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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

AFRICA BUREAU

COMPENDIUM

ASSESSMENTS OF PROGRAM IMPACT FOR FY 1992

JANUARY 1993

ASSESSMENT OF PROGRAM IMPACT

FY 1992

COASTAL AND CENTRAL WEST AFRICA

- CAMEROON
- GHANA
- GUINEA

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ASSESSMENTS OF PROGRAM IMPACT

FY 1992

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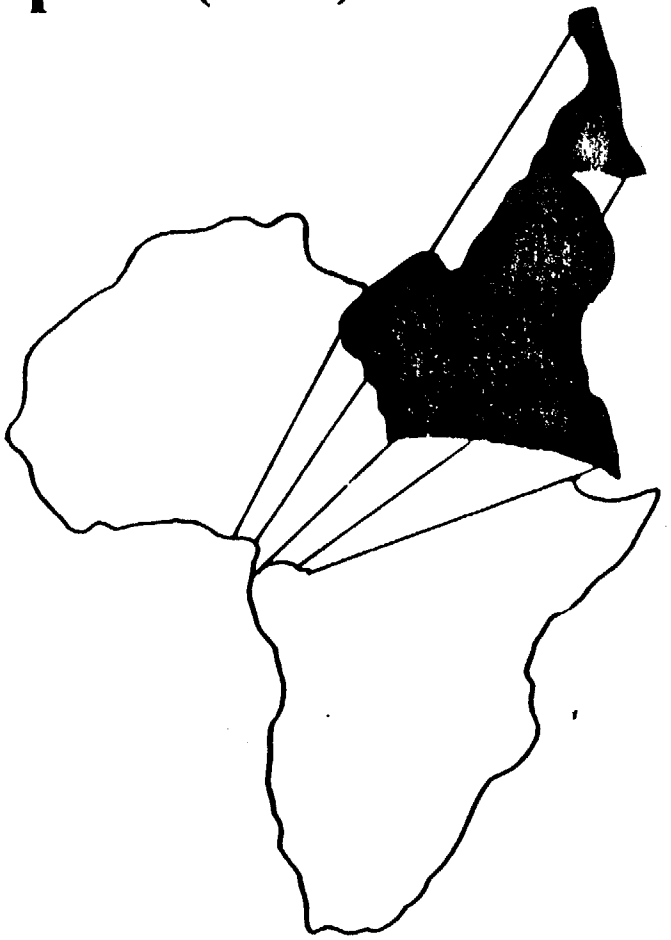
* NOTE: These countries did not have Washington-Mission agreement on development strategies or performance contracts at the time the API was submitted in October, 1992.

Assessment of Program Impact (API)

USAID/Cameroon

FY 1992



October 29, 1992

List of Acronyms

API	Assessment of Program Impact
ASR	Agricultural Sector Review
BCCC	Bank of Credit and Commerce Cameroon
BIAO	Banque Internationale pour l'Afrique Orientale
BICIC	Banque Internationale pour le Commerce l'Industrie Cameroun
CamCCUL	Cameroon Cooperative Credit Union League
CAPP	Cameroon Agriculture Policy and Planning
CICC	Conseil Interprofessionel du Café et du Cacao
CIF	Cost, Insurance, and Freight
CPDM	Cameroon People Democratic Movement
CYP	Couple Years of Protection
DEAPA	Direction de Enquêtes Agroeconomique et de la Planification Agricole
DHS	Demographic and Health Survey
DFA	Development Fund for Africa
FOB	Free on Board
FS	Farming System
GRC	Government of the Republic of Cameroon
IITA	International Institute for Tropical Agriculture
IMF	International Monetary Fund
IRA	Institut de la Recherche Agronomique
LBA	Lisenced Buying Agents
MINAGRI	Ministère de l'Agriculture
MINEPIA	Ministère de l'Elevage, des Pêches et des Industries Animales
NCRE	National Cereals Research and Extension
NOIFZ	National Office for Industrial Free Zone
NWCA	North West Cooperative Association
ONCPB	Office National de Commercialisation de Produits de Base
ONCC	Office National des Chargeurs du Cameroun
RHDS	Reform of the Health Delivery System
SAL	Structural Adjustment Loans
SAP	Structural Adjustment Project
SF	Staple Food
SGBC	Société Générale de Banque au Cameroun
SIFZ	Special Industrial Free Zone
UDEAC	Union Douanière des Etats de l'Afrique Centrale
USAID	United States Agency for International Development
UCCAO	Union Centrale des Cooperatives Agricoles de l'Ouest
FSSRP	Fertilizer Sub-Sector Reform Program
PRAMS	Reform of the Agricultural Marketing Sector
MCH/CS	Maternal child Health/Child Survival

USAID/Cameroon Program Logframe

Program Goal

Sustainable, Broad Based, Market-Led Economic Growth

Strategic Objective 1.0.

Increase Role and Efficiency of Private Markets

Indicator 1.1.

Liberalization/privatization of Major Agricultural Factor and Product Markets

Indicator 1.2.

Decreased Ratio of Unsubsidized Farmgate Fertilizer to FOB Europe Price

Indicator 1.3.

Increased Percentage of FOB Price for Arabica Coffee Received by Farmers

Indicator 1.4.

Increased Private Sector Employment in Export Processing Sectors

Strategic Objective 2.0.

Increase the Efficiency with which Public Services are Provided in Agricultural (Food) Research, Higher Agricultural Education, and Health

Indicator 2.1.

Increased IRA/NCRE Retention Rates and Reduced Expenditure per Researcher

Indicator 2.2.

Increased policy impact of MINAGRI-MINEPIA information and policy analysis

Indicator 2.3.

Increase Relevance in Student Training at UCD at Lower Per-Student Cost

Indicator 2.4.

Increased Access to High Quality, Community managed and Co-Financed, PHC/MCH services in Target Provinces of Adamaoua, South, and Extreme North

SECTION I: SPECIAL FACTORS AFFECTING THE USAID/CAMEROON PROGRAM

Cameroon at the Crossroads

FY 1992 marked a critical turning point in Cameroon's history of economic and social development. Following the legalization of opposition parties during 1991 and the highly disruptive national strikes -- collectively dubbed "Operation Ghost Town" -- that followed, Cameroonians went to the polls in March of 1992 to elect the country's first multi-party National Assembly. While the leading opposition party found cause to boycott these elections, the ruling Cameroonian People's Democratic Movement (CPDM) party still won less than half the 180 seats, indicating that the seeds of democracy planted the previous year had indeed taken root. As FY 1992 came to a close, Cameroonians were preparing to vote in the country's first ever multi-party presidential elections.

The National Assembly passed a number of key pieces of legislation during 1992, many of which were strongly supported by USAID and other donors:

-- a new Labor Law which greatly simplifies the complex, inefficient requirements of the pre-existing 1974 labor code and has the potential to greatly improve the competitiveness and productivity of Cameroon's labor force;

-- a new Cooperative Law that removes heavy-handed central government control and devolves substantial autonomy and decision-making power to some 400 local cooperatives and other "common interest groups" representing some half a million members; and

-- new measures to firmly establish cost recovery as the guiding principle in the financing of public health care.

Progress in democratization could not, however, mask Cameroon's deepening economic crisis. During FY 1992 the country's overall financial position deteriorated further in the face of continued stagnation in world coffee and cocoa prices, reduced domestic petroleum production, and mounting external debt. In the face of dwindling revenues, the Government found itself unable to meet both internal and external commitments.

Domestically, while most government payroll obligations were honored, there were major exceptions. One such exception was the failure to keep up with faculty salaries and student stipends at the University Center of Dschang, a development which forced USAID, at the end of FY 1992, to suspend activities under the Agriculture Education II project. In another example, the GRC had not, as of the end of FY 1992, come up with subsidy funds for the 1991/92 fertilizer campaign, which threatened to upset the process of gradual transition to a subsidy-free fertilizer market that USAID and the GRC have been jointly managing over the past several years under the Fertilizer Sub-Sector Reform Program (FSSRP).

Relations with the international financial community deteriorated sharply as the country fell into arrears on its debt obligations to the World Bank, a violation of the terms of the macroeconomic framework worked out with the International Monetary Fund (IMF). The result was a breaking off of negotiations for a third IMF standby arrangement and a decision by the World Bank to suspended project disbursements, as well as discussions on the as-yet undisbursed $50 million third tranche under the Structural Adjustment Loan (SAL).

USAID in Transition

FY 1992 was also a turning point for the Mission, with major staff turnovers and preparations for a review of A.I.D.'s development strategy in Cameroon, essentially a re-examination of the premises and assumptions behind the 1987 Country Development Strategy Statement. The review will be directed toward achieving the following primary outcomes:

-- sharpening program focus while bufilding upon past successes;

-- concentrating resources in areas where A.I.D. works best and where the chances for meaningful successes are highest;

-- adding program flexibility to respond to current social and political dynamics in Cameroon, but

without losing sight of Cameroon's considerable long term development potential; and

-- improving the "strategic fit" between A.I.D.'s program in Cameroon and the mandate of the 1987 Development Fund for Africa (DFA) legislation.

This year's API submission reflects careful consideration of the Bureau's comments following the review of last year's document. Where practical and feasible, we have made the requested modifications, or have at least commented upon them in the narrative and accompanying tables. To improve readability, we have divided Section III ("Progress Toward Strategic Objectives") into two parts, a narrative summary of progress against targets followed by a more detailed presentation of the quantitative indicators.

SECTION II: PROGRESS TOWARD OVERALL PROGRAM GOAL

Macroeconomic Indicators

A number of key factors combined to push the Cameroonian economy into further decline during FY 1992.

- A 28 percent fall in petroleum revenues due to reduced production and falling world prices resulted in a net overall contraction in the industrial sector by over 15 percent.

- Continuing declines in the terms of trade for Cameroon's two other primary exports -- coffee and cocoa -- resulted in reduced revenues from agricultural exports and yielded a 10 percent contraction in the agricultural sector overall. Value added in agricultural exports fell by 11 percent.

- Continuing delays in implementation of the structural adjustment program -- particularly the privatization element -- delayed the establishment of conditions necessary for true, market-led, sustainable growth in the economy.

The result:

- GDP fell by nearly 10 percent;

- The current account deficit, which totalled 3.5 percent of GDP in FY 1991, increased to 4.8 percent; and

- Private and public consumption fell by 8 percent and 16 percent, respectively, and public investment fell by 12 percent.

In the area of public sector reform, progress has been slow and disappointing -- out of 50 enterprises selected by the GRC, only six have been privatized so far. The signing of performance contracts under the restructuring component has been largely symbolic, while planned liquidation of non-performing public enterprises has suffered numerous delays.

On the positive side of the ledger, however, reform of the banking sector has been completed with the recapitalization and restructuring of two major banks (BICIC and SGBC), the merger of two others (Meridien and BIAO), and the takeover by Standard Chartered of the defunct BCCC. The successful launching of the private Amity and First Investment banks has injected new life into the banking sector and inspired optimism for increased deposits and the eventual creation of new financial instruments.

The Government also undertook a radical reorganization in the marketing of cocoa, coffee and cotton with the passage of legislation favoring increased market liberalization. The state has now almost completely surrendered domestic and external marketing of these products to the private sector. The public marketing board (Office National de Commercialisation de Produits de Base -- ONCPB), has been liquidated and its mandate turned over to a quality control body (Office National des Chargeurs de Cameroun -- ONCC), which also serves as a data bank and supervises, jointly with a newly created private entity (Conseil Interprofessionnel du Café et du Cacao -- CICC), the stabilization funds for cocoa and robusta coffee. Arabica coffee marketing has been entirely liberalized with the abolition of the stabilization fund mechanism. However, robusta coffee and cocoa are still subject to stabilization schemes.

On the legislative front, a new Labor Law and Cooperative Law will increase competitiveness in the private sector. Reforms led by the Union Douanière des Etats de l'Afrique Centrale (UDEAC) have established simplified fiscal and customs rates that should encourage increased regional trade, while new regional business laws have addressed constraints stemming from obsolete business legislation.

Macroeconomic Indicators (in billions of 1987/88 FCFA)

	Baseline 1987/88	Actual 1989/90	1990/91 Planned	1990/91 Actual	1991/92 Planned	1991/92 Actual	FY 1992/93 Projected	FY 1993/94 Projected
Gross Domestic Product	3,770	3,515	3,403	3,048	3,097	2,692	3,063	3,225
Consumption	3,057	2,904	2,753	2,623	2,505	2,340	2,615	2,702
Gross Investment	829	545	470	361	437	316	426	480
Balance of Payments								
Exports (FOB)	604	667	707	539	620	454	514	571
Oil	236	230	236	278	162	196	182	205
Non-Oil	368	437	471	261	458	258	332	366
Imports	(708)	(607)	(547)	(410)	(482)	(372)	(441)	(478)
Trade Balance	(104)	60	160	129	138	82	73	93
Services (net)	(127)	(119)	(148)	(222)	(144)	(196)	(228)	(246)
Transfers (net)	(43)	(15)	(16)	(17)	(31)	(35)	(40)	(42)
Current Account Balance	(274)	(74)	(4)	(110)	(37)	(149)	(195)	(195)
Government Revenue and Expenditure								
Total Revenue	599	435	502	427	508	440	584	631
Oil	207	138	202	179	130	125	95	100
Other	392	297	300	248	378	315	489	531
Total Expenditure	813	695	707	641	681	636	736	761
Current	530	538	572	528	557	520	593	606
Wage	265	262	260	251	234	224	235	235
Non-Wage	265	276	312	277	323	296	358	371
Other Expenditure	283	157	135	113	124	116	143	155
Surplus/(Deficit)	69	-103	-70	-101	-49	-80	-9	25
Indicators as a Percentage of GDP								
Trade Balance	(2.8)	1.7	4.7	4.2	4.5	3.0	2.4	2.9
Current Account Balance	(7.3)	(2.1)	(0.1)	(3.6)	(1.2)	(5.5)	(6.4)	(6.0)
Wages & Other Recurrent Costs	50.0	48.7	45.5	47.5	42.0	43.1	39.6	38.8
Total Government Expenditure	21.6	19.8	20.8	21.0	22.0	23.6	24.0	23.6
Government Surplus/(Deficit)	1.8	(2.9)	(2.1)	(3.3)	(1.6)	(3.0)	(0.3)	0.8

Social Indicators

The economic crisis has had a measurably adverse impact on people's lives, not only by virtue of the general drop in GDP per capita but also as a result of forced cut-backs in government expenditure on public services. Due to reduced incomes, for example, utilization of public and private sector health facilities has fallen, and, as a result of reduced public spending, national vaccination rates have stagnated. The measles vaccination rate, for example, increased by only one percentage point between 1990 and 1991 (from 38 percent to 39 percent). The national oral rehydration therapy rate is only 20 percent, and modern contraceptive prevalence, though rising, is still only about 4 percent. The overall nutritional status of the population, however, is good, a fact attributed primarily to continued food security and the increasing proportion of child bearing age women who have benefitted from primary and secondary education. The result has been a long-term reduction in infant mortality, from 108 per thousand in 1978 to 66 per thousand today.

SECTION III. PROGRESS TOWARD STRATEGIC OBJECTIVES

Overview

USAID/Cameroon's strategic objectives may be viewed as two sides of one coin, with one side representing the vital role of private markets in economic growth, and the other side portraying the equally vital role of public services and systems that promote development. With respect to the first objective, the economic crisis underscored fairly dramatically the need for a strong and growing private sector in Cameroon. During FY 1992, the Mission made important contributions to private sector development in Cameroon.

-- Liberalization and privatization in the fertilizer and coffee markets continued unabated, despite the economic crisis, with monopsony (coffee) and monopoly (fertilizer) conditions eliminated and farmers receiving higher remuneration for their efforts; and

-- Anecdotal evidence pointed to beneficial increases in the production and processing for export of non-traditional crops such as green beans and avocado oil. Were it not for the USAID-supported export processing free zone, these products would have been exported in unfinished form, meaning less value added and fewer jobs created . (The Mission estimates that about ten producer jobs are created for every one processing job.)

Turning to the role of the public sector, during FY 1992 the economic crisis placed a severe strain on the government's ability to deliver basic services. However, budget cut-backs and conditionalities on projects funded by USAID and other donors combined to promote greater efficiency and productivity in the Cameroonian public sector.

-- In health services, the GRC formally adopted two critical reforms to greatly expand cost recovery;

-- In agricultural research, budget cut-backs and strong urgings by USAID and other donors led to streamlining measures which resulted in demonstrably lower costs per researcher and, through improved prioritization of research objectives, a more effective approach to analyzing people-level constraints at the farm level;

-- In agricultural education, the University Center of Dschang cut costs and expanded profitable operations such as the Professional Development Center; and

-- In agricultural policy analysis, measures implemented under USAID/Cameroon's Agricultural Policy and Planning (CAPP) project resulted in the development of a more tightly managed, cost-effective, and accurate agricultural statistics system;

Strategic Objective 1.0: Increasing the Role and Efficiency of Private Markets

Indicator 1.1. Liberalization and Privatization of Major Agriculture Factor and Product Markets

USAID/Cameroon's Fertilizer Sub-Sector Reform Program (FSSRP) and Program for the Reform of the Agricultural Marketing Sector (PRAMS I) made significant strides during FY 1992. These two programs represent the Mission's continuing effort to leverage the progressive liberalization and privatization of the factor and product markets, focusing on one of Cameroon's most important products -- arabica coffee -- and one of the most heavily controlled and subsidized inputs -- fertilizer.

Last year's API submission reported on the partial liberalization and privatization of the market for arabica coffee. Further liberalization was not anticipated during FY 1992 as a result of the monopoly extension accorded to cooperatives in the West and North West provinces (in accordance with the PRAMS I grant agreement). However,

the GRC has moved ahead on two important conditions precedent for subsequent disbursement under the project. The first requires that the GRC permit Licensed Buying Agents (LBAs) to operate throughout the national territory for the first time, beginning with the 1992-93 campaign. This change has not yet been fully implemented, but the approval process was advanced significantly during FY 1992. The second condition stipulates that the GRC submit to the National Assembly a revised cooperative law. As noted earlier in this report, the new law has now been approved by the legislature.

USAID also worked during FY 1992 in consultation with the Conseil Interprofessionnel du Café et du Cacao (CICC), which groups the key private actors in the production, processing, and marketing of coffee and cocoa. The end result was issuance of a revised Implementing Decree on Coffee and Cocoa greatly simplifying the licensing procedures for exporting coffee and cocoa. USAID contributed substantially to the liberalized Implementing Decree by providing legal technical assistance and policy advice.

The subsidized fertilizer market in Cameroon has been liberalized and privatized since 1988, with the enactment of legislation to liberalize the market; the withdrawal of the GRC from the marketing system; and the subsequent shift and increase in private sector responsibility for domestic fertilizer marketing stimulated under the FSSRP. However, GRC involvement in the sub-sector continues through the provision of fertilizer subsidy. During the 1991/92 FSSRP Campaign, approximately $2.5 million in subsidy funds were provided by the GRC at a rate of 17 percent of total delivered cost (TDC). The subsidy rate for the 1992/93 campaign has been set at 15 percent of TDC. The 1992/93 campaign is expected to be the final year of fertilizer subsidies under the program.

Indicator 1.2. Decreased Ratio of Unsubsidized Farmgate Fertilizer to FOB Europe Price

One key measure of performance in the fertilizer market is price efficiency. The ratio of farm-gate price to FOB Europe price (as a proxy for world market price) is one way to gauge such efficiency. Farm-gate price encompasses all costs associated with fertilizer marketing, primarily imported product (CIF) price, storage, transportation, institutional overhead, plus profit margin.

Lower fuel prices in 1992 resulted in reduced transportation costs, enabling importers to negotiate better deals with foreign suppliers and secure lower prices as a percentage of world market than in previous years. The end result was a slight decrease in the indicator ratio of 2.15 to 1.00 to 2.14 to 1.00. This decrease was achieved in spite of a new tax (5 percent of CIF value) imposed by the GRC, without which the ratio would have been lower, at 2.07 to 1.00. (Due to the various fixed costs involved, we estimate that the lowest ratio attainable is about 2.00 to 1.00.)

Indicator 1.3. Increased Percentage of FOB Price for Arabica Coffee Received by Farmers

Following an increase in the percentage of the FOB price received by producers from 37 percent (in 1985/86) to 50 percent (in FY 1991), last year's API projected this level to remain flat for an additional year, following which a further increase to 65 percent was projected for FY 1993. Nonetheless, the percentage of the FOB price received by producers has been much higher than anticipated. The situation is clouded somewhat by NWCA's incapacity from a legal standpoint to downwardly adjust the fixed producer price in a collapsing market (see discussion on pages 14-15), and by its failure to promptly pay producers for almost 25 percent of the coffee accepted from them during the 1991-92 campaign.

Indicator 1.4. Increased Private Sector Employment in Export Processing Sectors

Three Cameroonian companies have received approval for Special Industrial Free Zone (SIFZ) status during FY 1992, two more should be approved in October 1992, and an additional five are well advanced in the application process. Of the three already approved, the first, a veneer and plywood manufacturer, is an existing company which has not, by virtue of attaining SIFZ status, created additional jobs. The second, a pulp and paper company, is an acquired parastatal which had gone bankrupt. Currently 120 people are employed during the rehabilitation phase, with the possibility of 1,500 positions when the plant becomes operational. The third company, a green bean and vegetable packing company, is in the construction phase and will create just under 400 positions in the

factory. We project that the enterprise will also create up to 2,000 jobs for planters and seasonal workers.

Target 1.1: Liberalization/Privatization of Fertilizer Importation and Distribution Markets

1.1.1. Reduction in Domestic Fertilizer Distribution Costs

1.1.2. Reduction in Average Fertilizer Delivery Time

1.1.3. New Indicator: Increased Participation in Domestic Fertilizer Market by Banks, Importers, and Distributors

The FSSRP project continued to perform successfully during FY 1992 despite an extremely difficult economic environment. Constraints included limited access to the credit necessary to finance fertilizer importation within the commercial banking system is limited to entities with substantial assets. In addition, the purchasing power of the traditional farming sector, particularly coffee farmers, the major purchasers of subsidized fertilizer, continued to be limited by low agricultural commodity prices.

Despite these constraints, the general decline in subsidized fertilizer consumption observed over the past three years appears to have been arrested, and the size of the market increased. The increased demand appears to be linked with increased use of fertilizer on food crops (which currently produce better returns than coffee) and the emergence of nascent export food crop markets. While controlling overall demand for fertilizer is effectively beyond the control of the project (this being largely a function of output commodity prices), the size of the market is closely linked to the potential for competition amongst private actors in the sub-sector, and hence to overall sub-sector efficiency.

Perhaps the best measure of competition is private sector participation in the financing, importation, and distribution of fertilizer. During CY 1992, the level of participation under FSSRP by banks, importers, and distributors continued to increase. With such increases in competition, market efficiency is expected to improve, making the market more transparent and responsive to demand. Indeed, both CIF prices and distribution costs decreased, and the total delivered cost of fertilizer in Cameroon decreased for the fourth consecutive year. In addition, delivery time, a critical parameter for a seasonal agricultural input, remains at 4-6 months, probably as low as can be achieved under current conditions. It should be noted as well that changes in the structure of the market are shifting marketing risks increasingly to the importers, who can no longer rely on large orders from cooperatives, but must have inventory on hand throughout the year in order to be able to actively seek out customers in both the wholesale and the retail market.

Target 1.2: Liberalization/Privatization of Internal and External Marketing of Arabica Coffee

1.2.1. Increased Competition

1.2.2. Reduction in Marketing Cost

1.2.3. Reduction in Quality Discount of North West Arabica Coffee

Last year's API reported that the proportion of the coffee crop marketed by the North West Cooperative Association (NWCA) had increased from 40 percent to 100 percent in accordance with agreements between NWCA and the GRC under PRAMS I. During 1991, ONCPB -- the agency which formerly enjoyed monopoly rights over the marketing of North West arabica coffee -- was dissolved and its monopoly rights turned over temporarily to NWCA as a transitory measure pending the latter's restructuring. Thus, during the 1991/92 campaign, officially 100 percent of arabica output in the North West Province was marketed by NWCA. These transitory monopoly rights expire at the end of the present campaign, and we project that by FY 1993 the arabica market will be fully privatized and liberalized. As a harbinger of this eventuality, we note the emergence during FY 1992 of buying agents working illegally outside their prescribed areas and aggressively attempting to purchase coffee from North West farmers at the beginning of the coffee season. We estimate that as much as 10 percent of the arabica crop during the past season was purchased by such buyers,

many of whom were offering 50 percent of the FOB price. Privatization has also prompted NWCA to improve substantially the quality of coffee it processes as a means of capturing additional revenues.

NWCA is divided into three levels -- the Apex, the Union, and the Society. During FY 1992, no substantial reduction in marketing costs was sought at the level of either the Society (which actually accepts coffee from the farmers) or the Union (which processes the coffee). Rather, efforts were concentrated at the level of the Apex, whose function is marketing *per se*. While exact figures are not available, unofficial estimates are that marketing costs have been reduced by FCFA 20/kg to FCFA 70/kg as a result of substantial staff reductions at the Apex level. Since these staff cuts occurred in late July 1992, the reduction in marketing costs should be even greater during next year's campaign.

A legacy of the now-defunct ONCPB's poor reliability record, the price of Cameroonian arabica coffee has traditionally been discounted by buyers. However, NWCA, as a new export agent, has not had sufficient time to establish its own reputation as a reliable supplier of a consistent quality product. Accordingly, actual reductions in the percentage discount have not been realized at the rate projected (see discussion on page 17).

Target 1.3: Increased Role and Efficiency of Community-Level Financial Service Markets

1.3.1. Increased CamCCUL Savings

1.3.2. Increased CamCCUL Membership

1.3.3. Decrease in Loan Delinquency Rates

1.3.4. Increased Lending to Credit Unions from CamCCUL Central Liquidity Facility

1.3.5. Increased Participation of Women as Employees in CamCCUL Program Committees

Economic recession and political uncertainty during FY 1992 resulted in most of quantitative indicators under this target coming in below projected levels. Nevertheless, the Cameroon Cooperative Credit Union League (CamCCUL) demonstrated remarkable institutional resilience, surviving as a financial institution, and retaining member confidence during a period when confidence in the formal banking sector was at a low ebb. An external end-of-project evaluation in May 1992 noted that CamCCUL had achieved a high degree of maturity and financial and operational self-sufficiency. Although continued support to CamCCUL through a new project was judged unnecessary, USAID is presently considering short term technical assistance and training in FY 1993 in the areas of asset and risk management and investment services. USAID believes that, as CamCCUL addresses these areas of potential vulnerability, the institution will be in a strong position to continue providing effective financial services to its growing membership.

The evaluation noted that, during the life of the project, the rural savings and credit cooperative movement had grown from 223 credit unions with 60,000 members and $26 million in savings in 1986 to 255 credit unions with 76,000 members and $36 million in savings in 1992, indicating substantial people-level impact. In addition, the evaluation found that over one third of the members were women.

The network of credit unions has mobilized savings in geographic areas in which there was formerly little or no accumulation, and has provided credit for both productive and social needs, in essence, a "safety net" for people whose credit needs cannot be met through the formal banking sector.

Target 1.4: Increase Efficiency/Diversity of Export Marketing

1.4.1. Increased Number of New Private Export Investments Undertaken

1.4.2. Reduced Number of Separate GRC Entities Involved in Typical Investment Approval

1.4.3. Reduced Time Required to Approve a Typical Investment Proposal

1.4.4. Reduced Time Required for Goods to Clear Customs

Total new investment for the three enterprises that have achieved Special Industrial Free Zone (SIFZ)

status will be some FCFA 65 billion ($250 million), 95 percent of which will be in the Cameroon Pulp and Paper Company. Pending applicants will bring a further FCFA 1 billion to the table. The number of GRC entities involved in approval of typical investments has been reduced from 30 to 2 -- the National Office of Industrial Free Zones (NOIFZ) and the Ministry of Industrial and Commercial Development. There will be no change in this number for developer and SIFZ approvals, but Free Zone users will only require NOIFZ approval. It is of some current concern that the NOIFZ is registering increased and considerable interference from other government agencies, notably Customs.

The statutory 30-day time limit for application approval stipulated in the Free Zone Law has not yet been attained for any application. This target should be fully reached once the NOIFZ is fully staffed and the staff trained. And, despite the previously noted interference from Customs, the time required for goods to clear customs has been shaved to 2-3 weeks, a major improvement over the level prevailing in FY 1991 (4-8 weeks), and significantly less that projected for FY 1992 (4 weeks).

Strategic Objective 2.0: Increasing the Efficiency with which Public Services are Provided in Agricultural (Food) Research, Higher Agricultural Education, and Health

Indicator 2.1. Increased IRA/NCRE Retention Rates and Reduced Expenditure per Researcher

Farmers' retention rates for staple food varieties exceeded FY 1992 targets and is evidence of continued strong demand by farmers for improved, higher-yielding varieties. It is believed that retention rates would have been even higher had improved seed been more readily available. Low retention rates for other targeted technologies reflect the scarcity to small scale cereals farmers of chemical fertilizer, the key proven technology promoted for yield increases. The shortage of chemical, as opposed to organic, inputs has led to a greater emphasis in research programs on biological sustainability and low-input farming. Significant progress in reducing total cost per researcher was also made, the result of better prioritization of research priorities and improved accountability.

Indicator 2.2. Increased policy impact of MINAGRI-MINEPIA information and policy analysis

As follow up to an external evaluation in late CY 1991, USAID and the GRC undertook major adjustments in the Cameroon Agricultural Policy and Planning (CAPP) project to achieve greater impact of policy studies and improve overall project performance. The project co-sponsored a national seminar, hosted by the Ministry of Plan, on analysis requirements related to the Structural Adjustment Program. Based on this and extensive consultation with GRC officials and donors, major policy areas requiring further analysis were identified. Four policy studies are now underway. The project is currently conducting an agricultural sector assessment. In addition, project personnel collaborated in a GRC/multi-donor mission to develop a national environmental strategy framework. Although it cannot be said that the CAPP project had a major impact on policy, adjustments made during FY 1992 have positioned the project to contribute substantially in the future.

Indicator 2.3. Increase Relevance in Student Training at UCD at Lower Per-Student Cost

In FY 1990 USAID decided that the percentage of graduating students hired by the private sector would be a good proxy indicator of curriculum relevance. At the time, fully 100 percent of students were being hired by the pubic sector following graduation. (Public sector jobs were, in fact, guaranteed.) While movement against this indicator was not anticipated until FY 1993 (following GRC removal of this guarantee), the Agriculture Education II Project carried out seminars and selected technical assistance interventions (i.e., development of business plans) for individual private sector firms during FY 1992. This contact has facilitated development of a much better understanding by students, university faculty, and individual entrepreneurs of requirements in the private sector for specialties offered at Dschang. Apprenticeships with private sector firms also continued.

In terms of cost-per-student, although short of the target, further reductions from FY 1991 in cost per student were achieved as UCD implemented measures for more efficient financial management.

Indicator 2.4. Increased Access to High Quality, Community Managed and Co-Financed, PHC/MCH services in Target Provinces of Adamaoua, South, and Extreme North

Sustainable Primary Health Care

Under the Maternal Child Health/Child Survival (MCH/CS) and Reform of the Health Delivery System (RHDS) projects, USAID is establishing primary health care programs in South, Adamaoua, and Far North Provinces based on cost recovery, community participation, and the full integration of services. Under this approach, local communities pay for drugs at a significant markup and pay fees for services. This revenue, which is managed by the communities, funds the resupply of essential drugs and other important recurrent costs of delivering integrated health services. The GRC has formally adopted this strategy as national policy and has promulgated a law to legalize the sale of drugs at all health centers. With the help of a coordinated donor effort, this program is being implemented in major parts of all ten provinces.

During early FY 1992, an interim evaluation of the MCH/CS Project was conducted which assessed the initial year of community co-financed and co-managed primary health care in the project areas. According to the evaluation team, significant progress has been achieved in organizing community health and management committees; establishing cost recovery, logistics, supervision and health information systems; and providing curative, and preventive services - a major improvement over baseline conditions. However, the evaluation team identified important operational problems in the new program. To address these problems, the MCH/CS Project devoted much of 1992 to revising its drug supply and health information systems. As a result, the launch of a planned second wave of community co-financed and co-managed health centers under the project was postponed until December 1992.

Due to the economic crisis, health centers throughout the country experienced a sharp decline in utilization in 1992. This decline has reduced cost recovery revenues at community co-financed and co-managed health facilities. On the positive side, a project study indicates that the poorest 20 percent of the population is utilizing community co-financed and co-managed health centers at a higher rate than the rest of the population due to the cost benefits of the local availability of essential drugs. In addition, the long-term prospects for cost recovery were greatly enhanced in 1992 by the passage of landmark health financing legislation strongly supported by USAID which authorizes specially approved hospitals to locally manage 50% of their revenues from fees from services. Formerly, public hospitals were required to send all revenues other than those disbursed to physicians for profit-sharing directly to the national treasury.

During FY 1992, the USAID Reform of the Health Delivery System Project developed financial management, drug logistics, and health information systems to permit the launch of community co-financed and co-managed health services in four divisions of Far North Province. The project began comprehensive services and cost recovery in an initial 8 health facilities during September.

Family Planning

During FY 1992, the USAID National Family Health Project significantly expanded access to family planning information and services in Cameroon. Major achievements included the design and formal adoption of family planning medical standards; development of an in-service family planning training curriculum and training of national family planning trainers; design of a national family planning logo and other information, education, and communication materials; and training of over 200 service providers. As a result of these efforts, the number of family planning service sites increased from 30 to 44 over the past 12 months and utilization of contraceptives almost doubled nationwide. If this momentum can be sustained, the project will easily exceed its 1996 end-of-project target of 7 percent national contraceptive prevalence for modern methods.

Target 2.1: Expanded analysis and outreach aimed at ensuring the value of improved technologies under actual farming conditions

2.1.1. Increased Number of Annual Farm Level Economic/Technical Farmer Assessments

2.1.2. Increased Analysis of Economic Returns to Research Operations

2.1.3. Reduced Staff-to-Budget Ratios

2.1.4. Increased Participation of Farmers in Implementation of Staple Food (SF) and Farming Systems (FS) Program Trials on Farmers' Fields

2.1.5. Increased Number of Collaborative Tests and Demonstrations with Extension Service; Increased Percentage of FS Program Budget Allocated to Collaboration

2.1.6. Increased Number of Trials Focusing on Sustainable Agriculture Themes

2.1.7. Increased Consideration of Natural Resource Sustainability in Selection and Testing of New Varieties and Cultural Practices

2.1.8. Expanded Emphasis on Sustainable Agricultural Technologies

The National Cereals Research and Extension (NCRE) project made notable progress during FY 1992, despite serious financial difficulties faced by the Institut de Recherche Agronomique (IRA):

- Over 3,300 experiments were carried out, responding to a wide range of farmers' problems;
- Four new cereals varieties were released;
- Increased emphasis was placed on adaptive research in natural resources management and in the dissemination of improved technologies;
- IRA training and liaison units provided outreach services to approximately six thousand farmers; and
- The International Institute for Tropical Agriculture (IITA), the technical assistance contractor, effected the transfer of a number of program responsibilities to Cameroonian scientists in preparation for the departure of four long-term expatriate advisors during the first half of FY 1993.

More than twelve years of USAID support has resulted in the development of a significant Cameroonian institutional capacity to conduct cereals research and outreach. As testament of this, Cameroon is now a technology-generating country, with neighboring countries utilizing improved varieties developed under the NCRE project. During FY 1992, IRA also provided training and technical assistance to scientists from other African countries. This was possible as a result of the IRA research capacity developed under NCRE and other USAID projects.

However, the sustainability of the overall research program came into question as a result of the economic crisis and its impact on GRC funding for public sector institutions. GRC funding to agricultural research operations has declined substantially since the late 1980s. IRA experienced periodic disruptions in research activities during FY 1992 due to employee strikes carried out to protest salary arrears amounting, in some cases, to eleven months' wages. Maintaining and effectively supporting priority programs and an extensive national research system is simply not affordable for the GRC under current economic conditions.

In order to better address critical issues associated with improving the efficiency, relevance, and impact of research programs, as well as assuring adequate funding for key research programs, a multi-donor assessment of the two national research institutions -- the IRA and the Livestock and Fisheries Research Institute (IRZ) -- was conducted in June-July 1992. The assessment recommended a major restructuring of the national agricultural research system to substantially streamline the institutions, improve programming and management, and focus limited GRC and donor financial resources on the highest priority research programs. USAID will actively participate in discussions in early FY 1993 between the donor community and the GRC on this issue.

<u>Target 2.2</u>: Increased generation of Data and Analysis on Performance on Smallholder and Modern Agriculture and Livestock Sectors

2.2.1. Improved Reliability of Data on Performance of Smallholder Factor and Project Markets Obtained from Surveys at Minimum Cost

2.2.2. Increased Availability and Analysis of Data on Large Scale Producers in Agricultural Sector

2.2.3. Timely Publication of Agricultural Sector Review (ASR) of Smallholder and Modern Sector

2.2.4. Reduction in Annual Cost of Data Collection System

During FY 1992 USAID imposed stringent conditionality on further funding for statistics collection that resulted in the GRC taking required measures to complete the analysis and publication of a backlog of several years of agricultural statistics (1985-91). A revised, more accurate and efficient sample frame, along with a quality control plan, were developed for the annual agricultural survey. In addition, a methodology was developed for collecting data on the livestock sector to be field tested in two provinces during FY 1993. Initial studies were carried out on reducing the cost of the statistics program and some changes implemented. In early CY 1993, as part of new project conditionality, the GRC will further assess the agricultural and livestock statistics programs and develop an action plan geared toward attaining a more cost effective statistics collection and processing system capable of providing timely and relevant information to decision makers.

Target 2.3: Increase UCD's capacity to generate *relevant education, outreach, and research* products for which there is an effective demand at sustainable overall cost

2.3.1. Increased Demand

2.3.2. Increased Relevance

2.3.3. Increased Financial Self-Sufficiency

Although the University Center of Dschang (UCD) experienced serious financial difficulties, as discussed below, several significant achievements were realized during FY 1992 enabling the institution to move toward greater efficiency and self-sustainability:

-- Policy changes provided greater institutional and financial autonomy;

-- Long and short-term faculty training programs continued;

-- Management systems were improved;

-- Major infrastructure development initiated under Phase One was completed;

-- External funding and collaborative programs were increased beyond projected levels; and

-- A series of cost reduction measures was implemented.

Covenants under the Agricultural Education II project (negotiated in June 1991 and put into effect during FY 1992) are moving UCD toward greater fiscal and institutional autonomy. Specifically, UCD can now accept private (i.e., non-GRC-funded) students; establish private foundations; appoint individuals up to the level of chief of service or department head (previously done only at the ministerial level); and transfer funds among budget line items (which previously required approval of the presidency).

Unfortunately, UCD was seriously affected during FY 1992 by inadequate budgetary support for recurrent costs, including faculty salaries, student scholarships, and operating expenses. As a result, the 1991-92 academic year did not begin in September 1991 as planned but, rather, was delayed until January 1992. The 1992-93 academic year, scheduled to begin in August 1992, has not yet started but is scheduled for early November.

In early October 1992, USAID informed the GRC that it was suspending all major new funding to UCD pending a satisfactory resolution of financial and related institutional issues. Given the importance that the GRC has traditionally placed on UCD (from 1981-91 the GRC allocated the full amount of authorized budget levels) and willingness to enact sensitive institutional policy reform such as the ones described above, USAID remains optimistic on the likelihood of being able to

negotiate the provision of adequate GRC financial support and the putting into effect of the necessary institutional changes. USAID is conditioning resumption of financial support on the GRC's development -- in consultation with the relevant external donors -- of an action plan containing the following key elements:

- Clarification of UCD's mandate and relationship to other Cameroonian institutions of higher education;
- Plans for further restructuring and/or streamlining of the institution to ensure greater efficiency and relevancy;
- Steps planned by the GRC to ensure continued gains in fiscal and institutional autonomy; and
- A financial plan committing the GRC funding both for recurrent costs and to eliminate arrears.

Target 2.4: Increased Capacity of Cameroon's Health Care System to Provide Accessible, Integrated PHC/MCH and Higher Quality Services at Sustainable Costs in Targeted Provinces

2.4.1. Increased Utilization of Upgraded Health Centers in South, Adamaoua, and Extreme North provinces

2.4.2. Increased Funds Available from Cost Recovery Measures to Partially Support Non-Salary Operating Costs of Primary Health Care in Targeted Provinces

2.4.3. Increased Prevalence Rate for Modern Contraceptives

2.2.4. Increased Sales of Contraceptives by Health Centers, Social Marketing Distributors, and Private Health Facilities

2.4.5. Increased Number of Public and Private PHC/MCH Facilities Offering Supervised FP Information and Services

2.4.6. Increased Vaccination Coverage Rates for Children and Women of Reproductive Age in the Three Targeted Provinces

(Please refer to earlier discussion under Indicator 2.4, page 10.)

Strategic Objective 1: Increase the Role and Efficiency of Private Markets

Indicator 1.1. Liberalization/Privatization of Major Agriculture Factor and Product Markets

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
GRC heavily controls markets for fertilizer, arabica coffee, robusta coffee and cocoa (1987)	Fertilizer market liberalized and privatized	Arabica market fully privatized and partially liberalized	Robusta and cocoa markets partially to fully privatized	See discussion immediately following

The fertilizer market has been liberalized and privatized since 1988. However, GRC involvement in the sub-sector continues through provision of a subsidy which, although decreased to 17 percent of total delivered cost, has not yet been eliminated entirely. In the case of arabica coffee, the market remained fully privatized and partially liberalized -- existing cooperatives remained the sole authorized buyers. These monopoly rights expire at the end of the 1991-92 campaign, resulting in a fully liberalized market. The Mission had originally intended to launch a follow-on PRAMS II project during FY 1992 aimed at liberalization of the robusta coffee and cocoa markets. While the project did not develop as planned, liberalization and privatization in these two additional markets is being carried out under the terms of the SAL.

Indicator 1.2. Decreased Ratio of Unsubsidized Farmgate Fertilizer Price to FOB Europe Price

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
3.38 to 1.00 (1987/88)	2.05 to 1.00	2.15 to 1.00	2.00 to 1.00	2.14 to 1.00

Based on preliminary calculations using data from the 1991/92 FSSRP Annual Assessment, the actual ratio achieved exceed that planned for FY 1992. This estimate is based on a 4.75 percent increase in domestic distribution costs and a 0.90 percent decrease in CIF price against a 3.20 percent decrease in Europe fertilizer market prices. However, a new GRC tax of 5.0 percent on the CIF value of the fertilizer effectively raised this ratio to 2.14 to 1.00.

Indicator 1.3. Increased Percentage of FOB Price for Arabica Coffee Received by Producers

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
37 percent (1985/86)	No change	50 percent	50 percent	80 percent

Most of the exceeding of this target is a result of the monopsony conditions under which the 1991-92 campaign was conducted. A fixed, published price of FCFA 250 was established at the beginning of the 1991/92 campaign. This price was actually paid to farmers as coffee was being accepted by the cooperatives, even though world prices were plummeting. The combination of a fixed (i.e., constant) producer price and ensuing sharp drops in the world price and FOB price for arabica coffee during the campaign resulted in a disproportionately higher percentage of the FOB price received by the farmers than would have been the case under more flexible, liberalized

market conditions. Had world prices remained constant at end-FY 1991 prices, however, (FCFA 450/kg), farmers would have made approximately 56 percent of the FOB price.

Indicator 1.4. Increased Private Sector Employment in Export Processing Sectors

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Zero employment (1990)	0	0	300	120

Target 1.1. Liberalization-Privatization of Fertilizer Importation and Distribution Markets

Indicator 1.1.1. Reduction in Domestic Fertilizer Distribution Costs

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
36 FCFA/Kg. (1987)	25 FCFA/Kg.	24 FCFA/Kg.	23 FCFA/Kg.	22.9 FCFA/Kg.

Based on preliminary calculations, domestic distribution costs decreased by 4.75 percent to 11.9 FCFA per kilogram as a result of a 19 percent reduction in fuel prices (assuming that 25 percent of distribution cost is represented by fuel and that 80 percent of fertilizer transport equipment uses diesel fuel).

Indicator 1.1.2. Reduction in Average Fertilizer Delivery Time

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
12-18 months (1987)	4-6 months	4-6 months	4-6 months	4-6 months

According to data collected from interviews with importers and distributors during the 1991/92 FSSRP Annual Assessment, the FY 1992 target of maintaining reduced delivery times was effectively maintained.

(New) Indicator 1.1.3. Increased Participation in Domestic Fertilizer Market by Banks, Importers, and Distributors.

Baseline/Date		Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Banks (Active)	0	5	5		7
Banks (Actual)	0	5	2		5
Importers (Active)	> 20	10	10	N/A	13
Importers (Actual)	> 5	4	1		4
Distributors (Active)	> 15	16	18		22
Distributors (Actual)	> 15	10	17		20
(1987 data)					

This indicator was added as a result of AID/W feedback from last year's API. "Active" versus "Actual" participation for banks, importers, and distributors is defined as follows: (1) For banks, "active" means having entering into credit negotiations with an importer or distributor. "Actual" refers to the issuance of a letter of credit or other financial guarantee leading to the importation of fertilizer; (2) For importers, "active" participation includes bidding on or signing contracts with distributors, or entering into credit negotiations with a bank. "Actual" means that the importer successfully imported fertilizer during that year, or was wholesaling stocks imported during previous years; (3) For distributors, "active" refers to issuing tenders, signing contracts with importers, or entering into credit negotiations with banks. "Actual" refers to actual purchase or distribution of fertilizer.

Target 1.2. Liberalization/Privatization of Internal and External Marketing of Arabica Coffee

Indicator 1.2.1. Increased Competition

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
State controls 100 percent of internal-external marketing system in North West, and UCCAO has monopoly in West (1989)	State authorizes NWCA to market 40 percent of arabica coffee in North West. West unchanged.	State authorizes NWCA to market 100 percent of arabica coffee in North West. West unchanged.	No change	No Change

The GRC has maintained the NWCA's status as the sole authorized buyer of arabica coffee in the North West Province, and it retains the right to export 100 percent of its arabica coffee production directly to world markets. However, in accordance with the PRAMS I Project Agreement, the GRC will authorize the introduction of private Licensed Buying Agents (LBAs) or any other buyers to operate in the North West and West provinces starting with the 1992-93 campaign.

Indicator 1.2.2. Reduction in Marketing Cost

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Marketing cost of 284 FCFA/Kg. (1987)	284 FCFA/Kg.	241 FCFA/Kg.	217 FCFA/Kg.	Data not available

Financial data are being collected and processed at all levels of the NWCA on marketing costs. Significant staff reductions have led to lower marketing costs at the Apex level. Additional staff reduction efforts will be made at the Union and Society level during FY 1993, thereby further reducing overall marketing costs.

Indicator 1.2.3. Reduction in Quality Discount of North West Arabica Coffee

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Quality discount of 5.8% (1987)	4.6%	4.6%	4.0%	Data not available

Data will be available in December 1992. The performance of brokers retained by NWCA will be assessed at the end of the 1991-92 campaign. Profound changes in the way coffee has been and will be marketed in terms of class and grade will make longitudinal comparisons difficult for the time being.

Target 1.3. Increased Role and Efficiency of Community-Level Financial Service Markets

Indicator 1.3.1. Increased CamCCUL Savings

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
FCFA 10.5 billion (1988/89)	FCFA 10.7 billion	FCFA 11.1 billion	FCFA 11.6 billion	FCFA 11.0 billion

The projected increase of FCFA 0.5 billion was not realized during FY 1992 due a loss in consumer confidence associated with the crisis in the Cameroonian banking system and overall decline in the economy. Political disturbances also yielded a go-slow policy of expansion of the institution, resulting in a declining rate of increase of total savings. It is noteworthy that, despite these problems, the savings of CamCCUL members fell only slightly from FY 1991 levels during a period when a number of Cameroonian banks were liquidated due to insolvency.

