989 = 348,000
	C. Primary schools with all 7 standards available	
	1985 = 63%	1989 = 69%
	D. Completion: Percent primary school enrolees completing 7th standard and Primary School Leaving Examination (PSLE)	
	1985 = 46%	1988 = 53%
Target 1.1 Improve efficiency of primary school system	Efficiency: Equivalent years to produce completer of 7th standard and PSLE	
	1985 = 15.3 years	1989 = 12.8 years
Target 1.2 Improve financial resources for primary education	Financial Resources: A. Percent GOL budget: for MOE	
	1986 = 13.9%	1990 = 22%
	B. Percent MOE budget for primary schools	
	1986 = 37%	1990 = 40%

226

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
Target 1.3 Improve quality and effectiveness of primary education	A. Effectiveness: Primary School Leaving Examinations (PSLE) pass rate - percent standard seven pupils who pass PSLE	
	1985 = 76.9%	1989 = 80.5%
Sub Target 1.3.1 Improve conditions of learning, Stds 1-7	A. Pupils per classroom	
	1985 = 104	1989 = 108
	B. Pupils per teacher	
	1985 = 55	1989 = 56
Sub Target 1.3.2 Improve instructional approach	A. Instructional materials provided for: 1) Basic skills:	
	1985 = Sesotho 1 text/pupil English 1 text/pupil Maths 1 text/pupil	1989 - 1 text per pupil plus - Breakthrough to Literacy pilot complete - Mahlaseli Supplementary reader, all Stds 1-3 pupils - Radio Language Arts, all Stds 1-3 pupils - Supplementary Materials - abacus, etc. all Stds 1-3 classes
	2) Practical skills: 1985 = none	1989 - Agriculture Syllabus, Practical Arts and Crafts Manual for all primary teachers Small Business readers for upper primary pupils

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
	B. End of Level (EOL) Assessment by teachers	
	1985 = none	1990 - teachers trained in EOL assessment, test questions developed
	C. Teachers receiving regular inservice education	
	1985 = none	1989 = 1181 (90% of small remote schools)
	D. Percent of primary school teachers fully qualified	
	1985 = 79%	1981 = 81%
Sub Target 1.3.3	MOE Institutional Structure:	
Improve MOE institutional capacity to serve primary school teachers and pupils	A. 1) National Teacher Training College (NTTC) academic and administrative structures	
	1985 - ineffective	1989 - redesigned and established
	2) Primary Inservice Education Program (PIEP)	
	1985 = none	1989 = established with 40 resource teachers serving 1181 teachers in remote schools
	3) Teacher Service Unit (TSU) Personnel records	
	1985 = incomplete paper records	1989 = accurate, complete, computerized, including salary payments

228

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
	B. 1) National Curriculum Development Center (NCDC) National Dissemination Network	
	1985 = none	1990 = established nationwide
	2) NCDC staff producing statistically reliable PSLE	
	1985 - PSLE irregular	1989 - PSLE reliability = 76%
	3) Instructional Materials Resource Center (IMRC) Materials produced for instructional program in number of pages	
	1985 = 495,000	1989 = 2,000,000
	4) School Supply Unit (SSU), procedures, and facilities to provide books	
	1985 = none	1989 = designed, partly established
	C. Methods used by MOE for budget formulation	
	1985 - across the board increases	1989 - Planned by program analysis
	D. Planning Unit Statistics office	
	1985 = irregular reports	1989 - Regular, detailed statistical reports of various educational data on computerized system

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
Target 1.4 Improve alternative education program for basic skills	Alternative: Thaba Tseka Skills Training Center (TSTC)	
	1985 = facilities with minimal staff	1989 = fully functioning with 7 trade courses

B. SUPPORTING TEXT

Data is largely from MOE or collected as part of USAID funded project.

Strategic Objective 1.0

Increase population with basic skills for labor force entry. This reflects the basic education improvement under the Basic and Non Formal Education Systems (BANFES) Project from 1985 to 1991, and earlier USAID programs in instructional materials, non formal and distance education, and vocational skills training. Since 1985, Lesotho's educational organizational structure has been strengthened. Access to full 7 standards of primary schools has increased; pupils with completion of primary school is also increasing. From 1980 to 1986 gross enrolment in primary school increased by 30% equivalent to 116% of age group 6-12; this is one of the highest in Sub-Saharan Africa. Quality has improved some, but not sufficiently for Basotho to compete successfully in the modernizing regional economy. Boys still enrol in school later and attend less than girls, due to their economic role in herding.

Target 1.1

Improve efficiency of the primary school system is straight forward, showing increased completion. However, the PSLE pass rate varies with the PSLE difficulty level set each year to determine secondary school entry places. The improving trend is more important than year to year variations.

Target 1.2

Improve financial resources for primary education, a result of USAID and other donor involvement in the sector and GOL and parental interest in basic education as a necessary investment for economic development. Parents expenditure of $24 per child equals that of government. Additional GOL/MOE budget has been used principally to increase access to upper primary more than to improve the quality of lower primary.

Target 1.3

See 1.1

Sub Targets:

1.3.1 Improve conditions of learning.

Figures reflect MOE emphasis on access more than quality.

1.3.2 Improve Instructional Approach:

Through the NCDC National Dissemination Network, teachers were trained in using new materials and in developing end of level tests for measuring pupil achievement. With the MOE Inspectorate, BANFES began a regular primary inservice education program of District Resource Teachers (DRTs) who serve 90% of the smallest and most remote schools.

231

1.3.3 Improve MOE institutional capacity to serve primary school pupils and teachers

Indicators for this subtarget are difficult to describe. Included are only a few examples of the MOE/BANFES major work in strengthening MOE operations. These improved operations, however, are threatened by a brain drain resulting from the ceiling on salaries under the structural adjustment program. Teacher pre-service (NTTC) and inservice education (PIEP/DRT) organizations are greatly strengthened. Teacher personnel records (TSU) are now accurate and complete, including salary records. Instructional materials development, production and distribution organizations (NCDC, IMRC, SSU) are better able to support primary instructional programs and to implement achievement testing (PSLE and EOL tests). Instructional materials include teacher syllabi and manuals and pupil learning materials (e.g., readers and workbooks). BANFES also assisted MOE to improve fiscal planning and budgeting. Within the Planning Unit, the statistics office was greatly improved, so that the data base for many API indicators is now readily available.

Target 1.4

Improve alternative education program for basic skills. BANFES developed the administrative structure and instructional programs for Thaba Tseka Skills Training Center. TSTC is now fully functioning with MOE budget and staff, providing seven courses in construction, carpentry, furniture, metal work, leather work, and sewing and knitting.

A. MATRIX FORMAT - AGRICULTURE

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
Strategic Objective 2.0 Improve long run sustainability and increase production in selected agricultural subsectors.	A. Percent of Lesotho rangeland under improved management that is reversing degradation of the resource base.	
	1983 = 0%	1990 = 6%
	B. Tonnage of domestic High Value Crop Production.	
	1985 = 8,700 Tons Vegetables	1990 = 13,800 Tons
Target 2.1 Maintain productivity of the mountain rangeland resource base by bringing carrying capacity and herd size into closer balance.	A. Changes in Range Condition Scores.*	
	1983 = 139	1990 = 161
	B. Percent of test areas showing improvement in range condition trends.	
	1983 = 0%	1990 = 83
	C. Animal quality inside versus outside RMAs.	
		Animal Weights: Cattle weighed about 50 kg or 10-22% higher inside the RMA in 1988/89.
		Animal Sales Price: In recent years cattle prices have averaged 15-20% higher within the RMA as compared to outside it.
	D. Animal Numbers in mature RMAs.	
	Sehlabathebe: 1983 = 6798 animal units (AUs)	1989 = 5875 AUs
	Rama's Gate: 1988 = 3744 AUs	1989 = 3432 AUs

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*Composite index of plant species composition and total ground cover. See further explanation in text.

233

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
Target 2.2 Decrease imports and increase domestic production of High Value Crops.	Ratio of local to imported high value crops.	
	1985 = .31	1990 = .47
Subtarget 2.2.1 Improve responsiveness of ag. institutions to small farmers' needs.	A. Lesotho Ag College	
	- % of graduates employed in the private sector.	
	1987 = 4.5%	1989 = 29%
	- Number of students completing 1 year program of operating their own ag. enterprises.	
	1987 = 0	1990 = 42
	B. Ag. Research	
	- Adoption of Research results; - Pinto Bean Seed sold through main distributor.	
	1986/87 = 0	1989/90 = 10,500 kg.
	- New wheat variety seed sold.	
	1986/87 = 0	1989/90 = 151,500 kg.
	- Agricultural lime sold.	
	1986/87 = 0	1989/90 = 92 Tons
	- Services provided to farmers, farmer soil samples analyzed by soils lab.	
	1983/84 = 0	1989/90 = 1,748
	C. Number of home gardens initiated/ improved under MOA/USAID/Peace Corps program.	
	1985 = 0	1990 = 1,485

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
	D. Ag. Marketing Services	
	- Market Information Service	
	1985 = Virtually None	1990 = Active service providing weekly price data to farmers, undertaking surveys, etc.
	- Market Extension Service	
	1985 = None	1990 = Operating in all 10 districts linking farmers and private traders.
Subtarget 2.2.2 Competitive Ag. Input Supply System with reduced costs to GOL budget.	A. Private business activity in Ag. Input Supply.	
	Rapid appraisals show increased private sector activity in Ag. Input Supply over the past three years.	
	B. Cost saving to GOL of eliminating direct fertilizer subsidy.	
	1985/87 Average Cost to GOL = M2.7 Million	1990 = 0

235

B. SUPPORTING TEXT

1. Strategic Objective #2. Strategic Objective No. 2 is to improve long run sustainability and to increase production in selected agricultural subsectors. Since the early to mid 1980's, the USAID/Lesotho agricultural program has concentrated primarily in two areas, mountain rangelands and high value crops. The objectives are: 1. to check and reverse the degradation of Lesotho's mountain rangelands, caused by an imbalance between the number of livestock and the carrying capacity of the land; 2. to increase production and decrease imports in the high-value crops subsector (vegetables, fruits, and some fodder and pulses).

The indicator for improved management of rangelands (Indicator A) is straightforward; at the beginning of the USAID program in 1983, none of Lesotho's rangeland was under an organized management program that was stopping or reversing degradation of the natural resource base - today, 6% of the country's rangeland (130,000 hectares) is under such management. The effectiveness of this program to improve natural resource management is detailed in the target level indicators.

The indicator for increased production of high value crops is more complicated (Indicator B). While the best available data shows nearly a 60% increase in high value crop (vegetable) production from 1985 to 1990, there are several problems with this information. Different sources of data had to be used for the 1985 baseline and for the 1990 actual figures, and the available data relate only to vegetables, excluding fruit, fodder, etc. The data also exclude home garden production of vegetables, which is a very significant amount (likely 20% to 40%) of total vegetable production in Lesotho. Furthermore, the recorded production gain appears to relate primarily to the GOL established "area-based schemes." While these "common farming" schemes produced a limited short-term, (and probably-temporary) gain in aggregate production, USAID/Lesotho and many GOL technicians sharply disagree with this approach to increasing production. These schemes, covering a large number of farmers and using a significant portion of the best irrigation land, are very costly and were hastily put into place without resolving serious social/legal issues such as land tenure arrangements, farmer incentives, etc. As a result, the schemes, started in 1987, are operating at a very low capacity or not at all. They are already widely considered to be failures, and many farmers have stopped participating, which unfortunately in some cases means that they have stopped farming. The schemes have had an impact on the aggregate data only because of their sheer magnitude and the low level of the baseline numbers.

All the above notwithstanding, there are nonetheless intermediate indicators, anecdotal information, and non-scientific observations which show increased interest in high value crop production among individual small farmers, the

USAID target group. USAID is developing better data for future measurement and reporting in this area.

2. Target 2.1. This target is intended to improve long run agricultural sustainability through maintaining productivity of the mountain rangeland resource base, by bringing carrying capacity and herd size into closer balance. This can be addressed by either decreasing herd size or by improving carrying capacity through better rangeland management, or both (in actual practice, the two are highly interrelated). While USAID now has activities addressing both sides of the equation, most of the effort over the reporting period has been on the side of improving natural resource (rangeland) management, through the establishment of Range Management Areas (RMAs). Hence, most of the indicators fall under this heading.

Indicators A and B are straightforward, and relate to the oldest RMA at Sehlabathebe, where the impacts of the program are more fully felt. Transects were established in the RMA in 1983, with remeasurement taking place in 1990. Indicator A shows the mean improvement in composite range condition scores from 1983 to 1990. The score is derived from vegetation analysis, with key factors being species composition of the plant community and total ground cover. The highest possible score is 250 points. Indicator B deals with trends, and shows a significant checking and reversing of trends toward deterioration of the rangeland resource. Indicator C measures animal quality inside versus outside the RMA, which is also an indicator of the range condition (the key factor is better animal nutrition because of more and better quality forage). It gives data on cattle weight and sales price, showing that animals within the RMA are clearly of better quality than those from outside of the improved management area. These three indicators together appear to present a clear picture of significant improvements in the rangeland resource base through the RMA program.

Indicator D shows that animal numbers within the mature RMAs have decreased, which is a significant accomplishment and a factor in the range improvements. The decrease in animal numbers appears to result, in part, from an active culling and marketing program in the RMAs; for the Sehlabathebe RMA, a severe snowstorm in 1987 was also a factor. An animal unit is defined as livestock with the biomass equivalent to a 450 kg. steer, which requires an intake of 9 kg. dry forage per day for its maintenance. Livestock included in the animal unit measurement include cattle, sheep, goats, horses, and donkeys, with sheep being predominant in terms of numbers.

3. Target 2.2. This target focuses on increasing production of domestic high value crops, as a way of improving farm income and employment. Since most fruits, vegetables, and dried fodder have traditionally been imported into Lesotho from South Africa, a parallel objective is to decrease imports

relative to total consumption. The indicator is therefore expressed as a ratio of local commercial production over imports. While the indicator shows a significant improvement from 1985 to 1990, the data and other problems explained above apply here as well.

4. Subtarget 2.2.1 An extremely important element of increasing agricultural production is improving the responsiveness of agricultural institutions to farmer needs. A good deal of progress has been made in this area as a result of the USAID program.

At the Lesotho Agricultural College (Indicator A), a USAID project began a major program in 1987 to provide the type of training that would develop agricultural entrepreneurship, as opposed to simply training people for future government service. Through this program, 42 former students have now completed the experience of operating all aspects of their own agricultural business; among LAC graduates overall, employment in the private sector has gone from 4.5 % in 1987 to 29 % in 1989. Appendix 1 presents a brief summary of the personal stories of three former students who entered the private sector as a result of their LAC training.

At the Ag. Research Division, services to farmers have increased sharply in recent years, and intermediate indicators suggest good adoption of research recommendations to farmers. The soils laboratory, for example, analyzed no farmer's soil samples in 1983/84, 920 samples in 1986/87, and 1748 samples in 1989/90. Regarding farmer adoption of research results, one recommendation to farmers from the Research Division was to substitute Pinto beans for the bean variety that was being used. As a result, sales of Pinto bean seeds by the main seed distributor in Lesotho went from zero in 1986/87 to 10,500 kgs. in 1989/90. Following another of the Division's recommendations, the distributor began handling a new wheat seed variety, Tugela. The distributor's sales of the new seed went from zero to 151,500 kgs from 86/87 to 89/90, and in the same time period sales of agricultural lime went from zero to 92 tons (also as a result of a recommendation from the Research Division). Although total production data for these varieties is not available, it is reasonable to suppose that the impact on production is significant. Yields of Pinto beans, for example, average three times higher than for the old variety being used, and correctly applying lime can also increase yields by up to three times. The new wheat variety yields about 35 % higher than the old variety.

These examples of impact are a direct result of USAID funded project activities.

The Ministry of Agriculture Nutrition Division, supported by a USAID project and the Peace Corps, is now responding actively to small farmer needs with respect to home gardens (20 to 40 % of vegetable production in Lesotho -- Indicator

C). Since the beginning of this program in 1986, nearly 1500 home gardens have been initiated or improved as a result of project efforts.

Similarly, the Marketing Division (Indicator D), as a result of USAID project trained staff, technical assistance, and resources, is now actively providing marketing services to farmers. Virtually no services were being provided in 1985. By 1990, a market information system was actively carrying out regular market surveys, and providing weekly price reports to farmers. A market extension service, new to Lesotho, was also operating in all districts, visiting farmers regularly and assisting them to make marketing linkages with private traders. In addition, privately operated market centers are under development in three districts.

5. Subtarget 2.2.2 Another key element of increasing production of high value crops is to have a competitive system to supply agricultural inputs to farmers, and which is not a drain on scarce GOL budget resources. USAID/Lesotho involvement in this area (NPA assistance) is relatively recent, and it is early to be discussing impact, but two indicators have been chosen to monitor progress thus far.

Since ag. input supply in Lesotho has been dominated by an inefficient and non-competitive government parastatal, Indicator A is designed to measure increases in private sector activity in this area, following the removal of the parastatal monopoly in 1989 (a condition of the USAID program). Rapid appraisals indicate that private sector activity in input supply is on the upswing, with both new business and expansion of existing businesses into this area. USAID is not able to determine to what extent this upswing is due to the effects of its program, and to what extent it is caused by general market conditions (consumer demand and profitability).

Indicator B shows the impact on the Government budget of the elimination of fertilizer subsidies, which is also a condition of the USAID program. Fertilizer subsidies, which were in the range of M 2.4 to M 3 million from 1985 to 1987, have now been completely eliminated.

A. MATRIX FORMAT - HEALTH

Strategic Objective Target or Subtarget	Baseline Indicators	FY 90 Actual
Strategic Objective 3.0 Improve health and productivity of population		
Target 3.1 Decrease childhood morbidity	A. Childhood morbidity due to measles	
	1985 = 7362 cases	1989 = 1378 cases
	B. Paediatric admissions at National Hospital	
	1984 = 338	1989 = 72
Subtarget 3.1.1 Increase vaccination coverage for children	A. Percent of children 12-23 months, vaccinated with BCG, DPT, Polio and Measles	
	1984 = 49%	1988 = 61%
Subtarget 3.1.2 Increase appropriate treatment of childhood diarrhoea	A. Percent of childhood diarrhoea cases treated at home or in health centers with ORS/SSS	
	1987 = 42%	1990 = 69%

B. SUPPORTING TEXT

Strategic Objective 3.0

Improving the health and productivity of the population. Since 1984 Ministry of Health (MOH) and USAID through Child Survival Program, have expanded child health care and education of mothers in health care.

SUMMARIES OF STUDENT SUCCESS STORIES

MR. LEFA THAMAE, FORMER SEP CROPS STUDENT

Mr. Lefa Thamae is a 1990 graduate of the Lesotho Agricultural College (LAC) Student Enterprise Program (SEP). While at LAC he managed 0.7 ha. of irrigated land for 9 months, and produced and marketed a wide range of vegetables. With the farm management and production expertise gained at the LAC, Mr. Thamae subsequently obtained a bank loan of M8,500, rented 1 ha. of irrigated land, and is now a commercial vegetable farmer. Presently, he is also managing an additional 1/3 ha. vegetable farm. Constraints that Mr. Thamae faced after graduation were initial difficulty in renting a small piece of irrigated land and obtaining a bank loan.

MS. PULENG MOKOALELI, FORMER SEP HOME ECONOMICS STUDENT

Ms. Puleng Mokoaleli is a 1989 graduate of the SEP program at LAC. She was one of the first three Home Economics Students to complete this career-oriented program. While at LAC she was supervised by Ms. Ramasike, a LAPIS degree-trained instructor. In her project Ms. Mokoaleli produced a wide range of bakery and confectionery foods, kept financial and production records, and earned M500. After graduation she was hired to work at the Blue Ribbon Bakery, a private company in Maseru. Her supervisor indicates she is doing an excellent job, and is sending her for additional training in Johannesburg.

MR. HABI HABI, FORMER SEP LIVESTOCK STUDENT

Mr. Habi Habi is a 1990 graduate of the SEP program. At LAC he ran a two-cow dairy project. During nine months of milk production one cow produced 6868 litres and the other 5943 litres. The peak milk production was 33 litres and 29 litres per day, the result of a high level of management. Habi made the highest SEP profit during the year of M5573.18. From this profit he purchased the two cows and has continued his dairy enterprise at home in Leribe. He is developing into an experienced dairy farmer. Habi is one of the three SEP dairy students, graduating in 1990, who have since become dairy farmers in Lesotho.

MALAWI

FY91 Assessment of Program Impact: USAID/Malawi

I. Overview of Special Factors Affecting the USAID Program

Two short term and two long term factors have had, and will continue to have, serious implications for the implementation of the USAID program in Malawi. These implications will influence both the Mission's capacity to achieve targeted values for various indicators, as well as the specific articulation of certain objectives.

Drought seriously reduced foodcrop production during the last year. Malawi's agricultural cycle is dominated by one, long rainy season. In early 1990, during the critical maize growing season, the rains ceased, resulting in rainfall 60 percent below normal. Foodcrop production was significantly reduced, including declines in maize (-13%), rice (-4%), sorghum (-25%), millet (-9%), beans (-33%), and potatoes (-32%). Only pulse production grew (+42%). The effect was foodcrop production down to just over 80% of last year's levels, on a per capita basis. The silver lining in these statistics is that the pattern of rainfall benefitted hybrid maize which matures more quickly than traditional varieties. Thus, the Mission will carefully monitor sales and use of hybrid maize seed over the next season in an effort to determine behavioral responsiveness.

Fuel price increases resulting from the continuing Gulf crisis have placed extreme pressure on imports, trade liberalization efforts, and transport costs. Imports have been, in the words of the Reserve Bank, "abnormally high" between late 1987 and the present. Recent reports indicated that import demand was finally slackening as a result of growing inventories, and the Government was anticipating the slowdown to coincide with the final phase of import liberalization. Plans are still proceeding for the introduction of the short, negative list of imports, but the rising fuel bill has posed a significant challenge to foreign exchange availability. The impact will also be felt on the transport bill. With one of the highest CIF margins in the world, the fuel price shocks will affect the price of agricultural inputs and the competitiveness of Malawi's exports. The next few months will be telling.

Malaria continues as a major killer of infants and children: statistics now show that up to 80 percent of the childhood cases of malaria treated appropriately with chloroquine do not clear the blood of malarial parasites. The extent of this expansion of chloroquine resistant malaria was undocumented before the Mangochi Malaria Research Project results, and has significant, long term implications for the financial and technical capacity of the health care system to combat childhood malaria.

Finally, an increasingly serious health problem facing Malawi is AIDS. While the full magnitude of the problem is not yet known, results from the Johns Hopkins University sentinel study at Queen Elizabeth Central Hospital in Blantyre now indicate that nearly 23% of the women using

the hospital's ante-natal clinic are HIV seropositive. The number has been rising rapidly, and the death tally will follow closely. WHO now expects infant mortality figures to rise on the basis of pediatric AIDS, and infant and child survival will be threatened further as increasing numbers of children become orphans. Mission estimates show that Malawi's IMR has already increased from 151 in the mid-1980s to 178 by 1990. The magnitude of this problem and its implications will lead the Mission to reassess its strategic objective to reduce infant and child morbidity and mortality. A more modest rearticulation, to reduce the rate at which infant mortality is increasing, is likely.

FY 91 Assessment of Program Impact: USAID/Malawi

Section II: Program Goals and Subgoals

The goal of the USAID/Malawi program is to:

Enhance the Economic Well-Being of the Average Malawian Household

Subgoals were defined as a logical midpoint between the goal and the strategic objective levels. The Mission's subgoals are:

(a) to raise per capita income and improve food security; and,

(b) to improve health status and improve workforce productivity.

To help assess progress made toward achieving these subgoals, the Mission identified seven key indicators to monitor on a regular basis. These are:

(1) Real GDP Increases -- the late 1980s saw a turnaround in Malawi's economic performance. After negative or slow growth for most of the 1980s, real GDP grew by 3.3% in 1988 and 4.3% in 1989, and is estimated to grow at 4.0% for 1990.

(2) Real GDP Per Capita Increases -- following the growth mentioned above, growth rates for both 1989 and 1990 are expected to exceed population growth for real per capita GDP growth of 0.6% and 0.3%, respectively.

(3) Per Capita Food Production Increases -- foodcrop production estimates for 1989 and 1990 show the extent of the impact of the recent drought on production. Composed of estimates for maize, groundnuts, rice, beans, cassava, sorghum, millet, pulses, and potatoes, 1989 production was 2.007 million MT, while for 1990 it was only 1.733 million MT. In per capita terms, just over 80% of the 1989 volume of crops was produced in 1990. Led by a fall in maize output of 200,000 MT, virtually every food crop was adversely affected by the dryness, though mealy bug infestation and continued, though reduced, maize/groundnut relative price distortions also take a production toll. For maize, however, many have estimated that the effects of the drought would have been far worse if early maturing hybrid maize had not been planted. We hope to see that this, together with the recent breakthrough in flint hybrids, offers farmers a strong incentive to plant hybrid, and we will be monitoring this response.

(4) Infant and Child Malnutrition Decreases -- recent national level statistics (1982) suggest that there is a serious malnutrition problem among Malawi's children: 35% of all children weighed less than

245

80% of the normal weight for their age group, while 56% were physically stunted (2 or more standard deviations below average height for age).

(5) Infant and Child Mortality Rates Slacken -- as the following discussions detail, infant and child mortality rates are estimated to be rising, largely as a result of the expansion of chloroquine-resistant malaria (up to 80% of childhood malarial cases do not respond completely to appropriate chloroquine treatment) and pediatric AIDS. From the 151/1000 infant deaths in the mid-1980s, the number is now estimated at 178/1000, and rising rapidly.

(6) Average Wage Rate in the Rural Sector Increases -- no comprehensive estimates of rural wages were made before the recent USAID-sponsored study of the leasehold sector. Though more data is required and existing data need further analysis before an average real wage can be estimated, the following data are known for the 1989 agricultural year. Tenant remuneration averaged MK 621 annually ($240), with the considerable standard deviation in values of MK 282 ($109). Permanent labor consists of: adult males (70%), half of whom work for less than MK45.24 per month ($17.53); adult females (7.6%) who earn approximately two-thirds of the male wage; and child labor (22.4%, under 15 yrs), nearly all of whom earn less than MK 20 per month ($7.75). More information is required before an average wage estimate can be made, including the number of months permanent labor works, wages and working days of casual labor, and the effect of SMEs on rural employment and wages. When finalized, however, this information will give us a baseline as well as a better understanding of wages and the financial constraints facing the rural sector.

(7) Literacy Increases -- using primary school enrollment as a proxy for literacy, only 43% of 6- to 13-year-olds were enrolled in primary school in the 1988/89 school year. Although the number of students has grown, by 34% between 1984/85 and 1988/89, the number of primary school-aged children has grown even faster. The result is a falling proportion of the age group attending school.

It should be noted that while these indicators are important to understanding the impact and distributional effects of development in Malawi, they do not correspond directly to the USAID/Malawi program. In the case of literacy, for example, we recognize that an ability to read and write enhances one's well-being, but USAID/Malawi does not yet have a basic education portfolio. Similarly, the Mission only recently refined its agricultural objective to increasing production and productivity. Earlier objectives were cast in terms of improved research and extension services, with the hoped for, but unarticulated, production and productivity gains. As our measures of achievement change, so too will our Program continue to evolve.

Program Logframe: Malawi API

STRATEGIC OBJECTIVE No. 1	Baseline Indicators	Actual and Projected FY 1990	FY 1992	FY 1995
Increase Foodcrop Production and Productivity	1. National average maize production per unit of land increases (tonnes/ha) (a)	1.0	1.2	1.6
	2. Gross foodcrop production increases (million MT)	1.7	2.5	3.8
Sources: MOA Estimate, annual				
TARGET No. 1.1				
Intensify Smallholder Production of Foodcrops	1. Maize production per unit of land increases for smallholders (t/ha)	1.0	1.2	1.8
	2. Smallholder purchases of HYV maize seed increases (MT)	4.0	7.0	18.0
	3. Smallholder purchases of fertilizer increase ('000 MT)	100	110	130
	4. Smallholder use of farm credit increases (MK million) --approx 10% real increase per year	60	73	95
Sources:				
TARGET No. 1.2				
Reduce Discrepencies in Input and Output prices faced by Estates and Smallholders	1. Private sector/ADMARC sales of fertilizer increase ('000 MT)	48%	49 %	51%
	2. Private sector/ADMARC sales of HYV maize seed increase (MT)	12%	14.5%	19%
	3. Smallholder sales of burley tobacco at Auction increase (kg m)	0	3.0	4.0
	4. Reduce price differential between ADMARC and Auction for smallholder sales of burley tobacco	1991 crop will provide baseline		
Sources:				
TARGET NO. 1.3				
Increase Land Utilization on Estates Larger than 30ha	1. Land utilization rates increase: - estates 30-100ha	38%	39 %	40%
	- estates over 100ha	23%	25 %	28%
	2. Effective average estate wage rate increase	not currently collected		
Sources: (1) USAID/Malawi:Mkandawire, Jaffee, and Bertoli; "Beyond Dualism"; 1990.				
TARGET NO. 1.4				
Reform and Strengthen Agricultural Institutional Framework	1. Agricultural budget/GOM budget increases: -Recurrent (%)	4.7 %	5.0 %	5.5%
	2. Agricultural Research budget increases in real terms -Recurrent (MK m)	7.0	8.5	11.5
	3. Fuel expenditures for Extension Services expand in real term (MK m)	1.5	1.8	2.4
	4. Time lapsed between conduct of the Annual Survey of Agriculture and the release of its data analysis report diminished (months)	20	18	12
	5. Increasing number of smallholders adopt agroforestry Techniques	to be statistically monitored		
	6. Increasing proportion smallholder lands devoted to HYV maize	to be statistically monitored		
Sources: Budget Documents, 1990/91				

Notes: (a) assumes fertilizer use increases annually -- to be monitored

Assessment of Program Impact: 0236J, 10/30/900

Strategic Objective Number 1: Increase Foodcrop Production and Productivity

Several additional points not captured in the above presentation of targets and indicators warrant specific mention this year:

- The Cereals Commodity Research Unit of the Ministry of Agriculture has identified two new, improved flint maize hybrids of particular importance. First, these two varieties, named MH17 and MH18, are 70% flint, thus overcoming serious problems of consumer preferences in earlier dent maize hybrids. Second, under field tests, these varieties have produced yields which averaged 200% increases over traditional varieties. The new stock is currently under seed multiplication, and is expected to be available to farmers within two maize seasons. Seed multiplication and sales are to be undertaken by the National Seed Company of Malawi, a private firm with Cargill participation.

- An Adaptive Research Team, developed under the Mission's MARE project, has, through field trails, discovered that MOA recommended levels of fertilizer application have been overstated. This challenge to conventional wisdom will be tested further, but is expected to result in a downward adjustment in recommended fertilizer applications with a significant cost reduction for Malawi's farmers.

- A private, agriculturally based firm, Lever Brothers, has embarked on a new diversification effort -- sunflowers. New to Malawi, sunflowers could well become an important oil crop important to both manufacturing and potentially to consumption of dietary fats.

- Recent advances under the MARE project to encourage a feedback loop among researchers, extension officers, and farmers is bearing fruit: the Ministry of Agriculture has decided to adopt the "Communications Project" nation-wide.

- The USAID sponsored Agricultural Training Branch of the Ministry of Agriculture has been recognized by other Ministries within the Government as an example of training excellence: the Office of the President and Cabinet has asked for workshops on training office design and strategies, while the Ministries of Health and Local Government are currently establishing their own training branches following the Agriculture model.

- And finally, in the design of the new Agricultural Sector Assistance Program, USAID/Malawi sponsored a study of the leasehold sector which presents a picture of the agricultural sector which is not nearly as sharply demarcated between smallholder and estate sectors as was previously thought. Over the 1980s, rapid registration of estate lands has come from the customary sector itself, reflecting its desires to grow burley tobacco and gain more secure tenure to its lands. The average size of registering leaseholds in 1989 was 26 ha, with registration often being undertaken by the head of an extended family which has been cultivating the land under customary tenure. As a result, rates of land utilization are markedly higher than in previous estimates. These statistics suggest that certain segments of the traditional sector -- the graduated smallholders -- have managed to join in the prosperity and productivity of Malawi's leasehold sector.

Program Logframe: USAID/Malawi API

STRATEGIC OBJECTIVE No. 2	Baseline Indicators	Actual FY 1990	and FY 1992	Projected FY 1995
Increase Off-farm Employment (a)	1. Employment on estates increases	to be estimated by survey		
	2. Employment in small and medium enterprises (SMEs) increases	to be estimated by survey		
	3. Employment in medium and large enterprises (MLEs) increases	407,393	449,800	496,600
Sources: (3) MLE employment for 1987 -- Monthly Statistical Bulletin for June, 1990;				
TARGET No. 2.1				
Expand Employment in SMEs	1. Number of SMEs increases (of which female owned)	will report following upcoming survey		
	2. Sales of SMEs increase			
	3. Average employment per SME increases			
	4. Average wage for SME employees increases			
Sources: Periodic SME Survey				
TARGET No.2.2				
Expand Employment in MLEs	1. Number of MLEs increases	78,090	82,000	86,250
	2. Sales of MLEs increases (total value of output, '000MK)	70,147	74,400	81,300
	3. Average real wage for MLE employees increases (MK)	81	89	99
	4. Index General Industrial Production (1984 = 100)	117.5	125	136
Sources: (1) and (2) Monthly Average Earnings for 1987 -- Monthly Statistical Bulletin for June, 1990; (5) Monthly Statistical Bulletin, June, 1990				
TARGET NO. 2.3				
Expand Financial Market Resources and Availability to Private Sector	1. Domestic Savings/GDP increases (1985 to 89 average: 5.6%)	0.5%	6.0%	10.0%
	2. Private/Public Sector domestic credit increases (85-89:0.7:1)(b)	1.11:1	1.11:1	1.13:1
	3. Gross Domestic Investment/GDP increases (85-89:12.4%)	18.7%	19.0%	20.0%
	4. Private/Public Domestic fixed Investment Increases (85-89:0.5:1)	1.10:1	1.10:1	1.12:1
	5. Bank competition - weighted int rate spread decreases	) will report following upcoming		
	- % new lending to SMEs increases	) survey		
Sources: Reserve Bank of Malawi, Financial and Economic Reports, Quarterly				
TARGET NO. 2.4				
Expand and Strengthen Business Support Services	1. Number of SMEs receiving business and technical advisory services (BAS/TAS) expands (of which female owned)	will report following upcoming survey		
	2. For SMEs receiving BAS/TAS services, sales, employment, and/or average wages increase more rapidly than in SMEs not receiving services	) M&E system will be an integral part of upcoming SME support project		
	3. Failure rate of SMEs receiving BAS/TAS services reduced	)		
Sources: Periodic SME survey and routine project monitoring and reporting				

Notes:

(a) Off-farm employment defined as one's own farm and includes other rural, agricultural employment, e.g. working on estate, food processing and distribution, etc.
(b) Excluding statutory bodies
(c) Mission will increase reporting on gender disaggregated basis (wages, employment, ownership) through survey work.

Assessment of Program Impact: 0251J, 11/02/90

249

Strategic Objective Number 2: Increase Off-farm Employment

Under the Malawi Enterprise Development (MED) program, research was recently undertaken which has given us some useful insights into the performance of the SME sector over the last few years. In updating a small sub-sample of 30 firms from the 1986 READI survey of 1383 firms, the Mission learned:

- employment in sampled SMEs grew from an average of 4.93 people in 1986 to 6.43 people in 1990, an average increase of over 30%;

- average gross sales of SME firms doubled, from MK3815 to MK7325, thereby maintaining sales in real terms despite strong competition from imports -- which more than tripled in nominal terms during this period;

- real personal wages in the sample were maintained, suggesting that, between rising employment and constant real personal wages, the real wage bill for SMEs increased dramatically over this period;

- over two-thirds of the resampled respondents had increased their capital investment over the preceding period; and,

- many respondents described rapid expansion in their subsectors in the period between surveys -- two tailoring activities in 1986 had grown to 12 by 1990; three metalworking concerns had grown to 14 by 1990 -- this is a strong pattern of growth which must be explored further.

These are exciting figures since they are among the first verifications of growth among SMEs that we have seen.

For larger firms, the signs of growth have been captured in regularly collected statistics:

- the index of general industrial production (1984 = 100) increased from 100.8 three years ago to 117.5 today, an increase of 16.6%; over the same time period electricity production, which is used principally in manufacturing and industry, increased by nearly 21%; and,

- the unit value index for domestic export production increased by almost 30% during this time, with increases in every category but led by gains in edible vegetables and root crops (81%), fish (74%), sugar (68%), and coffee (52%). These levels of increase suggest that the product became more valuable either through additional processing or through substitution of higher valued produce for lower valued produce (e.g. chili peppers in the vegetable category), both encouraging signs.

Program Logframe: USAID/Malawi API

STRATEGIC OBJECTIVE No. 3	Baseline Indicators	Actual FY 1990	and FY 1992	Projected FY 1995
Reduce Fertility	Total fertility rate reduced (see discussion below)	7.6		5
Sources: Periodic Demographic and Health Survey				
TARGET No. 3.1				
Increase the Contraceptive Prevalence Rate	Contraceptive prevalence rate increased	3-5%		10%
Sources: Periodic Demographic and Health Survey				
TARGET No. 3.2				
Increase the Quality, Supply, and Accessibility of Child Spacing Information (a)	1. Number of new clients receiving modern child spacing services from MOH, PHAM and NGO health facilities increases	35,000		224,000
	2. Number of people receiving child spacing services from Community Based health workers increases	to be estimated		
	3. Gross private sales of modern contraceptives increases	to be estimated		
	4. Number of clinics providing child spacing services increases	171		300
Sources: MOH Child Spacing document, 1990				

Discussion:

USAID/Malawi's HPN office feels strongly that Government of Malawi official target values should be used whenever possible, and particularly with respect to the Child Spacing program. However, achieving a Total Fertility Rate (TFR) of 5.0 by 1994 appears extremely optimistic. Instead, the office is focussing its attention on increasing the Contraceptive Prevalence Rate (CPR) to 10% by 1995. Until a Demographic Health Survey is conducted and its results analyzed, however, the official GOM target TFR of 5 will be used.

Gross private sales of modern contraceptives are not currently known. It is known, however, that only three retail chains in the country sell these devises (MPL, PTC, and Kandodo in approximately 100 outlets). Efforts will focus, therefore, not only on estimating the number of private commercial sales but also on increasing the number of private retail vendors (to approximately 700 by 1995).

The Mission will make every effort to monitor the impact of NGOs on service delivery on a regular basis.

Notes:

(a) Information and services includes devices

Assessment of Program Impact: 0252J, 11/02/90

251

Strategic Objective Number 3: Fertility Reduction

In 1984, knowledge and use of modern contraceptive methods was negligible according to the Malawi Family Formation Survey. However, the foundations of a policy and program infrastructure have been constructed on which increases in contraceptive use are expected.

To name a few key initiatives with which USAID is associated:

- Ministry of Health (MOH) facilities at which child spacing information and services are available have increased from 1 in 1983 to 171 in 1989;
- over 2000 health workers have received Family Planning (FP) training or orientation since 1984;
- we have planned and budgeted for the institutionalization of FP training into national MOH pre- and in-service training programs;
- a social marketing program has been designed and is set for an early 1991 launch;
- a family welfare association has been approved by Cabinet and will likely begin operations early in 1991;
- a RAPID population and development policy analysis model has been completed, people trained in its use, and seminars have been held to share the model and its policy implications;
- a community based distribution pilot project is in operation and will soon offer guidance on how best to replicate and expand family planning services at the community level;
- the first voluntary surgical contraception project is underway; and
- the supply and distribution of contraceptives has been improved and dramatically increased.

As evidence of these and other program efforts, there has been a substantial increase in knowledge among women of modern methods between 1984 and 1988 (e.g. from 4.1% to 71% for the pill); new contraceptive clients at MOH facilities increased from 2,975 in 1984 to approximately 35,258 at the end of 1989 (MOH National Child Spacing Programme document); and the modern method contraceptive prevalence rate, while still very low, has likely increased from 1% in 1984 to the 3 to 5% level in 1990 (TMCS March 1988/Srivastava February 1990 paper).

Program Logframe: USAID/Malawi API

STRATEGIC OBJECTIVE No. 4	Baseline Indicators	Actual FY 1990	and FY 92	Projected FY 1995
Reduce Infant and Child Morbidity and Mortality (a)	1. Neonatal mortality decreases	48/1000	see discussion	
	2. Infant mortality decreases	178/1000		
	3. Child mortality decreases	335/1000		
Sources: Mangochi Malaria Research Project; 1990; Note that official GOM IMR is 151; see discussion which follows regarding possible rise in IMR.				
TARGET No. 4.1				
Strengthen the Institutional Capability of Public and Private Sector Health Institutions to Increase the Quality, Supply, and Accessibility of Primary and Preventative Services, including AIDS Control and Child Spacing	1. Total Primary health care budget increases in real terms (mMK)	1,070		
	2. Health Budget/total GOM voted budget increases (b)-Recurrent	5.7 %		
	3. National per capita health surveillance personnel increases	1:15,000	1:11,000	1:5,000
	4. National comprehensive system for gathering, processing, and analysing national demographic health established by 1992			
	5. Private sector provision of health services expands (PHAM plus NGOs)	40 %		45 %
Sources: Budget Statistics: Government Budget Documents, 1990				
TARGET No. 4.2				
Improving Monitoring and Treatment of Malaria	1. Percentage childhood malaria cases correctly treated at MOH facilities increases	60 %	90 %	
	2. Percentage childhood malaria cases correctly treated at home increases	not currently collected		
Source:				
TARGET NO. 4.3				
Reduce Deaths Due to Diarrheal Disease	1. Children receiving correct ORT/ORS treatment from MOH staff increases	70 %	90 %	
	2. Children receiving correct ORT/ORS treatment at home increases	60 %	65 %	
	3. Access to piped, potable water improves for targeted population	group to be identified and monitored		
Sources:				

Notes:
(a) See following discussion on the impact of AIDS on infant and child deaths, and on the difficulty of disaggregating cause of statistics
(b) Includes all expenditures: the President, Miscellaneous Statutory Bodies, Pensions and Gratuities and Public Debt, plus all voted expenditures.

Assessment of Program Impact: 0253J, 11/02/90

253

Strategic Object Number 4: Reduce Infant and Child Morbidity and Mortality

Malawi's infant mortality rate (IMR) and child mortality rate (CMR) are among the world's highest; those rates, however, are now thought to be rising. Based on nationwide empirical work in the mid-1980s, Malawi's IMR was estimated at 151, with a CMR of 330. Studies from the late 1980s, specifically from the Mangochi Malaria Research Project, indicate that the IMR has already risen to between 170 and 180 on a nationwide basis, and to 178 within the sampled population. This worsening arises from two areas, malaria and pediatric AIDS, and is expected to continue through the 1990s. WHO estimates that pediatric AIDS will become a, and in some countries the, major cause of death among infants and children. As a result, various experts are now calculating that IMRs and CMRs could rise by as much as 50% during the 1990s. In Malawi this means an IMR of up to 267, and a CMR of up to 495 by the year 2000.

That a rise is likely to face Malawi is unquestioned: the numbers are already increasing. HIV seroprevalence among a sub-population of urban women of reproductive age increased from 2% in 1985 to 22-23% in 1990. An estimated 30% of the children born to these women will themselves develop, and succumb to, pediatric AIDS. A large portion of the remainder face increasingly uncertain survival as the deaths of their AIDS-infected parents leaves them orphaned. Compounding these problems of survival is an increasingly pernicious chloroquine-resistant form of malaria. Transmitted by a mosquito far more likely to bite a human host over an animal, the evolving malarial parasites are increasingly resistant to traditional chloroquine treatment -- levels of resistance in excess of 80% are reported in children.

In view of these numbing statistical possibilities, USAID/Malawi's original hope to help reduce IMRs and CMRs over the next five years appears premature. Our aspirations have now taken on a sobering rearticulation: we will use whatever human and financial resources are available to help stem the expected rise in infant and child mortality.