Indicator 1.3.2. Increased CamCCUL Membership

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
71,500 (1989)	76,100	74,700	79,900	76,200

Increases during FY 1992 were 95 percent of the target level projected. Shortfalls occurred as a combined result of CamCCUL's decision to delay a previously planned expansion into francophone provinces due to political instability and a desire to consolidate previous membership gains, particularly in light of the deteriorating economy.

Indicator 1.3.3. Decrease in Loan Delinquency Rates (more than two months overdue)

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
35% (1989)	34%	25%	20%	26%

Loan delinquency rates increased rather than decreased during FY 1992, in large measure due to the national economic crisis.

Indicator 1.3.4. Increased Lending to Credit Unions from CAMCCUL Central Liquidity Facility

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
FCFA 30 million (1988/89)	FCFA 21 million	FCFA 20 million	FCFA 21 million	FCFA 6 million

Similarly, lending to credit unions decreased rather than increased during the year.

Indicator 1.3.5. Increased Participation of Women as Employees and in CamCCUL Program Committees

Baseline/Date		Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Credit Committees	16.7%	N/A	N/A	20.0%	16.0%
Education Committees	26.6%			28.0%	27.0%
Supervisory Committees	10.0%			12.0%	10.0%
Membership Committees	27.0%			20.0%	27.0%
Credit Union Employees	42.0%			44.0%	40.0%
(1991)					

Target 1.4. Increase Efficiency/Diversity of Export Marketing

Indicator 1.4.1. Increased Number of New Private Export Investments Undertaken

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
14 firms established (1970-1990)	PREPS Project Authorized	0	7	3, with 2 additional firms scheduled for approval in October 1992 and 5 more well advanced in the application process

Indicator 1.4.2. Reduced Number of Separate GRC Entities Involved in Typical Investment Approval

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
30 GRC Entities (1990)	No Change	No Change	1 Entity (NOIFZ)	2 Entities -- NOIFZ and Ministry of Industrial and Commercial Development

Indicator 1.4.3. Reduced Time Required to Approve a Typical Investment Proposal

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
6-18 months (1990)	6-18 months	6-18 months	1 month	3 months

Indicator 1.4.4. Reduced Time Required for Goods to Clear Customs

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
4-8 weeks (1990)	4-8 weeks	4-8 weeks	4 weeks	N/A

Strategic Objective 2: Increase the Efficiency with which Public Services are Provided in Agricultural (Food) Research, Higher Agricultural Education, and Health

Indicator 2.1. Increased IRA/NCRE Retention Rates and Reduced Expenditure Per Researcher

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
One year retention rate for 10 staple food (SF) crop varieties calculated at 60 percent, 20 percent for other technologies (1990)	See Baseline	One year retention rate for 4 additional SF technologies calculated at 50% for SF varieties, 20% for other technologies	Multi-year retention rate for 7 SF technologies calculated at 50% for SF varieties, 20% for other technologies	Multi-year retention rate for 7 SF technologies calculated at 60% for SF varieties, 5% for other technologies
FCFA 3.7 million expenditure per researcher on SF and farming systems (FS) programs (1990)	See Baseline	FCFA 3.4 million per researcher	FCFA 3.0 million per researcher	FCFA 3.07 million per researcher

Indicator 2.2. Increased Policy Impact of MINAGRI-MINEPIA Information and Policy Analysis

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
MINAGRI/MINEPIA influence on Structural Adjustment Program (SAP) policy analysis and reform not significant (1990)	N/A	Three policy studies conducted for MINEPIA	Policy studies for agriculture and livestock sectors carried out in support of SAP	One study completed for livestock sector, four studies ongoing

Indicator 2.3. Increased Relevance in Student Training at UCD at Lower Per-Student Cost

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
0 percent of graduating students hired by private sector of self-employed (1990-92)	N/A	Students graduating through 1992 are still government employees	Students graduating through 1992 are still government employees	Students graduating through 1992 are still government employees
FCFA 2.9 million cost per student (1989/90)	FCFA 1.3 million per student	FCFA 1.1 million per student	FCFA 1.0 million per student	FCFA 1.06 million per student

Indicator 2.4 Increased Access to High Quality, Community Managed, Co-financed PHC/MCH Services in Adamaoua, South, and Extreme North Provinces

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
8 community-managed and co-financed health facilities operational (1990)	8	43	60	51, plus 30 more in December 1992

In accordance with the 1991 evaluation of the MCH/CS Project, USAID delayed the opening of 31 new community co-financed and co-managed health facilities in South and Adamoua provinces to assure that viable provincial management systems were first in place. By the end of December 1992 a total of 81 upgraded health facilities will have been launched, thereby exceeding the overall target for the year. USAID intends to revise this indicator in future iterations of the API to reflect total population with access to upgraded facilities rather than number of facilities coming on stream.

Target 2.1 Expanded Analysis and Outreach for Improved Farming Technologies

Indicator 2.1.1. Increased Number of Annual Farm Level Economic/Technical Farmer Assessments

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
4 Assessments (1985)	16 Assessment	31 Assessments	31 Assessments	Data not available

This indicator has been dropped in response to the Bureau's review of last year's API submission

Indicator 2.1.2. Increased Analysis of Economic Returns to Research Operations

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
0% of IRA research operations subject to benefit/cost analysis or scoring (1990)	N/A	10%	20%	Data not available

This indicator has been dropped in response to the Bureau's review of last year's API submission

Indicator 2.1.3. Reduced Staff-to-Budget Ratios

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Farming Systems (FS) program staff to Staple Food commodity (SF) staff ratio of 1.0 to 2.2 (1990)	N/A	1.0 to 1.8	1.0 to 1.8	Data not available
FS program budget to SF program budget ratio of 1.0 to 3.0 (1990)	N/A	1.0 to 1.8	1.0 to 1.8	Data not available

This indicator has been dropped in response to the Bureau's review of last year's API submission

Indicator 2.1.4. Increased Participation of Farmers in Implementation of Staple Food and Farming Systems Program Trials on Farmers' Fields

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
10% of on-farm trials implemented by farmers (1985)	Data not available	30%	35%	35%
40% of on-farm trial participants are women (1990)	N/A	45%	45%	45%

Note: Last year's API submission projected the first indicator to remain flat at 35% in the out years, and the second indicator to increase and remain steady at 50% in FYs 1993 and 1994.

Indicator 2.1.5. Increased Number of Collaborative Tests and Demonstrations with Extension Service; Increased Percentage of FS Program Budget Allocated to Collaboration

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
450 collaborative tests and demonstrations (1990)	N/A	3,400	3,600	Data not available
20% of FS budget allocated to collaboration (1990)	N/A	30%	35%	Data not available

This indicator has been dropped in response to the Bureau's review of last year's API submission

Indicator 2.1.6. Increased Number of Trials Focusing on Sustainable Agriculture Themes

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
5 (1990)	N/A	18	18	40

Progress against this indicator was significant, reflecting increased importance attached to natural resources issues by the GRC and the donor community, as well as greater use of organic fertilizers by small scale farmers.

Indicator 2.1.7. Increased Consideration of Natural Resource Sustainability in Selection and Testing of New Varieties and Cultural Practices

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Sustainable impact assessment statements for 0% of SF and FS program trials (1990)	N/A	25% have statements	50% have statements	Data not available

This indicator has been dropped in favor of retaining indicator 2.1.6., which was judged by the Mission and research analysts to be a better way to measure the relative emphasis placed on natural resource sustainability.

Indicator 2.1.8. Expanded Emphasis on Sustainable Agricultural Technologies

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
10% of SF and FS program budgets are applied to developing sustainable technologies (1990)	N/A	25%	30%	Data not available

This indicator was dropped in response to the Bureau's review of last year's API submission

Target 2.2 Increased Generation and Availability of Data and Analysis on Smallholder and Modern Agriculture and Livestock Sectors

Indicator 2.2.1. Improved Reliability of Data on Performance of Smallholder Factor and Project Markets Obtained from Surveys at Minimum Cost

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Problems with DEAPA sample; Processing delays and high costs reduce value of data (1989)	No change	Revised sample frame and collection methodology data entry system and data set	Annual survey carried out using new frame. Data published by date TBD.	Data have been collected annually on production, sales, and area planted and harvested for food crops. The data has recently been processed and published up to 1990/91.

Indicator 2.2.2. Increased Availability and Analysis of Data on Large Scale Producers in Agricultural Sector

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Incomplete data sporadically available and frequently out of date (1990)	N/A	Initial contacts with major producers. Basic table established	Current data published by date TBD	Methodology for survey developed

Data were not collected as a result of changes in technical assistance program and project restructuring

Indicator 2.2.3. Timely Publication of Agricultural Sector Review (ASR) of Smallholder and Modern Sector

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
ASR not published (1989)	No change	No change	ASR published by April 1992	94 percent of 1985/86-1990/91 data were processed and published by August 1992, with the remaining 6 percent to be published by end-October 1992

Indicator 2.2.4. Reduction in Annual Cost of Data Collection System

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
In response to FY 1991 evaluation of the CAPP project, analysis of the cost of data collection under DEAPA was conducted in early CY 1992.	N/A	N/A	Study of data collection costs	Initial studies conducted. More complete assessment scheduled for early 1993.

Target 2.3 Increased Capacity of UCD to Generate Relevant Education, Outreach, and Research Products at Sustainable Overall Cost

Indicator 2.3.1. Increased Demand

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Number of applications from non-government funded students (Baseline to be established in 1992/93)	N/A	N/A	N/A	N/A
Requests for research/outreach support (Data collection begins in FY 1992)	N/A	Data systems designed	TBD	Data not available
Number of non-government financed students attending (0 in 1991/92)	0	0	0	See below
Number of foreign students attending (18 in 1990)	N/A	19	25	17

GRC has agreed to accept private students at UCD, but arrangements to do so have not yet been finalized. Political turmoil in Cameroon may have discouraged more foreign students from enrolling during FY 1992.

Indicator 2.3.2. Increased Relevance

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Faculty time devoted to research and outreach (1990)				
Teaching: 87%	See Baseline	45%	35%	33%
Research and Outreach: 13	See Baseline	55%	65%	67%
Increased percentage of incoming female students (1989: 9%)	Data not available	10%	15%	7%
Number of women who are major clients of research/outreach (1990: 40% out of 3,700 clients)	N/A	37% out of 4,500 clients	37% out of 4,500 clients	38% of 3,530 clients

This indicator has been modified slightly to combine research and outreach into a single category, as the two activities often overlap and as the primary interest of this part of the indicator is to show greater devotion of time to research and outreach at the expense of time spent in the classroom. Viewed this way, the indicator shows increased progress over the levels of FY 1991. Less progress is indicated in increasing the proportion of incoming students who are women. The decline in the number of clients was due to technical assistance and university staff turn-over, as well as to closure of the university during a portion of the year.

Indicator 2.3.3. Increased Financial Self-Sufficiency

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Expanded cost recovery (1990: 2.5 percent of UCD budget self-generated)	See Baseline	3.5 percent	4.5 percent	5.0 percent
Increased revenues from grants, awards, and contracts (1990/91: FCFA 51.8 million)	See Baseline	FCFA 51.8 million	FCFA 57.0 million	FCFA 62.0 million
Increased proportion of matriculation costs covered by student fees (1990: 10 percent)	See Baseline	10 percent	10 percent	10 percent

The cost recovery target was surpassed, as was targeted revenue from grants, awards and contracts. The proportion of matriculation costs covered by student fees was not, in last year's API submission, expected to show improvement until FY 1993 as the increase was to have been generated through admission of privately funded students in the 1992/93 academic year, which has not yet begun.

Target 2.4 Increased Capacity of Cameroon's Health Care System to Provide Accessible, Integrated PHC/MCH and Higher Quality Services at Sustainable Costs in Targeted Provinces

Indicator 2.4.1. Increased Utilization of Upgraded Health Centers in South, Adamaoua, and Extreme North Provinces

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Client utilization data from sentinel clinics collected (1990)	See Baseline	Utilization of community co-financed health centers fairly steady, despite steep decline in health center utilization nationwide due to economic crisis.	10 percent increase	10-40 percent decrease

As a result of the economic crisis, utilization both of community co-financed and other (public and private) health facilities declined significantly during FY 1992. However, a recent MCH/CS project study indicates that the poorest 20 percent of the population are using the community co-financed health centers at a higher rate than the rest of the population. As the poorest segment of the rural population can't afford the time and travel cost incurred in seeking alternative sources of care, they are benefitting proportionately more from the local availability of drugs and care.

Indicator 2.4.2. Increased Funds Available from Cost Recovery Measures to Partially Support Non-Salary Operating Costs of Primary Health Care in Targeted Provinces

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
No cost recovery in health centers (1990)	See Baseline	Health centers generate FCFA 60,000-180,000 per month	FCFA 100,000-200,000 per month generated	Slight decline from FY 1991 levels
No community co-financed and co-managed hospitals (1990)	See Baseline	Hospitals generate FCFA 150,000-300,000 per month	Hospitals generate FCFA 200,000-350,000 per month	Slight decline from FY 1991 levels

Cost recovery revenues at community co-financed and co-managed health centers registered a slight decline in FY 1992 from FY 1991 levels corresponding with the reduced utilization of these and other public and private facilities during the year. On the positive side, the long term prospects for cost recovery were greatly enhanced during 1992 by the passage of landmark health financing legislation which authorizes specially approved hospitals to retain 50 percent of their revenues from fees for services. Formerly, public hospitals were required to send all revenues not disbursed to physicians for profit-sharing directly to the national treasury.

Indicator 2.4.3. Increased Prevalence Rate for Modern Contraceptives

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
3.0 percent of couples use modern methods (1990)	See Baseline	Same as Baseline	4.0 percent	4.3 percent

According to the results of the 1991 Cameroon Demographic and Health Survey (DHS), which has just been released, 4.3 percent of married women are using modern contraceptive methods. This figure slightly exceeds the target set for FY 1992. In addition, the DHS indicates that over 70 percent of these women are using highly effective methods, i.e., pills, IUDs, sterilization, and injections.

Indicator 2.4.4. Increased Sales of Contraceptives by Public Health Centers, Social Marketing Distributors, and Private Health Facilities

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
30,000 couple years of protection (CYP) in 1990	See Baseline	33,000 CYP	37,000 CYP	55,000 CYP

During FY 1992, USAID's National Family Health Project made important progress introducing family planning services into public and private sector health facilities; developing and disseminating information, education, and communication materials; and training service providers. The result was a near doubling of contraceptive sales in Cameroon, far exceeding the target set for the year.

Indicator 2.4.5. Increased Number of Public and Private PHC/MCH Facilities Offering Supervised FP Information and Services

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
21 facilities (1990)	See Baseline	30 facilities	40 facilities	44 facilities

During FY 1992, USAID's National Family Health Project increased the number of health facilities offering family planning information and services by almost 50 percent, thereby exceeding the target set for the year. Of the 44 health facilities now providing services, 6 are large hospitals in the private sector.

Indicator 2.4.6. Increased Vaccination Coverage Rates for Children and Women of Reproductive Age in the Three Targeted Provinces

Baseline/Date	Actual FY 1990	Actual FY 1991	Planned FY 1992	Actual FY 1992
Measles: 15% DPT/Polio3: 20% TT2: 15% (1989 est.)	See Baseline	Measles: 37% DPT/Polio3: 31% TT2: 23%	No survey planned	No survey executed

While no vaccination coverage survey was planned for either FY 1992 or FY 1993 in the three provinces targeted by USAID, health center statistics indicate that the targets set for FY 1994 (Measles: 50%; DPT/Polio: 60%; TT2: 45%) were reasonable and most likely will be achieved.

USAID/GHANA

ASSESSMENT OF PROGRAM IMPACT

FISCAL YEAR 1992

OCTOBER 31, 1992

ASSESSMENT OF PROGRAM IMPACT (API)

SECTION I

SPECIAL FACTORS AFFECTING USAID'S PROGRAM IN GHANA

Both political and economic reform continues rapidly in Ghana. A constitution was drafted, approved by a Consultative Assembly, and approved by a voter referendum. Political parties have been legalized and campaigns run. On November 3, J.J. Rawlings was elected President by a majority of the populace. Both the Commonwealth Observer Team and the Carter Center Team (which was funded, in part, by AID and USAID) declared the elections were free and fair. Americans from the U.S. Embassy and USAID/Ghana also acted as election observers, and were impressed with the openness of the election process and the widespread support it received from Ghanaians. A parliament will be elected in December and a new government under the new constitution will be installed in January, 1993.

The possible change in government after 11 years had a surprisingly small influence on the Mission's programs considering the magnitude of the change. Perhaps one reason for this is that all the major political parties agreed that the economic policy should continue the reforms made under the Economic Recovery Program and that economic policy should be both pro-private sector and pro-export. This consensus allowed many top officials to continue to press forward aggressively on reforms despite the fact that they were virtually certain to be replaced if a different Chief Executive had been elected.

Despite the broad consensus, there is some slowing of the decision-making process. Most decisions have a number of both economic and political implications, and decision-makers are looking over their shoulders, trying to anticipate how the next government will react. If nothing else, this takes time. As an example, the concept of an institute for the study of economic development and trade economics was enthusiastically supported by the GOG last Spring. However, progress on design has slowed as the administration carefully considers the implications of each design decision.

A final word of caution is justified. The parties that lost in the elections are unhappy - even shocked - and some demonstrations have occurred. To date, Mission has found no reason to be anything but optimistic that any change in government would take place peacefully: the demonstrators are likely to voice their protest and then go on about their business.

HIGHLIGHTS OF GHANA'S PROGRESS ON ECONOMIC REFORM IN 1992

The GOG has continued to build institutions and practices needed for economic development. In 1992, they established an interbank market so that borrowing and lending can take place between banks, and the central bank can intervene to smooth out fluctuations in exchange rates, money supply growth, or interest rates. Due to the tight monetary policy of the Government, the annual inflation rate has fallen and has stayed below 10% for 6 months now. That is well below the 35% average of the previous decade.

Recently, however, there have been some changes worth noting in the foreign exchange markets. The cedi has depreciated nearly 20% since last March, punctuated with an 8% drop in the month of September. There is general agreement on the causes of the rapid depreciation though their relative importance is still being debated. The major factor was probably a delay in donor contributions.[1] Mission views the rapid depreciation as a temporary difficulty. So long as inflation and the money supply remain in control, the exchange rate is unlikely to be a problem in the longer term.

The private sector continued to progress on a number of fronts.

- Politically, the private sector gained more respect and more influence. In 1992, with the help of USAID/World Bank/IMF conditionality, the private sector has gained a

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[1] - Approximately $250 million in donor funds ($150 million World Bank funds and $100 million from other countries) were due to be disbursed during the second half of 1992: to date, none of those funds have been disbursed. Roughly $100 million is tied up because of sectoral conditionality. Another $150 million is tied up because the GOG and the donors have not yet agreed that the macroeconomic conditionality has been met. While the precise cause of the difficulty is confidential, most observers believe that the disagreement stems from a growing budget deficit. The deficit has increased both because revenue has fallen (cocoa prices have declined sharply) and because expenditures have increased as the Government gave large pay increases to many government workers. Petroleum prices were increased 10% to raise government revenue, but the deficit is still too large. There are other, contributing factors to the rapid depreciation. There is probably some slowing of private capital inflows prior to the elections as people wait to see what happens before they transfer money into the country. Finally, the Central Bank was said to have told banks that traders should get foreign exchange through the interbank market. This created a panic among traders who, in desperation, all descended on the foreign exchange bureaus at the same time, thus creating a temporary foreign exchange shortage.

policy role which it never had before. USAID programs facilitated this transition by helping to create the Federation of Associations for Ghanaian Exports (FAGE), strengthening the Association of Ghana Industries (the equivalent of the National Association of Manufacturers) through the HRDA, and involving all the private sector associations and the GOG in the design of the Trade and Investment Program.

• The financial markets continued to broaden and deepen. The Government sold debt issues on a weekly basis. The number of firms traded on the Ghana Stock Exchange increased by 3 (or 25%) and the Government has plans to float shares in several state-owned banks and other companies. Several new financial instruments were offered including shares in the Home Finance Company Unit Trust (which finances home mortgages) and GIANTS (which are securities with a fixed term and security which are backed by physical assets). Ghana's version of the Resolution Trust, NPART, started to sell restructured loans that it holds. Finally, another private sector bank, the Meridien Biao, started operations in Ghana.

• The Government allowed the private sector to market cocoa for internal use, and to market internationally sheanuts, coffee and diamonds in international markets. (The US firm of Lazare Kaplan is one of the joint venture partners in the new organization that is marketing diamonds.) The Government has also allowed the private sector to establish cellular phone network in and around Accra.

• In response to the improved business climate, interest by foreign investors has increased. There have been foreign investment missions from the US, France, and the United Kingdom. The GOG has announced a long series of policy reforms which will make Ghana more attractive to visitors, and include reforms ranging from rearranging the arrival hall so that visitors find it easier to enter the country to the elimination of the need for visitors to register with the Immigration service.

SPECIAL FACTORS IMPEDING USAID'S PROGRAM PERFORMANCE

The Mission believes that most of its sectors are making good progress towards achieving their goals and only experiencing normal implementation problems which are being resolved. However, in the health sector, there are two unresolved issues. First, port clearance is a problem for contraceptive supplies imported by the public and private sectors and for other Ministry of Health

commodities. In an effort to reduce the number of blanket customs waivers, the Ghana Customs, Excise and Preventive Services (CEPS) now requires that customs waivers be obtained for each shipment, including USAID-provided contraceptive supplies. This policy has increased the amount of time required for customs clearance for the private sector from two weeks to about three months. As part of the program agreement, customs duties are to be eliminated on all contraceptives, and it is hoped that this will eliminate the requirement for waivers and speed customs clearance.

Problems with clearance of commodities for the Ministry of Health continue. The major issue is that there is no established mechanism within the government for prompt payment of a variety of port charges and demurrage fees. At the request of the GOG, the mission is exploring the possibility of "door to door" shipment of contraceptives to overcome the up-to-nine month delays in port clearance.

A second factor influencing the implementation of USAID's program is the reorganization of the Ministry of Health, and reassignment of key personnel. While we feel that the reorganization will indeed result in a Ministry that functions better, the interim period of confusion has slowed project implementation.

SECTION II

PROGRESS TOWARDS OVERALL PROGRAM GOALS

GOAL - PROMOTE SUSTAINABLE, MARKET ORIENTED ECONOMIC GROWTH

Ghana's GDP grew for the eighth consecutive year in 1991. The 5.0% growth rate brought the average growth rate for the period to 5.3%. Despite this strong showing, there is still a valid concern that the growth is not sustainable because it is dependent upon foreign aid flows (which comprise nearly 9% of GDP) and government spending (which is nearly 20% of GDP). Moreover, the supply side of the economy is still weak in that private sector generates relatively little savings (only 6.7% of GDP). In part for this reason, private investment is also small, comprising only 9.3% of GDP.

Several explanations have been offered for the "weak" supply response by the private sector, though Mission believes these explanations overlook how well Ghana has done in the context of its history. For example, since 1983, the donor community has concentrated on rebuilding government institutions rather than private sector development. This is a valid observation; one could certainly find areas in which the donor community could have been more helpful to the private sector. However, the physical and institutional infrastructure of Ghana was in such poor condition in 1983 that a long period of reconstruction and policy reform was needed before private sector development could begin in earnest.[2] There has recently been a significant shift in emphasis toward private sector development as evidenced by the private sector focus of the new USAID programs (including the Trade and Investment Program, HRDA, and Title III) and major new World Bank programs (including Structural Adjustment Credit III - whose official title is "Program to Promote Private Investment and Sustained Development" - and their new Private Enterprise and Export Development Project which is being designed to complement the USAID export project).

Another point to remember is that though private sector investment

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[2] One should also remember that a significant amount of the reform involved shrinking the size of government. Between 1987 and 1990, 47,439 government workers were laid off - roughly one fifth of the civil service. Research conducted this year shows that almost two thirds of the laid off workers moved directly from their government job to another job and have melted into the labor market. Now, both male and female laid-off workers experience the same unemployment rate as the rest of the population.

is only 9.3% of GDP, it was just 2.4% of GDP as recently as 1986. So there has been a large shift in the last few years. That shift came despite an extremely tight monetary policy which resulted in short term interest rates in excess of 35% which effectively prohibited much of the private sector from borrowing and expanding investment.

Perhaps the most important point, however, is that world economic conditions depressed economic growth. Developing economies often do well during a commodity boom only to collapse during a commodity bust. As the following table illustrates, Ghana has done well during a commodity bust.

	1986	1987	1990	1991	1992 Est. or Current
Cocoa Exports (000's of metric tons)	195	197	247	246	240E
World Price ($/ton)	2406	2278	1309	1300	1002
in 1992 US Dollars	2655	2554	1903	1345	1002
Gold Exports (000's of fine ounces)	106	140	202	300	393E
World Price ($/ounce)	364	432	383	360	340
in 1992 US Dollars	451	519	411	373	340

Cocoa and gold are Ghana's two largest exports, each accounting for approximately one third of total exports. In real terms, the world price of gold and cocoa has dropped by 25% and 62% respectively from 1986 to present. Despite these price reductions, output of gold has soared as a result of the revision of the investment code for mining in 1986. Output could increase 20% per year or more until 1995-96. For cocoa, prices have fallen dramatically but output of cocoa has still risen. The increase has been moderated by bad weather this year and in 1990.

There have been a number of positive developments during FY92 which suggest that the private sector is making progress and that private investment is expanding. An OPIC Mission to Ghana last March announced three joint ventures worth $30 million. These included ventures to: produce bricks and tiles, process pineapples for export, and explore for gold. As is often the case, these ventures are taking some time to develop. However, the results are sufficiently encouraging so that the OPIC organization is considering a second Mission in early 1993. In addition, Regimanuel-Gray - an American-Ghanaian joint venture which started in 1991 - has finished over 200 houses during 1992. It plans to more than double output in 1993. In the private non-traditional export sector, USAID/Ghana has conducted a survey and found that the private sector has approximately $150 million invested in the

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sector compared to virtually none in 1983.[3] Clearly, NTE are one area where the private sector has been expanding in a major way.

One indicator of the improvement in business environment is the level of stock prices. The average price on the Ghana stock exchange has increased 55% in price from September 1991 to September 1992. Other indicators of the business environment include the rate of inflation which has dramatically improved: the rate declined from 37% in 1990 to 18% in 1991 to below 10% during 1992. Despite this impressive decline in inflation, the GOG has continued to maintain high interest rates to prevent reacceleration of inflation. The Ghanaian equivalent of the prime rate is now as high as 26% at some banks. These interest rates represent a strong defense against revival of inflation., but they also tend to squeeze out private sector borrowing.

PROGRESS ON THE MISSION SUBGOAL OF INCREASING GDP PER CAPITA

The macroeconomic picture shows significant progress. Real GDP and real GDP per capita have consistently increased during the Economic Recovery Program. Debt service has declined rapidly as a percentage of exports despite the decline in the sale price of Ghana's two major exports. Due to Ghana's sound economic policies, it is no longer behind in its payments to the IMF or other international lenders and debt service as a percent of exports continues to decline.

	1986	1987	1990	1991	1992 Est. or Current
	Percent Change				
Real GDP	5.2	4.8	3.3	5.1	5.0
Real GDP per capita	2.5	2.1	0.6	2.4	2.3
	Percent of Exports				
External Debt Service					
Including the IMF	48	58	38	30	25
Excluding the IMF	37	32	23	20	17

The 5% growth translates into a growth in per capita real GDP of 2.4% if one uses the official population figures, and 1.6% if one uses a more rapid estimate of population growth which the Mission

[3] While the precise investment levels are not known, they must have been very small compared to current levels. Total NTE - including the relatively small number of parastatals - totaled $62 million last year. For comparison, in 1983, only $1 million in NTE were exported.

feels is more realistic. The difference between those two numbers is numerically small but they have much different implications. If 2.4% growth in real per capita income continues for about 30 years, real income will double. If one assumes a real growth of 1.6%, it will take nearly 50% longer, or close to 45 years, for per capita income to double.

There are two aspects of this mathematical fact worth mentioning. First, it points out the importance of reducing the rate of growth in population and its potential effect on economic welfare. Second, Mission believes that a more rapid rate of progress will have important implications for the way that people react and whether they will be willing to depart from their traditional way of doing things. From the point of view of the typical Ghanaian, it is not worth saving and investing or financing your children's education if you are convinced that they will end up farming at subsistence levels anyway. With a rapid rate of economic progress, people will find it easier to see the potential payoff for economic development and of personal changes in behavior.

The World Bank and Government of Ghana explored this theme in their report "Ghana 2000 and Beyond: Setting the Stage for Accelerated and Equitable Growth". The conclusion of that report was that a complex network of factors had to be improved simultaneously if Ghana wanted to accelerate its rate of economic growth. However, certain key sectors stood out. These sectors mirror the USAID/Ghana portfolio: human resource development and export development. Moreover, under export development, the World Bank adopts a private sector-led approach which emphasizes the need to improve infrastructure, the enabling environment, and the capacity of firms to export.

The potential change in government has caused several groups of government employees to demonstrate for higher salaries and benefits. There have been large pay increases approved for civil servants, university professors, and other government employees. Nonetheless, the Government remains committed to the principle of a balanced budget, so increases in expenditures must be backed by increases in taxes. The GOG has raised fuel taxes by 10% and is working on other plans to raise revenue.

PROGRESS ON IMPROVING THE QUALITY OF THE HUMAN RESOURCES BASE

Two strategic objectives fall under this subgoal - reducing the fertility rate and improving the quality of the primary education system. These two objectives are mutually reinforcing. Reducing the growth in population requires a complex set of conditions and attitudes. One important contributor is that a literate population is more receptive to family planning options. Conversely, families with fewer children often have more money and are more able financially to provide educational opportunities for their

children.[4] In rural areas, for example, less than 70% of children have been enrolled in primary school, and only 50% of those who start complete grade 6.

The GOG has taken a multi-faceted approach to increasing literacy in Ghana. The Mission is supporting primary education through its PREP project, but the GOG, with the support of other donors, is improving virtually every other aspect of the educational system. With World Bank support, the GOG has restructured the education system so that students move to the college level in 12 years rather than 17. Enrollment at the new junior secondary schools has been increasing 6-7% per year for the last two years. In the 1990-93 period, the GOG will emphasize improving the management and effectiveness of the senior secondary schools. Finally, a major program has been launched to teach adult Ghanaians to read and write. The goal is to teach over 250,000 adults to read each year, 1992-94.

The number of students at the university level is limited by physical facilities. Indeed, during the past year, there have been disruptions at the University of Cape Coast because the number of entering students has increased while the number of dorm rooms has remained unchanged. Despite the apparent need, donors have not focussed their resources on increasing the supply of college graduates. Of a recent $82 million World Bank loan, only $2 million is destined for the universities.[5] Graduates can easily get jobs if they have a vocational background or have studied economics or business; jobs are harder to come by if students have specialized in law, journalism or the liberal arts.

The health status of Ghanaians continues to improve from a very low base. Infant mortality has steadily decreased from over 140 per thousand in 1960 to less than 100 in 1990. Unfortunately, infant mortality is 30% higher in rural areas than in urban areas. Mortality in the most disadvantaged parts of the country - Upper West, Upper East, and Northern regions - are twice that of Greater Accra. Adult Ghanaians are also ill more often than adults in other countries. Indeed, the typical adult is sick about four times as much as the typical adult worker in the United States.

Part of the Family Planning and Health Program is to promote the

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[4] Although education is nominally free, Ghanaian families pay for their own food, supplies, and a portion of the cost of their textbooks. For the poorest 20% of families in Ghana, these modest costs comprise 12% of per capita consumption expenditures for grades 1-6, 17% for grades 7-9, and 41% for grades 10-12.

[5] A new, $20 million loan is being negotiated with the GOG, it will focus on technical education, polytechnic institutions, and enhancing the status of the Winneba Teacher Training College.

use of Oral Rehydration Salts (ORS). Studies held in March 1992 showed that awareness of ORS increased from 56% of mothers in 1989 to 80% of mothers in 1992. This was accompanied by an increase in appropriately treated diarrhea from 19% in 1989 to 31% in 1992.

A major health threat in Africa as a whole as well as in Ghana is AIDS. While reliable figures for the whole population are not available, currently about 2% of the adult population of Ghana is probably infected with AIDS. While this appears to be small in comparison with other African countries where the adult prevalence can reach 25% or more, the disease can spread in a matter of two or three years to the point where it becomes the major cause of death in the adult population. This has occurred in Côte d'Ivoire over the past five years, and the Mission is concerned that a similar rise in prevalence will also occur in Ghana.

One encouraging sign comes as the result of Mission activities supporting the control of HIV/AIDS. A nationwide educational campaign targeted at youth (ages 15 to 30) was carried out in FY92. The mission carried out carefully controlled pre- (1991) and post-campaign (1992) studies to serve as a baseline for 1991-1996 activities as well as to measure the impact of the one year campaign. The study found a change in reported sexual behavior. The proportion of 15 year olds who reported being sexually active decreased from 44% to 27% (which will not only slow the spread of AIDS but will also support the Mission's strategic objective in reducing fertility). Additionally, it found that for men there was an 18% decrease in the average number of sexual partners in the previous three months. The Mission recognizes the difficulties in interpreting the reality behind reported sexual behavior, but is encouraged by these findings.

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SECTION III

PROGRESS TOWARDS STRATEGIC OBJECTIVES

Strategic Objective 1: Increase Private Sector-led Export Production and Investment

Overall performance under this objective will be measured by indicators of new employment opportunities generated and increases in real per capita income of workers in the non-traditional export sector. Neither of these measures are reported this year since they will change as a result of the Trade and Investment Program which was just obligated on September 30, 1992.

Target 1.1: Improve Infrastructure Needed for Export Expansion

There are several indicators which measure the extent to which feeder road rehabilitation has succeeded and has contributed to export potential. There are over 22,000 km of feeder roads, and USAID helped to improve maintenance on the network and to rehabilitate 974 km of road under the APPP (PACD 9/30/91). The World Bank also supported the feeder road rehabilitation effort, but even with that support the percentage of feeder roads in good condition increased only 2% in calendar 1991 from 14% to 16% of all roads.

Under the follow-on National Feeder Roads Rehabilitation and Maintenance Program (NFRRMP), which is 20% funded by USAID, steps are being taken to accelerate feeder road rehabilitation and maintain more rural roads. A training school, largely funded by USAID, is being constructed for private sector contractors so that more firms can be taught how to care for feeder roads, and the increased funding can be put to use. This year, an additional fourteen contractors have been trained, which increased the total number of trained contractors by one third from 41 to 55. Increased emphasis on maintenance has resulted in almost twice as many km of feeder roads being maintained now as were being maintained in 1989 (2000 km vs. 1070 km in 1989). With an increased level of resources and increased maintenance effort, the percentage of feeder roads in good conditions rose from 16% in 1991 to an estimated 20% in 1992.

According to a study by the Department of Feeder Roads of the socioeconomic impact of feeder roads, a large number of benefits going to the neediest population groups. Typically, the people who live near these roads obtain the majority of their income from traditional, subsistence agriculture. Less than 10% of them use irrigation or mechanized farming methods. Improving feeder roads increases farmers income by 53% by reducing crop losses due to lack of storage facilities from 12% to 4%, allowing the farmer to profitably increase the size of his farm, and reducing

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transportation costs of bringing product to market. According to a socio-economic impact study of the USAID feeder road program, rehabilitation has some startling results.

- In the Brong-Ahafo region on roads near Berekum, 120 motor vehicles use rehabilitated roads on a normal day compared to 4 on unrehabilitated roads. Maize crop losses declined from 35% of production to 15%; cassava crop losses declined from 32% to 0%.

- In the poorer Upper East Region, 2 motor vehicles use the rehabilitated roads on a normal day compared to no use of unrehabilitated roads. Sorghum and Millet crop losses are 6% of production when roads are improved, compared to 12% and 20% for sorghum and millet, respectively, when the roads are unimproved.

- In the Northern region, rehabilitation of feeder roads resulted in a 25% increase in output and a 61% decline in transportation cost. It was estimated that the total benefits per household served would reach 126,000 cedis per year once the households had rearranged their lifestyle and production to take advantage of the feeder road. (In this area, casual labor makes 700 cedis per day.)

In 1992, the Mission conducted a baseline study to determine the impact of feeder road rehabilitation on the domestic resource cost coefficient (DRC) for selected export crops. DRC is defined as the ratio of the cost of producing a good domestically compared to the cost of importing an equivalent good. Hence, for yams, our study found that yams can be produced and brought to a wholesale market for 60% of the cost of buying a yam on the world market. Though not reported in the attached table, the study also found that one could buy a yam at the farm gate for 32% of the international price. The difference between 32% and 60% represents the transportation costs and other marketing costs of getting the yam to the wholesale market. Mission believes that feeder roads will lower the cost of getting yams and other products to the wholesale markets. Lower priced agricultural goods are more likely to be exported. And, in the case of cassava where the DRC is above 1, it will not be possible to export substantial quantities since the high DRC indicates that competitors will be able to sell cassava for less than Ghanaian exporters.

From 1992 onward, USAID will only fund feeder road rehabilitation in areas which have export potential.

Target 1.2: <u>Improved Enabling Environment for Export Firms</u>

The Mission has taken a number of steps to help export firms. As part of the design for the Trade and Investment Project, the

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Mission conducted a number of studies of industry conditions, world competition, and appropriate policies which must be implemented in order to make Ghana a world class exporter. Based on these studies, the Mission has carried out substantial policy dialogue with policy makers, both informally through hosting dinners and events with key individuals, and more formally with the help of the Implementing Policy Change project. It has publicized the importance of exports through public speeches by the Mission Director, articles in newspapers and journals, and conferences on how other countries have been able to develop rapidly by emphasizing exports. It has helped develop an association of exporters to facilitate exports. It has attempted to increase the amount of economic information available to the public by supporting publication of studies of current economic conditions and by financing seminars at which economic policy is discussed.

These efforts have borne tangible results. A Private Sector Working Group developed as a result of a Mission-funded MAPS study. The Private Sector Working Group reviewed Ghanaian laws and recommended a number of revisions which will encourage both domestic and foreign businesses by clearing unenforced laws on the statue books, simplifying forms, and reducing restrictions on businesses. Some of those changes have already been made, and the remainder are awaiting final approval by the ruling body of the GOG. Also, following extensive policy discussions between USAID representatives and a variety of levels of Government officials, the foreign exchange retention restrictions on exporters have been eased so that exporters can now get their export earnings converted into cedis at a market-based exchange rate. In addition, the Ghana Export Promotion Council has just agreed to stop setting minimum prices for exports.

If the Ghanaian economy was still controlled the way it was in 1983, none of these efforts would have had any impact. However, due to the widespread reforms in Ghana's economy and regulatory structure, the Ghanaian business community is responding. One indicator of the response is that the number of exporters of non-traditional goods increased 63% from 1990 to 1991. The MAPS survey found that only 7% of the firms that export are owned by women. To increase this percentage, the Mission is supporting initiatives by two NGO's, Aid to Artisans and Women's World Banking, which will have the effect of increasing opportunities for women.

Target 1.3: <u>Improved Capacity of Firms to Export</u>

It is ironic that the indicator for target 1.3, total value of non-traditional exports, was virtually unchanged between 1990 and 1991 at the same time that the number of exporters increased so dramatically. However, the lack of growth in the aggregate number masks significant development in a number of critical areas. Handicraft exports, for example, increased 93%, in part due to the assistance provided by Aid to Artisans which was funded by the

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Mission. Exports of furniture and furniture parts increased 42% from $2.5 million to $3.6 million. The Mission has identified furniture manufacturing as an industry full of both problems and potential. Other processed products (which includes a wide variety of products ranging from iron rods to dry cell batteries) grew 46% from $2.7 million to $4.0 million due to rapid growth in a large number of different products. Finally, pineapple exports grew 32% from $3.8 million to $5.1 million. Offsetting these increases were a 49% decline in sales of aluminum sheets from $9.6 million to $4.9 million and a 43% decline in sales of salt from $7.0 million to $3.9 million. In essence, Ghanaian exports are highly concentrated, and problems in one industry or failure of one major customer will cause dramatic fluctuations in export sales. Nonetheless, as our indicator suggests, the non-traditional export sector is still developing rapidly and further increases in exports are highly likely. In the past month, Mission has helped an American firm to contact a Ghanaian timber producer. They have agreed in principle to purchase teak which the Ghanaian firm considered to be waste wood. If the deal closes, Ghanaian exports will increase approximately $15 million the first year and is projected to expand to $50 million over three years.

PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
STRATEGIC OBJECTIVE 1									
Increase Private Sector-led Export Production and Investment	a) New employment opportunities (No. of new jobs created)	1992 (Prog. start)							
	b) Real per Capita Income of NTE workers increases 5%/year								
TARGET 1.1 Improve Infrastructure needed for export expansion	a) GOG improves _ km of roads selected on basis of export potential	300 (1989)	300 (A)	250 (A)	240 (E)	480	480	480	
	b) DRC at wholesale level for: Yam, Pepper, Pineapples, Cassava, Plantain declines __ % where feeder roads are improved. (% decline)	.60 .70 .75 1.51 .80 (1992)							
	c) Feeder roads maintained (number of km of roads maintained)	1070 (1989)	1200 (A)	1400 (A)	2000 (E)	3100	4300	5400	6500
	d) Trained, private contractors operating using labor intensive construction techniques. (no. of contractors operating)	7 (1988)	35 (A)	41 (A)	55 (A)	95	135	175	215
TARGET 1.2 Improved Enabling Environment for Export firms	a) Number of NTE exporters	1729 (1990)		2822 (A)					3200
TARGET 1.3 Improved Capacity of Firms to Export	a) Non-traditional Exports (millions of $/year)		62.3 (A)	62.6 (A)					

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

Strategic Objective 2: Reduce Fertility Rate to 6.1 by 1996

The Mission does not have any way of accurately measuring fertility until the Demographic and Health Survey is completed in 1993. This will be used as a baseline for future studies to enable annual estimation of fertility to meet people-level impact reporting requirements.

Target 2.1: Increase the use of modern family planning methods to 15% by 1996

Policy Dialogue: FY92 was the first year of population policy dialogue linked with non-project assistance. Because the Ministry of Health was unfamiliar with the implications of policy initiatives, the first tranche release was delayed by three months until all conditionalities were met. As a result, the following achievements were accomplished:

1. A wider distribution of contraceptives, oral rehydration salts (ORS) and malaria treatment throughout the private and public health service chain.

   - Condoms, foaming tablets, chloroquine and ORS were put on the 'exempt' list, removing them from all pharmaceutical distribution restrictions.

   - Public Health service providers with appropriate training, including traditional birth attendants, were authorized to distribute oral contraceptives.

2. Increased contraceptive and related products marketing by private firms and greater public accessibility to family planning, ORS and malaria treatment commodities.

   - The market women project was expanded from Accra to Kumasi, making these products more available.

   - A pilot project using hairdressers as distributors of contraceptives was begun.

   - Distribution of condoms through gas stations was begun.

3. Greater public awareness of population and family planning as a national priority with the support of national and community leadership.

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- The constituent assembly included language in the Constitution of the 4th Republic of Ghana requiring the government to create and maintain a population plan.

Project Activities: In addition to policy dialogue, project activities in the population field have continued. In this reporting period, A.I.D.-supported programs showed a 6% increase in couple year protection (CYP) delivered by the Ghana Social Marketing Program (GSMP) and a 13% increase in CYP delivered by the Ministry of Health. Unfortunately, the International Planned Parenthood Federation (IPPF)-supported program suffered a marked drop in CYP which offset the rise delivered by the GSMP and the MOH and resulted in no net gain in contraceptive distribution. Hence modern family planning methods are probably used by approximately the same percentage of the population as last year which is between 8% and 9%. Total contraceptive prevalence is estimated to be 18%.

The performance of these indicators is disappointing after the strong growth experienced earlier in the program. For example, between 1989 and 1990 GSMP CYP increased by 17.5% and the Ministry of Health by 41%. While these growth rates may not have been sustainable under any circumstances, the immediate cause of the slow-down appears to be a hiatus in advertising, which was brought about by a delay in the follow-on project implementation caused by a slow contracting process. Almost nine months passed between the issuance of the RFP and the award of the contract. In addition, the Mission attempted to implement a bridging buy-in to a centrally funded project to prevent the gap, but AID/W contracting was unable to complete the process in time to make the needed inputs available.

Comparing distribution of contraceptives in the first half of 1992 (the last period for which data are available) with the same period of 1991, the Ghana Social Marketing Program (private sector) showed the following results: Condom sales were up 8.5%, oral contraceptive sales were up 7% and foaming tablets were up 1%. After two years of stagnation, the Ministry of Health began to improve its performance, with condom distribution up 110%, oral contraceptives up 18%, foaming tablets up 11%, and Depo-Provera (not supported by A.I.D. but important to the overall contraceptive picture) up 26%. Unfortunately, IUD distribution fell (-3%) and there were fewer voluntary tubal ligations performed. The reasons for this remains unclear. Part of the reason for the marked increase in condom sales by the Ministry may have been the year-long AIDS awareness campaign that was supported by the Mission. This may have had an effect on decreasing demand for other contraceptives.

The Mission has continued to expand the number of providers of

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family planning information, goods and services. As mentioned above in the policy dialogue section, a remarkable number of new channels of supply have opened up as the result of a more liberal policy environment. Because of the newness of the program, we are unable to determine the precise impact of these, but we expect to be able to report next year. Support has continued to flow to the Ghana Registered Midwives Association and the National Traditional Birth Attendant Program (NTBA). The former is an important provider of services in that its members are able to reach an otherwise unreached population of less well educated women living largely in the urban fringe. The NTBA program helps to bring improved maternal and child health and family planning services to the rural areas. An evaluation of this program's impact showed a marked increase in clinical knowledge and application. It is particularly important that 80% of women delivered by trained TBAs had been referred to receive tetanus immunizations. If this can be sustained, it will mean the virtual elimination of neonatal tetanus. Despite good results in both of these programs, deficiencies were identified that are being remedied in the ongoing project. These largely have to do with establishing competency based training, improved supervision, effective logistical supply, and functioning referral networks.

CDIE Evaluation:

During 1992, the Center for Development Information and Evaluation conducted an evaluation of the thirty years of A.I.D. population assistance to Ghana. As is true of most countries in Africa, the results are mixed. Because of the collapse of the Ghanaian economy in the early eighties, the team found that the gains made in the 1970's were lost, and from 1968 to 1991, there had been negligible impact on total fertility rate and the population growth rate. However, A.I.D. assistance has contributed to improved understanding of population dynamics in Ghana, and A.I.D. supported Information, Education and Communication activities have contributed to widespread knowledge of modern contraceptive methods, a necessary precursor to any future increase in contraceptive use. The CDIE team identified three major reasons why population programs have not been as successful as they might have been: (1) Not all of the national leadership and senior decision makers felt that the goals and objectives of family planning were a national priority, (2) Family planning counselling and a wide range of contraceptive methods have not been regularly accessible in both urban and rural areas in a form acceptable to consumers, and (3) the dominant role of men in Ghanaian society.

The evaluation team found significant progress since 1987:

* the number of family planning service delivery points has expanded dramatically,

* nearly all of the clinics distributing contraceptives

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are reporting regularly, and

* the Ghana Social Marketing Program has made significant progress in expanding the number of delivery points for contraceptives provided by the commercial sector.

The Mission agrees with essentially all the findings of the CDIE team. The new project has been designed to address (1) national policy commitment to population control, (2) ever widening availability of information, goods and services, and (3) through education, an increasing role for women in determining their own fertility.