Despite the growing magnitude of the problem, USAID/Malawi, the Government of Malawi, and other donors -- most importantly UNICEF and the World Bank -- continue to fight hard against appalling odds. Recent achievements with which USAID is closely associated include:

- establishing and maintaining a health information system which monitors malaria by recording clinic visits, hospitalizations, and malaria-associated mortality which has helped alert health personnel to the changing nature of the problem;

- establishing and maintaining an antimalarial drug effectiveness monitoring system which is helping to improve recommended drug treatments;

- through advocacy, lobbying, and financing, USAID/Malawi is associated with the first major increase in MOH established staff in years health service delivery systems desperately require the addition of these posts; and,

- due to USAID/Malawi's involvement over the last several years, children in MOH clinics receive correct ORS/ORT treatment 70% of the time (up from 42% just two years ago) and the percentage of the rural population having access to piped water increased to an estimated 15% by 1990.

254

Program Logframe: USAID/Malawi API

STRATEGIC OBJECTIVE No. 5	Baseline Indicators	Actual and Projected FY 1990	FY 1992	FY 1995
Control the Spread of AIDS	1. Incidence of STDs reduced	to be estimated		
	2. Rate of increase in HIV Seroprevalence for representative target population does not exceed 2%	2%	2%	2%

Source: (2) HIV Seroprevalence among urban, pregnant women;
Johns Hopkins University: HIV/AIDS sentinel study at Queen Elizabeth Hospital, Blantyre.

TARGET No. 5.1		
Establish and Strengthen the Capacity of Public and Private Sector Health Institutions to Plan and Implement AIDS Control Program (ACP)	1. Number people receiving AIDS-related services and information from MOH and PHAM facilities increases	not currently collected
	2. Number people receiving AIDS related information from Community based Health workers increases	not currently collected
	3. AIDS Program integrated into preventative health care systems by 1992	operational by 1992
	4. Surveillance systems providing current and timely reporting of HIV Seroprevalence and AIDS cases operational by 1991	established by 1991
	5. Public reporting on the incidence of AIDS undertaken and regularized by 1991	regularized by 1991
	6. Condom sales and distribution among target population increases	not currently collected

Source:

TARGET No. 5.2		
Increase Knowledge and Practices Associated with the Prevention of STDs and AIDS among Schools Age Children	1. Knowledge of AIDS and how to prevent it increases: number of courses and pamphlets distributed in schools increases	system to be established
	2. No new incidence of HIV seroprevalence in target population of young people by 1995 (target group and method of sampling to be determined in conjunction with Ministry of Health)	system to be established

Source:

One of the most tragic aspects of the current AIDS epidemic is its impact on infant on child mortality. With one of the world's highest infant mortality rates (IMR) already, AIDS is expected to push the numbers 30 to 50% higher -- from the currently estimated range of 170/180 to up to 270 by 2000. Approximately 150,000 children are expected to die from the disease by 2000 (Elizabeth Preble; "Impact of HIV/AIDS on African Children"; Social Science Medicine; Vol. 31, No. 6). In light of these estimated increases, the USAID/Malawi program, focussed on malaria and diarrheal disease control as well as on AIDS prevention information, is expected to help reduce the rate of increase in the IMR.

In this, local and international experts agree that it will not be feasible to disaggregate IMR or Child Mortality Ratio (CMRs) by cause to allow, for example, mortality due to malaria or diarrhea to be monitored separately from mortality due to AIDS.

The AIDS Control Program (ACP) of the GOM does not have quantified targets related to reducing the number of AIDS cases or HIV Seroprevalence. Current efforts address the needs associated with establishing the ACP, including analysis of the problem. USAID/Malawi will work with the ACP in this area, particularly with respect to children, and then help establish target values. The Mission will also work with the ACP to encourage their surveillance of the disease through random sampling of the target groups.

Objective Number 5: AIDS Control

The first confirmed case of AIDS in Malawi was reported in 1985. At the end of 1990 there will likely be 15,000 confirmed cases. HIV seroprevalence among one sub-population of urban women in the reproductive age group rose from 2% in 1985 to 22-23% in 1990 (Johns Hopkins University Research on HIV/AIDS at Queen Elizabeth Central Hospital). Almost 10% of all adults in Malawi over the age of 15 are thought to be HIV positive (unofficial estimate, 1990). As a result, infant and child mortality rates, already among the world's highest, are believed to have increased to the 170-180/1000 range (see earlier discussion on Strategic Objective Number 4).

USAID/Malawi is one of the main donors to the Government of Malawi's AIDS Control Program (ACP). Achievements with which USAID is associated include:

- development of initial AIDS policies and control program design;
- an increase in the number of condoms distributed by the ACP from 0 in 1987/88 to approximately 14 million in 1990;
- the design of a computerized HIV/AIDS monitoring and surveillance system;
- the design of an AIDS education-in-the-schools program which is ready for nationwide introduction in 1991;
- the development of a nationwide AIDS IEC program through NGOs; and
- the provision of AIDS training to over 800 health workers.

As a result of these and other efforts:

- knowledge of the condom, virtually nil in 1984, increased to 58% in 1988 and is probably substantially higher in 1990 (the 1990/91 SOMARC baseline survey should provide an updated and more detailed look at condom knowledge and use);
- general knowledge of AIDS, virtually nil in 1985, has increased to 93% in 1990 (Kishindo: AID KAB Survey); and,
- seroprevalence among 6,290 women attending antenatal clinic at Queen Elizabeth Central Hospital during the 12 month period between October 1989 and September 1990, while averaging 22.6%, at least does not appear to have been increasing at the distressing rate of increase seen between 1985 and 1989.

MALI

USAID/Mali
Assessment of Program Impact
October 31, 1990

258

USAID/Mali
Assessment of Program Impact
October 31, 1990

I. SECTION 1 : SPECIAL FACTORS AFFECTING THE USAID/MALI PROGRAM

Some significant events in Fiscal Year 1990 merit special mention, regarding their effect on Mali's development efforts in general, and the Mission's program in particular.

As in many neighboring countries, this year the word "multi-partyism" entered the Malian vocabulary. An unexpected endorsement for political pluralism by the nation's largest trade union (*Union des Transporteurs Maliens*) sparked lively debate in the Malian media. Though the initial reaction was to accommodate democracy and pluralism within the structure of the UDPM, popular opinion evoked a commitment to discuss multi-partyism in the coming months. This debate has important implications for future political and economic stability in Mali and in the region.

Stability was disrupted this year by Tuareg armed insurgency in the Sixth and Seventh Regions. The situation now appears to be under control, with the government having decided to allocate additional development resources to these two Regions and to create an Eighth Region in Kidal. The full economic impact of this decision, and the implications for investment on the current year's budget, are still not clear. The Presidency recently requested donors to provide assistance to that area. The USG responded favorably with a proposal to expand PVO and food aid efforts.

II. SECTION 2 : PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

Despite a growing nonagricultural sector, Mali's economy rises and falls on agricultural production. Weather, the determinant factor in Mali's economic performance, continues to be favorable following two exceptionally good seasons. Agricultural production in 1989 increased 33% in comparison to the 1981-1988 average; current estimates for 1990 are a bit less, but still within four percent of last year's figures. This positive performance in the agricultural sector, along with a significantly lower-than-projected current inflation rate of 1.9%, is on line with the four percent per year average real and per capita GDP growth projected over the next six years. With agriculture and minerals (gold) comprising more than 90% of Mali's exports, the elimination of all export taxes in October 1990, along with other policy reforms discussed below, support the eight percent projections for export growth.

Program Goal : To promote economic growth.			
PROGRAM GOAL INDICATORS	BASELINE [YEAR]	ACTUAL	EXPECTED
Real and Per Capita GDP increase.	$2.1 billion Real GDP; $260 Per Capita GDP [1989] Source : IBRD and IMF documents, Mission estimates	$2.1 billion Real GDP; $260 Per Capita GDP [1989: Most recent data available]	$3.3 billion Real GDP; $340 Per Capita GDP [1996] Source: IBRD, IMF and Mission estimates
Exports of goods and non-factor services grows.	$335 million [1989] Source: IBRD, IMF and MFC documents, Mission estimates	$335 million [1989: Most recent data available]	$575 million [1996] Source: IBRD, IMF and Mission estimates

Mali is making good progress in carrying out the 1988-1992 Policy Reform Package. Recent IMF figures show that the 1988-1989 targets set out in the Policy Framework Paper (PFP) were met. 1990 projections indicate a current balance-of-payments surplus of FCFA 20 billion, and budgetary shortfalls within the FCFA 40 billion limit set last year. 1990 also witnessed a painless 12% reduction in the GRM debt load, with France and the U.S. cancelling some $225 million in external debt. September 1990 targets for the second annual arrangement under the IMF SF were met, and progress under the World Bank's PESAP, Education and Agricultural credits is favorable. A SAL for the 1990-1992 period was negotiated in October. The IMF is currently optimistic that the GRM's request for an ESAF will be accepted.

Progress in implementing various regulatory, fiscal, and institutional measures is also good. Noteworthy in 1990 was the GRM's enacting certain reforms (export taxes, domestic transport, civil service reforms, commercial codes), much sooner than expected. Staple grain price controls were also eliminated, and now there are only four regulated goods and services remaining (pharmaceuticals, petroleum products, urban and freight transport rates), down from 55 in 1986. The government is also trying to integrate Mali's private sector more fully into the economy, particularly through a series of tax, regulatory, and credit reforms designed to decrease the fiscal burden on the private sector and encourage more formal participation.

Steps are also being taken to improve public sector performance, through a comprehensive reorganization of the civil service and a reorientation of key parastatals. OPAM's role, for example, has been reduced to providing food aid and emergency assistance, with a well-functioning market information service that fully supports private sector grain trade. A similar trend is taking place with privatization activities in the OHV and Office du Niger. Also, the newly-created "Employment Roundtable" is helping the GRM and donors examine ways to increase incomes in areas of high productive potential.

Mali held its first National Seminar on Decentralization, following a series of regional workshops. Though no wide-sweeping reforms have yet resulted from this event, the GRM appears committed to devolving responsibility to the local-level and to managing Mali's development and administrative resources more efficiently. We are still uncertain, however, to what extent the GRM will address the issues of accountability and transparency, as well as local-level choice and empowerment. USAID's continued support for the decentralization process in Mali has put us in a privileged position and enabled us, through our bilateral program and the Club du Sahel, to take a lead role in the decentralization dialogue.

This past year the Haute Vallee Project initiated an innovative rural credit program in which village cooperatives (*Associations Villageoises*) negotiate their credit needs directly with private banks, backed by a 45% credit guarantee fund that decreases to zero over three years. These banks, which previously had not engaged in small-scale rural credit, are actively promoting this arrangement. Other Rural Development Organizations (Office du Niger, CMDT) are examining it as a prototype for cooperatives and associations in their own development zones. The confidence that Banks have in small village-oriented agri-based activities could have positive implications for other small and medium enterprises where credit has traditionally been a constraint.

After decades of agricultural research, a process of formulating a long-term agricultural research strategy began in 1990. Its purpose is to set research priorities and, over the next few years, put in place regional commodity-based research teams and management systems. This strategy will ultimately guide GRM and donor investments over a 12-year period, and integrate Sahelian and international researchers more fully into the Malian program. In support of this integrated strategy was this year's merger and reorganization of IER and INRZFH, Mali's principal agronomic and livestock/natural resources management Institutes. This marriage will help focus the multi-disciplinary expertise of the Malian research community on key problems of technology development and adoption.

Finally, a "target of opportunity" to review sanitation, industrial pollution, and waste imports in Mali culminated in a request from the Minister Environment for a USAID consultant to review Mali's environmental laws and prepare preliminary drafts for more appropriate legislation. Areas such as pesticide use, air pollution, energy production, and environmental planning and impact are currently being reviewed -- a significant step forward in Mali's awareness of and willingness to deal with critical environmental issues.

261

Program Subgoal : Improve the quality of life.			
SUBGOAL INDICATORS	BASELINE [YEAR]	ACTUAL	EXPECTED
Infant mortality declines.	117 per 1000 live births [1989: See discussion under Strategic Objective 3 below] Source: BUCEN	117/1000 [1989: Most recent data available]	98/1000 [1995] Source: BUCEN, DSF, and MOPSHA estimates

Mali, with the highest under-5 mortality rate in Africa and the second highest in the world, has an extremely poor health status. This is largely attributable to (1) the lack of infrastructure in the rural areas, where only 20% of the population at the sub-District level has access to basic health care; (2) the poor quality of health care, which up to now is largely dependent on public sector service delivery; and (3) the difficulty of vertical programs, such as the National Diarrhea Control and Vaccination Programs, penetrating the rural areas; and (4) the increasing incidence of chloroquine-resistant malaria and AIDS.

The Ministry of Health is moving to support the Bamako Initiative and develop delivery systems that increase the coverage and quality of health care. Pending upcoming negotiations with the World Bank, their PDS-II and the USAID/CHPS projects, scheduled to begin in early 1991, will assist the GRM to decentralize health care services to the community level by building necessary infrastructure, training and integrating private sector professionals, promoting and privatizing affordable essential drugs, incorporating vertical programs into the health centers and, to the extent possible, making local health centers self-financing. This strategy builds on some initial successes in the PDS-I rural community health centers, as well as several ongoing PVO child survival activities that have integrated vaccination, ORT, nutrition, and potable water supply programs at the local level. It also reinforces gains made in the social marketing and community distribution of contraceptives.

262

President Traore recently co-chaired the World Summit on Children which, among many things, advocated increased attention to child survival.

Literacy rate increases.	15% [1989] Source: MEN/DNAFLA	17% [1990]	30% [1994] Source: MEN and UNICEF estimates

Mali's literacy rate, currently at 17%, translates into a 1990 figure of 726,000 adult literates among a total over-15 population age group of 4.3 million. Reaching a 30% literacy rate by 1994, which is an ambitious but still realistic figure, would entail making 800,000 more Malians literate over the next four years. Note that the total number of Malians receiving literacy training in 1989, through the efforts of DNAFLA, donor projects, PVOs and NGOs, amounted to 83,000. Can this rate be doubled or tripled?

In October 1990, following the 1990 World Summit on Education and International Conference on Literacy, the GRM announced a "National Literacy Campaign for the Year 2000", the goal of which is to make an additional one million Malians literate each year. Though that particular goal may not be attainable, the commitment to make all Malians literate is commendable. Besides having literacy as an end in itself, it is recognized that economic development in general, and local-level capacity building and "responsabilisation" in particular, are not possible with a largely illiterate population.

There is currently a multi-donor forum discussing ways to assist the GRM in accomplishing its literacy goals, focusing on both child and adult literacy. There exist a number of effective *alphabetisation* models in Mali for reaching village populations, and a growing tendency for communities to finance the basic costs of these programs.

263

III. SECTION 3: PROGRESS TOWARD STRATEGIC OBJECTIVES AND PROGRESS INDICATORS

Strategic Objective 1 : Increase private sector participation in the economy.			
PROGRAM PERFORMANCE INDICATOR	BASELINE [YEAR]	ACTUAL [YEAR]	EXPECTED [YEAR]
Private investment in the economy increases.	FCFA 75 billion per year [1989] Source : IBRD and Mission estimates, IMF country data	FCFA 75 billion per year [1989: Most recent data available]	FCFA 130 billion per year [1995] Source: IBRD, IMF, and Mission estimates

GRM economic policy reforms are expected to decrease the ratio of public gross investment to GDP from an average of 25% in 1987-1989 to 21% in 1990-1994 period. At the same time, the share of private sector investment is expected to rise from 12% of GDP in 1989 to 13% by 1994, in response to current and programmed reforms.

New firms obtaining business licenses in Bamako District increases.	1600 [1989: cumulative] Source: MFC data and CCIM reports	1600 [1989: Most recent data available]	3100 [1996: cumulative] Source : DNAE and CCIM reports]

There has been an upward trend in business registrations during the 1986-1988 period. The new commercial code, with its tax incentives and its reduction and simplification of conditions for commercial activities, along with the new private sector support role of DNAE, will encourage private sector expansion and more formal (legally recognized) participation in economy.

New traders increase participation in the grain trade, due to improved grain import and export licensing procedures.	40 [1989: cumulative] Source: PRMC	43 [1990: cumulative]	90 [1995: cumulative] Source : PRMC and SIM projections

Three new traders participated in grain trade this year, making the total 43. This was nearly 75% lower than the number of new traders in 1989, as potential new traders, following a second successive abundant harvest, did not estimate market opportunities to be sufficiently profitable to justify formalizing their status as grain traders.

264

Target 1.1 : Improved regulatory policies and practices			
SUBTARGET	BASELINE	ACTUAL	EXPECTED
Simplification : GRM introduces a single income direct tax.	11 income taxes [1989] Source : DNI legislation	No change	1 tax [1992]

The purpose of the single direct income tax, which is part of the 1988-1992 GRM Policy Framework, is to generate government revenues consistent with the budget targets while at the same time encouraging private sector investment. The basic content of this tax was defined in 1990; some further technical analysis is needed. PRED will monitor the impact of this new tax on revenue and investment.

Privatization: Pharmacie Populaire du Mali stops importing nonessential drugs, allowing private pharmacies to do so directly.	PPM monopoly on all drug imports [1989] Source: GRM Decrees	No change [1990]	No PPM imports of nonessential drugs [1991]. Source: GRM decrees; Private Pharmacy and physician records; IBRD data

This reform is linked to World Bank and IMF Extended Structural Adjustment Facility negotiations under the PDS-II Project, which take place in late 1990. A list of essential and nonessential drugs has been established and agreed upon, along with a plan to expand private pharmacies and guarantee the regular supply of affordable and essential pharmaceuticals at the District level.

Transport : Domestic transport prices are decontrolled, allowing the private sector to provide agricultural transport services.	Price controls in place, private sector providing 17% of agricultural transport services in OHV Zone [1988] Source : OHV and DNAE reports.	All but urban transport rates are decontrolled; private sector providing 100% of agricultural transport services in the OHV Zone [1989].	No price controls; private sector provides 75% of agricultural transport services nationwide [1993]. Source: DNAE and IBRD data.

The GRM moved ahead on this reform more quickly than expected, decontrolling all except urban domestic transport prices in September 1990. Though national-level data are not yet available, this liberalization has allowed the OHV to decrease their agricultural transport costs, enabling the private sector to provide 100% of the transport services this year. This reform has already saved OHV $220,000 in projected transport costs.

265

Commercial Courts in Bamako, Kayes and Mopti are fully operational, successfully handling business and industry litigation.	Business and industry litigation handled inefficiently in Bamako civil courts [1989]. Source: Legislation, court records.	GRM Decree establishes commercial courts in Bamako, Kayes and Mopti [1990].	Fully operational Commercial Courts in Bamako [1992], Kayes and Mopti [1995] Source: Presence of Courts, court records

PRED policy reforms focusing on the existing and ineffective system of resolving commercial lawsuits in civil courts lead to a 1990 decree establishing commercial courts for Bamako District and the Kayes and Mopti Regions. The selection and training of additional Magistrates for Bamako will be done in 1991.

Target 1.2 : Decrease fiscal burden on private sector.			
Fiscal pressure: The minimum business profit and payroll tax rates are reduced.	Minimum business profit rate is .75% of sales; payroll tax rate is 7.5% of payroll [1989]. Source: DNI.	No change [1990]	Both tax rates are reduced by one-third [1991]. Source: DNI.

This PRED policy reform is designed to stimulate employment and investment in the private sector. The current minimum business profit and payroll tax rates will decrease to .5% and 5%, respectively. PRED will track the effect of these reductions on employment and investment through 1995.

Export promotion : GRM eliminates all export taxes.	Export taxes exist [1989]. Source : IMF reports, Mission-sponsored reports, DNI and DND legislation]	Export taxes abolished [1990] Source: GRM Decree	Simplification of export regulations [1992]. Source: MCF and IBRD data

In October 1990 the GRM eliminated all export taxes, which was done much sooner than anticipated. The GRM is also abolishing quantity and value restrictions on exports, and simplifying export procedures. Value and volume of exports, especially agricultural, will be monitored closely.

Equity: Number of taxpayers increases, with fiscal burden being equitably distributed.	To be determined [1990]. Source: DNI	To be determined [1990]. Source: DNI.	1990-1996: Ten percent annual increase in the number of taxpayers. Source: DNI and IBRD

The IMF projects that the tax burden will stabilize at about 16% over the next 6 years. Insofar as the single direct income tax will establish fair tax brackets, the issue to be addressed is equity and how to increase the tax rolls--particularly among those currently operating in the informal sector.

266

Target 1.3 : Improve public sector performance			
Fiscal performance: Fiscal deficit as percentage of GDP is reduced.	10% [1989]. Source : IMF, Mission estimates]	9% [1990] Source: IMF projection	7% [1992] Source: IMF, Mission projections

This target has been established under the IMF Structural Adjustment Facility. Although accurate data are not yet available for the 1990 GDP, as of September 1990 the GRM revenues and expenditures were in line with budgetary projections.

Support to private sector: MFC's DNAE is reoriented to a private sector support role.	No change [1989] Source: MFC	GRM Decree gives DNAE a private sector mandate [1990].	Reorganization complete [1993]. Source : PRED reports, Official Decrees, GRM organizational charts

This is a policy change under PRED. Steps have already been taken to reorient DNAE in a 1990 GRM Decree adding a private sector support role to DNAE's mandate. Specifically, this will enable DNAE to provide regulatory, business information and investment promotion services to the private sector. TA beginning in 1991 will help the MFC put this new structure in place.

Revenue promotion and equity : Tax revenues increase, through expansion of the tax base and equitable distribution of the tax burden.	FCFA 99 billion [1990]. Source : GRM and IMF reports, Mission estimates	Same as baseline	FCFA 125 billion [1993] Source: IMF projections

The thrust of this target is making small enterprises profitable and, by means of various monetary, fiscal and regulatory incentives, capturing tax revenue from Mali's informal sector. This revenue will be used largely to improve public service delivery and increase non-salary expenditures.

267

Target 1.4 : Increase job opportunities.			
Growth in private sector employment absorbs public sector overflow and unemployed graduates.	39,000 employed civil servants and 10,000 unemployed graduates [1990]. Source: Ministry of Employment, IBRD data.	Same as baseline.	31,000 civil servants employed, and an additional 10,000 graduates employed,in private sector [1995] Source : MOE, IBRD and PRED reports]

Reducing the civil service by 8000 persons, representing 20% of the 39,000 GRM workforce, was approved in August 1990 as part of the World Bank SAL. The reorganization and reduction of all government agencies has begun. The EPRP VED and OHV programs will likely serve as models for integration into the private sector. Agricultural production activities and agri-based SMEs are viewed as main employment avenues for unemployed graduates.

Target 1.5 : Increase availability of credit to SMEs.			
Lending : Bank credit for small and medium enterprises (SMEs) increases.	To be determined [1990]	To be determined [1990]	5% per year increase [1990-1995]. Source: Bank and DNAE reports.

GRM policies favoring the creation and expansion of SMEs received a boost in September 1990 when the BCEAO removed credit ceilings for loans financed with, and guaranteed up to 50% by, external donor funding. This relaxation will make credit available to new SMEs previously classified in higher-risk groups. Figures on 1990 bank credit are forthcoming.

The share of credit given to non-commercial activities increases.	20% [1990] Source: Bank and MFC data.	Same as baseline.	25% [1995] Source: Mission and IMF estimates

The GRM policy reform program will create an environment for growth in the non-commercial sector, especially production, transformation, and marketing activities. The recent removal of the cap on donor-financed loans to SMEs, along with business and tax incentives mentioned above, will enhance productive and commercial activity. Credit figures for 1990 are forthcoming.

268

Strategic Objective 2 : Increase incomes in the areas of high productive potential.			
PROGRAM PERFORMANCE INDICATOR	BASELINE [YEAR]	ACTUAL [YEAR]	EXPECTED [YEAR]
Agricultural production increases.	An average of 1.75 million tons per year [1981-1989] Source: MOA, DNSI and FAO documents	2.34 million tons [1990]	4% per year increase [1990-1996]

Using 1981-1989 agricultural campaigns as the base period, which takes into account nine years of variation in rainfall and pest infestation, the volume of agricultural production increased approximately 33% in 1990. This increase is due mostly to good rainfall and an increase in cultivated area.

The value of agricultural exports, including livestock, increase.	FCFA 60 billion [1989]. Source : IBRD, FAO]	FCFA 60 billion [1989] Most recent data available	FCFA 80 billion by 1996 Source: Mission projections

The elimination of export taxes and the simplification of export procedures, increased incentives for small and medium agri-based enterprises, joint ventures with U.S. and other entrepreneurs, and increased access to and demand from regional and European markets offer potential for increasing Malian exports of agricultural and livestock products over the next several years.

Target 2.1 : Increase agricultural production.			
SUBTARGET	BASELINE [YEAR]	ACTUAL [YEAR]	EXPECTED [YEAR]
Staple grains : Grain production outpaces population growth.	1.5 million tons average grain production [1981-1989]; 2.7% annual population growth [1989]. Source: FAO, PRMC, CERPOD.	2.1 million tons grain production [1990]; 2.7% growth rate [1989] most recent available	4% per year growth in grain production; 2.7% growth in population [1996] Source: PRMC and CERPOD estimates.

The 1989-90 gross cereal production, which totalled 2.15 million tons, represented a 39% increase over the average gross cereal production for the 1981-1988 baseline period. This increase is due partly to rainfall, and partly to increases in area planted and other yield factors.

269

Food security : Intra-annual grain price variation is reduced.	FCFA 27 [1981-1989]. Source: PRMC	FCFA 42 [1990] Source: PRMC	Less variation during the 1990-1996 period (coefficient to be determined).

Variation during the 1981-1989 period averaged FCFA 27; variation in 1990 was FCFA 42. The main reasons for this disparity: (1) the announced surplus was higher than the actual, (2) few traders had access to credit to purchase the producers' stocks at high prices, (3) Office du Niger credit was late, and (4) there were summer shortages on several new markets (partly due to spring exports to Senegal).

Credit : Credit extended to cooperatives triples.	$4.3 million [1989]. Source: Banks, DHV	$4.3 million [1989] most recent data available	$12.9 million [1995] Source: MFC, Bank and Mission projections

National-level data, especially from other ODR's, still needs to be collected for 1990. For Region II, DHV has successfully negotiated protocols with five commercial banks, pioneering a process whereby AVs deal directly with private banks in negotiating loan terms. The result thus far: $1.2 million in credit lent to DHV Avs (10% of the 1995 national target).

Target 2.2 : Increase staple grain sector productivity.			
Technology: New technologies are developed and adopted by farmers.	4 millet varieties, 4 sorghum varieties, and one cropping practice [1980-1989]. Source : IER, FSR/E, ICRISAT.	No change [1990]	5 [1995]

Four millet and four sorghum varieties and one cropping practice were developed and adopted during the 1980-89 baseline period. Though no new technologies were released in 1990, technologies in the pipeline, together with strengthened R&D efforts in IER, will produce the five new technologies in the next five years.

Research: The National Agricultural Research System is reorganized; a national agricultural research strategy is developed and adopted.	Not done [1989] Source: MOA/IER	Two key research institutes merged [1990] Source: GRM Decree	Reorganization and strategy completed and adopted [1995]. Source : SPARC reports.

Key institutional changes, which were the merger and reorganization of the agricultural and natural resources management institutes, became law in 1990. Final strategy development, and preliminary discussions of how to implement the organizational changes, are now taking place.

270

Resource management: Farmers adopt improved farming practices.	To be determined [1990] Source: MEE, IER and PVO/ONG data	To be determined [1990]	To be determined [1995] Source: MEE. MOA and donor projections

Though there are numerous programs improving natural resources management on a national-scale with demonstrated results in reducing soil degradation and moisture loss, there is presently no standardized or accurate system to measure impact. This was the subject of a recent national seminar on farmer adoption of technology, the results of which will establish baseline data and monitoring procedures.

Land Use and Tenure: Land use and forest policies favoring private agro-forestry investment are approved.	The State owns and controls all forest land [1989] Source: GRM Decrees	No change, though signs of decentralized forest management Source: OAPF Reports, NRMS studies	De-control of forest land [1993]

1990-1991 assistance from the Land Tenure Center will likely result in a revised Forestry Code that is more in tune with local-level and decentralized resource management. Evidence from PVO and World Bank/OAPF activities indicate excellent local knowledge, capability and willingness to manage land and forests, given proper incentives.

Target 2.3 : Increase livestock exports.			
Fiscal and regulatory measures : GRM abolishes export taxes and simplifies procedures for livestock exports.	Export taxes, complex procedures, and nuisance taxes exist [1989]. Source : Kulibaba and Sarassoro Reports.	Export taxes abolished [1990]	Simple procedures, no nuisance taxes [1992] Source : MEE and LVST III reports]

Export taxes have been eliminated, and some regulations on export permits simplified, earlier than expected. We are now in a "decanting" period of getting understanding and agreement among regulatory agencies and exporters regarding what the regulations actually are. Work still needs to be done on eliminating a myriad of "nuisance taxes".

Animal health: The Vaccination rate for rinderpest increases.	70% of Mali's herds [1989]. Source : MDST reports]	75% [1990] Source: MDST and CVL Reports	85% [1994] Source: MEE and MDST projections

The Livestock II project area, with 35% of Mali's herds, has had a 50% reduction in the outbreak of contagious diseases over the past three years. Successfully transferring the regional campaign to the national level, training livestock agents in serosurveillance techniques, monitoring herd size and migrations, and integrating private vet practitioners will significantly increase immunization by 1994.

271

Private Practice: The number of private veterinary practitioners increases.	Several Government "Moonlighters" [1989] Source: Conversations with GRM officials and Pharmacists	Decree authorizing private practice [1990]	Extent of increase during 1990-1993 period to be determined.

Largely the result of privatization studies and training under Livestock II, legislation was passed in August 1990 authorizing the establishment of private veterinary practice and animal health products distribution. Results, which will depend primarily on the incentive structure for private practice and the future role (health care vs. regulatory) played by the Livestock Department.

272

Strategic Objective 3 : Improve delivery of health and education services.			
PROGRAM PERFORMANCE INDICATOR	BASELINE [YEAR]	ACTUAL [YEAR]	EXPECTED [YEAR]
Infant mortality declines	117 per 1000 live births [1989]. Source: BUCEN	117/1000 [1989] Most recent available	98/1000 [1995] Source: BUCEN, DSF, MOPSHA estimates

There is tremendous disparity in the estimation of Mali's infant mortality, with rates varying from 108 to 180 per thousand live births. The BUCEN projected rate of 117/1000 takes into account data from a recent DHS survey. Note that it is not consistent with United Nations' projections of 166 and the World Bank's of 175. Despite this variation, we are optimistic that the upcoming reforms elaborated in section 3.1 below, which focus essentially on privatization and decentralization of health care delivery, together with increased and more effective allocations for quality health care, will lead to a notable and sustainable reduction in Mali's infant mortality.

The number of primary school children completing 6th grade increases	29,800 [1990]. Source: MEN data	Same as baseline	75,000 cumulative [1995] Source: MEN and UNICEF projections

The baseline figure for 1990 is 29,880. The Ministry of Education has targeted a 9,000-10,000 increase in the number of children completing 6th grade each year. This is entirely possible with the MEN making efficient use of a proposed 42% of its budget for primary education. Other factors influencing this increase will be local mobilization of resources for construction and personnel; professional development for instructional and administrative staff; and a concerted effort by the MEN and local communities to boost enrollment for girls.

Target 3.1 : Better health.			
Village health centers: New health centers established, staffed with trained personnel, and financed entirely from local community funds.	3 [1990] Source: PDS-II and Mission Reports.	3 [Same as baseline]	123 [1996] Source : CHPS/PCU reports, MATDB and MFC records on regional budgets.

A PDS-II/CHPS subtarget. There are currently three existing village health centers "on the road" to self-financing. The impact of village centers will depend on upcoming policies on decentralization, privatization of health care delivery, and public health care delivery and financing.

273

Vaccination: Number of children under age 1 vaccinated against major childhood diseases increases.	5% [1989] Source: MOPSHA and IBRD data	5% [1989] most recent data available	20% [1995]. Source : CHPS/PCU reports; DSF records; PVO/NGO reports; surveys.

Vaccination figures for 1990 are forthcoming. 10% of this 20% nationwide target will be fulfilled through village health centers under the PDS-II/CHPS program. The other 10% will come through existing health centers, mobile health clinics, private practitioners, and PVO Child Survival programs.

Vaccination: The number of women of reproductive age vaccinated with two doses of tetanus toxoid increases.	30% coverage in urban areas; 7% coverage in rural areas [1990]. Source: MOPSHA and DSH reports.	Same as baseline.	Coverage increases to 60% in the urban area and 30% in rural areas [1995]. Source: MOPSHA and IBRD projections

Baseline for vaccination given to pregnant women exists, baseline for all women of reproductive age is being established. Mali's "Expanded Program of Immunization" (EPI) currently estimates a 1990 coverage rate for pregnant women of 30% in urban areas and 7% in rural areas. Coverage will be expanded by mechanisms mentioned under the child vaccination subtarget.

Contraceptives: National prevalence rate increases.	1% [1990] Source: FHI, IFHAS, DSF, AMPPF and SOMARC reports.	Same as baseline	10% in PDS-II/CHPS Project Zone; 5% Nationwide [1995]. Source : FHI, IFAHS, CHPS and HIV/AIDS records; MOPHSA and AMPPF statistics.

1990 witnessed key protocols establishing social marketing and community-based distribution of contraceptives. Impact will be achieved through the upcoming expansion of AMPPF's clinical services and private practitioner roles, policies liberalizing family planning services and contraceptive distribution, increased supply and improved logistics.

274

Pharmaceuticals : Village pharmacies are fully stocked with pharmaceuticals and contraceptives.	0 [1990]	Same as baseline	100% in PDS-II/CHPS Project Zone; 50% Nationwide [1995]. Source : CHPS/IBRD reports; PPM records; surveys; PVO/NGO records outside of CHPS zone.

Pharmaceutical reforms, which guarantee the regular supply of affordable and essential pharmaceuticals at the District level and the expansion of private pharmacies, are a precondition for PDS-II disbursement, scheduled for early 1991. A list of essential drugs has been agreed upon.

Private Practice: The number of private health practitioners increases.	To be determined [1990]	Same as baseline	Extent of increase during the 1990-1993 period to be determined.

The baseline for private practitioners is being established. Though a 1990 Ministerial Decree finally liberalized medical fees, additional steps, and specifically relaxed regulatory requirements, must be taken to promote private sector health care delivery. This also is on the PDS-II agenda for late 1990.

Coverage : Number of disease episodes treated increases.	30% [1990]	Same as baseline	60% [1995. Source : CHPS/PCU reports; MOPHSA statistics on staff and deployment; PPM and village pharmacy records; CERPOD data

Decentralized health care, private health practitioners, and access to affordable medicines will boost the number of disease episodes treated during this five-year period. More accurate and standardized diagnostic information is needed in order to track disease diagnosis and treatment. MOPSHA is committed to gathering this information.

Budget Restructuring: MOPSHA's share of the GRM central budget increases.	6.5% [1990] Source: MFC and MOPSHA statistics	Same as baseline.	9% [1995] Source: IBRD projections.

This is a PDS-II condition, the accuracy of which will be determined in an upcoming st study of the MOPSHA personnel, operating, and program expenditures. It is anticipated that the estimated increase in MOPSHA funding of recurrent costs, primarily for non-personnel expenses, will be offset with cost recovery and mobilization efforts at the local level.

275

Target 3.2 : Better basic education.			
Enrollment: The number of children enrolled in grades 1-6 increases.	306,000 [1989]. Source : MEN school enrollment figures; reports from USAID, IBRD, FED, FAC and UNICEF activities in basic education.	336,031 [1990] Source: MEN figures	528,000 [1995] Source: MEN, USAID and IBRD projections

Nationwide elementary enrollment increased 10% in 1989-1990. 177,568 students, or 53% of the total enrollment, are in the BEEP project zone. Retention rates are being closely monitored.

Gender: The number of girls enrolled in grades 1-6 increases.	114,000, or 17% of school-age girls [1989] Source: Same as above	118,284 [1990] Source: Same as above	200,000, or 20% [1995] Source: MEN, IBRD and USAID projections

Nationwide elementary enrollment for girls increased 3.7% in 1989-1990. 65,414 girls, or 55% of girls' enrollment, are in the BEEP project zone. Retention rates are being closely monitored.

Training : Teachers and other staff retrained in more efficient pedagogical and management skills.	0 [1989] Source: MEN and USAID reports	1,200 individuals trained [1990] Source: MEN and USAID reports	5,500 [1995], 3,500 of which are in the BEEP Project Zone. Source: MEN, IBRD, and USAID projections

1200 persons, composed of 700 primary education teachers and 500 administrative staff (inspectors, counselors and directors), received training during the 1989-1990 period. All were from the BEEP project zone.

Classrooms : Number of useable classrooms increases.	9,122 [1989], 8,200 of which are in the BEEP zone. Source: MEN, MATDB Local Development Committees	9,122 [1989] most recent available	9,450 [1995], 8,600 of which are in the BEEP Project Zone. Source: Same as above

The 1995 target includes approximately 200 new classrooms and 150 rehabilitated, not including construction and rehabilitation done with funds outside the local development budgets by communities, NGOs and PVOs. Information is not yet available for 1990-91.

276

Budget restructuring : Ministry of Education share of central budget increases; resources for primary education increase.	25% of GRM budget allocated to MEN; 38% of MEN budget for primary education [1989] Sources : MEN, MFC	No change share of national budget; 35% for primary education [October 1990] Source: MEN	27% of national budget by 1995; 42% for primary education by 1992. Source: IBRD and USAID projections

Though MEN expenditures for primary education in 1990 are at 38% as of 31 October, allocations for the 1990-1991 year are currently projected at 35%. Conditionality for a second tranche disbursement of World Bank/USAID funds is 40%, with negotiations to take place in January 1991.

Decentralization: School Parent Groups (APEs) fund school improvements.	20% estimate [1990] Source: BEEP and DHV project estimates	Same as baseline.	40% of all school improvements Source: IBRD and USAID projections

What was previously a separate school construction tax has now been integrated into the local development budget. Project rehabilitation dossiers (FAEF) are now under consideration in the MEN.

MOZAMBIQUE

ASSESSMENT OF
PROGRAM IMPACT

MOZAMBIQUE

OCTOBER 1990

Agency for International Development
Washington, D.C. 20523

279

MOZAMBIQUE

ASSESSMENT OF PROGRAM IMPACT

Table of Contents

		Page
I.	Special Factors Affecting the USAID Program	1
	A. Constitutional Reform	1
	B. Security Conditions	2
II.	Progress toward Overall Country Program Goals	3
III.	Progress toward Strategic Objectives and Related Progress Indicators	6
	A. Strategic Objective One: A Food Safety Net	6
	B. Strategic Objective Two: Reducing Dependency on Food Aid	15
	C. Strategic Objective Three: Agricultural Production and Marketing Policies	17
	D. Strategic Objective Four: Market Allocation of Productive Resources	21

Index of Tables

Table 1:	Food Needs Assessment for Emergency and Commerce	8
Table 2:	Percentage of Children with Growth Faltering, 1989 and 1990	9
Table 3:	Quantities of Commodities Marketed through Agricom	18
Table 4:	Marketing of Agricultural Products in Selected Districts	19
Table 5:	Agricultural Pricing Policy Reform in Mozambique	22
Table 6:	Comparison of Pricing Policy and Practices for Key Crops by Province	23
Table 7:	Progress on Restructuring/Divestiture of State Agricultural Enterprises	25
Table 8:	Mozambique Exchange Rate Information 1990	31

280

ASSESSMENT OF PROGRAM IMPACT

I. Special Factors Affecting the USAID Program

Mozambique continues to engage in an intensive, complex process of political and economic liberalization. The past six months have witnessed the drafting of a new constitution intended to take Mozambique from a single party state to a multiparty democracy. Constitutional reform has run parallel, moreover, with tentative steps toward peace. The evolution of both political and security conditions directly affects the USAID Program.

A. Constitutional Reform

Preparation of the new draft constitution has in itself proved an important step toward democratic participation. Public debates have been held in workplaces and rural areas throughout the country. Although there has been widespread skepticism concerning the Government's commitment to democratization, criticism has been freely expressed and published in the press. The constitutional process has culminated in a protracted special session of the People's Assembly, Mozambique's highest legislative body. The Assembly's deliberations have not been fully public, but the extent of self-criticism and debate carried in the press would have been inconceivable two years ago.

The substantive changes which the new constitution heralds are generally positive. It provides for multiparty elections and freedom of the press, encourages decentralization of government, and drops the previous constitution's Marxist rhetoric. Although not explicitly part of the constitution, the debates have evidenced growing appreciation for the role which an indigenous nongovernmental sector can play in Mozambique's development. FRELIMO is now allowing indigenous NGOs to emerge outside of party structures to help stimulate community initiative and participation.

The constitutional process has also demonstrated the inevitable tensions between the move toward a market economy and the bureaucratic inertia which stems from 15 years of centralized economic planning. A clear and simple statement in the original draft constitution which recognized and guaranteed private property, for example, has been dropped. Article 37 of the final version retains a commitment to a market economy as the impetus for development, but it is not clear how it is to be reconciled with Article 45 which declares that the State will promote and coordinate economic activity in order to solve the fundamental problems of the people. In another case, the final version drops the draft constitution's provisions for private ownership of land, reverts to the status quo of state ownership, and precludes the creation of land markets.

Overall, one expects that increased political liberty and public participation in the processes of governance will reinforce the free and open participation required in a market economy. The new constitution, even with its faults, clearly reflects a recognition of past failures. Yet the debates have also demonstrated considerable apprehension about where Mozambique is heading. With the disruption and devastation of war, it is hard for Mozambicans to envisage how competitive markets can emerge and generate growth. Given pervasive market failures, the instinct for state intervention is understandable and not incorrect. But formulation of an appropriate regulatory role for government has proved elusive. Nor is it clear that the administrative capacity exists to successfuly implement theoretically justifiable state interventions.

In terms of our own strategic objectives, confusion over the appropriate role for government may, most immediately, complicate resolution of tenure security issues associated with state farm divestitures. But a more fundamental question is whether there exists the technical understanding and political will needed to make the transition to a market economy. Mozambique has heretofore made steady progress on the course it has charted with the IMF and World Bank. We must now monitor progress toward the more difficult final steps where reforms at the margin must give way to a relinquishing of controls and the emergence of a market economy. At present, USAID is preparing an analytic agenda with the REDSO political economist and will keep AID/W apprised of developments.

B. Security Conditions

The Government of Mozambique and RENAMO have had direct meetings to discuss preconditions for a ceasefire. The meetings, in themselves, have been encouraging in that they create some framework for negotiation. They have also demonstrated the difficulty in developing an agenda for constructive dialogue.

A key issue in the past few months has been a series of successful Government military initiatives, particularly in Sofala and Zambezia Province. RENAMO has demanded termination of these offensives and withdrawal of supporting Zimbabwean troops as a precondition for further dialogue. The Government of Mozambique has responded that negotiations should lead to agreement on ceasefires and troop withdrawals, and that these are not steps which the Government will unilaterally implement beforehand. Even if the Government and RENAMO successfully overcome this issue, it appears that the incentives to pursue a military strategy are changing for both parties and could affect progress toward peace.

282

For A.I.D. and other donors, the Government's offensives have presented difficult issues concerning emergency assistance. Many destitute people from newly "liberated" zones have migrated of their own accord to secure centers. It is unclear if others, who could probably feed themselves, have been required to move to these centers for security reasons or to receive food. Such population relocations have strained available food supplies. In Zambezia the number of displaced people has doubled since August. High increases have also been recorded in Tete Province.

Donors are assessing how best to respond to sudden increases in emergency assistance requirements. The topic will be on the agenda at the December Consultative Group meeting, which for the first time will cover both emergency and development assistance issues. The immediate issue for the USAID program is our inability to meet emergency food distribution targets due to new population displacements. This issue is discussed further in Section III below in relation to the Mission's strategic objective of sustaining an effective food safety net. The broader question of how to view the increased requirements, particularly whether food needs would then drop after harvest next April should these people be able to return to their fields, requires extensive additional fieldwork and analysis. USAID will report further on its findings in the coming weeks.

II. Progress Toward Overall Country Program Goals

It would be unrealistic to make a definitive statement on progress toward the Mission's program goal of promoting food security. In part, the problem of assessing progress lies with the rapid changes in the security situation noted above. The problem is compounded by a lack of baseline data and systematic updates which would allow more than an impressionistic judgment of whether things are getting better or worse. In most parts of the country, moreover, exogenously driven and unpredictable population movements make it impossible to draw causal linkages between USAID's assistance and socioeconomic conditions. Target populations are subjected to sudden, often catastrophic, shocks to their personal security and subsistence; whole districts are on the move either to escape being caught in military operations or because they are resettled in Government or RENAMO controlled areas.

Data problems extend to both the Government and donors. As noted in the Mission's CPSP, Mozambique does not have national systems in place for collecting agricultural production, household income, or even population data. The challenge facing USAID is to devise mechanisms to assess changes and impacts in a few accessible areas, while assisting the Government to improve its data collection and analytic capacity. Specific approaches to collecting data on individual benchmarks are discussed in Section III.

On the surface, it appears little or negative progress has been made on the Mission's first subgoal of meeting the subsistence food and basic health requirements of the absolute poor. August reports from World Vision cite chronic malnutrition rates of 56 and 42.7 percent in two districts in Tete Province where World Vision has health activities underway. A Ministry of Commerce/EEC survey completed in five northern provinces in late 1989 (but published only in August 1990) reports an average growth faltering rate in these provinces of 52.9 percent. A quarterly Ministry of Health bulletin reports much lower growth faltering rates in the first quarter of 1990 (a mean of 15 percent across nine provinces and Maputo city), but these data apply to an already privileged population with access to hospitals and health centers.

It is difficult to conclude what these numbers mean without comparable baseline and cross-sectional data. However, given the population movements created by the security situation, one would expect decreased access to food and therefore a fall in nutrition indicators, at least in the short term until emergency aid is forthcoming. Even then it appears unlikely that donors will increase food aid levels until the GOM can demonstrate major improvements in management and distribution capacity. Hence the questions arise: how real are the increased numbers requiring emergency food, how would the new additions to the displaced have survived if emergency food were not available, could some displaced people provide for themselves with changes in relocation policy? These are key issues that must be considered in preparation for the Consultative Group meeting.

There is only anecdotal evidence on progress toward achieving the Mission's second subgoal: increasing domestic food supplies to levels that meet domestic consumption requirements. Because Mozambique is not able to collect agricultural production data, food supply estimates are based on of quantities marketed through the parastatal Agricom and on food aid imports for commercial sale. Past price incentives in fact resulted in most agricultural commodities moving through Agricom at some stage in the marketing chain. With recent price policy changes, the private sector has greater incentives to purchase and market commodities directly. The impact on commodity availability should be positive. But it has also eroded what credibility could be given to marketed production data, Mozambique's only proxy for total agricultural production.

USAID's interviews with traders and farmers suggest that the private sector has indeed taken a more dynamic role in domestic trade. Stories abound of commodity sales from surplus areas in Nampula and Cabo Delgado to deficit areas in Zambezia and Inhambane. In discussions on utilizing local surpluses for the emergency program (see Subtarget 1-1-2), traders say they can tap significant size stocks, although not enough to reduce donated imports. Farmers and traders alike cite transport as an increasingly serious constraint as they struggle to bring commodities to market at prices which an impoverished population can afford.

Knowledge of how domestic markets function is still too thin to interpret price signals with confidence, but the limited information available raises issues for further analysis. Maize prices in some urban areas (e.g. Beira) have dropped below last year's official consumer price. This suggests that supplies have increased since maize demand is fairly inelastic and urban populations continue to increase. More confusing are sharp increases in post-harvest consumer maize prices in areas such as Nampula which had, based on field interviews, relatively good harvests. In part such increases reflect policy changes in June 1990 that eliminated indirect transport subsidies from Agricom. They may also indicate minimal competition in wholesale trade, which limits supplies to retail markets. As discussed below in Section III, extensive attention will be given to market research by Michigan State University to understand and address constraints to creating competitive rural markets.

Mozambique's national food balance sheet, by contrast, presents a growing gap (195,000 MT) of maize for commercial sale, even with food aid. The size of this shortfall (50 percent of estimated requirements), however, leads one to question its credibility. To be sure, chronic malnutrition rates in major cities are high (e.g. 33 percent in Maputo, 38 percent in Nampula), but they do not appear to be deteriorating at a rate that suggests a 50 percent shortfall. A more probable scenario is that domestic food supplies have in fact increased significantly above earlier estimates for marketed domestic production. Individual consumption levels (which are multiplied by population estimates to calculate demand) may also be overstated.

Indirectly, the large gaps in the commercial food balance sheet may be reconfirming the anecdotal evidence of increased production. From a food management perspective, USAID is confident that the handling, processing and distribution system cannot absorb higher maize imports than currently scheduled. Should nutrition indicators for urban centers remain relatively constant, one must assume that domestic production and unrecorded commercial food imports have increased.

285

Commercial food needs, along with the emergency assistance topics discussed above, will require close scrutiny from the GOM and donors at the December Consultative Group meeting. From the discussions should evolve consensus to reassess the methodology behind Mozambique's food balance sheet, and to devote greater attention to collecting and analyzing agricultural production and price data.

III. Progress Toward Strategic Objectives and Related Progress Indicators

USAID seeks to establish data collection systems that will allow the Mission to complete this section of the API in a matrix format as suggested in the API guidance, with maximum reliance on quantitative indicators. Presently neither USAID, the Government nor other donors have information systems to collect compatible data on a regular and systematic basis. Two interrelated problems impede monitoring of key targets and benchmarks: (1) security of access to target areas; and (2) massive flux in population size, distribution and well-being. Initially, it will be necessary to establish data collection systems on a pilot basis in selected areas which enjoy relatively good security and with a relatively low level of population movement.

By necessity, the following discussion emphasizes systems being established to collect information on performance benchmarks. Most of the original CPSP benchmarks did not quantify baseline indicators due to data limitations. In cases where it has proved possible, USAID has modified these benchmarks to indicate current status. In other cases we have proposed new benchmarks after reassessing reliable and accessible data. Changes in benchmarks and expected levels of achievement are discussed in this section, rather than in an annex as suggested in the API guidance, to allow for a more cogent presentation of issues related to program impact assessment.

A. Strategic Objective 1: Sustain an effective food safety net for the urban poor and those displaced and severely affected by war and natural disasters.

Benchmarks:

- National food requirements relative to total supply (domestic production plus total imports).
- Reduce percentage of children with growth faltering, disaggregated by province and Maputo City, to below an "alarm zone" of 16-30 percent.
- Avoid further deterioration of national infant mortality rate of 172 (UNICEF, 1988).

Inadequate food consumption is the principal cause of health and nutrition problems in Mozambique. Monitoring of Mozambique's national food balances, although not a good indicator of consumption, indicates whether food supplies could meet consumption requirements if distributional issues were addressed. Table 1 provides a food needs assessment for the 1990/91 agricultural year, utilizing a methodology agreed upon by the Government and the UN. For maize alone it indicates a shortfall of 37 percent, with an unmet requirement of over 50 percent for the commercial food system. The table suggests that food supply is a primary constraint to food consumption. As discussed above, it is also difficult to interpret the levels of shortage shown in the balance sheet. USAID will continue to maintain and update a food balance sheet as shown in Table 1. We will also raise with the Government and other donors the need to reassess the methodology behind the food needs assessment. Until there is greater confidence in the methodology, USAID believes that it would be unrealistic to establish quantitative targets to reduce unmet requirements.

USAID originally planned to monitor urban and rural rates of malnutrition, disaggregated by gender, in conjunction with total food supplies. Further investigation into collection of nutrition data, however, resulted in a decision to monitor the incidence of growth faltering in children. Donors and NGOs finance most nutrition surveys in Mozambique. These surveys are completed sporadically and are expensive and time consuming. Futhermore, it is difficult to extrapolate from the survey results beyond the survey areas. Nor are the same methodclogies and standards used by all organizations.

Growth monitoring (weight for age) of children, on the other hand, is well institutionalized in the health sector, being conducted in MOH clinics throughout Mozambique. Growth monitoring is not considered an appropriate indicator for individual nutritional status or for a one-time cross-sectional assessment of community nutritional status. However, by tracking the trend in weight gain among children in a community, it can help describe that community's overall nutritional status.

Table 2 compares the percentage of children with growth faltering in the first quarters of 1989 and 1990. Should donors and the GOM be able to create an effective food safety net, the rate of growth faltering should be able to be brought below an internationally recognized alarm zone of more than 15 percent. Growth monitoring data are likely to understate malnutrition trends since they are drawn from children with access to clinics in 60 districts and Maputo City, representing a range of 2-12 percent of the total child population in those provinces. Although data are disaggregated by province, they are not disaggregated by sex or for rural, peri-urban and urban environments.

287

TABLE 1

FOOD NEEDS ASSESSMENT FOR EMERGENCY AND COMMERCE
(May 1990 to April 1991 Appeal Year)

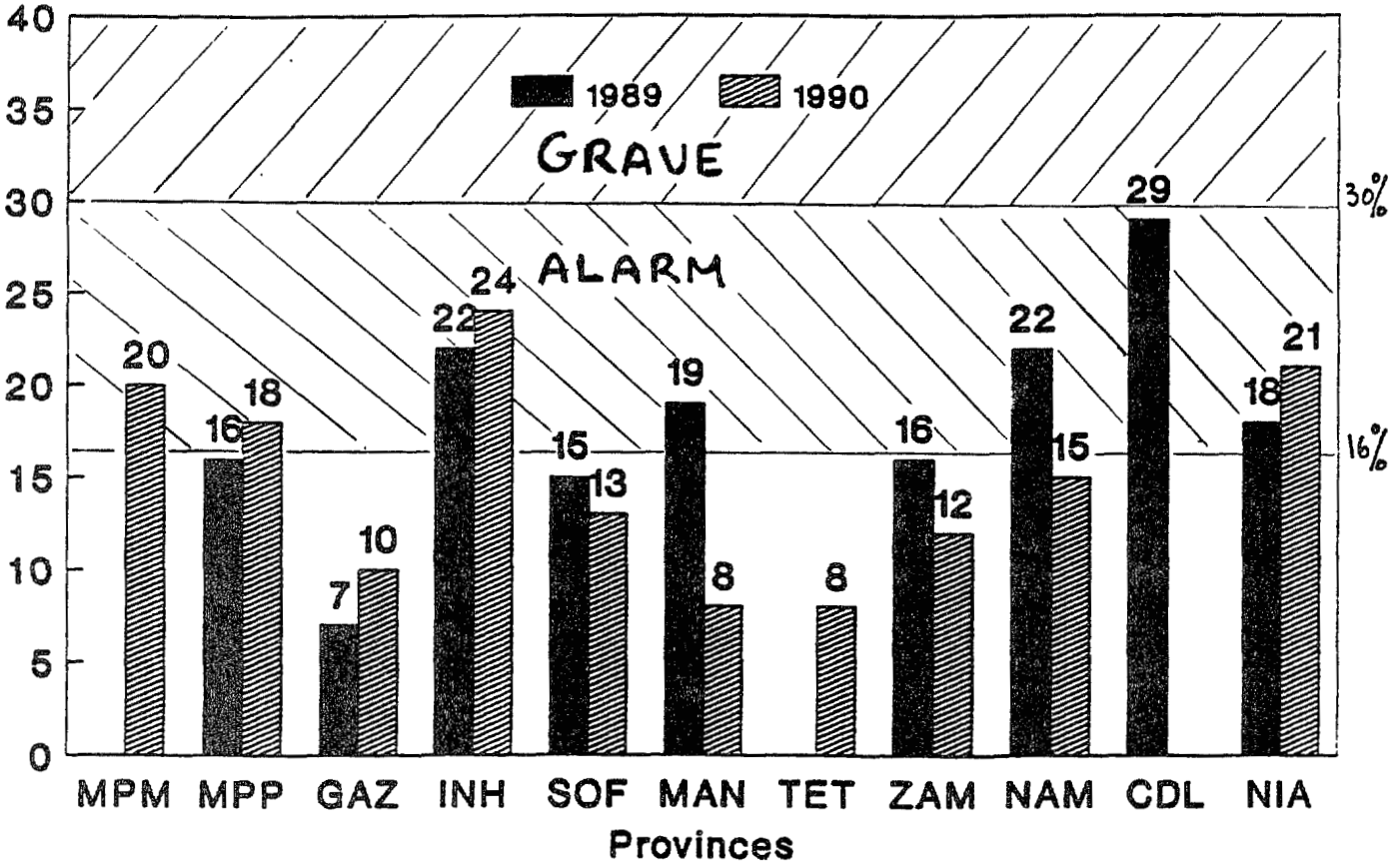
		MAIZE*	WHEAT*	RICE*	OIL	BEANS
REQUIREMENTS						
a/	Urban and peri-urban market dependent population	3,072,300	3,072,300	3,072,300	3,072,300	3,072,300
b/	Required ration (kg/year)	65.9	56.1	25.6	3.7	14.6
c/	TOTAL URBAN MARKET REQUIREMENTS MT (a*b)	202,467	172,414	78,497	11,214	44,856
d/	80% affected market dependent population (affected=2,406,750)	1,925,402	1,925,402	1,925,402	1,925,402	1,925,402
e/	Required ration (kg/year)	77	0	0	0	0
f/	TOTAL RURAL AFFECTED MARKET REQUIREMENTS MT (d*e)	148,256	0	0	0	0
k	Urban food bank dependent population	477,074	477,074	477,074	477,074	477,074
l	Required ration (kg/year)	127.75	0	0	3.65	14.6
m	TOTAL URBAN FOOD BANK REQUIREMENTS MT (k*l)	60,946	0	0	1,741	6,965
g/	TOTAL COMMERCIAL MARKET REQUIREMENT MT (c+f+m)	411,669	172,414	78,497	12,955	51,821
h/	Displaced (1,400,000) and Returnees (154,000) Emergency food	1,554,000	1,554,000	1,554,000	1,554,000	1,554,000
i/	Required ration (kg/year)	128	0	0	3.65	14.6
j/	TOTAL RURAL DISPLACED & RETURNEE FREE FOOD REQT. MT (h*i)	198,523	0	0	5,672	22,688
n	TOTAL FOOD AID REQUIREMENTS MT (g+j)	610,193	172,414	78,497	18,627	74,509
TOTAL FOOD SUPPLY:						
o	Projected Marketed Domestic Production	91,200	0	15,000	1,300	16,160
p	Opening Stocks (May 1, 1990)	27,549	14,580	14,405	2,081	6,992
q	TOTAL DOMESTIC SUPPLY (o+p)	118,749	14,580	29,405	3,381	23,152
r	Estimated Commercial Imports	0	0	0	0	0
s	TOTAL FOOD SUPPLY (q+r)	118,749	14,580	29,405	3,381	23,152
t	TOTAL FOOD DEFICIT (n-s)	491,444	157,834	49,092	15,246	51,357
u	Closing Stock Requirements for Commercial Sales (2 months)	68,612	28,736	13,083	2,159	8,637
v	TOTAL FOOD AID REQUIREMENT (t+u)	560,055	186,569	62,175	17,406	59,994
w	Total 1989-90 pledges (as of July 31, 90) not yet arrived	83,458	25,150	0	8,793	7,639
x	Total 1990-91 commercial & emergency pledges (aa+af)	332,368	114,000	46,990	9,903	15,807
y	Unmet Food Aid Needs (were all pledges to arrive by April 91)	144,229	47,419	15,185	(1,290)	36,548
z	SUB-TOTAL FOOD AID REQUIREMENT FOR COMMERCE	361,532	186,569	62,175	11,733	37,306
aa	Summary of Pledges (Oct 1, 90) for Commerce (incl food bank)*	166,180	114,000	46,990	4,866	4,000
ab	Change in pledges since August 15, 90	1,260	9,000	(10,667)	(284)	(480)
ac	Unmet Commercial market needs	195,352	72,569	15,185	6,867	33,306
ad	Percent unmet commercial market needs	54.03%	38.90%	24.42%	58.53%	89.28%
ae	U.S. Pledges	140,000	10,000	5,000	0	0
af	SUB-TOTAL FOOD AID REQUIREMENT FOR EMERGENCY FREE FOOD	198,523	0	0	5,672	22,688
ag	Summary of Pledges (Oct 1, 90) for Emergency Distribution*	166,188	0	0	5,037	11,807
ah	Change in pledges since Aug 15, 90	23,500	0	0	400	1,000
ai	Unmet Emergency food needs	32,335	0	0	635	10,881
aj	Percent unmet emergency food needs	16.29%	0	0	11.20%	47.96%
ak	U.S. Pledges	65,454	0	0	2,016	5,991

*Excludes 1989-90 delayed pledges

Sources: July 31, 1990 "Food Aid Pledges and Shipments" (MinCom)
December 1989 "Food Security Bulletin" (Mincom)
Response to Mozambique Emergency Appeal", Aug 15 90 (UN)
Response to Mozambique Emergency Appeal", Oct 1 90 (UN)

Table 2

% of Children with Growth Faltering
1st Quarter 1989 and 1st Quarter 1990



USAID, for information purposes, will also monitor infant mortality as reported by UNICEF, but little operational value can be assigned to this indicator. Obtaining mortality information is nearly impossible in Mozambique because of the absence of any vital registration of births and deaths. UNICEF's estimates of infant mortality, generally considered the most "informed" in Mozambique, are extrapolated from the 1980 census and adjusted to reflect findings from selected mortality studies conducted since then. The latest estimate, calculated in 1988, is 172/1,000 live births. Infant mortality is not disaggregated by sex or geographic locale.

Target 1-1: Meet 30 percent of the annual emergency food needs of those displaced and severely affected by war or natural disasters.

Benchmarks:
- Free food distribution requirements relative to donor pledges.
- Stability of supply in the emergency food aid pipeline.
- Percentage of designated beneficiaries in PVO target areas who receive full rations 100 percent of the time.

As indicated in Table 1, emergency food aid pledges as of October 1, 1990 totaled approximately 183,000 MT out of a 227,000 MT requirement, leaving a shortfall of about 20 percent. USAID's pledge of 73,461 MT is equal to 40 percent of the donor pledges to date and to 32 percent of stated requirements.

For reasons outlined above in Section II, USAID expects emergency food requirements to be revised signficantly upwards as the numbers of displaced people increase rapidly, especially in Zambezia province. At current estimated consumption levels, sufficient supplies of maize, beans and oil should be available in all provinces through at least January 1991, and in most cases later. The GOM's Department for the Prevention and Control of Natural Calamities (DPCCN) updates its supply reports weekly and makes them available to donors. The most immediate issue confronting donors is how to respond to the likely increase in emergency food requirements. USAID and other donors are deeply involved in analyzing the emergency food situation; we will report the findings to AID/W in preparation for the December CG.

One impact of the increase of displaced persons is that, given current food supplies, very few people will receive full rations. In the northern part of Inhambane Province, ADRA delivered commodities as scheduled but the number of beneficiaries designated to receive food increased by over 60 percent. In Zambezia, PVOs do not presently have records on percentages receiving full rations, but with the recently reported 100 percent increase in displaced persons, it is unlikely that any beneficiaries received full rations 100 percent of the time. USAID will continue to monitor performance on this benchmark because it provides useful information on nutritional status, but exogenous factors can strongly impede progress.

Subtarget 1-1-1: Improve logistical capacity and efficiency as well as accountability for emergency food aid programs.

Benchmarks:

- Emergency food transport contracted to the private sector increased from 10,000 MT in 1988 to 75,000 MT in 1992.
- Percentage of unsigned waybills for commodity deliveries from ports to district warehouses and distribution centers reduced from 60 percent in 1989 to 5 percent in 1992.

The original benchmark for contracts with private transporters by 1992 was 20,000 MT. The GOM has recognized the need to utilize private transporters to maximize transport capacity, and has acted rapidly. CARE reports that commodities transported by private companies reached 27,000 MT in 1989 and are projected at 40,000 MT for 1990. Current statistics, however, include some parastatal and mixed (i.e. government/private) companies; USAID is working with CARE to separate these out.

CARE also reports major improvement in the past six months in the receipt of signed waybills in DPCCN's dispatch office. The original CPSP benchmark anticipated that CARE and DPCCN could reduce unsigned waybills to no less than 40 percent by 1992. The GOM and CARE report that, recently, this figure has been reduced to 1 percent. In part this reflects a reduction of commodity movements in recent months, but also suggests that basic management systems are in place and that progress has been made in implementing them. CARE cannot, however, confirm the validity of the signed waybills, and end-use monitoring must be expanded before this can become a valid program indicator. At present, only the management tools can be said to be in place to improve monitoring. Other benchmarks will need to be established to address the integrity of the management system.

Subtarget 1-1-2: Increase amounts of locally produced food purchased and utlized for emergency distribution.

Benchmarks:
- Increased percentage of domestically produced food used for free food distribution.
- Increase in local currency budgeted (or generated in PVO programs) and expended for domestic food purchases for emergency distribution.

In June 1990 USAID and the GOM signed a PL480 Section 206 agreement which included a self-help measure to develop a strategy to purchase local food surpluses for distribution in the emergency program. The Food Security Department in the Ministry of Commerce has completed a draft of this strategy, and the GOM intends to present it as part of its food security strategy at the December Consultative Group meeting. The strategy would incorporate a local purchase program into the GOM budget and allocate counterpart generations for this purpose.

Some NGOs (non-U.S.) have already experimented with local purchase programs, some using hard currency, others using EEC counterpart funds. Information from these pilot programs is being incorporated into the GOM strategy in order to develop a program that will, to the extent possible, replicate normal market functions.

Target 1-2: Meet 40 percent of the maize requirements (about 25 percent of total food needs) for the market dependent population.

Benchmarks:
- Total maize supply from all sources (food aid, domestic production, and commercial imports) relative to national market requirements.
- Stability of yellow maize supply in the Maputo and Beira ration systems and in other urban centers.
- Decreased percentage of household income required to meet household food needs in lower income groups in Maputo.

As discussed above and illustrated in Table 1, USAID is presently analyzing the implications of the 50 percent shortfall for the commercial food system. This analysis and discussions at the CG should lead to a more realistic methodology for developing a food balance sheet for Mozambique. Current food pledges will ensure adequate maize supplies in Maputo and Beira through July 1991. The United States has pledged to supply in 1990/91 about 39 percent of commercial maize requirements. This is equal to about 85 percent of pledges to date to provide maize.

The question of the share of household income required to meet household food needs in Maputo is of increasing concern as inflation has outstripped wage increases. Conservatively assuming a per capita daily consumption level of 1,700 calories and an average household size of 5.5 people, a minimum diet in Maputo would cost between 43,000 and 68,000 Meticais/month, depending on access to the ration system. Presently, the minimum wage in Maputo (considered to apply to most unskilled and semi-skilled workers) is 26,000 Mt/month. This suggests most households must spend the major share of their income on food, and that several household members must engage in some form of income-genrating activity. USAID continues to monitor weekly parallel market prices in order to estimate the probable cost range for a minimum diet. In early 1991 the GOM's Department of Statistics will begin a series of household surveys that will give further insights into household income and food security. USAID has provided technical assistance in formulating the food security component of the surveys.

Subtarget 1-2-1: Streamline ration system operations and increase its focus on providing commodities to the urban poor.

Benchmarks:

- Removal of white maize from the ration system and liberalization of its consumer price.
- Completion and implementation of an action plan to restructure the food safety net system to increase its focus on the poor, reduce subsidies to upper income groups, and simplify administration.

In compliance with the PL480 Section 206 agreement signed in June 1990, the GOM liberalized the consumer price of white maize later that month and removed it from the ration system. Also as part of this Section 206 agreement, the GOM agreed to evaluate, in collaboration with USAID, its food safety net policies. In September 1990 a team from Cornell University helped the Ministry of Commerce and USAID complete this assessment, and made recommendations to merge the GOM's income transfer and food safety net programs into a self-targeting subsidy program limited to maize. The second benchmark above has been revised to reflect Cornell's preliminary recommendations that deemphasize reform of the ration system and focus on developing a complementary set of safety net policies. USAID received Cornell's draft report in late October; the team will return to Mozambique to review findings with senior GOM officials in November. USAID is preparing a more detailed report for AID/W.

Subtarget 1-2-2: Increase private sector participation in food imports.

Benchmarks:
- Authorization of the private sector to import food.
- 100 percent private importation of USAID-financed vegetable oil for commercial sale.
- Initiate private importation of USAID-financed maize for commercial sale.
- Reduction in real terms of subsidy levels to parastatals involved in food imports and processing.

Extensive progress has been made in increasing the private sector's role in commercial food imports. On October 30, 1990 the GOM established a secondary foreign exchange market in which the exchange rate is determined by supply and demand. With the new secondary market, the GOM has allowed the private sector to use foreign exchange for food imports.

In the June 1990 Section 206 agreement the GOM and USAID agreed to analyze the potential for private sector imports of edible oil. USAID provided technical assistance through the Agricultural Cooperative Development Institute. A proposal is currently under consideration for private imports of edible oil that would also lead to deregulation of wholesale and retail trade for edible oil and a liberalization of its price.

USAID has also taken preliminary steps toward private maize imports for commercial sale. The June 1990 Section 206 Agreement eliminated IMBEC's (an import/export parastatal) exclusive control over maize imports and consigned all maize intended for milling directly to the mills. Unfortunately, all the maize mills are also state-owned, but this has cut out an unnecessary intermediary that received commissions simply for receiving imports. USAID is examining how to build on this new opening in import policy to incorporate the private sector into its commercial food aid program.

USAID has not been able to obtain statistics on subsidies broken down to the level of parastatals involved in food imports and processing. However, USAID and the Government have agreed to undertake a systems analysis of physical and financial management of food imports. This study will identify types of direct and indirect subsidies given to parastatals importing and processing food, and will provide a basis for specific policy reforms. Proposals have been requested and received to undertake the systems analysis; it should be completed in February 1991.

B. Strategic Objective 2: Reduce, among target population groups, dependence on external food aid to meet subsistence requirements.

Benchmarks:

- Increased reliance on local production and markets rather than emergency food aid to meet food requirements.
- Reduction in growth faltering rates.

The main mechanism for meeting this objective, and the targets and subtargets under it, is the PVO Support Project, which provides funding to PVOs which are undertaking projects designed to facilitate a transition from dependence on external assistance to some form of rehabilitation and self-provisioning. Five PVOs are currently being funded to undertake programs encompassing preventive health care, agricultural recovery, provision of water and sanitation and community development in five provinces. At present, almost no information is available with regard to the success of meeting these benchmarks, as the PVO grants were only made in July and August, and, given the emergency mode under which most PVOs were previously operating, they are only now beginning to work on designing or refining baseline data collection and progress monitoring mechanisms. Even when these are in place, the constraints to collecting accurate information are tremendous, although it should be possible to indicate general trends in specific areas.

Under the PVO Support Project, specific programmatic benchmarks which correlate with the benchmarks established for Strategic Objective 2 have been written into each grant. Funds have been included under each grant to enable PVOs to obtain technical assistance to design mechanisms to collect baseline data and measure progress towards meeting benchmarks. In addition, the Mission has hosted round table sessions with PVOs to discuss monitoring and evaluation, constraints to obtaining accurate information, data collection methodology, and impact indicators. A rural sociologist has been contracted on a short term consultancy basis to provide technical assistance to both the Mission and PVOs to establish mechanisms to better collect and analyze data. We have also bought into the Genesys project to provide assistance to PVOs to take gender issues into account when analyzing program impact. Analysis of information received from PVOs and discussion of progress towards meeting benchmarks will be a specific function of one of the PVO Support Project staff members, who should be in place early in 1991.

Target 2-1: Increase rural employment, production capacity and cash income among target groups.

Benchmarks:
- Increased number of households with cash income in target areas.
- Increased number of households with full- or part-time wage earning family members in target areas.
- Increased total household agricultural production for own consumption or sale in target areas.

As indicated earlier, information is not yet available, as PVO projects have only just begun. However, data collected through baseline surveys to be undertaken over the next few months in PVO project areas will provide basic information against which progress towards meeting these benchmarks can be measured. At present, four PVOs are involved in agricutural recovery programs with displaced or otherwise war-affected populations, and will be able to obtain limited information with regard to crop yields and sale of produce in the areas in which they work in the future. Although no PVOs are currently receiving funds for non-agricultural income or employment generating activities, information regarding income and employment will be collected along with other data. Over the next six months two PVOs plan to undertake employment/income generating feasibility studies which will contribute more specific information in target areas.

Target 2-2: Increased coverage of preventive health care and availability of basic services among target groups.

Benchmarks:
- Percentage increase in immunization coverage.
- Percentage increase in number of women able to use ORT.
- Higher ratio of latrines and/or clean water per number of families.

Currently, two PVOs funded under the project are supporting the Ministry of Health's immunization program and are including ORT information in preventive health activities being implemented among target communities in three provinces, while three PVO programs have water and sanitation components. Baseline information on these and other indicators is currently being collected among target populations, and although health delivery and education programs are already underway, no accurate information is as yet available to assess progress towards meeting these benchmarks.

C. Strategic Objective 3: Establish a policy environment conducive to private agricultural production and marketing.

Benchmarks:

- Increased share of marketed output channeled through private traders and transporters.
- Increased marketing of both food and cash crops.

As previously noted, no data collection mechanisms exist for private trade. The only available current and historical marketing data are based on actual purchases made by the parastatal marketing agency and are per se unreliable. Nonetheless, these data have been used in the past as indicators of both levels and trends of marketed production, since it was assumed that overwhelming disincentives to any sizeable private marketing transactions existed under the former pricing and marketing controls. In Mozambique's liberalizing policy environment, as the volume of agricultural marketing increases, and as an increasing share of the marketing occurs entirely through private agents, the utility of these data as an indication (much less a measure) of marketed production will cease. Therefore, to measure progress toward and achievement of the benchmarks, USAID will work on several fronts.

Data reported by the parastatal marketing agency will continue to be monitored. Table 3 shows the monitoring format, providing two comparison years: 1986/87, the year before the economic rehabilitation program began; and 1988/89, the year before the policy reform agenda under the Private Sector Support Program (656-0208) began. Volumes marketed by the parastatal are expected to remain stable or decrease over the next few years; taken together with other data as described below, such changes would indicate a decreasing parastatal role in agricultural marketing.

In the context of the research program just beginning by Michigan State University and the Ministry of Agriculture, systematic production and marketing data will be obtained over time, in a few key agricultural districts and markets, from both small-scale producers and traders. While these data will be geographically limited and unlikely to permit extrapolation, they will provide indications of changes in actual volumes and market shares handled by private agents. Table 4 shows a tentative monitoring format; this is subject to revision as the baseline is established during initial field work in late 1990.

Table 3

Quantities Marketed Through Agricom

(Metric Tons)

Commodity	Harvest Year	Cabo Delgado	Nampula	Zambezia	Niassa	Tete	Manica	Sofala	Inhambane	Gaza	Maputo	Total
Maize	1987	7,769	7,366	582	1,858	268	6,105	806	322	1,726	529	27,331
	1989	18,363	17,600	6,630	6,427	4,007	15,769	1,651	1,188	1,358	6,774	79,767
	Prev 1990	20,000	20,000	9,500	6,500	7,000	18,000	2,000	1,200	2,000	5,000	91,200
Rice	1987	258	3,099	372	9		1	121	9	27,000	718	31,587
	1989	420	4,000	2,660	348		23	280	2	12,868	1,726	22,327
	Prev 1990	600	4,500	3,000	250			300	10	12,500	1,800	22,960
Sorghum	1987	272	195	11	6	1	22	5				512
	1989	1,614	800	105	39	197	69	123				2,947
	Prev 1990	1,300	900	100	20	150	100	150				2,720
Cassava (Dry)	1987	1,637	4,971	345	113		100		104			7,270
	1989	420	4,100	1,500	76	45						6,141
	Prev 1990	4,500	8,000	2,000	200	50						14,750
Beans	1987	1,588	6,141	80	1,129	12	17	3	33	151	51	9,205
	1989	4,335	7,000	655	1,764	733	60	2	13	307	10	14,879
	Prev 1990	4,500	7,500	1,000	1,650	800	80		30	500	100	16,160
Groundnuts	1987	150	1,961	1		1			13		4	2,130
	1989	10	2,050								1	2,061
	Prev 1990	365	2,400								10	2,775
Sunflower	1987	65	833		35		124	5				1,062
	1989	19	1,100	8	87		252	1	177			1,644
	Prev 1990	50	1,200		100		300		200			1,850
Copra	1987			23,919					1,614			25,533
	1989	2,971	30,500	2,015				74	2,300	4,170	48	42,078
	Prev 1990	500	20,000	2,000				50	3,000	2,500	50	28,100
Cashew	1987	742	23400	1141				297	5170	6480	305	37,535
	1989											
	Prev 1990											

SOURCE: Various AGRICOM Reports

Table 4
Marketing of Agricultural Products in Selected Districts

District	Info Source*	Period	Product	Quantity Sold To: Private Agent	Quantity Sold To: Agricom	Quantity Bought From: Private Agent	Quantity Bought From: Agricom

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*Sources: (1) MSU/Min.Ag. collaborative research
(2) USAID site visits and interviews

To monitor impact of policy reforms on agriculture, USAID conducts regularly repeated site visits to selected small to medium scale commercial farms. These interviews include inter alia questions on volumes marketed by crop and by buyer. Marketing data gathered through these interviews, while also geographically limited, will provide a complement and a cross-check to the MSU data, and also will be reported in Table 4.

Impressionistic or "snapshot" information on changes in marketing volumes or patterns will be gathered during field trips in areas of the country not covered by the monitoring efforts described above. This information will be obtained through interviews with farmers, traders, transporters, and local officials of the parastatal marketing agency, and will permit USAID to explore the extent to which we can reasonably generalize from the site-specific monitoring data. Such data will be consolidated in trip reports and cables (when relevant) to AID/W. USAID will review such evidence and incorporate it as appropriate into the annual API.

Target 3-1: Increase the role of the market in determining producer prices.

Note: The benchmarks for this target have been revised to be consistent with the updated policy reform agenda described in the July 1990 PAAD Amendment No. 2 to the Private Sector Support Program (656-0208). The discussion of price policy reforms appears on pages 32-37 of that document.

Benchmarks:

- For cash crops, producer floor prices adjusted regularly to maintain border parity base.
- White maize and rice moved to parity-based producer floor price system, and thereafter floor prices adjusted regularly to maintain parity base.
- For beans, parity-based producer floor prices adjusted regularly.

New prices and related policy changes are normally announced each September, in time for farmers to take prices into account as they make planting decisions for the following agricultural cycle. However, the 1990 announcement has not yet been made, reportedly due to indecision on new prices and policies for rice and cashew. This year there was a separate announcement in June on maize price policy changes, which moved domestically produced (white) maize to a producer floor price system and lifted all other price controls on this commodity, responding to both the consumer price benchmark referred to in Subtarget 1-2-1 above and this producer price benchmark.

USAID is gathering the information to complete Table 5, which will describe changes in pricing policy for key agricultural crops since 1987, the year Mozambique's Economic Rehabilitation Program was introduced under IMF-IBRD supervision. This table will be updated as additional policy changes are announced, thereby summarizing pricing policy reform progress over time.

Documenting the extent to which changes in actual marketing practice follow the policy changes will be more problematic. Table 6 shows a format for describing, based on field visits and interviews, the contrast between official price policy and actual practice for key crops in various provinces. The information available for the 1990 marketing cycle is sketchy, so the table for this year is blank. A complete Table 6 will be presented in subsequent years, as comparisons of policy and practice for all the crops monitored will be prepared during the 1990/91 agricultural year and again in 1991/92.

Target 3-2: Allow market incentives and local entrepreneurial initiative to play a more dynamic role in domestic agricultural trade.

Note: Benchmarks for this target have been revised to be consistent with the updated policy reform agenda described in the July 1990 PAAD Amendment No. 2 to the Private Sector Support Program (656-0208) (see discussion, pages 29-42). A key concern in revising these benchmarks was the need to develop a reform package that minimizes administrative demands on government and allows the market to set prices and determine production and marketing incentives. The revised benchmarks represent a less administratively burdensome approach to market liberalization than that presented in the CPSP.

Benchmarks:

- Rescindment of regulatory restrictions on interdistrict and interprovincial movement of agricultural commodities.
- Opening of district wholesaling opportunities to any licensed trader desiring to compete.

Tables will be prepared (similar to those done for Target 3-1) to summarize policy reform announcements and to compare the changes in policy with changes in actual practice.

D. Strategic Objective 4: Increase the role of the market in allocating productive resources to private producers.

Benchmarks:

- Number of state farms and total hectarage divested to private commercial and family farmers.
- Reduction of real subsidies and credit to state farms.
- Increased private sector share of "free" foreign exchange allocations.

Table 5

AGRICULTURAL PRICING POLICY REFORM IN MOZAMBIQUE

Crops	(Month) 1987	(Month) 1988	(Month) 1989	(Month) 1990
Maize				
Rice				
Beans				
Groundnuts				
Sunflower				
Cotton				
Cashew				

Table 6

Comparison of Pricing Policy and Practices
for Key Crops by Province
(1990)

Crops	Cabo Delgado	Nampula	Zambezia	Niassa	Tete	Manica	Sofala	Inhambane	Gaza	Maputo
Maize										
Rice										
Beans										
Groundnuts										
Sunflower										
Cashew										
Cotton										

For the reasons cited in Maputo cable 1336, dated April 17, 1990 (paragraphs 16-18), information on the status of restructurings and divestitures of state farms has been impossible to obtain. Table 7 lists the 109 state agricultural enterprises (including state farms but also a range of other ag-related activities) included in the Ministry of Agriculture's 1988 draft "Action Plan." That document brought together information prepared by provincial authorities, but in 61 cases out of the 109 did not even include information on hectarage. We know from subsequent Ministry reports that all or parts of some of these enterprises have been or are being divested in various ways, but again with no indication of the size in hectares of the areas no longer under state operation. Beginning in November 1990 and continuing in 1991 and 1992, in the context of the planned assistance from the Land Tenure Center and also through interviews and field trips, USAID will acquire the information to fill in Table 7, thereby documenting progress on this benchmark.

USAID has been unable to obtain hard data on progress in meeting IMF-negotiated targets for reductions in subsidies and credit to state and parastatal entities, although there is no question that many parastatal operations have been closed or restructured, reportedly because these resources have dried up. (See below, Target 4-2.)

A variety of sources indicate that donor balance of payments support resources in 1990 are being increasingly channeled away from the public sector and toward the private sector. Data are not yet organized in a manner that permits verification of these indications, but our discussions with donor community representatives suggest that they believe that increased private sector access to import support programs and the like is increasing. For example, donors have asked USAID how we are able to move our CIP through private sector channels and have stated that they would like to move in this direction. In addition, the establishment of the SNAAD (see below) has been a success in terms of providing the private sector with access to foreign exchange, in that 90 percent of the enterprises using the SNAAD are private sector firms.

<u>Target 4-1</u>: Promote the divestiture of state farms to private commercial and family farmers.

Note: Benchmarks for this target have been revised to be consistent with the updated policy reform agenda described in the July 1990 PAAD Amendment No. 2 to the Private Sector Support Program (656-0208).

Table 7 Summary

Progress on Restructuring/Divestiture of State Agricultural Enterprises

	September 1988	October 1990	Remarks
Number of enterprises	109	90	
Hectares (known)	326510	473947	
Number of enterprises of unknown hectarage (% of total)	61 (56%)	27 (30%)	
Number of employees (known)	52601	54085	
Number of enterprises of unknown workforce size (% of total)	53 (48%)	38 (42%)	

No.	Province	District	Enterprise Name	9/88 Ha	10/90 Ha	Remarks
1	C.Delgado	Mueda	M'Guri Agriculture	816	816	
2	C.Delgado		Chipembe Agriculture	1551		Not on 10/90 list; status unknown.
3	C.Delgado		C.Delgado Cotton	4251		Lonrho-GOM joint venture.
4	C.Delgado	Pemba	C.Delgado Timber	Unknown	Unknown	
5	C.Delgado	Pemba	C.Delgado Poultry	Unknown	Unknown	
7	Niassa	Sanga	Unango Agriculture	1411	20000	
8	Niassa	Lichinga	Luissa Ag/Livestock	368	18900	
9	Niassa	Mandima	Mandimba Cotton	Unknown	Unknown	
10	Niassa	Cuamba	Cuamba Timber	Unknown	3600	
11	Niassa		M'Sawize Ag/Livestock	Unknown		Not on 10/90 list; status unknown.
12	Niassa	Cuamba	Cuamba Cotton	Unknown	Unknown	
13	Niassa		Lichinga Poultry	Unknown		Not on 10/90 list; status unknown.
14	Nampula		Nampula Cotton	28000		JFS-GOM joint venture (SODAN).
15	Nampula	Malema	Nampula Tobacco	50837	37404	
16	Nampula	Moma/Magovolas	Nampula Livestock	2174	19841	2761ha ag land; 17080 pasturage.
17	Nampula	Nampula City	Nampula Poultry	Unknown	0	
18	Nampula		Nampula Timber	Unknown	Unknown	
19	Nampula		Angoche Agriculture	Unknown		Not on 10/90 list; status unknown.
20	Nampula		Fruits and Vegetables	Unknown		Not on 10/90 list; status unknown.

No.	Province	District	Enterprise Name	9/88 Ha	10/90 Ha	Remarks
21	Zambezia	Gurue/Milange	Emocha	Unknown	Unknown	
22	Zambezia	Gurue	Capel - UDAR Lioma	Unknown	5000	
23	Zambezia	(various)	Boror	25598	25600	
24	Zambezia		Zambezia Cotton	Unknown	Unknown	
25	Zambezia	Mocuba	Mocuba-Namagoa Cotton	Unknown	33400	
26	Zambezia	Nicoadala	Quelimane Livestock	150	15890	Pasture land.
27	Zambezia	Nicoadala	Licuari Agriculture	150	891	
28	Zambezia		M'Ziva Agriculture	Unknown	Unknown	
29	Zambezia	Alto Molocue	Mauela Agriculture	20000	20000	
30	Zambezia	Maganja da Costa	Mante Agriculture	700	1700	
31	Zambezia	Chinde/Marromeu	Sena Sugar (Luabo)	12000	Unknown	No hectarage shown on 10/90 list.
32	Zambezia		Chinde Livestock	Unknown		Not on 10/90 list; status unknown.
33	Tete		Angonia	Unknown		Not on 10/90 list; status unknown.
34	Tete		Gapecom	Unknown		Not on 10/90 list; status unknown.
35	Tete		Tete Cotton (Moatize + Mutara)	Unknown		Not on 10/90 list; status unknown.
36	Tete		Tete Poultry	Unknown		Not on 10/90 list; status unknown.
37	Manica	Manica	Ifloma (timber)	36078	36078	
38	Manica		Manica Timber	Unknown	Unknown	
39	Manica	Gondola	Manica Citrus	Unknown	6950	
40	Manica	Gondola	Manica Livestock	Unknown	18836	
41	Manica	Manica	Manica Dairy	Unknown	Unknown	
42	Manica	Gondola	Gondola Ag/Livestock	Unknown	Unknown	
43	Manica		Chimoio Mill	Unknown	Unknown	Not on 10/90 list; status unknown.
44	Manica		Mutambarico Ag.	Unknown	1500	
45	Manica	Manica	Manica Vineyard	61	61	
46	Manica		Fruit & Vegetables	Unknown		Not on 10/90 list; status unknown.
47	Manica	Chimoio City	Manica Mill	Unknown	0	
48	Manica		Manica Poultry	250	250	
49	Manica		Manica Tobacco	408		Not on 10/90 list; status unknown.
50	Manica	Sussundenga	Sussundenga Ag.	6000	1700	
51	Manica	Gondola	Vanduzi Agriculture	4000	4000	
52	Sofala	Buzi	Buzi Sugar	5500	5500	
53	Sofala	Dondo	Mocambique Sugar	10950	10950	
54	Sofala	Marromeu	Sena Sugar/Marromeu	15000	15000	
55	Sofala	Nhamatanda	Lamego Agriculture	3726	1011	
56	Sofala	Nhamatanda	Muda Ag/Livestock	Unknown	Unknown	
57	Sofala	Beira City	Swines & Sausages	Unknown	0	
58	Sofala	Beira City	Inemprema	Unknown	0	
59	Sofala	Beira City	Facop	Unknown	0	
60	Sofala	Beira City	Serbeira	Unknown	0	
61	Sofala	Beira City	Beira Rice Mill	Unknown	0	
62	Sofala	Buzi/Beira	Sofala Livestock	Unknown	Unknown	
63	Sofala		Mecanica Unit	Unknown		Not on 10/90 list; status unknown.