With the beginning of implementation of the new Family Planning and Health Program, the Mission expects that 1993 will show marked improvement in progress towards this strategic objective.

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PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
STRATEGIC OBJECTIVE 2									
Reduce fertility rate to 6.1 by 1996	Fertility rate	6.4 (1988/89)							6.1
TARGET 2.1									
Increase the use of modern family planning methods to 15% by 1996	% use of modern family planning methods	5% (1988/89)	7% (E)	8-9% (E)	8-9% (E)	10%			15%
	Total contraceptive prevalence (% use)	12.8% (1988/89)			18% (E)	19%			25%
	National Population Secretariat established and functional (yes/no)	No (1991)			No	Yes			

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

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Strategic Objective 3: Improve the Quality of Primary Education

The Primary Education Program (PREP) is in its second full year of implementation. It has $32 million in sector cash grant funds and a $3 million projectized component. The indicator of overall performance of the strategic objective will not be available until 1994.

Target 3.1: Improve the qualifications of primary school teachers

The GOG has developed and implemented a policy to train approximately 30,000 untrained teachers and provide professional development opportunities to all 63,000 primary school teachers. During the past year, the percentage of primary school teachers trained to minimum standards increased from 56% to 66% of total teachers. The project originally had a target of 70% by FY 93; it now appears that PREP will be able to exceed that target.

Target 3.2: Improve access in the North, Upper East, and Upper West

The GOG has developed and implemented a policy related to equal access to education in all regions of the country and has encouraged female participation by initiating eight Equity Improvement Program (EIP) pilot projects in 74 districts. The percentage or eligible children attending school in disadvantaged regions increased from roughly one third of eligible children last year to nearly two thirds of eligible children this year (source: Ministry of Education.) The Mission is working with the Ministry to confirm the accuracy of these data. However, there is some confirming data in that the Ministry of Education's Statistics Bureau also provided data showing a dramatic increase in enrollment at schools having EIP pilot projects. Furthermore, some schools with scholarship programs for female students have reported significant increases in access rates. The breakdown between males and females is not yet available for the schools with EIP projects for the current year. However, between the 1989-90 and 1991-92 school years, females as a percentage of total attendees throughout the country increased from 33% to 34% in the Northern district, from 35% to 38% in the Upper East, and from 39% to 41% in the Upper West.

Target 3.3: Increase the availability of educational material

The percentage of children having received primary education textbooks more than doubled over the academic year, from 21% in 1991 to 50% in 1992. This is, again, ahead of target, in part because the Mission was able to convince the Government of the importance of rapidly moving textbooks from warehouses to school

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rooms.

Target 3.4: Rationalize school administration system

There are still 31 empty slots for district education officers in the system. However, though no one has been formally hired, 31 officers have been vetted and selected, and will soon be officially hired.

Target 3.5: Develop and implement criterion reference testing program

A criterion reference test was developed and used to test 12,000 children for literacy. The test was administered one year ahead of the schedule contained in the project paper because the Mission wanted to start using it to track the effectiveness of PREP.

Target 3.6: Rationalize education budget

The GOG appears to have met all of the conditions precedent (Cps) to the FY 1992 tranche disbursement. These include:

- the budgetary commitment to instructional materials was increased to 4% (from 3% in 1991). The GOG has developed and implemented an action plan for increasing this amount to 6% in 1993,

- the financial commitment to primary education was honored, with 3.5% of the total GNP allocated to education and a 42% share of the MOE budget designated for basic education,

- the MOE has developed a formula to disaggregate budget and expenditure data for primary education.

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ANNEX A

REVISION OF INDICATORS

Target 3.4: Rationalize school administration system

The Mission originally proposed that the Ministry of Education hire 700 sector supervisors to perform regular school inspections. The Ministry of Education had difficulty hiring 700 people with appropriate skills. They suggested an alternative in which 250 circuit monitoring assistants would be hired to travel to each school, observe operations, and collect data. The circuit monitoring assistant would report to 250 newly hired circuit supervisors who would perform program reviews. It appears that this arrangement will be less expensive than the original proposal, and more consistent with the decentralization reform which the Ministry is undertaking. Therefore, the Mission concurred in this change. The Mission proposes changing the indicator from "700 sector supervisors hired and trained" to two indicators: "250 circuit supervisors hired and trained" and "250 circuit monitoring assistants hired and trained".

PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90 (89/90)	FY 91 (90/91)	FY 92 (91/92)	FY 93	FY 94	FY 95
STRATEGIC OBJECTIVE 3								
Improve the quality of primary education	% of children completing P6 who are literate and numerate	11% (1988/89)				45%		80%
TARGET 3.1								
Improve the qualifications of primary school teachers	% of primary school teachers who are trained to minimum standards	51% (1988/89)		56% (A)	68% (A)	70%		85%
TARGET 3.2 Improve access in the North, Upper East, and Upper West	% of eligible children attending school in:							
	Northern Region	30%	32%	34%	57%	40%		50%
	Upper East	31%	33%	28%	53%	40%		50%
	Upper West	32% (1988/89)	34% (A)	35% (A)	58% (A)	40%		50%
TARGET 3.3 Increase the availability of education material	90% of primary students have texts	10% (1988/89)		21% (A)	50% (A)	55%		90%
	95% of teachers have instructional materials	10% (A)		21% (A)	50% (A)	60%		95%

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

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PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90 (89/90)	FY 91 (90/91)	FY 92 (91/92)	FY 93	FY 94	FY 95
STRATEGIC OBJECTIVE 3								
Improve the quality of primary education	% of children completing P6 who are literate and numerate	11% (1988/89)				45%		80%
TARGET 3.1								
Improve the qualifications of primary school teachers	% of primary school teachers who are trained to minimum standards	51% (1988/89)		56% (A)	66%	70%		85%
TARGET 3.2 Improve access in the North, Upper East, and Upper West	% of eligible children attending school in:							
	Northern Region	30%	32%	34%	57%	40%		50%
	Upper East	31%	33%	28%	63%	40%		50%
	Upper West	32% (1988/89)	34% (A)	35% (A)	68% (A)	40%		50%
TARGET 3.3 Increase the availability of education material	90% of primary students have texts	10% (1988/89)		21% (A)	50% (A)	55%		90%
	95% of teachers have instructional materials	10% (A)		21% (A)	50%	80%		95%

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

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PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90	FY 91	FY 92 (1991-92)	FY 93	FY 94	FY 95
STRATEGIC OBJECTIVE 3		1988/89						
TARGET 3.4 Rationalize school administration system	110 district education officers hired and trained to manage the schools at the district level	11	38 (A)	79 (A)	79 (A)			110
	250 Circuit Supervisors hired and trained to manage schools at the district level in rural areas (professional grade positions)	0			235 (A)			
	250 Circuit Monitoring Assistants (National Service Members) trained and placed in rural areas at the district level to assist in schools monitoring activities	0			250 (A)			
TARGET 3.5 Develop and implement criterion reference testing program	Tests developed and conducted each year starting in 1993 (P6 pupils). Minimum 80% of P6 children tested	No Program		Test dev. under-way (A)	Nat'l pilot test of 12,000 P6 pupils (A)	Pilot continues	P6 Testing nation-wide	
TARGET 3.6 Rationalize education budget	38% of MOE budget goes to basic education	39%	38% (A)	42% (A)	42% (A)	38%		38%
	6% of basic education budget spent on instructural material	1.5%	2% (A)	3% (A)	4% (A)	4.5%		6%
	Gap between budget and spending reduced by 80% by 1995	30%	18% (A)	2% (A)	Not yet determined	12%		6%
	Budget data are disaggregated so that primary education is a separate category	Not Disagg.		Not Disagg.	Disagg.	Disagg.		Disagg.

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

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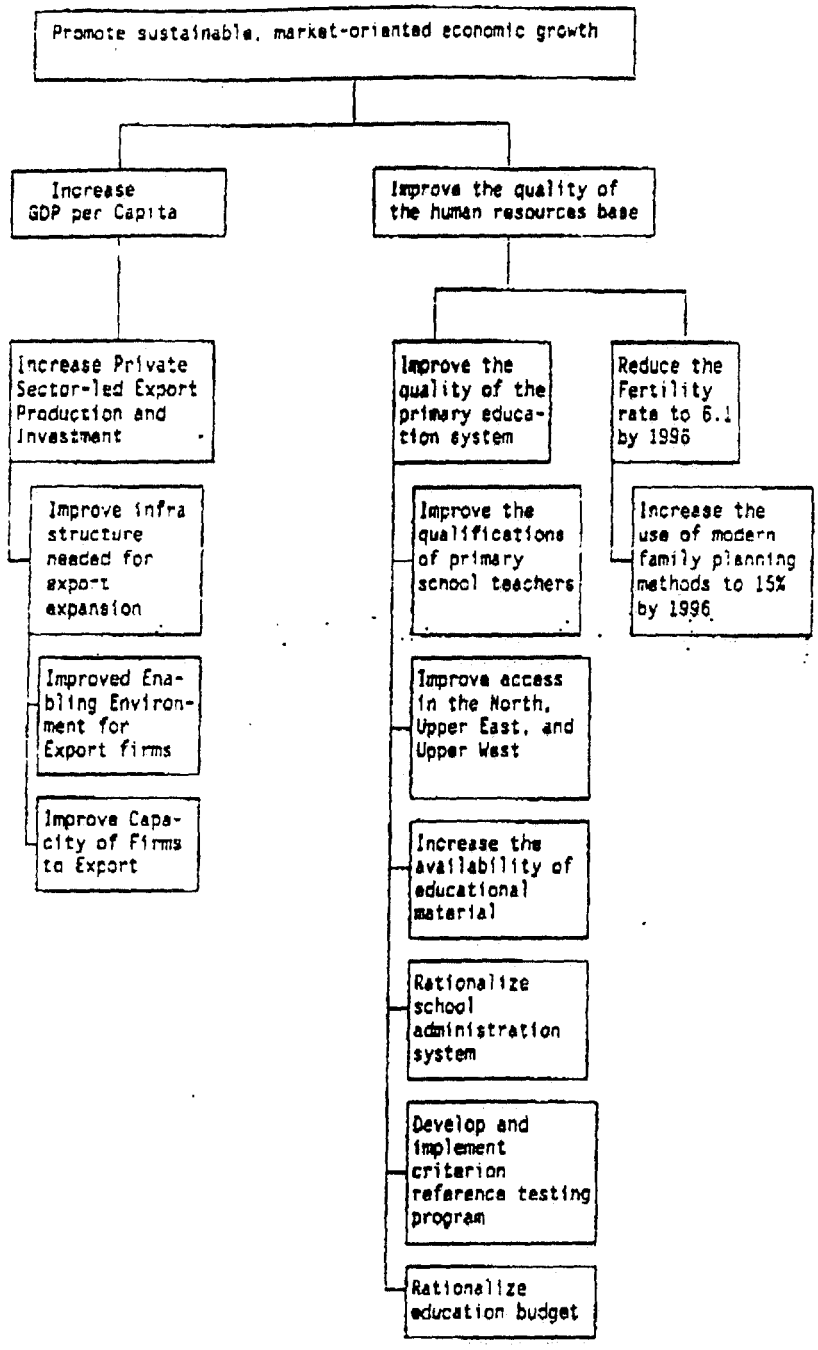
A.I. D.'S LOGFRAME/OBJECTIVE TREE



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ASSESSMENT OF PROGRAM IMPACT

1992

USAID GUINEA

Conakry, Guinea
November 1992

Assessment of Program Impact -- 1992

Guinea continues to make progress in its economic reform program and has embarked upon the precarious journey to democratic reform. After a poor start to 1992, the Government of Guinea's (GOG) economic policy performance improved sufficiently to merit expected releases of over $125 million under structural adjustment programs by the end of 1992. On the democratization front, legislative elections are planned for December, and freedoms of the press and association have been broadened. Although the quality of life has improved steadily for Guineans since the liberal reforms of the mid-1980s, much more needs to be done: according to the United Nation's 1992 Human Development Indicator, Guinea is rated the lowest among 160 countries, behind Cambodia, Chad and Sierra Leone (based on life expectancy, education and per capita income).

I. Four Special Factors Affecting the USAID Program

Structural Adjustment Measures: The past year was marked by the GOG's renewed efforts to improve economic management. An Enhanced Structural Adjustment Facility (ESAF) was approved by the International Monetary Fund (IMF) in November 1991. The program got off to a poor start, as a doubling in salaries for civil servants in mid-1991 resulted in missed fiscal and monetary targets. A 21 percent drop in aluminum prices international markets in 1991 adversely affected state revenues and contributed to Guinea's economic imbalances.

In early 1992, however, the GOG began to place strict limits on public expenditures. This was complemented by significant increases in tax collections, beginning in May. In addition, the GOG has resumed the privatization of major state enterprises, including the electricity, telecommunications and petroleum distribution companies, and the elimination of irregularities in its civil service rosters.

The impact of these measures has been mixed. On the one hand, the GOG has held inflation below 20 percent per year, exchange rates have stabilized, and wasteful expenditures have been reduced. This bodes well for private sector growth and more efficient government operations. On the other hand, the fiscal austerity of the past several months has held back development activities in the social sectors (especially, the USAID-supported, multi-donor Basic Education Reform Program) and has hurt those sectors of the economy that are most dependent on state spending (for example, Conakry's formal, commercial sector).

Political Change: The adoption of a new constitution, *La Loi Fondamentale*, by a 90 percent majority in a referendum that was held in December 1990, has set the stage for democratic elections for the first time since independence from France in 1958. Elections for a National Assembly are scheduled for December 27, 1992, with presidential elections to follow during early 1993. In addition, a Supreme Court has been newly established and accorded an independent status as of October 1992. Furthermore, many communities have begun to benefit from a transfer of government authority to the regional and local levels. Laws limiting meetings by opposition political parties were relaxed in April 1992 and press freedoms have been broadened. There was a modicum of backsliding in September, when the GOG introduced a three day advance notice requirement for public demonstrations, but on balance the political atmosphere is more open than it was a year ago.

With the new political freedom, there are greater opportunities for positive social and economic change. There are also transition costs. While Guinea is emerging from more than 30 years of non-democratic rule, it has managed, thus far, to avoid the civil unrest that is plaguing neighboring countries such as Liberia, Sierra Leone and Togo. Nevertheless, there is increased uncertainty, punctuated by public demonstrations which have occasionally become violent. The impact has been two-fold. First, the demonstrations themselves are mildly disruptive to economic activity. Second, uncertainty over political developments tends to discourage large-scale private investment, stealing some of the momentum created by improved economic management and rural credit and agricultural marketing promotion activities.

Regional Instability: Civil and political turmoil in West Africa, and particularly in Liberia and Sierra Leone, often spills over into Guinea. There has been a direct cost to the state as it attempts to maintain security in border areas and contributes to regional peace-keeping efforts. In addition, there are an estimated 500,000 refugees in Guinea from the recent strife. The Forest Region, where most refugees reside, was also beset by localized drought during 1991/92, causing a 40 to 60 percent shortfall in the region's rice production.

Transition in the USAID Program: Over the past year, the USAID Mission's activities have matured from an intensive planning and project design stage to more active project implementation. USAID's Country Program Strategic Plan was approved in October 1991, core (direct hire) staff on board has increased from 7 to 12 in the past 18 months, and teams from contractors and grantees implementing major activities in family planning, natural resource management and roads projects are relatively new or are just beginning operations. The shift to implementation has occurred in an atmosphere of improved working relationships with

the host country and donor counterparts. This has facilitated strong progress in the project start-up phase and bodes well for the future.

II. Progress Towards Overall Program Goal

USAID's Program Goal is **increased economic and social well-being of all Guineans in a participatory society.** Guinea's performance demonstrates clear progress towards this goal, though the country is starting from a weak base and the pace of change is quite gradual. Recent progress is assessed in four dimensions (see also Table 2 for program indicators at the Goal and Sub-goal levels):

Economic Growth and Development: The overall trend in Guinea's economic growth has been positive since the introduction of the Economic Policy Reform Program (PREF) in 1985. This Program entails market liberalization, improved macroeconomic management, administrative reforms and state withdrawal from productive and financial sector activities best reserved for the private sector. The results of the PREF are demonstrated by the increasing importance of the private sector (see figure 1) and by an average 1.6 percent increase in per capita GDP between 1986 and 1990. An important element of this success was external foreign assistance. Guinea's donors provided extensive technical assistance and over $250 million per year in new grants and loans between 1986 and 1990. The U.S., the second largest bilateral donor after France, contributed $20 million per year.

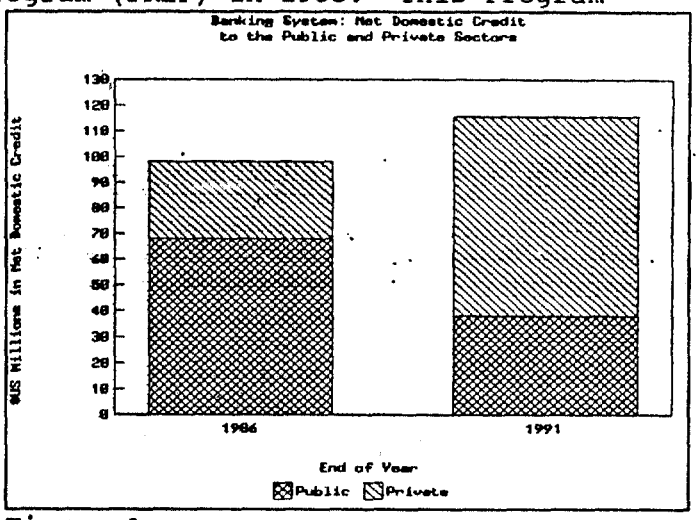

Figure 1

Economic activity in the more visible public and "formal" sectors was stagnant in 1991 and early 1992. GDP per capita declined by 0.4 percent in 1991 and it is likely to increase by only 1.1 percent in 1992. Mining revenues declined due to lower world prices for aluminum, and management problems at two key mining operations (*Office de Bauxite du Kindia* and AREDOR). In addition, GOG efforts to contain budget deficits have contributed to the slowdown in economic activity. On top of this,

disbursements of foreign assistance were slow during 1991 because of delays in project implementation and the failure to satisfy conditionalities for adjustment lending. Guinea's deficit on current account (including grants) increased from 8.3 percent in 1990 to 8.8 percent of GDP in 1991.

While self-restraint in public expenditure has been effective since early in 1992, it was not until May and June that revenue collections increased. Thus, to offset large salary increases from late 1991 and continued subsidies to state-owned enterprises such as the public transportation company, the GOG has had to keep expenditures on public investment and non-salary recurrent costs quite low. Expenditures in the education sector have been severely affected by these policies (see Section III. C., below).

These recent budget developments are reflected in statistics on Treasury borrowing from the banking system. At the end of December 1991, net Treasury borrowing amounted to GNF 41.6 billion. This peaked at GNF 59.7 billion at the end of March 1992. By the end of August, borrowing was successfully reduced to GNF 39.2 billion, satisfying structural adjustment program targets (US$ 1.00 = GNF 923).

In contrast to the weak performance of the formal sector, there are strong indications of more vigorous developments in the private, largely unrecorded, sector of the economy than the foregoing would suggest. The evidence, though piecemeal, is encouraging. Half of 323 entrepreneurs participating in a 1991 J.E. Austin and Associates survey reported that the business climate had improved in the past three years. Similarly, 63 percent had experienced increased sales over the previous 12 months, and 63 percent expected continued sales increases over the next year. USAID's interaction with agricultural producers and traders, in the context of the new Agricultural Marketing Investment Project, confirms a resurgence in activity, particularly in markets for fruits and vegetables. Added to this is the observation that changes in Guinea's net foreign exchange position are not fully explained by formal exports and capital inflows. It is likely that there are significant inflows of foreign exchange due to unrecorded trade, improved confidence in the Guinean economy and flight capital from neighboring countries. (See also, Box 1.)

Health and Nutrition: UNICEF reports that the proportion of children vaccinated for six major diseases has increased from 30 percent to 49 percent since 1990. Otherwise, there is little direct evidence of improvement in the health or nutrition of Guineans.

However, a number of new studies have been critical in describing the dimensions of Guinea's health and nutrition problem. For example, infant mortality rates are 145 per 1,000 live births; 73

Box 1: Developments in Guinea's Interior

Guinea is rich in natural resources and both geographically and socially diverse. In order to appreciate the progress of development efforts in Guinea, and particularly in the interior, it is useful to look at differences and trends across Guinea's administrative regions.

Maritime Guinea(population 1.2 million in 1991, excluding Conakry): Highest in income ($100 per capita, annually) and second in primary school enrollment rates (28.4%) among the four regions, Maritime Guinea is also leading the way in terms of agricultural development. As the 1992/93 harvest begins, the region is already increasing exports of pineapples, melons, and other fruits and vegetables. In particular, the area around Forecariah, where USAID, the EEC and private investors are active, is experiencing rapid growth this year. Furthermore, Maritime Guinea's rice yields and peanut production have increased significantly over the past few years. Land cultivated by smallholders has increased by an estimated 10 percent per year for the past three years. Major development projects in the region include 700 km in highway and rural road construction (78 percent financed by USAID), reforestation, and rice and palm production projects.

Maritime Guinea is also host to the three large bauxite and alumina concessions. Here the picture has been mixed: world prices are down; at *Companie de Bauxite de la Guinea* (CBG, the North American concession), output is up; at FRIGUIA (the French concession), output is stagnant; the former Soviet concession, *Office de Bauxite de Kindia*, production is down and the operation is in serious finance disarray pending restructuring.

Middle Guinea (population: 1.3 million): Poor infrastructure keeps the rich agricultural potential of this region down. As a result, Middle Guinea is the second poorest region ($55 per capita average income) and the second lowest in primary school enrollment (23.3%). Moreover, poor rains in some parts of the region adversely affected rice and maize production in 1991/92. Nonetheless, Middle Guinea has had a moderate, 3 percent, rate of growth in area cultivated by smallholders over the past three seasons. Major development projects include 600 km in roads (47 percent USAID), the USAID Natural Resources Management Project, and FAO and PVO reforestation projects.

per 1,000 in Conakry. The incidence of low birth weights (under 2.5 kg.) is high, at 25 percent. Child (under 5) mortality rates are 237 per 1,000; 221 per 1,000 for girls. Malaria and related respiratory diseases account for 63 percent of child deaths; diarrheal and skin diseases account for another 27 percent. Nationally, there is only one doctor per 9,281 inhabitants. This climbs to one per 13,000 outside of Conakry.

Human Resource Development: Guinea's development remains hamstrung by the earlier neglect of its educational system. Literacy rates are among the lowest in the world and there are

Box 1: Developments in Guinea's Interior (cont.)

Upper Guinea (1.3 million): This is Guinea's poorest region ($42 per capita income) and lowest in primary school enrollment (20.9 percent). Growth in agriculture has been strong, with area cultivated increasing at an annual rate of 8 percent, favoring peanuts, cassava and fonio (a local cereal). Gold and diamond mining are also important in this region, though production by the mining concessions was poor in 1991. Major development projects include 700 km in roads (38 percent USAID), and food crop and cotton production projects.

Forest Guinea (1.1 million): At $65 per year, incomes are below average. However, the region leads in primary school enrollment (35%). This region has been most affected by the civil war in Liberia and by Sierra Leone's political crises. It has absorbed 500,000 refugees over the past 3 years. It also suffered from isolated drought and civil unrest in 1991/92. As a result, food (especially rice) production was adversely affected. This region is also experiencing the slowest growth in agricultural production, with only negligible increases in area cultivated during the past three years. Donors' activities include 900 km of roads (77 percent USAID) and humanitarian assistance for refugees.

severe shortages in many skill areas. (See section III. C, below, regarding primary education.)

To address the human resource constraint in the public sector, several donors are supporting institutional development projects and training programs. Areas of emphasis include financial management, public administration and health care. For instance, USAID's interventions are helping to make use of public resources more efficient in the agriculture and education sectors. In addition, over 2,000 civil servants, among them 29 percent women, have benefitted from USAID-financed long and short term training since 1960. Of these, 800 received training in FYs 1991 and 1992.

The private sector is also benefitting from training opportunities and from efforts to encourage Guineans who are living outside of the country to return. USAID alone has sponsored training for nearly 1,400 individuals in the private sector since 1960 (over 400 in 1991 and 1992), 59 percent of them women, in such areas as entrepreneurship, marketing, financial management and technical fields.

In addition, through efforts to improve the investment climate and living standards, the GOG, USAID and other donors are attempting to Guinea's largest reservoir of human resources, the nearly 2 million Guineans living outside the country. One GOG program has encouraged 78 trained Guineans to visit, and 23 to return for good, since 1985.

Increased Participation: Adoption of *La Loi Fondamentale* in 1991 and the new Land Tenure Code in 1992 have opened the doors for increased participation of Guineans in the political and economic decisions that affect them. Many of the barriers to political party activity have been brought down during 1992 and national legislative elections are scheduled for December.

La Loi Fondamentale also provides for decentralization. One new unit of local government is the Rural Development Community (CRD). The number of locally constituted CRDs has increased from 19 to over 100 since the end of 1990. Similarly, Urban Communes have been established in 33 cities in Guinea. Training in market town management provided under A.I.D.'s Human Resources Development Project assisted the municipal governments of Pita and Timbi-Madina to increase their locally-managed revenues, albeit from a small base, by 925 percent and 113 percent, respectively, during 1991.

III. Progress Towards Strategic Objectives and Related Progress Indicators

A. Strategic Objective No. 1

The direct impact to date of USAID's current activities on **growth and increased efficiency in agricultural markets (SO-1)** has been modest. By their nature, many of USAID's activities, such as institution building and support for policy reform, will have only indirect or longer-run impacts on the welfare of the Guinean people. In addition, several of USAID's current rural development activities are in the early stages of implementation. Yet, it must be noted that the current activities build on past successes in this domain: USAID has played a key role in supporting economic reform and market liberalization in Guinea since the mid-1980s. This has helped Guinea's rural, non-mining sector to grow at a rate of 2.8 percent per annum between 1986 and 1991.

Market Growth and Efficiency: Long term trends in agriculture production and marketing appear to be strongly positive largely as a result of the state's withdrawal from these activities. However, existing data do not provide a very satisfactory basis for measuring change. It appears that production increases are largely due to increases in area planted rather than yield improvements. Land cultivated by smallholders has increased by an estimated 5.4 percent per year since 1988/89. Although rice production may have declined in 1991/92, this is largely explained by localized drought and civil disruptions in the Forest Region. In contrast, maize and peanut production have increased over the past three years. As noted above, it appears that agricultural export activity is also experiencing a

resurgence in 1992. This is further reflected in the apparent growth of producer and trader organizations.

Policy and Regulatory Environment: The GOG has adopted a number of policy, regulatory and administrative reforms over the past year. USAID has contributed to these accomplishments, through technical assistance, training, financial support and dialogue, especially in the Ministry Agriculture and Animal Resources, the Ministry of Plan and Finance, and the Central Bank. Specific accomplishments include:

- Positive real interest rates at the Central Bank, an important step for mobilizing domestic savings and achieving stability in the financial system.

- Correcting an undervaluation of the Guinean Franc, a measure to slow public debt accumulation and to allow imported inputs and consumer goods to reflect world market prices.

- Eliminating technical irregularities in the civil service personnel and payroll records, to reduce unproductive public expenditures. PL-480 counterpart funds supported this effort.

- GOG adoption of a Land Tenure Code seen as a necessary condition for rural development and the growth of agricultural investment. Land tenure reform is central to the Performance Indicators under USAID's Multi-Year, 1992-94, PL-480, Title III Program.

- GOG adoption of an agricultural sector strategy (*La Lettre Politique de Développement Agricole*, LPDA) which stress a liberal and stable economic environment for agricultural growth, with emphasis on increasing food and export crop production. The LPDA goes on to present a program of action involving: a) food security; b) export promotion; c) promotion of rural enterprise; d) priorities for public services in support of the sector; e) infrastructure; and f) natural resource management. This program promises to focus development resources within the agricultural sector, increasing the effectiveness of GOG and donor programs in this area.

- Abolition by decree of three state-owned enterprises in the agricultural sector, AGRIMA and SEMAPE (inputs) and FRUITEX (exports). The GOG is also in the process of privatizing its electricity and telecommunications operations. Privatization of fuel distribution in 1992 has encouraged major oil companies to intensify their investments in Guinea.

- Improved financial and personnel management systems in the Ministries of Agriculture and Animal Resources (MARA) and Plan and Finance (MPF). Over time, these improvements will help to increase the GOG's effectiveness in providing the infrastructure and public services required for rural development.

While further efforts to adopt and implement policy and regulatory changes are needed to increase the efficiency of agricultural markets, considerable progress has been made in recent years. According to the J.E. Austin and Associates study, only 14 percent of firms (27 percent in the formal sector and 10 in the informal sector) reported that government regulations had a negative effect on their sales volumes over the course of the previous year.

Financial Intermediation: Guinea's financial sector remains poorly developed. Personal and family sources of financing remain the principal source of capital for Guinean households and firms. In a 1992 study of 51 agribusinesses by Management Consultants, 88 percent of respondents identified personal funding as their primary source of financing for their operations, while only 6 percent cited commercial banks as the primary source. Domestic lending to the private sector by Guinea's six commercial banks totals only $153 million in 1992, of which only 7.5 percent is medium or long term lending and only 15 percent is provided directly to the agricultural sector. In response, USAID's Agricultural Marketing Loan Guarantee Fund is designed to stimulate increased agricultural lending. In addition, up to $2.7 in counterpart funds generated USAID non-project assistance will be lent to the agricultural private sector through the *Banque Populaire Moroco-Guinéene*.

With USAID technical assistance and training at the BCRG for bank supervision, monitoring of commercial banks has improved. Initial assessments identified the serious financial difficulties at two commercial banks. As a result, improved reporting requirements and bank regulations have been developed and should be instituted after the elections. However, this assistance has yet to result in improved banking performance or increased development lending. Lack of autonomy of the BCRG and the lack of credit history of most Guineans continues to inhibit growth in sound financial intermediation.

In sharp contrast, there is now a nascent but dynamic group of non-bank financial institutions. Among these are a Council for International Development project (PRIDE), supported under a USAID cooperative agreement and the *Credit Rural* program, supported by France (CCCE) and USAID. There are also the Peace Corps Rotating Credit Fund and the CCCE-funded *Credit Mutuel*. Each of these four programs is characterized by small scale loans, innovative means of risk sharing and high repayment rates

to date. PRIDE has made 715 small loans totaling $90,000 over the past year -- an average of $125 per loan. PRIDE's repayment rates, so far, are 100 percent. Over 56 percent of all loans have gone to women. *Credit Rural*'s lending totals $1.2 million to over 21,000 clients, or $50 per loan. *Credit Rural*'s repayment rates are 99.9 percent. Counterpart funds generated from Guinea's 1986 African Economic Policy Reform Program provide funding of $220,000 for *Credit Rural* loans to 2,200 of these clients, or $100 per client.

Investment Services: USAID's major initiative to address private sector needs for investment and marketing services, the Agricultural Marketing Investment Project (AMIP), was approved in August 1992. In developing this project, USAID has identified an evolving private sector capacity to undertake market studies and feasibility studies and to provide trade and information services. AMIP will nurture and complement this capacity.

USAID's interaction with private operators has further confirmed the conclusion that existing public and para-public organizations designed to promote the private sector are moribund. (See J.E. Austin Associates, Management Consultants and International Business Center of Conakry studies.)

Roads: Three USAID projects address the reduction of agricultural marketing costs through improvements in road infrastructure. The Farm-to-Markets Roads Project, implemented by the U.S. PVO, AFRICARE, has completed 10 bridges near Forecariah in the Maritime Region. However, road construction and rehabilitation activity under Farm-to-Market Roads, as well as the Rural Roads and Agricultural Infrastructure Projects is just beginning with the 1992/93 dry season (October - May).

B. Strategic Objective No. 2

The USAID program is already having a tangible impact on the **increased ability of families to determine household size (SO 2).** Since implementation of the Contraceptive Social Marketing Project began only in September 1991, it is still too early to expect changes in national fertility rates. Nevertheless, the following areas of accomplishment can be highlighted:

Commodity Delivery and Demand: USAID funding has facilitated the rapid growth of condom delivery and the introduction of private marketing channels for these contraceptives. Over 2.2 million condoms were distributed in Guinea during the first 9 months of 1992, exceeding distribution targets by nearly 300 percent. Of these, 85 percent are channeled through the private sector. These figures indicate that, at least for a segment of Guinea's population, sexual behavior is changing. Population Services International (PSI), the implementing agency, will also be

introducing additional contraceptive methods, including oral contraceptives during the next 12 months.

Knowledge: PSI is successfully implementing a mass-media program to increase the public's knowledge of family planning issues and contraceptive availability. Billboards, television and radio spots are among the approaches used. PSI estimates that over 500,000 couples (or approximately one-third of the target population) have been reached through its information efforts. According to the 1991/92 Demographic and Health Survey, between 13.9 and 15.9 percent of women (ages 15 to 49) in the USAID project areas are aware of modern and traditional birth control practices. It is notable that the public dialogue has been raised to such a level that religious leaders have actually participated in publicly broadcast radio discussions on the merits of contraceptive use.

Policy: A major accomplishment of the past year has been the adoption of a national population policy by the GOG's Council of Ministers in May 1992. The new policy permits and encourages the use of modern contraceptives for family planning purposes, approves the role of the private sector to distribute contraceptives, and sets specific objectives for the implementation of family planning programs. In addition, USAID and PSI are working with AGBEF, a Guinean NGO, to prepare a Family Code addressing women's rights regarding their own fertility. This Code will be submitted for GOG approval during 1993.

HIV/AIDS Prevention: Guinea's rate of HIV/AIDS prevalence, is low compared to that of other African countries. Sentinel surveys conducted among pregnant women in 1990 showed a seroprevalence rate of 0.77 percent. Rates of 5.4 percent are reported in studies of tuberculosis patients. Total reported AIDS cases are 543, of which 61 percent are in the 30 to 49 age group. Infected men outnumber infected women, 2.9 to 1. Under-reporting is understood to be significant.

Guinea has a unique opportunity to limit the spread of this disease. The Contraceptive Social Marketing Project, by increasing awareness and supplying condoms, is clearly assisting Guinea in this struggle.

C. Strategic Objective III

Guinea successfully **increased enrollment in primary schools, with emphasis on rural female participation (SO-3)** during the past two years. However, both USAID and the Ministry of Primary Education and Professional Training (MEPUFP) are disappointed with the pace of reform implementation within the education sector. The result is that desired improvements in the quality of primary education are being retarded.

Primary School Enrollment: Primary school enrollment, nationwide, increased by an average of 3.2 percent per year for both boys and girls 1989/90 and 1991/92 (see SO-3, indicator 1). The Gross Primary School Enrollment Rate is thus, 34.3 overall and 23.5 percent for girls. This is still far below the average for Sub-Saharan Africa in 1989 of 69 percent overall and 61 percent for girls. The seriousness of the educational and economic status of primary school children is underscored by the recent finding that over 530,000 children, ages 7 to 14 are actively engaged in the countries work force, compared to primary school enrollments of about 315,000!

Budgets for Primary Education: Improvements in primary education are constrained by the low level, poor timing and inappropriate structure of GOG expenditures. The small, real increases in the educational budgets have barely kept up with personnel costs. Equipment and teaching materials (rudimentary black boards, chalk, etc.) never receive the required funding. Compounding this problem, GOG financing has been coming quite late in the year, making it virtually impossible to position needed materials before the start of the school year and creating a mad rush to complete procurement actions at the end of each budget year. Apart from PL-480 counterpart funds (used for classroom construction) and other donor financing, the GOG failed in both 1991 and 1992 to finance planned investments in infrastructure for primary education.

Intensive dialogue with the Ministry of Plan and Finance has led to an agreement in principle to release nearly $6 million for operating costs in the fourth quarter of 1992, but this has not yet filtered down to the primary schools. Expected inflows of balance of payments assistance at the end of 1992 should ease the overall budget constraints of the GOG and allow more adequate and timely funding in 1993.

Financial and Administrative Management: USAID-financed technical assistance is directed to improving management systems in MEPUFP, in order to improve the quality of primary education over time. In the past year, this assistance has helped to empower Ministry officials to pursue GOG financing. A parallel achievement as the 1992/93 school year begins has been the reassignment of approximately 1,000 under-utilized secondary school teachers to under-served rural primary schools.

ANNEX A: Revisions in Indicators and Expected Levels of Achievement

USAID Guinea's Country Program Strategic Plan was reviewed in Washington in October 1991. Subsequent to that review, the Mission elaborated program indicators and levels of achievement. These were submitted to the Africa Bureau on January 24, 1992. Through program implementation and the application of these indicators, it has been necessary to introduce minor revisions, either in specification of individual indicators or in the expected levels of achievement. Per 91 State 273190, these are summarized below. Current data are reported in Table 2 of this Assessment of Program Impact.

Program Goal

Indicator 3: Baseline and historical data were revised based on recent the recent "Priority Information Survey," PADSE Project, Ministry of Plan and Finance, 1992 and a recent UNICEF report.

Indicator 4: Specific indicators of progress in democracy and governance were rearticulated with reference to the Agency's and the Africa Bureau's country program ranking criteria.

Indicator 5: Indicator revised based on baseline data collected in 1992 special study by USAID.

Sub-Goal 1

Indicator 3: Data from Ministry of Plan and Finance utilized to provide consistent reporting over time.

Indicator 4: Revised to use available data from PADSE and Cornell Nutrition and Food Policy Program studies.

Indicator 5: Uses PADSE data.

Sub-Goal 2

Indicator 3: Reports total and female sub-total in lieu of male sub-total and female sub-total.

Strategic Objective 1

Indicator 1: Indicator respecified to benefit from availability of data from GOG's Permanent System of Agricultural Statistics (SPSA) and World Bank sources.

Indicator 2: Rearticulated to conform to existing sources of data, especially World Bank reports.

Indicator 3: Rearticulated to conform to existing sources

of data, especially SPSA and World Bank reports.

Indicators 4 and 5: Revised to track with road corridors addressed by USAID projects.

Target 1.1

Indicator 1: Indicator revised to conform to areas of USAID policy dialogue and development assistance and Agency and Bureau indicators.

Target 1.3

Indicators 1, 2 and 3: Revised to track with road corridors addressed by USAID projects.

Target 2.3

Indicator 1: Revised to capture data from 1992 Demographic and Health Surveys.

Table.1: USAID/Guinea
Country Program Strategy
Objective Tree

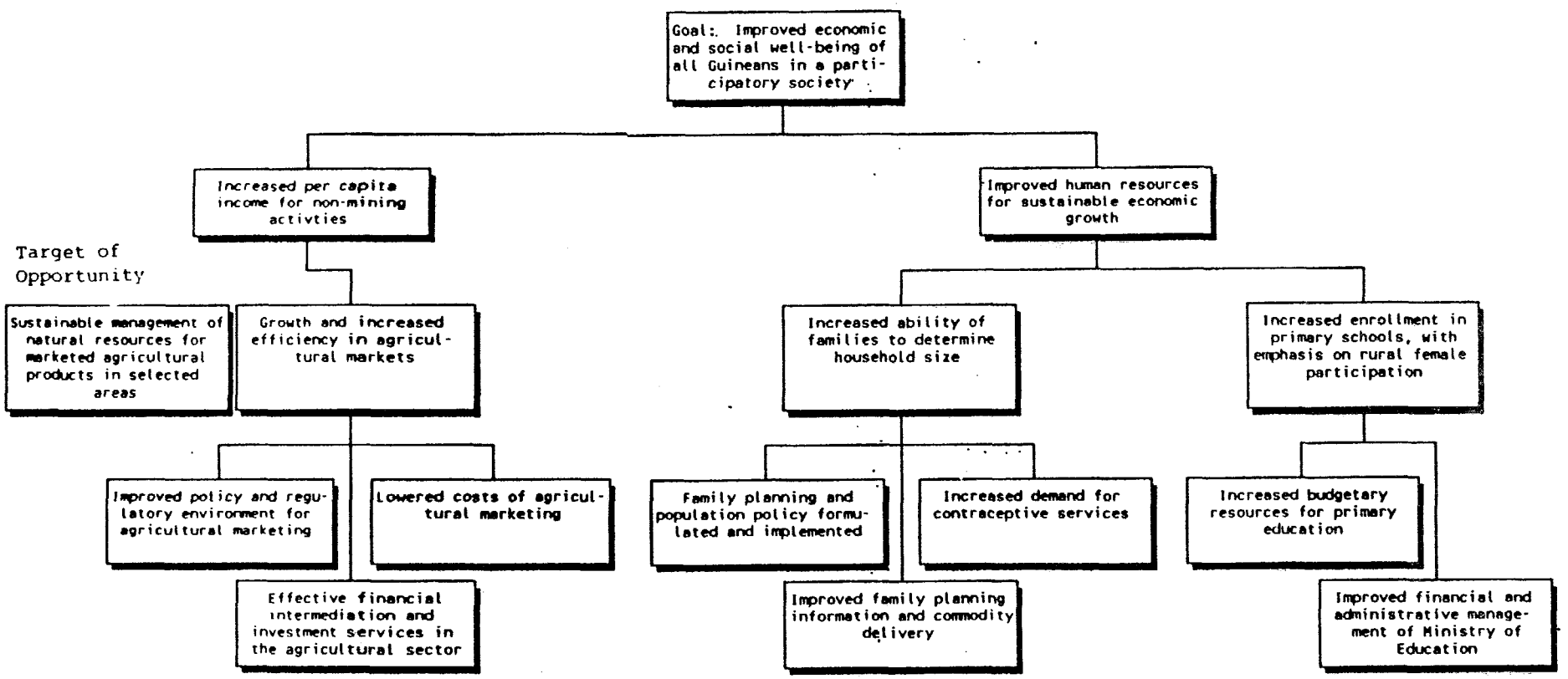

Table 2:
USAID/Guinea
Country Program Strategy

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
MISSION PROGRAM GOAL:	INDICATORS:									
Improved economic and social well-being of all Guineans in a participatory society.	1. Increase in real economic growth (growth rates):	1989 =								
	– GDP	$2.75 million	4.3%	2.3%/4.0%	3.8% est. /5.0%	5.5%	5.5%	5.0%	5.0%	5.0%
	– GDP per capita	$430	1.5%	–0.4%/1.2%	1.1 est./2.1%	2.6%	2.6%	2.1%	2.1%	2.1%
	2. Decrease in under-five child mortality rate (per 1,000)	1989 =		The GOG and UNICEF have set a performance standard of 90 per 1,000 by the year 2000.						
	– Female	224	221							
	– Male	249	245							
	3. Increase in literacy rate (% of adults)	1990 =								
	– Total	24%	24%	26%/NA	29% est./NA	30%	32%	33%	34%	35%
	– Female	13%	13%	15.5%/NA	18% est./NA	19%	22%	23%	24%	25%
	4. Institutionalization of a freer, more open society and accountable government:	1990 =	Scale of 1 to 10: 0 = Poor, 10 = Excellent							
	– Electoral Competition	0	0	4/NA	5/NA	8	8	8	8	8
	– Freedom of the Press	2	2	2/NA	3/4	6	6	6	6	6
	– Freedom of Association	0	0	0/NA	2/4	4	4	5	5	6
	– Human Rights	2	2	2/NA	4/NA	8	8	8	8	8
	– Decentralization	2	2	3/NA	4/5	6	6	7	7	8
	– Control of Corruption	2	2	2/NA	2/6	3	4	4	5	6
	– Rule of Law	2	2	2/NA	3/3	2	6	6	6	6
	– Independent Judiciary	1	1	1/NA	1/1	2	3	4	5	6

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
	5. Increase in share of public investment resources managed at the Rural Development Committee (CRD) level (public investment in selected CRDs in $US):	1990 =				Performance standards to be analyzed in FY 1993.				
	– 6 CRDs	NA	NA	NA	NA/$145,000					
	. Kolaboui CRD	$12,000	$12,000	$47,000/NA	NA/$42,000					
	. Missira CRD	NA	NA	$11,000/NA	NA/$19,000					
	. Sangaredi, Kona, Foufou & Donquel Signon CRDs	0	0	0	NA/$84,000					
	– Yambering CRD	$20,000	$20,000	$20,000/NA	NA/NA					

DATA SOURCES:

1 World Development Report, 1991; International Monetary Fund (IMF), 1991; Ministry of Plan andFinance (1992).

2 World Bank, World Development Reports and GOG, National Action Program (Draft, 1992).

3 World Development Report, 1992; Ministry of Plan and Finance, PADSE (for 1991); Ministry of Primary Education (MEPUFP) and USAID (projections). Note: Only adult literacy is presently reported.

4 US Embassy and USAID assessment

5 USAID (Special Study), Ministry of Plan & Int'l Cooperation (MPIC) and Ministry of Interior and Decentralization (MID)

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
MISSION PROGRAM SUB-GOAL No. 1	INDICATORS:									
Increased per capita income from non-mining activities.	1. Increase in real per capita non-mining-GDP (growth rate)	1989 = $323	2.7% est.	1.0%/2.4%	1.7% proj./ 2.1%	4.0%	3.3%	2.8%	2.8%	2.8%
	2. Increase in public investment for rural development ($ millions)	1989 = 24.7	17.8	NA/22.7	NA/22.8	24.6	26.3	27.0	27.8	28.6
	3. Increase in private investment (% of GDP)	1989 =								
	- Total	8.4	8.6	8.9 est /10.9	9.0 proj./11.0	11.2%	11.5%	11.8%	11.8%	11.8%
	- Non-mining	7.1	6.9	7.2 est./NA	6.9/NA	NA	7.0%	NA	NA	NA
	4. Decrease in child (under five) malnutrition (% pop. < -2 Z-score):	1992=			Performance standards to be determined during FY 1993.					
	- weight/height, National	11.5%	NA	11.5%/NA						
	.Conakry	10.7%	11.4%	10.7%/NA						
	- height/age, National	31.6%	NA	31.6%/NA						
	.Conakry	18.8%	17.2%	18.8%/NA						
	5. Increase in expenditure by rural households ($US per capita)	1991 = $67.2	NA	$67.2	NA/$70	$70	$75	$75	$80	$80

DATA SOURCES:

1 World Bank, 1990 Country Economic Memorandum and World Bank estimates of growth rates

2 Ministry of Plan and International Cooperation - National Development Budget for Rural Development and Public Works

3 Ministry of Plan and Finance (1992).

4 MSF, UNICEF/Ministry of Health, and Cornell Food and Nutrition Policy Program (1990); Ministry of Plan and Finance (PADSE, 1991).