No.	Province	District	Enterprise Name	9/88 Ha	10/90 Ha	Remarks
64a	Inhambane	Homoine	Inhambane Cotton	Unknown	Unknown	
64b	Inhambane	Panda	Inhassune Rama Cotton	1820	1820	
65	Inhambane		Inhambane Timber	Unknown	Unknown	
66	Inhambane		Palmery/Fruits/Veges	5255	255	
67	Inhambane		Inhambane Livestock	Unknown		Not on 10/90 list; status unknown.
68	Inhambane	Inhambane City	Inhambane Poultry	Unknown	0	
69	Gaza	Xai-Xai	Chirrame Agriculture	30	30	
70	Gaza	Xai-Xai	Xai-Xai Livestock	700	700	
71	Gaza	Xai-Xai	Magula Agriculture	2168	2168	
72	Gaza	Chokwe	SRBL	Unknown	Unknown	
73	Gaza	Bilene	Macia Agriculture	5623	5623	
74	Gaza	Chokwe	Massavasse Ag.	Unknown	1382	
75	Gaza	Chokwe	Conhane Agriculture	Unknown	870	
76	Gaza	Chokwe	Nwachicoluane Ag.	809	809	
77	Gaza	Chokwe	Chilembene Ag.	1570	1570	
78	Gaza	Chokwe	Hokwe Agriculture	700	700	
79	Gaza	Chokwe	Mapapa Agriculture	400	400	
80	Gaza	Chokwe	Swines & Sausages	40	40	
81	Gaza	Chokwe	Chokwe Livestock	Unknown	Unknown	
82	Gaza	Chokwe	Chokwe Dairy	196	1192	
83	Gaza	Chokwe	Chokwe Rice Mill/Silos	Unknown	Unknown	
84	Gaza	Chokwe	Siremo	Unknown	Unknown	
85	Gaza	Chokwe	Gapecom	Unknown	Unknown	
86	Gaza		Gaza Cotton	Unknown	Unknown	
87	Gaza	Chibuto	Chibuto Agriculture	Unknown	Unknown	
88	Gaza		Macuacua Sawmill	Unknown		Not on 10/90 list; status unknown.
89	Maputo	Moamba	Moamba Agriculture	150	150	
90	Maputo	Magude	Magude Agriculture	200	200	
91	Maputo	Magude	Magude Ag/Livestock	100	71399	
92	Maputo	Matutuine	Catuane Ag/Livestock	60000	60000	
93	Maputo	Matutuine	Salamanga Ag.	4000	4000	
94	Maputo	Matola/Boane	Matola Dairy	554	554	
95	Maputo	Boane	Boane Ag/Livestock	280	280	
96	Maputo	Marrracuene	Marracuene Ag.	300	300	
97	Maputo	Boane/Magude	Maputo Citrus	740	1140	
98	Maputo		25th of June Ag.	450		Not on 10/90 list; status unknown.
99	Maputo	Boane	First of Nov. Ag.	Unknown	Unknown	
100	Maputo	Namaacha	Namaacha Vineyards	Unknown	Unknown	
101	Maputo	Namaacha	Namaacha Poultry	208	1008	
102	Maputo	Maputo City	Poultry Feed	Unknown	0	
103	Maputo	Maputo City	Maputo Poultry	Unknown	0	
104	Maputo	Maputo City	Gapecom	Unknown	0	
105	Maputo		Fruit & Vegetables	Unknown		Not on 10/90 list; status unknown.
106	Maputo	Manhica	Maragra	7279	7279	
107	Maputo	Maputo City	Maputo Timber	Unknown	0	
108	Maputo	Maputo City	Swines & Sausages	Unknown	0	
109	Maputo	(nationwide)	Emofauna (ivory)	Unknown	0	

Benchmarks:

- Continuation of case-by-case divestitures of state farms.
- Identification and analysis of issues and policies to be addressed in divestiture program.
- Design of a general divestiture program and continuation of divestitures in accordance with general program.
- Design and implementation of USAID-specific program for pilot divestiture(s).
- Refinement of divestiture program and tenure policies, as needed, based on pilot divestiture(s).

USAID is aware that these benchmarks may be closer to "management steps" than impact indicators. Ideally, quantitative benchmarks would be set delineating the scope and pace of divestitures. The lack of specific information currently available on state farms, however, precludes USAID and the GOM from developing a practical action plan that could realistically be implemented. As a second best alternative, we have formulated a set of benchmarks that define a process for effective state farm divestitures. The process itself will allow, over time, better articulation of quantitative benchmarks.

The above benchmarks will be monitored through policy dialogue and technical assistance. The Land Tenure Center (University of Wisconsin) has now made two visits to Mozambique (December 1989 and March 1990) to work with Ministry of Agriculture and other agencies on land tenure issues in connection with state farm divestitures. LTC's next visit, in November 1990, will result in (i) identification of a site and initial planning (including budget and implementation schedule) for a pilot divestiture of state farm land to private and family farmers, and (ii) terms of reference for continuing general assistance, through technical advice and training activities, to develop land tenure policies that will promote divestiture and increased agricultural productivity.

Target 4-2: Institutionalize market-based allocation of foreign exchange for agricultural inputs.

Benchmarks:

- Eligibility for SNAAD financing expanded to the agricultural sector.
- Full GOM compliance with IMF ceilings on credit and subsidies to parastatals.
- Exchange rate devalued to reflect increased demand for foreign exchange under the SNAAD and thereby bring the real effective exchange rate closer to equilibrium.

Initially SNAAD funds were available only for imports of parts for cargo and mass transit transport equipment and for inputs to the shoe and garment industries; the cargo subsector in fact included agriculture. In April 1990, commodity eligibility under the SNAAD was expanded to include parts for agricultural equipment. Thus, although the agriculture sector is far from being fully served by the SNAAD, the GOM clearly is acting on its policy statements regarding the importance of agriculture by bringing such commodities into the eligibility list. USAID will continue to impress on the GOM the importance of bringing additional imports critical to the agriculture sector into the SNAAD, and will provide AID/W with quantitative information on agriculture-related use of the SNAAD when sufficient time has passed from the recent expansion announcement to make the data informative.

In the absence of IMF reports at this stage on the likely outcome of its 1990 program, it is too early to comment on the GOM's compliance with IMF ceilings on credit and subsidies to parastatals, at least in terms of 1990 performance. In addition, credit data on the split between parastatal and private recipients of loans in the non-government sector are currently unavailable, according to our discussions with IMF staff. As to subsidies, the picture is somewhat more clear. Total subsidies to loss-making components of the parastatal sector were held constant in nominal terms in 1989, compared with 1988, suggesting that their real level (deflated by the official CPI) declined by approximately one-third in 1989. The only parastatal sector that received an increase in subsidies during 1989 appears to be the electricity sector, which gained a two-thirds increase in subsidies in real terms. We would venture a guess that the continued effects of the security situation, with regular and successful attempts to sabotage power supply to Maputo, more than warrant subsidized support. For 1990, data on subsidies are yet incomplete. GOM targets, as portrayed in IMF documentation, suggest that the GOM will attempt to "straight-line" subsidies in nominal terms, resulting in a decline in real terms.

*SNAAD = Sistema Nao-Administrativo de Afectacao de Divisas, Mozambique's version of an Open General License system for foreign exchange, established within the GOM-IMF-IBRD Policy Framework Paper.

The Mission is reconsidering the benchmark on exchange rate devaluation, in light of the rapidly changing details of Mozambique's economic policy framework. With respect to the SNAAD, despite some expansion of the commodity eligibility list and despite the removal of ceilings on use, the supply of foreign exchange at the window still exceeds demand by a significant margin. Consequently, there is no pressure on the exchange rate from the standpoint of the SNAAD. We understand from local IBRD officials that SNAAD objectives have not altered, that the IBRD at this stage intends to place more funds into the SNAAD, and that they encourage other donors to consider supporting the SNAAD. Somewhat complicating matters, the GOM announced at the end of October, as were were preparing this API, the establishment of a secondary foreign exchange market in the financial system, in order to meet IMF ESAF conditionality. This market is supposed to operate at a completely uncontrolled exchange rate, determined by supply and demand, and one objective of the system is presumably to attract transactions currently being carried out in the parallel market. Although regulations were published and the market formally opened, there is little activity yet. If the market works as intended, it should act to put pressure on the exchange rate and in fact should guide GOM management of the overvalued official rate. The establishment of this market is clearly a positive move, at least in principle. It serves as an indication that the GOM is indeed taking steps to move sources and uses of foreign exchange increasingly into a market-determined, as opposed to administratively determined, allocation system.

Table 8 presents official and parallel exchange rate information from January through October 1990. These will continue to be monitored.

Table 8

MOZAMBIQUE EXCHANGE RATE INFORMATION 1990

Date	MT/US$			MT/Rand			Rand/US$	
	US Office RAMC Paris	Parallel	Ratio	Official	Parallel	Ratio	US Office RAMC Paris	Cross Rate *
02-Jan	840.00	1,900.00	2.3	330.84	500.00	1.5	2.54	3.8
15-Jan	840.00	1,900.00	2.3	328.07	500.00	1.5	2.56	3.8
05-Feb	845.00	1,950.00	2.3	331.08	600.00	1.8	2.55	3.3
20-Feb	845.00	1,950.00	2.3	331.29	600.00	1.8	2.54	3.3
05-Mar	886.50	2,000.00	2.3	343.21	700.00	2.0	2.57	2.9
19-Mar	888.91	2,000.00	2.2	341.36	700.00	2.1	2.60	2.9
02-Apr	895.77	2,050.00	2.3	345.91	750.00	2.2	2.67	2.7
17-Apr	911.89	2,050.00	2.2	344.59	750.00	2.2	2.65	2.7
07-May	926.58	2,250.00	2.4	348.27	750.00	2.2	2.65	3.0
21-May	911.63	2,400.00	2.6	346.16	800.00	2.3	2.64	3.0
04-Jun	941.34	2,350.00	2.5	360.92	750.00	2.1	2.67	3.1
18-Jun	941.45	2,350.00	2.5	339.40	850.00	2.5	2.66	2.8
02-Jul	934.13	2,400.00	2.6	366.01	850.00	2.3	2.65	2.8
16-Jul	945.68	2,450.00	2.6	364.26	850.00	2.3	2.64	2.9
06-Aug	919.90	2,500.00	2.7	365.13	850.00	2.3	2.56	2.9
20-Aug	929.47	2,400.00	2.6	357.06	800.00	2.2	2.58	3.0
03-Sep	917.24	2,400.00	2.6	365.23	850.00	2.3	2.58	2.8
17-Sep	942.61	2,400.00	2.5	364.62	850.00	2.3	2.59	2.8
01-Oct	940.21	2,450.00	2.6	373.14	850.00	2.3	2.57	2.9
15-Oct	919.26	2,300.00	2.5	369.06	750.00	2.0	2.20	3.1

* Represents rate given by: (Parallel MT/US$) : (Parallel MT/Rand).

SOURCE: USAID Survey
MT/US$ - US Embassy (US Office RAMC Paris)
RAND/US$ - US Embassy (US Office RAMC Paris)
MT/Rand - Mozambique Daily Newspaper "Noticias"

NIGER

UNITED STATES AID MISSION TO NIGER
American Embassy

United States of America

B.P. 11201
NIAMEY

November 2, 1990

Mr. Scott Spangler
Assistant Administrator
Bureau for Africa
Agency for International Development
Washington, D.C. 20523

Dear Mr. Spangler:

The attached FY 1990 Assesment of Program Impact Report (API) is based on USAID/Niger's FY 1990 Action Plan (AP) which was approved by Washington in April 1989. Because the AP was developed over a year and a half ago, at the beginning of a new learning curve in terms of how best to articulate strategic objectives, targets, and progress indicators, we have considered at length whether all three levels should be revised now in order to accommodate this year's API. In the end, we have concluded that we should restrict revisions to the latter.

We will soon be launching a long analytical review to guide us in the preparation of a Niger Country Program Strategy Plan which should be in Washington by December 1991. We expect that the Plan will reflect some fundamental changes in how we view our strategy within the context of the investment portfolio. While we have a sense of what the essential changes will be, we believe it would be premature to attempt to identify potential new linkages in a formal submission to the Africa Bureau at this time.

In this report, we have attempted to present a realistic synopsis of the situation in Niger including the constraints as well as the opportunities. Despite the difficulties being faced by the Government of Niger, we are convinced that it is dedicated to the principles of structural adjustment and is dealing with the issues in a serious and earnest manner. Their adjustment agenda has grown much more complex over the years. The pace may slow accordingly. To this can be added the emerging voice of the population which has become a more insistent part of the development equasion. We look forward to the next year with a great deal enthusiasm tempered by the reality that Niger represents one of the most difficult development environments in the Sahel.

Sincerely,

for

George T. Eaton
Director

313

ASSESSMENT OF PROGRAM IMPACT

USAID/Niger
October 31, 1990

I. Special Factors Affecting the USAID Program:

The field of events and emerging trends over the past year that have the potential to affect the Mission's program are all manifestations of the growing intractability of Niger's economic problems. They include political disturbances in the north related to the nomad pastoral population who rebelled when support systems for reintegrating Nigerien nomads from neighboring countries failed to satisfy needs. On a national scale, there has been an escalating round of dissent and strikes. The first volley was launched by university students, and resulted in fatalities. Student activism is pervasive in Niger and includes secondary and even primary levels. This broadened into general strikes in the private, parastatal and public sectors which have intermittently disrupted government services and the modern economy.

Closer to home, a trend has emerged involving USAID project/program 121d decertifications that can also be linked to the broader economic dilemma. To maintain access to World Bank/IMF credit resources, the Government has adopted a number of difficult structural reform measures. Revenue increases anticipated in the reform program have not materialized. To date, the expenditure-side adjustment has been to continue increasing the size of the civil service while cutting deeply into operations and maintenance expenditures, leaving the civil servants to confront chronic logistical shortages. Since donor programs often have cash or commodity stocks, civil servants have developed creative means to tap these resources to support other, frequently unrelated, ministry services. This and other economic anomalies in society have led to mismanagement and accountability irregularities in the USAID's two principal NPA initiatives, the Agriculture Sector Development Grant (ASDG) and Niger Health Sector Support (NHSS), as well as the Agriculture Production Support (APS) and the Niger Applied Agricultural Research (NAAR) projects, all of which were decertified at one time or another over the past eighteen months. This has proven to be a chronic problem as it is not limited to one administrative entity, one NPA program/project, or one donor.

The ASDG/NHSS grants have been decertified since January 1990. Since then numerous attempts have been made to bring about recertification; however, the Secretariat that handles ASDG/NHSS failed repeatedly to demonstrate sufficient capacity to mobilize an acceptable level of management control. These programs face critical implementation delays. The transfer of $5 million under the sixth amendment to ASDG I authorized in 1989 to create a counterpart pool for NRM activities and the second counterpart transfer of $3 million under NHSS are blocked by the decertifications. To resolve the impasse, the USAID has embarked on a new and radical option. We are moving the entire financial management operation to the private sector via a private accounting firm. At the same time, we are shifting subproject technical oversight from the

Secretariat to the line ministries (Agriculture/Health) where they will be integrated into the regular monitoring functions of the respective Departments of Studies and Investment Programming. Both actions will require intense follow-up and review to ensure the desired controls are achieved.

There is a positive side to the decertification syndrome for it created an opportunity to strengthen our program. To wit, it had a major influence on the outcome of the design of ASDG II, our major new policy reform initiative which will set the pace for NPA implementation well into the next decade. ASDG II local currency programming moves on three important tracks: (1) funds to be managed and monitored by a U.S. private sector organization for PVO and private sector projects; (2) funds for operational (current account) budget support in selected agencies with key roles in fulfilling the program's objectives; and (3) funds for the GON's investment budget to support programming contributing to the objectives of the grant. In the case of two and three, these funds will be provided as direct budget support and will not create a pool of off-budget resources that must be channeled through a parallel bureaucracy such as the Secretariat. We are confident that this formula will benefit NPA and policy reform goals in a meaningful and direct way.

II. Progress Toward Overall Country Program Goals:

USAID/Niger's Country Program Goal is to increase food production, leading toward food self-reliance and increased incomes. A Sub-Goal is focused on bringing about related structural adjustment through policy reform.

Macro-level indicators that are available project few if any prospects for economic growth over the short to medium term. Traditional agriculture is the base of Niger's economy. Annual changes in the level of economic activity are explained more by rainfall patterns than by any other single factor. At the end of the decade of the 1980's, real gross domestic product (GDP) is equal to its beginning-of-the-decade level. The poor rainfall patterns in 1984, 1987 and 1989 led to declines in real GDP of seventeen, five and six percent respectively. GDP growth in non-drought years was not sufficiently strong to lift the economy above pre-drought levels. The high population growth rate, currently estimated at 3.4% per year, caused GDP per capita to decrease during the period.

For the most part, precise, quantifiable "people-level" impact reporting in Niger will remain severely restricted by baseline limitations over the near term. The suggestion in the API guidance cable that we include statistics on income distribution in Section II is, in itself, a good indicator of the magnitude of the problem. Please refer to the World Bank's 1990 World Development Report Table 30 on Income Distribution. Out of all Sub-Saharan African countries, figures were listed for only Ghana and the Ivory Coast. Vast sums are now being spent to fill the statistics/data void by individual USAIDs and the Africa Bureau. While we firmly believe the end result warrants the expenditure,

it should be abundantly clear that there will be few quick returns from these efforts.

Supported by funds under Niger's Economic Policy Reform Program (NEPRP), an IFPRI survey of rural revenues/consumption, started in July 1989, will eventually yield information on rural income levels and household income strategies essential to quantify the impact of our agricultural portfolio on the rural standard of living. The IFPRI survey has required considerable time (2-1/2 years when completed), geographical concentration, and substantial financial resources to ensure the integrity of survey results. The survey is concentrated in Western Niger, covering 15 villages composed of sedentary agriculturalists. Nomad pastoral groups are not covered. The survey, therefore, does not represent all ethnic or income groups in Niger.

For all its limitations, the baseline data that evolves will permit us to quantify consumption indicators for the first time in Niger. The field survey work will be completed in December 1990. Final reports are due a year after the field work is complete. A full year of analysis is required to handle the monumental level of raw data that has been collected. Two useful interim reports will be submitted, one on food consumption and the second on revenues, providing earlier information on the source of grain consumption and basic revenue. In the meantime, the Mission will be deciding how best to monitor changes in the survey villages on a year by year basis to capitalize on the survey and provide residual benefits through a simplified, cost-effective system for updating key indicators. No data/statistics are as yet available to feed into this year's API.

While program goal expectations must remain conservative, recent experience offers a number of reasons why some degree of optimism is warranted in assessing the prospects of the rural economy in Niger. The first reason is the responsiveness of Nigerien farmers to market incentives and production parameters. Peanut production averaged 200,000 tons in 1960-65, while average cowpea production was 54,000 tons. By 1981-85 these production averages were 61,000 tons for peanuts and 223,000 tons for cowpeas. The decline in peanut production was caused by a combination of factors, such as disease, lack of seeds, unfavorable relative prices and a drier climate. The encouraging aspect of growth in cowpea production as a replacement cash crop was that it was one hundred percent a private sector initiative. The government was not involved. Farmers and traders saw a profitable opportunity and took advantage of it. That experience will have to be repeated over and over as opportunities change in regional West African markets.

A second reason for optimism is the spread of dry-season farming (contre saison). Dry-season farming has been practiced for many years, albeit in a small number of places. After the 1984 drought the government encouraged farmers to exploit bottomlands using irrigation from subsurface water to grow food for local consumption. The response was a dramatic increase in dry-season production in 1985. Rains were good in 1985 so grain production was adequate. The following dry season farmers shifted production toward cash crops. Unfortunately, the

316

marketing channels were not prepared to move the frequently perishable dry season production. Local gluts drove prices down and discouraged farmers reduced their dry-season farming activities to the extent that the prevalence of dry-season farming in an area is now considered an indicator of local drought. The lesson is that there is a productive resource in Niger which is not being exploited to its potential. Producers are waiting for the development of a market outlet. Dry season farming could diversify and increase incomes in rural Niger.

Another reason for optimism is the proximity of Nigeria with its enormous market potential. The future course of Nigeria's structural adjustment program is not clear. If per capita income does start to rise and if the naira stabilizes, Niger is well-placed to capture enough of a market share in agro-pastoral markets to fuel an export boom. Nigeria's history of abrupt, even irrational, changes in economic policy is well-known and heightens the uncertainty about market prospects. Nevertheless, the essential point remains: a one percent increase in per capita income in a nation of one hundred and six million is a lot of purchasing power.

Fourth, farmers are beginning to adopt natural resource management techniques, aimed at stabilizing the resource base and leading to sustainable agriculture. Inventories of NRM activities in Niger reveal that the number of farmers taking part in successful land improvement approaches has grown dramatically. A good case in point concerns our natural resources management interventions. On forested land, village-level natural forest management, pioneered on 5,000 hectares with the USAID funded pilot project at Guesselbodi, has grown to the extent that about 200,000 hectares are being brought under Guesselbodi-style management. This latter figure includes replication efforts by other donors. The Guesselbodi "model" has been recognized as one of the premier achievements in the Sahel. Through organized community and cooperative trials, we were able to convince the Niger Government to reverse its long-held policy of central state control of natural forest resources so that it is now legally possible for all communities to organize into management units who are allocated rights through exceptions to the legal code to develop and exploit natural forest resources. The combination of events may now be important enough to constitute a "trend." The question for USAID is therefore one of how it can make the most efficient use of very scarce public resources to support and broaden this trend.

Finally, local associations are beginning to play a role as agents of change in the rural economy, after years of repression. The movement is just beginning, but shows promise. Nigerien NGOs, and Nigerien-staffed affiliates of international NGOs, are starting to become involved in grassroots development. Other forms of voluntary associations, such as cooperatives and private credit unions, also show signs of viability as private organizations, thanks to policy reform (under ASDG I and other programs). If the trend continues, these forms of nongovernmental organizations, in NGO form or cooperative mode, can make a significant difference in rural productivity and quality of life.

317

III. Progress Toward Strategic Objectives and Related Progress Indicators:

We have eliminated entirely the lower level benchmarks associated with the FY 1990 Action Plan. In their place is a set of quantifiable progress indicators at the target level. These have been incorporated directly into Section III. As a result, an Annex is not presented in our report for revision purposes. As our ability and that of the GON to gather and analyze data grows, the reliability of the figures and the clarity of their message will become more dependable. It is difficult to move very far away from the so-called "process" indicators, particularly when the portfolio is heavily engaged in policy reform agendas. In these cases, progress is frequently represented by facets of important institutional achievements. While we understand the need to chart our course as close to "people" level results as possible, the exclusion of process achievements deemphasizes the vital role our A.I.D. programs have in the scheme of development.

Through sector grants, the USAID/Niger program is heavily concentrated on policy changes leading to the increased efficiency of human and financial resource use in agriculture/rural development and health/family planning. All policy reform programs have blended Project Assistance with Non Project Assistance resources to accommodate data collection and policy monitoring functions. A new project, Policy Analysis and Monitoring (PAM), was authorized in August 1990 to help the Ministry of Plan's Direction of Economic Analysis and Forecasting improve its monitoring of policy reforms and the formulation of the next generation of policy interventions. PAM is the latest in a number of efforts financed by the Mission to increase knowledge of the rural economy and to improve the understanding of how policy and project interventions impact in rural Niger. Since data base creation and monitoring systems under PAM are corollaries to the research agenda, most will not be operational until this six-year project is well underway. Enhanced policy formulation and monitoring of changes in the rural economy by the GON will also help the Mission identify new portfolio interventions which will help meet program strategic objectives and yield a higher degree of people level impact results.

The University of Michigan (UM/CRED) ASDG I TA team began building and consolidating a data base for key economic variables in 1985. Recent attempts to refine the approach were begun in the summer of 1988 with the formulation of an Economic Impact Assessment (EIA). UM/CRED home office support staff worked in-country on methodology refinements for selected policy initiatives. That effort led to an EIA this past spring/summer which concluded that the results for millet-sorghum and cowpeas provide plausible evidence that the reforms had a significantly positive effect on output. The Mission is currently reviewing the EIA report and the methodology to determine the validity of its application for future assessments.

Program Logframe	FY90 Assessment of Program Impact (API)			
STRATEGIC OBJECTIVE No. 1	Indicator	Baseline Year	Actual Thru 1989	Expected Thru 1995
Increase agricultural growth on a sustainable basis.	Increase in output of:	Average 1984-86:	Average 1987-89:	
	Cowpeas	201,000 mt	277,000 mt	
	Millet/Sorghum	1.5 mil mt	1.8 mil mt	

Notes:

Cowpea production averaged only 54,000 mt from 1960-65, and thus appears to have increased substantially on a sustainable basis. The use here of 3-year production averages basically reflects the large variation in rainfall, the primary determinant of cereal output in Niger. Low levels of average output in the 1984-86 period are due to a very bad year of rainfall in 1985, whereas 1988 was an excellent year for rainfall (millet/sorghum production reached over 2.3 million metric tons), pulling the 1987-89 averages higher.

A methodology for examining program impact on the output of sorghum, millet, and cowpeas is currently being refined under ASDG I. This multiple regression analysis attempts to separate out policy impacts from various other factors influencing cereals output. Good information on these other factors (e.g. rainfall, pests, prices, incomes, exchange rate) is needed for this type of analysis, and ongoing data collection and analysis efforts supported by USAID will enable improvements in future analyses.

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 1. A	Indicator	Baseline Year 1988	Actual Thru 1990	Expected Thru 1992
Build national capacity to diversify crop production and improve research/ extension/farm linkages.	Total research trials conducted[1]	100	248	400
	Number of on-farm trials[2]	0	15	25
	Contre saison trials[3]	0	17	30
	Irrigated condition trials[3]	0	22	30
	Improved varieties of sorghum released	0	0	2
	% of farmers adopting new varieties	0	0	15
	% increase in average yields of new sorghum varieties over old[4]	0	0	40
	Number of INRAN staff trained Ph.D. Masters		2 5	2 8

Notes:

1. Under USAID support to the national agricultural research institute (INRAN).

2. Twenty-eight socio-economic surveys were conducted through fiscal year 1990 in order to provide essential baseline data for ongoing research.

3. Contre saison and irrigated trials (rice not included) are expected to lead to increased diversification.

4. To achieve expected sorghum yield increases with new varieties an adequate seasonal distribution of rainfall and improved management practices must occur. Current average yields in Niger are 400 - 500 kg/ha. Research trials have yielded up to 6000 kg/ha.

320

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 1. B	Indicator	Baseline Year	Actual Thru 1990	Expected Thru 1995
Establish program for land and resource management, environmental restoration, resource studies and environmental assessments.	Community controlled woodland management sites (ha)[1]	1,500 (1986)	13,249	112,000
	Managed agricultural lands[2]	400,000 (1989)	400,050	567,000

Notes:

1. Represents woodland that was put under improved NRM practices as a direct result of the current USAID program.

2. Managed agricultural lands are defined as lands used for the production of food, fuel, fodder, or fiber on which improved natural resource management practices have been adopted with the goal of increasing sustainable levels of production (e.g. agroforestry, soil and water conservation, soil fertility management, etc.).

Other indicators will be considered as the ASDG II program gets under way in 1991, including: number of farmers using NRM practices, number and area of village land use plans, number of public wells attributed to individual or community management, amount of wood produced on managed woodland, and area of pasture land under management by pastoral associations.

321

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 1. C	Indicator	Baseline Year 1980	Actual Thru 1990	Expected Thru 1995
Develop regional data on rainfall, crops, forage production, pests, and famine early warning to supplement national systems for agricultural planning and pest control.	Number of scientists trained in generation and use of data from greenness maps[1]			
	1. Information Sciences:			
	AA	0	21	
	BS	0	11	
	2. Hydrology/ Water Resources.			
	MS	0	10	
	Number of GON offices receiving information[2]	0	22	50

Notes:

1. Although this is a process indicator, the ability to transfer the technology is dependent upon having trained personnel. The training phase is now completed.

2. Vegetative assessments (greenness maps) for Niger were being produced by USGS in South Dakota before a local capacity was developed in 1990. The distribution of reports is now centralized and will be extended to the local level in the future.

322

Program Logframe	FY90 Assessment of Program Impact (API)			
STRATEGIC OBJECTIVE No. 2	Indicator	Baseline Year	Actual Thru 1990	Expected Thru 1995
Increase the scale, diversity, and efficiency of agro-pastoral markets.				

Notes:

Lack of baseline data on percent of production marketed, marketing costs, price margins, and transportation costs make it difficult to monitor the efficiency of agro-pastoral markets in Niger. When baseline data becomes available, indicators can be identified.

Possible future indicators include: percent of production marketed (both locally and for export); marketing and transportation costs; and farm-gate prices.

323

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 2. A	Indicator	Baseline Year 1986	Actual 1989	Expected 1992
Expand the private sector role in agro-pastoral marketing and continue liberalization of domestic and foreign trade regulations.	Quantity of exports[1] (mt):	Average 1981-86:		
	Livestock	38,053	7,816	52,079
	Skins/Hides	1,629	540	2,200
	Cowpeas	5,703	14,510	7,700
	Onions	13,337	22,059	18,005
	Number of steps to conduct export formalities	13	10	4
	Level of export tax on (% of value):			
	Cattle	8	3	3
	Sheep & Goats	17	3	3
	Cowpeas	20	3	3
	Onions	50	3	3
	Input subsidies as a percentage of the delivered cost of inputs[2]	57 (1984)	25	15

Notes:

1. Quantity of official exports per calendar year (Oct.- Oct.), provided by the customs service (1986 was the last year official customs data was available; the 1989 figures are provisional).

2. This is an average percentage level across inputs.

324

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 2. B	Indicator	Baseline Year 1988	Actual Thru 1990	Expected Thru 1991
Encourage greater participation in economic activities by community-based self-managed cooperatives.	Number of co-ops engaged in commercial activities[1]	70	180	180
	Number of co-ops capable of producing financial statements[2]	0	25	75
	Number of people receiving literacy training[3]:			
	Total	0	4000	8000
	Women	0	1700	3400
	Number of marketing loans extended[4]:			
	Total loans	88	188	313
	Ag. marketing	60	120	195
	Value of marketing loans (CFA):			
	Total	183 mil	283 mil	483 mil
	Cowpeas[5]	137 mil	142 mil	242 mil

Notes:

1. Approximately 25% of cooperatives are engaged in cowpeas, 37% in grains, 41% in boutiques, and fewer than 10% in wood sales and pharmacies. Some cooperatives engage in more than one type of commercial activity.

2. This implies the ability to produce correct income statements and balance sheets.

3. Before 1988, cooperatives had 4 years of literacy training. Only those beginning training in 1988 are included here. Approximately one-third of those receiving training achieve literacy each year.

4. Doesn't include loans prior to 1988 or funds from sources other than BIAO.

5. Before 1988, all cowpeas were marketed by GON; policy reforms supported by USAID enabled cooperatives to market cowpeas themselves.

325

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 2. C	Indicator	Baseline Year 1988	Actual Thru 1990	Expected Thru 1992
Develop pilot village credit union system to mobilize savings and provide access to credit.	Number of credit unions established:			
	Total	0	5	15
	Women's	0	1	2
	Average number of members	0	100	130
	Total savings (CFA)	0	730,000	2.0 mil
	Total loans (CFA)	0	0	1.4 mil

Notes:

The major constraint to developing a viable credit union system is the success in generating savings and obtaining a base of at least 500,000 CFA of savings per credit union. A growth of 10-15%/year in savings will be the target after the base level is reached. Since people are not presently saving money in formal institutions, this requires that habits change. A savings promotion campaign will be undertaken to achieve this goal. Another important goal is to be able to make viable loans on 70% of savings. Interest charged on loans will be 2%/month. Savings will earn 8-10%/year.

326

Program Logframe	FY90 Assessment of Program Impact (API)			
STRATEGIC OBJECTIVE No. 3	Indicator	Baseline Year 1989	Actual Thru 1990	Expected Thru 1995
Increase the coverage and quality of the health care delivery system.	Infant Mortality per one thousand people	140	unknown	129

Notes:

The 1988 census, which received USAID support, will impact on all sectors relying on demographic data for policy formulation. Data from the census are still being processed, and should be available by mid-1991. A Demographic and Health Survey (DHS) at the national level is planned which will provide more information on fertility, mortality, use of contraceptives, and other health information as a mid-point review of program progress and impact.

327

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 3. A	Indicator	Baseline Year 1989	Actual Thru 1990	Expected Thru 1995
Develop GON/MOH sustainable cost recovery and containment policies and readjust resource allocations to improve health service delivery.	Percent of primary health care facilities implementing a cost recovery system	0	0	90
	Percent of primary health care facilities with a full range of essential drugs	33	33	100
	Percent of primary health care facilities with appropriate allocation of health personnel	19	20	80

328

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 3. B	Indicator	Baseline Year 1989	Actual Thru 1990	Expected Thru 1995
Improve health service delivery in nutrition education, malaria treatment and prevention, immunization, blindness prevention, and increase population reached by child survival interventions.	Percent of health facilities using correct malaria protocol	0	0	50
	Percent of mothers using ORT for diarrhea	9	15	80
	Percent of children fully vaccinated	16	16	75

329

Program Logframe	FY90 Assessment of Program Impact (API)			
TARGET No. 3. C	Indicator	Baseline Year 1989	Actual Thru 1990	Expected Thru 1995
Increase family planning service delivery at sustainable rates.	Increase in use of modern contraceptive methods (couple-years of protection)	12,500 - 13,500	28,000	150,000

330

SENEGAL

SENEGAL: ASSESSMENT OF PROGRAM IMPACT

FY 1990

USAID/SENEGAL
PROGRAM OFFICE
29 OCTOBER 1990

332

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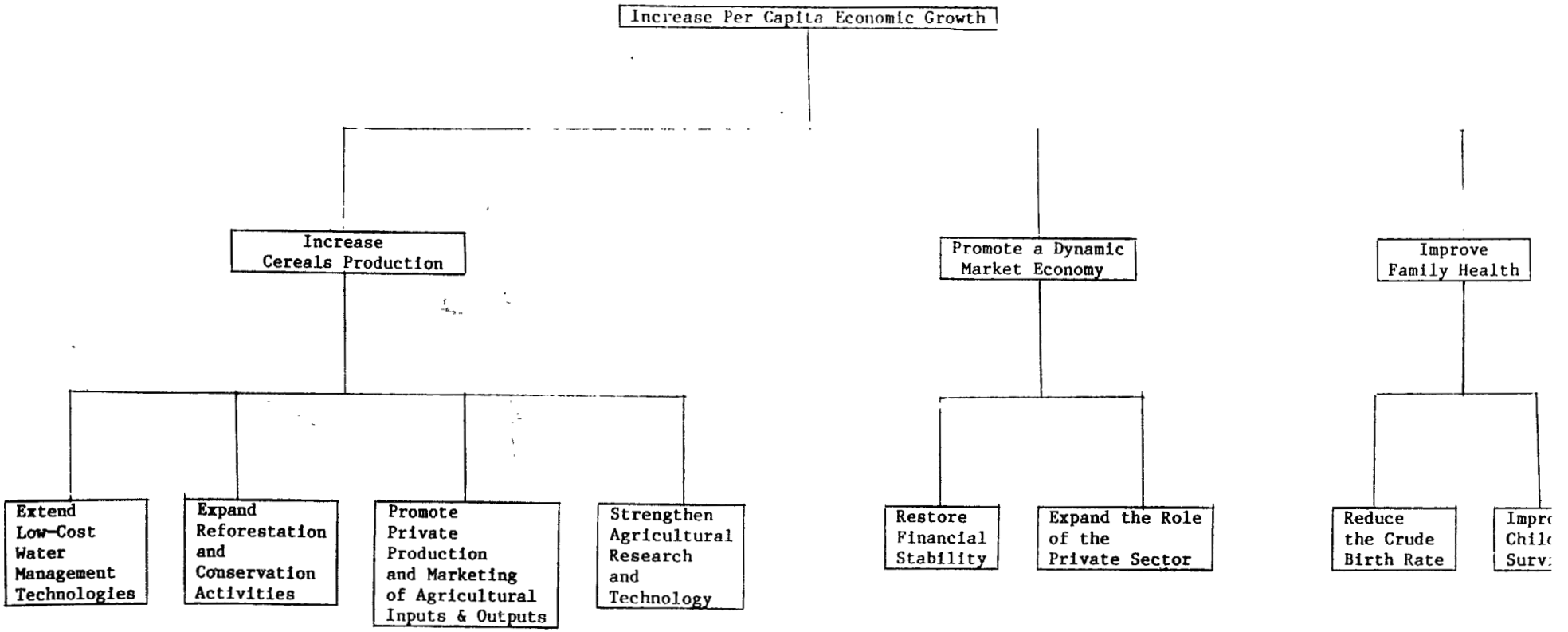
FIGURE I

USAID/SENEGAL: FY 1990 ACTION PLAN

GOAL, OBJECTIVES, TARGETS



SENEGAL: ASSESSMENT OF PROGRAM IMPACT FY 1990

SECTION I: Special Factors Affecting Achievement of Senegal Program Strategic Objectives

-- Poor budget performance two years in a row (public revenue growing more slowly than projected, insufficient spending controls, failure to comply with IMF targets) indicates a degree of vulnerability with regard to the government's capability to meet its fiscal targets;

-- The recent change in Mission management has entailed a major portfolio review resulting in the termination of several projects. A series of broad-ranging sector studies is under way as the first step in the Mission's rethinking of its overall program;

-- The first phase of a major GOS administrative reorganization in March 1990 resulted in a long period where business was difficult if not impossible to transact because of GOS personnel relocations and changed responsibilities. Continuing uncertainty about the future remains a drag on day-to-day operations. However, the ultimate result should be a much leaner government structure. This will bear fruit in the medium term; and

-- The instability created along the northern border area by the year-long conflict with Mauritania has hampered the progress of project activities in that area. The Mauritanian situation, and unrest in the Casamance, have negatively impacted on the budget and therefore on program progress.

SECTION II: Goal Achievement

The Mission's program goal is to increase per capita growth and food security. Key objectives of the program are to promote a dynamic market economy, to increase cereals production, and to improve family health.

Senegal's real GDP has increased by some 3.6 percent yearly during the current CDSS period (FY 1986-90), just above the 3.2 percent annual growth rate targeted in the CDSS document. GDP growth per capita during 1986-90 has averaged 0.9 percent per annum. This compares with an average decline in per capita GDP of 0.4 percent annually during the preceding five year period. However, it is not clear how much impact can be directly attributed to the A.I.D. program.

Promoting a dynamic private economy in Senegal requires continuing improvements in macroeconomic stability. After an initial good start, budget stabilization objectives have proven difficult to sustain. The budget deficit as a share of GDP declined from a peak of 11.5 percent of GDP in FY 1981 to a low of 1.2 percent of GDP in FY 1988. The deficit rebounded, however, to 2.1 percent of GDP in FY 1989, and to an estimated

3.4 percent of GDP in FY 1990. Public sector arrears are proving extremely difficult to control: in FY 1990, domestic arrears increased by FCFA 21.5 billion (about $80 million) instead of decreasing by FCFA 8.5 billion (about $31 million) as planned.

With regard to the balance of payments, the current account deficit has declined steadily from a peak of 14 percent of GDP in FY 1984, to 4.5 percent of GDP in FY 1989, and to an estimated 3.1 percent of GDP in FY 1990. Primarily for budgetary reasons, Senegal has continued to have exceptional recourse to the Paris Club, and currently has some $12 million of external arrears, after a period where external arrears had been eliminated. Improved supply and demand conditions and restrictive monetary policy have combined to produce important reductions in the rate of inflation as measured by the GDP deflator. The rise in the deflator which had peaked at 11.4 percent in FY 1986 fell to 2.0 percent in FY 1989, and remained at an estimated 2 percent in FY 1990.

Reform of the public and parastatal sector is moving more slowly than anticipated. Although major policy reforms in the financial sector have been implemented, efforts to create a new private bank to manage the remaining sound assets of former public banks have not been successful. Some policy signals to the private sector have been conflicting (initial tariff reductions followed by partial reversals two years in succession, and attempts at income tax reform accompanied by recent rate increases). There is little evidence of structural adjustment based on the way in which resources continue to be allocated in the economy.

Progress towards the Mission's food security goal can be partly assessed in terms of changes in the ratio of grain imports to total grain availability (local production plus imports) as well as in terms of production increases.

Cereal imports (milled grain equivalent) have stayed below the 1980-85 average of 475,000 metric tons, reaching 446,000 metric tons for the two years 1988-89 (of which 318,000 in rice). Food aid imports have decreased from an average of 90,000 metric tons in the earlier period to an average of 65,400 metric tons in 1988-89.

Domestic production of coarse grains and rice has continued its variable pattern since 1985. Total cereals production in crop year 1989 was about one million metric tons, about the same as in 1987 and lower than the banner year 1985. Cereals self-sufficiency has increased from about 40 percent in 1980-85 to an average of 53 percent in 1988-89.

SECTION III: Progress Toward Strategic Objectives and Related Indicators

Strategic Objective #1: Promote a Dynamic Market Economy

Targets: 1. Restore financial stability in the budget and balance of payments accounts

2. Expand the role of the private sector in production, marketing, and pricing decisions

Results: Target #1 is critical to establishing the environment for a dynamic market economy. Progress on the balance of payments has been good, while progress on the budget has proven difficult for the GOS to sustain over time.

After encouraging initial results, the budget deficit rebounded in FY 1989 and FY 1990. Both revenue shortfalls and expenditure overruns are responsible. On the revenue side, there continue to be severe difficulties in collecting customs duties. The government has made some changes in Customs Service personnel and reinstituted minimal valuations on imports in order to mitigate underinvoicing. A suggestion to improve customs monitoring by hiring the Swiss firm SGS was rejected by the authorities. The other principal revenue-enhancing measure, the new income tax system, will only be fully implemented in the next fiscal year.

On the expenditure side, the government has found it impossible to reduce the public sector wage bill although it has taken steps recently to stabilize it. The GOS has also found it difficult to cut operating subsidies as much as envisaged under World Bank and IMF programs. Elimination of subsidies on agricultural inputs has proceeded satisfactorily: by December 1989, subsidies on fertilizer were eliminated except for supplies used by the cotton company SODEFITEX. These remaining subsidies will be removed by the end of the 1993 season. The peanut seed sector has been privatized, and farmers are now responsible for holding their own seed stocks. The sector's remaining deficit is expected to be eliminated by the end of the 1991 season.

Continued defense requirements reportedly weigh heavily on the budget. Combined with the factors noted above, it has been impossible to hold to the desired schedule for eliminating internal government arrears to the private sector. This is an additional factor which delays the development of a dynamic market economy.

Notwithstanding these current budget difficulties, the role of the government in the overall economy has been cut by nearly a third over the past ten years. The ratio of government expenditures to GDP has fallen significantly, from a peak of 31.9 percent in FY 1981, to 20.7 percent in FY 1989, and to an estimated 21.1 percent in FY 1990.

The balance of payments deficit on current account has fallen by more than two-thirds over the past six years, from a peak of 14 percent of GDP in FY 1983 to 4.5 percent in FY 1989, and to an estimated 3.1 percent in FY 1990. Senegal lost revenues from petroleum exports when the Mauritanian market disappeared in 1988 and when Mali switched to Cote d'Ivoire for its petroleum supply. However, the import bill in terms of FCFA has benefitted from an appreciation against the dollar due to French Treasury efforts to strengthen the French franc with respect to the German mark.

Target #2. Expand the role of the private sector in production, marketing, and pricing decisions.

A.I.D. has been active in promoting private sector activities through a number of different approaches, both at the formal and semi-formal levels, and through indirect as well as direct channels. Our most ambitious undertaking has been to participate with the World Bank and France in supporting the government's efforts to restructure the banking system, in the context of even broader reforms at the level of the West African Monetary Union to which Senegal belongs. The purpose of the restructuring is to improve financial intermediation to permit the private sector to increase its ownership of productive resources as the public sector reduces its position in the economy, as well as to facilitate normal business transactions at all levels. To date a regional Bank Supervision Commission has been formed; interest rates have been raised and made more flexible; double taxation of interest earned on savings has been eliminated; sectoral credit allocations have ceased; prior authorization of bank loans by the Central Bank has ended; and the GOS has ceased giving its guarantee to private and parastatal loans. It is evident, however, that many other elements have to be in place in order to create the level of confidence required for a truly dynamic market economy to emerge.

Among these elements, trade restrictions were reduced starting in 1987 in order to stimulate interest in competitive production and export. Unfortunately budget pressures in 1989 and 1990 led to some increases in previously reduced import tariffs. Information from the Mission's industrial sector monitoring activity, available through the first half of 1989, indicates that the most competitive firms were indeed able to take advantage of the policy changes to at least prevent deterioration in output. Information on the impact of trade liberalization on small or informal sector firms is limited, although a recent AEPRP-I evaluation found that small-and medium-scale enterprises were benefitting from the reform.

An AID-funded pilot project has been demonstrating the feasibility of lending to small-and medium-scale enterprises in Senegal. The Community and Enterprise Development project, newly reorganized with improved management controls in early 1990, has been more successful than anticipated in terms of involving small firms in expanded production and marketing activities. The project has lent more than twice the amount originally projected and has achieved a repayment rate of 90 percent. Cash flow projections indicate that the project will be able to break even in 1992 as high overhead costs per loan decline and as volume expands. The project's success in proving to government officials that small firms can indeed be good borrowers under appropriate conditions is significant. The project is now beginning to expand its services beyond the original branch in Kaolack to include seven new branches in three other cities: Thies, Mbour, and Dakar.

337

Private sector promotion has also been implemented through activities supporting strategic objective #2, such as agricultural input marketing (see also target #1 above), and through the private sector training implemented under HRDA and the Sahel Regional Financial Management Project. Collaboration with the local private sector in an ongoing study of the private sector through the Manual for Action in the Private Sector (MAPS) has contributed to focusing attention on key issues and to improving dialogue between industry and the government. Finally, our assistance to NGO's has also been instrumental in supporting the development of private initiatives, and we have recently signed an agreement with the GOS for a $15 million PVO/NGO support project.

The flip side of private sector promotion is reduction of the government's role in the economy, already touched upon above. The key success in this area is the substantial withdrawal of the government from the banking sector. By October 1990 four government banks had been liquidated, including the failing BNDS, which once accounted for 32 percent of assets in the banking sector. GOS ownership in USB (once the second largest bank, with a 15 percent share of the market) has been reduced from 75 percent to 5 percent. GOS ownership in BIAOS, once the fourth largest bank, has been reduced from 35 percent to 10 percent. Negotiations are also under way to reduce the GOS share in two remaining banks (CNCAS; BICIS). Another example of transfer of assets to the private sector is the privatization of a large exporter of horticulture products, achieved after AID funded an assets valuation under the Transfer of Technology project.

A final success story is Mission cooperation with the Food Technology Institute which has implemented its first contracts with private producers (fruit juices, cereals transformation, fish quality control) and which last year received private income equal to a third of the resources obtained from the government. This activity is also part of Strategic Objective #2, target 4.

<u>Strategic Objective #2:</u> <u>Increase Cereal Production</u>

<u>Targets</u>:
1. Extend low-cost water management technology
2. Expand reforestation and conservation activities
3. Promote private production and marketing of inputs/outputs
4. Strengthen agricultural research technology

<u>Results</u>: <u>Target #1</u> has not been able to demonstrate significant impact in increasing cereal production to date. Construction of low-cost irrigation perimeters in the Bakel region has proven infeasible. Private sector participation has been limited to the efforts of village-level groups formed to carry out economic activities. A mid-term project evaluation demonstrated that irrigated rice and other crops were not economically viable and farmers lacked financial incentives to intensify production and increase output. After a thorough evaluation, the Mission recently decided to terminate this project. Construction of water management structures in the Casamance has not yet commenced.

Target #2. Reforestation activities have been highly successful in terms of trees planted, but it is unclear whether these activities have had any impact to date on improving cereal production. The linkage between this target and strategic objective number two will be reviewed and will be better defined as the Mission develops its new program strategy.

It should also be noted that many of the sub-target indicators established for this target (see logframe) were exceeded by a high margin. With regard to the number of private nurseries established, a survey revealed that numerous nurseries existed prior to the start of this activity. Thus the initial target figure of 30 was not accurate. With regard to the large number of matching grants realized by the project, more beneficiaries planted smaller plots than anticipated, thus requiring more participants and grants to meet hectarage targets. More importantly, demand for trees has been high and the number of trees planted has been more than triple the level targeted.

Target #3 has been only marginally effective in terms of contributing to increased cereal production. ESF programs in association with other donor conditionality encouraged SAED to disengage from rice seed production and marketing. With some assistance from the Agricultural Production Support Project, all rice seed production and marketing in the Fleuve was privatized. The project helped to establish seed rice certification standards and procedures, thus increasing farmer confidence and demand. In FY 1990, certified seed rice accounted for over 30% of the market. The project had no impact on other cereal seeds (and did not work on them). The quantity of certified seed and commercially marketed coarse grains seeds remains small.

The banking sector has proven unwilling to risk making agricultural credit available to input dealers. This and problems with other components has resulted in the termination the Agricultural Production Support project ($20 million).

Private fertilizer distribution has increased from 67 percent of total distribution to 80 percent, partially as a result of the conditions we developed under our ESF programs, and partially as a result of PL-480 self-help measures and local currency support. Between 1986 and 1990 fertilizer sales increased modestly (about 5,000 MT or 20 percent). Our assistance was instrumental in privatizing fertilizer distribution, eliminating subsidies and improving the efficiency of fertilizer use. Fertilizer used on vegetables has grown significantly while use on rainfed crops (including cereals), which is risky and marginal, appears to have decreased.

339

Target #4: Efforts by AID to increase cereal production through strengthened agricultural research and technology activities have resulted in some institutional reforms. With AID assistance through ISNAR, ISRA has made progress in the area of personnel reform, establishing career ladders and evaluation criteria. ISRA and the Presidency, with donor support, are currently planning an ambitious and far-reaching evaluation (organizational, financial, research management and personnel) that would align ISRA's budgetary and human resources with a research program focused on priority problems at the farm level.

Regarding crop research, the Action Plan target related to testing cold-tolerant rice varieties was dropped because it was inappropriately specified -- ISRA does not have a rice breeding program in the Senegal River Valley. However with sustained CRSP support, the ISRA cowpea research program developed a promising new variety (IS86-275) that is resistant to the major bacterial/viral diseases, the cowpea weevil and aphid, has possible resistance to Striga, and can grow in 200 mm rainfall areas. Yield of grain and hay in on-farm trials conducted by the Agricultural Research Project have shown substantial increases (250 percent) over traditional varieties under very low rainfall regimes. The ISRA sorghum research program has developed a new variety (CE151-262) for the irrigated cold season in the Senegal River Valley. This variety is currently being evaluated under the Agricultural Research II Project for its adaptability on-farm and its economic viability as an alternative second crop following rice cultivation.

It has been amply demonstrated that raising and breeding water buffalo under carefully controlled conditions is possible in Senegal. A dozen animals have been placed on farms to evaluate their technical and economic feasibility. To date, water buffalo introduction and traction have had no impact on the strategic objective.

A notable success story under this target has been the creation of a positive environment for development and introduction of commercial technologies for processing local cereals (and other foods) into products more acceptable to urban and rural consumers. Several firms are now producing and profitably marketing local products never produced or marketed before, such as bissap juice, mango juice, millet bread, packaged millet meal, and several fish products. AID's association with the Institute of Food Technology has been instrumental in the success of these activities.

Strategic Objective #3: Improve Family Health

Targets:
1. Reduce the crude birth rate from 48 per 1000 to 42 per 1000 by 1992.
2. Improve child survival.

Results: Target #1. In order to achieve the targeted birth rate, 200,000 women would have to be using modern contraceptives by 1992. In light of progress so far, it appears that the benchmark will have to be revised downward to 150,000. While the number of centers able to provide family planning services has expanded as planned, the acceptance rate has been lower than planned (63,000 instead of 100,000 women to-date). Yet even this level of acceptance is significant in Senegal, where resistance to limiting family size is strong. We are currently awaiting the results of a study on knowledge, attitudes, and practices that will update our information on family planning among urban men and women.

The Ministry of Health is increasingly supportive of family planning efforts and has just recently (February 1990) authorized family planning services in all health care facilities. This was two years later than planned. Thus training for nurses at the health post level began only recently. A social marketing activity for condoms was successfully tested, and will be fully implemented in FY 1991.

Target #2. The key indicator for this target is the rate of infant mortality. We do not at this time have information available to document any change in this indicator for the Sine Saloum region. Some positive developments in overall public health planning are setting the stage for more effective MCH programs, however.

The policy and administrative reforms, including management decentralization, which are being implemented by the MOH, fully integrate MCH concerns into health services planning. Administrative regions have developed local plans for delivery of MCH services and are in the process of developing comprehensive health sector plans. Financial decentralization, which must be an integral part of an improved primary health care system, has not yet been addressed. Preliminary health care financing studies are to be initiated in January 1991.

The rural health activities sponsored by USAID in the Sine Saloum area were to have been integrated into MOH programs. This has been only partially effected owing to the government's severe budget crisis. Nevertheless, an estimated 50 percent of communities involved have been able to ensure financial continuity for these activities. We see this as promising in terms of showing popular support for further health system decentralization.

PROGRAM LOGFRAME. SENEGAL — ASSESSMENT OF PROGRAM IMPACT

STRATEGIC OBJECTIVE No. 1	Baseline Indicators	Expected FY 1990	actual FY 1990
Promote a dynamic market economy	none		
TARGET No 1 1 Restore financial stability			
a)budget	Def./GDP: 4.6% in 83-84; 1.4% in 86-87	eliminate	2.1% in 88-89, 3.4% est in 89-90
	Pub.Exp/GDP: 25.2% in 83-84; 21% in 86-87	19.8%	21.6% in 88-89, 21.1% est. 89-90
		Fertilizer subs. eliminated	Only SODEFITEX retains subsidy
		Peanut seed subs. eliminated	Farmers now meet own seed needs Subsector deficit continues: to be eliminated 90-91
		Income tax reform drafted by end 1989	Tax code adopted Jan. 1990
bibal of payments	BOP Def./GDP: 10 2% in 83-84, 6.1% in 86-87	3.0%	4.6% in 88-89, 3.1% est .89-90
TARGET No 1.2 Expand private sector role in prod, mktg. pricing decisions			
Sub-target 1.2.1 Reduce GOS share in banking	GOS share in banking: -USB: 75% -BIAOS: 35% -CNCAS: 49% -BICIS: 42% -BNDS: 75% -SOFISEDIT: 34% -SONAGA: 92% -SONABANQUE: 87%	max GOS share in all banks no larger than 25%	-USB (now CLS) with 5% GOS share -BIAOS: 10% -CNCAS: 46% -BICIS: 42% -BNDS: liquidated -SOFISEDIT: liquidated -SONAGA: liquidated -SONABANQUE: liquidated
Sub-target 1.2.2 Demonstrate profitable lending to SME's	Minimal lending through formal sector	-$ 700,000 lent -250 borrowers -95% repay. rate -24% interest covers all operating costs	-$ 2 mil. lent -250 borrowers, 464 loans -90% repay. rate -annual percentage rate 24.0% but covers only 51% of op. costs
Sub-target 1.2.3 Liberalize trading environment		Eliminate import quotas	Done for all but wheat, sugar, edible oil and tomato concentrate
		Export tariff reduction completed	Completed, Jul.88, but partially reversed Aug.89 and 90
Sub-target 1.2.4 Support private sector low income housing development			Delayed, due partly to x-rate appreciation which reduced the CFA equivalent of the expected HG loan

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PROGRAM LOGFRAME: SENEGAL — ASSESSMENT OF PROGRAM IMPACT

STRATEGIC OBJECTIVE No 2	Baseline Indicators	Expected FY 1990	Actual FY 1990
Increase Cereals Production		Production trend 5.0% (CDSS)	1982-1989 trend is 4.7%
		Stabilize grain imports below 730,000 MT	1988-89 ave.: 445,700 MT
		Hold rice imports to 340,000 MT	1988-89 ave.: 318,000 MT
TARGET No. 2.1 Extend low-cost water management technologies			
Sub-target 2.1.1 Demonstrate feasibility of low-cost irrig in Bakel area	-No new perimeters	-400 ha. of perim. constructed 200 ha. of perim. rehabilitated	-239 ha. constructed 50 ha. rehabilitated
	-Rice cropping. 0.7 crop/yr.	-Rice cropping. 1.5	-Rice cropping. 0.8
	-No priv sect participation	-Priv sector active	-Priv. sector not active. econ feasibility not demonstrated. project terminated
Sub-target 2.1.2 Use water management techniques to increase Casamance rice productivity	-No water management structures	-Start on 750 ha by Mar 90	-0-, project just started
	-Existing rice productivity less than 2MT/ha.	-Increase 25% by 1990	-0-, project just started
TARGET No 2.2 Expand reforestation and conservation activities			
Sub-target 2.2.1 Establish GOS Forestry Code	-None existing	-Develop and adopt by March 90	-Developed; final draft with Assembly. Provisions already being applied.
Sub-target 2.2.2 Conduct public information campaign	-None existing	-Produce 6 radio and 6 TV shows by March 90	-52 radio and 5 TV broadcasts
Sub-target 2.2.3 Promote private nursery operations	-None existing (baseline assumptions incorrect)	-30 nurseries by March 90	-650 priv. nurseries identified; #s increasing w/o special project initiative
Sub-target 2.2.4 Promote tree planting		-100 matching grants	-744 matching grants executed in 1988 & 89
		-250,000 multipurpose trees	-528,000 trees out of 1 million planted survived
		-55,000 trees planted along 55km. roads/windbreaks	-24,000 trees along 30km roads and windbreaks in 1988 & 89. CY 90 plantings not yet underway.

TARGET No 2.3 Promote private production and marketing of agricultural inputs and outputs			
Sub-target 2.3.1 Develop seed policy	-None existing	-GOS to enact and implement a seed plan by March 90	-Seed plan implemented in 1989
Sub-target 2.3.2 Promote private input marketing	-No private supply of certified cereals seeds	-10% of cert. seeds supply to be met by priv. sector	-100% of seed rice production privatized; cert. seeds account for more than 30% of mkt No program impact on other cereals.
		-Increase demand for seeds by 5%	-Demand has increased more than 5% for rice seed
	-Limited fertilizer supplied by private sector	-90% supplied by private sector by March 90	-80% supplied by priv. sect 3/90
Sub-target 2.3.3 Stimulate banks to provide ag credit	-Commercial banks do not provide ag credit	-$1.0 million in loans provided by March 90 (APS project)	-Commercial banks not involved. project terminated
Sub-target 2.3.4 Restructure food security agency			-Food security agency restructured
TARGET No 2.4 Strengthen Agricultural Research and Technology			
Sub-target 2.4.1 Enact ISRA research and reform plan		-Plan enacted and adopted by ISRA in 1988	-Plan enacted and adopted, but overtaken by plan for more comprehensive reforms.
		-Adopt personnel policy by 3/90	-Intermediate products of career ladder & eval. crit. developed. Personnel reforms continuing
		-Test 48 rice varieties for cold tolerance by 3/90	-Benchmark dropped. On-farm trials to improve cowpea varieties showed subst. yield incr -Identified promising sorghum variety with potential for 2x cropping, following rice in cold dry season.
Sub-target 2.4.2 Introduce water buffalo to Senegal	-Initial size of herd, 20 head	-Increase by 50%	-Increased to 58, or 190%
Sub-target 2.4.3 Promote commercialization of food technologies		-I.T.A. to conclude contracts with private sector firms	-firms are marketing fruit juices, millet products, etc.

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PROGRAM LOGFRAME: SENEGAL

ASSESSMENT OF PROGRAM IMPACT

STRATEGIC OBJECTIVE No 3 Improve family health	Baseline Indicators	Expected FY 1990	Actual FY 1990
TARGET No 3.1 Reduce crude birth rate	48 per 1000		
Sub-target 3.1.1 Complete national census		Census and analysis completed	Census completed, results of 10% sample published. Expec complete analysis end CY 90.
Sub-target 3.1.2 Issue policy paper on population and development and initiate population programs		Relevant ministries initiate population programs	Policy issued. 4 key ministries have programs (MOH. Education. Finance/Plan. Rural Development)
Sub-target 3 1.3 Incorporate family planning at all levels of public health services		-95% child-bearing women aware of contraceptive methods (urban areas) -150 FP centers -100,000 women use contraceptives	-All levels are covered except except health posts -90% aware of any method -154 centers open -63,000 acceptors
Sub-target 3 1 4 Expand FP IEC to policy-makers and medical community			Medical community ok Policy makers are not reached satisfactorily.
TARGET No 3 2 Improve child survival		40% reduction in infant mortality in Sine Saloum bet. 1985 & 1990	No statistics yet
Sub-target 3.2.1 Define national primary health system to incorporate child survival		MOH promotes decentralization of health planning/financing	System defined by health policy paper improves structure for delivery of CS and MCH services to rural areas; decentralization planning underway.
Sub-target 3.2.2 Improve drug distribution system.		MOH begins to address management and supply constraints	MOH conducting study on reorganizing system
Sub-target 3.2.3 Community rural health activ. are institutionalized institutionalized.	Activities initiated by A.I.D. program in S.Saloum	MOH absorbs all activities	An estimated 50% of communities are supporting village health huts 2 yrs. after end of direct A.I.D. interventions

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SWAZILAND

A S S E S S M E N T O F P R O G R A M I M P A C T

USAID/SWAZILAND, OCTOBER 1990

SECTION I: SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Fiscal Year 1990 has been a year of transition for USAID/Swaziland. Much of what will be reported in this document focuses on the development of a new strategy, which required extensive studies, analyses and discussions within the mission, with the Swazi public and private sector, and with AID/Washington. The past twelve months have seen the strategy of USAID/Swaziland blend into a cohesive, targeted assistance program for the 1990s. With the approval of the Limited Country Development Strategy Statement (LCDSS) in October 1989, the Mission began to develop the necessary project mechanisms.

Major elements of the strategy's first focus, family planning, will require further negotiations with the Swazi government. Some components of the strategy have been started through the Family Health Services project with the Family Life Association of Swaziland. However, major issues related to aggressive promotion of contraception in a society that is still largely skeptical of family planning, remain to be resolved in order to proceed with social marketing, community-based distribution and improvement of the Ministry of Health's clinic-level program. Although senior MOH officials believe this attitude is changing and are supportive of a greater USAID emphasis on family planning, the bureaucracy's lower echelons still need to be convinced. FY 91 will be a year of continued dialogue and project design with new initiatives starting in FY 92.

Two major education and training projects began in FY 90 to help Swazis obtain the necessary knowledge and skills to participate fully in their economy. The Swaziland Training and Institutional Development Project (STRIDE) builds on past experiences in training with a narrower focus on strengthening managerial and administrative skills. The Education Policy, Management and Technology (EPMT) project aims to improve the quality of basic education, as well as to better match the system's output with the economy's needs.

Targeting the private sector is a new initiative for the Mission that required first identifying the specific constraints to private sector growth. The Manual for Action in the Private Sector (MAPS) exercise provided much of the needed analyses. Among the shortcomings that the studies found were limited access to credit, an overburdened infrastructure and lack of skilled manpower. The MAPS findings provided a basis for dialogue with both private and public sector leaders, which is continuing as the Small Business Development project is being designed. The experimental activities under the Swaziland Training for Entrepreneurs (STEP) project identified specific needs for microenterprise development. Two PVOs -- Business Management and Extension Programme (BMEP) and CARE -- are now being supported by USAID to provide training and technical assistance in this sector.

With most of the program components now in place, the Mission will be focusing its efforts less on design and more on implementation in FY 91.

SECTION II. PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS AND SUBGOALS

USAID/Swaziland's Action Plan was reviewed and approved by AID/W in September 1990; therefore, the mission has no progress to report on at the goal or subgoal level.

The AID/W review of the Action Plan did, however, recommend a second subgoal, above the second and third strategic objectives. Both objectives, it was argued, have a common goal of increasing the economic well-being of Swazis, but there was a need for a "unifying statement" at the subgoal level.

USAID/Swaziland's program assists both the private and public sector. USAID's planned public sector assistance focuses on areas that affect private sector growth, such as improving the implementation of the GOS capital budget. As the attached revised Objective Tree shows, USAID/Swaziland proposes a new subgoal: "Increase employment generated through the Swazi-owned and/or managed sector of the economy." Increased employment will improve the economic well-being of the Swazis. USAID believes its programs will lead to increased employment of Swazis by providing training that will improve managerial and administrative skills of Swazis, by improving the quality and relevance of basic education, and by strengthening in-country training institutions. Assistance to the public sector will provide for improvements in Swazis' managing and participating in their economy. USAID's private sector efforts focus on creating viable Swazi-owned business which will increase Swazi employment. Targets include increased access to markets and credit, improved business management skills and improved GOS policies. Progress towards the subgoal will be measured by increases in employment in the Swazi-owned and managed segment of the economy and by improvements in the localization rate in the public and private sector.

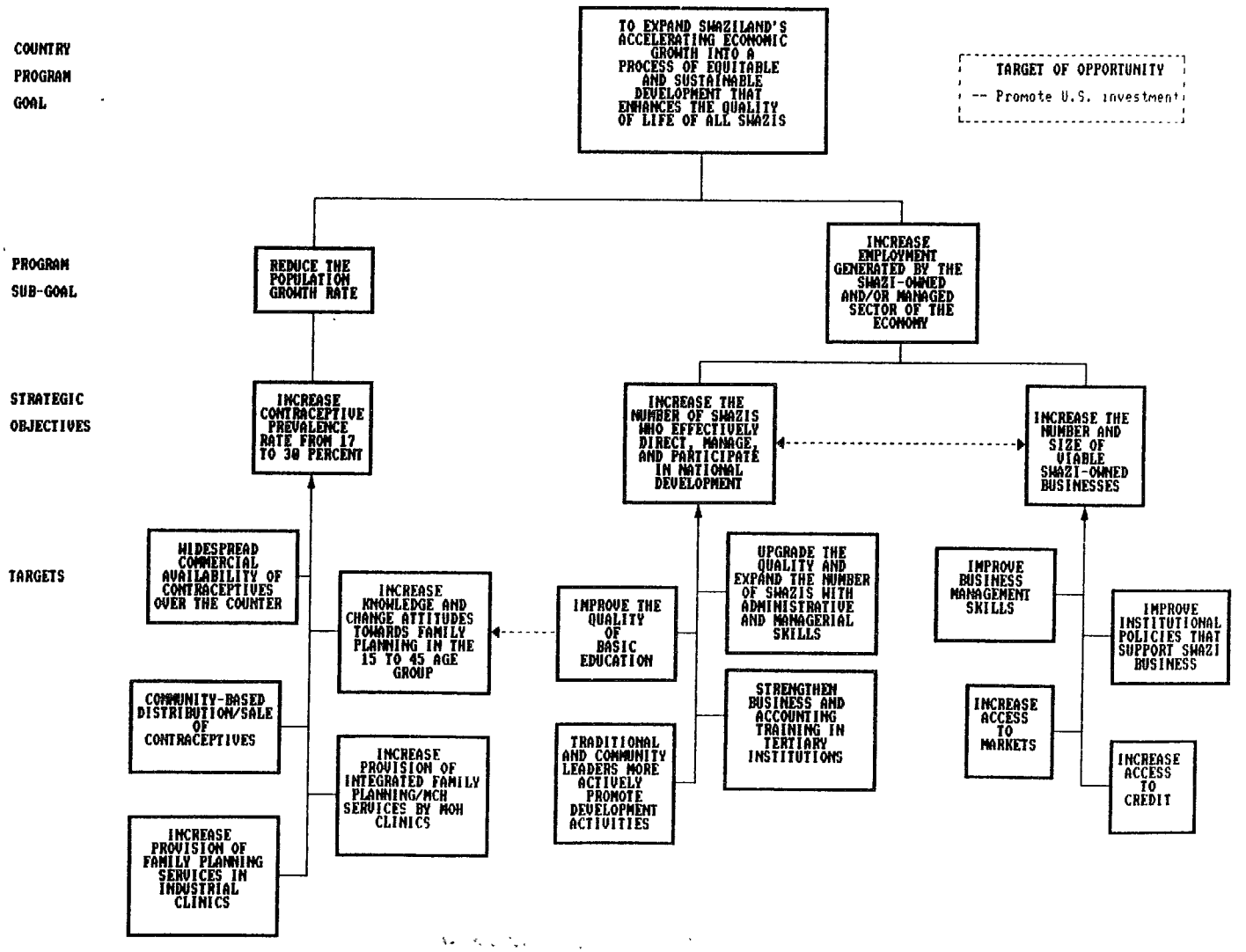
SECTION III: PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

The attached table summarizes USAID/Swaziland's strategic objectives, targets, indicators and the means for measuring progress. It also indicates when progress will be measured over the five-year Action Plan period. As USAID is just beginning to implement its strategy, this section's focus is on the validity of the indicators and the means to measure them. Actual progress will not begin to be reported until the next API. Some FY 90 activities have established baseline indicators from which progress will be measured. Notes accompanying the table give further details of these developments and explain some of the measurement mechanisms. Several indicators and measures have been revised as the design of projects and associated analyses have surfaced the need for adjustments. Annex A provides the rationale for the revisions.

348

OBJECTIVE TREE OF USAID/SWAZILAND

November 24, 1990



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349

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Region Logframe SWAZILAND ASSESSMENT OF PROGRAM IMPACT (SIL)

STRATEGIC OBJECTIVE NO 1	Baseline Indicators	Levels of Achievement				
		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
INCREASE CONTRACEPTIVE PREVALENCE RATE	Contraceptive prevalance rate of 17% (1988)		Contraceptive prevalence rate of 20%		Progress assessed through review of services statistics and sub-regional surveys	30% contraceptive prevalence rate (revised)
Source.	FHS Survey		FP/MCH Baseline Survey		FP/MCH Evaluation	FP/MCH Survey
Target 1.1 Widespread commercial availability of contraceptives	FY 91 baseline survey will determine number of potential outlets	Baseline survey completed and GOS agrees to commercial distribution of oral contraceptives	20% of potential outlets (pharmacies, general dealers and grocery stores) selling contraceptives			50% of potential outlets distributing contraceptives
Source:	SOMARC	Distributor's Reports				Distributor's Reports
Target 1.2 Community-based distribution/sales of contraceptives	No CBD distribution of oral contraceptives; minimal CBD distribution of condoms (1990)	40 Rural Health Motivators (RHMs) in one region distributing contraceptives	200 RHMs in one region distributing contraceptives	CBD program operating in one region (25% of country), 375 RHMs distributing contraceptives		CBD of oral contraceptives and condoms throughout country, 1500 RHMs distributing contraceptives
Source.	Population Council	Population Council	COUNCIL			
Target 1.3 Increase provision of family planning services in industrial clinics	Baseline completed in FY 91 as part of FHS/FLAS industrial program design	Baseline to be completed	FLAS operating in three industrial clinics	50% increase in CYP through FHS/FLAS assisted industrial clinics		100% increase of CYP in three industrial clinics, FLAS assistance begun in three other industrial clinics
Source:	FHS	FHS/FLAS	FHS/FLAS	FHS/FLAS		FHS/FLAS
Target 1 4 Increase provision of family planning services through MOH clinics	15,000 Couple Years Protection (CYP) provided by MOH clinics (1989)		2% increase in CYP coverage (indicative)	2% increase in CYP coverage (indicative)	2% increase in CYP coverage (indicative)	2% increase in CYP from FY 94, 10% over five years. (indicative)
Source:	FLAS-Estimate		FHS/FLAS	Annual MOH/HIS Reports		
Target 1.5 Increase knowledge and change attitudes regarding family planning in the 15 to 48 age group	Qualitative study data of 52 focus groups (1990) to be submitted in January 1991	Communications objectives set, Quantitative baseline study focused on objectives completed	Quantitative assessment of knowledge and attitudes regarding objectives			Quantitative assessment of knowledge and attitudes regarding objectives
Source	FHS		FHS			FP/MCH

350

STRATEGIC OBJECTIVE NO. 1: Reduce the contraceptive prevalence rate from 17 % to 30 %

A survey sponsored under USAID's Primary Health Care Project (645-0220) estimated 1988 contraceptive prevalence at 17%. An analysis of available service statistics, conducted during the September 1990 evaluation of USAID's Family Health Services Project (FHS, 645-0228) re-affirmed the general accuracy of this figure. A new family planning (FP) effort with the MOH, the Family Planning/Maternal and Child Health Project (FP/MCH, 645-0236) is scheduled to begin in early FY 92, and prevalence will be re-evaluated to establish a baseline for that project. Prevalence will be assessed again during the mid-point evaluation of FP/MCH by a review of data from the MOH's Health Information System (HIS) which tracks contraceptive distribution nationwide. This review will be complimented by sub-national surveys. A second national survey will be conducted by the end of the project in FY 95.

TARGET 1.1: Widespread commercial availability of contraceptives

Oral contraceptives are not available in Swaziland without prescription. Once this policy is changed, USAID aims to provide widespread distribution of oral contraceptives through such commercial outlets as pharmacies, general dealers and grocery stores. This target will be attained through a centrally funded, regional (Swaziland, Lesotho, Botswana) social marketing program. However, this program has not yet been approved by any of the three countries involved, all of which have reservations about it. If a program is approved, a survey would be done to establish a baseline of potential retail outlets for contraceptives in Swaziland. Routine sales statistics would indicate how many of these outlets were participating in the program.

TARGET 1.2: Community-based distribution/sales of contraceptives

There is currently no community based distribution (CBD) in Swaziland, and the same conservatism which makes social marketing (above) problematic, constrains program development here, too. USAID is currently negotiating with the MOH for a small pilot study to document the effectiveness of Rural Health Motivators (RHMs) in this role. This study will then expand to a one-region (of four) program by the end of FY 92, at which time, if not before, it could be absorbed into the MOH with assistance from the FP/MCH project. RHM distribution will be documented through the MOH's HIS.

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TARGET 1.3: Increased provision of FP services in industrial clinics

This activity will begin under the FHS Project in early FY 92 with a pilot program in three large agro-industrial concerns. A management information system to be installed in each concern will document baseline contraceptive distribution and subsequent progress. The progress indicators have been revised to reflect the narrower focus of the FHS project.

TARGET 1.4: Increase the provision of FP services through MOH clinics

USAID activities related to this target will begin under the FP/MCH project in early FY 92. The baseline figure on couple years of protection (CYP) is based on 1989 data from the MOH's HIS. Due to incomplete reporting, this data is partial and the figure of 15,000/year is an estimate based on the average monthly CYP distributed by clinics during months for which a report was received. Current estimates of annual rates of CYP increases should be considered indicative. The HIS will be used to track future performance under FP/MCH.

TARGET 1.5: Increase knowledge and change attitiudes regarding family planning in the 15 to 48 age group

A major qualitative study of knowledge and attitudes related to family planning was conducted in July 1990, with results expected to be published in January 1991. The study employed some 50 focus group discussions, 40 in-depth interviews and a small sample survey of teenagers. FLAS will use the study results to formulate specific communications objectives to guide its IE&C program. Quantitative, population-based baseline data relating to these objectives will be collected by a survey in FY 91. Progress will be assessed in repeat surveys in FY 93 and FY 95.

STRATEGIC OBJECTIVE NO. 2: Increase the number of Swazis who effectively direct, manage and participate in national development

With the arrival of the EPMT long-term TA team, it has been possible to better quantify many of the indicators. EPMT's Management Information System that will be established in the Ministry of Education will provide annual progress reports. While targets may seem low, the impact will be significant. If, for example, the first progress indicator of increasing the number of children completing 7 years of primary school on time is achieved, the Ministry of Education will be saving about one million Es ($400,000) annually.

EPMT will also establish a continuous assessment program with the gradual introduction of standardized testing for grades 1 through 7. This will also provide annual progress reports. Increases in tertiary enrollees in business and accounting will be readily available through enrollment records. The baseline for monitoring salary increases of those trained will be established as part of the training application and then assessed in the FY 93 STRIDE mid-term evaluation and FY 95 final evaluation. Improving the implementation rate of the capital budget will be monitored annually based on GOS data. The baseline indicator was established as part of USAID-funded assistance to the Ministry of Finance.

TARGET 2.1: Improve the quality of basic education

As this is EPMT's project purpose, indicators are well established, with progress to be monitored by the MIS system and continuous assessment.

TARGET 2.2: Upgrade the quality and expand the number of Swazis with administrative and managerial skills

This is the primary purpose of the STRIDE project and continues USAID's major training efforts started under the SWAMDP project. Other projects also provide training in administration and management that will contribute to this target and be monitored through the Participant Training Management System (PTMS). In addition to long-term training, short-term and in-country training will further contribute to reaching this target. The subtargets for this target have been revised as reported in Annex A.

TARGET 2.3: Strengthen business and accounting training in tertiary institutions

University linkage programs with the Swaziland College of Technology (SCOT) and the University of Swaziland (UNISWA) are the project vehicles for reaching this target. Selection of the U.S. university partner has been somewhat delayed, but the linkage is still expected to be in place in FY 91. Measuring progress will be through monitoring the institutional records.

TARGET 2.4: Traditional and community leaders more actively promote development activities

The subtargets under this target have been revised as reported in Annex A.

353

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Region Logframe SWAZILAND ASSESSMENT OF PROGRAM IMPACT (SIL)

STRATEGIC OBJECTIVE NO 1	Baseline Indicators	Levels of Achievement				
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Source:	SOMARC	Distributor's Reports				Distributor's Reports
Target 1.2 Community-based distribution/sales of contraceptives	No CBD distribution of oral contraceptives; minimal CBD distribution of condoms (1990)	40 Rural Health Motivators (RHMs) in one region distributing contraceptives	200 RHMs in one region distributing contraceptives	CBD program operating in one region (25% of country), 375 RHMs distributing contraceptives		CBD of oral contraceptives and condoms throughout country, 1500 RHMs distributing contraceptives
Source.	Population Council	Population Council	COUNCIL			
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Source:	FHS	FHS/FLAS	FHS/FLAS	FHS/FLAS		FHS/FLAS
Target 1 4 Increase provision of family planning services through MOH clinics	15,000 Couple Years Protection (CYP) provided by MOH clinics (1989)		2% increase in CYP coverage (indicative)	2% increase in CYP coverage (indicative)	2% increase in CYP coverage (indicative)	2% increase in CYP from FY 94, 10% over five years. (indicative)
Source:	FLAS-Estimate		FHS/FLAS	Annual MOH/HIS Reports		
Target 1.5 Increase knowledge and change attitudes regarding family planning in the 15 to 48 age group	Qualitative study data of 52 focus groups (1990) to be submitted in January 1991	Communications objectives set, Quantitative baseline study focused on objectives completed	Quantitative assessment of knowledge and attitudes regarding objectives			Quantitative assessment of knowledge and attitudes regarding objectives
Source	FHS		FHS			FP/MCH

350

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TARGET 1.2: Community-based distribution/sales of contraceptives

There is currently no community based distribution (CBD) in Swaziland, and the same conservatism which makes social marketing (above) problematic, constrains program development here, too. USAID is currently negotiating with the MOH for a small pilot study to document the effectiveness of Rural Health Motivators (RHMs) in this role. This study will then expand to a one-region (of four) program by the end of FY 92, at which time, if not before, it could be absorbed into the MOH with assistance from the FP/MCH project. RHM distribution will be documented through the MOH's HIS.

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TARGET 1.3: Increased provision of FP services in industrial clinics

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TARGET 1.4: Increase the provision of FP services through MOH clinics

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Program Logframe	SWAZILAND:	ASSESSMENT	OF	PROGRAM	IMPACT	(API)
	Baseline Indicators	Levels		of		Achievement
		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Target 2 2 Upgrade the quality and expand the number of Swazis with administrative and managerial skills	Number of Swazis who receive academic and non-academic credentials	36 long-term (LT), 27 short-term (ST) participants complete training; 2,095 Swazis complete in-country training	13 LT, 27 ST participants complete training; 1,102 Swazis complete in-country training	21 LT, 25 ST participants complete training; 950 Swazis complete in-country training	17 LT, 10 ST participants complete training; 920 Swazis complete in-country training	14 LT, 10 ST participants complete training, 920 Swazis complete in-country training (revised)
Source:		Project Records/PTMS				
Target 2.3 Strengthen Business and Accounting Training in Tertiary Institutions	SCOT and UNISWA Baseline to be established in FY91	University linkage in place to strengthen UNISWA and SCOT Business programs	AAT level introduced at SCOT and UNISWA BComm program expanded			-Increased enrollment (30%) -Two classes of AAT III graduates (40-50 persons) -First class of strengthened UNISWA BComm program graduates (revised)
Source:	Institutional Records	STRIDE	STRIDE			STRIDE
Target 2.4 Traditional and Community Leaders more actively promote development activities	Study of attitudes (1990) (revised)			Qualitative and quantitative survey of attitudes; New entrepreneurial activities in evidence in 15% of chieftaincies that have participated in training program		Qualitative and quantitative survey of attitudes (revised); New entrepreneurial activities in evidence in 30% of chieftaincies that have participated in training program.
Source.	SWAMDP			STRIDE mid-term evaluation		STRIDE final evaluation

Program Logframe SWAZILAND: ASSESSMENT OF PROGRAM IMPACT

STRATEGIC OBJECTIVE NO. 3	Baseline Indicators	Levels of Achievement				(REV)
		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
INCREASE THE NUMBER AND SIZE OF VIABLE SWAZI OWNED BUSINESSES	Microenterprise baseline survey to be completed in FY 91	Baseline completed	Microenterprise sector evaluation			1500 new project related micro-enterprises established (revised)
Source:	CARE/FD&S	CARE/FD&S	BMEF/SEAS Evaluation			STRIDE/BMEF/SEAS
	400 producers in non-traditional commercial agricultural activities (1989)		500 producers in non traditional commercial agricultural activities	650 producers in non-traditional commercial agricultural activities		1000 producers in non-traditional commercial agricultural activities
Source:	CAPM Reports		CAPM Reporting	CAPM Survey		CAPM II Survey
	SBD baseline survey to be completed in FY 91	Baseline survey completed	50 new small business established, of which 35 have graduated from microenterprises	200 new small businesses established, of which 150 have graduated from microenterprises		350 new small businesses established, of which 250 have graduated from microenterprises
Source	SBD	SBD	BMEF/SEAS Evaluation	SBD/BMEF/SEAS follow-on		SBD/BMEF/SEAS follow on
	30 small businesses identified for potential growth to medium size in FY 92 (revised)	15 small businesses identified for potential growth to medium size	30 small businesses identified for potential growth to medium size, 15 of which are receiving SBD assistance.	15 of 30 small businesses have grown to medium-size		30 of the 30 small businesses have grown to medium-size.
Source:	SBD	IESC	SBD/IESC	SBD reporting		SBD reporting
TARGET 3.1						
Improve institutional policies that support Swazi business (revised)	Identify which policies, in addition to MOWC policies, will be improved as part of SBD and CAPM b, FY 92	MOAC reorganized to better support commercial agriculture and marketing.	Value of MOWC contracts to at least 6 Swazi construction contractors increased by 50%; institutional policies to be improved identified.			A significant number (at least four) institutional policies that support Swazi business improved (revised)
Source:	SBD/CAPM	CAPM	SBD/CAPM			SBD/CAPM
TARGET 3.2						
Improve business/ management skills	N/A		12 new courses 2000 students trained in business annually 15 training programs established through business organizations (revised)			7500 business people using new or improved planning, financial management, business administration and marketing skills in on-going businesses
Source:	SBD reporting and institutional [illegible]					

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Program Logframe	SWAZILAND:	ASSESSMENT	OF	PROGRAM	IMPACT	(API)
	Baseline Indicators	Levels		of		Achievement
		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Target 2 2 Upgrade the quality and expand the number of Swazis with administrative and managerial skills	Number of Swazis who receive academic and non-academic credentials	36 long-term (LT), 27 short-term (ST) participants complete training; 2,095 Swazis complete in-country training	13 LT, 27 ST participants complete training; 1,102 Swazis complete in-country training	21 LT, 25 ST participants complete training; 950 Swazis complete in-country training	17 LT, 10 ST participants complete training; 920 Swazis complete in-country training	14 LT, 10 ST participants complete training, 920 Swazis complete in-country training (revised)
Source:		Project Records/PTMS				
Target 2.3 Strengthen Business and Accounting Training in Tertiary Institutions	SCOT and UNISWA Baseline to be established in FY91	University linkage in place to strengthen UNISWA and SCOT Business programs	AAT level introduced at SCOT and UNISWA BComm program expanded			-Increased enrollment (30%) -Two classes of AAT III graduates (40-50 persons) -First class of strengthened UNISWA BComm program graduates (revised)
Source:	Institutional Records	STRIDE	STRIDE			STRIDE
Target 2.4 Traditional and Community Leaders more actively promote development activities	Study of attitudes (1990) (revised)			Qualitative and quantitative survey of attitudes; New entrepreneurial activities in evidence in 15% of chieftaincies that have participated in training program		Qualitative and quantitative survey of attitudes (revised); New entrepreneurial activities in evidence in 30% of chieftaincies that have participated in training program.
Source.	SWAMDP			STRIDE mid-term evaluation		STRIDE final evaluation

Program Logframe SWAZILAND: ASSESSMENT OF PROGRAM IMPACT

STRATEGIC OBJECTIVE NO. 3	Baseline Indicators	Levels of Achievement				(REV)
		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
INCREASE THE NUMBER AND SIZE OF VIABLE SWAZI OWNED BUSINESSES	Microenterprise baseline survey to be completed in FY 91	Baseline completed	Microenterprise sector evaluation			1500 new project related micro-enterprises established (revised)
Source:	CARE/FD&S	CARE/FD&S	BMEF/SEAS Evaluation			STRIDE/BMEF/SEAS
	400 producers in non-traditional commercial agricultural activities (1989)		500 producers in non traditional commercial agricultural activities	650 producers in non-traditional commercial agricultural activities		1000 producers in non-traditional commercial agricultural activities
Source:	CAPM Reports		CAPM Reporting	CAPM Survey		CAPM II Survey
	SBD baseline survey to be completed in FY 91	Baseline survey completed	50 new small business established, of which 35 have graduated from microenterprises	200 new small businesses established, of which 150 have graduated from microenterprises		350 new small businesses established, of which 250 have graduated from microenterprises
Source	SBD	SBD	BMEF/SEAS Evaluation	SBD/BMEF/SEAS follow-on		SBD/BMEF/SEAS follow on
	30 small businesses identified for potential growth to medium size in FY 92 (revised)	15 small businesses identified for potential growth to medium size	30 small businesses identified for potential growth to medium size, 15 of which are receiving SBD assistance.	15 of 30 small businesses have grown to medium-size		30 of the 30 small businesses have grown to medium-size.
Source:	SBD	IESC	SBD/IESC	SBD reporting		SBD reporting
TARGET 3.1						
Improve institutional policies that support Swazi business (revised)	Identify which policies, in addition to MOWC policies, will be improved as part of SBD and CAPM b, FY 92	MOAC reorganized to better support commercial agriculture and marketing.	Value of MOWC contracts to at least 6 Swazi construction contractors increased by 50%; institutional policies to be improved identified.			A significant number (at least four) institutional policies that support Swazi business improved (revised)
Source:	SBD/CAPM	CAPM	SBD/CAPM			SBD/CAPM
TARGET 3.2						
Improve business/ management skills	N/A		12 new courses 2000 students trained in business annually 15 training programs established through business organizations (revised)			7500 business people using new or improved planning, financial management, business administration and marketing skills in on-going businesses
Source:	SBD reporting and institutional [illegible]					

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Program Logframe	SWAZILAND:	ASSESSMENT		PROGRAM	IMPACT	[illegible]
	Baseline	Levels	of	Achievement		
TARGET 3.3	Indicators					
		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Increase access to markets	Swazi share of fresh produce in local markets is 6% (1990)		Swazi share of fresh produce in local markets is 12%			Swazi share of fresh produce in local markets is [illegible]
Source:	CAFM Baseline		NAMBOARD			NAMBOARD
	Value of non traditional agricultural exports is E44 million (1989)		Value of non-traditional agricultural exports is E48 million (constant Es)			Value of non traditional agricultural exports is increased by [illegible]%, totaling E[illegible] million
Source:	CAFM		MOAC/MCIT			MOAC [illegible]
	Number of additional Swazi businesses providing goods and services to large local firms and the government		6 additional Swazi businesses providing goods and services to large firms and the government; 9 other potential linkages identified		15 additional Swazi businesses providing goods and services to large local firms and the government	25 additional Swazi business providing goods and services to large local firms and the government (revised)
Source:	SBD		SBD reporting		SBD reporting	SBD reporting
Target 3.4	Tracking system will be established as part of SBD in FY 91	Tracking system established	75% first-time borrowers receive business loans	175 first-time borrowers receive business loans	300 first-time borrowers receive business loans	500 first-time borrowers receive business loans
Increase access to credit						
Source:	SBD	SBD	SBD/GOS/BMEP/SEAS Annual Reporting			
	Number of SBD Foundation borrowers that receive repeat loans	Tracking system established	2% of first-time borrowers in process of receiving repeat loans	5% of first-time borrowers receiving repeat loans	15% of first-time borrowers receiving repeat loans	25% of SBD Foundation borrowers receive repeat loans (revised)
Source:	SBD	SBD	SBD Reporting			

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STRATEGIC OBJECTIVE NO. 3: Increase the number and size of viable Swazi-owned businesses

This relatively new area of activity for USAID is starting to blend into a cohesive program to support Swazi private sector development. The Small Business Development project (SBD, 645-0235) being designed will join three other project activities in support of this strategic objective. Two surveys scheduled for FY 91 will provide much of the baseline data. A microenterprise survey will establish a baseline for microenterprise activities that are supported through the two cooperative agreements. The SBD survey will establish the baseline for the beneficiaries targeted by that project. There is more data already available regarding commercial agriculture due to analyses completed under the Commercial Agricultural Production and Marketing project (CAPM, 645-0229).