5 Ministry of Plan and Finance (PADSE Project); survey of 9,000 households nation-wide; results may tend to underestimate due to categoreis of expenditure recorded

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
MISSION PROGRAM SUB-GOAL No. 2	INDICATORS:									
Improved human resources for sustainable economic growth	1. Increase in number of people completing 6 yrs of primary schooling by gender (annual growth rate):	1989/90 =	1990/91							
	– Female	7,209	NA	2%/NA	2%/NA	3%	3%	4%	4%	5%
	– Male	29,954	NA	5%/NA	7%/NA	8%	8%	9%	10%	10%
	2. Decrease in primary school repeaters (percentage):	1989/90 =	1990/91							
	– National	73,298	6.1%	5.72%/5%	NA/5.0%	5.0%	4.8%	4.5%	4.3%	4.0%
	– Female	27,203	7.2%	6.64%/NA	NA/6.0%	6.0%	5.8%	5.5%	5.3%	5.0%
	3. Increase in numbers of people receiving post-secondary training:	FY 1991 =				Other donors to be determined from UNDP data; performance standards to be developed in FY 1993.				
	– All donors	NA	NA	NA	NA					
	. Females	NA	NA	NA	NA					
	– USAID	543	NA	543/NA	710/NA					
	. Females	259 (47.7%)	NA	259 (47.7%)/ NA	437 (61.5%)/ NA					
	4. Decrease in total fertility rate	1989 = 6.5		6.5	Demographic and Health Survey results to be analyzed in FY 1993.					
	DATA SOURCES: 1,2 Ministry of National Education (MEN) 3 USAID, UNDP and other donors 4 World Development Report, 1991; DHS									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
STRATEGIC OBJECTIVE No. 1	INDICATORS:									
Growth and increased efficiency in agricultural markets	1. Increase in agricultural production, for selected commodities (tons):									
	– cereals	1988/89 =	1989/90 =		1991/92 =					1996/7 =
	. rice (milled)	390,000			365,000					500,000
	. maize (dry)	108,000			116,000					NA
	– non–cereals									
	. Cola Nuts	9,000								12,000
	. Coffee	12,000	13,000							25,000
	. Pineapples	18,000								40,000
	. Mangoes	43,000								60,000
	. Peanuts (in shell)	44,000	44,000		100,000					60,000
	2. Increase in agricultural exports by commodity and market ($US millions):	1990 =								
	– Europe	$25.0	$25.0							$100.0
	. Coffee	$20	$20							$50.0
	. Fruits & Vegetables	<$5.0	<$5.0							$30.0
	– Regional – West Africa									
	. Coffee	$5.0	$5.0							$8.0
	3. Increase in use of key agricultural inputs	1987–8 av. =								
	– Fertilizer imports (MT)	3425			NA					
	– Pesticide imports ($US)	NA			NA					
	– Land under cultivation (thousands of ha)	1988/89 = 1100			1991/92 = NA					
	. o/w principal crops on family farms	728			852					

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
	4. Decrease in differential between rural/(semi-)urban prices for rice between key markets (difference as % of producer price):					Baseline data and performance standards to be developed through monitoring and evaluation components of Rural Roads, Farm-to-Market Roads and Agricultural Infrastructure Projects during FY 1993.				
	- Kolaboui - Conakry									
	- Forecariah - Conakry			70.0%						
	- Faranah - Conakry			46.6%						
	- Gaoual - Koundara				59.2%					
	- Pita - Telimele				36.7%					
	- Sinko - Nzerekore									
	5. Increase in competition among intermediaries for agricultural commodities (number of major exporters and traders):					Performance standards to be developed during Agricultural Marketing Investment Project Implementation				
		1992 =								
	- Coffee	22			22					
	- Fruits and vegetables	39			39					
	. Mango	28			28					
	. Pineapple	26			26					
	DATA SOURCES: 1, 2 World Bank; IMF; Ministry of Industry, Commerce & Artisanry (MICA), Ministry of Agriculture and Livestock (MARA), Port Statistics and Survey Data on key domestic markets 3 Ministry of Agriculture and Animal Resources, 4 MARA. 5 Management Consultants (survey of Agricultural Exporters, 51 firms, 1992)									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
TARGET No. 1.1	INDICATORS:									
Improved policy and regulatory environment for agricultural marketing	1. Implementation of key policies & regulations to enable marketing & investment	Scale of 1–10 with high score indicating full implementation								
	1990 =									
	– Market–determined Interest Rates									
	. real interest rate	–0.4	–0.4	2.6	3.0/NA	3.0	3.0	4.0	4.0	5.0
	. score	2.3	2.3	6.0	6.7/NA	6.7	6.7	8.3	8.3	10.0
	– Land Tenure Code	0	0	0/5	5/5	8	8	8	9	10
	– Public Investment Program	NA	NA	NA/3	NA/6	10	10	10	10	10
	– Treasury Bills	0	0	0/0	0/0	5	5	7	8	10
	– MARA's Financial and Administrative Systems	2	2	3/NA	4/5	6	7	8	9	10
	2. Decrease in number of collection points for informal taxes on selected road corridors	Baseline, incremental and final performance standards to be developed in FY93 by Council for International or using PD&S.								
	3. Decrease in time & cost of obtaining licenses and permits and other formal & informal fees to establish and operate a business			< 6 months (90% of sample)		Baseline, incremental and final performance standards to be developed in FY93 by Council for International or using PD&S.				
	DATA SOURCES:									
	1 USAID assessment based on Economic Policy Reform Support Project and PL–480 Title III implementation.									
	2 Council for International Development or USAID study.									
	3 Council for International Development, Baseline Study, 1992.									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
TARGET No. 1.2	INDICATORS:									
Effective financial intermediation and investment services in the agricultural sector	1. Increase in private sector agricultural lending through USAID-assisted intermediaries: - Microenterprises .Female - Small & Medium Enter. .Female - Large Enterprises .Female				$310,000 56% (CID only)	Levels of Achievement to be determined through implementation of Agricultural Marketing Investment Project, Council for International Development, during and Credit Rural and Banque Populaire Maroco-Guineene Credit Lines during FY 1993.				
	2. Increase in equity investments by clients of USAID-assisted intermediaries (GF): - Microenterprises .Female - Small & Medium Enter. .Female - Large Enterprises .Female	Baseline data and performance standards to be developed through special study in FY 1993.								
	3. Increase in employment by clients of USAID-assisted intermediaries (numbers of jobs created): - Microenterprises .Female - Small & Medium Enter. .Female - Large Enterprises .Female									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
	4. Increase in the number of clients accessing investment and market information from USAID projects			Performance standards to be determined through Implementation of Agricultural Marketing Investment Project during FY 1993 and, for microenterprises, Council for International Development surveys, in 1993.						
	– Microenterprises	0	0							
	.Female	0	0							
	– Small & Medium Enter.	0	0							150
	.Female	0	0							75
	– Large Enterprises	0	0							50
	.Female	0	0							20
	5. Sustained high repayment rates by clients of USAID–assisted intermediaries					Performance standards to be determined through implementation of Agricultural Marketing Investment Project, Council for International Development, during and Credit Rural and Banque Populaire Maroco–Guineene Credit Lines during FY 1993.				
	– Microenterprises				99.9%					
	.Female				99.9%.					
	– Small & Medium Enter.									
	.Female									
	– Large Enterprises									
	.Female									
	DATA SOURCES: 1,2,3,4,5 Ag Marketing Investment Project; MAPS & CID Surveys for microenterprise activities									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
TARGET No. 1.3	INDICATORS:									
Lowered costs of agricultural marketing	1. Decrease in transportation tariffs per kilometer per ton between key markets:	1990 =					Additional baseline data and performance standards to be developed through monitoring and evaluation components of Rural Roads, Farm-to-Market Roads and Agricultural Infrastructure Projects during FY 1993.			
	-Kolaboui - Conakry	$0.152	$0.152	$0.146	NA/$0.145					
	- Forecariah - Conakry	$0.109	$0.109	$0.099	NA/$0.088					
	- Faranah - Conakry	$0.120	$0.120	$0.107	NA/$0.102					
	- Gaoual - Koundara									
	- Pita - Telimele									
	- Sinko - Nzerekore									
	2. Decrease in travel time between key markets (speed, km/hr)	1990 =								
	-Kolaboui - Conakry	28.5	28.5	35.0	NA/40.5	NA/60.0				
	- Forecariah - Conakry	33.3	33.3	50.0	NA/50.0					
	- Faranah - Conakry	38.1	38.1	38.1	NA/65.3					
	- Gaoual - Koundara									
	- Pita - Telimele									
	- Sinko - Nzerekore									
	3. Increase in volume of products and goods transported (tonnage) between key markets.	Additional baseline data and performance standards to be developed through monitoring and evaluation components of Rural Roads, Farm-to-Market Roads and Agricultural Infrastructure Projects during FY 1998.								
	-Kolaboui - Conakry									
	- Forecariah - Conakry									
	- Faranah - Conakry									
	- Gaoual - Koundara									
	- Pita - Telimele									
	- Sinko - Nzerekore									
	DATA SOURCES: 1,2,3 Ministry of Transport & Public Works (MTTP), Africare, and MARA - Rural Engineering									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
STRATEGIC OBJECTIVE No. 2	INDICATORS:									
Increased ability of families to determine household size.	1. Increase in contraceptive commodity sales (in '000 of units sold)	1990 = negligible	negligible	negligible				Levels of Achievement to be determined through Family Planning Project design during FY 1993		
	– *Private Sector*									
	. Condoms				1874.5/750.0	1500.0	3000.0			
	. Oral Contraceptives				0.0/0.0	30.0	60.0			
	– Public Sector									
	. Condoms				340.0/16.0	64.0	128.0			
	. Oral Contraceptives				0.0/10.4	41.6	83.2			
	. IUD's				0.0/0.3	1.1	2.2			
	. Spermicide				0.0/8.0	32.0	64.0			
	2. Increase in contraceptive prevalence rates									
	– National	1990 < 2%			NA		5%			
	– Project Areas	1990 < 2%			1.7%/NA		10%			
	3. *Increase in* couple years of protection (CYP)	1990 = negligible	negligible	negligible						
	– Private Sector				18,745/7500	17308	34615			
	– Public Sector				3,400/1,600	6400	12800			
	DATA SOURCES: Ministry of Public Health and Population/Health Center Information System (MSPP/HCIS) – for Public Health Care Centers. Population Services International (PSI) records – for Private Sector Health Care Outlets									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
TARGET No. 2.1	INDICATORS:									
Family planning/population policy formulated and implemented.	1. National Population Policy articulated and implemented by the Ministry of Plan	Scale of 1 – 10: 5 = articulation; 10 = full implementation								
		NA	1	3	5/5	7	10	10	10	10
	2. Legislation passed and enforced giving increased rights to women over their fertility	Scale of 1 – 10: 5 = passed; 10 = full implementation								
		NA	1	1	3	5	7	10	10	10
	3. Legislation passed and enforced permitting promotion of family planning products and services through the public and private sector	Scale of 1 – 10: 5 = passed; 10 = full implementation								
		NA	1	1	5/3	5	7	10	10	10
	DATA SOURCES: PSI Records, MSPP, USAID assessments									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
TARGET No. 2.2	INDICATORS:									
Improved family planning information and commodity delivery	1. Increase in the number of family planning information and commodity delivery centers/sites in public Primary Health Care centers (total)	1991 = 0	0	0	16/16	48	64	64	64	
	2. Increase in the number of private family planning information and commodity delivery sites (total):									
	– Traditional Outlets	1991 = 0	0	0	40/65	130	200			
	– Non-Traditional Outlets	1991 = 0	0	0	300/100	200	300			
	– Community-based Outlets	1991 = 0	0	0	–	–	320			
	DATA SOURCES:									
	1 PSI Records; Note: Provision of training in commodities is underway in 16 centers in 1992.									
	2 MSPP/HCIS, PSI Records									
TARGET No. 2.3										
Increased demand for contraceptive services	1. Increase in the number of people having specific knowledge of contraceptive methods and uses (percent surveyed in project area)	1992 =								
	– Female									
	. Forest Region	15.9%			15.9%					
	. Upper Guinea	13.9%			13.9%					
	. Conakry	61.0%			61.0%					
	DATA SOURCES:									
	Guinea DHS									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
STRATEGIC OBJECTIVE No. 3	INDICATORS:									
Increased enrollment in primary schools, with emphasis on rural female participation.	1. Increase in primary school enrollment:	1989/90 =	1989/90 =	1990/91 =						
	– National	302,809	2.4%	3.96%/NA	5.0% est./NA	6.0%				
	.Girls	93,191	2.7%	3.76%/NA	4.0% est./NA	5.0%	Levels of Achievement to be determined through			
	– Rural	145,403		2.50%/NA	3.0% est./NA	4.0%	Education Project redesign during FY 1993			
	.Girls	33,455		2.0%/NA	2.0% est./NA	3.0%				
	DATA SOURCES: Ministry of National Education (MEN), Department of Statistics and Planning									
TARGET 3.1	INDICATORS:									
Increased budgetary resources for primary education	1. Increase in share of GOG budget to education:	1989 =								
	– % of recurrent budget	12.9%	15.0% est	19.2% (est.)/NA	NA/20.8%	21.2%	22.0%	22.0%	22.0%	22.0%
	– % investment budget	5.9% est.	NA	NA/12.7%	NA/11.6%	9.3%	8.0%	8.0%	8.0%	8.0%
	2. Increase in share of education budget to primary education (% of education budget)	1989 = 34%	NA	35%/NA	NA/35%	35%	35%	35%	Perrformance standards for 1996 and 1997 will be developed during program evaulation and redesign in FY 1993.	
	3. Increase in share of primary education budget to non – salary operating expenses (% primary ed)				NA/17%	18%	18%	18%		
	DATA SOURCES: MEPUFP/DAAF/SAAF, MPCI and World Bank Economic Memorandum, 1990									

GOALS/OBJECTIVES/ TARGETS	INDICATORS/ SOURCES	BASELINE	ACTUAL 1990	ACT/PLAN 1991	ACT/PLAN 1992	PLANNED 1993	1994	1995	1996	1997
TARGET No. 3.2	INDICATORS:									
Improved financial and administrative management of Ministry of Education.	1. Improved reporting system on local primary school expenditures which follows estimated budget line items through to actual expenditures established and satisfactorily implemented in all 36 prefectures	1989 = None		None/None	None/None	Designed	10	25	36	36
	2. Improved national procurement procedures established and implemented (implementation rated 1-10)	1989 = None		None/None	None/None	Designed	2	5	10	10
	DATA SOURCES: MEPUFP/DAAF/SAAF									

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ASSESSMENT OF PROGRAM IMPACT

FY 1992

EAST AFRICA

- KENYA
- MADAGASCAR
- RWANDA
- TANZANIA
- UGANDA

USAID/Kenya

Assessment of Program Impact

October 31, 1992

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ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
API	Assessment of Program Impact
AVSC	Association for Voluntary Surgical Contraception
Boots PL	Boots Pharmaceutical Limited
CBFP	Community based family planning
CBS	Central Bureau of Statistics
CIF	Cost, Insurance, Freight
CIL	Continental Industries Limited
CIMMYT	International Wheat & Maize Improvement Program
CPR	Contraceptive prevalence rate
CYP	Couple years of protection
DAP	Diammonium Phosphate
DFH	Division of Family Health
DRSRS	Department of Resource Surveys & Remote Sensing
EEC	European Economic Community
EPZ	Export Processing Zone
EPZA	Export Processing Zone Authority
FPMRP	Fertilizer Pricing & Market Reform Program
FY	Fiscal year
GDP	Gross Domestic Product
GOK	Government of Kenya
HCF	Kenya Health Care Financing Program
HIS	Health Information System
HIV	Human Immuno-deficiency Virus
HYV	High yielding variety
IBRD	International Bank for Reconstruction & Development
IPC	Investment Promotion Centre
IUD	Intra-uterine Device
KAM	Kenya Association of Manufacturers
KARI	Kenya Agricultural Research Institute
KCPS	Kenya Contraceptive Prevalence Survey
KDHS	Kenya Demographic & Health Survey
KFY	Kenya Fiscal Year
KL	Kenyan Pound (20 Kenya Shillings)
KMDP	Kenya Market Development Program
KNFA	Kenya National Fertilizer Association
KNH	Kenyatta National Hospital
KREP	Kenya Rural Enterprise Programme
KSC	Kenya Seed Company
LMIS	Logistics Management Information System
MOA	Ministry of Agriculture
NARC	National Agriculture Research Centre

NCPB	National Cereals & Produce Board
NGO	Non-governmental organization
NHIF	National Hospital Insurance Fund
NTE	Non-traditional export
PAM	Policy Analysis Matrix
PED	Private Enterprise Development Project
PGH	Provincial General Hospital
PSI	Population Services International
RPE	Rural Private Enterprise Project
SME	Small and medium enterprise
TFR	Total fertility rate
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VSC	Voluntary surgical contraception

FOREWORD

During the past year, USAID/Kenya has continued to review the Mission's program logframe. This review has resulted in minor adjustments to the articulation of strategic objectives one and three. These changes clarify the principal focus of each objective, without altering the original intent of the objectives or investments supporting them.

The focus of strategic objective one has been shifted to modern (versus all) contraceptive methods. This change is based on the Mission's ability to more effectively track the distribution and use of commodity-based methods than of non-modern methods.

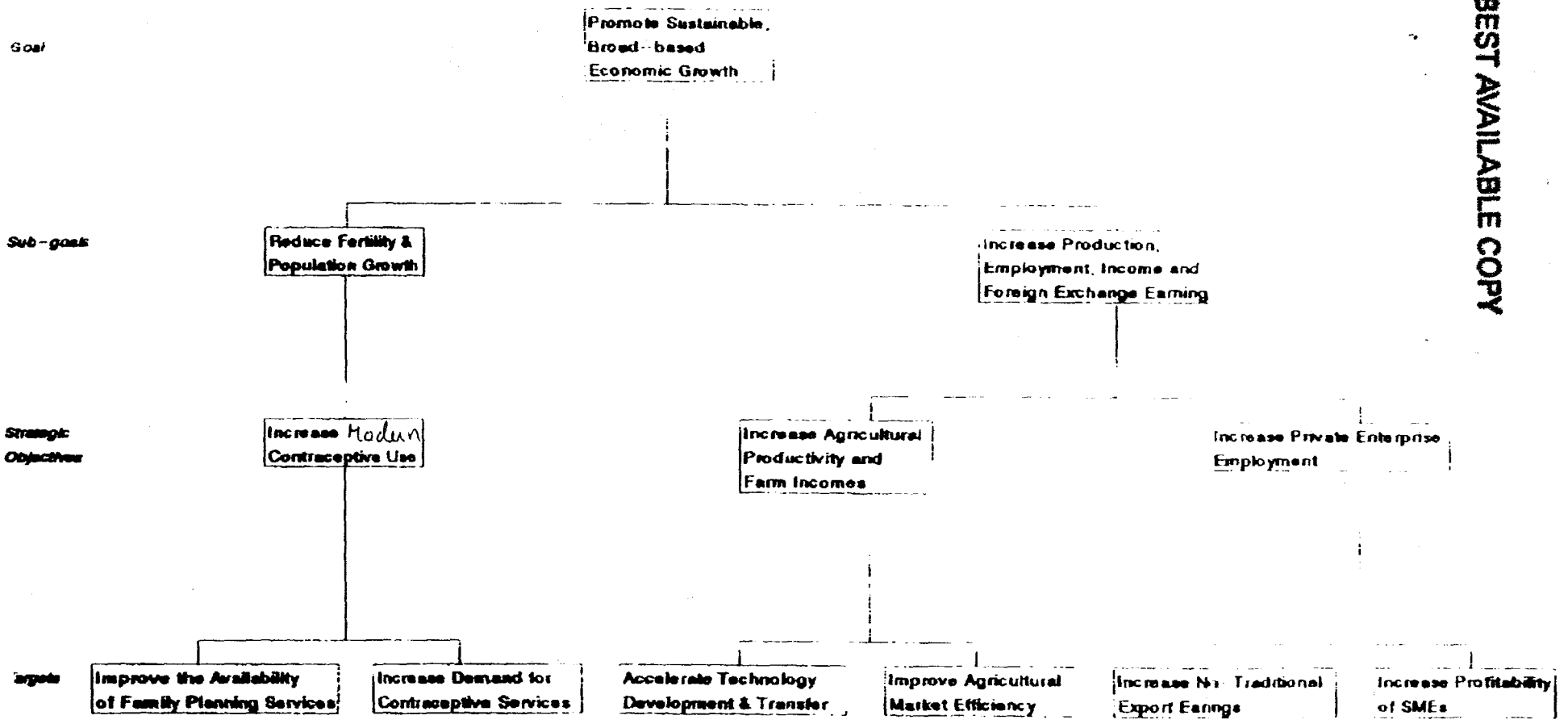
Strategic objective three has also been modified and no longer contains a wage element. Given factors within the macroeconomic environment of Kenya - surplus labor, a relatively high rate of inflation and slow economic growth - having a significant effect on the level of real wages is perceived as beyond the manageable interest of USAID/Kenya. The Mission does recognize the importance of real wages to sustainable economic growth and development and, thus, the narrative will continue to include a discussion of real wage trends in the country.

USAID/Kenya is focusing on the agricultural productivity objective in the 1992 API. New indicators have been developed for this strategic objective in an attempt to more accurately capture changes in productivity.

Annex A details modifications to strategic objectives one and three, as well as changes to indicators at the goal and strategic objective levels. Annex B, in response AID/W requests for supplemental information, includes a discussion of USAID/Kenya's work with PVOs and an assessment of the impact of the Kenya Health Care Financing Program (a target of opportunity for the Mission).

USAID/KENYA

PROGRAM LOGFRAME



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SECTION I

SPECIAL FACTORS AFFECTING THE USAID/KENYA PROGRAM

The past year has been a watershed year for Kenyan economic and political development. Unified donor action made the November 1991 Consultative Group (CG) meeting for Kenya extraordinary. Donors unanimously suspended quick disbursing funds ($350 million) pending meaningful political reform and improved governance and macroeconomic management. Project assistance ($800 million) was allowed to continue. This CG decision, coupled with continued domestic and international pressures, have resulted in improvements in the economic and political environment, as discussed below.

Macroeconomic Management and Structural Reforms: At the CG meeting donors were concerned about excessively expansionary monetary and fiscal policies, lack of progress in parastatal reform, slow implementation of agricultural pricing and marketing reforms, and government reluctance to implement health and education sector financing reforms. Consequently, over the past year USAID, IMF, World Bank and other donors have been engaged in protracted dialogue and negotiations with the GOK with the objective of accelerating policy changes in these areas.

These discussions are now resulting in improvements in some areas of macroeconomic policies and structural reforms. The GOK has made significant progress in reducing its budget deficit from 6.3 percent of GDP in fiscal 1991 to 2.8 percent (on a cash basis) and 3.6 percent (on commitment basis) in Fiscal 1992. It has initiated the liberalization of the trade and exchange regime, with the establishment of an export retention scheme for nontraditional exports. The government is presently considering extending the scheme to include traditional exports in phases over the next year or two, with the first phase to include 50 to 60 percent of coffee and tea export earnings. This together with the introduction of a modified foreign exchange auction system (the FOREX-C's instrument -- foreign exchange bearer certificates) has created an improved environment for exports and job creation -- one of USAID's strategic objectives. Unlike many other sub-Saharan African countries, this reform has been implemented without balance of payments support from donors.

However, these macroeconomic reforms are likely to be difficult to sustain without sound monetary and credit policies. A sound monetary management to anchor the price level is necessary to sustain a competitive real exchange rate, and to avoid the vicious cycle of devaluation and inflation. Inflation continues to be high (approximately 20 percent) by Kenyan historical standards. The lack of progress in this area remains a major macroeconomic concern. Weak governance on the part of the Central Bank and the Ministry of Finance - in the forms of inadequate prudential banking supervision and undiminished rent-seeking activities - contributed to the lack of progress in this area over the past year.

With respect to other structural and sectoral reforms, only limited progress was made during the last year. Prices for a number of commodities (48 items) were decontrolled. The government introduced user charges and service fees at universities and hospitals, set up institutional arrangements for implementing privatization and parastatal reform, and is currently initiating some partial parastatal divestitures.

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Political Reform: In December, the GOK made a momentous decision to change from a single to a multi-party system. It permitted formation of opposition parties, released most political prisoners, and allowed newsprint media to enjoy a fair amount of freedom of expression. These fundamental changes are influencing positively the openness, frankness and quality of the development policy dialogue in Kenyan society. Nevertheless, implementation of an equitable democratic process is continually threatened. The climate of political intolerance and intimidation continues to linger. Opposition parties have encountered extensive harassment. Some GOK officials are alleged to have perpetuated inter-tribal violence. There is good reason to be concerned about whether the upcoming elections will be open and representative.

Drought: Kenya is experiencing severe drought in the Northern and North Eastern Provinces. About 1.5 million Kenyans are affected. The situation is exacerbated by the influx of Somali refugees (estimated at 500,000) and the existence of displaced Kenyans from tribal violence. There were serious food shortages throughout the country. The food security situation remains fragile, and has made the GOK even more reluctant to fully liberalize maize prices and marketing.

HIV/AIDS: It is essential to signal the emergence of this factor which will soon affect development progress in Kenya. More than 30,000 AIDS cases have now been reported, while an estimated 750,000 adults are infected with the AIDS virus. The trend is alarming. The debilitating nature of the disease, which reduces individuals' productivity, has serious implications for the economy. In addition, up to 400,000 children may be orphaned by AIDS by 1995. The child mortality rate (CMR) may be as high as 152/1000 by 1995, as opposed to an estimated 119/1000 in the absence of AIDS.

The AIDS epidemic, if unchecked, is sure to increase the strain on health resources. With the long stay of AIDs patients in hospitals and a high degree of bed occupancy, it would make it more difficult to shift resources from curative to preventive and promotive health care. This will undermine achievements already made in health and population programs. Kenya has become a priority country for USAID AIDS support because of the gravity of the HIV/AIDS epidemic in the country.

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SECTION II

PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

Growth in the Kenyan economy slowed in 1991, due partly to unfavorable weather conditions which depressed agricultural growth. Under favorable weather conditions, and despite an imperfect policy environment, Kenya's economy has been growing recently at 5 percent annually. The continuing weaknesses in macroeconomic policy and inadequate attention to structural reforms principally jeopardize Kenya's ability to maximize its growth potential. Per capita income growth in 1991 was negative. Increasing AIDS mortality may be reversing a long-term trend in increased life expectancy and decreased child mortality. Fertility and population growth rates, while still high, are estimated to have continued to slowly decline. Despite the economic slowdown in 1991, the export and informal sectors performed relatively well. The Mission's analysis of Kenya's progress on base-line indicators is discussed below.

GOAL: *Promote Sustainable Broad-based Economic Growth*

1. Economic Growth: The growth in real gross domestic product (GDP) decelerated to 2.2 percent in 1991, the lowest rate of growth since 1984, when the country was hit by a severe drought. The economic slowdown was strongly influenced by late, inadequate and unevenly distributed rains which adversely affected agriculture. GDP growth in 1991 was below the growth in population, resulting in a negative 1.3 percent per capita income growth. This is the first time in nearly seven years that Kenya has recorded negative per capita income growth. GDP growth in 1992 is preliminarily estimated at 2 percent.

2. Life Expectancy: Kenya continues to make progress in longevity. Life expectancy is now approaching 60 years, compared to 54 years in 1984. Life expectancy for females is 62 years. Kenya's life expectancy compares favorably with the average life expectancy of 52 years for Sub-Saharan Africa. However, long-term improvements in the longevity of Kenyans will likely be reversed by current and projected levels of AIDS mortality.

3. Infant and Child Mortality: Kenyan infant and child mortality rates are relatively low by Sub-Saharan and developing country standards. The infant mortality rate has continued to improve, declining from 75 per 1,000 live births in the mid-1980s to 68/1000 in 1991. This rate compares favorably with the developing countries' rate of 74 per 1,000 live births and the Sub-Saharan African rate of 106/1000. Similarly, the under-five mortality rate is estimated to be 108 per 1,000 live births compared to 113/1000 in 1985 - lower than the 175 per 1,000 live births for Sub-Saharan Africa and 112 per 1,000 live births for all developing countries. Currently available projections of AIDS mortality suggest that a continuation of slow but steady improvements in infant and child mortality rates will be unlikely.

SUBGOAL 1: *Reduced Total Fertility Rate and Population Growth*

The rapid growth in Kenya's population over the past two decades has offset many of the economic and social benefits of the relatively robust aggregate economic growth Kenya has

SECTION II: USAID/KENYA PROGRAM GOALS

	Baseline	Actual			Data
	FY 1985	FY 1989	FY 1990	FY 1991	Sources
GOAL					
PROMOTE SUSTAINABLE, BROAD-BASED ECONOMIC GROWTH:					
1) Real GDP Growth Rate	5.1 %	5.0 %	4.3 %	2.2 %	Economic Survey
2) Real Income Per Capita Growth Rate	0.5 %	1.5 %	0.8 %	-1.3 %	Economic Survey
3) Life Expectancy at Birth	54	59	60	60	UNDP Report
4) Infant Mortality (per 1000 live births)	75	70	68	68	UNICEF Report
5) Under-Five Mortality (per 1000 live births)	113	111	108	108	UNDP Report
SUB-GOAL 1					
REDUCE FERTILITY AND POPULATION GROWTH:					
1) Total Fertility Rate	7.7 (1984)	6.7	6.5	6.5	KDHS
2) Population Growth Rate	4.1 (1984)	3.8	3.6	3.6	US Bureau of Census
SUB-GOAL 2					
INCREASE PRODUCTION, EMPLOYMENT, INCOME AND FOREIGN EXCHANGE EARNINGS:					
1) Private Sector Contribution to GDP	62.7 %	62.9 %	60.3 %	60.0 %	Economic Survey
2) Agricultural Production as a percent of GDP	29.4 %	28.5 %	28.2 %	27.3 %	Economic Survey
3) Annual Employment Growth Rate	5.5 %	3.5 %	5.5 %	5.1 %	Economic Survey
4) Foreign Exchange Earnings (Total Exports Plus Tourism, $ in Millions)	$1,228	$1,405	$1,488	$1,517	Economic Survey

experienced during this period. USAID/Kenya expects that the contraceptive prevalence rate (CPR) for all women of reproductive age, which increased from 14 percent in 1984 to 23 percent in 1989, will increase to 30 percent by 1995. This increase is expected to result in a reduction of the total fertility rate from the current estimate of 6.5 to 5.8 by 1995. The projected impact of these changes on population growth is estimated to be a decline from 4.1 percent growth in 1984 to 3.4 percent in 1995. A substantial reduction in population growth is critical to expanding the effective impact of social projects and programs, increasing per capita incomes, and enhancing the long term sustainability and equity of economic growth.

1. **Total Fertility Rate:** The total fertility rate (TFR) has declined from an average of 8 children per woman in 1979 to 6.7 in 1989 and to the current estimate of 6.5 for 1991. The 1989 Demographic and Health Survey showed that the decline in the total fertility rate is largely a result of increased knowledge and use of modern contraceptive methods, and changing fertility preferences and attitudes toward childbearing. Despite this first-ever documented decline in fertility, the current total fertility rate of 6.5 remains one of the highest in the world and must be reduced further if Kenya is to attain its demographic goal of a 2.5 percent population growth rate by the year 2000.

2. **Population Growth:** Family planning efforts by the GOK, USAID and the donor community, and private voluntary organizations have had a measurable impact on the population growth rate. The rate of population growth has decreased from 4.1 percent in 1984, 3.8 percent in 1989 and to the current estimate of 3.6 percent in 1991. The fertility decline is the single most important factor accounting for the slow down in the Kenya's population growth rate. However, even under the most optimistic demographic scenario, Kenya's population of 24.3 million is projected to double in less than 25 years because of the existing population age structure in which well over 50 percent of the population are under 15 years of age. Under even the highest AIDS mortality assumptions, the Kenyan population will continue to grow by 850,000 people annually in the year 2000. Working on the population problem will therefore remain a high priority area for USAID/Kenya, especially given its negative impact on per capita improvements in a wide range of economic and social indicators.

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

Continued and sustainable economic growth in Kenya is increasingly dependent upon the growth of the agricultural and non-agricultural private sectors. The public sector in Kenya does not have the resources to act as the employer of last resort or to finance increasing levels of productive investment. USAID/Kenya's program strategy recognizes the limitations of the public sector and has concentrated Mission efforts on supporting the private sector with the objective of increasing production, employment, income and foreign exchange.

1. **Private Sector Contribution to GDP**: Since the mid eighties, the private sector's role in the Kenyan economy has continued to expand. The private sector now accounts for about 60 percent of GDP. Increasingly the GOK is realizing that sustainable economic growth will be achieved only if the private sector role is enhanced. The GOK has thus begun to liberalize

the economy, especially through price decontrols and foreign exchange deregulation. USAID/Kenya is supporting these liberalization efforts.

2. Agricultural Production as a percent of GDP: Agriculture continues to be the largest sector of the Kenyan economy, accounting for 27.3 percent of total GDP in 1991. The growth rate in agricultural real value added was negative 1.1 percent in 1991, compared to positive growth rates of 3.4 percent and 3.9 percent in 1990 and 1989, respectively. Substantial decline in the output of most agricultural products occurred in 1991. Maize production fell from 29.2 million bags in 1990 to 25.4 million bags in 1991. Coffee, sugar, horticulture and milk production also decreased. The good performers in the agricultural sector during 1991 were livestock and tea.

3. Annual Employment Growth Rate: Kenya's total workforce is estimated to be 10 million and is expected to expand to over 14 million by the year 2000. The farm and rural non-farm sectors account for approximately three quarters of total employment. Outside of these sectors, the economy generated a total of 96,900 new jobs in 1991. The modern sector accounted for 32,300 new jobs in wage employment and 4,000 new jobs in self employment. However, the informal sector created the bulk of new jobs (60,600 jobs). The overall employment growth rate of 5.1 percent recorded in 1991 was slightly lower than 5.5 percent growth recorded in 1990, largely due to the slow down in modern sector economic activities. The share of total employment creation of the informal sector has risen from less than one third of total new jobs created in 1985 to nearly two thirds in 1991. If the modern wage sector is to play the significant role of creating 600,000 new jobs by the year 2000, Kenya will need to implement more vigorously its export oriented development strategies.

4. Foreign Exchange Earnings: In 1991 foreign exchange earnings increased slightly to $1.517 billion from a 1990 level of $1.488 billion. Tourism remained the main foreign exchange earner, although earnings from this sector declined by 4 percent as a result of world recession and an uncertain domestic environment. Kenya's future export potential lies in the non-traditional export sector and USAID/Kenya is working in this area. The GOK has recently announced 100 percent export proceeds retention by non-traditional exporters, an important incentive that should result in further growth of the sector.

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SECTION III

PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

STRATEGIC OBJECTIVE 1: *Increase Modern Contraceptive Use*

USAID/Kenya's first strategic objective is to increase the use of safe and effective methods of contraception. More specifically, the Mission intends to increase the prevalence of modern contraceptive use among all women of reproductive age (15-49) from the current estimated level of 18 percent to 23 percent by the end of FY 1995. The 1989 Kenya Demographic Health Survey (KDHS) indicated a dramatic increase in contraceptive use among married women of reproductive age from only 7 percent in 1977/78 to 27 percent in 1989, with an increase from 10 to 18 percent in the use of modern methods between 1984 and 1989. This rate of change is virtually unprecedented in Africa.

The next KDHS, financed by USAID, will be completed in 1993 and will provide updated information on contraceptive use. Data from the 1993 KDHS and from the National Council of Population and Development (NCPD), will make it possible to monitor trends in modern contraceptive use among *all women* of reproductive age, versus contraceptive use among *married women* of reproductive age. Therefore, as of 1992, the USAID/Kenya API will focus primarily on *modern contraceptive use among all women of reproductive age* because of the significant proportion of users who are not married (24% according to the 1989 DHS). The expansion of the target group will increase the denominator used in deriving the contraceptive prevalence rate (CPR), resulting in a decrease in this year's CPR relative to CPR figures presented in previous APIs. For example, in the 1991 API the 1984 CPR for married women of reproductive age was 17 percent, the 1992 API presents the 1984 CPR for all women as 9 percent. Similarly, the current API projects a 1995 CPR of 23 percent for all women of reproductive age, as opposed to 35 percent for married women of reproductive age which appeared in the 1991 API (see Annex A for further explanation).

During the period between the 1989 and 1993 Demographic and Health Surveys, annual changes in contraceptive prevalence are being monitored through aggregate data on couple-years-of-protection (CYP) provided by the Ministry of Health Logistics Management Information System (LMIS). The LMIS generates quarterly CYP estimates for all registered public and private sector service delivery points. It is projected that by 1995 there will be a 25 percent increase in CYP over the 1991 estimate of 564,998, the first year for which it was possible to derive a national CYP figure. Through the first six months of 1992 the CYP is estimated to be 319,151 (in subsequent API reports annual data will be provided - two years of CYP data are not yet available). The above LMIS CYP data and findings from a recent assessment of voluntary surgical contraception in Kenya reflect two notable trends in contraceptive use in Kenya. First, the proportion of women who choose permanent and long-term methods is increasing. Secondly, women are choosing sterilization at increasingly younger ages and lower parity.

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 in both the public and private sectors. This is being accomplished by extending and strengthening clinic-based and community-based family planning, and through contraceptive social marketing. This program emphasis is based upon the belief that considerable unmet demand for family planning exists, and that extending the provision of high quality services will help to activate this latent demand.

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

Through the provision of training, materials and technical assistance, USAID/Kenya has made a substantial contribution to the increase in the number of public and private sector health clinics offering family planning services from 758 in 1984 to 1767 by June of 1992. In addition, through the Voluntary Surgical Contraception (VSC) program, the Mission has supported the establishment of 65 VSC sites which have contributed to a substantial rise in VSC procedures - from a few hundred per year in 1982 to over 8,000 in the past year (a cumulative total of 70,760 by June 1992). USAID/Kenya has also financed a major expansion in community-based family planning (CBFP) programs. Currently, 37 percent of Kenya's sublocations are served by CBFP workers, up from approximately 5 percent in 1984.

TARGET 1.2: *Increasing Demand for Contraceptive Services*

USAID believes 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 is supporting a focused effort to address this need, primarily through the Client-Provider Education Project. USAID support to this project, which provides family planning information and education services, has for the past two years focused on the development of a coordinated education and information system for use by all public and private family planning service providers in Kenya. One result of these efforts, a national IE&C campaign with posters, brochures and radio and television programs, will be launched in November of 1992. The Mission will monitor changes in knowledge through both the 1993 KDHS and specialized surveys planned under the Client-Provider Education Project.

STRATEGIC OBJECTIVE 2: *Increase Agricultural Productivity and Farm Incomes*

USAID/Kenya's strategy to increase agricultural productivity and farm incomes focusses on providing support to technology development and transfer, fertilizer and grain markets liberalization, and policy research. The Mission's geographic focus is on high and medium potential agricultural areas which comprise 20 percent of Kenya's total land area, support 80 percent of the rural population, and produce virtually all of the output of the major commodities such as coffee, tea, dairy, cereals, pulses, and horticulture. An important characteristic of these areas is the dominance of smallholder producers who account for an estimated 75 percent of total agricultural production and 60 percent of marketed output.

Growth in agricultural productivity is essential for continued overall economic growth. Agriculture is the largest sector in the Kenyan economy, contributing 28 percent of gross domestic product, providing 60 percent of export revenues and employing over three quarters of the work force. In addition, it is anticipated that the sector will absorb about 40 percent of the 4 million additional workers expected to enter the labor force by the year 2000.

From 1972 to 1991 agricultural production, as measured by real value added, experienced an average annual growth of 2.8 percent. In general, the growth rate was higher in the 1980s, with six consecutive years of positive growth from 1985 to 1990, during which the average annual growth rate was approximately 4.0 percent. In 1991 due to the drought, this positive trend was broken as real agricultural value added fell by 1.1 percent.

Growth in real value added per hectare averaged 2.7 percent annually from 1972 to 1991 and closely mirrored trends in agriculture value added over the same time period. In both cases, widely varying annual growth rates throughout the 70s and early 80s stabilized at approximately 4 percent from 1985 to 1990. Value added per hectare, measured in constant 1982 Kenyan Pounds, grew from 17.3 in 1972 to 29.4 in 1990, a total increase of nearly 70 percent. The 1.1 percent decline in agriculture value added in 1991 is also evident for land productivity, as value added per hectare dropped to 29.1 Kenyan pounds in 1991.

The overall picture for labor productivity in the agriculture sector is markedly different. The total increase in value added per worker (including on-farm family labor) from 1972 to 1991 was 1.4 percent, an average annual growth of only .07 percent, or virtually zero. In 1991 agriculture value added per worker declined by 3.7 percent from 1990 levels.

These trends in land and labor productivity indicate that overall productivity increases in Kenyan agriculture for the past twenty years have come consistently, and almost exclusively, from yield increases. Rapid population growth, slow absorption of labor into the modern wage sector and limits to economically feasible expansion of agricultural area have caused an average annual decrease in land per worker of 2.7 percent. In the absence of yield (ie., land productivity) growth, labor productivity would have decreased at the same rate. It was only that agricultural technology adoption contributed to a 2.7 percent per year yield increase that prevented serious labor productivity declines.

STRATEGIC OBJECTIVE No. 1

	Baseline	Actual and Planned			Data
		1991	1992*	1995	Sources
STRATEGIC OBJECTIVE 1					
INCREASE MODERN CONTRACEPTIVE USE:					
Contraceptive Prevalence Rate **	9 % (1984)	17 %	18 %***	23 %	KCPS/NCPD
Couple Years of Protection	564,998 (1991)	564,998	319,151	25 % Increase	LMIS/HIS
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 (1984)	926	975	1,088	LMIS/HIS
SUB-TARGET 1.1b					
INCREASE THE NUMBER OF PRIVATE SECTOR AND NGO SERVICE DELIVERY POINTS ROUTINELY OFFERING FAMILY PLANNING SERVICES	181 (1984)	649	792	1,124	LMIS/HIS
SUB-TARGET 1.1c					
INCREASE THE NUMBER OF SITES OFFERING VOLUNTARY SURGICAL CONTRACEPTION	4 (1984)	60	65	78	AVSC/DFH
SUB-TARGET 1.1d					
INCREASE PERCENT OF SUB-LOCATIONS WITH ACCESS TO COMMUNITY-BASED SERVICES	5 % (1984)	34 %	37 %	45 %	USAID
SUB-TARGET 1.1e					
INCREASE NUMBER OF RETAIL OUTLETS SELLING:					
a) Reasonably-Priced Oral Contraceptives	0 (1984)	35	50	500 #	PSI/Boots PL
b) Reasonably-Priced Condoms	0 (1984)	443	660	40,000 #	PSI/Boots PL
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	23 % (1989)	20 %	18 %***	10 %	KDHS
SUB-TARGET 1.2b					
INCREASE PERCENT OF WOMEN KNOWING WHERE SERVICES CAN BE OBTAINED FOR:					
1) IUD	60 % (1989)	62 %	64 %***	75%	KDHS
2) Norplant	< 1 % (1991)	< 1 %	5 %***	50 %	KDHS
3) Injectables	n/a	77 %	78 %***	84 %	KDHS
4) Female Sterilization	85 % (1989)	87 %	89 %***	95 %	USAID

* As of June 30, 1992; CYP figure is estimate for the period 1/1/92 to 6/30/92, beginning next year annual data will be presented for the CYP indicator – two years of data are not yet available

** Prevalence of modern contraceptive use in all women of reproductive age, 15 – 49 years

*** USAID/Kenya estimate; 1993 KDHS will provide actuals

\# Modification of this 1995 benchmark is a result of USAID/Kenya working through a new distributer with 40,000 outlets

The importance of maintaining this progress has both microeconomic and macroeconomic dimensions. On the micro level increased labor productivity is the only avenue to improved living standards for agricultural workers. These standards will erode if momentum is lost in promoting yield increases. On the macro level, productivity must play a central role in driving economic growth. Yet, there exists a vicious circle: low agricultural productivity limits economic growth, slow economic growth limits the absorption of labor out of agriculture, thus undermining progress on agricultural productivity.

It is this negative cycle which USAID/Kenya's second strategic objective addresses. The targets of accelerating the development and transfer of technology and improving the efficiency of agricultural markets, are based on the proposition that efficient technical change increases labor productivity while input and output market efficiency enhances producer incentives to employ more productive technologies and practices.

TARGET 2.1: *Accelerate Technology Development and Transfer*

Technology development and transfer has been an effective way to increase agricultural productivity and farm income. USAID has supported the development and extension of high yielding maize varieties for three decades. The current research support program began in 1986 and supports maize, sorghum, millet, and horticulture development through the Kenya Agricultural Research Institute (KARI) and collaborative crop management research and training by KARI, Egerton University and CIMMYT . KARI's management capacity and cooperation with private institutions is also enhanced so that KARI's research efforts continue to be demand driven.

Although no new maize varieties have been released since the last API report, KARI is making progress in getting new varietal material into the pipeline. For the lowland and mid-altitude programs, a total of twelve varieties are in the penultimate stage before national performance testing. In addition, a new streak virus resistant variety is being tested and, if found productive in infected areas, will be included in the 1993 national tests.

High yield variety (HYV) maize seed sales in 1991 increased by 18 percent over 1990 to 21,608 tons. The hybrid H626 experienced the most rapid sales increase. This variety was developed by KARI and the Kenya Seed Company with USAID/Kenya support and was released in 1989. H626 sales reached 3400 tons in 1991/92 from 1000 tons in 1990/91, representing 15 percent of total seed sales from a 1990/91 level of 5.7 percent.

The impact of research and the related widespread use of HYV maize can be seen from several perspectives. A 1990 study, covering the period 1958 to 1988, found that public investment in maize research in Kenya yielded an average economic rate of return of 68 percent. During this period, smallholder adoption of HYV maize rose from virtually zero, in the early 1960's, to over 65 percent of area planted during the 1985-88 period. As a result yields and area doubled while national output increased nearly fivefold.

Research impact can also be illustrated by comparing these trends in national maize production with what they might have been without research. Analysis utilizing high and low

STRATEGIC OBJECTIVE No. 2

	Baseline	Actual and Planned		Data
		1991/92	1995	Sources
STRATEGIC OBJECTIVE 2				
INCREASE AGRICULTURAL PRODUCTIVITY AND FARM INCOME:				
Value of Agricultural Production / Hectare*	24.1 (1985)	29.1 (1991)	3.7% annual increase	Economic Survey
Value of Agricultural Production / Worker*	146.6 (1985)	150.1 (1991)	1.1% annual increase	Economic Survey/FAO
Agricultural Sector Value Added, Annual Growth	4.0 (1986-89)	-1.1 (1991)	4% annual increase	Economic Survey/FAO
Maize Yields (MT/Hectare)	2.20 (1985-89)	2.0	4% annual increase	MOA/DRSRS
TARGET 2.1				
ACCELERATE TECHNOLOGY DEVELOPMENT AND TRANSFER				
SUB-TARGET 2.1a				
INCREASE ADOPTION OF NEW TECHNOLOGIES				
HYV Maize Seed Sales (tons/year)	18,516 (1985-89)	21,608	22,225	KSC
% Maize Production Area Under HYV Maize	63 % (1985-89)	60 %	65 %	KARI/KSC/USAID
% HYV Maize Area Under Smallholder Production	80 % (1989/90)	82 %	85 %	KSC/KARI
% New Horticulture Cultivar Sales	Establish 1993			
SUB-TARGET 2.1b				
INCREASE DEVELOPMENT & TRANSFER OF TECHNOLOGIES				
Number of Seed Varieties & Cultivars Disseminated **	9	11	15	KSC/NARC - Kitale
o maize	7	8		
o sorghum	2	3		
o horticulture	Establish 1993			
TARGET 2.2				
IMPROVE AGRICULTURAL MARKET EFFICIENCY				
SUB-TARGET 2.2a				
IMPROVE FERTILIZER MARKET EFFICIENCY				
Percent Over CIF/Mombasa Price Paid by Farmers	60 % (1986)	28 %	Market Determined	USAID
SUB-TARGET 2.2b				
IMPROVE GRAIN MARKET EFFICIENCY				
Marketing Costs for Maize ***				
o Average marketing costs of maize (Ksh/Kg)	.62	.62	Reduce by 15%	KMDP
o Farmgate Price as a % of Retail Market Price	69 % (1991/92)	69 %		NCPB
Variation in Seasonal and Regional Maize Prices				
o Seasonal average price differentials - surplus markets	38 %	39 %	Cost of Storage	USAID
o Seasonal average price differentials - deficit markets	31 % (1990)	45 %		USAID
o Regional average price differentials - western Kenya	29 %	36 %	Cost of Transport	USAID
o Regional average price differentials - eastern Kenya	36 % (1990)	48 %		USAID

* Valued in constant 1982 Kenyan pounds

** A seed variety is defined as disseminated when it is available for purchase by farmers

*** Marketing costs in this context refer to the price differential between retail market price and farmgate price

scenarios, found that without research maize output in the late 1980s would have been between 600,000 and 1.3 million tons lower per year than it has been with an active research program. Imports valued at between US$93 million and US$188 million would have been necessary for Kenya to match the increased maize output obtained during the late 1980s. In 1988 this would have represented a 5 to 10 percent increase in the import bill and would have added 1.6 to 3.2 percent to the nation's external debt.

Impact from research can also be seen in farmer's choice of crop mix. Due to increased per unit maize yields smallholders have been able to shift resources and change their crop mix to higher value crops. During the late 70s and throughout the 80s, area under horticulture grew on average four times more rapidly than area under maize, evidencing a shift to high value crops.

TARGET 2.2: *Improve Agricultural Market Efficiency*

The second target of USAID/Kenya's agricultural program is to increase agricultural market efficiency. The Mission's efforts in the agricultural factor markets have focused on diammonium phosphate (DAP) fertilizer, the largest financial input expense for maize farmers.

Fertilizer Pricing and Market Reforms

The purpose of the Fertilizer Pricing and Market Reform Program (FPMRP) - USAID/Kenya's primary mechanism for effecting fertilizer market reform - was to increase small farmer fertilizer use through policy reform. Reforms encouraged fertilizer price decontrol and development of a competitive market where retail prices reflect actual costs and average trader profits. With adequate supply, marketing competition holds the greatest potential for increasing small farmer fertilizer use.

FPMRP led to the GOK's decontrol of fertilizer prices in early 1990. This permitted: wholesale and retail price competition through quantity cash discounts and delivery services; distributor competitive advantage development in stocking or transport logistics, and; market entry by retailers. As a result, current marketing margins more closely reflect the actual costs of marketing and capital.

Farmers in Nakuru, a major distribution point for DAP, presently pay 19 percent more for 50 kgs. of DAP than the importer paid CIF/Mombasa. The 19 percent margin covers bagging, port clearance, handling, financing and profits. By comparison, due to administratively set margins, Nakuru farmers paid up to 33 percent more than the CIF/Mombasa price in 1986.

The impact of fertilizer market reform is even more evident in the case of small farmers located outside of Nakuru or similar distribution points. In 1986, the dominant supplier, the parastatal Kenya Farmers Association, allowed retailers a 2.5% retail mark-up. As this did not cover marketing costs to more isolated small farmers, retailers sold "illegally" or not at all. In most cases small farmers incurred costs averaging 16-25% of the official "maximum retail price" to pick up fertilizer at Nakuru (farmer transport to and from town, opportunity cost of

time, transport for the fertilizer). With market reform, rural retailers in 1991 were able to sell DAP at a price which included a gross margin of only 7 to 9 percent over the wholesale price. In summary, 1986 farmers paid up to 60% over CIF while post-price decontrol 1991 farmers paid up to 28% over CIF.

The improvement in the efficiency of the fertilizer market as a result of FPMRP-induced policy is clear. Due to conditions and measures beyond the control of FPMRP, however, this has not led to an increase in fertilizer use. The depreciation of the Kenyan Shilling has resulted in a more rapid increase in imported fertilizer prices than in agricultural commodity prices. Artificially low official food crop prices and depressed international coffee prices have served as further disincentives to increased fertilizer use.

Cereals Marketing Reform

In collaboration with the EEC and IBRD, the Kenya Market Development Program (KMDP) supports the GOK Cereals Sector Reform Program. KMDP focuses on maize, bean and minor crop movement control elimination; market price and regulation dissemination; market to market road rehabilitation; and university policy research. All areas have made significant progress in a difficult environment.

KMDP was initiated in July, 1990. In April, 1991, as a result of KMDP, the GOK increased the amount of maize farmers and traders could move freely from one to four tons. Concurrently, the GOK completely decontrolled millet, sorghum and minor crop marketing and implemented the first ever market regulation publicity campaign. The Ministry of Agriculture (MOA) initiated daily radio and newspaper announcement of open market prices and conditions at this time. In early 1992 the GOK decontrolled bean marketing and further relaxed maize movement ceilings to 8 tons while committing to total decontrol by December, 1992. The MOA again announced these and previous changes during two media and administrative service publicity campaigns.

Assessment of movement decontrol impact is difficult, due to spotty police adherence to regulation changes; maize production shortfalls over the 1990-92 period; the national cereals board's sale of over 11 million bags of maize (increasing the proportion of formal to informal maize flows); and the short time period since decontrol measures have been implemented.

It is expected that movement control elimination will result in marketing margins (the difference between farmgate and retail price) that more closely reflect transport costs and average trader profits. As marketing margins are driven lower by cereals buying and selling competition, producer prices will increase while consumer prices fall. This would enhance food security, especially in deficit areas poorly served by the cereals board, while improving farm income.

USAID market price monitoring shows how sensitive this dynamic is to conditions outside the commodity system, such as weather. Margins exhibit within and across year variations. Within any year the July-September period is the "hungry season" when maize is less available and prices rise. As the October-December harvest period begins, the margins between farmgate and consumer prices increase (from 25% to 31% in 1990 and from 19% to 36% in 1991).

This illustrates the disproportionate downward pressure harvest periods have on farmgate prices relative to consumer prices. Margins continue to expand during the January - March period (to 42% in 1991 and 1992) as harvests peak, pushing farmgate prices down further. Margins adjust downward during the April - June period (to 21% in 1991 and 28% in 1992) as on farm surplus stocks are exhausted allowing producers to demand higher prices for the small quantities they sell, and consumers benefit from previously purchased maize being released from stores and stabilizing prices.

Nominal Farm to Market Margins in 10 Markets
(% increase of farmgate price)

	1990/91		1991/92
July-September (90)	26	July-September (91)	19
October-December (90)	31	October-December (91)	36
January-March (91)	42	January-March (92)	42
April-June (91)	21	April-June (92)	28

Across year price variations can indicate movement decontrol impact as limits increased from 1 ton to 4 tons in April, 1991 to 8 tons in April, 1992. However, in addition to movement decontrol these margins are affected by between year changes in maize supply, marketing board activities, farmer and trader perceptions, etc. Decreasing July-September margins between 1990 and 1991, from 26% to 19%, indicate increased farmgate competition due to higher movement limits, resulting in higher producer prices. Increased October-December margins, from 31% in 1990 to 36% in 1991, illustrate sharp consumer price increases as significant 1991 production shortfalls became evident in December and traders and the cereals board bought and held stocks. The constant January-March margins (42% in both 1991 and 1992) illustrate farmgate price increases due to shortages, buying competition and increasing consumer prices as market participants anticipate the effects of a production shortfall. As farmers refuse to sell, and buyers stop seeking limited on-farm supplies, farmgate prices fall slightly. Imports and the cereals board's last attempt to stabilize prices with diminishing stocks only bring down consumer prices a small amount. This explains the jump in April-June farm to market margins from 21% in 1991 to 28% in 1992 although movement limits had increased to 8 tons in April, 1992.

It is also expected that movement control elimination and increased private marketing will result in lower interseasonal maize price increases. Price variations (around a "mean" market price) would decrease as competition eliminates excess costs and profits and movement decontrol allows maize to move in response to prices. More stable prices will benefit consumers and improve food security. However, illustrating the impact of weather and incomplete deregulation USAID monitoring has shown the following pattern of open market price variation.

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Percent Interseasonal Maize Price Variations
(in real prices)

	June 1990 - July 1992
High Private Trade (Central)	28
High Private Trade (Western)	29
High Private Trade (Nyanza)	36
Low Private Trade (Rift Valley)	44
Moderate Private Trade (Eastern)	68

Areas of "high private trade", where there is more private than cereals board marketing, exhibit the least price variation over the two year period. Eastern Province is a semi-arid, low income, maize deficit area. As the GOK has provided Eastern with significant food assistance over the last six months, it is classified as a "moderate private trade" area. (Note that during the 1984-85 drought, Eastern Province maize prices increased 214% while Western Province maize prices increased only 17%.) Price variations illustrate that in areas where maize moves freely aboard private vehicles, consumers experience less interseasonal price variations. Where the cereals board is dominant and movement is restricted consumers experience greater volatility in maize prices.

In response to liberalization and production shortfalls, the GOK doubled official cereals board producer prices in July, 1992. This contrasts with official prices over the last five years that have remained flat (in real terms) setting the stage for maize production shortfalls exacerbated by erratic rains. As open market prices are high, the 100% producer price increase should enable the board to compete with private traders in buying scarce maize supplies. Its immediate effect will be to restore maize enterprise profitability, increase farmer incomes, and provide maize producers with greater price incentives.

Conclusion

USAID/Kenya's agricultural program has had profound impacts. Increased development and transfer of improved technologies has led directly to increases in land productivity as indicated by increased maize yield per hectare. Fertilizer markets are operating more efficiently as evidenced by the reduction in the percent over the CIF Mombasa price that farmers pay for fertilizer. Finally, marketing reforms are beginning to have an impact as indicated by reduced interseasonal price variation in regions with high volume of private trade. The result: the overall national production of Kenya's main staple crop has increased, increased maize productivity has freed up land and labor resources for the production of higher value crops, and fertilizer and maize are more available in markets.

While land productivity has increased, labor productivity has not. In fact, labor productivity growth has stagnated at approximately .07 percent per year, or virtually zero, since 1972 due to rapid population growth and slow expansion of non-farm employment opportunities. Fortunately, technology driven per hectare yield increases have prevented labor productivity from actually declining by almost 3 percent annually. These relationships illustrate the key, cross sector, links to the employment and population strategic objectives of the mission.

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STRATEGIC OBJECTIVE 3: *Increase Private Enterprise Employment*

USAID/Kenya's strategy for increasing private enterprise employment focusses on providing support to non-traditional exports (NTEs) and small and medium enterprises (SMEs). The Mission's approach to helping NTEs and SMEs to more fully realize their potential to generate employment is to support improvements in the enabling environment and to strengthen institutions that can assist private enterprises to respond to the improved environment.

Private sector employment in Kenya has increased at an average annual growth rate of 6.1 percent since 1985, accounting for the creation of approximately 390,000 jobs. The annual growth rate decreased slightly in 1991 to 6.9 percent, from 7.5 percent in 1990, due primarily to slower growth in modern sector employment creation. In 1990, the private sector accounted for approximately 1.2 million jobs, which was about 63 percent of total employment outside the small farm sector, and an estimated 12 percent of the total labor force.

The private sector's share of total employment and of total employment created each year (outside the small farm sector) has been increasing, trends that attest to the dynamism of private enterprises in Kenya. The percent of total employment provided by the private sector has risen from 60.7 percent in 1985 to 64.1 percent in 1991. The percent of the total net annual increase in non-farm employment that is generated by the private sector rose from 57.6 percent in 1985 to 84.9 percent in 1991. Between 1985 and 1991, the private sector provided 73.4 percent of the net increase in jobs in Kenya. In contrast, public sector wage employment has been growing more slowly. The annual growth rate of public sector wage employment has fallen from a high of 6.7% in 1988 to 2.1% in 1991 (see Section II for a discussion of employment trends in the context of the total labor force).

Although USAID/Kenya has judged that it is no longer in the Mission's manageable interest to reverse the decline in real wages (see Annex A), wage and productivity issues remain concerns that influence the Private Enterprise program. During the 1980s it is estimated that labor productivity in the modern private sector rose by 2 to 3 percent per year, although productivity rises in the public and small farm sectors were probably negligible or nonexistent. Annual changes in real wages for the formal private sector have fluctuated widely from year to year, with positive changes registered in 6 out of the past 11 years. The average annual rate of change in formal private sector real wages since 1985 has been 1.2 percent. However, since 1981 the average annual rate of change has been negative .5 percent, indicating no net improvement in the welfare of workers in this sector over that time. Real wages in the formal private sector declined in 1991 by 4 percent, a more rapid decrease than that experienced in 1990, when real wages dropped by 1.2 percent.

TARGET 3.1: *Increase Non-Traditional Export* Revenues

The target of increasing non-traditional export (NTE) revenues is designed to build on the potential of this sector to exploit Kenya's unique productive resources (inexpensive labor and favorable and diverse agro-climatic zones) to generate foreign exchange, create jobs, and increase real wages and incomes. In 1991 USAID/Kenya launched the Kenya Export Development Support (KEDS) Project to support the growth of this sector. This project, the

STRATEGIC OBJECTIVE No. 3

	Baseline	Actual and Planned 1991	Actual and Planned 1995	Data Sources
STRATEGIC OBJECTIVE 3				
INCREASE PRIVATE ENTERPRISE EMPLOYMENT				
Private Sector Annual Employment Growth Rate	5.2% (1985)	6.9 %	7.0 %	Economic Survey
TARGET 3.1				
INCREASE NON-TRADITIONAL EXPORT REVENUES				
Non-traditional Export Revenues	$449 mil. (1990)		$600 Mil.	Customs & USAID Study
	*$486 mil.** (1990)	*$550 mil.**		*Economic Survey*
Number of NTE Enterprises	1488** (1990)		2000	Customs & USAID Study
Total Employment in NTE Enterprises	157,000 (1990)		8 % Annual increase	NSSF/USAID
SUB-TARGET 3.1a				
IMPROVE POLICY ENVIRONMENT FOR EXPORTS				
Policy Index Score	N/A			USAID
SUB-TARGET 3.1b				
EXPAND SUPPORT SERVICES FOR NTE ENTERPRISES				
Number of Organizations with Support Programs for NTE Enterprises	2 (1990)	2	8	USAID
Number of NTE Enterprises Assisted per Annum				
TARGET 3.2				
INCREASE PROFITABILITY OF SMALL & MEDIUM ENTERPRISES				
Average Annual Real Revenues per SME				
o Formal/modern sector	Ksh 24.4 mil.		5% Ann. Incr.	CBS/USAID Study
o Urban informal sector	Ksh 99,000 (1990)		5% Ann. Incr.	USAID
Total Employment in SMEs				
o Formal/modern sector	276,000**	285,000	5% Ann. Incr.	CBS/USAID Study
o Urban informal sector	277,000 (1990)		11% Ann. Incr.	USAID
	*285,000** (1990)	*332,000**		*Economic Survey*
SUB-TARGET 3.2a				
IMPROVE ENABLING ENVIRONMENT FOR SMEs				
Enabling Environment Index Score	N/A			USAID
SUB-TARGET 3.2b				
EXPAND SUPPORT SERVICES FOR SMEs				
Number of Organizations with Support Programs for SMEs	41 (1990)	51 #	50	USAID
Number of Loans Disbursed to SMEs	9000 # (1990-91)			GOK/USAID
Number of Individuals in SMEs Trained	2400 # (1990-91)			GOK/USAID

* data drawn from a source different than for baseline, this figure has been included to illustrate trends in the sector over the past year
** Data revised from 1991 API
# Provisional data

Mission's primary activity in support of the NTE sector, seeks to strengthen public sector agencies and private organizations to promote NTEs, improve the export climate, and provide firm-level assistance.

Non-traditional export revenues increased by 13.2 percent in 1991 to reach $550 million (9.1 billion real Ksh., an increase of 18.3 percent over the Kshs value of exports in 1990). The average annual growth rate in NTE revenues, valued in U.S. dollars, has fluctuated considerably since 1987, averaging 8.8 percent over the period.

A major earner of export revenues is horticulture, a high potential, labor-intensive subsector which is targeted for KEDS support. Fresh horticultural exports, which totaled approximately $73 million in 1991, increased in dollar value by an average annual rate of 18.6 percent between 1986 and 1991. This rapid annual growth in export revenues is reflected by the increase in the number of firms that export horticultural products. These firms increased by over 62 percent between 1989 and 1991, to reach 159 firms.

The promise of horticultural exports for increasing employment through backward linkages to agricultural production is illustrated by Kenya's floriculture industry. The flower export sector in Kenya is dominated by two large, highly integrated firms plus a handful of other small firms. The industry is very labor intensive and in 1991 an estimated 8,000 people were employed (full-time equivalents) to produce the approximately $ 37.5 million worth of cut flowers that were exported from Kenya.

KEDS will also be working to improve the policy environment for NTEs. Building on recent policy changes in the foreign exchange market which have created incentives for non-traditional exporters, KEDS will focus efforts to achieve further policy reforms in key areas where the Project has a comparative advantage to influence policy development through support to private and public organizations. USAID/Kenya will track progress toward reform goals through a "policy index" that is now being developed and that will be based on the results of an annual survey of private sector exporters and key policy analysts.

Growth of NTE industries in Kenya is constrained by, among other things, insufficient capital, a lack of technical capacity and inadequate infrastructure and market information. The KEDS Project will work through organizations to address some of these constraints, and will also provide direct, firm-level assistance.

TARGET 3.2: *Increase Profitability of Small and Medium Enterprises (SMEs)*

USAID/Kenya's second target aims to increase the profitability of small and medium enterprises (SMEs) in the formal/modern and informal sectors by improving the policy and regulatory environment and by increasing support services. The program is directed at SMEs because of their labor intensity and potential to increase employment. USAID/Kenya has been one of the leading bilateral donors supporting SME development over the past six years. Support has been provided through the Private Enterprise Development Project (PED) and emphasizes institutional strengthening to promote policy reform and provision of financial and management assistance directly to SME firms.

Employment in the small and medium enterprise sector is increasing faster than employment overall in Kenya. This is evidenced by an average annual growth rate since 1985 of 7.8 percent among SMEs, as contrasted to an average annual rate of increase of 5.3 percent for total employment over the same time period. Within the SMEs, the informal sector (urban + rural) average annual growth rate of 11.4 percent over that time period has greatly exceeded the corresponding rate of 3.2 percent for formal sector SMEs. The informal sector growth rate has been so rapid that the informal sector share of total SME employment has grown from just over 50 percent in 1984 to nearly 64 percent in 1991. It is important to note that while employment gains in the informal sector have been impressive, increases in labor productivity and real wages have probably been negligible.

Data suggest that small and medium enterprises assisted through components of the PED Project have been growing faster than SMEs overall in Kenya. Partial evaluation data imply that the average annual growth rate of employment in SMEs has been approximately 36 percent per firm for SMEs that were assisted by the Kenya Management Assistance Programme (KMAP), 34 percent per firm for SMEs receiving investments through the venture capital component, and 13 percent per firm for SMEs assisted by the International Executive Service Corps (IESC). Preliminary evaluation data also suggest that small and medium enterprises participating in the PED Project have shown average increases in real annual revenues per firm ranging from approximately 11 percent (IESC) to 24 percent (venture capital) per year after receiving assistance.

Women accounted for approximately 22.1 percent of total wage employment in Kenya in 1991, an increase from the level of 17.8 percent in 1983. Even though partial evaluation data suggest that firms participating in components of the PED Project had higher percentages of female to total employment before assistance, two of the components have shown increases in the percent of female employment to even higher levels after assistance was received, from 31 to 35 percent in the venture capital component, and from 30 to 38 percent in KMAP.

USAID/Kenya's private sector program includes initiatives to improve the enabling environment for small and medium enterprises. The SME sector in 1991 continued to suffer from less access to credit than larger enterprises, and from increased costs due to excessive government controls and regulations. However, some recent developments indicate progress in these areas. The Government of Kenya has officially acknowledged the need to improve the enabling environment for small enterprises and has developed a policy framework to do so, outlined in the recently released Sessional paper No. 2 of 1992 on "Small Enterprise and Jua Kali Development in Kenya". : (Jua Kali is the informal sector).

The GOK has established a Small Enterprise Development Steering Committee to implement a new strategy and to coordinate and advise government, donor, and NGO programs for SMEs. The new strategy focusses on deregulation, liberalization and the improvement of the operating environment for SMEs. As a lead donor providing assistance to small and medium enterprise development in Kenya, USAID plays an active role on the Committee and intends to use its influence to bring important issues to the attention of the Committee.

USAID/Kenya plans to develop a policy reform matrix and accompanying index to track progress on improving the enabling environment for SMEs for the FY 1993 API, similar to the

non-traditional export policy change measurement tool described above. In the meantime, the Mission has taken stock of progress achieved to date in this area by undertaking an evaluation of the Kenya Association of Manufacturers (KAM) component of PED. Providing support to KAM has been one of the principal ways USAID/Kenya has sponsored policy and regulatory reforms in the private enterprise environment in Kenya. KAM carried out nine studies with USAID/Kenya funds on a variety of reform related subjects, including price controls, export incentives, financing for industrial development, and parastatal reform. The evaluation found that approximately half of the reform recommendations contained in the studies have been implemented by the government, at least on paper. KAM's role in achieving the reforms was assessed as indirect, since the key players in the reform process appear to be political leaders, senior technocrats, and international donors who make reforms part of conditionality for assistance. Nevertheless, it was felt that KAM has made an important contribution to the national policy dialogue process, since it has provided useful data and analysis on alternative policies to both government and donors.

In the area of access to credit, interest rate deregulation in June 1991 has enabled NGO microenterprise credit programs, including those supported by USAID/Kenya, to raise interest rates to better sustain their programs. In this new framework, NGOs have been able to attract more donor and commercial financing, enabling them to expand numbers of loan recipients, total loan funds, and regional coverage. The formal banking sector has been slower to respond to the liberalized environment, but many commercial banks and financial institutions are now planning new small scale enterprise credit programs. The Kenya Commercial Bank (KCB) has set aside 100 million Kenya shillings (approximately $2.5 million) for four new loan schemes oriented toward small enterprises. One of the programs is targeted to the *jua kali* or informal business sector, and is a redesigned follow-on to a program that was financed by USAID/Kenya in the mid-1980s with local currency. USAID/Kenya is currently negotiating with the Government of Kenya to supplement the KCB financing with an additional 48 million shillings of local currency resources.

ANNEX A

REVISION OF INDICATORS AND EXPECTED LEVELS OF ACHIEVEMENT

The following provides a brief explanation of revisions made to elements of the strategic framework presented in the 1991 iteration of the API. Changes in indicators were based on research which demonstrated the original indicators did not capture the impact of related program activities or were not operational in terms of data availability or quality. Also included are brief discussions of the rearticulations of strategic objectives one and three. Further detail concerning data presented in the API is included in the technical notes (under separate cover).

Goal: Increase Sustainable, Broad-Based Economic Growth

- Real GDP Growth Rate; this indicator was added to this year's API because it is a primary indicator of aggregate economic growth. Real GDP growth rate was presented in this table in the 1990 API and, although not presented in the table last year, it was an important factor in the Section II narrative of the 1991 API.

- Infant Mortality and Child Mortality; these indicators are presented separately to highlight trends in the mortality of children at different ages.

- Real Income per Capita (USAID/Kenya Estimate); this indicator was dropped as a result of GOK's upward revision of the national inflation numbers. In undertaking this revision, the GOK addressed the majority of USAID/Kenya concerns. The Mission now feels GOK per capita estimates are appropriate.

Sub-goal 1: Reduce Fertility and Population Growth

- No revisions made

Sub-goal 2: Increase Production, Employment, Income and Foreign Exchange Earnings

- No revisions made

Strategic Objective 1: Increase Modern Contraceptive Use

- This strategic objective has been slightly rearticulated from the 1991 version, "Increase Contraceptive Use." The shift to emphasizing modern contraceptive methods in this year's API is based on the Mission's ability to effectively track the distribution and use of modern contraceptives, eg., pills, condoms, injectables, Norplant® and IUDs. In addition, these commodity-based methods are the most reliable means of calculating

couple years of protection (CYP). The shift in focus to modern methods will also affect the derivation of contraceptive prevalence rates (see discussion below).

- Contraceptive Prevalence Rate; this indicator is now calculated with all women of reproductive age as a base (the denominator in CPR calculation). In the 1991 API, married women of reproductive age served as the base. This change has been made because the indicator better reflects program impact and because reliable contraceptive data for this population are now available. Recent analyses of contraceptive prevalence data indicate that up to 25 percent of female users of contraceptives are unmarried. Using married women as the reference population for this indicator, therefore, distorts actual program impact.

CPR	1984	1989	1991	1995
Married Women of Reproductive Age (All Methods)	17 % *	27 % *	29 %	35 %
All Women of Reproductive Age (Modern Methods)	9 %	15 %	17 %	23 %

* From 1989 KDHS

The remaining figures are based on method-specific estimates and projections generated by the National Council for Population and Development. Reference: The Family Planning Programme in Kenya: Demographic Impacts and Expenditure Implications.

Sub-target 1.2b: Increase Percent of Women Where Services Can be Obtained For:

- Norplant® has been added to the 1992 API following FDA approval in early 1992 and USAID's Office of Population initiating central procurement of Norplant.

- Injectables have been added to this year's API because the Logistics Management Information System now effectively tracks the distribution and use of all modern methods of contraception, including injectables.

Strategic Objective 2: Increase Agricultural Productivity and Farm Income

- Value of Agricultural Production Per Hectare; this indicator was added in an effort to track land productivity changes. These changes implicitly embody such factors as higher yielding varieties, fertilizer use, land improvements and better crop and animal husbandry.

- Value of Agricultural Production Per Worker; this indicator was added in an effort to track labor productivity changes. These changes implicitly embody such factors as area expansion, labor flows in and out of agriculture and demographic pressure. Changes in labor productivity could also provide a proxy indicator for changes in rural welfare.

Sub-Target 2.1a: Increase Adoption of New Technologies

- % New Horticulture Cultivar Sales ; this indicator was added in order to provide a baseline for horticultural technology development and transfer, a newly added area of focus in the agriculture portfolio. The second phase of the National Agricultural Research Project (NARP II) will have horticultural technology development and transfer as one of its primary focus areas. The successful transfer of horticultural technology occurs when the cultivars are disseminated to producers, therefore sales of horticultural cultivars provide a quantifiable and consistent indicator of the adoption of new technologies by farmers, while changes in uptake of the cutlivars indicate the manner in which producers are adopting new technology. Base line will be established in 1993 API.

Sub-Target 2.1b: Increase Development and Transfer of Technologies

- Number of Seed Varieties Disseminated (Horticulture) ; the utility of the development of agricultural technology lies in its dissemination. Thus, until a technology is released and available to producers, its utility is limited to research. The aim of this indicator is to track the productivity of research in releasing technologies that address the producers problems in a quantifiable and consistent manner. Baseline will be established in 1993 API.

Sub-Target 2.2a: Improve Fertilizer Market Efficiency

- Percent over CIF (Mombasa) Price Paid by Farmers ; - this indicator was added to more explicitly capture the increased efficiency of fertilizer markets after liberalization, in turn, resulting in the reduction of unnecessary costs borne by the producers. Thus the reduction in this price margin indicates that unnecessary costs are being reduced as markets become more competitive.

- Marketing Margins for Fertilizer (DAP) : Mombasa to Nakuru Stockist Gross Margin; and Domestic DAP Fertilizer Price as % of Adjusted World Prices : Nakuru Stockist Price/CIF Mombasa Adjusted for Internal Marketing Costs - these indicators were deleted from this year's API as they were found to be insufficiently informative in conveying changes in fertilizer market efficiency. These indicators were replaced by the indicator above, which has greater intuitive and analytical capability in conveying the extent to which freer markets reduce marketing costs borne by farmers.

Sub-Target 2.2b: Improve Grain Marketing

- Farmgate Price as a % of Retail Market Price ; this indicator was added because it permits greater intuitive understanding of changes in market efficiency. The difference between the farmgate price and the market retail price is an indicator of the efficiency of marketing channels, especially if the markets and farms are in close proximity. As markets become more efficient, the proportion of the final retail price retained at the farmgate should increase. Hence, an increase in the farmgate price as a percent of retail market price is an indicator of improved market efficiency.

- Marketing Costs - Ratio of Private Trader/NCPB; This indicator, which attempts to capture the differential between private trader marketing costs and those of the public sector cereals board, was found to be insufficiently informative regarding the reduction of costs as a result of liberalization.

Strategic Objective 3: Increase Private Enterprise Employment

- The Mission decided to remove the language "while reversing the decline in real wages" from the strategic objective, and to drop the second indicator Private Formal Sector Annual Average Real Wage Growth Rate from the table. It was recognized that real wages are determined by three factors: the level of employment, nominal wages, and the rate of inflation. Because of the high inflation rates and generally deteriorating macroeconomic conditions in Kenya of recent years, the Mission determined that having a significant effect on the level of real wages is beyond the manageable interest of USAID/Kenya for the medium term. The Mission, however, recognizes the importance of rising real wages to achieving sustainable economic growth and development, and will continue to track private formal sector real wage trends in the narrative of the API. The method used to convert nominal to real wage values was adjusted from the 1991 API, which resulted in slight differences in the data reported for past years.

Target 3.1: Increase Non-traditional Export Revenues

- The word "Earnings" was changed to "Revenues", in order to make clear that the target and indicator are referring to revenues earned from non-traditional exports, and not to the profits of the firms that export. A different source was used from the 1991 API, which explains the increase in the 1990 baseline figure. It is probable that the 1990 figure reported in the 1991 API was underestimated, since Customs continues to revise export data for several years.

- Number of NTE Enterprises; the language of this indicator was simplified from "Number of Enterprises Engaged in Exporting Non-traditional Products". The indicator still captures only those firms that actually export non-traditional products, and not necessarily firms that produce non-traditional goods that are exported by other parties. The baseline figure for 1990 was revised based on more complete information.

- Total Employment in NTE Enterprises; the qualifying words "formal sector" were dropped from NTE Enterprises, because they were perceived to be unnecessary. The assumption is that virtually all firms that export are registered and licensed, and thus in the formal sector. The language was slightly revised from "Non-traditional Exporters" to "NTE Enterprises", to match the above indicator on "Number of NTE Enterprises".

Sub-target 3.1a: Improve Policy Environment for Exports

Sub-target 3.1b: Expand Support Services for NTE Enterprises

- These two subtargets were originally combined into one. The Mission determined that

there should be two distinct subtargets, since the two goals of the subtargets are very different, and are tracked with different indicators. This division into two subtargets was also applied to the small and medium enterprises Subtarget 3.2 a, as described below. In addition, the language describing the NTE Enterprises was simplified from the original "Enterprises Engaged in Exporting Non-Traditional Products".

- Policy Index Score; this indicator was added, and attempts to capture progress in the area of improving the policy environment for exports in Kenya. The Mission developed a draft matrix of the key policy reform areas that will be tracked, (see attached). Over the course of the coming year, a survey of private sector exporters and key policy analysts will be carried out to derive an "index" score on the status of the policies contained in the matrix. The survey will be conducted every year in order to revise the index score and measure progress in policy reform.

- Number of Organizations with Support Programs for NTE Enterprises; the language of the original indicator, "Number of Kenyan Organizations with Programs Designed to Support NTE Enterprises", was modified to simplify it, and to make it more closely parallel the similar indicator for small and medium enterprises. It was decided that the qualifying descriptive characteristics of the organizations monitored would be more appropriately detailed in the accompanying Technical Notes.

- Number of NTE Enterprises Assisted per Annum; the data for the baseline of 1990 and for 1991 are currently being revised, based on new information.

Target 3.2: Increase Profitability of Small and Medium Enterprises

- Average Annual Real Revenues per SME; this indicator was slightly revised to drop the word "Establishment" from SME. The word referred to a technical point concerning the data source used, and was judged to be cumbersome in the table. In addition, the data are now expressed in real Kenya shillings, because shillings more accurately reflect revenues for domestic firms.

- Total Employment in SMEs - Formal/modern sector; the 1990 baseline figure was revised based on updated information provided by the Statistical Abstract, and using the same estimation method that was applied for the 1991 API. The 1995 benchmark was corrected to 5 percent annual increase, (the 9 percent benchmark presented in the 1991 API was an error).

- Total Employment in SMEs - Urban Informal sector; the new 1990 baseline figure and the 1991 data are supplied from an alternative source to the special study used for the 1990 baseline provided in the 1991 API.

Sub-target 3.2a: Improve Enabling Environment for SMEs

Sub-target 3.2b: Expand Support Services for SMEs

- These two subtargets were originally combined into one. As in the case of the non-

traditional export Subtarget 3.1a described above, the Mission determined that there should be two distinct subtargets, since the goals of the subtargets are very different, and are tracked with different indicators.

- Enabling Environment Index Score; this indicator was added and will be reported in the 1993 API. It will be similar in design to the non-traditional export index described above, and will attempt to capture progress in the area of improving the enabling environment for small and medium enterprises in Kenya.

- Number of Organizations with Support Programs for SMEs; The language of the original indicator, "Number of Private Registered Kenyan Organizations Providing Support Services to SMEs", was modified to simplify it, and to make it more closely parallel the similar indicator for non-traditional exports. It was decided that the qualifying descriptive characteristics of the organizations monitored would be more appropriately detailed in the accompanying Technical Notes. The 1991 reported figure is provisional.

- Number of Loans Disbursed to SMEs &Number of Individuals in SMEs Trained; these indicators were added and attempt to capture, at the most direct level, Mission activities which are designed to facilitate progress toward the target of increasing the profitability of small and medium enterprises. The figures reported for loans and training are provisional.

EXPORT POLICY MATRIX/INDEX

Policy in 1992	Problems	Planned/Recommended Policy Reforms/Actions	Current Status	Policy Index Score
High tariffs, taxes and fees on imported inputs. Choice of Export Compensation (EC) or Duty/VAT Remission (DVR) to compensate direct exporters.	EC is a flat rate not based on actual costs and subject to countervailing. DVR is slow and not available to some exporters. Indirect exporters not eligible for either scheme.	Provide compensation to indirect exporters. GOK/WB/IMF programs plan to reduce tariffs, phase out EC and broaden/streamline DVR.	GOK proposing slower phase out of EC scheme.	
Import licenses required for all imported inputs, but to be automatic for some items.	Licensing delays even when imports are self-financed or are supposed to be automatic.	Enforce automatic licensing and eliminate or automate for self-financed imports.		
100% foreign exchange retention for NTEs.	Restrictions on use of retained FX. Some NTEs not eligible.	Relax or remove restrictions on use of FX. Expand list of eligible exports.		
Physical and paper based customs controls on imports and exports.	Extra customs costs and delays. Opportunities for rent seeking.	Phase out physical controls and improve procedures.		
Jet fuel prices set at high level relative to international prices.	Higher transport costs for horticultural exporters. No incentive for airlines to add cargo space or flights.	Reduce jet fuel prices to international levels.		
Credit ceilings imposed by Central Bank to limit the expansion of commercial bank credit.	No incentives for banks to offer trade financing services to exporters.	GOK/IMF program plans to substitute indirect controls to to encourage competition and expanded banking services.		
Exporters required to pay GOK parastatal for air cargo handling services.	Poor service and higher transport costs.	GOK/WB export program schedules elimination of requirement by November 92.	GOK proposing to delay elimination of requirement.	
Port and rail services provided by parastatals.	Poor/unreliable services, delays and higher transport costs.	GOK/WB plan to improve port/rail management and privatize some operations.		

ANNEX B

RESPONSE TO AID/W REQUEST FOR SUPPLEMENTAL INFORMATION

I. USAID/Kenya Involvement with Indigenous PVOs

USAID/Kenya is heavily involved with Kenyan private voluntary organizations (PVO), through both its sector-specific programs and the PVO Co-Financing Project.

The Mission's Office of Population and Health (O/PH) works closely with many Kenyan and U.S. PVOs to implement its comprehensive health and family planning portfolio of projects. O/PH's Family Planning Services and Support Project (FPSS) supports family planning service delivery through community-based approaches, primarily implemented by PVOs. The major expansion in community-based family planning programs seen in Kenya since 1985 has been largely due to the expansion of CBD activities of PVOs such as the Family Planning Association of Kenya (the Kenyan affiliate of the International Planned Parenthood Federation), Maendeleo Ya Wanawake Organization and the Christian Health Association (CHAK), which represents a network of family planning associations, women's groups and Christian hospitals, clinics and dispensaries.

A large percentage of the health care services in Kenya are also provided through the PVO sector. Prominent Kenyan PVO health care providers include: the Kenya Catholic Secretariat, CHAK, Crescent Medical Aid of Kenya and the African Medical and Research Foundation. It is estimated that CHAK and the Kenya Catholic Secretariat together provide nearly 40 percent of primary health care services in the country, largely because of their widespread rural presence and provision of mobile clinic care.

The Private Enterprise Office (PEO) also cooperates closely with Kenyan PVOs in the implementation of various project components. In the Private Enterprise Development Project (PED), The Kenyan Rural Enterprise Programme (KREP) and the Kenya Management Assistance Program (KMAP) are two Kenyan PVOs that the Mission works through to provide technical assistance and credit to small enterprises in the formal and informal sectors.

The importance of these PVOs in providing services to the health and private enterprise sectors of Kenya is clear. USAID/Kenya, therefore, actively supports efforts to increase and strengthen the institutional capacity of these groups. The Family Planning Management and Development Project (FPMD), Pathfinder International, CEDPA and AVSC are some of the cooperating agencies that provide, through O/PH support, targeted technical assistance in institutional capacity building to many of the PVOs active in family planning service delivery in Kenya. Building on initial technical assistance provided to KREP by World Education through Mission support, the Private Enterprise Office continues to strengthen both KREP and KMAP institutionally through periodic and focused training and technical assistance.

In addition to USAID/Kenya's involvement with indigenous PVOs via sector-specific programs, the Mission also works with PVOs through the PVO Co-Financing Project. The explicit purpose of this project is, "to assist PVOs in Kenya to increase their development

impact by strengthening their institutional, implementation and beneficiary outreach capabilities." Recognizing the important and unique contributions PVOs make to Kenya's development, the Co-Financing Project has utilized workshops, training and specialized technical assistance to expand PVO capacity in the areas of project design and implementation, financial and personnel management and monitoring and evaluation. Kenyan PVOs recently assisted through the Co-Financing Project work in various sectors and include: the Kenya Freedom From Hunger Council, Tenwek Hospital, Chogoria Hospital, Family Systems Kenya Limited, Christian Industrial Training Centers, Tototo Home Industries and CHAK.

USAID/Kenya programs and projects have benefitted, and continue to benefit, significantly from the involvement of Kenyan PVOs. In addition, the Mission fully recognizes the crucial role these organizations play in Kenya's economic, political and social development. Thus, USAID/Kenya will continue its longstanding commitment to and support of the Kenyan PVO community.

II. USAID/Kenya: Targets of Opportunity

Kenya Health Care Financing Program

The Kenya Health Care Financing (HCF) Program has been heralded in the midterm evaluation report as one of the most successful health care financing reform programs in Sub-Saharan Africa.

The overall objective of the HCF Program is to increase the financial sustainability of both curative and primary/preventive health services. Funded in 1989 at US $15 million for four years through the Africa Economic Policy Reform Program, policy reform is accomplished with non-project assistance and a technical assistance project. Implementing agencies are the Ministry of Health (MOH) as the lead agency, Kenyatta National Hospital (KNH), and the National Hospital Insurance Fund (NHIF).

The major policy initiatives successfully undertaken and in place are:

1. Cost sharing through fees and insurance claiming,
2. Increased insurance contributions to the NHIF,
3. Increased NHIF benefits to hospitals,
4. 75 percent of revenue is used in facility where earned,
5. 25 percent of revenue used for district-level preventive/primary health care,
6. Waiver system to ensure access to health care.

These reforms have resulted in substantially increased financial resources being available for both curative and preventive health services.

In the MOH's eight Provincial General Hospitals (PGH), cost sharing revenue equals between 30-70 percent of the non-wage recurrent budget. This revenue increase was made possible through the reforms listed above which increased NHIF reimbursements per patient day at Provincial Hospitals from 60 KShillings to 350 KShillings - a sixfold increase.

The annual revenue from cost sharing at Kenyatta National Hospital, the largest tertiary hospital in Africa, now equals about US$ 1 million, over 10 percent of KNH's overall budget, and over 20 percent of its non-wage budget.

Given the recent cash flow crisis within the Government of Kenya affecting all Ministries, GOK funds are often sufficient to pay only for wages. Without cost sharing revenue in PGHs, hospital administrators report that patient care would have come to a standstill. Cost sharing revenue collected and used at the hospital-level buys emergency drugs and medical supplies. Revenue also provides for such items as cleaning supplies, maintenance for vehicles, and paint for buildings - items often underfunded in the MOH budget.

While cost sharing revenue is needed to improve health services, access to health care is ensured. Access to care is ensured through a waiver system for the poor, exemption systems for children up to 15 years of age and for certain diseases, and free care at the dispensary level. Up to 30 percent of all inpatients are either exempted or waived from fees.

As anticipated in the HCF PAAD, the policy reforms evolved and changed during

implementation. During the first nine months of the new fees, several downward adjustments were made and outpatient fees were dropped. *Even with these adjustments, fees continued to be collected for the majority of services.* The increased aggressive insurance claiming by the PGHs more than compensated for the revenue lost from the drop of the outpatient fee. The outpatient fee has been successfully reintroduced as an outpatient treatment fee at KNH and the PGHs. The treatment fee is charged only if drugs and medical supplies are available, a practical policy that has resulted in widespread public acceptance.

The success of the HCF Program is attributed to a strong analytical basis for determining appropriate reforms, intensive policy dialogue among USAID, the MOH and Ministry of Finance, and an effective technical assistance team working in tandem with the MOH's HCF Secretariat. The HCF Secretariat, with the assistance of the technical assistance team, has implemented key systems at the PGHs, including systems for revenue collection, recording and use, insurance claiming, waiver and exemption use, and impact monitoring.

Currently, the technical assistance team and Secretariat are developing a health care financing strategy through an inter-ministerial consensus building process. This process is expected to identify the health care financing reform agenda for the next 10 years. A prominent feature will be those policy changes needed to increase the private sector's role in the provision of health services.

Despite these successes, the potential of the key reform - cost sharing - has yet to be realized. The efficiency of hospitals in identifying NHIF patients, filing claims, and receiving reimbursements, is about 50 percent. This results in approximately 30 percent of the potential revenue being collected. More effort is needed to attain the full revenue potential, as well as to reintroduce the outpatient treatment fee and strengthen cost sharing systems at the 72 district and sub-district hospitals and 400 health centers. The potential revenue from these efforts approximates US $6 million annually.

While the full revenue potential from fees and insurance claiming remains unrealized, significant cost sharing revenue is now being generated. More importantly, the revenue stays in the facility or district where earned to improve both curative and preventive health services for the patient. *The overall objective of this policy reform program is being met.*

U.S. Agency for International Development
Bureau for Africa
DEVELOPMENT FUND FOR AFRICA

USAID/MADAGASCAR: ASSESSMENT OF PROGRAM IMPACT (API) FY 1992

USAID/Madagascar
Antananarivo, Madagascar

U.S. Agency for International Development
Washington, D.C. 20523
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USAID/MADAGASCAR
FY 92: ASSESSMENT OF PROGRAM IMPACT

SECTION I : SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Three factors have affected the implementation of the USAID program in Madagascar in FY 1992:

- The ongoing transition toward democracy
- A severe drought in the south of the country
- Political and management disruptions in the environmental program

A. Democratic Transition: Discontent with the existing authoritarian political structure, especially the lack of transparency and participation in government decision-making, resulted in a series of popular civic demonstrations during the summer and fall of 1991. These general strikes, especially in transportation and banking services, and in the civil service, virtually paralyzed the country and disrupted most economic and governmental activity until a transitional government was installed in November 1991. The people of Madagascar approved a new democratic Constitution in August and presidential elections are planned for late November 1992.

The political turmoil of 1991 and the ongoing political transition toward the Third Republic has affected the implementation of all donor-programs -- with the worst delays being found in GOM managed projects. Most donors suspended their program/project design schedules and concentrated on reducing disruptions and improving implementation of their ongoing portfolios (especially the World Bank which has a $324 million pipeline). USAID/Madagascar used this period to develop its new country strategy; evaluate, audit and refocus a number of ongoing environmental projects; train and upgrade staff (including an in-country project implementation course in September); and develop its own internal operating systems (e.g., 32 Mission Orders were issued from January until the end of the fiscal year). The Mission organized and sponsored a series of donor meetings on the management and use of counterpart funds leading to a common donor position in local currency accountability and monitoring.

At the same time, USAID and the GOM moved ahead in two important areas and signed two major project agreements in the areas of environmental protection (KEPEM Project and NPA - $42 million LOP) and family planning (APPROPOP - $33 million LOP) in May and June 1992. Despite the four-month delay in finalizing and approving these two initiatives, their signature was a positive indication of technical ministry commitment and effectiveness to stay the course in a difficult transition milieu.

Progress on the political front was not paralleled in the economic arena. With a narrow view of its mandate and beset by considerable internal friction, the Transition Government did not produce a coherent macroeconomic frame-

work. Several IMF/World Bank missions visited Antananarivo this year without reaching agreement on a macro framework that could be presented to either organization's board of executive directors. Consequently, Madagascar's ESAF program lapsed in May, 1992 after only two of three planned annual arrangements.

B. Drought in the South: The much publicized southern Africa drought of 1992 hit Madagascar first, specifically the southern zone of the island where one million people were at risk and with a daily loss of life between 20 to 50 until the situation was stabilized. WFP, AID and other groups working in the south had been predicting a serious famine in late 1991 at the onset of a third successive year of drought and had made arrangements to import emergency food. Unfortunately, the Government was otherwise occupied and was initially taken aback by the scale of the food security crisis which exceeded anything it had confronted in the past.

In the end and despite delays in getting emergency food in country (e.g., a small but critical U.S. corn contribution), the Madagascar drought relief effort was an impressive donor/NGO (WFP, Swiss, GTZ, IBRD, Médecins Sans Frontières) and GOM mobilization and collaboration that prevented the death toll from being significantly higher. AID contributed 15,000 tons of rice, 5,500 tons of corn, PL-480-generated local currency to finance WFP distribution expenses, and $150,000 to UNICEF for medicines and other emergency items for the most needy. A final tranche of 20,000 tons of corn is due at the end of November.

The Government's belated (a national appeal was not made until May 15) but effective SOS -- Save Our South -- program mobilized domestic financial and in-kind support for drought victims and provided logistical support to repatriate people and provide them with seeds and tools. On the one hand, this was a positive achievement of the Transition Government in the face of a national emergency; on the other, this further contributed to the diversion of staff time from the normal, day-to-day responsibilities of many ministries, including the Ministry of Population which has a significant family welfare role.

C. Management of ONE: The National Office of the Environment (Office National de l'Environnement) ONE was created by the GOM as a policy and coordination body for the implementation of the Environmental Action Plan. As a new organization, its roles and responsibilities vis-à-vis existing organizations, especially the Ministry of Water and Forests, must be clearly established. The Mission's new environmental program (KEPEM) emphasizes the importance of this inter-organizational coherence by inclusion of a Condition Precedent of the first tranche release on the "authority [of ONE] to carry out its responsibilities in accordance with the Malagasy Environmental Charter". The respective duties and responsibilities of the ONE executive board and the director have not been established. The director was fired by the board recently and the chairman of the executive board subsequently appointed himself interim director. This management turbulence prevents the GOM from satisfying the C.P. The terminal date for satisfying the initial CPs has been extended 120 days by the Mission. While non-satisfaction of the CPs does not impede implementation of the project component of KEPEM, it does disrupt the program component.

SECTION II : PROGRESS TOWARD OVERALL PROGRAM GOALS

The strategic framework which summarizes the Mission's CPSP is shown in Figure 1. The goal of the USAID/Madagascar program is broad-based, market-led, sustainable economic growth. The two subgoals are to: (1) increase investment and employment in the private sector and (2) balance population growth and natural resource use.