TARGET 3.1: Improve institutional policies that support Swazi business

Both the SBD and CAPM projects have policy improvements as an output, with both GOS and private sector policies being considered for improvement. One policy, for example, targeted is the contracting procedures of the GOS Ministry of Works and Communications. The SBD project will support the necessary reforms that will lead to increased value of contracts going to Swazi construction contractors. The CAPM project is helping the Ministry of Agriculture and Cooperatives develop an agribusiness orientation among its senior managers and reorganize to be more supportive of commercial agriculture. Other policy areas that are being considered for SBD or CAPM assistance include taxation, procurement, licensing, investment promotion and customs. The SBD project will also review policies of business organizations.

TARGET 3.2: Improve business/management skills

The SBD project will provide training through business organizations, while the STRIDE project will improve business and management training at SCOT and UNISWA. Training courses and materials will be developed under the BMEP, SEAS and the SBD projects. SCOT, UNIWSA, BEMP, Asikhutulisane and MOAC's Home Economics division will be training at least 2,000 persons annually by FY 92. The 15 training programs to be provided through business organizations will be established with SDB assistance. SBD reporting and the institutional records will provide the data for measuring progress.

TARGET 3.3: Increase access to markets

Both CAPM and SBD will contribute to this target, with CAPM increasing Swazi access to the local produce market and the non-traditional agricultural exports. "Non-traditional" is defined here to include a range of horticultural crops from vegetables to citrus. This broad term is used at this time because of the GOS's current method of data collection. However, this indicator may be rearticulated to better capture program impact once better data systems are established. The SBD project will increase the number of small firms providing goods and services to the larger firms and the government. Specific firms will be identified and their progress monitored.

TARGET 3.4: Increase access to credit

The SBD project will establish a computerized monitoring system to track the progress of those small businesses assisted by the project. This will include firms borrowing from the projects's credit scheme. The GOS loan scheme, funded with Section 416 local currency, will also provide regular reports on loan activity. Both BMEP and SEAS will provide data on their credit activities.

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ANNEX A: REVIEW OF BENCHMARK INDICATORS AND EXPECTED LEVELS OF ACHIEVEMENT

Being at the start of implementing a new strategy, much of what has been reported in this document is forward looking. In fact, this section is perhaps more indicative of the progress made in FY 90, as the USAID project activities in support of the new strategy have started to take place. As these activities have begun, there has been a need to reassess some of the assumptions upon which the strategy was made. This is particularly true in the case of the private sector activities. In the process of designing the SBD project, further analyses have resulted in an adjustment in some of the targets, subtargets and indicators. In other cases the rearticulations are due to the arrival of TA teams that have proceeded to validate USAID's assumptions.

Revisions under Strategic Objective No. 1:

The contraceptive prevalence rate target has been revised from 25% in the Action Plan to 30%. This was on the recommendation of the AID/W Action Plan review (STATE 324197) and analyses completed as part of the mid-term evaluation of the Family Health Services project.

The planned increase in Couple Years Protection (CYP) provided by industrial clinics was increased to 50% from 20%. This revision is actually a narrowing of the target. The extensive mid-term evaluation concluded that there was considerable potential for increasing the use of family planning through involvement with large agro-industries. However, the evaluation also noted concern that FLAS, as a small relatively inexperienced NGO, did not possess the requisite in-house skills to institute a high-quality industrial program. Therefore, the evaluation recommended that this activity be started on a pilot basis tailored to the specific needs of approximately three large companies. So the target has been narrowed to three firms, with the CYP coverage to be increased by 100% for those three firms by 1995, and work begun in three additional firms.

Revisions under Strategic Objective No. 2:

The first indicator for this strategic objective has been modified to focus the indicator on children that complete seven years of primary school on time. This eliminates the number of repeaters. The target of a 20% increase has also been converted to the actual increase per thousand.

The indicator "number of tertiary graduates in business and accounting" has been revised to tertiary "enrollees." Using graduates as the measure would not provide the full program impact, given that the strategy is for only five years, therefore measuring only one or two classes that began and graduated in that timeframe. (The limitations on measuring training were highlighted in MBABANE 4467.)

The progress indicator of the implementation rate of the capital budget has been modified to better reflect the impact of the USAID program. Besides tracking the overall GOS implementation rate, the implementation rate of those ministries that are the principal counterparts of USAID projects will be tracked.

358

Using the rate of localization in the private sector as an indicator has had to be dropped due to the data not being readily available. However, this indicator may be reintroduced as a measure next year

The number of Swazis who will receive academic and non-academic credentials has been revised upward substantially. This is due to a thorough review of training provided by all USAID projects. The progress indicators may in fact be low as projects being designed were not included. This indicator measures number of Swazis trained, it does not fully measure increased quality. The mission will be reviewing this further in the coming year.

The indicator for Target 2.3 has been modified since the completion of the STRIDE design. The number of graduates from the strengthened institutes are now included in FY 95.

The indicator for measuring the degree to which "traditional and community leaders more actively promote development activities," has been revised. Measuring the program impact in rural areas become difficult as there are changes occurring constantly that cannot be attributed to USAID's program. However, measuring increases in entrepreneurial activities in those chieftaincies that receive USAID training will give some indication of increased development activities. While the quantitative measur is limited to increased entrepreneurial activities, other developmental issues (such as health, sanitation, education and agriculture) will be affected by traditional leaders having a better understanding of these development issues' impact on their communities. The impact will be measured a part of STRIDE's evaluations.

Revisions under Strategic Objective No. 3:

The number of microenterprises to be established has been reduced from 3500 to 1500 to clarify the number of new microenterprises that will be established in association with USAID project activities. The original figure of 3500 included 2000 new microenterprises that are expected to be established without project assistance.

Target 3.1 has been expanded to read "Improve institutional policies that support Swazi business," in recognition that private sector organization policies as well as government policies will need to be improved for the Swazi private sector -- especially small businesses -- to grow.

The other revisions under this strategic objective are due to the further analyses that have been conducted during the design of the Small Business Development project paper. This includes reducing the number of firms growing from small to medium-size (from 35 to 30), the amount of training courses (from 15 to 12), and the number of linkages (from 50 to 25). The latter may be revised further once the SBD project has begun implementation. The number of repeat borrowers has also been revised and limited to those borrowers receiving repeat loans from the SBD project. This revision is based on the experience of the Get Ahead Foundation in South Africa, which provided technical advice during the SBD design.

35

TANZANIA

ASSESSMENT OF PROGRAM IMPACT

OCTOBER 30, 1990

1. INTRODUCTION

USAID's overall program goal is to "Achieve Sustained Growth in Real Income and Improve Social Welfare of Tanzanian Men, Women and Children by Implementing the Economic and Social Action Plan (ESAP)." Our new AID program is now at the end of the design phase which began in 1987 following the Brooke phase out period of the mid-1980s. Thus, it is premature to discuss people level impact at the strategic objective level at this stage and this first API reports primarily on input and output level achievements. ~~The Mission is writing~~ an Action Plan for submission in December. The Action Plan will contain information about higher level objectives, programming principals and impact measurement.

2. SPECIAL FACTORS AFFECTING THE USAID PROGRAM

There were no special events which directly affected implementation of the Mission program during the year. There were, however, three events, two of them positive, that will have an impact on our program.

Our first priority is on transportation. Therefore, higher oil prices brought on by the Gulf crisis will have an adverse impact in the coming months. Total imported fuel costs for the foreseeable future are expected to approximate Tanzania's total annual foreign exchange earnings of $400 million.

Among the many indicators being used in the roads program is the cost per unit of moving goods and the volume of goods carried. The impact of higher fuel costs must be factored into these measurements. Prices for petroleum-based products have risen sharply already and the GOT may introduce other conservation measures. However, full transportation costs have not yet been passed on to the consumer.

More positively, Julius Nyerere, who five years ago resigned the presidency, this year resigned his post as Party Chairman. That post is now also filled by President Mwinyi. Nyerere's decision to step aside is expected to give Mwinyi a much freer hand in carrying out ESAP reforms, and perhaps political liberalization, following his landslide election victory in October.

Another significant turn of events is the much more critical approach that the Nordic countries, the major bilateral donors in Tanzania, are taking in their programs. The Swedes have made sustainability an important factor in their programs as evidenced by their retrenchment in the health sector and pointed public criticism of TAZARA Railroad management. The Danes have suspended all support for cooperatives because of political meddling and corruption. The Norwegians are assessing their ten-year involvement in the road sector from the standpoint of sustainability. They appear to be aligning their assistance to that of USAID's program systems approach. This represents the most important result of our donor coordination effort thus far.

3. PROGRESS TOWARD OVERALL COUNTRY GOALS

The ESAP boosted real GDP growth to 4 percent per annum during the three-year period, 1986-1989, with per capita GDP growth reaching 1.4 percent. The upturn is the result of improved agricultural production brought about by a combination of favorable weather and by the liberalization of agricultural prices and marketing controls.

The National Milling Corporation, the huge parastatal which heretofore dominated grain marketing, now holds less than one quarter of the nation's grain reserve; the rest is handled by the private sector. An increase in non-traditional exports helped increase export earnings by 8 percent, but did little to reduce the current account deficit of $841 million - and the balance-of-payments situation will worsen as the oil import bill rises. Nonetheless, the World Bank has reported that, through June, 1990, the GOT has met its PFP targets for inflation, credit and budget. The World Bank also reports that because the IMF program is on track, it expects the joint IMF December Mission to be conducted in a positive atmosphere.

The GOT took significant steps in its non-agricultural liberalization effort during the past year. A new investment code was released which encourages foreign and domestic investment. The release of the code was followed by the establishment of a one-stop business registration office where businesses can obtain all the necessary licenses and permits needed to do business. Twenty new projects have already been approved.

362

Such measures are needed if investors, both foreign and domestic, are to regain confidence in the GOT.

The Banking Commission, after soliciting the advice of many consultants including two USAID-funded consultants with Federal Reserve Board experience, recommended reforms which, if implemented, would put the ailing banking system on a sound, commercial footing. One of the more revolutionary proposals is to allow private and foreign banking. Banking reforms are necessary to correct severe economic distortions caused by politically mandated bank overdrafts to parastatals, a practice that has limited credit to the private sector. Steps may yet be taken in parastatal divestiture as well. Conditionality under a World Bank loan required five Government-owned leather industries to enter into joint ventures with private companies or close down. The companies are actively seeking partners. A Presidential Commission on tax reform has been established and USAID provided technical assistance from the IRS.

At the sectoral level, good progress continues to be made in the USAID transport program. The GOT addressed satisfactorily two major policy issues: responsibility for rural roads rehabilitation and maintenance was consolidated in a new Rural Roads Division of the Ministry of Works, and the national transportation budget was increased and a schedule of user fees established. Roads are being rehabilitated by the private sector - and one parastatal - and maintenance is being carried out.

President Mwinyi visited one of the road projects this year and was impressed by the quality of the work and by the fact that the work was being completed by Tanzanians. Private sector importers have continued to use the CIP portion of the program to bring in trucks and spare parts. The Mission has expanded the eligibility list to allow small trucks and this is expected to open the program to smaller businesses. A comprehensive base-line study was carried out in early 1990 which will enable us to measure the impact of the roads in the years ahead. Much of the data is disaggregated by gender.

The new $20 million Family Planning Services Support program agreement was signed in August. The Planning Commission has agreed to implement the Demographic and Health Survey (DHS) which will provide much of the base-line for the family planning program. Initial DHS data are expected in January.

The Human Resources Development Assistance project continues to provide training opportunities in support of the ESAP. During the past year, 133 candidates were selected for short and long-term training. Fifty percent of the participants were women. Fifty-six participants have completed training and seventeen have begun long-term programs. Training under the Entrepreneurs International program is also included in the program and seventeen people have been selected for training; two have already completed internships with American companies. As with roads and family planning, in 1991 we will establish and start to implement a system for assessing the impact of our returned participants.

Floods caused property damage and food shortages in some areas in southern Tanzania early in the year. The GOT responded swiftly and managed to get relief food to the area to avert starvation. Fast growing maize seed provided by emergency funds from OFDA was delivered to farmers within a month - in time to compensate for some of the crop loss. The GOT's capacity to react can be credited in part to a USAID-sponsored disaster preparedness workshop in 1988. The workshop was also the catalyst for disaster preparedness legislation passed in June 1990.

ASSESSED IMPACT

STRATEGIC OBJECTIVE No. 2	BASELINE INDICATORS	*FY 1990 ACTUAL	FY 1991 EXPECTED	FY 1992 EXPECTED	FY 1993 EXPECTED	FY 1994 EXPECTED	FY 1995 EXPECTED
Increase birth-spacing practices by men and women.	5% contraceptive prevalence rate (CPR)	N/A	5% CPR	6% CPR	*7.5% CPR	9% CPR	10.5% CPR (—'97: 14% CPR)
SOURCE:	Est. extrapolated from 78-'88 intercensal growth rate and IRMAT contraceptive offtake reports.		Demographic and Health Survey (DHS) (1991) Knowledge, Attitude & Practice (KAP) Study(31			KAP Study (94)	DHS (95) KAP Study (96)
TARGET 2.1 Improve public sector delivery of family planning services and information to meet demand.	Clinics with FP counselling and services	ca. 2400 (over 75%)	ca. 2500 clinics offering FP (82%	ca. 2600 clinics (85%)	ca. 2750 clinics (90%)	ca. 2850 clinics (95%)	Nearly all 3056 in MOH network
SOURCE:	MOH reports	Based on National Family Planning Programme Plan of Operations (Jan 89)	DHS (91)				DHS (95)
SUBTARGET 2.1-1 Build management and technical ability of public sector institutions	Adequate, qualified staff in place. Timeliness of manage- decisions. Program is achieving objectives.	N/A					Efficient, effective program in operation.
SOURCE:	Observations of USAID project managers. Progress reports, training and MIS reports. Evaluation reports.						

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STRATEGIC OBJECTIVE No. 2	BASELINE INDICATORS	FY 1990 ACTUAL	FY 1991 EXPECTED	FY 1992 EXPECTED	FY 1993 EXPECTED	FY 1994 EXPECTED	FY 1995 EXPECTED
SUB-SUBTARGET 2.1-1.1 Improve data collection and analysis.	Regularity and accurac of MIS service statist & supply and logistics information. Uses made of statistics by management.	MIS is poor: irregular, incomplete inaccurate					Regular, accurate program information available to managers. Information is analyzed and fed back to service delivery points.
SOURCE:	MIS reports. Reports circulated back to field from headquarters.	Plan of Operations of National Family Planning Programme. Background studies for USAID's FPSS Project Paper.					
SUB-SUBTARGET 2.1-1.2 Increase capabilities of service providers.	Medical, paramedic and community-based service providers trained retrained. Clients and potential clients have confidence in service providers. Reliable supply of contraceptives available to service providers.	ca. 30% of med/ paramed personnel trained in FP	ca. 45% trained/ retrained	ca. 50%	ca. 75%	ca. 90%	Nearly all 12,000 med/ paramed staff trained/retrained. Clients express satisfaction with information and services at service delivery points. No supply outages reported.
SOURCE:	Training program reports. Survey reports of client attitudes. Timely PIO/Cs, shipping documents, logistics MIS reports.	National Family Planning Programme Plan of Operations.					

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366

STRATEGIC OBJECTIVE No. 2	BASELINE INDICATORS	FY 1990 ACTUAL	FY 1991 EXPECTED	FY 1992 EXPECTED	FY 1993 EXPECTED	FY 1994 EXPECTED	FY 1995 EXPECTED
SUB-SUBTARGET 2.1-1.3 Improve supervision.	Training provided for supervisory personnel in clinics. Public Health Nurse in each district designated as FP Coordinator.	N/A					Trained FP Coordinators assist service delivery staffs in the districts to integrate FP into their MCH and PHC concerns.
SOURCE:	Course syllabus. MOH Order establishing FP Coordinators at district level.						Site visit reports. Evaluation reports.
SUBTARGET 2.1-2 Increase ability of public sector FP institutions to meet recurrent costs	GOT budget allocations	Establishment costs (i.e., personnel, capital infrastructure) are in annual health budget. No FP costs are in budget.			Project-funded salaries begin to be picked up by GOT.	Warehouse and office space costs transferred from project to GOT on phased basis. GOT begins to contribute to costs of locally procured commodities.	Salaries, office and warehouse, local commodities fully funded by GOT by 1997.
SOURCE:	GOT Budget						
SUBTARGET 2.1-3 Provide public with information on health benefits of birth spacing	IEC materials; radio scripts; curricula for service provider training	Inadequate reliable information available to couples.	Confirm "FY 1990 Actual"		Increased requests for services, improved continuation rates	Understanding of birth spacing and its benefits improved over 1991 findings.	Both service providers and clients understand health benefits of birth spacing.
SOURCE:		GOT National FP Programme Action Plan	DHS (91) KAP (91)	Monitoring IEC materials and radio programs	Service Statistics Training reports.	KAP (94)	DHS (95) KAP (96)

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STRATEGIC OBJECTIVE No. 2	BASELINE INDICATORS	FY 1993 ACTUAL	FY 1991 EXPECTED	FY 1992 EXPECTED	FY 1993 EXPECTED	FY 1994 EXPECTED	FY 1995 EXPECTED
SUBTARGET 2.1-4 Improve NGO capacity to augment public sector service delivery and mobilize private sector	Availability of facilitating services to NGOs: training, IEC materials, MIS support, supplementary contraceptive supplies.	N/A					Effective, collaborative public-private program of information and services on birth-spacing
SOURCE:	MCH Progress reports.						Reports and Field observation.
TARGET 2.2 Improve private sector participation in contraceptive delivery and family planning services	No. of private medical facilities with FP services.	N/A					Nearly all private clinics offer birth spacing and services.
	No. of company clinics with FP services.	N/A					FP in a least 20 clinics for employees.
SOURCE:	Service Statistics		Service availability q'naire of DHS will indicate extent of private participation.				
SUBTARGET 2.2-1 Maintain private for-profit participation in contraceptive delivery	Estimated proportion of pharmacies selling contraceptives	N/A					Pharmacies in most towns stock contraceptives. Laws and regulations facilititate import and enhance profitability
SOURCE:	Special surveys Import regs and conditions						

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ASSESSMENT OF PROGRAM IMPACT

STRATEGIC OBJECTIVE NO.3	BASELINE INDICATORS	FY1990 Actual	FY1991 Expected	FY1992 Expected	FY1993 Expected	FY1994 Expected	FY1995 Expected
Increase the number of Tanzanian individuals in public and private sector capable of implementing ESAP	N/A						
SOURCE returned participant survey							
TARGET 3.1 Improve the technical & managerial skills of men & women in the private sector to take advantage of ESAP opportunities	N/A	1 MI 9 short term	17 MI 80 in-country 11 short term	14 MI 1 MBA 120 in-country 10 short term	14 MI 2 MBA 240 in-country 13 short term	2 MBA	2 MBA
SOURCE training completion data returned participant survey							
TARGET 3.2 Improve the managerial and technical skills of men & women in the public sector to direct, manage & sustain implementation of ESAP	N/A	47 short term	52 short term 1 masters	45 short term 14 masters 3 split PhDs	40 short term 22 masters 5 split PhDs	15 short term 11 masters 4 split PhDs	11 masters 1 split PhD 2 PhDs
SOURCE training completion data returned participant survey							
TARGET 3.3 Support the human resource development of professional and business promotion associations	N/A		4 study tours 1 workshop	4 study tours 1 workshop	2 study tours 1 workshop		
SOURCE training completion data returned participant survey							

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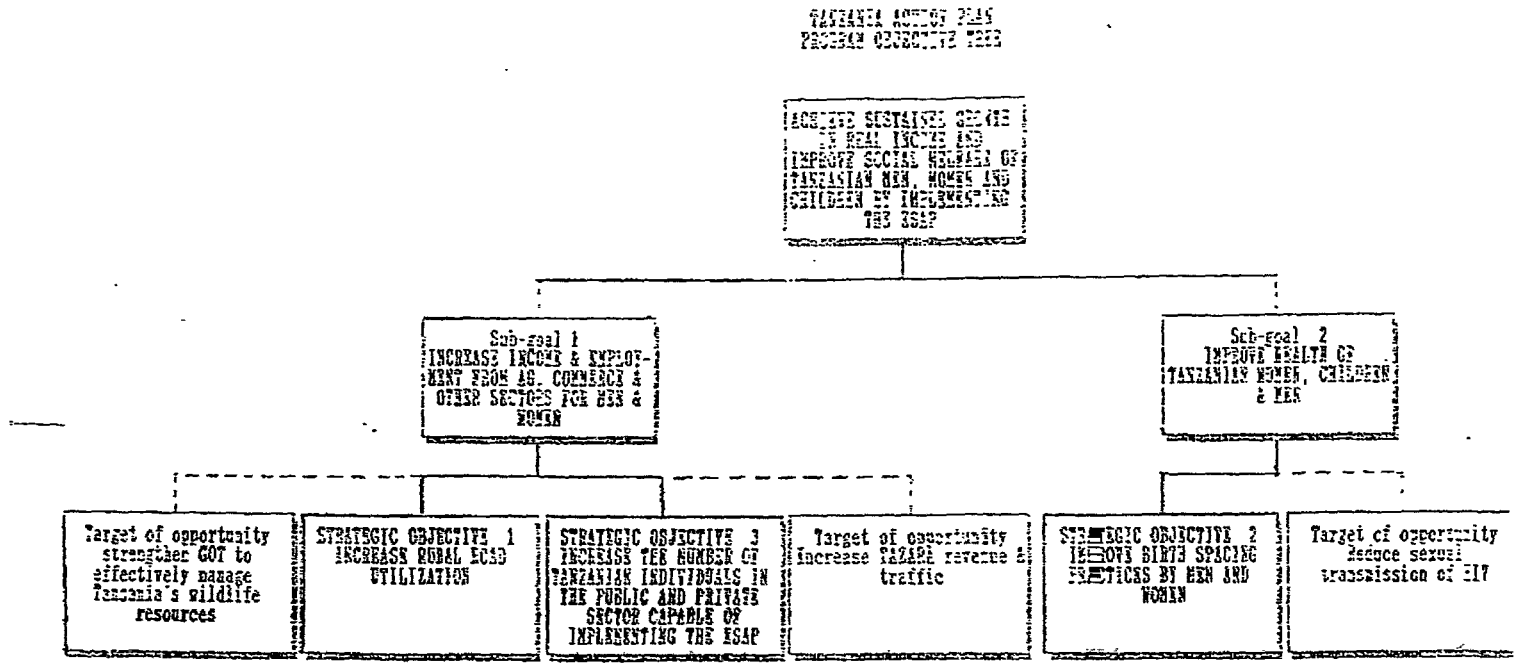

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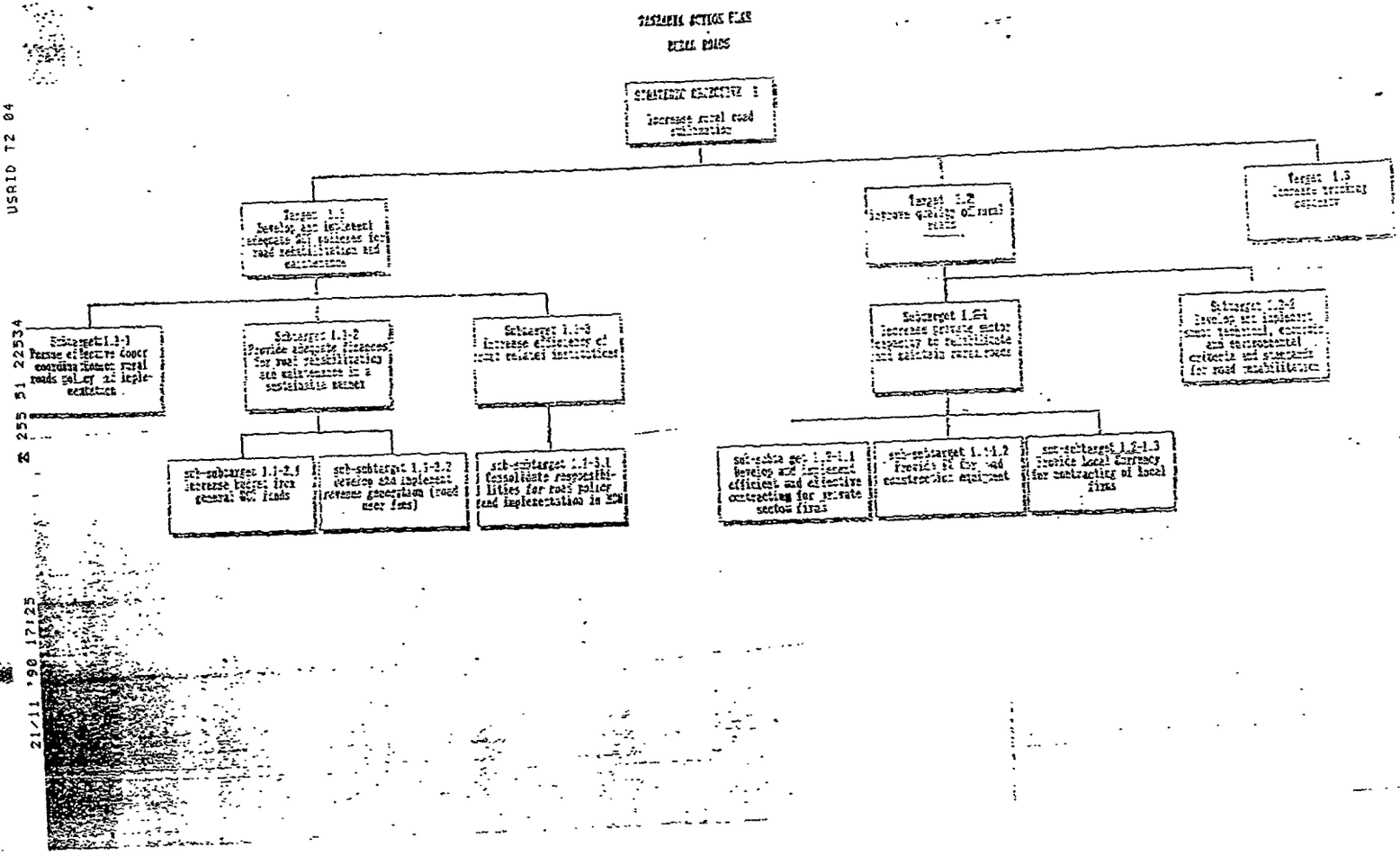

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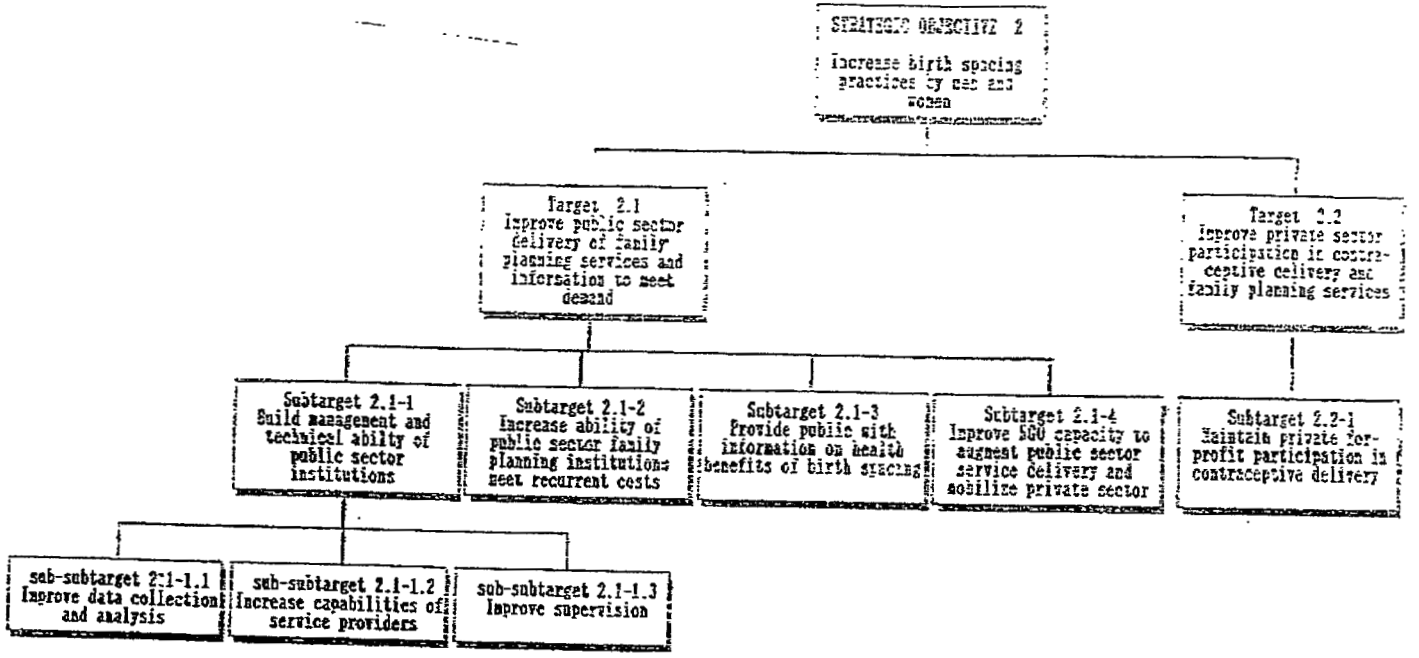
TANZANIA ACTION PLAN

Family Planning



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TANZANIA ACTION PLAN

Human Resources

STRATEGIC OBJECTIVE 3
Increase the number of Tanzanian individuals in the public and private sector capable of implementing the ESAP

Target 3.1
Improve the technical & managerial skills of men & women in the private sector to take advantage of ESAP opportunites

Target 3.2
Improve managerial & technical skills of men & women in the public sector to direct, manage & sustain ESAP

Target 3.3
Support human resource development of professional and business promotion associations

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TOGO

USAID/TOGO

ASSESSMENT OF PROGRAM IMPACT

FY 1990

Date: October 26, 1990

Preface

This first API should be viewed as a very tentative attempt to assess the USAID program as it is presently constituted. The closing out of three child health and family planning projects and their replacement in 1991 with a new Child Survival Project will affect a number of health-related indicators. The design in early 1991 of an Private Sector Support Project will also add an important new dimension to our program. Finally, and most important, the drafting and submittal of our first CPSP in 1991 could result in important changes in the elements around which this initial API has been constructed.

I. Special Factors Affecting the USAID Program

President Eyadema's official visit to the U.S. in August and a subsequent OPIC/A.I.D.-sponsored U.S. investment mission to Togo in September have served to elevate U.S.-Togo relations to a new high and encourage the Government of Togo (GOT) to look more than ever to the U.S. for assistance and advice. The increased importance of the U.S. to Togo has enhanced the influence of this small mission well above what might be expected of an A.I.D. program that represents less than 5% of total official development assistance received by Togo.

These events have also spotlighted the high importance Togo attaches to its nascent Export Processing Zone (EPZ) and the key role OPIC and A.I.D. have and continue to play in its establishment. The EPZ has become a high-ranking priority on Togo's development agenda and a centerpiece of U.S.-Togo relations. The development promise of the EPZ and the required mission involvement with it have obliged amending our country strategic outlook.

Togo's continued good structural adjustment performance under a series of agreements with the World Bank and IMF have helped it register some modest economic growth over the past year. Recent initiation of a fourth structural adjustment program with the World Bank that focuses, inter alia, on improving the efficiency of public administration also augers well for improved future performance. A seventh Paris Club debt rescheduling in June and debt forgiveness by the French have also been helpful in reducing Togo's debt service burden.

While these factors favor achievement of Togo's modest annual GDP growth target of 4% for the 1991-95 period, historically low prices for traditional coffee and cocoa exports, a rise in oil prices, the overvaluation of the CFA franc and a high population growth rate erode the chances of achieving even this modest projection for economic growth.[1/] This bleak economic projection implies continued austerity for a country which has seen per capita expenditures on social services and purchasing power remain over the decade of the 1980's at a level lower than that known in the 1970's. This somber macroeconomic picture weighs heavily on the prospects for achieving our program goal.

These difficult economic conditions and a growing weariness with over twenty years of rule under the same single-party political system contributed to the unprecedented street riots of October 5. These riots, which mark a major political turning point in Togo's history, have increased pressure on the GOT to accelerate its movement toward a more pluralistic form of government. The announcement on October 10 of the GOT's plans to revise its constitution over the coming year to provide for a more democratic system is an important step in this direction.

It remains to be seen, however, if this constitutional reform process will be enough to diminish popular discontent and the increased uncertainty about the future of the current government and its party. While this increased instability of Togo's political situation introduces new concerns for the implementation of our program in Togo, it also presents some opportunities for assisting with the democratization process.

The Mission is proud of its recently completed Health Sector Analysis. This 125-page document has been recognized by the donor community as an important contribution to understanding the health sector and is being used to guide the design of our new Child Survival Project. Unfortunately, some top Ministry of Health officials are unhappy with parts of the analysis and have attempted to discredit the entire document. This confounding behavior on the part of some key Ministry officials is worrisome. It will be difficult to be effective in achieving our child survival and population objectives as long as these officials view differently the constraints on the health sector and how they should be addressed.

Changes in A.I.D.-funded activity in Benin raise some additional portfolio management concerns. The planned FY 1991 $1.3 million ESF cash transfer to Benin for democratic reforms, increased

1/ In 1988, cotton became Togo's main export crop and in 1989 cotton earned more revenue than coffee and cocoa together.

human rights assistance and the initiation of a $1 million training fund will entail heavier and more complex management burdens for the Mission. The growing attention and management resources required by Benin's welcomed progress toward a liberalized economy and a multiparty democracy comes at a time when USAID's program in Togo is growing. This new situation is stretching OAR/Lome's small staff to the limit of its capacity.

II. Progress Toward Overall Country Program Goals

USAID/Togo's program goal is: "Improve the quality of life in Togo by supporting development processes which help achieve sustainable, broad-based economic growth". This goal statement will be reviewed and probably modified over the course of upcoming work on our CPSP. At the same time, decisions will be made to determine whether or not the use of a sub-goal statement, as shown in the attached program logframe, is appropriate. Work will also be undertaken to define a manageable and relevant set of country trend indicators.

Presently, we surmise that the impressive reduction of infant mortality to 80 per 1,000 live births (one of the lowest levels in Africa) and the $4 million in savings and loans generated by A.I.D.-funded work with the democratically-constituted national credit union movement have had a favorable impact on the achievement of our current country goal.

III. Progress Toward Strategic Objectives and Related Progress Indicators (See logframe at end of this section.)

A. Reduce Infant Mortality and Fertility

USAID shares with UNICEF and the host government much of the credit for achieving the strategic objective of reducing the infant mortality rate (IMR) to 80 per 1,000 live births. This compares with an IMR in Togo of 160 in 1960 and 100 in 1983, and an Africa-wide average of 130.

Given the recent increase in distribution of modern contraceptives, it is believed that the 3% Contraceptive Prevalence Rate (CPR) level reported in the 1988 Demographic and Health Survey (DHS) may have moved near 4%. New measures will be established under the new Child Survival Project currently being designed to track this until the next DHS occurs in 1993. Meanwhile, a particularly high demand for more expensive, but less effective, non-medical methods of modern contraception is straining budgetary resources to such an extent that obtaining funds for future contraceptive procurement will be a major problem.

The vaccination coverage rate was estimated at 48% in 1989 and 43% in 1990, following national surveys. Given statistical confidence limits these rates can be considered equivalent. USAID has been encouraging the government to move away from continuing massive, annual vaccination campaigns to an approach which integrates childhood vaccinations into the ongoing services provided by government clinics. This more sustainable approach will require that the government progressively increase its own budgetary resources for the purchase of vaccines instead of continuing to rely on donors for all childhood vaccines. This major issue will be treated in the design of our new child survival project.

Use of Oral Rehydration Salts (ORS) has become a standard treatment for infant diarrhea at government clinics. Pre-packaged ORS are found in nearly all health facilities, but questions do remain about the effectiveness of ORS promotional techniques and how widely they are used in the home. A new strategy for promoting the correct use of ORS is being initiated. USAID will be making efforts to use the health statistics system it has help put in place to collect and report in the future information on past and present infant deaths due to diarrhea, childhood illnesses and malaria.

Management of the malaria program has been complicated by the increasingly heavy caseload and difficulties in treating new strains of chloroquine-resistant malaria. Work is underway to reinforce and redefine treatment efforts in this critical area. It is important to note that malaria remains by far the major reported cause of child deaths and deaths among the general population (22% of child deaths and 14% of total deaths in 1989 were attributed to malaria). Also, health statistics for 1989 show that 58% of all in-patient treatment and 34% of all outpatient care are for malaria, and deaths due to malaria have tripled since 1986 at Togo's national hospital.

The work accomplished by the A.I.D.-funded planning unit and the computerized health data collection and analysis system should be of much use in tracking and measuring the impact of USAID's present and future child survival activities. This system, the planned second DHS in 1993, the 1991 national-census (assisted by U.S. Bureau of Census with A.I.D. funding) and ongoing project monitoring should provide the indicator information needed to assess this strategic objective.

37

The transition in 1991 from three projects (Health Sector Support for Child Survival, Combatting Childhood Communicable Diseases and Family Health Initiatives) to a single Child Survival Project will enhance the pursuit of this objective. The CPSP exercise which will occur in 1991 will also improve the articulation of this objective, its targets and indicators.

B. Increase Rural Savings and Volume of Food Crops Stored

This first API exercise has served to make post conscious of the need to refine and review its definition of meaningful objectives, targets and indicators in this area. One major new data need was identified in terms of obtaining more reliable information of the amount, types and volumes of crops that farmer groups have stored and marketed. Post will also be making efforts to define the linkages between the rural enterprises being assisted and credit availability and savings mobilization to the objective of increasing the volume of food crops marketed.

Methodologies also need to be devised and more information collected to describe the extent to which farmer training and other work with farmer group organizations leads to an increase in food crops stored and marketed and, thereby, higher farmer income. The collection of a wider range of data and other studies on the impact on farmer lives are being planned by a long-term U.S. contractor working with the Togo Rural Institution and Private Sector Project since May 1990.

The national credit and savings union movement supported by USAID through a cooperative agreement with the World Council of Credit Union continues to be a model for the rest of Africa as it exceeds expectations at every indicator level. Levels of savings, loans and membership are substantially above targets and growth continues to accelerate. Membership grew by 16% over the past six months, while savings and loans outstanding grew by 25% and 16%, respectively, over the same period. These growth rates are much faster than those experienced by the financial sector as a whole.

Although loan delinquency is becoming a problem in coffee- and cocoa-producing areas because of the collapse in prices for these cash crops, the overall long term (over one year) average delinquency rate for cooperative members of the national federation is now only 3.4%, much lower than the 1995 target of 15%. The fast growing (31% over past six months) central liquidity facility and the new loan protection and

insurance program recently approved by the Minister of Finance should help prevent a rise in the delinquency rate. Micro-enterprise financing and productive agricultural loan levels are also well above original projections. Important too is that the National Federation of Credit and Savings Cooperatives (FUCEC) is moving steadily toward self-sufficiency.

This strategic objective and its targets and indicators will undoubtedly undergo major revisions as a result of the CPSP work that will be undertaken in 1991. One issue will be to determine if credit and savings mobilization objectives should be integrated with food crop marketing objectives. The role and use of substantial counterpart funds remaining from a completed FY 1986 AEPRP project in supporting this strategic objective will also have to be determined.

C. Increase Non-Traditional Exports

This new "target-of-opportunity" strategic objective was added to reflect the important work accomplished by USAID, AID/W, OPIC and the host government in initiating over the past year one of Africa's first privately-owned and operated EPZ's. It was also added in anticipation of the EPZ becoming the major component of a new Mission private sector strategy that will evolve from the upcoming design work and the CPSP exercise.

The potential already demonstrated by Togo's EPZ in attracting foreign investment, creating jobs and increasing the value of non-traditional exports, and the high level of mission, AID/W and OPIC involvement, provide an impressive argument for incorporating EPZ support and investment promotion into USAID/Togo's strategic plan as soon as possible. The adding of this strategic objective should greatly enhance progress toward the achievement of USAID/Togo's program goal and Mission leverage in its ongoing dialogue with the Government of Togo on a range of issues.

USAID/TOGO
ASSESSMENT OF PROGRAM IMPACT - FY 1990
PROGRAM LOGICAL FRAMEWORK

October 26, 199

Program Goal: Help achieve sustainable, broad-based economic growth.

Program Goal Indicators	Baseline	Actual	Expected
Real GDP Growth	1.5 (1987), 4.9 (1988)	2.6 (1989), 2.6 (1990)	4.0 (1991-95)
Per capita GDP	$390/117,195 CFA (1987)	$463/127,325 CFA (1989)	135,000 CFA (1995)
Inflation Rate(GDP Def.)	1980-87: 6.6%	1988-89: 3.1%	3.0 (1991-95)
Exports/GDP	22.6 (1987) 23.8 (1988)	24.6 (1989) 25.0 (1990)	28.0 (1995)
Imports/GDP	29.0 (1987) 25.0 (1988)	25.5 (1989) 27.0 (1990)	29.0 (1995)
Private Savings/GDP	12.1 (1987) 13.7 (1988)	14.9 (1989) 13.2 (1990)	16.0 (1995)
Non-Trad. Exports/Total	4.0 (1965) 8.0 (1988)	9.0 (1989) 10.0 (1990)	16.0 (1995)
Debt Service/Exports	14.2 (1987) 28.5 (1988)	16.7 (1989) 15.0 (1990)	18.0 (1995)
Pop. Growth Rate	3.0 (1987)	3.3 (1989 and 1990)	3.0 (2000)

Source: Mission interpretation of annual IBRD and IMF reports through June 1990. All 1989 figures are preliminary and 1990 figures are projections.

Program Subgoal: Improve the quality of life.