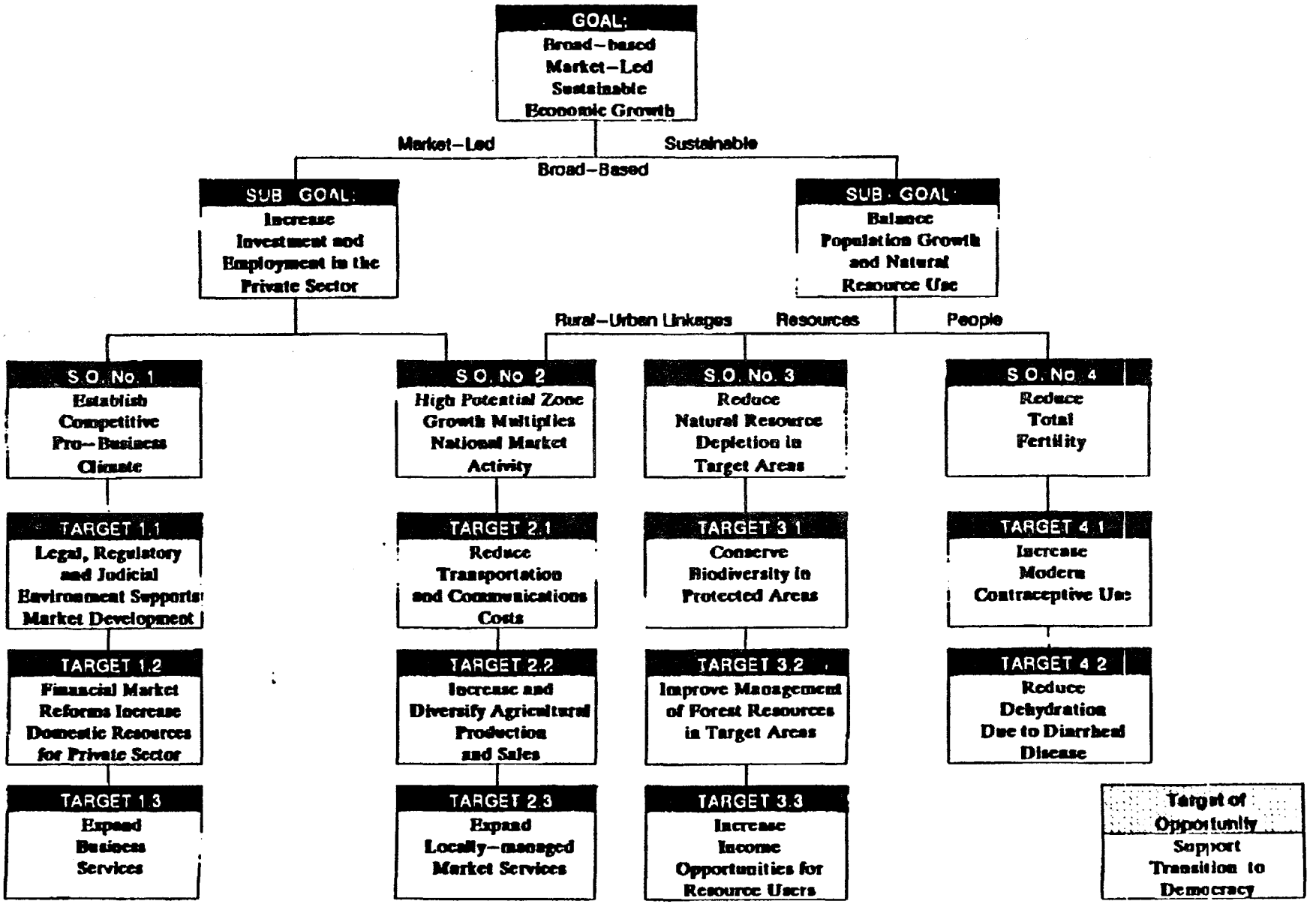
The political disruptions of 1991-1992 reversed the recent trend of modest per capita GDP growth. Real per capita GDP declined by ten percent in 1991. The decline in economic activity was especially large in the services sector. Private investment fell thirty-seven percent. Government revenue fell sharply as tax collectors participated in the general strike. Striking government employees continued to receive their salaries; current expenditures increased over the 1990 level. The overall public deficit increased from one percent to five percent of GDP. Inflation increased from eleven to fourteen percent. The outlook for 1993 is a stagnant economy, implying another decline in the standard of living.

The economic price of the political progress achieved to date has been high. The gains in real GDP obtained from the structural adjustment program have been wiped out. Real GDP is at the 1986 level. At the same time the political gains have been substantial. The ruling and opposition factions signed the "Panorama Convention" on October 31, 1991. This agreement established a transitional government with the mandate to lead the country to the establishment of the Third Republic, characterized by a new Constitution and free-and-fair presidential and parliamentary elections.

The Transition Government held a constitutional convention in March which offered a new constitutional text to be submitted to a national referendum. The new Constitution is democratic, extends basic human rights and individual liberties such as freedom of association and the press, and explicitly supports political and financial decentralization. While the process was bumpy, including one incident involving bloodshed, the new Constitution was overwhelmingly approved on August 19, 1992. Interestingly, despite the ongoing controversy between "federalists" (nominally people from the neglected coastal regions), who wanted a separate "federal" text to be voted on, and the people from the high plateau, the results in support of the Constitution were higher in all federalist strongholds, except the port province of Tamatave (Toamasina) than in Antananarivo.

The approval of a new and clearly democratic constitution was a major milestone in the democratic transition. U.S. assistance in the form of training of trainers of local election observers and provision of outside observers through the Internal Foundation for Electoral Systems (IFES) played a key support role. The IFES team gave the referendum high marks for transparency and fairness, despite electoral lists in serious need of updating. The next benchmark for the process will be the presidential election followed by parliamentary elections.

Figure 1
USAID/MADAGASCAR
COUNTRY PROGRAM STRATEGIC FRAMEWORK



The presidential rounds (there are likely to be two as a majority vote is required for the winner) and their aftermath will be effectively the major test of societal resolve for the democratic transition. The popular will must be allowed to speak; then, it remains to be seen if the new President and eventual government have the mandate to make the hard political and economic decisions to put Madagascar on a firm growth path.

Factors which affect the second subgoal evolve in a more gradual, incremental manner than do those affecting the first subgoal. Annual variation in indicators is likely to be small. In fact, the indicators are not estimated annually. The last population census was taken in 1975. The current estimate of population growth, 3.2 percent, is based on fragmentary data. A population census is scheduled for 1993, following several postponements caused by political and bureaucratic turmoil. Results of an AID-financed Demographic and Health Survey will be available in the spring. The FY 1993 API will report the DHS results. Work is underway in our environmental portfolio to improve our reporting on the status of natural resources in the next API.

Table I: Indicators of Progress Toward Program Goal

Indicator	1988	1989	1990	1991
Real GDP per capita (annual growth rate)	0.2	0.9	0.0	-10.1
Private Sector share of resources (%)	86	82	84	89
Formal Private Sector: employment level growth rate	257,929 0.0	265,103 2.8	280,706 5.9	285,854 1.8
Private Sector share of total fixed investment	48	28	46	43
Private investment real growth rate (%)	211	-40	92	-37
Infant Mortality Rate	-	-	-	120
Population Growth Rate	-	-	-	3.2
Deforestation Rate (net)	-	-	-	-0.9

Sources: IMF, Recent Economic Developments, July 1992
World Bank, Social Indicators of Development, 1991-92

SECTION III : PROGRESS TOWARD OBJECTIVES AND RELATED INDICATORS

- **Strategic Objective 1: Establish Competitive Pro-Business Climate**

The Mission has just begun to work on this strategic objective; several studies have been completed but projects have not been initiated.

The level of foreign direct investment (FDI) is probably the most sensitive indicator of the long-term business climate. The level of FDI was negligible until 1989. The Mission commissioned a study of the business investment climate from the Institutional Reform and Informal Sector (IRIS) Project. The recommendations of this report will be discussed with the GOM and incorporated into the BEST project design (FY 1994 start). During the design of BEST the indicators for Target 1.1 will be finalized.

The Mission is collaborating with the World Bank and the GOM on the design of a financial sector intervention. We have obtained technical assistance from the Federal Reserve Bank of New York to assess the operation of the Central Bank of Madagascar. Our Financial Market Development Project (FY 1993 start) will provide long-term assistance to the Central Bank with the objective of increasing the flow of savings to private sector investment via improved monetary management. The second component of the project will modernize the National Savings Bank. Prior to authorizing the FMD project the Mission will set planning levels of the Target 1.2 indicators for the CPSP period.

The Target 1.3 indicator is merely illustrative. The private sector component of BEST will be designed to expand business services; the specific modalities -- and the appropriate indicators -- will be chosen during the design of BEST.

MADAGASCAR: ASSESSMENT OF PROGRAM IMPACT
Reporting Year = FY 92

STRATEGIC OBJECTIVES	INDICATORS	BASELINE # (yr)	PLANNED FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Strategic Objective No. 1								
Establish Competitive Pro-Business Climate	1. Level of foreign direct investment	$14M (1991)						
	2. Business confidence index							
	Source: (1) Central Bank (2) Mission Study							
Target No. 1.1								
Legal, Regulatory and Judicial Environment Supports Market Development	1. Processing time for investment approval							
	2. Size of judicial system backlog (number of cases pending in civil docket Court of Appeals at end of year)	7406 (1991)						
	Source: (1) GOM (2) Ministry of Justice							
Target No. 1.2								
Financial Market Reforms Increase Domestic Resources for Private Sector	1. Bank credit to the private sector							
	2. Level of National Savings Bank deposits	FMG 7 billion (1991)						
	3. Number of NSB accounts (gender disaggregated)							
	Source: (1) Central Bank, (2)-(3) NSB Annual Report							
Target No. 1.3								
Expand Business Services	1. Number of technology transfers to p.s. firms participating in BEST							
	Source: BEST Project							

▸ Strategic Objective 2: High Potential Zone Growth Multiplies National Market Activity

Work on this Strategic Objective is at the formative stage with the exception of two ongoing activities. The MAELSP Project is supporting the exportation of non-traditional agriculture exports. A number of studies have been undertaken to identify the constraints and potentials of agribusiness firms and farmer producer associations to expand the quantity and value of non-traditional agricultural exports. This information will serve as API baseline material. The IRRI rice research project is working on improving rice production on farms in targeted high potential areas. Base data collection and monitoring systems are being set up to measure farmer adoption of new technologies and production increases.

The flagship project of this strategic objective will be the Commercial Agricultural Promotion (CAP) Project (presented in the CPSP as a FY 1993 start; however, if the Mission selects the Design and Perform (DAP) contracting mode CAP will be an early FY 1994 start). The CAP project will monitor and report on production and movement of surplus foodcrop production from the two HPZs.

The Mission will study the research done in the Kutus region of Kenya by USAID/ Kenya as a model for building monitoring systems in the two Target HPZs. While future APIs will provide summary statistics on e.g., the share of production exported from the zone and the share of consumption imported into the zone, we expect to develop a robust, dynamic understanding of zonal economic flows by developing regional social accounting matrices and by studying the rural-urban linkages that can magnify the initial impacts of our projects.

Transport and Communications cost indices will be developed and planning levels of the Target 2.1 indicators will be set by CAP project. Indicators and planning levels for Target 2.2 will be finalized during CAP design.

Target 2.3 will be achieved via the Market Infrastructure Expansion (MIX) project, a FY 1994 start. The indicators shown on the table are illustrative.

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STRATEGIC OBJECTIVES	INDICATORS	BASELINE # (yr)	PLANNED FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Strategic Objective No. 2 High Potential Zone Growth Multiplies National Market Activity	1. Share of HPZ production and consumption to/from outside zone Source: CAP Project							
Target No. 2.1 Reduce Transportation and Communications Costs	1. HPZ Transport Cost Index 2. HPZ Communication Cost Index Source: CAP Project							
Target No. 2.2 Increase and Diversify Agricultural Production and Sales	1. Area planted to off-season crops (or) level of production of off-season crops 2. Number of households producing off-season crops 3. Level of Ag input sales in HPZ 4. Export volumes of targeted crops – Arabica coffee – Source: (1) GOM (2) CAP Project (3) MAELSP Project							
Target No. 2.3 Expand Locally-managed Market Services	1. HPZ cities' tax receipts 2. L.G. expenditure on market infrastructure Source: GOM							

- **Strategic Objective 3: Reduce Natural Resource Depletion in Target Areas**

The environmental Grants and the SAVEM project in the Mission's portfolio are experimental efforts to develop technologies and institutions that will produce a balance between the need to conserve natural resources and increase the standard of living of the resource users. As experiments, these are risky, long-term efforts. The Mission must do more analysis via the SAVEM and KEPEM projects in order to: (1) develop baseline data and (2) set planning levels of the targets. A delay in the start-up of the Bio-diversity Planning Service (BPS) component of the SAVEM project has retarded work on biodiversity indicators. The ANGAP component of SAVEM has developed a methodology to monitor the development portion of Integrated Conservation Development Projects (ICDP). This methodology will be incorporated into the projects which receive SAVEM-funded Protected Area Development Grants. Baseline data on income sources of households in the development grant areas will be included in the FY 1993 API.

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STRATEGIC OBJECTIVES	INDICATORS	BASELINE # (yr)	PLANNED FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Strategic Objective No. 3 Reduce Natural Resource Depletion in Target Areas	1. Forest cover in protected areas and buffer zones Source: ANGAP							
Target No. 3.1 Conserve Biodiversity in Protected Areas	1. Various biodiversity counts 2. Level of p.a. where biodiversity has been maintained Source: SAVEM – BPS component							
Target No. 3.2 Improve Management of Forest Resources in Target Areas	1. Number (hectares) of protected areas under Management Plan 2. Level of stumpage fee collection Source: KEPEM							
Target No. 3.3 Increase Income Opportunities for Resources Users	1. Income sources of households in Protected Area Buffer Zones							

▸ **Strategic Objective 4: Reduce Total Fertility**

The indicators for Strategic Objective 4 and Target 4.1 reflect planned achievements of the Population Support Project ("APPROPOP") which was signed on June 12, 1992. All conditions to the initial disbursement have been met. Buy-ins to the OPTIONS and PRITECH projects are underway. The Project Coordinator was selected and arrived in-country on November 10, 1992. Project commodities have been ordered to be pre-positioned for the primary implementing organization to speed project start-up. A system for tracking Host Country contribution has been established. The competitive process for selecting the primary implementing organization is underway and the Cooperative Agreement should be awarded in early CY 1993.

Until the APPROPOP Project is fully operational, several central projects are working in the country to provide "bridging support" to maintain momentum already begun to provide family planning services in Madagascar. To this effect USAID/Madagascar has supported the following activities in the last year:

The Demographic and Health Survey (DHS) has almost been completed with approximately 4,500 interviews completed of the 6,000 women in the survey sample. Results of this survey will be used to provide baseline indicators for all demographic and health objectives.

The General Population and Housing Census in Madagascar has received training of some 20,000 enumerators, controllers, crew leaders and supervisors; and technical assistance has been provided by the U.S. Bureau of Census. Fifty-two computers will be ordered when the date of the Census is determined.

The Ministry of Population and FISA, a private family planning organization, have received training, seminars and equipment to assist them in designing training materials and providing information, education and communications (IEC) in the family planning service delivery;

Four doctor/nurse teams have been trained in mini-laparatomy under local anaesthesia and provided medical equipment and supplies for voluntary surgical contraception;

In addition, national contraceptive requirements have been distributed to the Ministry of Health, FISA and other non-governmental organizations. The training of 158 (120 in-country and 38 in the U.S. and third countries) has been provided in clinical family planning, management, IEC, logistics and in the planning for the implementation of the national population policy. Also eight seminars have taken place in the last year on approximately the same subjects. Two studies which will greatly assist the program are legal restrictions to deliver FP services and a bibliography of FP and Control of Diarrheal Disease studies.

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STRATEGIC OBJECTIVES	INDICATORS	BASELINE # (yr)	PLANNED FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Strategic Objective No. 4 Reduce Total Fertility	1. Total Fertility Rate	6.6 (1992)	6.6	6.4	6.2	6.0	5.8	5.6
	Source: DHS I, II							
Target No. 4.1 Increase Modern Contraceptive Use	1. Contraceptive Prevalence Rate	3% (1992)	4%	5%	8%	11%	15%	18%
	2. Percentage of sites providing FP services	6% (1992)	7%	9%	15%	27%	42%	50%
	Source: APPROPOP Project							
Target No. 4.2 Reduce Dehydration due to Diarrheal Disease	1. Number of mothers using ORT	(1992)						
	Source: MOH, National Program for Control of Diarrheal Disease							

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UNITED STATES

AGENCY FOR INTERNATIONAL DEVELOPMENT

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November 13, 1992

Paul Guedet
Office of East African Affairs
Bureau for Africa, Room 3909 NS
Washington, D.C. 20523-0013

Dear Paul,

I am pleased to send you the FY 1992 Assessment of Program Impact for USAID/Madagascar. As you know the Mission's strategy was presented to AID/W in September of this year and approved on October 23rd (State 346858). In view of the short period between CPSP approval and the submission date of the API, the Mission believes that the appropriate use of this document is to provide AID/W with an indication of how our thinking is evolving in regard to monitoring and reporting on the impact of our program.

During the next twelve months the Mission will be working on four project designs, two of which will be completed during that period. These projects will include monitoring and evaluation systems designed to provide USAID/Madagascar and AID/W with sufficient information to determine the effectiveness of our program. Work is also underway by both our direct-hire staff and our contractors to improve the impact monitoring capabilities of our active projects.

The Mission's proposed office reorganization contained in the CPSP submission included an Office of Program Development and Assessment (PDA). This office will have the role of coordinating and assuring the quality of project-level monitoring as well as principal responsibility for assessing progress toward overall goals. Approval of the reorganization plan will enable us to move ahead with the staff recruiting necessary to put a M&E system in place. In this regard, your assistance in finalizing AID/W approval of the reorganization plan would be appreciated.

We look forward to receiving assistance from AID/W technical offices in support of our M&E efforts and we will keep you informed of our progress leading up to the submission of our Assessment of Program Impact for FY 1993.

Sincerely,

Donald R. Mackenzie

enclosure a/s

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ASSESSMENT OF PROGRAM IMPACT IN RWANDA, FISCAL YEAR 1992

November 1992
USAID/Rwanda
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PREFACE

The FY 1992 API must be viewed as an interim document since the Mission has not yet completed the Africa Bureau's new strategic planning process. While the Mission does have an approved (June 1992) Country Program Strategic Plan (CPSP), it has not yet completed the Monitoring, Evaluation, and Reporting (MER) exercise, currently scheduled to commence in December 1992. The CPSP represents a material departure from the last Mission planning document, which was the Action Plan approved in 1989. Two of the CPSP's three strategic objectives are new. Thus, the Action Plan's indicators were of limited usefulness in preparing this API. This API reports the Mission's perception of preliminary indicators for the newly approved strategy. The MER exercise, per the AFR strategy planning process, is the stage where the Mission works with AFR staff and consultants to refine the indicators presented in the CPSP into a set that will form the basis of the information presented in the annual API. The MER exercise will also help the Mission identify the steps remaining to complete the system which would collect the data needed for future APIs. The USAID/Rwanda contract with the Africa Bureau calls for the submission of the revised MER plan in March 1993.

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I. SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Rwanda continued its economic and political transition in 1992. While significant actions have been taken to advance this transition, the uncertainty characteristic of broad political and economic reforms have been disruptive. The three disruptive processes that affected activity in Rwanda in Fiscal Year 1991 continued to do so during Fiscal Year 1992: the rebel invasion, the new structural adjustment program, and the transition to a multiparty political system. What has been most frustrating to all parties, Rwandans and donors alike, is that while undisputable progress has been made in each area, a sense of uncertainty persists. Consequently, the net progress has not been sufficient to stimulate in Rwandans a general confidence in their future.

After-effects of the Rebel Invasion: Progress in this area is evidenced by the cessation of fighting and the commencement of negotiations to incorporate the rebels into the current multi-party transitional government. The Government and rebels negotiated a cease-fire that began on July 12th and continues to hold. An OAU military observer group, funded partially with USAID ESF resources[1], patrols between the two forces to monitor the situation. The Government and rebels also began face-to-face peace talks in Arusha. These negotiations have already resulted in a protocol stating that Rwanda would be a state ruled by law established by elected representatives; a joint communique that established the framework and ground-rules for future negotiations (e.g., power sharing, elections, integration of military forces, and so forth); and a protocol defining the division of executive (i.e., president) and judicial powers in the transition government until elections. The next round of negotiations scheduled to start late November is to address the structure of the legislative branch and the integration of two armed forces.

Despite this progress made in the peace talks, the Government has not yet begun a demobilization of its armed forces, which had tripled in size in response to the invasion[2]. While understandable, the continued presence of a large military dampens popular perceptions of the closeness of peace and, whether realistic or not, constitutes a potential and undesired alternative to the current multiparty democratic system being crafted by the Government and rebels. The large force also meant defense spending continued at its high rate. While purchases of arms and ammunition decreased with the cease fire, defense expenditures remain the single largest reason for the Government's large budget deficit. In

[1] In September 1992, AID/W turned over $500,000 to the Department of State, which in turn, passed the funds to the OAU for peacekeeping operations in Rwanda.

[2] Government has publicly stated its intention to begin demobilizing as soon as possible, and has been talking to donors on this subject, including the potential cost, budgetary implications vis a vis the IMF/WB shadow program fiscal targets, and sources of financing. In addition, the Government has sent people to examine how Nicaragua managed the process of demobilizing its large armed forces.

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turn, these expenditures have limited the Government's financial flexibility in funding economically-productive investments or needed social safety net activities in health and education. While always important, such investments assume a critical role when an economy is in the midst of a structural adjustment program.

Similarly, over 350,000 people (5 percent of Rwanda's total population) have been displaced by the fighting in the northern areas of the country and are as yet unable to return. Northern Rwanda is traditionally a food surplus (and food exporting) producing area. Now the area needs food imports and other emergency services (e.g., health, shelter, sanitation). Indeed, emergency supplies have been supplied by the Government and most donors. In FY 1992, USAID provided over $2 million in emergency relief commodities and Rwf 100 million of local currency (equivalent to $740,000) for the purchase of food locally and in neighboring countries. Without a clear peace agreement, these people are unlikely to return and restart their lives.

New Steps toward Multiparty Democracy: After having allowed the creation of political parties and a free press, and having approved a new constitution in 1991, the President's party and the opposition parties agreed to a transitional multi-party government in April 1992. The same President heads this government, but the Prime Minister, in a new position filled with an opposition party member, runs the daily affairs of government with the Council of Ministers. Of the eighteen ministries, nine have been allocated to the President's party and nine to the four major opposition parties. The general consensus is that the Prime Minister and the Council of Ministers are running the government and making substantive decisions. They are the body coordinating the negotiations with the rebels and approving additional economic reforms, as discussed below. Yet, while the opposition parties and the President's party are talking and managing to work together, their relationship is volatile and casts the largest shadow over Rwanda's near-term prospects. Matters have been exacerbated in recent months by an increase in acts of violence and intimidation attributed largely to the extremist elements of the various parties.

Progress and Slippages on the Structural Adjustment Program: The comprehensive Structural Adjustment Program (SAP) launched just before the invasion continues to be implemented. Among the policy changes <u>implemented</u> during 1992 are:

- a 15 percent devaluation (against the SDR) of the Rwandan Franc[3];
- an increase in petroleum prices to pass-through the affects of the devaluation;
- an adoption of an Open General Licensing (OGL) system; and

[3]This is the second devaluation. The first was a 40 percent devaluation of the Rwandan franc against the SDR in 1990.

- a reduction of interest rates, which still remained positive in real terms.

In June, the GOR agreed to revised macroeconomic targets with the IMF and World Bank. As a result of the July Roundtable meetings, the GOR launched a new effort to improve coordination among donors and government ministries. Sectoral working groups comprised of donors, government ministries and private associations have started meeting. More recently, the Council of Ministers approved the privatization of the national telecommunications parastatal and agreed to limit government participation in the new company to 26 percent. It also approved the break-up of the national electric utility parastatal into an asset holding company and an operating company, the latter of which is to be privatized. Presently, the Council is debating a new law on public enterprises which, if adopted, would limit government involvement in the commercial sector and create the legal framework for future privatization actions. These reforms continue the pattern of substantive decisions to steer Rwanda away from its former "dirigist" approach. Indeed, no ministers in the transitional government have suggested that the structural adjustment program be scrapped or its implementation slowed.

Nevertheless, there have been slippages on implementation of the new policy changes. The GOR's inability to rein in expenditures made by technical ministries, particularly defense, remains the largest problem. Indeed, the budget problems are such that macroeconomic targets agreed upon in June must be re-negotiated by the IMF/WB and the GOR. Other slippages are equally important as they appear to undermine the spirit of the reform program. For example, the new OGL system is not a true one. The current OGL regulations still allow considerable opportunity for administrative misuse -- and there are increasing reports of such abuses. Similarly, the GOR's recent approval of an import regulation against dumping of goods by other countries has been viewed by many as signalling the return of protectionist favoritism into the GOR's economic framework because of its ambiguity and implications on regional trade.

The Net Impact: Actions implemented over the past two years by the GOR on the economic and political fronts are substantial and would be stressful for any society to absorb without major disruptions. Many Rwandans remain cautious and express concern about the likely final form of the political or economic systems and how the reforms will relate to them and their businesses. As yet, few are taking full advantage of the changing political or economic policy climate. Near-term employment and investment plans continue to show no clear turnaround in business confidence. The economy, as measured by gross domestic product (GDP), is projected by the World Bank to have stabilized during 1992. If this proves correct, then the steady economic decline from 1989 through 1991 may be approaching a trough. Real gross domestic product had declined some 6 percent in 1989, 2 percent in 1990, and another 2 percent in 1991, reaching a level nearly 4 percent below that in 1983.

Importantly, the problems noted above are being addressed in an on-going and active dialogue. Donors and others are making clear their opposition to political and ethnic violence and intimidation, as well as the necessity of continued concrete progress at Arusha and of improved government expenditure controls. Donors, the IMF for one, have requested that the GOR modify the current OGL regulation and evaluate the implementation of other regulatory changes. Business, human rights and other associations have become increasingly active in pressing their concerns. Rwanda's short-term prospects hinge on the ability of the transitional government to reduce political uncertainty by restoring peace and staying the course on political reform and economic adjustment. The recently approved USAID strategic plan funds activities intended to support further advancements in each area. In short, donors appear cautiously optimistic in light of the tenuous economic, political, and social situation.

II. PROGRESS TOWARD OVERALL PROGRAM GOALS AND SUB-GOALS[4]

The following using the goal statements and indicators as approved in the CPSP reporting cable (STATE 204268).

PROGRAM GOAL: Increase Participatory Economic Growth							
PROGRAM GOAL INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
real increases in gross domestic product (GDP)	$2.2 billion (1989) [Sources: IMF, World Bank]	P: 0% real growth	P: 1%	P: 2%	P: 3%	P: 4%	P: 4%
real per capita gross domestic product increases (GDP)	$318 (1989) [Sources: IMF, World Bank]	P: $305	P: $299	P: $296	P: $296	P: $298	P: $301

Given the disruptive elements noted above, the limited size of the USAID program (FY 1992 OYB of $20.3 million), and the active role of many other donors, it is unrealistic to make definitive statements on the Mission's contribution to progress in achieving the Country Program Goal or subgoals. Many donors actively support the peace, political and economic reform processes. While there has not been a turnaround in the Program Goal indicators, which are economic, it is hoped that the projected stagnation in 1992 represents a bottoming of a steady economic decline witnessed since 1989.

[4]The AID/W approved Program Logframe is attached as Annex 1.

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The USAID goal is to work towards a real growth rate of 4 percent per year of GDP by end 1996. At such time, the rate would also reverse the decline in real per capita growth rate, given that the population growth rate is about 3.07 percent per year. USAID estimates are more conservative than those presented by the World Bank, which projects a real growth rate of 4 percent by 1995 (WB, SPA, September 1992), due to the potential costs associated with demobilization and resettlement of the displaced. The World Bank and IMF are currently revising their projections, in light of their over optimism of the past.

As noted last year, macroeconomic data must be interpreted with more than the usual caution. USAID continues to make investments in data collection and analysis. During FY 1992, USAID-funded consultants and Government of Rwanda staff presented the results of the National Budget and Consumption survey. As this survey was undertaken before the structural adjustment program, in January the GOR, with USAID support will undertake a mini-survey to estimate the impact of the structural adjustment program on living standards. Similarly, the GOR and USAID will be updating a study (also conducted by USAID before the structural adjustment program) on how Rwanda's manufacturing has responded to the economic reform program. USAID-funded Census Bureau staff have been working with the GOR to process the 1991 census. The preliminary results from the census data have already been momentous. The population growth is now estimated to be about 3.06 percent per annum. This is a major downward revision of the previous estimate of 3.6 percent which was based on the 1978 census and 1983 World Fertility Survey. Officially revised demographic data will not become available until early 1993. Finally, the USAID-funded Demographic and Health Survey (DHS), which was halted by the fighting in 1990, was restarted and completed. Preliminary DHS data will be available by the end of this calendar year. USAID, with Michigan State University (MSU), is also working with the GOR to update the agricultural sample frame used to conduct the national agricultural census and special rural studies. Some twelve studies and reports are projected over the next year, including an examination of farm/off-farm income linkages, impact of exchange rate movements and border trade, and the impact of the Government's coffee policy.

The USAID/Rwanda CPSP has three sub-goals: decrease population growth rate, improve democratic governance, and increase real income in the agrarian sector. A discussion of each follows.

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PROGRAM SUB-GOAL ONE: Decrease Population Growth Rate							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
total fertility rate	8.5 (1990) [Sources: ONAPO, DHS]	P: 7.3					P: 6.9

There continue to be indications, albeit preliminary, that there has been measurable progress on this Mission subgoal, which has been part of the Mission's strategy since the early 1980s. Fragmentary data from the 1990 Demographic and Health Survey (DHS) suggests that Rwanda's TFR is now about 7.3. This "improvement" is believed to be related to the increased adoption of family planning methods by Rwandans and the availability of more accurate data from the DHS, which constitutes the first reliable survey on fertility in Rwanda in the last eight years. Updating and revisions to USAID projections to FY 1997 will be made upon analysis of the DHS data. This process is expected to be completed by early-to-mid 1993. The Mission expects significant changes in both the baseline and annual projections.

PROGRAM SUB-GOAL 2: Improve Democratic Governance							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
proper elections	none (as of late 1992) [Source: Post Democracy Committee]	A: none	P: national and local elections				
number of active political parties	1 (1990) [Source: Post Democracy Committee]	A: 16 of which 4 are important	P: at least 5 important parties				
freedom of association and opposition by civil groups, NGOs, press, and business groups	1 on a scale of 1 (low) to 10 (high) (1990) [Sources: USIS, USAID]	A: 4 [Sources: Post Democracy Committee, AFR Focus Country Exercise]					P: 8

The objective of having local and national elections before the end of CY 1993 stems from the current transitional government's constitution. If elections are not held, the President looses his right to govern. The number of major active parties is expected to increase by one when the rebels become incorporated into the transitional government.

This program sub-goal represents a new area for both the Mission and Africa Bureau. As such, much work remains in developing acceptable indicators for "governance." Major changes in the indicators are a likely outcome of the forthcoming MER exercise.

PROGRAM SUB-GOAL 3: Increase Real Income in the Agrarian Sector							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (PROJECTED/ ACTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
[illegible] of non-farm incomes in GDP	65% (1985) [Source: World Bank]						P: greater than 70%
growth in income per capita in non-farm sectors	1.3%/year (1980-90) [Source: World Bank]						P: 1.7%/year
growth in income per capita in farm sector	-1.5%/year (1980-90) [Source: World Bank]						

As noted above, during FY 1992 the GOR continued to make policy reforms intended to make the economy more responsive to market forces. In addition to the ones noted earlier, the GOR improved labor mobility by reduced its role in controlling hiring and firing; begun a review of export promotion policies, and removed regulations which limited what a one importer was authorized to import. In the case of the latter, now importers formerly restricted to importing car tires can import other goods as well -- whatever they sense the market demands.

With peace and continued political and economic reform, the expectation for growth in income is realistic. Anecdotal evidence supports this expectation. As a result of the eased import controls, removed prices controls, and reduced protectionist tariffs, domestic (and rural) production of bricks and roofing tiles appears to have increased. Using funds from the USAID Production and Marketing Policy Reform Program, a new firm manufacturing umbrellas will be opening. These types of products -- of high bulk and low value -- are the types of goods which will be competitive to imported goods and can possibly be exported competitively in the region. The USAID-MSU-GOR survey of farm and non-farm sources of incomes will help better understand and measure the changes taking place in rural areas, as will the update of the budget and consumption survey. The forthcoming manufacturing study should provide better indications of how Rwandan manufacturing firms have responded to the changing economic conditions. Several of these reports should be ready to incorporate into the FY 1993 API.

In last year's API, the Mission noted that the security situation made it impossible to confirm the extremely rapid highland farmer adoption rates of FSRP's "magic bean" technological

package reported by Farming System Research Project (FSRP) staff. USAID stated it would externally evaluate the project and report the results in this year's API. The impact study concluded that new packages, components and practices for beans, wheat and potatoes developed, respectively, by CIAT, CIMMYT and CIP were disseminated by the Project as well as by other donors' projects in the area. However, the evaluation concluded that there was a serious lack of appropriate technology produced by FSRP team, and thus the impact of FSRP-developed technologies was not significant. USAID has already begun discussions with CIP to examine how private sector producers (including cooperatives and associations) could be used to multiply the seed and extend the technologies. Such activities could be funded under the Mission's new umbrella PVO project, whose purpose is to support cooperatives, associations and private individuals undertaking activities to generate new income and/or employment.

To reduce the costs of marketing and the amount of time devoted to traditional activities, such as collecting water, USAID has funded the construction of rural roads and water systems. Under the FSRP Project's rural infrastructure component, Africare capped 237 small springs, installed 6 gravity flow water systems (30 km), and improved over 90 km of rural roads, and 124 bridges, mostly small ones. The development impact is unclear because these are also the areas where the fighting has been and the displaced have settled temporarily.

III. PROGRESS TOWARD STRATEGIC OBJECTIVES, TARGETS, SUB-TARGETS, AND TARGETS OF OPPORTUNITY

The following tables are presented in the format suggested in the AFR/DP API guidance cables (91 STATE 273190 and 92 STATE 306484).

STRATEGIC OBJECTIVE: POPULATION

STRATEGIC OBJECTIVE 1: Increase Use of Modern Contraceptives							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
contraceptive prevalence rate	3.7% (1988) 8.3% (1991) [Source: ONAPO]	A: 12.8% as of 4/92 [Source: ONAPO] P: 14% by end 1992	P: 16%	P: 18%	P: 20%	P: 20%	P: 24%
couple years of protection	13,400 (1988) [Source: ONAPO]						P: 150,000

The current contraceptive prevalence rate exceeds by more than 50 percent the old Action Plan's Strategic Objective target rate of 8.3 percent for the end of 1991. This achievement is widely believed to have been assisted by USAID's contribution to the training of 17,000 village-level volunteers ("abakangurambaga") who now spread knowledge of family planning methods and services, as well as by the continued USAID support for family planning. During 1992, there was a temporary decline in the contraceptive prevalence rate. Such temporary dips are not uncommon in family planning programs that are not yet mature. In Rwanda, the drop has been attributed to the disruptive effects of the war and various anti-family planning rumors attributed to various political parties. Nevertheless, family planning activities continue and indications are that the contraceptive prevalence rate has once again started to rise. The demand for other services is also encouraging, particularly given that Rwanda's family planning effort only began in the early 1980s. For example, in October alone, in one northern prefecture affected by the war, there were over 60 vasectomies performed.

While abakangurambaga continue to recruit new family planning clients, it is unclear what percentage of these new users remain as continuing users. Additionally, the abakangurambaga network is suffering a setback as the effects of war and lack of motivation take their toll. A data collection system for this information as well as for regularly calculating couple years of protection needs to be put into place during 1993.

TARGET 1.1: Increase Availability of Quality Family Planning Services							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
number of service delivery points	280 (1991) [Source: ONAPO]						P: 1,200
number of service delivery point offering five or more methods	25 (1991) [Source: ONAPO]						P: 110

At this point in time, ONAPO does not regularly report on these indicators. The Mission will try to incorporate them into the reporting system to be developed as part of the new Rwanda Integrated MCH/FP (RIM) Project.

TARGET 1.2: Increase the Demand for Family Planning Services							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A

TARGET 1.2: Increase the Demand for Family Planning Services							
desired family size *	6.0 (1990) (5 m.) [Sources: ONAPO, DHS]	[Source: DHS]					P: 5.0 (4 m.)
percent of couples desiring family planning *	?? [Source: DHS]	[Source: DHS]					P: ??

* The Mission plans to gender desegregate this data.

The forthcoming DHS results will provide updated data on these indicators.

SUB-TARGET 1.1: Increased Private Sector Delivery							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
number of active NGOs	2 (1991) [Source: USAID]	A: 3 [Source: USAID]					P: 6
number of private service delivery points	25 (1989) [Source: ONAPO]	A: at least 28 in the capital, of which 10 are private clinics offering all family planning services					P: 300
number of couple years of protection through private sector	3,000 couple years (1992) [Source: ONAPO]	A: 3,000 couple years					P: 40,000 (to be revised)

Impressionist information indicates the number of private service delivery points is increasing. At present, however, there is no formal survey to substantiate this conclusion. The USAID-funded SOMARC Program began in the first quarter of FY 1992. In addition, PSI International has begun (non-USG funded) operations in Rwanda, including a resident representative. These two organizations are expected to give a boost to private marketing of family planning commodities. The Rwandan Consultative Group for Private Sector Family Planning Activities, formed in 1991, continues to operate and includes SNAF, the Catholic natural family planning activities, CARE International, International Planned Parenthood Affiliate (IPPF), and ARBEF, the Rwandan Association for Family Health.

The data source for these indicators is expected to be ONAPO and the Ministry of Health.

SUB-TARGET 1.2: Increase Public Sector Delivery							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
number of couple years of protection through public sector	13,400 (1988) [Sources: ONAPO and Ministry of Health (MOH)]						P: 110,000
number of sites providing quality longer-term methods	25 (1991) [Sources: ONAPO and MOH]	A: [Sources: MOH, USAID]					P: 110

Due to USAID-funded AVSC training courses, more than 12 hospitals and health centers offer IUD insertions. Voluntary surgical contraception (VSC) training, including vasectomy, is continuing.

SUB-TARGET 1.3: Increase Integration of Family Planning and Health Services							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
number of service delivery points offering quality integrated services	0, all hospitals and health centers, quality is the issue (1991)	A: 0 [Source: USAID]	P: 0 [Source: RIM Project]	P: 25	P: 50	P: 75	P: 100

The RIM Project is directed at improving the effectiveness of Rwandan institutions in delivering these services. Consequently, this indicator is likely to be revised when a better and measurable indicator is agreed upon. At ONAPO, the overall coordinator of family planning in Rwanda, steps continue to be taken under the MCH/FP II Project to improve Rwandans' management capacities. Improving ONAPO's ability to manage will help the process of integrating its family planning operations into the Ministry of Health. ONAPO's new procurement and logistical systems are in-place and operating. This year, for the first time, a comprehensive annual budget and plan was prepared by ONAPO and submitted before the start of its operating year. Finally, a joint meeting -- the first ever --to coordinate efforts between ONAPO, all the USAID-funded participating agencies, other donors, and the Ministry of Health was held in October 1992. It was generally concluded by all participants to be a useful week-long coordination session, especially given the large number of actors operating in this area.

The data source for this indicator is expected to be the Ministry of Health (MOH), supported by the Rwanda Integrated MCH/FP (RIM) Project.

TARGET 1.4: Increased Promotion of Family Planning and Health Services							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
number of referrals to health centers for family planning services	?? (1992) [Source: DHS, MOH]						
percent of women knowing a source of long-term modern contraceptive method	?? (1992) [Source: DHS, MOH]	A: women's knowledge of family planning methods averaged almost 97% [DHS (1990), CARE HIV/AIDS Project]					
percent of men knowing of contraception	?? (1992) [Source: DHS, MOH]	?? [Source: DHS, MOH]					

The data sources will be the DHS, which will provide the initial estimates in December 1992. Thereafter, the MOH will be collecting the data on the number of referrals. The other data will be updated through latter DHS surveys. Based on these baseline results, the long-term targets will be chosen. Finally, given that percent of women knowing a source of long-term modern contraceptive method is so high (97 percent), the Mission expects to replace it with a more useful indicator which has room to measure significant progress.

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STRATEGIC OBJECTIVE: GOVERNANCE

STRATEGIC OBJECTIVE 2: Increase Accountability of Government on Social and Economic Policies							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
adherence to government budgets	2 on a scale of 1 (low) to 10 (high) (1992) [Source: IMF, WB, Focus Country Exercise]	A: 2 [Source: IMF, WB, Focus Country Exercise]					P: 7
specific examples (i.e., concrete evidence) where non-state groups have clearly participated and/or influenced the public policy formulation process, and the consequences of the policy changes (i.e., people-level impact)	prior to 1991, there were virtually no such registered groups [Source: Focus Country Exercise]	A: human rights groups influenced GOR to propose an independent review of human rights issues; one new business association presented position paper on a free trade zone and GOR is likely to investigate [Source: Post Democracy Committee, PRIME]					
number of active non-state groups	no figure as yet. [Source: DIG Project baseline survey]						

As discussed earlier, the GOR has made many needed policy changes. However, executing many of them involves difficult institutional changes that touch upon both the political and economic spheres, or in other words, the sphere of "democracy and governance." It is in this area that the Mission expects to make the most progress during the MER exercise in refining indicators. Nevertheless, the Mission expects that anecdotal evidence will probably play a major role in trying to "capture" the people-level impact of the USAID effort. While the Mission believes it made substantial progress in understanding this new Agency interest area, indicators that could confirm the anecdotal evidence proved to be elusive. Indeed, this finding is in line with the conclusions of a recent CDIE world-wide review of democracy and governance projects and performance indicators.

"Active non-state groups" are defined as organizations submitting position papers to government, conducting seminars, rallies, and training/public education sessions, and being

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referred to in the media. The data source is the annual exercise to determine the Africa Bureau's Focus Countries. As part of that process, AID/W, STATE, and others assign these subjective values. In turn, those values will be entered into this API table. Input will also be provided by the American Embassy, such as through the annual human rights report.

TARGET 2.1: Improve Financial Accountability and Control							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
government financial control agencies	1 on a scale of 1 (low) to 10 (high) (1991) [Source: USAID, UNDP, WB/SPA Public Expenditure Review]						
budget deficit	10% in excess of IMF targets (1991) [Source: IMF]				P: within IMF targets		

During 1992, the GOR took steps to quantify clearly the amounts of borrowed internally and from the small financial sector. The recent IMF/World Bank team concluded that although the GOR had not controlled expenditures, it had made real progress in tracking its financial activities. This tracking is a first step in the direction of financial accountability and control. Hopefully when the forthcoming USAID Support for Economic Reform (SER) Project, Budgetary Reform Program, and other donor activities in this Target area begin, further and more important progress can be achieved. At present, donors and government agencies are working together to develop a coordinated plan to address financial accountability weaknesses. USAID expects the IMF and World Bank to assume the lead, with bilateral donors, such as France, Belgium, and the US, to provide support in their respective areas of expertise and comparative advantages.

The data sources will be IMF reports and the World Bank-lead Public Expenditure Reviews (PER), which are conducted as part of the Special Program for Africa (SPA) framework. Information on the financial control agencies will be derived from USAID-funded assessments conducted as part of the forthcoming SER project.

TARGET 2.2: Increase Responsiveness of Government Policies							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
public knowledge of national government responsibilities *	2 on a scale of 1 (low) to 10 (high) (1991)						P: 5

* The Mission will gender desegregate this indicator.

The data sources are expected to be mass media, e.g., press reports, and surveys. Under the recently-signed Democratic Initiatives and Governance (DIG) project, a baseline survey will be conducted. This indicator is foreseen to be one of the questions in the baseline survey and subsequent follow-up surveys.

As discussed in the DIG project, there are many donors funding training courses for citizens, legislators, and potential future candidates for elected offices. USAID, with the Post Democracy Committee has sent leaders from the various political parties to the U.S. for training. Additional training is to be provided through AFR's regional election support project, AREAF. Through these activities, the Mission expects to be able to obtain data to measure this indicator.

TARGET 2.3: Increase Popular Participation in Public Policy Formulation							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
percent participation in political parties *	?? [Source: DIG baseline survey]	A: 40% (estimate 1992)					P: 80%

* The Mission will gender desegregate this indicator.

The discussion concerning Target 2.2 above applies to this Target as well. An indicator on the role of other non-state groups already has been included as one of the governance strategic objective indicators and as part of sub-target 2.3 below.

SUB-TARGET 2.1: Improve Recurrent Budget Process							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
controls	no effective controls over unapproved expenses (1991)				P: control system to prevent un-authorized expenses		
arrears	arrears total Rwf 18 billion (1991)					P: outstand-ing arrears reduced to Rwf 5 billion	

The specific objectives are to have the equivalent of the USG "anti-deficiency" regulations being enforced in Rwanda and to have a capability to perform audits to ensure compliance.

The data sources will be IMF reports and the World Bank-lead Public Expenditure Reviews (PER), which are conducted as part of the Special Program for Africa (SPA) framework. Information on the financial control agencies will be derived from USAID-funded assessments conducted as part of the forthcoming Support for Economic Reform (SER) project.

SUB-TARGET 2.2: Strengthen Legislative and Judicial Processes							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
percent of trained legislators *	0% (1991)						P: 60%
judicial knowledge and enforcement of legal code	2 on a scale of 1 (low) to 10 (high) (1992)						P: 5

* Mission will gender disaggregate this data.

The objective is to cultivate a representative National Assembly that understands the expected roles and responsibilities associated with being an elected representative. For the National Assembly, USAID-funded efforts will include developing a data/information handling system, training in drafting laws, sessions on gender issues, and so forth. For the judicial branch, the objective is to introduce consistency and precedence into rulings. Indeed, if there is non-compliance with the above Target's anti-deficiency control efforts, then it will be very important that the judicial system sends a clear and consistent message as to the costs associated with non-compliance.

For the first indicator, data sources will include USAID Training Office records, particularly those of the DIG and HRDA projects. For the second indicator, the source will be an

Embassy-USAID assessment carried out as part of the annual Focus Country exercise, as well as the Embassy's annual human rights report.

SUB-TARGET 2.3: Support the Development of Public Interest Groups and Press							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
independent press	0 on a scale of 1 (low) to 10 (high) (1990) [Sources: USIS, Focus Country Exercise]	A: 2 on a scale of 1 (low) to 10 (high) [Sources: USIS, Focus Country Exercise]					P: 8
number of active public interest groups *	??	A: 25 [Sources: USIS, Focus Country Exercise]					P: ??

* The Mission will gender desegregate this indicator.

As the DIG Project will be working directly with an Rwanda umbrella PVO organization, currently being established by PVOs interested in becoming more politically aware and active, and a Rwanda association of journalists (written and oral mediums) comprised of both government and private sector journalists, the Mission believes it will be able to gather quality data on this sub-target.

SUB-TARGET 2.4: Increase Civic Awareness and Responsiveness							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
percent of population given civics training *	less than 1% (1990)	[Source: DIG Project survey]					P: 10%
decentralization of government	10% of government budget controlled at regional level (1992) [Sources: IMF, WB]	A: 10% of government budget controlled at regional level [Sources: IMF, WB]					P: 20%

The DIG Project will be funding civic training activities through the umbrella PVO. It will also be buying into the regional Municipal Planning Project managed by REDSO/WCA to help explore how best to decentralize powers to local authorities. For this reason, the Mission will be able to use the DIG Project's annual reports (prepared by the U.S.

cooperating agency) to report on DIG-funded as well as other donor funded activities in this area.