Subgoal Indicators	Baseline	Actual	Expected
Infant Mortality Falls	106/1000 (1983: IBRD)	80/1000 (1988: DHS).	70/1000 (1996 est.)
Fertility Rate Declines	6.6 (1987: GOT)	6.6 (1988: DHS)	6.1 (1993: DHS)
Health Bud./Total Rises	3.8% (1987: IBRD)	4.2% (1989: IMF)	5.2 (1990: GOT)
Defense Bud./Total Falls	7.6% (1987: IBRD)	11.1% (1989: IMF)	10.0% (1990-91 est.)
CPR Increases	2% (1989)	3% (1988: DHS)	7% (1993: DHS)
Private Savings Increase	45.4 bCFA (1987: IMF)	64.1 bCFA (1989: IMF)	73.9 bCFA (1991: IMF)
Real Per Cap. GDP Rises	64,900 CFA (1987: GOT)	66,800 CFA (1989: GOT)	68,000 CFA (1991:GOT)
Consumer Price Inflation	0.1 (1987: GOT)	-1.0 (1989: GOT)	2.0 (1990-95: est.)
Food Production Index increases	1979-81 = 100 (IBRD) 1985-87 = 89 (IBRD)	1988-89 = 93 (estimate) 1990-91 = 91 (projected)	1992-93 = 94 1994-95 = 97
Cereals Production increases	296,000 MT (1980:IBRD) 387,000 MT (1987:IBRD)	492,000 MT (1988: GOT) 564,700 MT (1989: GOT)	580,000 MT (1990:GOT) 600,000 MT (1991:GOT)

Strategic Objective 1: Reduce Infant Mortality and Fertility.			
Targets	Baseline	Actual	Expected
Increase infant (age 0-1) vaccination coverage.	Measles, polio and DPT vaccination coverage at 10% in 1984 (GOT and CCCD reports).	Vaccination coverage rate reported at 43% in 1990 (GOT survey)	70% vaccination coverage (1991). 85% coverage (1996).
Increase use of ORS.	ORS treatment not used in Togo in 1983; diarrhea associated with 5% hospital deaths in 1989.	Cases receiving ORS in government clinics reported at 60% in 1989 (GOT reports).	80% use rate of ORS for diarrheal cases in GOT clinics; 2% of total deaths (1996).
Increase use of standard malaria treatment for children (age 0-5).	Number of cases receiving WHO standard malaria treatment at 10% in 1983. (CCCD)	Cases receiving standard malaria treatment at 76% (GOT survey).	85% of cases receiving WHO malaria treatment (1991).
An effective planning and coordination unit and health statistics collection system is established within the Ministry of Health.	- No planning unit in 1988. - No data collection system at 350 health delivery sites in 1986.	- Planning unit established (1988). - 345 government clinics have data collections system in support of national health statistics reports (1990) (Project reports).	- Planning unit functioning (1991). - All 350 clinics have data collection and analysis systems and report published annually (1991).
Increase number of women using modern contraceptives.	No government data for pre-1988 period available.	37,865 women have begun using modern contraceptives since 1987. (Project reports).	- 40,000 women in 1990. - 120,000 in 1996.

Strategic Objective 2: Increase Rural Savings and Volume of Food Crops Stored.			
Targets	Baseline (1989)	Actual (1990)	Expected (1993)
Increase number of credit unions.	106 Credit Unions (CU)	112 Credit Unions	200 Credit Unions
Increase CU membership.	14,000 CU members	20,457 CU members	38,000 CU members
Increase Savings and Loans outstanding.	$2.5 million in savings $2.2 million in loans	$5.0 million in savings $3.8 million in loans	$9.9 in savings $5.9 in loans
Reduce long-term (over 1 yr) loan delinquency.	35% loan delinquency	3.4% loan delinquency	15% loan delinquency
Increase self-sufficiency of FUCEC.	27% self-sufficiency	35% self-sufficiency	60% self-sufficiency
Increase number of rural producer groups storing and marketing food crops.	17 farmer groups using modern storage for 150 tons of corn and 11 tons of cowpeas with total market value of $48,000	30 farmer groups storing 319 tons of corn and 56 tons of cowpeas with a total market value of $ 126,000	30 farmer groups storing 627 tons of corn and 713 tons of cowpeas with a total market value of $253,700

382

Assist private rural micro-enterprises support better rural producer groups.	Zero baseline	108 private rural enterprises assisted	250 private rural market enterprises assisted

Source: Togo Rural Institutions and Private Sector Project Implementation Reports.

Strategic Objective 3: Increase Non-Traditional Exports.

Targets	Baseline (1989)	Actual (1990)	Expected (1995)
Establish Export Processing Zone (EPZ).	Zero baseline	GOT adopts model EPZ legislation and applicable regulations and revises investment code accordingly.	World class EPZ legislation adopted and legal regulations promulgated. New, improved investment code issued.
Institute EPZ Promotion Center and regulatory authority.	Zero baseline	Prototype Promotion Center established and activities initiated. Decree establishing regulatory authority approved.	Promotion Center and quasi-private regulatory authority established and operating.
Contract private firm to manage EPZ and develop physical sites.	Zero baseline	Three private U.S. firms have expressed interest	Private firm managing and developing effectively EPZ sites.
Attract foreign investment to Togo's EPZ.	Zero baseline	19 firms authorized and 2 have started operation (these firms represent $27 million in investment and 1,700 in direct jobs).	- 30 EPZ companies in operation (5,000 direct jobs and $60 million in investment). - $25 million increase in exports.
Promote U.S. investment in the EPZ and the non-traditional export sector.	Zero baseline	15 U.S. firms participated in OPIC/AID investment mission and 11 have expressed interest in Togo.	Five U.S. private investors become involved with developing businesses in Togo.

Sources: Strategic Plan for Investment Promotion in Togo, Foreign Investment Advisory Service, World Bank, June 1990; OPIC/AID Mission reports; and, Togo EPZ Promotion Center Information.

383

STATISTICAL SOURCES

USAID/TOGO
Assessment of Program Impact
FY 1990

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UGANDA

ASSESSMENT OF PROGRAM IMPACT

NOVEMBER 1990

USAID/UGANDA

KEITH W. SHERPER

MISSION DIRECTOR

386

ASSESSMENT OF PROGRAM IMPACT
USAID/UGANDA

I. Overview of Special Factors Affecting the USAID/Uganda Program

The government's continued commitment to economic reform has been a driving factor behind our program success over the past eighteen months. The quick response to the USAID push towards diversification of non-traditional exports is reflected in the fact that the policy changes called for have been readily adopted and the President has now placed the need for the development of non-traditional exports on the top of his agenda in discussions with other world leaders. The Mission's continued access to senior government officials, including the President, and our ability to put forward sound strategies which are pragmatic and accepted have resulted in a program that is achieving the desired effects.

Two potential near-term obstacles could derail the progress on structural reform and negatively impact on USAID's program. One is the shortage of government foreign exchange to carry the country through this transitory period. This financial requirement will have to be met by donors, preferably on grant or highly concessional terms.

Secondly, the unexpected price increase for petroleum and petroleum products could potentially wipe out our success to date with the non-traditional export sector. Should the government be unable to make sufficient foreign exchange available to the petroleum companies to purchase petroleum at current world market prices, petroleum imports could fall by 40%. The resulting impact on the transportation of goods would be severe. A disruption of this magnitude at a time when exporters are just beginning to get a foothold in European and Middle Eastern markets could be devastating and have a long-term detrimental effect on the development of non-traditional export markets. The effect will be particularly severe for markets that require an assured supply of reliable deliveries.

The Mission's ability to be responsive to a continuously changing economic and policy environment has been enhanced considerably by the recent additions in staff. Eight of the Mission's eleven Direct Hire positions were filled over the past 12 months. The added skills in economics, program and agriculture have strengthened the program significantly. The Mission has gained three economists working in various offices throughout the Mission. Our growth over this transition phase is reflected further in the fact that our program budget more than doubled to $56 million in FY 1990 and retained its focus. There were no new starts last year. We are also in the process of

improving and institutionalizing our internal management systems, expanding our physical facilities and our Mission support services. We expect that the CPSP submission later this fiscal year will reflect the product of one of the strongest programs in the Africa Bureau.

II. Progress Towards Overall Country Program Goals

The Mission is currently completing the implementation of a traditional Action Plan which did not include strategic objectives, targets and indicators as required for a program logframe. The new CPSP for Uganda will be completed during the current fiscal year, setting the stage for an entirely different level of reporting.

The Mission strategy approved in a concept paper in 1987 and rearticulated in the FY 1989-1990 Action Plan, identified a relatively modest program objective which centered the program on increasing agricultural growth with emphasis on private sector participation.

The positive trends in the macroeconomic environment, partially driven by USAID, are having a direct impact on the Mission's overall program objectives, especially improving the climate for the private business community.

- Output growth has continued in the 6-7 percent range, reflecting in particular, a marked recovery in agricultural production and manufacturing output.

- Inflation has been reduced from an annual rate of over 200 percent to an annualized rate of approximately 26 percent.

- In addition to legalizing the parallel market there has been a continual devaluation of the official exchange rate, which has seen a depreciation of 16 percent in real effective terms since 1988.

- The monopoly control of exports by the Produce Marketing Board was eliminated in 1989 (This requirement was part of the conditionality of the first phase of our support to the non-traditional export sector).

The liberalization of the economic policy regime in Uganda, taken together with dramatic improvements in transport infrastructure, and the return of confidence in the economy and in the Government, have contributed to substantial increases in non-traditional agricultural exports, a major component of our agriculture strategy.

388

While customs data on non-traditional exports are inadequate, the statistics from the two major export points (Entebbe and Kampala) show that non-traditional exports for 1988 were valued at $5.5 million, increased to $8.6 million in 1989 and $5.8 million for the first 6 months of 1990. Annualized, these data imply a doubling in value of non- traditional exports in two years, albeit from a very low base. IMF estimates show an even more marked increase, from $6.0 million in 1988/89 to $19.0 million in 1989/90, a 200 percent increase in just one year. (The IMF attributes estimated growth to the suspension of foreign exchange surrender requirements.)

The current IMF/World Bank Policy Framework Paper further highlights the fact that agricultural growth and diversification will depend heavily on reactivating the agricultural research and extension services to develop and disseminate new technology. The USAID program in agriculture research represents the only real effort at this time to bring this about. We are also seeking to increase the availability of technology and inputs through the private sector and cooperatives.

USAID efforts at capacity building and rehabilitating agricultural research facilities are beginning to pay off. The on-station and on-farm research trials are increasing farmer welfare. This was confirmed in the August 1990 evaluation of the agricultural research project which reported, that farmers and extension agents alike, stated that higher yields of food crops are being achieved. As small holders achieve higher yields on traditional subsistence crops, they are marketing surpluses through cooperatives and private traders. Many of these crops (maize, dry beans, sesame, etc.) are now appearing in customs records as non-traditional exports. The evaluation report stated that the higher yields have meant that more cereals are available for home consumption, with oilseed crops producing cooking oils and legume based food. The participants in the on-farm trials proudly acknowledged that as a result of our program, they are now producing a dependable source of improved seed for themselves and other farmers in the community. The evaluation further points to the fact that farmers' incomes have increased through the sale of seed and food crop production surpluses to village markets.

Although not program goals, we have made major progress in AIDS control as a target of opportunity and established a strong program base in health, family planning and natural resources. All are discussed in the following section.

III. Progress Towards Strategic Objectives and Related Progress Indicators

This section reports on accomplishments towards the mission strategy identified in the FY 1989-90 Action Plan. The strategy aims to create a policy environment that enhances private sector participation in development, especially to foster export diversification. This section also specifies progress in on-going targets of opportunity. Since the Mission does not yet have a program logframe, the elements are presented as areas of focus. Every effort has been made to quantify accomplishments, despite the extremely weak data base in Uganda. This data shortfall is being addressed in FY 1991.

A. Agriculture:

The agriculture sector consists of a package of complementary activities: research, human resource development, input distribution, production, processing and export marketing.

The sector objectives are to:

- provide sustainable increases in crop yields at acceptable cost, leading to higher rural incomes.
- demonstrate the superiority of the private sector in production, distribution and marketing, including exports.
- increase and diversify sources of foreign exchange through, (a) support to export production, processing and marketing and (b) tourism associated with natural resource management.

1. Agriculture Research:

Element Objective: An improved capacity for institutional collaboration in training, research and extending technologies that will more effectively utilize farmers' resources in increasing food crop production.

a. Rehabilitation

Rehabilitation of destroyed research infrastructure is a critical prerequisite to reestablishing national research capacity.

Rehabilitation of the two Ministry of Agriculture Research Stations, Kawanda and Namulonge, and the Makerere University Faculty of Agriculture and its Research Institute at Kabanyolo. The following has been accomplished:

390

- 95 - 100% completion of the administrative blocks and the main laboratories.

- 95% completion of all staff housing.

- 100% completion of warehouse facilities.

Farm machinery and implements, lab equipment and chemicals for research have been supplied to the three research facilities and the Agriculture Faculty.

b. Research

(1) On-station Research

With two decades of research lost, yields and technology availability came to a halt, negatively impacting on the farmers' ability to move beyond the subsistence level to cash crops with export potential. Between 1988 and 1990, the following results were achieved:

Maize

Yields have increased from 5 tons/acre to 9 tons/acre. In addition, 3 varieties have been identified as possible releases which are all resistant to yellow maize streak and the breeders have added resistance to Northern corn blight. Several promising hybrids have been tested, which average about 9 tons/acre.

Soybeans

Yields have increased from 1 ton/acre to 3 tons/acre. One variety, Namulonge I, has been released and new varieties have been selected from about 432 lines from an international research center (IITA). Namulonge I, is high yielding, low shattering and has good seed viability when compared with the variety farmers are currently using.

Sunflowers

On-station results have given an increase from 0.8 tons/acre to 2 tons/acre. Four hybrid varieties out of a total of 100 tested, can be made available to farmers if there are controlled conditions for seed multiplication (i.e. a seed company undertakes production). One open-pollinated variety, sunfola, has shown good yields and high oil content, and could be released soon.

(2) On-farm Research

Between 1988 and 1990, the following increases were obtained in the on-farm research:

- The total number of farmers participating in on-farm research has increased from 25 in 1988 to 341 in 1990.
- The size of plots has increased from approximately 100 square yards to half an acre.
- The total numbers of agents is now 45. Plans are underway to add another 16 agents during the second planting season of 1990.
- In 1988, on-farm trials were conducted in 3 districts and presently are in 5 districts. This will be increased to 7 by the end of 1990. (There are 34 districts in Uganda.)

Yields (Between 1988 and 1990)

Maize

Yields have increased from 1.5 tons/acre to 4.3 tons/acre

Soybeans

Yields have increased from 0.7 tons/acre to 1.3 tons/acre

Sunflowers

Yields have increased from 1.3 tons/acre to 2.0 tons/acre

The larger plots sizes have resulted in capital accumulation to the farmers. The spread effect of the technology is at a rate of 5-10 farmers per cooperating farmer.

2. Human Capacity Building:

a. Institutional Strengthening

The Ministry of Agriculture's institutional capacity has been strengthened through the establishment of six multidisciplinary commodity teams. Food crop commodity research, planning and prioritization is being carried out. A National Food Crop Strategy has been developed.

392

b. Training and Human Resource Development

The number of long-term participants in the U.S.A. total: 18 MSc's and 19 PhD's. A total of 86 individuals have received short-term training internationally. Six MSc students have started in-county training at Makerere University this term.

3. Increased Availability of Agricultural Inputs:

The cooperatives input focus has been on a selected number of key agriculture sector commodities which are essential to agribusiness development, agricultural productivity and production.

The cooperatives have distributed the following inputs to farmers:

- 3320 metric tons of cement
- 7.8 metric tons of vegetable seeds
- 4282 bucket pump sprayers
- 282 metric tons of fertilizer
- 150 metric tons of maize seed
- 10 metric tons of bean seeds
- 50 metric tons of wheat seeds
- 1200 bicycles plus spares

A second Mission private sector initiative has resulted in the importation of the following agricultural production related items:

- 211 trucks
- 136 tractors and implements
- 7 oil mills
- 4 grain mills
- 108 shellers
- 1,938 dairy cattle
- 6 milk coolers
- 2 hatcheries
- 46,070 chickens
- 8,500 sections of pipe
- 2,100 tons cement
- 3,664 rolls barbed wire
- 27,500 pieces iron sheets
- 8 feed mills
- 300 milk cans
- 2 bulldozers
- 40 water pumps
- 2,000 kg grass seeds
- 10 generators

Another Mission activity in the West Nile Region included the provision of inputs for food crop production. CARE and the Experiment In International Living (both U.S. PVOs) have distributed the following agricultural items:

- 6175 hoes
- 175 kg of cabbage seeds
- 3420 kg of maize seed
- 65 spray pumps

4. Increased Availability of Foreign Exchange:

a. Balance of payment support.

- $20.0 million has been made available in balance of payment support to facilitate government expenditures which are critical for the non-traditional export sector. The first $8.0 million has been disbursed for petroleum procurement.

- $16.0 million of PL-480, Title I tallow imports between 1988-1990 have provided balance of payments assistance while supplying the essential ingredient for soap manufacture. In addition to now being privately manufactured, soap is cheaper and plentiful compared with pre-1988 cost and scarcity.

b. Access to short term to intermediate credit has expanded.

- In 1986 the Uganda Development Bank was the only institution providing intermediate term credit. There are now two additional commercial banks providing intermediate term credit through USAID support.

- The three banks are providing approximately 10 intermediate loans monthly to agricultural production and agro-industrial enterprises (processing, marketing and exporting). 40 percent of the loan recipients are women-owned/managed enterprises.

5. Enhanced Private Sector Development:

a. Cooperatives

- 1,322 local cooperatives have established accounting systems with another 550 in progress. (There are 5,400 registered cooperative institutions in Uganda.) [illegible] local cooperatives are receiving auditing services; of these, 180 have completed the audit cycle.

- 118 local cooperatives have been approved for a matching grant program.

394

b. Private Sector Borrowers

- Six seminars and workshops have been conducted by the Bank of Uganda to strengthen the management skills of the bank staff and farmers, and to provide maintenance training for tractor and truck operators.

- Technical assistance to the Ntangawuzi (Ginger) Vegetable Growers' Association (NVGA) (4,500 members), has helped secure commercial credit for operating capital, trained farmers about basics of export production and completed trial shipments into European markets.

6. Increased Availability of Production, Processing and Marketing Inputs for Export Crops:

During the past 18 months, private firms imported goods valued at $4.4 million for use in production and marketing of exports:

- 4,530,400 gunny (jute) bags
- 66,300 fishnets
- 1,000 metric tons fertilizer
- 525,200 polypropylene bags
- 230 kilos of improved seed varieties
- 1,676 steel sheets for manufacturing of tools
- 206,000 pineapple/vegetable cartons

Availability of packaging materials through the CIP program facilitated exports and helped to preserve quality for marketing, which resulted in increased income.

The rapidly growing fishing industry is now exporting fresh, chilled, and smoked fish. The CIP is assisting a local firm to import a fish processing plant capable of processing 5 tons of frozen fish per day. The firm already has commitments from buyers far in excess of the plant capacity. This new industrial growth is further supported by the importation of fishnets and boat motors.

The importation of gunny bags enabled exporters to prevent a bumper maize harvest from turning into a small farmer catastrophe. The bags permitted exports of maize to other Preferential Trade Area countries (20 East and Southern African countries). Bags also supported substantial growth in sesame exports to the Middle East, India and elsewhere.

7. Reforms in Policies and Administrative Procedures:

Over the past eighteen months the Government of Uganda has:

- abandoned the policy requiring exporters to exchange foreign exchange earnings at unfavorable government

- introduced the export retention scheme (3/89); legalized the parallel exchange rate by licensing foreign exchange bureaus (6/90).

- established one-stop export licensing procedures (6/90).

- improved tax collection procedures (6/90).

- negotiated reductions in airport air cargo handling fees to international standards (from $0.20/kg to $0.07/kg).

The improved policy environment is already reflected in greater diversification of the sources of foreign exchange earnings (earnings from non-traditional exports, i.e. crops other than coffee) increased as a percent of the total value of all exports:

- In 1988, non-traditional exports accounted for 3% of total export earnings

- In 1989, non-traditional exports accounted for 5% of total export earnings

There is an indication of increased foreign exchange earnings from non-traditional exports for 1990:

- Preliminary data from a single border post (Malaba) indicate export earnings increased from $1.5 million in 1988 to $4.2 million in 1989 and then to $8.0 million during the first half of 1990. (Other preliminary data shows growth has been flat, but there are indications that this reflects increased export sophistication with underreporting.)

- The total value of non-traditional commodities which were licensed for export by the Ministry of Commerce from June 1988 through March 31, 1990 is $88.1 million. Even if only one-fourth ($22.0 million) of the exports licensed during this period were actually made, non- traditional exports would have increased significantly during the first two years of our program initiatives.

B. Targets of opportunity:

1. Natural Resources Better Managed:

As a result of the Mission's emphasis on agricultural development, the highest and best use of some of Uganda's land lies in maintaining and enhancing its natural state. These lands can profitably be used for sustained-yield forestry, tourism and biological research.

396

To support this concept, preliminary actions have been taken which will address:

- Conservation.
- Private sector participation in the rehabilitation/renovation/revitalization of tourist infrastructure and resources.
- Foreign exchange generation.
- Site-specific employment generation.

Examples of these activities occurring in USAID-supported NGO projects are:

- A grant to the Rwenzori Mountaineering Service, a local NGO, which financed the renovation or construction of mountain camps, and improved the trail system including construction of 3 kms of elevated pathways and 1 bridge. USAID has contributed to a 200 percent growth in tourism in this unique reserve area, i.e. from 100 visits in 1988 to over 300 in 1990. The upgrading of facilities has created direct employment for 60 members of a small, remote tribe in Western Uganda.
- Discoveries have been made of 2 new medicinal plants used by chimps with potential for human use.
- Surveys have been made of the distribution of fish species in the lakes.
- Primate (mountain gorilla and chimpanzee) behavioral research is increasing our understanding of their habitat requirements to ensure their survival.
- With USAID assistance, Uganda plans to establish an internationally recognized protected zone (IUCN classified International World Heritage Site) for mountain gorillas and the Mountains of the Moon.
- A Buffer Zone Management Conference and an advisor to work with the Makerere Institute of Social Research on issues of land access and tenure.
- A grant to the Experiment in International Living, to establish a coordinating council for NGO's actively involved with natural resource management in Uganda.

397

2. Improved Family Planning, Child Survival and AIDS Prevention:

The underlying principal of the Mission's Health/Population/AIDS strategy is to exert a key catalytic role in critical areas of policy and program development.

a. Lower the risk of HIV/AIDS

In 1989, the National HIV survey estimated that there were 1,000,000 HIV infected individuals in Uganda. 25,000 of these individuals are under the age of 15 and the remainder are under the age of 50.

Reduction in the risk of HIV infection is to be accomplished by:

- peer group education to effect voluntary changes in people's behavior.

- voluntary HIV testing and counseling to effect voluntary changes in people's behavior.

- self-help support groups of HIV tested people to effect voluntary changes in people's behavior.

Achievements over the past 24 months include:

- 30 companies and 10 organizations and the military have become involved in peer education programs.

  - 80 training sessions held
  - 272 trainers trained
  - 3,285 peer educators trained
  - 270,000 peer educator contacts made
  - 620,000 condoms distributed

- one AIDS Information Center is in operation, counseling 2,600 and testing anonymously 1,000 people monthly.

- 1 Post Test Club established with 350 members and sessional attendance of 70 people.

b. Support for Uganda Orphans

The number of orphans in Uganda is estimated at between 640,000 and 1.2 million. The majority of these orphans are the results of AIDS. As evidenced in a 1990 survey released by Save the Children Fund and the GOU, the number of orphans in Rakai district heavily impacted by AIDS, is 25,351. This is compared to 14,000 orphans in the Hoima district considered a low impacted area.

The following are objectives for the two year period ending 1991:

- Return 1000 orphans to home areas where they will be adequately cared for and nurtured.
- Upgrade the orphanage staff child care skills (50 staff receive training).
- Upgrade skills and training of the child welfare officers working in the districts involved.

Results as of June, 1990:

- 224 children in Gulu resettled.
- 4 temporary camps closed as a result of the resettlement in Gulu.
- 20 child welfare officers received training in upgrading skills.
- 20 child welfare officers in 20 districts received means of transportation plus training in use and maintenance.

c. Slow the Rate of Population increase

The objective of FY 1990 program is to increase the contraceptive prevalence rate. The DHS determined the current rate to be 2.7 per cent for "Any modern method" and an inclusive 5.5 per cent for "Any Other Method." The Mission target is to increase the rate to 9.0 per cent over the next three years.

Planned results for the first two years are:

- Train 150 family planning service providers in clinical skills.
- Make an average of 8 RAPID presentations per year.
- Receive contraceptives in-country per scheduled shipments.
- Establish retail contraceptive sales outlets in 6 discrete locations.

Progress to date:

- 65 service providers trained since October 1989.
- 10 RAPID presentations made since October 1989.

- 780,000 cycles of oral contraceptives (pills) are scheduled to arrive in the country o/a October 31, 1990.

- 3 million condoms expected to arrive o/a December 1990.

- A local Ugandan distributor has been selected and contracted for the social marketing program; the company has hired a marketing manager. Market surveys have been conducted to determine product names and package designs. Initial arrangements have been made for repackaging contraceptives in the Uganda-specific motif. Distribution is expected in early 1991.

d. Rehabilitation for the Orthopedically and Physically Disabled

A 1989 study estimated 16,000 patients in Uganda in need of prosthetic limbs and 160,000 are crippled needing orthotic care. The program is being implemented by two PVO's and the GOU.

Achievements to be attained beginning in 1989 are:

- Train 20 Ugandan surgeons in orthopedics and develop a curriculum for three year paramedical supportive staff.

- Increase the number of assistive devices being manufactured in country at a cost that many can afford.

- Bring into Uganda 43 medically qualified volunteers to assist in the training of Ugandans as well as performing surgery both in Kampala and upcountry.

Progress to date:

- Classes at the medical school are underway with 15 orthopedic lectures given to 4th year class of 75 students and 8 lectures to 3rd year class of 75. Previously three were none.

- A polio clinic in Kampala is now seeing at least 25 handicapped children weekly compared with 0 in the past.

- District clinics were held in Tororo and Mbarara Districts for the first time.

- The first group of five volunteers have been selected and started arriving in Uganda on a staggered schedule in August 1990.

- The first shipment of orthopedic appliances for the operating theater has been received.

- Thirty feet, 266 wheelchairs, 1915 pairs of crutches, 200 orthoses and 120 prostheses were manufactured through March 1990.

400

ZAIRE

Assessment of Program Impact,
USAID Zaire

I. Special Factors Affecting the USAID Program

USAID Zaire will start scaling back and reorienting its development activities as Fiscal Year 1991 begins. This comes in response to mounting obstacles to the achievement of program objectives, as well as implementation setbacks. Salient factors affecting the program include the failure of the Government of Zaire (GOZ) to maintain sound macroeconomic policies during 1990 and a rapidly changing political environment. The result was poorer than expected impact of the USAID program, particularly in the transport and private sectors. In recent years, the greatest impact has been obtained through health, family planning, AIDS and agricultural sector programs, as well as direct benefits from PL-480 and commodity import programs.

The GOZ's 1989 macroeconomic stabilization program became unglued by early 1990 as the Government failed to contain public expenditures and resorted to monetary financing of its budget deficit. This, in turn, crowded out credit to the private sector, fueled inflation and thus a decline in real incomes, and contributed to accelerating depreciation of the zaire currency.

Unable to reach agreement with the GOZ on fiscal management and reform measures, the World Bank suspended plans to provide more than $400 million in new structural adjustment lending. By March 1990, IMF financing was suspended due to unsatisfactory monetary policies. Consequently, net transfers from the IMF to the GOZ are negative in 1990.

Poor management of the economy by the GOZ has affected USAID's program in numerous ways. In response to the GOZ's poor macroeconomic policies, USAID's Development Fund for Africa assistance was cut back by 10 percent to $30 million in FY 1990, and planned non-project assistance in the financial and transport sectors did not go forward. Although the technical assistance elements of the Private Sector Support Project and the Transport Reform Project will continue, no new funds have been obligated to commodity import programs (CIPs) since May 25, 1989, resulting in a reduction in USAID's contribution to output and employment in the private sector.

A central feature of the GOZ's policies has been the poor allocation of public resources. Public investment is low and priority development projects are often passed over. Host country contributions to USAID projects are low and unreliable. In 1990, the GOZ has fallen behind in disbursements under its Priority Investment Program to all joint GOZ-USAID activities.

In recent years, counterpart funds have offset low host country contributions, complementing DFA resources, particularly for health and family planning, agriculture and transport development activities. Although counterpart fund expenditures have helped to increase the impact of USAID projects in the short run, this has been at the expense of sustainable GOZ commitments to development activities.

There have been serious shocks to the availability of counterpart funds during 1990. The curtailment of the CIPs has already reduced counterpart fund generations. Generations were also reduced by a GOZ decision to hold a shipment of PL-480 rice off the market until it is determined to be fit for human consumption. Moreover, rapid inflation and currency depreciation reduced the purchasing power of counterpart funds. In 1990, USAID projects will receive only 60 percent of planned counterpart fund disbursements and project activities have already suffered from associated implementation delays. As a result of non-availability of commodities and purchasing delays in FY 1990, Zaire lost $9.7 million in PL-480, Title I wheat and cotton, further exacerbating counterpart fund shortages in 1991. USAID's activities will be scaled back accordingly.

Poor macroeconomic policies are directly affecting USAID's efforts to assist the private sector. Currently the private sector is suffering from foreign exchange shortages, tight credit, rapid inflation, and economic and political uncertainty. Foreign exchange shortages have resulted from low copper and coffee revenues, non-essential imports, sharply reduced development assistance and IMF financing, high debt service, and recently, rising petroleum prices. Real interest rates are negative and discourage savings and long-term credit, while GOZ borrowing actively crowds out credit to the private sector. Uncertainty about Zaire's future also discourages private sector activity. The net result is that donor programs, including those of USAID, are unable to achieve their potential impacts in terms of increases in domestic resource mobilization, investment, market expansion, productivity, and consumption growth.

Deteriorating economic conditions for a majority of Zairians contributed to a crisis in confidence in Zairian leadership. On April 24, 1990, President Mobutu responded by announcing a process of democratization involving new, multi-party elections and appointing a new cabinet. Since April 24, opposition to the Government has become much more open, and the political future more uncertain. On the positive side, many opposition parties have been formed and the Zairian press must be regarded as one of the freest in Africa. Yet, implementation of USAID projects has been slowed by strikes of civil servants, medical professionals, and railway employees. Difficulties in working with a weak Transitional Government, where Ministers have limited say over public expenditures, have weak mandates, and are insecure in their tenure, also limits the effectiveness of USAID assistance.

II. Progress Towards Overall Country Program Goals

USAID's program goal is to contribute to sustainable, broad-based, market-oriented, economic growth and development. In the aggregate, Zaire's recent economic growth and development performance has been dismal, as underscored by the estimated 4.8 percent annual drop in per capita GDP in 1989 and 1990. Moreover, after rising infant and child mortality rates between 1975 and 1984 in half of the rural areas and most of the urban areas studied, there is no evidence that national mortality rates declined during the late 1980s. However, through infrastructure, human capital and non-project assistance, USAID has contributed powerfully to reducing infant mortality and to greater labor productivity in specific locations. In contrast, it is too early to expect measurable reductions in fertility. This is because USAID family planning assistance to date has reached only limited populations, while it normally takes a long time for family planning programs to affect fertility rates.

In order to assess the overall impact of the USAID program in this environment, the Mission has examined program performance over the past five years with respect to selected welfare indicators. This analysis disaggregates target populations based on differences in aid interventions. Analysis is based upon small studies conducted within the larger target populations. Findings are necessarily tentative given the inherent weaknesses of data in Zaire. Furthermore, attributing specific outcomes to discrete USAID interventions -- as if such interventions operate in a political, economic and social vacuum -- would be theoretically unsound. With these important caveats in mind, the Mission estimates that its program interventions are positively correlated with measurable improvements in the welfare of Zairians in terms of nutritional status of children, infant mortality, labor productivity, and per capita consumption of goods and services. At the goal level, nutritional status and child survival are indicators of physical quality of life while labor productivity and consumption are indicators of economic welfare.

In fiscal years 1986 through 1990, $306 million from Development Assistance, PL-480 and counterpart funds (generated from non-project assistance and PL-480) was spent through USAID programs in Zaire. This amounts to approximately $8 per capita, or $1.60 per capita per year. Half of this total was targeted to specific geographic areas within Zaire, while half consisted of national level non-project assistance, agronomic and policy research, health services, and training activities. Geographically targeted activities include marketing, agricultural development, health services, and rural infrastructure. These activities are most closely related to impact in rural areas, while non-geographically targeted activities have probably had the most impact in urban areas.

The most notable feature of USAID program impacts is their extreme variation across geographic areas and per dollar of total assistance provided to different sub-groups within Zaire. This variation in impacts is largely due to variations in initial income levels, existing health status, different packages of assistance provided, and the importance of external constraints during implementation. This extreme variation is more interesting from a programming perspective than average impact. It indicates significant opportunity to increase impacts even with a constant level of assistance, through geographic targeting and selection of more cost-effective activities. These considerations are relevant as the Mission is currently examining ways of reallocating assistance in response to changes in the policy environment and reduced counterpart fund generations.

Geographically Targeted Program Activities

Geographically targeted assistance of $23 per capita was provided to 6.2 million people, cumulatively over the past five year period. There are seven geographic target areas or groups that received USAID assistance during the period 1986 through 1990:

1) 2.8 million people were allocated $7 per capita in primary health care in Sante Rurale (SANRU) zones outside USAID area development projects in Bandundu and Shaba;

2) 200,000 people were allocated $17 per capita of transportation assistance, as in the Kwilu Sub-Region of Bandundu where, based on 1984 census estimates, the infant mortality rate was 131 per 1000 live births and life expectancy at birth was 47 years;

3) 1.1 million people were allocated $19 per capita in assistance for primary health care, immunizations and potable water in SANRU zones outside USAID area development projects;

4) 600,000 people in Bandundu were allocated $25 per capita in agricultural development, marketing and transportation assistance in rural communities where average infant mortality was between 113 and 131 in 1984;

5) 400,000 people were allocated $45 per capita in transportation, potable water, and primary health assistance in the Lualaba Sub-Region of Shaba where the infant mortality rate was 179 in 1984 and child mortality rose from 213 to 250 per 1000 children under age five between independence and 1984; in 1984, this sub-region was perhaps the poorest in Zaire, and life expectancy at birth was less than 40 years;

6) 400,000 people were allocated $53 per capita in agricultural and transportation assistance in central Shaba where child mortality rates declined from 300 to 233 between independence and 1984, and life expectancy was 42 years in 1984;

405

7) 700,000 people were allocated over $60 per capita in health, agricultural, and transport and marketing assistance such as in the health zones of Kabongo (Shaba) and Vanga (Bandundu) where access to health care and transportation is among the best in rural Zaire and where, before USAID interventions, mortality rates were similar to those in urban areas.

Table I estimates changes in selected welfare indicators for 1986 through 1990. Figures represent changes from initial conditions that are hypothesized to be related to USAID interventions, though USAID interventions were in no case unique events in any region. Program impacts are expected to be much higher for population groups that receive high levels of assistance compared to those that receive low levels. However, impacts of health interventions are expected to be larger in poor communities than in higher-income areas.

This analysis supports the following, preliminary findings:

- For direct beneficiaries of USAID programs in poor communities that are allocated $7 per capita for child survival and basic maternal care assistance, infant mortality is reduced by 40 per 1000 live births from high initial levels, while malnutrition is increased by 15 percentage points.

- In contrast, for direct beneficiaries in communities allocated $60 per capita, labor productivity increases by 40 percent and infant mortality declines by 15 per 1000. No net change in nutritional status is estimated in these communities.

- Although improved agricultural production leads to improved nutritional status, concurrent reductions in infant mortality lead to declines in nutritional status, perhaps due to an increased dependency ratio. The net effect is no change in nutritional status, a disturbing finding warranting further study.

- Labor productivity has increased through changes in prices and, to a lesser extent, through changes in the physical productivity of labor resulting from improved technologies. USAID contributions to marketing and price liberalization appear to have had more impact on returns to labor than have efforts to increase the physical productivity of agricultural labor. This suggests that agricultural output is growing at roughly the same rate as the labor force.

Non-Geographically Targeted Assistance

Policy reform, commodity import and training programs are not geographically targeted. Since 1986, results of policy reform programs have fallen far short of Mission expectations. However, industrial commodity imports and PL-480 food and fiber imports have benefited private sector manufacturers and distributors,

406

TABLE I: SUMMARY OF USAID, ZAIRE PROGRAM IMPACT
(Resulting from Geographically Targeted Assistance, 1986 – 1990)

Assistance to Targeted Populations			Program Impact Estimates for Small Beneficiary Groups within Targeted Populations			
			Estimated Changes in			
Nature of Intervention	Cost per Capita	Targeted Population	Nutrition	Productivity	Survival	Consumption
1: Health	$7	2,800,000	-10	-4%	40	?
2: Transport	$17	200,000	-15	20%	10	+
3: Health & Water	$19	1,100,000	-5	4%	50	?
4: Agriculture, Marketing & Transport	$25	600,000	-10	30%	18	15%
5: Health, Water & Transport	$45	400,000	-20	24%	60	?
6: Agriculture & Transport	$53	400,000	10	40%	30	15%
7: Health, Agriculture & Transport	$60	700,000	0	40%	15	15%

Indicators Used:
Nutrition: Increase in percentage of children age 0 to 4 above standard weight for age.
Productivity: Percentage change in market value of production divided by labor input.
Survival: Decrease in infant deaths per thousand live births.
Consumption: Percentage change in value of consumption in terms of primary agricultural crop (kg of manioc) divided by population.

Notes:
1. Targeted population is accurate within plus or minus 20%. Beneficiary population size is unknown, but is smaller than targeted population. Beneficiaries are those households actually benefitting from the assistance. In some population groups the beneficiary group is less than 10% of the targeted population.
2. Impact estimates are for the beneficiary population and are considered accurate within plus or minus 60% of the mean presented above.
3. Impact estimates are preliminary results of Program Impact Evaluation (PIE) analysis and are based on case studies in Zaire, cross-sectional correlations across geographic communities, and parameter estimates from comparable population groups in Africa. Results are imputed from a small sample of communities experiencing impacts.

10/30/90

particularly in Kinshasa. In addition, USAID programs train over 5,000 Zairians each year. This is an important investment, intended to raise the labor productivity of participating women and managers of micro-enterprises who would not otherwise be direct beneficiaries of private sector support activities.

USAID's non-project assistance has been directed to support reforms in industry and trade, agricultural marketing, banking, and transport policies. The positive impacts of the commodity import components of non-project assistance are discussed in the context of the private sector strategic objective, in Section III. In contrast, the Mission's experience with policy reforms has been mixed.

Substantial price liberalization has occurred in Zaire's agriculture sector since 1983. A 1989 study showed that farmers are aware of price liberalization. Only one in seven farmers perceives that the prices received are being imposed by the buyer. According to a recent evaluation report, producer prices have increased relative to prices for manufactured goods in rural areas since price liberalization . However, the impact of price liberalization on urban prices is not known. The high costs of farm-to-market transportation and distribution obscures this relationship.

With the abandonment of its 1989 structural adjustment program, the GOZ has not implemented planned policy reforms in the banking and transport sectors. Similarly, although industrial prices have been liberalized and some trade barriers reduced, there has been backsliding on tariff rationalization and virtually no progress in industrial sector adjustment. As a result, there has been no measurable impact from USAID banking, transport, and industry and trade policy initiatives.

III: Progress Towards Strategic Objectives and Related Progress Indicators

A. Health and Family Planning Program Performance

USAID's first strategic objective is to improve health status, with emphasis on increasing the rate of child survival and reducing the fertility rate (rearticulated as per State 238317).

Child Survival

USAID programs in primary health care continued to demonstrate measurable impact on child survival and improvement of rural living conditions. Studies in the Kingandu health zone in Bandundu found that introduction of a comprehensive primary health care program reduced mortality among children aged 1 through 4 from 33 to 19 per 1000 between 1980-83 and 1985-88. Utilization of health services increased dramatically. Between 1984 and 1989, measles vaccination rates increased from 22 percent to 74 percent. Utilization of oral rehydration therapy for treatment of diarrhea increased from 6 to 53

408

percent during the same period. While this zone is not necessarily representative of Zaire as a whole, it does demonstrate the magnitude of impact possible from successful delivery of health services in the Zairian environment.

Nevertheless, continuing declines in disposable income and purchasing power of rural, as well as urban, populations in recent years point to eroding health and nutritional status in monitored populations. A published study from one health zone demonstrated a 15 percent reduction in demand for health center services attributable to increasing prices and decreasing ability to pay.

Vaccination rates for measles and DPT have stagnated near 40 percent among 12 to 23 month-old children since 1988. Efforts to improve coverage rates have been hindered by a lack of leadership and commitment as well as poor management by GOZ authorities. Although USAID and UNICEF provided increased resources to Zaire's vaccination programs, GOZ expenditures actually declined in real terms. In addition, vaccination programs are suffering from deteriorating transport and communications infrastructure and declining purchasing power of the population. Thus, poor Zairians end up paying for vaccinations provided by donors in the absence of GOZ expenditures on these critical programs.

Zaire's national strategy calls for widespread distribution of chloroquine tablets and presumptive treatment of malaria. In the face of widespread chloroquine resistance, the effectiveness of this strategy is diminishing. The high cost of secondary drugs and the difficulty of obtaining rapid and accurate diagnoses are major obstacles to malaria prevention and treatment.

Declining GOZ expenditures on health and family planning -- down to U.S. fourteen cents per person per year in 1989 from thirty-three cents in 1986 -- have crippled implementation of bilateral and international donor projects and have curtailed operations of already weak public service delivery institutions.

In Zaire, primary and secondary health services are financed through patient fees to a degree unique in sub-Saharan Africa. While user fees may be necessary to the development of efficient and sustainable services, there is also the problem of making primary health care inaccessible to vulnerable groups in the population. Improved health care requires much greater government investment as well as greater consumer purchasing power, conditions not foreseen in the near future. USAID's health sector strategy focuses on improving the quantity and quality of health services - but does not alter the fact that health services in Zaire depend largely on consumer financing through out-of-pocket expenditures.

Family Planning and AIDS Protection

Ongoing monitoring systems reveal that contraceptive sales and distribution in the private sector are increasing rapidly, albeit from a very low base. For both private and public programs, distribution has increased from 30,000 couple years of protection (CYP) in 1988 to 87,000 CYP in 1989. Distribution is expected to reach or surpass 130,000 CYP in 1990. These results are indicative of progress in achieving the Mission's objectives in both family planning and HIV/AIDS protection -- though the lion's share of improvement is in condom use to prevent HIV/AIDS transmission. One survey shows that 70 percent of use is related to fear of AIDS, and there is some evidence that the incidence of HIV is leveling off in Zaire.

Improving Water Quality

Private and public programs to improve potable water supply and sanitation continued to make advances with a total of 1.3 million additional persons served since 1986 due to USAID investments. One study in eastern Zaire indicated that significant reductions in cholera and diarrheal disease coincide with the introduction of a gravity-fed water system in 1988. The study in Kirotshe zone found that cholera cases declined from several hundred in 1987 to zero in 1990. Children living less than 10 minutes from a standpipe experienced 40 percent fewer episodes of diarrhea than those living more than 10 minutes from a standpipe. This study provides preliminary evidence on the impact of safe water in reducing diarrheal and other water-borne disease.

A 1989 assessment of USAID projects in the Lualaba sub-region of Shaba found that women spent considerable time and effort in collecting water for their families and that improving access to potable water was often the highest priority for women with children. The same study showed that by 1991 approximately 65 percent of homes in the sub-region would be provided with potable water systems supported by USAID, and that with a monthly contribution of ten cents per capita, the water system could be maintained.

B. Agriculture Sector Program Performance

USAID's strategy in the agricultural sector is to increase production, productivity and household incomes, primarily through the development and dissemination of improved technologies, support of market-oriented policy reforms and improvements in rural financial services. Modest progress was achieved through the agricultural sector portfolio, particularly in the dissemination of technologies and in sustaining and improving sector policies. However, national and regional data on agricultural production, productivity and rural incomes are particularly weak in Zaire, limiting the Mission's ability to document program impact at this time. The Mission is currently taking concrete actions to measure

program impact in this sector and will be in a better position to report on program impact in the 1991 API. The present assessment is based on evidence of performance with respect to sectoral targets.

Increased Crop Production and Productivity

The genetic materials and improved practices developed by the Applied Agricultural Research and Outreach project (RAV) are now being disseminated through agricultural development projects to over 33,000 farm households in Bandundu and Shaba. Moreover, these improved genetic materials and improved cultural practices are widely being adopted by farmers outside the USAID project zones. In the long run, an estimated 10 million people will be the ultimate beneficiaries of these improved maize, cassava and grain legume technological packages. An even wider segment of the population, including urban consumers, stands to benefit from increased productivity leading to increased food production, and resulting lower retail prices.

In order to ensure greater ecological and agronomic sustainability, crop production is being intensified as an alternative to extending land utilization. Maize-based alley-cropping systems and leguminous bushes are being promoted to decrease soil erosion and improve soil productivity.

Increased market efficiency is a means to increase production and productivity, and to reduce the cost of food to the urban consumers. Accordingly, USAID is assisting the GOZ to strengthen physical marketing infrastructure in key market corridors. Construction of a wholesale and retail market facility at Petit Kasai in Bandundu is nearing completion. An estimated 200,000 local producers and traders will derive direct economic benefits from this investment. Similarly, storage facilities are being built at eight key railheads in Shaba to reduce crop losses during the marketing process. Five of these facilities with a combined capacity of 10,000 tons were completed in 1990 and are being used during the current marketing season. About 700 kilometers of link roads have been rehabilitated in the central Shaba region during this period, increasing farmers' access to markets and likely reducing marketing costs. However, central Shaba producers have yet to reap the benefits of these improvements because of railway bottlenecks.

Market-Oriented Policy and Institutional Incentives

The liberal price regime maintained throughout the FY 1987-89 Action Plan period has been reinforced through continuing policy dialogue with national and regional authorities during the current reporting period. A 1989 evaluation of the FY 1986 Structural Adjustment Support Grant demonstrated that liberal policies helped to shield rural producers from declining per capita incomes through favorable shifts in rural-urban terms of trade.

411

Recent policy reform accomplishments include: advancing the opening date for the 1990 maize marketing campaign in Shaba, a preliminary step in reducing administrative determination of crop marketing seasons; the introduction of a tender and bid system for local purchase of maize from private traders by Gecamines, the state mining enterprise that is the largest buyer of maize in Shaba; and, although licenses are still required, allowing traders from the mineral rich Kasai Regions freedom to purchase corn directly from farmers in Shaba. In addition, with USAID technical assistance, the Ministry of Agriculture has prepared a draft sector strategy in order to improve resource allocation through better sector planning and project appraisal.

Improved Rural Financial Services

Given the poor macroeconomic environment and the pilot nature of USAID interventions in rural finance, impact to date in this sub-sector has been extremely limited. Nevertheless, during FY 1990 over 60 staff of savings and credit cooperatives were trained to provide more effective financial services in rural Bandundu. These trained personnel serve 160,000 individuals in the region. In addition, analysis conducted during FY 1990 has produced action recommendations for future assistance in this vital field which the Mission believes could have positive impact over the current Action Plan period.

C. Transport Sector Program Performance

USAID's new strategic objective in the transport sector is to improve the provision of sustainable transport infrastructure services and to maintain road and river infrastructure. There has been little progress in this sector due to lack of GOZ financing to Office des Routes (ODR) and Service National des Routes de Desserte Agricole (SNRDA), the national roads authorities, and to Regies des Voies Fluviales (RVF), the river transport authority. USAID is unable to demonstrate significant impacts on transport costs or traffic, critical indicators of sector performance. However, ONATRA, the state-owned river transport operator reports a 10 percent drop in river freight since the first half of 1988. Moreover, fuel prices have increased, strikes and delays plague the national rail line, SNCZ, and GDP is declining, suggesting that the flow of goods and services in Zaire declined during the reporting period. Although transport sector performance has been terrible, the Mission believes that this strategic objective remains valid, but only because this sector is critical to Zaire's economic future.

Policy and Institutional Reforms

Central to USAID strategy in the transport sector are policy and institutional reforms to improve road maintenance and investment planning. The Mission's main vehicle for reform is the Transport Reform Project, which was not authorized until September 1990. Nevertheless, the Mission engaged the GOZ in an active policy

412

dialogue during FY 1990 on transport sector activities. Thus far, however, no progress has been made.

A priority policy issue has been sector financing. The GOZ has failed to meet its own targets for providing fuel surtax revenues and investment financing to ODR and SNRDA. Of $25.5 million in fuel tax revenues planned for ODR and SNRDA, only $15.9 million had been received as of August 1990. One reason is the failure of the GOZ to permit fuel prices to adjust fully to changing world market prices and exchange rate depreciation; as a result, fuel companies have been unable to cover costs and taxes. In addition, foreign exchange shortages are cutting supplies and thus the tax base.

The GOZ, with the assistance of the World Bank and USAID, has made only limited progress in privatization, while there has been back-sliding on decentralization efforts. At the same time, ODR has acted positively by reducing its workforce and by improving its debt position. By channeling over one-third of its limited revenues to debt repayment, it has sacrificed short-term output for potential improvements in the future.

Infrastructure Rehabilitation and Development

Some impact for specific populations resulted from road rehabilitation and river boat development activities. Greater progress could have been achieved, however, had the GOZ met its financial obligations to USAID-supported rehabilitation projects. Reduced counterpart fund allocations also contributed to poor performance of the transport portfolio in FY 1990. USAID-GOZ projects in Bandundu and Shaba rehabilitated 1835 km of roads in FY 1989, but only 160 km in FY 1990. Although some rehabilitation activities were planned for phase-down in 1990, the poor performance in 1990 is explained by inadequate GOZ financing.

In central Shaba, 700 km of roads serving 450,000 people were rehabilitated in FY 1989 and 1990. Central Shaba roads are used to transport maize to railheads and to the Kasai Regions. These roads appear to have contributed to increases in maize production in 1989/90. However, benefits to farm populations were undermined as the parastatal rail operator, SNCZ, has been unable to evacuate significant quantities of maize from railheads to intended markets.

In the Shaba refugee project areas, 1200 km of roads serving 400,000 people were rehabilitated in 1989 and 1990. Travel speeds for Mission vehicles on the Mutshatsha-Sandoa-Kapanga road have increased from 35 km per hour before project interventions to 85 km per hour in 1990, but traffic counts have not increased. One positive impact of this road work was to provide access to project sites for water drilling equipment and to primary health care centers.

In central Bandundu, water crossing construction and rehabilitation activities are increasing access to commercial

413

markets for approximately 90,000 area residents. These improvements have reduced travel times on some roads by up to 10 percent, although on other roads, travel times remain unchanged.

D. Private Sector Program Performance

USAID's strategic objective for the private sector is to increase production and productivity. This is to be accomplished by promoting growth in domestic credit, supporting sound macroeconomic policies, and maintaining a private sector orientation throughout the Mission's programs. During FY 1990, results in the private sector were extremely poor, primarily because of an unstable political and economic climate. Current economic data and feedback from business managers confirm that the private sector is being squeezed on every front: inflation and exchange rate depreciation are accelerating; foreign exchange is increasingly scarce; reduced consumer purchasing power is resulting in lower sales and plant utilization; credit costs remain high; and, small companies and individual entrepreneurs have virtually no access to credit. Although credit to the private sector has contracted and there has been GOZ back-sliding on policy reforms, direct benefits did accrue from commodity imports provided to support earlier reform efforts.

Domestic Credit Expansion

Outstanding credit of the banking system to the private sector declined in real terms, from $161 million in December 1989, to $155 million in June 1990. Monetary financing of treasury deficits is taking an increasing bite out of private sector credit availability. Whereas the private sector received 67 percent of nominal credit increases in 1989, it has received only 19 percent in 1990 to date.

High and variable inflation as well as large margins between deposit and loan interest rates are having perverse effects on savings mobilization and borrowing. The Bank of Zaire's benchmark money market rate which was positive in real terms for nearly 18 months turned negative during the third quarter of 1990. Interest rates on private deposits remain strongly negative. Yet, the cost of credit to borrowers remains high, with nominal rates exceeding 100 percent. This undermines long term investment. Instead, credit tends to go to larger firms and to finance imports of consumption goods which provide high profits and quick turnover.

Business Climate

Poor macroeconomic policies are having profoundly negative effects on the private sector, discouraging investment and contributing to declines in production and productivity. In 1990, GDP is projected to decline by 2 percent, with per capita consumption dropping 5 percent. Manufacturing output is below 1989 levels and plant utilization rates are down. Annualized inflation in the June to August 1990 period was 85 percent, and will go higher

414

by the end of the year. The gap between the official and parallel exchange rates has risen to 50 percent, and foreign exchange availability in the private sector, which had reached $39 million per month in late 1989, fell to $15 million in the third quarter of 1990.

Commodity Imports

In response to favorable, initial steps in financial sector reform under the Private Sector Support Program, USAID provided $11 million in CIP financing of capital goods and industrial inputs in FY 1989 and 90. In addition, the PL-480 program financed imports of $30.3 million in wheat, rice and cotton in FY 1989 and 90. Although the CIP did not have much impact in leveraging broader policy reforms and resource mobilization, this commodity assistance has had a direct impact in the private sector. In addition to the contribution to other Mission activities through counterpart funds generated, commodity imports represent a real resource transfer to the economy and have had a direct impact on the production and productivity of participating firms. This impact appears to be greater in urban areas. Even though activities with agricultural and rural linkages were targeted, 77 percent of CIP financing was allocated to manufacturers and distributors in Kinshasa.

A 1989 evaluation of the FY 1986 Structural Adjustment Support grant found that the $15 million CIP component contributed to an increase in capacity utilization between 1985 and 1988 for a majority of CIP participants sampled, at a time when most non-participants' capacity utilization declined; CIP participants increased capacity utilization by 9.7 percent more than non participants. Production of CIP firms increased 22.4 percent between 1985 and 1988, while recorded manufacturing output in Zaire grew by only 13 percent. The evaluation also concluded that the CIP helped to prevent layoffs and increase labor-productivity. The Mission will soon test the assertion that the recent Private Sector Support Program CIP, which provided a similar level of financing under similar circumstances, has had a comparable impact on private sector production and productivity.

Similarly, the Mission has determined that for each dollar of PL-480 wheat and cotton imported, approximately $3.43 of net value added is generated through initial processing and distribution. Thus, PL-480 wheat and cotton imports sustained approximately 42,000 private sector jobs and generated nearly $50 million in net value added, or almost 1 percent of recorded GDP, in 1989. Wheat (flour milling and baking) and cotton manufacturing in Zaire contribute 42 percent of all value added through processing of imports. Approximately 50 percent (96 percent of imports) of fiber cotton and 37 percent of the wheat processed in Zaire are financed by the PL-480 program.

415

Assessment of Program Impact, FY 1990

Goal: To Contribute to Sustainable, Broad-based, Market-oriented Economic Growth and Development

Country Trend Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
1. The recorded Gross Domestic Product will increase at a rate of 3.5 percent per year between 1990 and 1995.	GDP growth rate, 1984-88 average: 2.7 percent (IMF)	1989: -1.9 percent 1990, planned: 3.5 percent 1990, projected: -2.0 percent (World Bank, USAID)	1991-95 planned: 3.5 percent per year
2. Labor productivity of men and women will be maintained as demonstrated using national census and survey data.	1990 labor productivity: rural, $0.25 per work day; urban, $3.00 per work day (Tollens, Hoyoux, INS and USAID)	Same	1995 labor productivity: rural, $0.25 per work day; urban, $3.00 per work day
3. The infant mortality rate will decline from 110 per 1000 live births in 1988 to 80 by 2000.	Infant mortality (0-12 months) of 110 per 1000 live births in 1988 (UNICEF)	Not Available: A Demographic and Health Survey is scheduled for 1991-92	Infant mortality of 95 per 1000 live births in 1995; 80 per 1000 live births by 2000
4. The total fertility rate will decline from 6.1 children per woman in 1987 to 5.8 in 2000.	1987: 6.1 children per woman (World Bank)	Not available	2000: 5.8 children per woman

Strategic Objective 1: Improve Health Status, with Emphasis on Increasing the Rate of Child Survival and Reducing the Fertility Rate

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Reduce mortality rates for children under 5 years of age from 136 per 1000 in 1989 to 110 per 1000 in 1995.	Mortality rate under 5 years: 136 per 1000 in 1989 (UNICEF)	Not available	125 per 1000 in 1992 110 per 1000 in 1995
B. Increase contraceptive prevalence from 2 percent in 1988 to 7 percent in 1995.	1988: 2 percent (estimated from limited area contraceptive prevalence surveys)	Not available	Contraceptive prevalence of 4 percent in 1992; 7 percent in 1995

Targets

1.1: Decreased Diarrhea- Related Morbidity and Mortality

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Sales of Oral Rehydration Salts increase from 1 million units in 1989 to 3 million units in 1992.	1989: 1 million units (PEV Annual Report, 1989)	Not Available	1991: 2 million units 1992: 3 million units
b. Rural population in USAID-assisted health zones provided with potable water increases from 1.2 million in 1989 to 1.6 million in 1992.	1989: 1.2 million people	1.39 million persons served in 1990 (Project reports)	1991: 1.5 million people 1992: 1.6 million people
c. Deaths due to severe diarrhea reduced in sentinel areas from 464 in 1988 to 200 in 1992.	1988: 464 deaths recorded (PEV)	Not available	1992: 200 deaths

1.2: Reduced Vaccine-Preventable Morbidity and Mortality			
Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Measles vaccine coverage rates among children 12 to 23 months increase from 40 percent in 1989 to 60 percent in 1992.	1989: 40 percent (PEV, National Reports)	Survey results expected in mid-1991 (UNICEF, USAID, GOZ Survey)	1991: 50 percent 1992: 60 percent
b. Polio vaccination (third dose) coverage rates for children 12-23 months increase from 41 percent in 1988 to 60 percent in 1992.	1988: 41 percent (National Reports)	Survey results expected in mid-1991 (UNICEF, USAID, GOZ Survey)	1991: 50 percent 1992: 60 percent
c. Diptheria, pertussis, tetanus vaccine (third dose) coverage rates for children 12 to 23 months increase from 38 percent in 1988 to 60 percent in 1992.	1989: 38 percent (UNICEF)	Survey results expected in mid-1991 (UNICEF, USAID, GOZ Survey)	1991: 50 percent 1992: 60 percent

1.3: Reduced Morbidity and Mortality from Malaria			
a. Reduce deaths due to malaria in sentinel sites from 680 in 1988 to 500 in 1992	1988: 680 deaths (PEV)	1989: 677 deaths (PEV)	1992: 500 deaths

1.4: Increased Couple Years of Contraceptive Protection (CYP)			
a. Increase sales and distribution of contraceptives in the private sector from 12,500 CYP in 1988 to 180,000 CYP in 1992.	Private sector sales in 1988: 12,500 CYP (USAID project reports)	Private sector sales in CYP: 1989: 74,000 1990: 99,000 (est.) (USAID)	180,000 CYP in 1992
b. Increase couple years of protection from all contraceptive methods from 30,000 CYP in 1988 to 235,000 CYP in 1992.	1988: 30,000 CYP (PSND, USAID Project reports)	1989: 87,000 CYP 1990, projected: 132,000 CYP (PSND, USAID Project reports)	1992, planned: 235,000 CYP

1.5: Reduced HIV/AIDS Transmission			
a. Increase condom distribution in high-risk urban areas from 800,000 units in 1988 to 8 million units in 1992.	1988: 800,000 condoms distributed in high-risk areas (PSND, USAID project reports)	1989: 2.87 million condoms sold in high risk-areas (PSND, USAID Project reports)	1992, planned: 8 million units distributed
b. Introduce rapid diagnostic screening for HIV in 30 rural hospitals by 1992.	In 1988, no rural hospitals had diagnostic blood screening for HIV (USAID)	In 1990, 5 hospitals began HIV diagnostic testing and counseling (USAID)	1991: 15 hospitals 1992: 30 hospitals
c. Triple target audience receiving AIDS informational radio, television and print messages by 1992.	1989: 763,000 persons aged 10 to 30 received AIDS messages (USAID)	1990: 3,125,000 persons, estimated (USAID)	1991: 4 million persons 1992: 4.5 million persons

1.6 Increased Access to and Improved Quality of Health Services			
Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Establish improved accounting and cost control systems in 25 health zones by 1992.	1988: 25 zones selected for accounting and cost control improvements (project reports)	Oct. 1990: Seven zones using new accounting and cost control methods (project reports)	1992: Improved systems in 25 health zones
b. Provide access to under-five clinics for 625,000 (52 percent) of children living within 50 BRH-II-assisted rural health zones by 1992, compared to 400,000 in 1989.	1989: 400,000 children under 5 received priority services in 40 health zones (Annual project reports)	Next report, mid-1991 (Annual project reports)	1992: 625,000 children
c. Provide access to prenatal clinics for 625,000 (52 percent) of women of child bearing age living within 50 BRH-II-assisted rural health zones by 1992 compared to 340,000 in 1989.	1989: 340,000 women (15-40 years) receive pre-natal care in project health zones (USAID)	Next report, mid-1991 (Annual project reports)	1992: 625,000 women

1.7: Improved Population, Health and Water Policies Adopted by GOZ			
a. Actual GOZ total budgetary expenditures in health and family planning increase from $0.33 per capita per year in 1986 to $1.00 per capita by 1992.	1989: GOZ spent $0.14 per capita in health and family planning (Min. of Budget)	1990, planned: GOZ budgeted $0.36 per capita in health and family planning; actual expenditures are lower	1992: GOZ total budgetary expenditures rise to $1.00 per capita

Strategic Objective 2: Increase Agricultural Production, Productivity and Rural Household Income, with Emphasis on the Bandundu and Shaba Regions

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Real returns to crop labor hours increase.	The long and medium term contributions of the agriculture sector interventions towards the strategic objective are to be measured in terms of changes in returns to crop labor, output per hectare, household income, food consumption, and natural resource management practices. USAID is in the process of gathering and analyzing secondary as well as primary data for tracking sector program performance on a long term basis. Hence, no quantitative figures on the performance measures are to be reported at this time.		
B. Crop yields per hectare increase.			
C. Rural household incomes increase.			
D. Food consumption increases.			
E. Natural resource management improves.			

Targets

2.1: Increased Sustainable Crop Production and Productivity for Domestic and Export Market

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Cassava production in Bandundu and Shaba increased by 25 percent over the 1989 to 1993 period.	1988/89 production estimates: Bandundu, 3.5 million tons; Shaba, 2.7 million tons (Ministry of Agriculture)	1989/90 production data not available; new varieties developed and released with up to 66 percent yield improvement in trials (USAID)	1992/93 production: 7.8 million tons in Bandundu and Shaba
b. Maize production in Bandundu and Shaba increased by 35 percent over the 1989 to 1993 period.	1988/89 production estimates: Bandundu, 171,000 tons; Shaba, 307,000 tons (Ministry of Agriculture)	1989/90 production data not available; new varieties developed and released with 30 to 50 percent yield improvement in on-farm trials (USAID)	1992/93 production: 598,000 tons in Bandundu and Shaba
c. Peanut production in Bandundu and Shaba increased by 35 percent over the 1989 to 1993 period.	1988/89 production estimates: Bandundu, 104,000 tons; Shaba, 67,000 (Ministry of Agriculture)	New variety (JL24) developed and released with up to 104 percent yield improvement in on-farm trials (USAID)	1992/93 production: 230,000 tons in Bandundu and Shaba
d. Real returns to crop labor hours increased for maize and cassava by 20 percent in Bandundu and Shaba over the 1989 to 1993 period.	Cross-sectional comparisons to be based on houshold surveys to be conducted in 1991.		To be monitored in 1993 by Ministry of Agriculture and USAID
e. Marketed surplus for maize and cassava in Bandundu and Shaba increased by 50 percent over the 1989 to 1993 period.	Marketed surplus 1988/89: Bandundu Cassava: 1.7 million tons; Shaba Cassava, 659,000 tons Bandundu maize, 99,000 tons; Shaba maize, 284,000 tons (Ministry of Agriculture)	1989/90: Not available	1992/93 marketed surplus: 3.5 million tons of cassava and 575,000 tons in Bandundu and Shaba
f. Marketed surplus for peanuts in Bandundu and Shab increased by 55 percent over the 1989 to 1993 period.	Marketed surplus 1988/89: Bandundu peanuts, 42,000 tons; Shaba peanuts, 26,000 tons (Ministry of Agriculture)	1989/90: Not available	1992/93 marketed surplus: 105,000 in Bandundu and Shaba
g. Soil conservation and natural resources management technologies developed and utilized by 137,000 farmers by 1993.	FY 1989-90: Technologies developed such as maize alley-cropping, cassava-pigeon pea intercrop (to increase soil fertility), and leguminous bushes (for soil stabilization) being disseminated to 33,000 households in Bandundu and Shaba (USAID)		New technologies utilized by 137,000 farmers by 1993

2.2: Market-oriented Policy and Institutional Incentives Provided for Rural Agricultural Enterprises

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. GOZ eliminates regulations and practices restricting the inter-regional flow of agricultural commodities by 1993.	Prior to 1990, the Government of Shaba restricted the entry of maize traders from the neighboring Kasai regions (Ariza-Nino and Guyton)	Restrictions officially eliminated by 1990 (USAID)	USAID and Ministry of Agriculture will verify adherence through 1993
b. GOZ eliminates regulations and practices involving administrative determination of crop marketing seasons by 1993.	Prior to 1990, marketing was prohibited between Jan. 1 and May 15 in Shaba; Bandundu and other regions had similar restrictions (USAID)	1990 season was opened on March 7 on a pilot basis in one zone in Shaba(USAID)	Administrative determination of crop marketing seasons eliminated by 1993
c. GOZ eliminates compulsory cropping regulations and practices by 1993.	March 1990: Regional authorities dictate compulsory cropping requirements (USAID)	No change	Policies eliminated by 1993
d. GOZ formulates policies supporting establishment and operation of a viable food crop seed production and distribution system.	No baseline	Recommendations being developed by Ministry of Agriculture with USAID support based on April 1990 draft report (USAID)	Recommendations adopted by 1993
e. GOZ refines its data base to incorporate physical and economic data (area planted, yield, production, producer and consumer prices, export and import data, etc.) on major agricultural crops of Bandundu and Shaba.	Performance of the Agriculture Statistics Division of the Ministry of Agriculture is unsatisfactory. USAID intends to concentrate its funding support on the information units of the Bandundu and Shaba agriculural projects for gathering data in their respective zones. USAID will participate in January 1991 in a joint GOZ-donor evaluation of the agriculture statistics program in Zaire in 1991.		To be determined
f. GOZ conducts timely and sound economic analyses of investment for consideration during the Priority Investment Program and Public Expenditure Program allocation processes.	Investment planning unsatisfactory (USAID)	GOZ engaged in sector strategy development to define investment priorities (USAID)	To be determined
g. Percentage of national investment budget and of Priority Investment Budget going to the agricultural sector increases to 20 percent over the 1989 to 1993 period.	Ministry of Agriculture received approximately 2 percent of the national investment budget during the 1980's (Tollens)	1990 planned: 8.2 percent (USAID)	1993: 20 percent
h. GOZ undertakes appropriate measures to institute a tender and bid system for Gecamine's local purchase of maize, to promote competition in the maize market.	Prior to 1989/90, maize prices in Shaba were dictated by Gecamines (USAID)	In June 1990, contracts were signed with 5 private traders for up to 21,000 tons of maize based on a tender and bid system. Transport constraints inhibit impact of new system (USAID)	Gecamines retains and expands tender and bid system in 1991, 1992, 1993

Strategic Objective 3: Improve the Provision of Sustainable Transport Infrastructure Services and Maintain Road and River Infrastructure, Particularly in Bandundu and Shaba

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Increase flow of goods and services on roads and rivers in Bandundu and Shaba, as demonstrated through comparisons with project baseline studies.	Indicators to be specified during FY 1991 under technical assistance component of Transport Reform Program using exitsting ODR and project baseline data on traffic counts and travel time		To be determined

Targets

3.1: Sustainable Mechanisms for Financing Infrastructure Established by GOZ

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Fuel prices correspond to import prices, distribution costs and reasonable profits.	Feb. 1990: Fuel prices correspond to import prices, distribution costs, taxes and reasonable profits; fuel distributors receive $0.16 per liter for gasoline and $0.11 per liter for deisel to cover distribution costs and profits (Buzenet, USAID)	Oct. 1990: Fuel prices low relative to costs; fuel distributers receive $0.10 for gasoline and $0.05 for deisel (USAID)	1991-93: Fuel prices correspond to import prices, distribution costs and reasonable profits.
b. Office des Routes and SNRDA receive a minimum of 45 percent of fuel tax receipts or a minimum of $30 million per year in revenues from fuel surtaxes.	ODR and SNRDA received $30.8 million in 1989 (ODR and SNRDA accounting Records)	$15.9 million received compared to $25.5 million planned through August 1990	$30 million in 1991 and 1992
c. A greater and more equitable share of financial responsibility for the cost of road use is shifted to road users.	In 1989, Bundundu road user tax is Z 30 per 50 kg sack of manioc; railhead tax in Shaba is Z 300 per ton for corn and Z 500 per ton for cotton, rice, palm oil and peanuts (DFM study)	No change in 1990	By 1992, Bandundu and Shaba taxes will be 20 percent above 1989 rates in real terms, for all commodities
d. Office des Routes debts incurred prior to January 1990 are eliminated by June 1991.	ODR debt was Z 12 billion in Jan. 1990 (ODR Accounting Dept.)	ODR debt is Z 9.7 billion in Oct. 1990 (ODR)	Office des Routes debts incurred prior to January 1990 are eliminated by June 1991.
e. Office des Routes debts incurred after January 1990 are serviced regularly.	No baseline	As of October 1990, ODR is current on new 1990 obligations (ODR)	ODR remains current, 1991-93

3.2: Efficient Transport Infrastructure Management Institutions Established by GOZ through Policy and Institutional Reform			
Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Priority annual road plans of Office des Routes and SNRDA correspond to available annual funding.	Annual plan under study in March 1990 (ODR)	Annual plan under study in October 1990 (ODR)	Annual Plan implemented in CY 1991
b. Investment options for maintenance, rehabilitation and new construction are identified in the National Road Master Plan which will be completed by 1992.	Master Plan being prepared (ODR, March 1990)	Master Plan being prepared (ODR, Oct. 1990)	Master Plan completed in 1992
c. Office des Routes personnel are reduced from 7,500 to 5,000 by 1993.	Personnel: 8,000 in 1986 5,800 in March 1990 (ODR)	5,000 in Oct. 1990	5,000 in 1993

3.3: National and Regional Priority Infrastructure Maintained, as Identified in Annual and Multi-annual Plans			
a. Selected traffic surveys show a steady increase in the number of vehicles but no marked increase in travel times on rehabilitated roads.	Baseline data now being collected in Shaba by Central Shaba Agricultural Development Project; average daily traffic in the Bandundu project area is 5 vehicles per day; information is available for 89 road sections (LBI reports)	Follow-up data to be collected in 1992	Follow-up data to be collected in 1992
b. Maize tonnage transported on central Shaba roads, as measured at railheads, increased from 50,000 tons in 1989 to 80,000 in 1992.	1989: 50,000 tons (Central Shaba Project Information Unit)	Jan. - Sep. 1990: 20,000 tons	1992: 80,000 tons

3.4: Private Sector Involvement in the Production of Transport Infrastructure Services Increases			
a. Manual and light mechanical maintenance of earth roads in the Office des Routes and SNRDA networks increases from 17,000 km to 34,000 km by 1993.	17,000 km maintained by contractors in 1988 (ODR and SNRDA records)	Not monitored	34,000 km maintained in 1993
b. The private sector handles more of the management of equipment and laboratory functions.	In March 1990, equipment and laboratory functions were performed by sections of the Ministry of Public Works (ODR and Min of Pub. Works)	Oct. 1990: Privitization plan being prepared (ODR and World Bank)	To be determined
c. The private sector assumes greater responsibility for the execution of construction, rehabilitation and heavy maintenance activities currently undertaken by the Office des Routes.	To be determined	No change	To be determined

422

3.5: Responsibility of Regional Organizations in the Management of Transport Infrastructure Increased by the GOZ			
Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Increased delegation of authority is given to Office des Routes and SNRDA regional offices for matters pertaining to contracting, personnel issues, annual planning and supplemental resource allocation.	March 1990: ODR and SNRDA management highly centralized in Kinshasa	Changes under study	SNRDA has developed a decentralization plan to be put into effect during 1991. Increased Regional authority by 1993
b. Regional Road Commissions assume responsibility for mobilization of resources in addition to national budgets, and for coordination of regional road maintenance programs.	March 1990: Regional Road Commissions have only an advisory role (ODR)	No Change	Regional Road Commissions assume responsibilities identified by 1993

3.6: Bandundu and Shaba Roads Rehabilitated			
Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. GOZ completes rehabilitation of 1500 km of roads in Bandundu and Shaba between 1989 and 1993.	1989: 1835 km of roads rehabilitated, primarily in Shaba (USAID)	Jan. - Sep. 1990: 160 km of road rehabilitated (USAID)	1340 km to be rehabilitated, 1991-93

Strategic Objective 4: Increase Production and Productivity of Private Enterprises, with Emphasis on Manufacturing, Transport and Agribusiness

Program Performance Indicator	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
A. Manufacturing GDP increases by 4 percent per year between 1990 and 1993, compared to 3.4 percent between 1985 and 1988.	Manufacturing GDP Annual Growth Rates: 1985-88: 3.4 percent 1988: 9.2 percent 1989: -11.3 percent (IMF, World Bank)	1990 planned: 4 percent 1990 projected: -2 percent or lower (USAID)	1991-93, planned: 4 percent per year
B. Capacity utilization rate of medium-sized manufacturing firms increases from 50 percent in 1987 to 60 percent in 1993.	50 percent in 1987 (Coopers and Lybrand, 1987)	Less than 45 percent in Oct. 1990 (USAID)	60 percent in 1993

Targets

4.1: Sustained Growth in Domestic Credit Outstanding to Small and Medium Enterprises (SMEs) and Farm Firms Achieved

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
a. Share of total domestic credit going to the private sector increases from 26 percent in 1989 to 50 percent in 1993.	At the end of 1988, domestic credit to the private sector was equivalent to $161 million or 26 percent of total net domestic credit (BOZ)	At the end of June 1990: $155 million or 45 percent (BOZ)	50 percent in 1993
b. GOZ Rural Financial Markets Study is completed and other priority recommendations are implemented.	Study in progress, March 1990 (USAID)	Study completed in June 1990 and action program being developed at request of Central Bank and Agriculture Ministry (USAID)	New law on savings and credit cooperatives promulgated by 1992; other measures to be determined.
c. Baseline data established for measurement of the commercial investment of COOPECs and the overall economic impact of savings and lending activities.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined

Subtarget 4.1-1: Increased Domestic Savings Mobilization

d. Real savings in commercial banks increases by 4 percent per year between 1991 and 1993.	Total commercial bank demand and time deposits equivalent to $281 million at end of 1988; $240 million at end of 1989; -15 percent growth in 1989 (BOZ)	End June, 1990: $231 million; -7 percent annual growth rate (BOZ)	4 percent growth rate in 1991, 92, 93
e. Mobile savings mobilization facility is strengthened and expanded, reaching 10 new COOPECs over the 1989 to 1993 period.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined
f. Total COOPEC savings mobilized increased by 30 percent over the 1990 and 1993 period.	Indicators and baseline data to be defined during World Council of Credit Unions consultancy scheduled for Nov. 1990		To be determined

Subtarget 4.1-2: Establish and Maintain Market- determined Interest Rates and Reduce Costs of Funds to Banks and Non-bank Financial Institutions

Indicators	Baseline Data (Source)	Current Data (Source)	Expected Value, Year
g. Reserve requirements on demand deposits are reduced and a portion of these reserves are remunerated, resulting in a decrease of 20 percent in the transfer from banks to the Bank of Zaire (BOZ) as measured by the implicit cost per 1000 zaires held as demand deposits by the banks.	Dec 1989: Implicit cost, Z 265 per Z 1000, based on required reserve ratio of 50 percent, rediscount rate of 53 percent and average return on reserves of 0 percent (BOZ)	June 1990: Implicit cost, Z 225 per Z 1000, based on Required reserve ratio of 50 percent, rediscount rate of 45 percent and average return on reserves of 0 percent; 15 percent decrease from baseline (BOZ)	20 percent decrease from baseline by Sept. 1994
h. The CCA (turn-over tax) on interest payments reduced from 18 percent in 1989 to 9 percent in 1991.	18 percent in 1989 (BOZ)	18 percent in 1990 (BOZ)	9 percent in 1991

4.2: GOZ's Macroeconomic Adjustment Program Supported

a. Private participants in the PSSP-CIP and PL-480 program increase capacity utilization by 5 percent.	Baseline data available on over 40 actual and potential PL-480 and CIP participants (Coopers and Lybrand, Equatorial Consult, USAID)	PL-480 wheat and cotton importers reduced capacity utilization in 1989; in spot-checks of five CIP participants, four reported reduced capacity utilization in 1989 (USAID interviews)	CIP and PL-480 participants increase capacity utilization by 5 percent between 1988 and 1993
b. The gap between official and parallel exchange rates remains below 20 percent.	12 percent gap at end of Sept. 1989 (USAID)	50 percent gap at end of Oct. 1990 (USAID)	Less than 20 percent gap, 1991-94
c. Inflation rate is reduced to and remains below 40 percent per year, or at a target agreed between GOZ and IMF.	Kinshasa CPI increased by 56 percent in 1989 (INS)	Kinshasa CPI increased at an annual rate of 85 percent between June and Aug. 1990 (INS)	Below 40 percent, 1991-93
d. Budget deficit maintained at below 2 percent of GDP in 1990 and 1991, compared to 6.3 percent in 1988.	1988: 6.3 percent 1989: 0.5 percent (World Bank)	Planned 1990: 2 percent Projected 1990: 10 to 14 percent (USAID)	Planned 1991: 2 percent

Target of Opportunity: Increase Protection of Zaire's Tropical Forests and Biological Diversity

Subtargets

5.1.1: Protected Area Increased

5.1.2: Increased Funding for Zairian Natural Resource Management

Notes:
1. Strategic Objective #1 rearticulated as per State 238317.
2. Target 1.6 rearticulated.
3. Target 4.3 dropped as per State 238317.
4. Target of Opportunity: No decisions have been made on the nature of Global Climate Change or Bio-diversity activities as of this submission.

10/30/90

425

ZAMBIA

426

API: Zambia

The economy of Zambia mostly deteriorated throughout the 1980's. In 1983, recognizing that its economy was on a downward spiral, Zambia initiated a stabilization program with the IMF, with the support of the IBRD and donor agencies. The Zambian government-instituted reforms directed the economy away from the central planning mode. In response to these reforms, USAID/Zambia prepared in 1986 a new CDSS that supported the Zambian structural adjustment program. A few weeks after the CDSS was delivered to AID/W, the Zambian Government on May 1, 1987 announced it was rejecting and withdrawing from the IMF/IBRD donor-supported program. Thus, the Zambian move toward increased reliance on market forces was abruptly reversed; central planning primacy was reestablished. The Mission's new CDSS was never reviewed. Zambia then fell under Brooke Amendment sanctions on January 4, 1988 when FAA loan arrears became one year overdue. Since then, Zambia has been in and out of Brooke three times; as of October 31, 1990 it is still under Brooke.

With Zambia's May 1987 breakaway from the structural adjustment program, USAID/Zambia's April 1987 CDSS became mostly irrelevant. The AID program was cut in half, as were the programs of most of the other donors, and because of Brooke Amendment requirements, USAID/Zambia prepared a Mission Phaseout Plan in April 1989, and again a new one on March 23, 1990. USAID/Zambia over the past three years has been operating without a CDSS, without an approved program logframe or set of approved strategic objectives. No program week review has been held. Instead of an approved Action Plan, the Mission has been operating under an approved Phaseout Plan.

Beginning in late 1988, the GRZ once again approached the donor community to discuss external technical and financial support for a return to stabilization and adjustment. During the course of 1989, these discussions were accompanied by some important policy reform measures which culminated in the preparation of a Policy Framework Paper in the fall of 1989. Since then, the GRZ has embarked upon a stabilization program with IMF-monitored performance benchmarks.

Despite the absence over the past three years of any AID/W approved program framework (other than the Phaseout Plan), the Mission's interim strategy has been oriented to the agriculture sector, with the strategic objective of increasing rural incomes.

Zambia since 1989 has once again embarked on an economic reform program which calls for market forces to guide economic decisions. USAID/Zambia believes there is sufficient commitment within the Zambian Government to ensure the stabilization program's success. Zambia is expected to come out of Brooke permanently in November 1990 when Congress is expected to ratify the debt rescheduling treaty signed on September 21, 1990. With Brooke no longer applicable, the Phaseout Plan will be

set aside. In anticipation of this, USAID/Zambia will prepare a new Program Logframe in early 1991.* It is anticipated that a CPSP will be prepared during February and submitted to AID/W for review during March 1991. Upon AID/W approval of our CPSP and program logframe, USAID/Zambia plans to design a wholly new API document for submission by October 31, 1991. It is highly likely that the Mission will adopt 2 or 3 completely new strategic objectives. Thus, the API that follows is offered as an interim exercise solely to meet the Bureau's October 31, 1990 requirement. It is not offered as a proposed performance contract between the Mission and the Bureau.

* Program logframe will exclude SADCC project activities as these are not part of the Mission's expressed strategy.

428

USAID/Zambia
October 31, 1990

SECTION II - ZAMBIA

ASSESSMENT OF PROGRAM IMPACT (API)

	Indicator	Baseline Measure per date indicated		Data Source	Status as of 9/30/90	Progress at 9/30/93	Progress at 9/30/94	Final Achievement per date indicated
Program Goal								
Raise Standard of Living	1. Per Capital Income, increases	$250	(1986)	IBRD				
	2. # of female children attending high school, increases							
	3. Infant Mortality in first year of life, decreases	105/1000	(1988)	MOH				
	4. Number of children per household, surviving past 2, decreases	8	(1987)	CSO				
	5. % of primary school age children enrolled, increases	58	(1986)	IBRD				
Sub-Goal 1								
Broad Based, Market Oriented Growth	1. % of maize milled, obtained from private traders, increases	0	(1988)	MOA	10*			
	2. % of marketed maize purchased by cooperatives, decreases	100	(1988)	MOA	71*			
	3. % of fertilizer sold through private traders, increases	0	(1988)	NCZ	50*			
	4. Reduction of subsidies involved in the production and marketing of maize and fertilizer							
	5. # of private hammermills in operation, increases	183	(1988)	MOCI	295			
Sub Goal 2								
Improved Food Security	1. Increased caloric intake per adult							
	2. % babies of low birth weight, decreases	14	(1985)	MOH				

* Estimate

SECTION II - ZAMBIA

ASSESSMENT OF PROGRAM IMPACT (API)

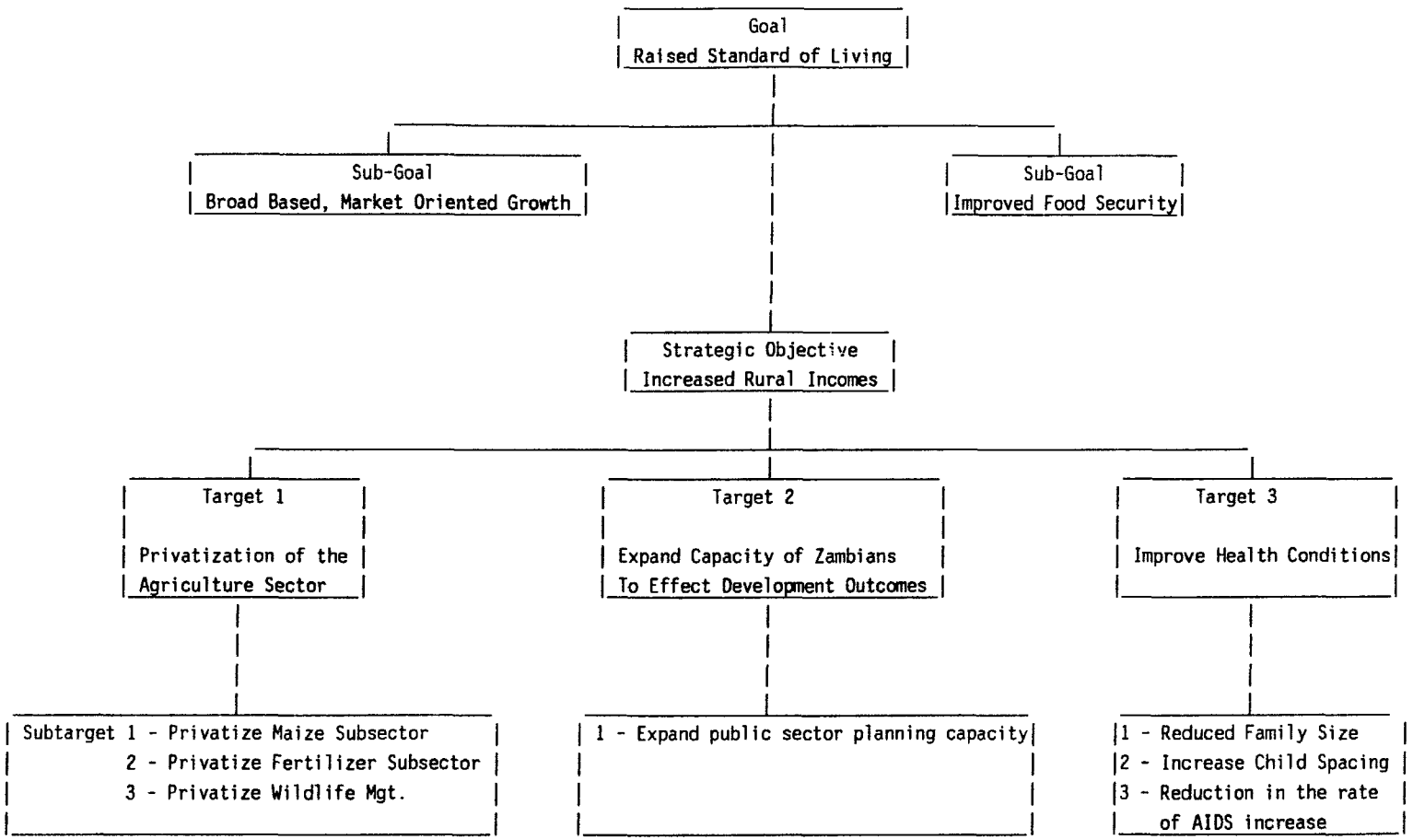
	Indicator	Baseline Measure per date indicated		Data Source	Status as of 9/30/90	Progress at 9/30/93	Progress at 9/30/94	Final Achievement per date indicated
Strategic Objective								
Increase Rural Incomes	1. Farm Family Income, Increase (Purchasing Power Constant)	K 720	(1988)	MOF				
	2. % of disposable income spent on food, decreases	68	(1986)	CSO				
	3. # of privately owned oxcarts, increases	1,205	(1988)	MOA				
Target 1								
Privatization of the Agriculture Sector	1. # of non-cooperative outlets which sell fertilizer, increases	0	(1988)	MOCI	0			
	2. maize milled by private millers, (#MT, non-hammermills), increases	0	(1988)	MOA	0			
	3. % Maize Traded by Private Sector, increases	0	(1988)	MOA	29			
	4. % Fertilizer Traded by Private Sector, increases	0	(1988)	MOA	0			
	5. Increased Village Income from Wildlife Management Source, NRM Project Area, % of village income, increases	0	(1987)					
	6. Reduced # of parastatals involved in direct production and marketing activities							
	7. % of maize milled through hammermills, increases	3	(1988)	MOA	5			

SECTION II - ZAMBIA

ASSESSMENT OF PROGRAM IMPACT (API)

	Indicator	Baseline Measure per date indicated		Data Source	Status as of 9/30/90	Progress at 9/30/93	Progress at 9/30/94	Final Achievement per date indicated
Strategic Objective								
Target 2								
Expand Capacity of Zambians to Effect Development Outcomes	# Special Development Studies prepared by GRZ which lead to implementation, increases	1	(1989)	NCDP				
Target 3								
Improve Health Conditions	1. Decrease Average Family Size, # of offsprings	7	(1985)	MOH				
	2. Birth Spacing, increases	16 months	(1987)	MOH				
	3. Reduction in the rate of AIDS increase as % of sexually active population	14	(1989)	MOH				
	4. Decreased malnutrition in Under-2, deaths/1000	65	(1989)	MOH				
	5. Reduction in diseases for which immunization available, deaths/ 1000, age group 5-14 years	26	(1989)	MOH				

ZAMBIA'S PROGRAM LOGRAME



October 27, 1990