STRATEGIC OBJECTIVE: PRIVATE SECTOR

STRATEGIC OBJECTIVE 3: Increase Commercial Output by Medium and Smaller Scale Enterprises and Farms							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
value of goods and services marketed	Rwf 125 billion (estimate 1991) [Sources: WB, IMF]						P: Rwf 132 billion
percent of people having significant off-farm employment	6.7% (1988) [Sources: National Census, DSA, WB]						

Mission activities in policy reform (the on-going PRIME and PMPR programs) and small enterprise development (the on-going PVO Support and Cooperative Training projects, and proposed SER project) are expected to contribute indirectly to increased agricultural production and overall economic growth, while contributing directly to farm income growth through market efficiencies and incentive structures that encourage commercialization. During FY 1992 the GOR continued to implement policy reforms as noted in Section I above. However, the impact of these reforms is not yet visible, neither in terms of positive growth in the value of goods and services marketed, nor the percent of people earning the majority of their income from off-farm sources. Data from the recent census, plus supplementary reports derived from the planned mini Budget and Consumption survey and other planned DSA studies may provide a clear indication of the changes taking place.

TARGET 3.1: Expand Financial and Business Services Sector (medium and smaller scale enterprises)							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
share of credit to medium and smaller scale enterprises *	20% (estimate 1992)	A: 20% (estimate)	[Sources: National Bank of Rwanda (central bank), PVO Support, SER]				P: 35%
number of business services enterprises *	20 (1992)	A: 20	[Sources: Ministry of Commerce, PVO Support, SER]				P: 36

* Mission will gender disaggregate data.

During 1992, it became increasingly apparent that there is an excess of liquidity in Rwanda's large formal financial sector. As a result, the GOR, with IMF and WB concurrence, reduced interest rates. The reduction has not resulted in a significant increase in the demand for formal sector credit. The GOR has not borrowed heavily from the commercial banks to finance its deficit. Rather it has borrowed from the central bank.

The demand for credit in the informal financial sector remains strong, although repayment problems are reported to be common during this economic recession. Through the PVO Support Project, the Mission expects to provide assistance to the many small saving societies to expand to meet the demands of their members. Some such societies have over 1,000 members and are reaching the limits of what they can manage without developing newer systems. Under the PVO Support Project, the Mission expects to work with several Rwandan PVOs that represent or work with cooperatives, associations, and/or private individuals. These include Technoserve/Rwanda; IWACU, a cooperative training center and AID-registered NGO; Duterimbere, a women's associations providing business services; and SERDI, a government/UNDP supported business services center. Furthermore, the Mission's new umbrella project (PVO Support) will be making sub-grants. Potential recipients must have their financial control systems evaluated. Then the sub-grants (over $25,000) must be audited annually, per AID regulations. Given the small size of Rwanda's financial services sector, USAID's activities hold, in and of themselves, the potential for stimulating the expansion and growth of business services. Indeed, in the last several months, private Rwandan services firms have been presenting their credentials to USAID. Where one year ago USAID reported that there were very few local auditing/accounting firms available, now there are at least 5 or 6. (Their capabilities remain to be evaluated by USAID.) A number of them have become associated with international firms, such as Price Waterhouse. While these are encouraging developments, the people-level impact remains to be measured.

Data sources for these indicators are GOR and USAID surveys. Previously, these surveys have been funded under the PRIME project. However, in the future, the PVO Support Project and the planned SER Project will become the Mission's vehicles for collecting this type of information.

TARGET 3.2: Expand Agricultural Processing and Marketing (medium and smaller scale enterprises)							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
formation rate of new non-farm businesses (manufacturing and commerce, including services)	585 enterprises per year, of which private firms are 548/year (1989-90) cooperatives/ associations: 37/year (1980-90) [Sources: Ministries of Commerce and of Social Affairs]						
value of output by existing enterprises	?? [Source: Ministry of Plan reports on business activity]						

The baseline data on the rate of new business formation has been developed since the CPSP was submitted. What remains for the Mission to decide is what ought to be a reasonable target rate of new business formation by 1997. The second indicator can provide insight on the performance of existing firms. The raw data has been collected annually by the Ministry of Plan since 1983, but it has not been processed and published. Depending on other donors' data collection efforts, it could become an area where USAID will invest an effort.

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SUB-TARGET 3.1: Improve Policy and Regulatory Environment							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
commercial code	no comprehensive code (1992) [Source: Official Gazette]	A: none [Source: Official Gazette]			P: comprehensive code passed into law [Source: Official Gazette]		P: quality of code is 5 on a scale of 1 (low) to 10 (high) [Source: WB or USAID evaluation]
income tax rates for individuals and businesses	55% for individuals and 80% for businesses (1992) [Source: Official Gazette]	A: 55% for individuals and 80% for businesses [Source: Official Gazette]				P: 44% for individuals and 64% for businesses [Source: Official Gazette]	
administrative procedures	3 on a scale of 1 (low) to 10 (high) [Source: USAID rapid appraisal surveys]						

Now that the GOR has implemented a number of the major reforms, other constraints are emerging to the forefront in the minds of private businesses interviewed by USAID. Among them are the lack of a commercial code which encourages private sector activity, high marginal tax rates, and procedures which allow administrative misuse. Each are part of the current debate on needed economic reforms. The GOR's Official Gazette will be used to indicate when the commercial code has been adopted and when income tax rates have been changed. However, to assess the actual impact on firms, USAID expects that it will have to finance a special study.

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SUB-TARGET 3.2 Develop Appropriate Legal and Regulatory Framework for the Rational Exploitation of Natural Resources							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
national envrion-mental code	no code (1991) [Source: USAID/ADO, Official Gazette]	A: umbrella framework for code drafted and submitted to National Assembly [Source: USAID/ADO, Official Gazette]					P: quality of code is 5 on a scale of 1 (low) to 10 (high) [Source: USAID/ADO]

As reported in the last API, the National Environmental Strategy and Action Plan (SNER/PAE) was approved during FY 1991, with USAID NRMP Project support. In FY 1992, the process continued when 20 priority environmental projects were incorporated into the Public Investment Program and presented at the donor Roundtable in July. Finally, the GOR, again with NRMP involvement, developed a draft national environmental code. As currently envisaged, the draft code forms the super-structure to which more detailed sections of the code will be added. As part of the process of reviewing the draft code, GOR officials took the code to the UN Conference on Environment and Development (UNCED) in Brazil to obtain other views points, and have requested additional follow-up from USAID. In light of the fact that the Mission's Project shifted twice during the year (Ministry of Plan to Ministry of Agriculture, and then finally to a new Ministry of Environment and Tourism), much was accomplished. It reflects the priority Rwandans seem to be placing on environmental issues.

SUB-TARGET 3.3: Strengthen Indigenous Entrepreneurship							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
number of trained entrepreneurs *	45 (1991) [Source: USAID TRG]		[Source: PVO Support]				P: 150 [Source: PVO Support, USAID TRG]
number of entrepreneur associations *	3 (1991) [Source: PRIME, USAID]						P: 7
number of enterprises active in market towns	?? [Source: ?? SER]						

* Mission will gender disaggregate the data.

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Activities in this target area will be supported by the PVO Support Project and later by the SER Project. During 1992, USAID conducted two training courses in entrepreneurship, which have already resulted in the creation of a new association. This association's purpose is to advance their concerns vis a vis the GOR.

TARGET OF OPPORTUNITY: BIO-DIVERSITY

TARGET OF OPPORTUNITY 1: Conserve Biodiversity through the Improved Management of National Parks and Reserves							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
??							

The Mission plans to specify indicators for this Target of Opportunity during the evaluation of the Natural Resources Management Project (NRMP) scheduled for late November 1992. The evaluation is intended to focus the project into a more effective activity from the Mission's, contractor's, and GOR's perspectives. It is expected to provide guidance for redesigning the Project. It is thus premature to anticipate how or what the evaluation will conclude and premature to provide an indicator. This question will be discussed during the MER exercise. The data source is expected to be the Ministry of Environment and Tourism.

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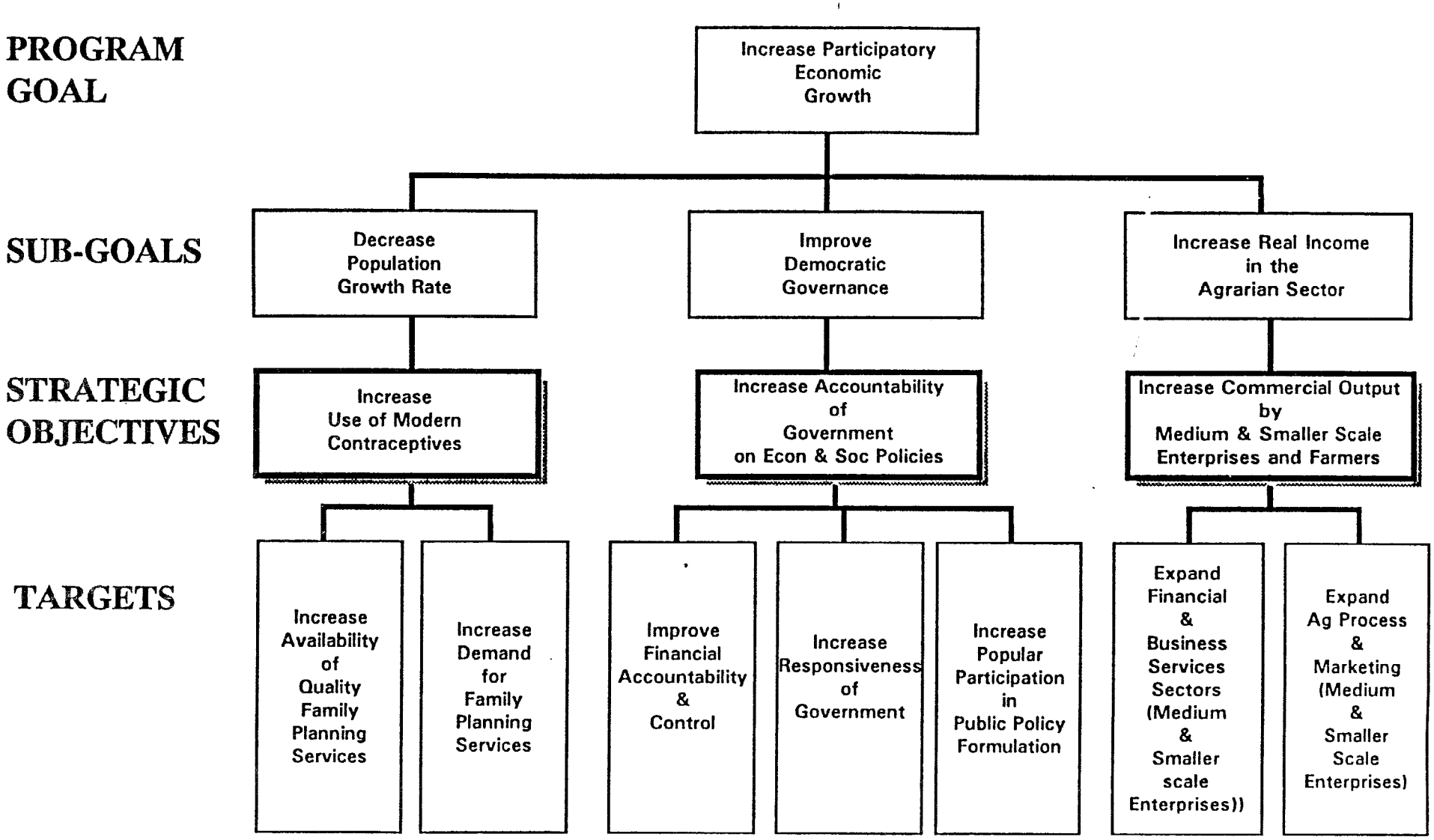
TARGET OF OPPORTUNITY: HIV/AIDS PREVENTION

TARGET OF OPPORTUNITY 2: Reduce the Rate of HIV/AIDS Transmission through Targeted IEC, Condom Social Marketing, and STD programs in Rwanda's large urban centers							
INDICATORS	BASELINE NUMBER (YEAR)	FY 92 (P)ROJECTED/ (A)CTUAL	FY 93 P/A	FY 94 P/A	FY 95 P/A	FY 96 P/A	FY 97 P/A
percent of target population understanding the risks of HIV/AIDS	?? [Source: AIDSCAP Project]						
IEC program	?? [Source: AIDSCAP Project]						
commodities and services targeted at HIV/AIDS risk population	?? [Source: AIDSCAP Project]						

These indicators are very preliminary. Rwandan is an AIDSCAP focus country. A $10 million HIV/AIDS project will be designed and signed during FY 1993. The AIDSCAP pre-PID assessment team has already completed its work and the PID team is scheduled to return in early CY 1993. As part of the PID and PP design process, the Mission will work with the AIDSCAP team to define indicators for this target of opportunity and to incorporate the measurement systems for those indicators in the AIDSCAP project.

There have been several USG-funded HIV/AIDS activities in Rwanda. One was the centrally-funded CARE HIV/AIDS education pilot project. Completed in December 1991, the Project was evaluated during FY 1992. Another activity is the NIH-funded Project San Francisco, which continues to do both research and outreach. Lessons learned from these efforts will be incorporated in the AIDSCAP design.

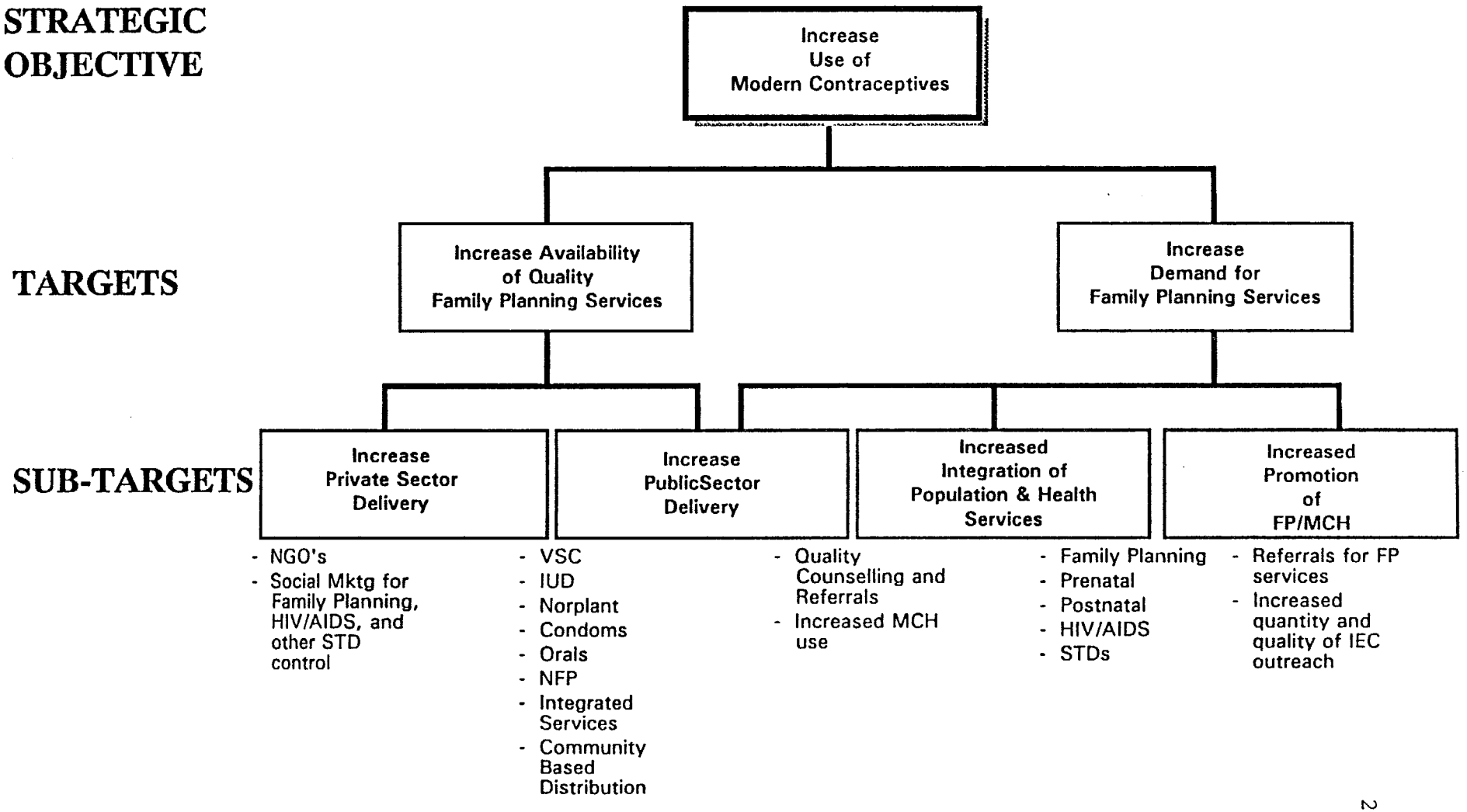
USAID/RWANDA CPSP PROGRAM OBJECTIVE TREE



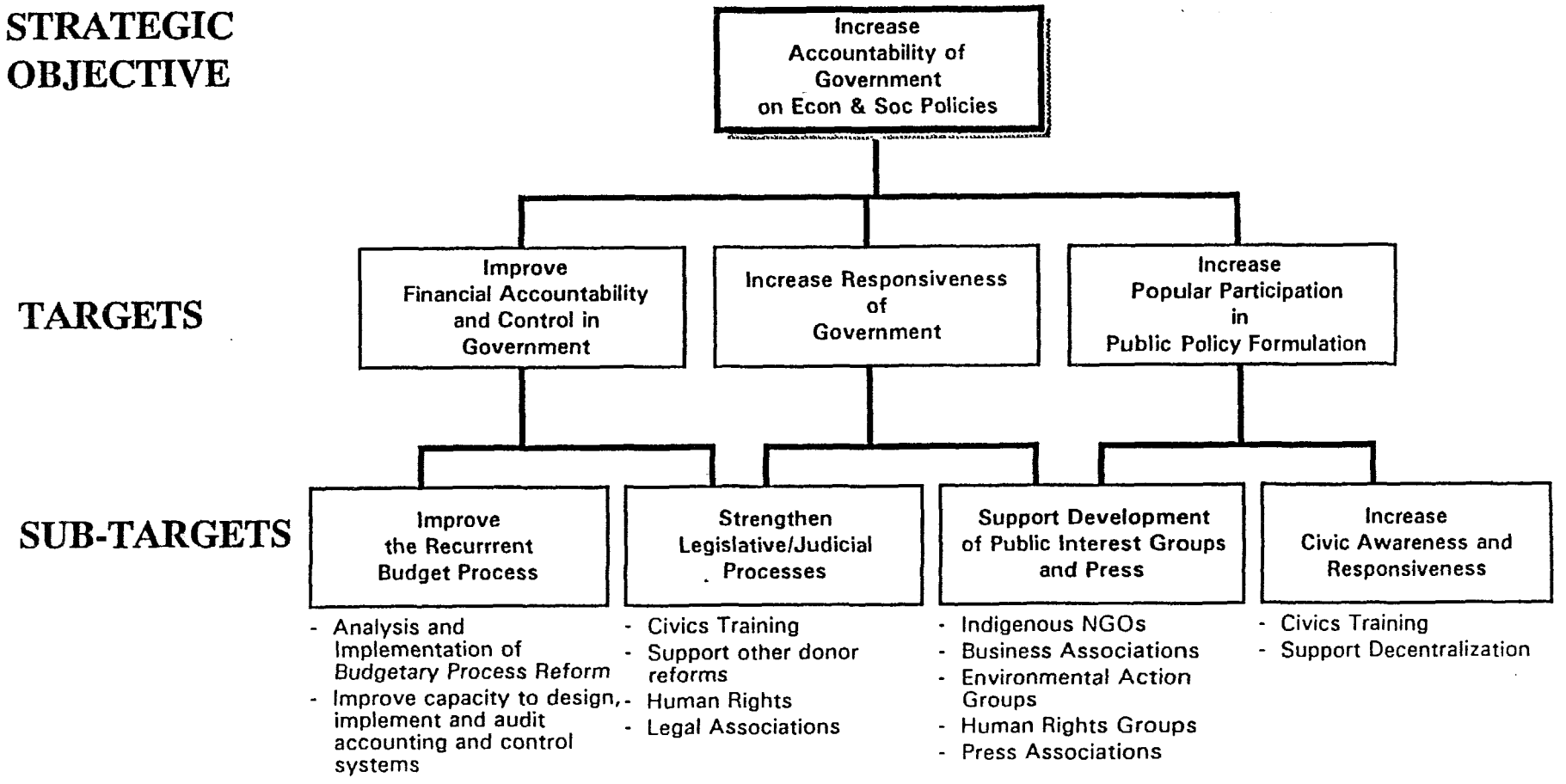
TARGETS OF OPPORTUNITY

1. Conserve Biodiversity - improved management of national parks & reserves
2. Reduce rate of HIV/AIDS transmission - targetted IEC, condom social marketing, and STD programs in Rwanda's large urban centers

USAID/RWANDA STRATEGIC OBJECTIVE ONE: POPULATION



USAID/RWANDA STRATEGIC OBJECTIVE TWO: GOVERNANCE



USAID/RWANDA STRATEGIC OBJECTIVE THREE: PRIVATE SECTOR

STRATEGIC OBJECTIVE

Increase Commercial Output by Medium & Smaller Scale Enterprises & Farmers

TARGETS

- Expand Financial & Business Services Sectors (Medium & Smaller Scale Enterprises)
- Expand Ag Processing & Mktg (Medium & Smaller Scale Enterprises)

SUB-TARGETS

Improve Policy & Regulatory Environment

- Further policy & regulatory changes on registration, entry and exit, taxation, contracts, and marketing (both domestically and regionally)
- Reduce or limit the role of parastatals

Develop Appropriate Legal & Regulatory Framework for Rational Exploitation of Natural Resources

- Modify legal framework
- Establish regulatory capacity to monitor and evaluate NRM issues affected by business activities
- Tourism development

Strengthen Indigenous Entrepreneurship

- Marketing skills
- Identifying and adapting production technologies
- Market information
- Credit
- Auditing and accounting
- Entrepreneurial training
- Market town infrastructure
- Business plan development incorporating NRM concerns
- Cooperative development
- Regional Markets

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USAID/TANZANIA

ASSESSMENT OF PROGRAM IMPACT

October 31, 1992

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FOREWORD

This is the first API since the CPSP was approved in August 1992 and, with one exception, the indicators contained in the CPSP logframe have been used in this report. The changes have been made to the baseline data and targets in the health/population section, reflecting new data from the Demographic and Health Survey released in September. These changes are noted.

The rural roads program is the most advanced activity in the Mission's portfolio and this is reflected in this report. A comprehensive impact assessment conducted earlier has begun to identify household-level impact in areas where roads have been rehabilitated.

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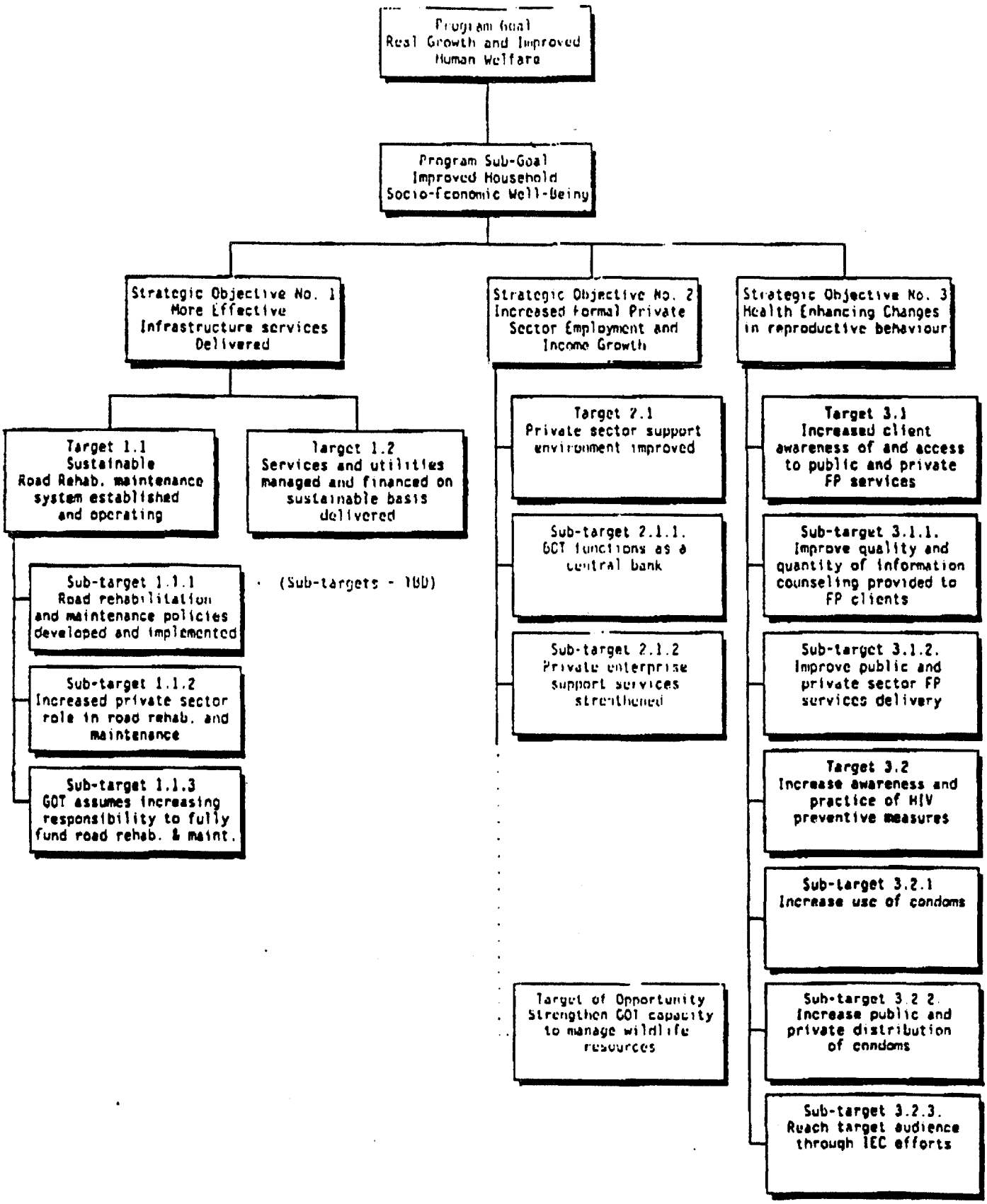
ABBREVIATIONS

AIDS	Acquired Immuno-deficiency Syndrome
AIDSTECH	AIDS Technical Support
ATAP	Agricultural Transport Assistance Project
BOT	Bank of Tanzania
CCM	Chama Cha Mapinduzi
CPR	Contraceptive Prevalence Rate
CYP	Couple Years of Protection
DHS	Demographic and Health Survey
ERP	Economic Recovery Program
FED	Financial and Enterprise Development
FP	Family Planning
FPSS	Family Planning Support Services
FY	Fiscal Year
GDP	Gross Domestic Product
GOT	Government of Tanzania
HIV	Human Immuno-deficiency Virus
IEC	Information, Education, Communication
IRP	Integrated Roads Program
KAP	Knowledge, Attitude, and Practice
LMIS	Logistics Management Information System
MCH	Maternal and Child Health
NACP	National AIDS Control Program
PPI	Priority Prevention Indicators
STD	Sexually-Transmitted Disease
VSC	Voluntary Surgical Contraception

USAID/TANZANIA CDSP
OBJECTIVE TREE



TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

SECTION I

SPECIAL FACTORS AFFECTING THE USAID PROGRAM

The past year has seen the most significant events since the Economic Recovery Program (ERP) began in 1986. Action to implement previously announced policies and additional policy changes have led to the re-shaping and expansion of the USAID program and the development of a Country Program Strategic Plan.

- Democratic Reforms. Multi-partyism. The Government committed the nation to a multi-party political system and 16 new parties have been provisionally registered. (Full registration is granted after six months [illegible] helped to finance the commission that studied the issue from a small allocation of PD&S funds. The adoption of multiparty politics is a major step down the long road to accountability in government. Accountability must be restored to achieve sustainable development. The announcement of multi-partyism was accompanied by the depoliticization of the armed forces. Military officers may no longer hold office in political parties. The ruling CCM Party was also obliged to relinquish their offices and haul down their flags at government offices. These concrete steps towards pluralism were influential in USAID's decision to move ahead with an expanded program which seeks to further improve the environment for economic growth.

- Freedom of the press. Although the Government still maintains a censorship authority, there has been a noticeable lack of will to use it. The Government paper, the Daily News, often carries exhortations for "responsible reporting", but the private press has thrown down the gauntlet. Even the Father of the Nation, Julius Nyerere, is regularly criticized for his past policies. Support for continuing liberalization of the media also figures in the Mission's strategy.

- Financial Sector Reform. Last year's decision to legislate a package of banking reforms, including the adoption of private banking, has been followed with concrete action. Licenses were granted to two foreign banks during the year and Standard Chartered Bank of England is already on site and expects to open offices within a few months. The GOT also legalized a market rate for the shilling and permitted private exchange bureaus to open. A two-tier exchange rate exists with the government-to-government rate about 75% of the market rate. A unified rate is expected by next summer. Financial sector reform was identified as a key factor for economic growth and USAID has adopted financial sector reform as a part of its strategy. Additional information on financial sector reform is found in the strategy section.

TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

- Tariff and tax reform. The system of multiple excise duty rates which ranged from 10% to 80 % was streamlined to a single 20% rate with few exceptions. Import duty and sales taxes were abolished on all trucks of three tons or greater. The duty on spare parts for transport equipment has been reduced to ten percent. This is expected to increase the demand for foreign exchange provided under the ATAP program. Duty also was eliminated on pharmaceuticals. The duty and sales tax on condoms was abolished, partly the result of an intense policy dialogue between USAID and the GOT. A system of pre-shipment inspections for imports was put in place as a way of improving duty collection. This was recently followed by the contracting of two private foreign firms to carry out customs inspections. This is expected to reduce corruption in the port.

- Privatization. The Public Corporation Act of 1992 paved the way for divestiture by giving the President the authority to transfer the assets of parastatals to newly formed corporations. Plans are underway for privatization of some parastatals. One of the problems however is the lack of transparency of the privatization process. Another problem, and one that is slowing the privatization process, is the issue of how much ownership should be transfered to "non-indigenous" investors. There is strong sensitivity to allowing the Asian and foreign communities to simply take over what are perceived as important assets belonging to the Tanzanian people. Despite opposition in some quarters to moving ahead, the President and Prime Minister have given their endorsement.

SECTION II

PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

GOAL: Real Growth and Improved Human Welfare.

SUB-Goal: Improved Household Socio-economic Well-Being

Tanzania's economy registered its fifth consecutive year of GDP growth of approximately 4%. This, despite a mediocre agriculture season last year. This compares to only 1.3% growth for the three years preceding the Economic Recovery Program. Real percapita GDP growth is presently estimated at 1.2%. These figures represent only the recorded economy and it is estimated that the parallel economy is at least equivalent to 30% of the official GDP. Inflation has remained stable at 20% down from 32% in 1986. Agricultural production accounted for an estimated 60% of GDP. Although Tanzania has not been hit as hard by the drought as other countries of the region, this is expected to have an impact on the final production figures. Preliminary data indicates that earnings from minerals and tourism are increasing in importance which should help diversify economic growth. Agriculture's share of GDP may well show a drop within the next year. Cotton replaced coffee as the premier foreign exchange earner this year. Empirical evidence from recent Mission travellers to the cotton areas where USAID-supported road work continues confirms that rural families are demanding and buying increasing amounts of consumer products. The drop in coffee incomes flowing directly from failure to reach international agreements has had quite a negative effect on both macro and household welfare.

One of the major effects of the drought has been on the generation of hydro-electric power. Although there are other factors involved, the problem promises to be devastating to Tanzania industry. The current power outages are conservatively expected to cost the economy more than $277 million over the next six months, equal to 10% of the country's GDP. It may also lead to a higher rate of inflation and exacerbate an already strained balance of payments situation.

Tanzania's population growth of over 2.8% is growing faster than formal sector employment and continues to threaten the economic gains of ERP. However, the Demographic Health Survey (DHS) results indicate that public awareness of family planning and actual contraceptive prevalence use is higher than originally expected. This has led to a revision of some program targets under Strategic Objective number three.

TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

The impact of the AIDS pandemic will have far-reaching implications for decades. In 1991, estimates of the percentage of the population infected ranged from 1.4% to 5.3%. Recent testing at some sentinel sites is showing dramatic increases, in some cases 30% sero-positivity rates. By next year, AIDS will become the leading cause of death in adults and children, surpassing malaria by a factor of three. The numbers of orphans generated to date is not known but a World Bank study estimates the total in six northern regions at 155,000 to 210,000. To reduce the spread and mitigate the effects of HIV, the Mission's strategy includes an increase in assistance including a new AIDS project in 1993. In addition, the new Financial Enterprise Development (FED) project contains provisions for a trust fund which will assist AIDS survivors.

SECTION III
PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

STRATEGIC OBJECTIVE 1 - EFFECTIVE INFRASTRUCTURE SERVICES DELIVERED

USAID/Tanzania's first strategic objective is more effective infrastructure services delivered. The principal component is the Agricultural Transport Assistance Program (ATAP) with a funding level through FY 1992 of $40,650,000. The aim of ATAP is to increase the technical, financial, and managerial capacity of the public and private sectors to rehabilitate and maintain roads in Tanzania. ATAP focuses its activities in five core regions, selected for maximum economic impact. In 1990, USAID commissioned a socio-economic baseline survey in order to establish impact indicators. An economic evaluation and social impact assessment of one rehabilitated road in Shinyanga was carried out in December 1991 with results published in February 1992. In some cases the 1995 targets have already been exceeded. The Mission will consider whether or not it would be appropriate to set more ambitious targets after additional assessments are done. Benefit-cost analysis showed an internal rate of return of 27% using domestic agricultural prices and 35% using world market prices. The assessment in this one area revealed the following people-level impacts:

- Volume of goods hauled increased 31% between 1989 and 1991.
- Value of goods increased from $417,000 to $1.1 million. (These figures may be specific to cotton growing areas and were not extrapolated for FY92 impact measurement).
- Estimated per capita income rose 77%.
- Volume of trade increased 72%.
- Vehicle operating costs were reduced 37%.
- Passenger fares decreased 18%.
- Average passenger traffic rose from 5 per day to 28.

Another evaluation and impact assessment in another region (Kilimanjaro) will be conducted in December 1992 with full participation of Ministry of Works (MOW) staff. Further data

will be collected before the next reporting period to update housing conditions, value of goods hauled, volume of traffic, freight costs, and new businesses established.

TARGET 1.1: Sustainable Road Rehabilitation and Maintenance System Established and Operating

USAID has taken a policy-based systems approach to rural road development. In this regard, the number of kilometers of road rehabilitated and maintained is merely the end result of systems established and operating on a sustainable basis. Since ATAP began in 1988, roads have been reclassified, a Rural Roads Division has been established, an Integrated Roads Program (IRP) started with 15 donors participating, local private firms awarded road contracts, and a specifically dedicated road fund established to finance maintenance with revenues generated from fuel taxes, vehicle licensing, registration and transfer fees. In July 1992, the fuel tax was raised from Tshs. 7 per liter to Tshs. 10 per liter.

Performance indicators that ATAP is on target are as follows:

- The GOT has increased its funding level for routine maintenance contracts in the five ATAP assisted regions from negligible to $372,000 in FY92. This considerably exceeds the FY95 target of $180,000 which was based on $300 per kilometer, but is less than the over $800 per kilometer required to fully fund routine maintenance. USAID will consider the revision on the targets after additional assessments. Periodic maintenance contracts awarded in the five regions have reached $750,000 in FY 1992.

- In 1990 almost the entire MOW operating budget was funded by donors. The GOT contributed $1.9 million or 24.7% in FY 1992.

- The 1990 unit cost of $35,000 per kilometer for road rehabilitation has been reduced to an average of $26,700 and has already exceeded the FY 1995 target.

- A survey of road conditions will be completed in November this year.

TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

SUB-TARGET 1.1.1: MOW Policies Adopted and Implemented

Policy reform is crucial to sustainable systems. An important break-through occurred in 1991 when the MOW prepared a Sustainability Plan which calls for the Ministry of Works to assume responsibility for 100 % of routine maintenance by 1995. In 1991, the GOT established the Road Fund. It is now feasible for the GOT to fully fund road maintenance from its own revenues by 1995. The GOT has also removed exemption from levies for government owned vehicles. The MOW has established purely economic criteria for prioritizing road rehabilitation and maintenance activities. These have not yet been implemented.

SUB-TARGET 1.1.1. a: Policy on Donor Coordination

With 15 donors participating in the IRP, the MOW needs some system to be informed of and coordinate donor activities. The MOW established a coordination unit in 1991. In 1992 they prepared uniform contracting procedures for routine maintenance. Thus far five out of 15 donors (including USAID) follow these procedures. To date, MOW regional staff have not received training in contracts administration and supervision.

SUB-TARGET 1.1.2: Increase Private Sector Role

When ATAP started in 1988, no contracts for road rehabilitation had been given to local private construction companies. By 1990 local private firms represented 30% of the total number of contractors engaged in road works in the five ATAP core regions. In 1992 private contractors are carrying out 80% of the road rehabilitation works which exceeds the FY 1995 target by 20%.

SUB-TARGET 1.1.3: Increased GOT Funding

Essential to sustainability is the Government's capacity to finance road works from its own resources. While it is not feasible for Tanzania to fund new construction or rehabilitation, the GOT can and should be able to cover maintenance costs. In FY 1992/93 the GOT recurrent budget accounts for 66% of routine maintenance costs and 15% of periodic maintenance. However, these encouraging percentages mask several issues. The MOW recurrent budget was cut 25% from Tshs. 7.4 billion to Tshs. 5.6 billion. The latter figure is in real terms less than last years budget. Furthermore MOW regional offices have received only 10% of their allocations as of September with a quarter of the fiscal year already lapsed. Consequently minimal maintenance activities took place in the dry months of July and August. The financing problem is a reflection of tight ministry budgets and is an

ongoing topic of our dialogue with the Ministry of Works.

TARGET 1.2: Services and Utilities Managed and financed on a Sustainable Basis and Delivered

This target was established during the CPSP review process in June 1992 and reflects the significant progress made under the ATAP program. The Mission may expand the program to include rural services and utilities. The analytical work on this target will be carried out during the next year.

TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

STRATEGIC OBJECTIVE NO. 1 Baseline and Target Data

LEVEL	INDICATORS	FY 90 BASELINE	FY 92 ACTUAL OR ESTIMATED	FY 95 TARGET
STRATEGIC OBJECTIVE No. 1	• Volume of crops, livestock and farm inputs hauled	276.6 MT/km/Yr	362.3 MT/km/yr*	366.6 MT/km/yr
More effective infrastructure services delivered	• Value of crops, livestock and farm inputs hauled	Tshs. 9.9 Bn	N/A	Tshs. 13.2 Bn
	• Income			
	- Housing	33% tin roofs	N/A	55% tin roofs
	- Volume of trade	Tshs. 28,000/day	Tshs. 48,000/day*	Tshs.34,000/day
	- Vehicle operating costs	Tshs. 78/km	Tshs. 49/km*	Tshs.46/km
	- Average daily vehicles	31 vehicles/day	N/A	50 vehicles/day
	- Passenger fares	Tshs.19/person/km	Tshs.16/person/km*	Tshs.14/person/km
	- Freight costs	Tshs.9/MT/km	N/A	Tshs. 7/MT/km
	- Number of passengers	29 persons/day/road	139 persons/day/road*	40 persons/day/road
	- Number of business in 4 surveyed areas	82	N/A	110

* Above data extrapolated from 1992 Kanawa-Kalitu Road Evaluation

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TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

ATAP Rural Road Rehabilitation and Maintenance

LEVEL	INDICATORS	FY 90 BASELINE	FY 92 ACTUAL OR ESTIMATED	FY 95 TARGET
TARGET 1.1 Sustainable road rehab. and maintenance system established and operating	• Increased funds from GOT revenues for maintenance contracts			
	- Routine Maintenance	Negligible	$372,000	$180,000
	- Periodic Maintenance	Negligible	$750,000	$2 million
	• Operating budget by source			
	- GOT revenues	Negligible	$1.9 million	$2.2m
	- Donors	$3 million	$8 million	$1.9m
	• Improvement in road condition	Poor - 60% Fair - 30% Good - 10%	Road condition survey will be completed in Nov. 92.	Poor-40% Fair-26% Good-34%
	• Reduction in average unit cost of construction	$35,000/km	$26,700	$30,000/km
SUB-TARGET 1.1.1 Road rehabilitation and maint. policies developed and implemented	• Policies adopted by GOT	No policies	GOT Road Fund established with Tshs. 10/litre tax on fuel. GOT vehicles exemption from tax removed. Economic criteria established for rehab. and maint. priorities.	Policies adopted and implemented by 1994
SUB-TARGET 1.1.1.a Policy on donor coordination developed and implemented	• Uniform contract conditions adopted	Contracts not uniform	GOT has prepared uniform contract conditions; 5 donors have adopted these.	Uniform contracts adopted by 1995
SUB-TARGET 1.1.2 Increased private sector role in road rehabilitation and maintenance	• %of total number of contracts awarded to private firms	30%	80%	60%
SUB-TARGET 1.1.3 GOT assumes increasing responsibility to fund road rehabilitation and maintenance	• Increased GOT funding as a % of total required			
	- Routine maintenance	20%	66%	100%
	- Periodic maintenance	10%	15%	50%

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STRATEGIC OBJECTIVE NO. 2 Increased formal private sector employment and income growth.

This strategic objective supports the underlying theme of the Mission's program of shifting the roles of government and private sector to foster economic growth, thus increasing income and employment. Growth of the private sector is key to generating the revenues needed for the Government to provide basic social services. The Financial Enterprise Development project is the primary means for achieving this strategic objective. The project was only obligated in September, so it is to early too report impact. However, implementation is proceeding rapidly.

The baseline and indicators remain as they are in the CPSP. Indicators will be further refined in March of 1993.

STRATEGIC OBJECTIVE 3: Health Enhancing Changes in Reproductive Behavior

USAID/Tanzania's third strategic objective aims at health enhancing changes in reproductive behavior. Sustainable economic growth will require a reduction in the population growth rate (by decreasing fertility and the implementation of effective AIDS prevention activities prevention activities. Specifically, this objective seeks to institutionalize and increase contraceptive use by the eligible population from the current level of 10.4% (for all methods) to 15% by 1997. The current contraceptive prevalence rate (CPR) estimates are based on the 1991/92 Tanzania Demographic and Health Survey (DHS) and a 1992 family planning (FP) Knowledge/Attitude/Practice (KAP) survey conducted for the purpose of developing information, education, communication (IEC) strategies. The DHS was completed after the Mission's CPSP and some of the baseline indicators have been changed. These changes are noted.

USAID will support another DHS in 1995. Progressive changes in CPR will be monitored using a number of measures: annual KAP sample surveys beginning April 1993; data on couple-years of protection (CYP); and a family planning logistics information management system (LMIS). CYPs will be calculated for all modes of service delivery -- clinic, community and work-based -- and is expected to quadruple.

WHO Priority Prevention Indicators (PPIs) are currently being tested, and will be used as the national standards to track progress in AIDS control in a uniform manner. These will be used as the basis to track improvements in several areas in which USAID support is provided. These will focus on condom availability and use. With a new USAID AIDS project beginning in FY 1993, indicators such as the prevelance of sexually transmitted diseases (STD) and HIV cases among women, will be considered. However, USAID already estimates that one of the main indicators, condom use, should increase by at least 10% per year. At the present time, the NACP Tanzania Surveillance Report (May 1992) provides annual information on HIV prevalence and incidence of (STDs).

People level impact can be reflected in several ways. Since both FP and AIDS prevention are MCH interventions, women of reproductive age reflect lower incidences of morbidity and mortality with fewer, better spaced births. Use of condoms and treatment of sexually transmitted diseases puts both men and women at lower risk for contracting the deadly AIDS virus. Both CPR and condom use should therefore directly relate to improved health for Tanzanians. Evaluation of impact should be conducted by the end of the five year CPSP period.

TANZANIA ASSESSMENT OF PROGRAM IMPACT FY 1992

TARGET 3.1: Increase Client Awareness of and Access to Public and Private Family Planning Services

Baseline data from the DHS show that a positive environment for contraceptive use already exists. While 42% of married women would like to delay the next birth for at least two years, 23% do not want any more births. This means that nearly two thirds of women are interested in FP use to either delay or limit births. If this population is reached with an acceptable service mix, information/education/communications (IEC) and quality care, the future of FP in Tanzania is bright.

USAID/T, through the Family Planning Services Support Project (FPSS), has focused on increasing the availability and quality of FP services through the public and private sectors. This is being done by providing the Ministry of Health (MOH) with technical assistance in program management; improvement of service delivery by the existing health service system; logistics management; in-service training of providers; improved IEC; community-based services development; and increasing outlets for long-term/permanent methods of contraception. All of this is done in the knowledge that there is considerable unmet latent as well as overt demand for FP services.

Both the DHS and the FP KAP demonstrate the predominant needs which should be met over the life of the project. Although knowledge of modern FP methods is high and the vast majority of the population know where to find commodities, that knowledge is not yet translated into patterns of contraceptive use.

TARGET 3.2: Increase Awareness and Practice of HIV Preventive Measures

The AIDS pandemic is expected to have far-reaching economic and social effects in Tanzania. It is attacking the most productive age groups in the population (working-age men and women, and women in their reproductive years), straining a weak health care system, and generating orphans whose maintenance places enormous stress on the social structure.

The NACP Tanzania Surveillance Report provides us with some baseline data. In Tanzania, women reporting for antenatal visits at HIV testing sentinel sites are showing upwards of 30% HIV positive results. Blood donors show high HIV sero-positivity in young age groups and among females (Mwanza studies showed 6.15% males and 10.13% females testing HIV positive). In high transmission areas, 55.7% females and 31% of males were HIV positive. Those 21 -30 years of age exhibited over 14% sero-positive rates. The overall population of 26 million has over 700,000 sero-positives (1990).

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Using barrier methods of contraception during sexual intercourse, especially latex condoms, can help prevent the spread of AIDS. In addition, management and treatment of STDs can significantly reduce the risk of HIV infection. USAID's AIDS assistance, currently being redesigned in FY 93, will therefore focus on providing HIV preventive measures more effectively. It will do this through working through NGOs to manage and implement AIDS prevention programs (especially in work-places and with high risk groups, such as truck drivers); through expansion of the "Salama" condom social marketing program thereby expanding condom outlets and information; through training of pharmacists in STD identification and treatment. Since a uniform system for measuring progress in AIDS control is just now being put into place by WHO, baseline data is expected sometime in FY 93, using the PPIs described above. USAID expects that there will be at least a 10% increase per year in condom use in relationships of risk and that condom availability will increase. Approximately 17 million condoms were provided by USAID in FY 92.

As a part of USAID's current AIDS interventions, KAP surveys have been conducted. The five tables on pages 17 and 18 are the results of a study from the AIDSTECH project which targets truck drivers and commercial sex workers working at truck stops. The data, particularly regarding condom use is encouraging.

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STRATEGIC OBJECTIVE NO. 3 Baseline and Target Data

LEVEL	INDICATORS	BASELINE	TARGETS
STRATEGIC OBJECTIVE No. 3 Health enhancing changes in reproductive behavior	• 8% increase in Contraceptive Prevalence Rate (CPR) • 10% increase in Condom use	CPR OF 10.4%* 7% using condoms*	15% by 1997* 15% by 1997
TARGET 3.1 Increase client awareness of and access to public and private sector family planning services	• 50% increase in Couple Years of Protection (CYP)	TBD TBD 3,000 VSC acceptors 800 Norplant acceptors	50% rise in CYP over LOP 100% rise in new acceptors (LOP) 10 fold increase 4000 Norplant acceptors by 1997
SUB-TARGET 3.1.1 Improve the quality and quantity of information and counseling provided to family planning clients.	• Increased knowledge of modern FP methods and services	78%*	95%
SUB-TARGET 3.1.2 Improve public and private sector family planning service delivery	• Expand # of sites providing FP services on regualr basis	1060 sites country-wide*	2,000 sites with FP services*
TARGET 3.2. Increase awareness and practice of HIV preventive measures	• 10% increase in males reporting consistent condom use	7% using condoms*	15% by 1997

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LEVEL	INDICATORS	BASELINE	TARGETS
SUB-TARGET 3.2.1 Increase use of condoms	• 10% increase in males reporting consistent use of condoms	7% using condoms*	15% by 1997
SUB-TARGET 3.2.2 Increase public and private distribution of condoms	• Increase in # condoms distributed by public and private sites	TBD	TBD
SUB-TARGET 2.2.3 Reach target audience through IEC efforts	• # of respondents with knowledge of HIV and its prevention increases • # people reporting fewer partners • # people reporting condom use increases	TBD	TBD

*Revised since CPSP per DHS results.

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Table 1: HIV Transmission Knowledge
(Spontaneous responses)

Modes correctly cited	Female Baseline (n=313) %	Female Follow-up (n=122) %	Male Baseline (n=447) %	Male Follow-up (n=198) %
Intercourse	94	98	97	100
Needles/syringes	34	71	56	71
Mother to unborn child	11	34	28	30

Table 2: HIV Transmission Knowledge
(Spontaneous responses)

Misconceptions incorrectly cited	Female Baseline (n=313) %	Female Follow-up (n=122) %	Male Baseline (n=447) %	Male Follow-up (n=198) %
Kissing/Hugging	11	4	20	3
Mosquitoes/biting insects	9	7	9	3
Toilet facilities	11	3	15	1
A healthy appearing person cannot be infected	13	35	6	31

Table 3: Information Source and Risk Perception

	Female Baseline (n=313) %	Female Follow-up (n=122) %	Male Baseline (n=447) %	Male Follow-up (n=198) %
Source of Information:				
Radio	72	32	87	42
PHE	0	62	0	49
Risk Perception:				
All ages	70	75	58	65
<25 year olds	67	77	57	48
>25 year olds	76	72	58	68

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Table 4: Attitude Towards People with HIV/AIDS

Willing to:	Female Baseline (n=313) %	Female Follow-up (n=122) %	Male Baseline (n=447) %	Male Follow-up (n=198) %
Live in the same house	43	85	68	79
Eat together	33	66	59	65
Share toilet facilities	28	67	54	67

Table 5: Condom use

	Female Baseline (n=313) %	Female Follow-up (n=122) %	Male Baseline (n=447) %	Male Follow-up (n=198) %
Ever used a condom	50	91	54	74
Used a condom:				
With commercial partner*	37	62	42	70
With regular partner*	25	47	23	49

*Used a condom in each of last coital acts of those who have ever used.

USAID/UGANDA

FY 1992

ASSESSMENT OF PROGRAM IMPACT

SECTION I

SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Overall conditions influencing development have substantially improved over the reporting period. Peace, stability and sound economic management have helped create an environment for market oriented growth. Much more needs to be done in order to attain sustainable development, but the trend is genuine and in the right direction. This Section reviews some of the key factors.

POLITICAL CHANGE: The NRM government continues to make impressive progress in liberalizing the economy and democratizing government. The past year saw a significant improvement in human rights including the freeing, by the courts, of almost all persons charged with treason and the conviction of a number of human rights violators. The constitutional process scheduled over the next 2 years, when completed, will result in Uganda's first democratically elected government. By the end of CY92 a draft constitution will be published. During 1993 a constituent assembly will be elected to debate and ratify the constitution before the end of the year. National elections for all offices, including President, are scheduled to take place the in 1994.

THE ECONOMY: Uganda's commitment to stabilization and adjustment over the past nearly six years of NRM (National Resistance Movement) rule has been exemplary, by any African standard. Uganda was able to reduce inflation from triple-digit 1987-90 levels to about thirty percent by mid-1991, confirming the success of the stabilization effort. Similarly, through increased exchange system liberalization moves, non-coffee exports increased significantly over the same period. Domestically, the Government's increasingly liberalized economic management, in support of its new development strategy favoring the private sector, resulted in economic growth rates in excess of six percent. These successes resulted in strong concessionary inflows of external funding, necessary to cover Uganda's increasing losses in earnings from coffee exports, as well as to cover external debt payments.

In spite of this, the excesses of two decades of economic (and political) mismanagement in Uganda complicate the work of not only the present Government, but also Uganda's external supporters. Nowhere is this more evident, perhaps, than in the financial sector. Two parastatal banks dominate the banking scene, and hold well over half the system's assets, although there exists the potential for improving competition given the existence of nearly

fifteen banks in the system. Unfortunately, the two largest banks are also severely undercapitalized, a result of injudicious lending practices and consequentially large proportions of non-performing assets. There are now coordinated efforts to remedy this situation, with the World Bank taking the lead to rationalize and improve the competence of the central bank.

Uganda's performance on the stabilization front, unfortunately, took a severe dip over the past year. During the latter half of 1991 and early 1992, inadequate fiscal management resulted in a very large increase in banking system exposure to the Government, primarily through Government borrowing from the central bank. The predictable shock to the very shallow monetary base of the economy was a sharp increase in inflation, which peaked in March 1992 at a month-on-month rate of over 15 percent. With ministerial reorganization and new economic management leadership, subsequent draconian remedies have reversed the situation, and during the third quarter of 1992 monthly price increases have averaged zero. These remedial measures have reaffirmed confidence in Government management, at least among the external assistance community (including the IMF).

Finally, there are increasing calls for a general assessment of the Government's overall adjustment program. Available external assistance continues to flow into the Ugandan economy, through the market-based foreign exchange auction system, at a disappointingly slow pace, undermining the fiscal program which depends heavily on proceeds from sales of this external assistance. Some observers believe that the very severe restrictions on credit expansion, necessitated by the earlier budgetary excesses referred to above, may be having an unduly stultifying effect on economic growth.

Uganda clearly has done a creditable job in implementing donor-prescribed, donor-backed stabilization and adjustment efforts. With a significant degree of liberalization now in hand, particularly on the normally difficult trade and payments side, Uganda seems to be bumping up against problems that have not yet become evident in countries that are not so far along in the liberalization process. It is a challenge to Uganda, the multilateral agencies, and the donors to work through how best to resolve these next generation problems and move Uganda onto a sustainable -- and equitable -- growth path.

DOMESTIC SECURITY: The security situation has improved substantially over the past twelve months. Travel is possible throughout nearly all of Uganda. This accomplishment is extremely important for the people who live in the north and northwestern part of Uganda. This region has the potential of becoming a major supplier of export crops such as sesame, other oil seeds and cassava starch. The recent steady progress in security conditions allows access for infrastructure development, investment, and technology transfer as well as implementation of social sector programs.

RELATIONS WITH NEIGHBORS: Uganda's export oriented strategy is being implemented in the midst of border problems which can potentially derail the positive movements which are taking place. Since Uganda's direct trading partners are its neighbors, the civil strife which is plaguing Rwanda, Sudan and Zaire is having a dampening effect on regional trade. For example, the conflict near the Rwanda-Uganda border has resulted in the border being closed to major trade for two years. In addition to disrupting the transit shipments between Rwanda, Burundi and the Mombasa port in Kenya, the strife has had a direct impact on the farmers in the south-western area of Uganda who traditionally export large quantities of their agricultural produce to Rwanda and Burundi. While progress in the Rwanda peace talks could result in the border being re-opened soon, this will come late for the maize, beans and potato producers who depends on the Rwanda/Burundi trade as a major source of income.

Conditions in Zaire have fostered increases in informal trade. However, the problems on Uganda's north and north-western borders are shaping up to become potential crises in international boundary areas. The outlook for the Ugandan inhabitants in these two regions will not be promising if the refugees flowing across the borders serve as a destabilizing factor in areas which are already fragile, being the least developed parts of the country.

DROUGHT: Uganda, while not as badly hit as Kenya and other countries in the east and southern Africa region, has had pockets of drought. The impact on production of crops for export is not yet known.

SECTION II

PROGRESS TOWARDS OVERALL COUNTRY PROGRAM GOAL

PROGRAM GOAL:

The program goal is to **"establish the basis for sustained improvements in the standard of living."** The Mission has selected four indicators to measure progress toward achieving the goal. The indicators reflect the Mission's program, which is aimed at increasing rural incomes, stabilizing health status and improving educational levels.

1. Food Budget

The first indicator is the food budget as a percent of total household expenditures for poor households. The "Uganda Household Budget Survey, 1989-1990" (HBS) indicates that for Ugandan households on average, the food budget represents 60.82% of total expenditures. Rural households spent 63.25% on food while urban households spent 51.08%. per month in 1989-1990. **For poor households (those with expenditures under UShs 5,000 per month), the food budget accounts for 69.2% of total expenditures.**
Based on the HBS, 50.2% of the population have monthly per-capita expenditures below Ushs 5,000. Therefore, **for the bottom 50% of households, the food budget as a percent of total expenditures is 69.2%.**

This figure provides a baseline for the first indicator. For the purposes of constructing this indicator per-capita household expenditures instead of total household expenditures were used. Reliance on per-capita household expenditure figures may bias the indicator to over count larger than average families. The total expenditures required to maintain a given "standard of living" may not increase in direct proportion to the number of members (i.e. there may be economies of scale and a larger family may be able to live more cheaply per person than a smaller family). Although some methods to adjust household expenditures for the age and gender of household members are available, weightings for the adjustments are arbitrary. Perhaps more importantly, the per-capita figures mask what may be inequitable distribution of income and expenditures within the household. However, since data on actual intra-household expenditures or consumption are not available, the per-capita household expenditure data were selected despite these drawbacks.

The indicator can be tracked in the future when new household budget information becomes available. The Statistics Department is compiling data from a 1991 household budget survey that could be compared to the 1989-1990 data when it becomes available in 1993. The new household budget survey will include data for several northern districts which were excluded from the 1988-1989 survey due to insecurity. Since these districts are likely to be among the poorest, their inclusion in national figures may produce the appearance that the standard of living has declined. Thus, it is likely that a discussion of the coverage of the data will be necessary in subsequent API reporting. Although the monthly household expenditure cut-off of Ushs 5,000 will change (with inflation), the poor can still be safely defined as the 50% of households with per-capita household expenditures below a given cut-off line. Once this group is defined, the food budget as a proportion of total expenditures for the group can be calculated.

The Mission expects that the food budget indicator will decrease over the next 15 to 20 years. A decline from 69% to 60% for the population as a whole by 2010 would be a considerable achievement. Nonetheless, in view of strategic objectives -- particularly the one that focuses on an increase in rural incomes, the Mission selects an expected performance level of 65% by 2000 and 60% by 2010.

2. Infant and Child Mortality

The second indicator of standard of living is the under-five mortality rate. The Uganda Demographic and Health Survey 1988/89 provides information based on the ten years preceding the survey. **The mortality rate for infants and children under five years old was 188 per 1,000.** The mortality rate is higher for males than females. The mortality rates for males and females are 197 and 179 per 1,000, respectively. Another Demographic and Health Survey scheduled for 1993/94 will provide updated information for this indicator.

This indicator was selected because it reflects overall improvements in the standard of living for Ugandans. USAID views the under-five mortality rate as an appropriate measure of the overall impact of the Mission's program. Even with improvements in the overall standard of living, however, progress in reducing this mortality rate will be increasingly difficult due to other factors influencing child survival, including the resurgence of malaria and increased maternal-child transmission of HIV. While the official GOU objective is to reduce under five mortality to 70/1000 by the turn of the century, the Mission performance levels have been set more conservatively at 140/1000 by 2000 and 100/1000 by 2010.

3. Nutritional Status

The third indicator of standard of living is the rate of chronic undernutrition in children under five years old. Nutritional status is widely accepted as an indicator of overall well-being. Chronic undernutrition for children, as reflected in the percentage of children with significantly low height-for-age, is a serious problem in Uganda. **The nutritional data collected by the Uganda Demographic and Health Survey 1988/89 estimated that 45% of children under five years of age are moderately or severely stunted, i.e., with height-for-age of two or more standard deviations below the mean of the reference population.**

Secondary analysis of the nutrition data provided information on the magnitude, nature and determinants of malnutrition in Uganda. The highest stunting was found in rural areas. The risk of malnutrition was relatively higher for male children (47% for males; 43% for females), those of parents with little or no formal education, among lower socio-economic groups, and in households of more than four children under five. Increased maternal educational level was more associated with lower stunting in urban than in rural areas, where household wealth made more of a difference. Other significant risk factors included being of fifth or higher birth order, born of a teenage mother, and having poor health status, poor accessibility and utilization of health facilities.

Factors that will contribute to improvements in this indicator include improvements in basic education, increases in rural incomes, improved health services and increased adoption of family planning methods and child spacing. **While the laudable GOU objective is to reduce stunting of under fives from 45% to 20% by the year 2000, the Mission performance levels have been set more conservatively at 34% in 2000 and 23% in 2010.**

4. Adult Literacy

The fourth indicator is the adult literacy rate. Figures from the UNDP "Human Development Report 1992" indicate that in 1990 the adult literacy rate (for people over 15 years old) was estimated to be 48% for Sub-Saharan Africa. **In Uganda the adult literacy rate was estimated to be 55% in 1985.** The Mission expects that continued growth in school access and improvements in the quality of basic education will result in adult literacy rates in Uganda rising to **80% by 2010.** Since female access to and persistence in primary schools is expected to grow more quickly than for males, there should be a sharper increase in the female adult literacy rate. **The intermediate performance level for the year 2000 is expected to be an adult literacy rate of 65%.**

PROGRAM SUB-GOAL:

"Sustainable equitable economic growth promoted on a competitive, diversified basis" is the program sub-goal. Three indicators have been selected to measure progress at this level: 1.) the percentage of the population with per capita expenditures below $50 per year, 2.) real percapita GDP, and 3.) private sector GDP as a percentage of total GDP.

1. Percentage with Annual Expenditure Below $50

This indicator was chosen to reflect absolute poverty and the equity of future growth. Since we do not have a generally accepted estimate of annual required expenditures, we have arbitrarily selected a poverty line of $50.00. Based on data compiled for the Uganda Household Budget Survey, 1989-1990, 50% of the population had annual per-capita expenditures below US$ 60,000 in 1989-1990. It is difficult to select an exchange rate for the period before the forex bureaus opened, since there was a wide gap between the official and parallel market exchange rete, The rate for August 1990 when the forex bureaus opened was 722 shillings to 1.00 dollar. If this rate is used, 50% of the population had annual expenditures $83.00.

The Mission will attempt to establish the percentage with expenditures under $50.00 through further analysis of the HBS data and report it in future APIs. Future updates of the indicator will be drawn from Household Budget Survey information. Exchange rate conversions of shillings to dollars will be calculated at the prevailing market rate for the forex bureaus.

2. Improvements in Real Per-Capita GDP

Improvements in real per-capita GDP reflect growth in the overall economy, deflated by increases in population size. The data in the table are in both index number form (using 1987 as the base year), and in average annual percent growth (between reporting points).

GDP for 1987, the base year chosen for our projections, was USh 211.4 billion, and the population is estimated at 15,023,108.[1] The derivable 1987 per capita GDP figure is USh 14,071. The comparable "actual" figure for 1991 is derived using 1991 GDP of USh 264.4 billion (in 1987 prices) and a population of 16,582,700, and is USh 15,945. This represents an index number of 113.3 compared with

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[1] The 1987 population figure is derived by deflating the estimated 1991 census figure (16,582,700) by 2.5 percent (the census-reported growth rate) per year. Mission is attempting to reconcile various estimates of past population growth rates, as well as attempting to get a better idea of likely future growth rates. For the purposes of this API, a growth rate of 2.5 percent has been used throughout.

the 1987 base of 100, or average annual growth of 3.2 percent per year. Balancing this significant improvement, however, is the reality that over the preceding 15-20 years per capita incomes have declined.

As to out-year projections, it is only reasonable to expect somewhat less spectacular improvements in GDP per capita. Realistically, one might expect average annual improvements on the order of two to two-and-one-half percent, with annual GDP growth at about 5 percent and population growth at 2-2.5 percent. For the sake of conservatism, we have projected using an annual rate of 2.5 percent.

3. Private Sector as Percent of GDP

This indicator measures the extent to which the private sector shares in the end use of resources. As reflected in Table 4, the private sector already uses a large proportion of Uganda's resources. Perhaps a more ideal indicator would be that of the private sector's share in the production of Uganda's domestic resources (GDP). Unfortunately, this view of GDP is currently unavailable in Uganda, so we have used the currently available Gross Domestic Expenditure data. Gross Domestic Expenditures are defined as the sum of GDP and net imports, and GDE is usually separated into consumption and investment components. When a country is a net importer, as is Uganda, GDE exceeds GDP. The GOU recently began estimating GDE for Uganda, an estimate which had previously been left to the World Bank. The first estimate carried out was for 1989, but within the next few months the GOU promises to have completed the estimation of a time series.

Assessment of Program Impact

Goal Level

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL Data to be reported as it becomes available	EXPECTED PERFORMANCE LEVELS			CRITICAL ASSUMPTIONS
				2000		2010	
PROGRAM GOAL:							
Establish the basis for sustained improvements in the Standard of Living.	1. Decrease in food budget as a % of household expenditure for the bottom 50% of households	69.2% (1989-1990)		65%		60%	
	2. Reduction in under-5 mortality rates	188/1000 (1988/89)		140/1000		100/1000	
RESPONSIBILITY:							
ECONOMICS OFFICE	3. Reduction in % of under-5 with chronic under-nutrition	45% (1988/89)		34%		23%	
GDO	4. Increase in adult literacy rate	55% (1985)		65%		80%	
	DATA SOURCES:						
	1 Household Budget Survey 2 DHS 3. DHS 4 Ministry of Education & Sports						

Assessment of Program Impact

SUB-GOAL LEVEL

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL Data to be reported as it becomes available	EXPECTED PERFORMANCE LEVELS			CRITICAL ASSUMPTIONS
				2000		2010	
PROGRAM SUB-GOAL:			1991				
Sustainable equitable economic growth promoted on a competitive, diversified basis.	1. Decrease in % of population with per capita expenditure bellow $50 per year.						
	2. Growth of Per-Capita GDP						
	Index Number	100.0	113.3	141.5		181.2	
RESPONSIBILITY:	Percent Avg. Growth	(1988)	3.1	2.5		2.5	
ECONOMICS OFFICE							Government continue to rein in spending especially on recurrent side.
GDO	3. Increase in private sector share of Gross Domestic Expenditure (percent) chronic malnutrition	11 (1989)	9			6	

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SECTION III

PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

STRATEGIC OBJECTIVE 1: Increased Rural Men's and Women's Income from Agricultural Exports

Increasing non-traditional exports is essential to continued economic growth and development of Uganda. Export growth will have an immediate income effect on the agricultural sector in rural areas where low per capita incomes predominate. It will also improve the balance of payments picture, thereby easing strains that impinge on Uganda's overall development objectives of raising living standards. While emphasizing the critical importance of tracking and reporting on what is taking place with non-traditional exports, our monitoring program has not yet matured to the point where performance targets and indicators are established to assess what is taking place at the "people-level," except on an anecdotal basis.

The matrix for SO1 reflects the current status of the Mission's effort. Over the past nine months numerous staff hours have been devoted to refining this information. However, we are still unable to move to the monitoring stage. Annex A discusses some of the problems we are having. One area which has been extremely difficult to come to terms with has been the choice of selecting appropriate indicators for measuring performance at the strategic objective level. We have opted not to select from the more easily obtainable broader indicators such as GDP, employment, per-capita GDP, etc. Instead we have focused our attention on selecting and monitoring indicators which report accomplishments in terms of **"people-level impact" (PLI)**. Data which allow us to report PLI are not readily available, and identifying measurable proxies has consumed a considerable amount of staff attention.

The Mission is also seriously seeking appropriate gender disaggregated indicators. Here again, readily available data such as per-capita GDP are inadequate at this level of reporting. For some sectors, such as education, gender disaggregated data are relatively easy to obtain. However, for income or expenditure indicators, new definitions and different approaches to construct appropriate indicators are being developed.

The mission has a considerable amount of work remaining on SO1. However, progress on the selected indicators below is encouraging.

Indicator 1: Increase in average real expenditures (for men and women).

The Mission has selected "average real expenditures for men and women" as the most appropriate "people-level" indicator to track. Data for this indicator will be based on a survey of expenditure and income sources for rural households engaged in agricultural production. Expenditure data are commonly used as a proxy for income in developing countries, because they are generally thought to be more reliable and more easily obtained than data on incomes. Uganda has conducted a Household Budget Survey which collected data from over 5,000 households in most districts. However, the household expenditure data are not disaggregated by gender. Determining intra-household distribution of incomes or expenditures is extremely difficult. Nonetheless, **the Mission is committed to developing the desired gender-disaggregated data.** A contractor has been selected to conduct a pilot household survey, with work scheduled to start late in the first quarter of FY 1993.

Indicator 2: Increase in Dollar Value of Non-Traditional Agricultural Exports.

The Mission's target is to increase non-traditional agricultural exports[1] to a level approximately double the current one, an increase that calls for an average annual rate of growth of about 15 percent. As is clear from the matrix, these exports increased by nearly fifty percent between 1990 and 1991. Although a part of this apparent increase may have stemmed from improved customs data and an increase in declarations, there was still clearly strong growth. Government objectives for the next three years are aimed at a twenty-percent growth rate, one which we believe excessive. A key assumption in either growth rate is a reduction in hostilities on three of Uganda's four borders. Unfortunately, regardless of which growth rate is assumed, non-traditional agricultural exports are unlikely to recoup Uganda's losses from drastically declined coffee prices for at least a decade.

Indicator 3: Increase in Number of Agricultural Non-coffee Exports Exceeding $2 Million.

New markets are being identified for Uganda's non-coffee agricultural exports, and the number of different products exported from Uganda is also on the rise. Only three non-coffee exports (cotton, tea, and beans) had a dollar value over $2.0 million in 1989. By 1991, an additional five exports had gone over the $2

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[1] Here, and elsewhere in this paper, "non-traditional agricultural exports" is defined as any agricultural export other than coffee. Although cotton, tea, and tobacco were once thriving export crops, their practical demise for the past decade and more, effectively makes them "non-traditional."

million mark. We expect, from preliminary data, that the same eight exports will exceed this quota, but look for a doubling of the number of exports exceeding this level by 1996. What is important to appreciate, however, is that a number of those already above this mark will grow to exceed $10 million per year.

Sub-Target 1.1.2: Improved Agricultural Policy and Institutional Framework.

Indicator 1: Premium in Dual Exchange Market Narrows, and Disappears.

The components used to calculate the premium change over the reporting period. For the 1988 base, the reported figure is the premium of the parallel rate compared with the official rate. For 1991, it is the premium of the (by then legalized parallel) forex bureau rate compared with the official rate. For subsequent years, it is the premium of the bureau rate (which is now defined as the official rate) compared with the auction rate. (In the middle of 1992, the GOU redefined the official rate as the average bureau rate. The purpose of this move was to bring GOU imports -- including petroleum -- and coffee export earnings into line with the more depreciated bureau exchange rate, from their former tying to the more appreciated auction exchange rate.)

As is evident from the Sub-Target 1.1.2 data in the matrix, the premium has narrowed considerably over the past several years. Thus, while non-coffee exporters have earned "top shilling" (first through a retention scheme established by USAID policy conditionality, and from mid-1990 through the forex bureaus), exchange markets have continued to be generally distorted. It is a reduction in this distortion that the Sub-Target 1.1.2 data entries show. Similarly, the official exchange rate has (almost) steadily depreciated in real effective terms over the period to date, further demonstrating a reduction in pricing distortion.

Indicator 2: Increase in Numbers of Parastatals Privatized.

Mission plans to add four years' NPA funding to our existing non-traditional export program during FY93. We expect that a key conditionality element in the proposed follow-on will address the GOU's inability to get its parastatal privatization program moving. Further analysis on this element will occur during the first two quarters of FY93. A feature of this analysis will be to determine the extent to which it is feasible to ensure that parastatals that are related to non-coffee exports are dealt with in the earlier stages of the privatization program.

Indicator 3: Decrease in Unresolved Number of Expropriated Asian Properties for which Claims have been made.

Substantial progress on settling the question of the expropriated Asian properties is an important conditionality of the USAID CPSP and the IBRD Structural Adjustment Credit (SAC) (I). Meeting the December 1991 SAC (I) conditionality initially almost derailed IBRD board approval of the SAC, as one donor argued that the GOU had not lived up to pre-approval conditionality relating to the Asian properties. These difficulties were resolved and the SAC (I) approved. A significant movement in further disposal of properties was a precondition to SAC second tranche release. As is described in the FY92 entry in Table 2, Sub-target 1.1.2 (3) this precondition was met as well. A measure of this progress is that since March 1992, property with an estimated value of $100 million has been returned to the original owners, or approximately 5 times the amount of properties returned in the previous 10 year history of the program.

Disposing of the expropriated Asian properties involves significant legal, political and economic difficulties. While we our encouraged by progress to date, the issue needs to be vigorously pursued. Thus, in addition to a technical advisor at the Departed Asian Properties Custodian Board, USAID intends to develop specific quantitative targets for property disposal in negotiating the follow-on to ANEPP.

Indicator 4: Increased User Satisfaction with Export Promotion Framework.

A key conditionality element of the existing ANEPP program is that the GOU thoughtfully define and establish an institutional framework for service-oriented export promotion and development. Although a variety of institutions currently exist, they work imperfectly. The objective of improving this framework, based on other-country experiences, is currently underway in the GOU. Under ANEPP, the Mission will base NPA disbursement on whether the framework is moving in the "right" direction.

In addition to this output-level monitoring, the Mission will canvass users of the framework to determine whether users regard the framework as having improved. Mission plans to examine the experience of other USAID's to determine the most effective survey instrument to arrive at this determination. (For example, we are currently examining CDIE Working Paper Report No. 146.) We anticipate having the survey instrument in place to provide a baseline (toward the end of FY93) prior to the next API submission.

Indicator 5: Increased Volume of Investment Approvals.

In January 1991, the Uganda Investment Authority was established, ultimately to be a "one-stop shop" for foreign and domestic investors responding to incentives provided in Uganda's new Investment Code. Approvals (in dollar terms) are relatively impressive, as shown in the matrix for Sub-Target 1.1.2 (5)

This indicator, however, needs to be refined in several ways. First, a better knowledge of actual, as opposed to approved, investment is required. Second, it is important for these data to be disaggregated to display investment in non-coffee agricultural export activity. Third, an appropriate timeline to process investment approval actions will be established, as well as improvements in transparency of that process, and the pace of these actions will be monitored against the set standards. Although these data are not currently available, Mission will ensure that funding is provided to the Investment Authority to analyze its statistics in this manner prior to the next API.

Assessment of Program Impact - Strategic Objective No. 1

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
STRATEGIC OBJECTIVE # 1 Increased rural men's and women's income from agricultural exports. **RESPONSIBILITY:** Agriculture & Natural Resources Economics	1. Percentage increase in real income. **TO BE REVISED: SEE ANNEX A**								GOU will continue its policy of priority emphasis on exports from the NTAE sector, and continued liberalization of the economy.
	2. Increase in dollar value of NTAE. (million U.S. dollars)	36.1 (1990)	53.4	61.4	70.6	81.2	93.4	107.4	European countries will continue policy of non-tariff entry of products from Sub-Saharan countries.
	3. Number of Non-Coffee exports with a dollar value exceeding $2 million.	3 (1989)	8	8	9	10	12	16	Political stability in Middle East maintained and new market initiatives are successful. PTA stability and increased market, particularly of basic food products such as beans and maize.

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Assessment of Program Impact - Strategic Objective No. 1

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
Target 1.1 Increased marketing of agricultural exportable.	1. Increase in marketed production	7% (1989)	4%	3%	5%	5%	5%	5%	Weather conditions remain benign.
	2. Increase in number of new markets developed	TO BE REVISED OR DROPPED							
	3. Increase in number of different products exported.	35 (1989)	38	40	45	55	70	90	Domestic and foreign investments will stimulate value added production contributing to rapid diversification of export products.
Sub-Target 1.1.1 Improved access to market information	1. Increase in number of farm organizations accessing information.	TO BE REVIEWED							
	2. Increase in quantity of information available.	TO BE REVIEWED							Increased quantity will result in greater access.

Assessment of Program Impact - Strategic Objective No. 1

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
Sub-Target 1.1.2 Improved agriculture policy and institutional framework	1. Premium in dual exchange market narrows, and disappears, (percent, in June).	504 (for 1988)	34	21 (actual)	15	10	5	0	GOU continues to make efforts to improve exchange system, with an objective of merging markets.
	2. Increase in numbers of parastatals privatized.	(Indicator to be provided later)[1]							Public Enterprise Reform and Divestiture Secretariat begins to work smoothly.
	3. Decrease in unresolved number of expropriated Asian properties for which claims have been made.	2531 (Dec 1991)	N.A.	956	300	0			Custodian Board is able to deal with sensitive properties.
	4. Increased user satisfaction with export promotion framework.	(Indicator to be provided later.)[2]							Institutional framework improved, per ANEPP conditionality.
	5. Increased volume of investment approvals. (million US dollars)								Same as preceding.

[1] Entries to be established prior to next API report, in conjunction with design of ANEPP follow on.

[2] As the ANEPP program turns attention to improving the institutional framework for export development, evaluation funds will be used to survey users of relevant institutions to determine their satisfaction with services provided. Mission will use a methodology based on that CDIE Working Paper Report No. 146.

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Assessment of Program Impact - Strategic Objective No. 1

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
Sub-Target 1.1.3 Strengthened farmer organizations.	1. Increase in dollar value of farmer organizations exports as a percent of total agricultural exports.	TO BE REVIEWED							
	2. Increased number and improved status of organizations promoting policy change, exports and investments.	TO BE REVIEWED /DATA PROVIDED WILL BE GENDER DISAGGRE-GATED							
Sub-Target 1.1.4 Increased production of agricultural exportables.	1. Increase in dollar value of production of selected exportable crops.								USAID will select 4 commodity groups for emphasis.
Sub-Sub-Target 1.1.4.1 Accelerated development and transfer of improved crop technologies.	1. Increase in the number of technologies developed and transferred upon demand by agricultural exporters. Developed Transferred	4 (1991) 4 (1992)	4	4	4	4	4	4	GOU will continue to fund research leading to development and transfer of improved NTAE crop technologies. Entrepreneurial initiative will result in specific contracts with GOU public sector research for obtaining desired crop technologies.

STRATEGIC OBJECTIVE 2: Stabilize Biodiversity in Target Areas[2]

SO Indicator 1: Current Levels of Tree, Mammal and Bird Species Maintained.

In order to get a firm grasp on the status of biodiversity in the target areas, extensive inventories will have to conducted. Most work plans and management plans for these areas include provisions for carrying them out. Partial inventories exist for each of the targeted areas identified in the footnote, with the exception of Murchison Falls and Kidepo which have seriously outdated species lists. The Makerere University Institute for the Environment and Natural Resources is in the process of establishing a national Biodiversity Data Bank. This institution, along with its field stations in the target areas will be responsible for conducting this work. In 1996 additional inventory work will be conducted for presence or absence of key species, which already have valid estimates of existing populations. This will be evaluated in relation to current information and the full scale inventories in order to determine the net change in status of species diversity for the 10 target areas.

SO Indicator 2: Percent of Target Areas where Current Surface Area Maintained.

This is both a qualitative and quantitative indicator. All 10 targeted areas have surveyed boundaries. In some cases, however the boundaries have been destroyed or are difficult to find again. A priority for all areas is to reestablish the boundaries where they are not clear. In addition to the external boundaries, this target relates directly to the condition of the natural area inside the boundary. There are instances where, despite the boundary being fixed, degradation is still taking place within the natural area. Effective conservation practices will assure that boundaries are properly located and that destructive practices be reduced. This can only be verified through aerial and ground inspection In 1986, it is estimated that only 40% of the total overall boundaries for the 10 target areas together were in good condition. The change from 40% in 1986 to 60% in 1991 is a result of boundary relocation and rehabilitation work carried out in Bwindi, Mgahinga, Kibale and Lake Mburo. In 1993, this will extend to Rwenzori National Park.

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[2] The term "target areas" used throughout the discussion this section refers to the following protected national parks: Bwindi Impenetrable, Rwenzori, Mghinga, Queen Elizabeth , Murchison Falls, Lake Mburo and Kidepo; and forest reserves: Kibale, Semeliki and Mt. Elgon.

Target 2: Increased Ecotourism Through Private Organizations-Especially at the Local Level.

Tourism was one of the most important sources of foreign exchange in Uganda as recently as 1970. At that time Uganda drew more tourists than Kenya. Following the end of the civil war in 1986, tourism has grown slowly but steadily. The number of tourists has doubled in the past 3 years reaching a total of 22,000 in 1992. The continued increase in those numbers will be in direct relation to the level of management at the natural areas, as well as the quality of accommodations made available to the tourist. Both will improve through APE support to the GOU. Much the same can be also said for the increase in annual revenue from user fees; as infrastructure, management and accommodations improve, so will user fees.

Local residents in the area of the national parks are directly benefiting from tourism. For example, beginning in 1986 the Rwenzori Mountaineering Services (RMS), a local NGO, with USAID support started a guide service; as a result the majority of families in the area have increased their incomes directly as a result of tourism. **Further, RMS has used some of the proceeds from tourism to help build a health center, a secondary school and have made road improvements between Kasese and Ibanda.** USAID has recently assisted local communities in the Kibale and Semliki Forest reserves to become similarly involved with tourism management.

The first two indicators for this target are measured in the number of tourists visiting the target sites and the amount of annual revenue generated from park/reserve user fees. Figures for both of these indicators represent combined totals from the 10 target areas. The third indicator, number of officially organized local groups providing tourist services, is tied to the target areas. For example, in 1991 RMS was the only local group providing tourist services. Due to the success of RMS it is expected that this number will increase significantly during the next few years. Local communities around Mt. Elgon, Kibale, Bwindi and Semliki are already forming groups to carry out this work.

Target 3: Strengthened Incentives for Local Participation in Management of Protected Areas and Their Buffer Zones.

In line with the increased participation of local people with tourism development as described above, there is also considerable movement in relation to getting local people and their representatives more involved with decisions affecting the management of the protected areas themselves as well as the

SO Indicator 3: Increase in Percent of Local Men and Women Deriving Benefits From Activities Related to Protected Area Management.

Local communities surrounding protected areas are directly benefitting from improved management in several target areas. For example, technical assistance to residents in the Bwindi and Lake Mburo areas is resulting in improved extension services from conservation and development projects; communities around Rwenzori, Kibale, and Mt. Elgon are benefitting from ecotourism activities. Tourism benefits are more fully described under Target No. 2. Recent GOU policy guidelines made local community benefits a priority for all protected areas. To develop a benefit baseline, surveys of the perception of residents living in these buffer zone areas are being done through the land access project of the Wiscons in Land Tenure Center and the Makerere University Institute for Social Research (MISR). The baseline for Mt. Elgon is completed, Bwindi and Kibale will be completed in early 1993. Lake Mburo, Rwenzori, Mgahinga, and Queen Elizabeth will be completed in late 1993. Murchison Falls and Kidepo will take place in 1994. The numbers associated with the indicators will represent the total percentage of people living in the buffer zones of the 10 target areas that feel they are receiving benefits from protected area management. Number and projections will be established by June 1993.

Target 1: Improved Policy and Institutional Framework that Promotes Sustainable Natural Resource Use.

This is the area where the Action Program for the Environment (APE) has had, perhaps it greatest short term impact on natural resource management and the environment. The process of preparing a National Environmental Action Plan (NEAP) is being implemented with great success. The timetable is being followed closely and it currently looks as though the plan will be completed by the end of 1993 and approved by early 1994. **As a result of USAID conditionality Bwindi, Mgahinga and Rwenzori all became national parks in late 1991, giving them a higher status of conservation protection. This major policy change in conservation attitude and action occur in mid 1992.** Kibale, Semliki and Mt. Elgon will also become part of the newly established system of Forest Parks. With increased national and international recognition of the importance of these biologically rich areas it is likely that one or more of them will receive special classification as World Heritage Sites, which would provide them with increased access to donor support.

surrounding buffer zones. One indicator is the number of residents in the buffer zone areas that are adapting natural resource practices which are being promoted by conservation and development projects working in these areas. This is largely an untested area and will require close and continuous monitoring over the life of APE. The baseline information for this indicator will come directly from the baseline to be developed in SO2 indicator 3 (project surveys in association with LTC/MISR). The number of buffer zone residents employed in protected areas should also rise as these groups are more vigorously brought into the management picture. Finally, to more formally promote this concept, local residents will be involved with the development of participatory management plans for the protected areas. This has become the official policy of the GOU as of June 1992. With assistance from USAID, the GOU established guidelines to carry this out.

Target 4: Established Base for Improved Management of Protected Areas.

This target encompasses many of the practical aspects of protected area management emphasized in the targets discussed earlier. First, most of the target parks and reserves do not have management plans from which to work. The few that do exist have not adequately taken into account information involving the local communities. Developing these plans is a priority for the management agencies involved (Uganda National Parks and the Forest Department). To assure improved management considerable effort must be made to develop the human resources to carry this out, therefore increased participation in training sessions and workshops for field personnel and managers is mandatory. The number associated with the indicator represents the total percentage of staff and managers that participate at least in one training session or workshop on an annual basis. To assure that protected area personnel have the means to carry out their programs requires improved materials and resources. This includes equipment, vehicles and improvements in infrastructure such as buildings and roads. Finally, in order to promote sound management practices more widely, protected area institutions must promote conservation education programs targeted at the resident population.

Assessment of Program Impact - Strategic Objective No. 2

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
STRATEGIC OBJECTIVE 2									
Stabilize biodiversity in target areas	1. Current levels of tree, mammal and bird species inventoried by target area.	TBD[1]			2	4	4	100	
RESPONSIBILITY:	2. % of target areas where current surface areas maintained.	40 (1986)	60		70	80	90		
- APE Assistant Parks Manager	3. Increase in % of local men and women deriving benefits from activities related to protected area management	TBD							
- GMU Technical Advisor									
- USAID Project Officer									
	DATA SOURCES:								
	1. Field stations, periodic inventories, National Biodiversity Data Bank, other records								
	2. protected area records								
	3. project surveys with assistance from LTC/MISR study								

[1] TBD - to be detetermined

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Assessment of Program Impact - Strategic Objective No. 2

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
TARGET 1	**1. NEAP:**								
Improved policy and institutional framework that promotes sustainable natural resource use.	(1) completed & endorsed by GOU				completed	endorsed			
	(2) implementation plan approved					approved			
	2. Upgraded legal status of targeted parks & reserves								
RESPONSIBILITY:									
- APE Contractor Chief of Party	(1) Bwindi, Rwenzori & Mgahina forest made national parks			completed					
- USAID Project Officer	(2) Kibale, Semiliki & Mt. Elgon raised to forest park status				expected				
	(3) Mgahina, Bwindi & Rwenzori made world heritage sites							expected	
	3. Policies for local retention of park/reserve user fees for recurrent costs & local people					expected			
	(1) policy developed (2) policy enacted (3) policy institutionalized in 10 target areas								
	DATA SOURCES:								
	1. Project records, GOU gazette 2. GOU gazette, GOU gazette, UNESCO 3. GOU gazette, project records								

Assessment of Program Impact - Strategic Objective No. 2

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
TARGET 2 Increased ecotourism through private organizations, especially at the local level	1. Number of tourist visits increases in target sites	10,800 (1986)	14,000	22,000	28,000	34,000	50,000	60,000	
	2. Annual revenue from park/reserve user fees increased	66,312,512 (1991)							
	3. Number of officially organized local groups providing tourist services increases.	0	1	1	3	5	7	9	
RESPONSIBILITY: - APE Assistant Parks Manager - USAID Project Officer	**DATA SOURCES:** 1. MTWA, UNP, Forest Dept. and records for 10 target parks/reserves 2. MTWA, UNP, Forest Dept. and records from 10 target parks/reserves 3. MTWA, UNP, Forest Dept. project surveys								

Assessment of Program Impact - Strategic Objective No. 2

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
TARGET 3 Strengthened incentives for local participation in management of protected areas & their buffer zones **RESPONSIBILITY:** - APE Contractor Team - USAID Project Officer - GMU Technical Advisor	1. Increase in number of male and female farmers adopting agricultural/natural resource practices extended/promoted by project activities	TBD					40%	-	
	2. Increase in number men and women from buffer zones employed by parks & reserves	0 (1989)	400	500	1,500	4,000	6,000	10,000	
	3. Increase in number of target areas where local communities participate in development of management plans	0	0	0	2	5	8	10	
	SOURCES: 1. Project NGO records 2. Project NGO records 3. Project records								

Assessment of Program Impact - Strategic Objective No. 2

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
TARGET 4 Established base for improved management of protected areas. **RESPONSIBILITY:** - APE Contractor Team - USAID Project Officer - GMU Technical Advisor	1. Management plans for 10 target parks/reserves developed & approved	0 (1989)	0	1	2	5	9	10	
	2. Increase in % of park/reserve staff and managers participating in project related training and workshops on an annual basis	0 (1989)	10	15	25	40	40	50	
	3. Increase number of kms of improved road infrastructure	0 (1989)	50	120	150	200	225	250	
	4. Decrease number of target parks/reserves offering community conservation education programs	2 (1988)	2	3	4	7	9	10	
	5. Increase headquarters, lodging & other support infrastructure in target parks/reserves	0 (1989)	3	4	5	7	9	10	
	SOURCES: 1. Project records and GOU 2. Project records and GOU 3. Park/reserve records 4. Project records 5. Project records and GOU								

STRATEGIC OBJECTIVE 3: Improve the Quality and Efficiency of Basic Education.

This is the first year that USAID is reporting on indicators and targets for its third strategic objective. During FY 92 the mission designed and approved the Support to Uganda Primary Education Reform (SUPER) Program to improve the quality and equity of primary education. Program and Project Agreements were signed with the Government of Uganda at the end of August.

The Mission's extensive examination of the constraints to education in Uganda, along with the technical analyses and special studies carried out during the PAAD design have deepened USAID's involvement in and understanding of the sector. Consequently, preliminary formulations of the strategic objective have been refined to state: **Improve the quality and efficiency of basic education.** This places a sharp focus on the priority needs of the Ugandan education system (and on the Agency's priority education interests) for increased quality and pupil persistence. Also, it facilitates mission reporting, including shorter term impact that can be captured during this API period. Finally, this statement is reflected by the sector goal in the SUPER PAAD, enabling the Mission to use information on the impact of the SUPER Program to report on progress towards achieving the strategic objective.

The API targets and indicators are unequivocal measures of improvements in the quality and efficiency of education. The three targets each address a binding constraint to good education. Because these constraints are specifically targeted by USAID's education program, it should be possible to fairly attribute improvements to USAID's policy and project interventions. Baseline data in each area is available from existing sources. The mission expects this data to be available throughout the reporting period.

Improvements in education are, by their nature, long term and difficult to measure. In Uganda the education sector presents a moving target: enrollments have been growing in excess of 8 per cent per year and the number of primary schools has tripled to more than 8,000 in the last ten years. Additionally, there are significant differences among districts and there are numerous interest groups and cross currents bearing on policy reform. The policy reform process itself is evolutionary.

There is also a relatively long lead time before the impact of USAID's program will be felt. Measurable improvements at the classroom level are not likely before mid 1994 (the SUPER project's technical assistance team should be in place by mid 1993 and NPA policy reforms should be reflected in the GOU's FY 1993/94 budget). It will then take a number of years before better trained teachers, the availability of instructional materials, and more active community involvement are reflected by gains in student achievement and persistence. These factors combine to form a complicated, dynamic social tableau that should temper expectations for rapid, dramatic results.

Assessment of Program Impact - Strategic Objective No. 3

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
STRATEGIC OBJECTIVE 3 Improve the quality and efficiency of basic education.	1. Increase in the percent of pupils who pass grades 1-6	Pass rates: P1:75% P2:91% P3:81% P4:82% P5:82% P6:78% (1990)	N.A.	75% 91% 81% 82% 82% 78%	75% 91% 81% 82% 82% 78%	78% 92% 85% 85% 85% 85%	80% 92% 85% 85% 85% 85%	85% 92% 87% 87% 87% 87%	MOES raises teachers salaries to a living wage. World Bank Education Sector Credit is approved.
	2. Decrease in the number of years of school provided per primary school graduate.	23 yrs. per graduate	23 yrs. per graduate	23 yrs. per graduate	23 yrs. per graduate	23 yrs. per graduate	22 yrs. per graduate	20 yrs. per graduate	
RESPONSIBILITY: General Development Office	DATA SOURCES: 1. MOES Planning and Statistical Unit								

Assessment of Program Impact - Strategic Objective No. 3

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
TARGET 3.1 Increased number of students using relevant educational materials. RESPONSIBILITY: General Development Office [1] MOES Select Committee On Textbooks [2] 1 set of four books	1. The ratio of books to pupils will increase to one set of four core books for every three pupils. DATA SOURCES: 1. MOES Project Imp. Unit 2. School surveys	1 book: 15 pupils[1]	1 book: 15 pupils	1:15	1:15	1:8[2]	1:5[2]	1:3[2]	MFEP budgets funds for the purchase of textbooks.

Assessment of Program Impact - Strategic Objective No. 3

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
TARGET 3.2									
Increased number of effective teachers.	1. Increase in the number of teachers receiving non-credit in-service training	0(1992)	0	0	0	5000	9000	9000	TDMS program is successfully implemented.
	2. Increase in the percent of primary school teachers who hold a Grade III or a Grade V qualification.	49% (1990)	49%	49%	50%	50%	53%	55%	
RESPONSIBILITY: General Development Office	**DATA SOURCES:** 1. MOES Planning Unit 2. SUPER Project records								
PROGRAM TARGET 3.3									
Increased girls persistence.	1. Increase in percent of girls who enrol in P3, P5 and P7 as a percentage of girls who start school.	P3:66%[1] P5:43% P7:24%	N.A. N.A. N.A.	66% 43% 24%	66% 43% 24%	68% 45% 26%	70% 47% 28%	75% 50% 30%	
RESPONSIBILITY: General Development Office	**DATA SOURCES:** MOES Planning Unit, Shool Censuses [1] 1990 School Census								

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STRATEGIC OBJECTIVE 4: Stabilize Health Status of Ugandans.

In response to the devastating impact of the HIV/AIDS epidemic on adult and child survival rates, USAID has determined that to improve health status would be an overly ambitious objective. **Stabilization of health status specifically focusses on increasing the use of contraception and reducing the transmission of HIV.** The total fertility rate (TFR) and HIV prevalence among 15 to 19 year olds and the indicators selected to measure SO4.

The TFR of Ugandan women, which is the number of births a woman would have by the end of her reproductive years, is currently estimated at 7.3, and is one of the three highest in the world. It was measured at 7.4 during the 1988/89 Ugandan Demographic and Health Survey (DHS) and should decline to 6.5 by 1994. The contraceptive prevalence rate (CPR), which is the percentage of women currently using a contraceptive method, should increase from the 1988/89 level of 5% to 10% by the time of the next DHS in 1993/94.

Young adults aged 15 to 19 provide a yardstick to measure the progress of HIV infection in a population because they represent a new sexually active group. Reduction in HIV prevalence must start with this age group in order to impact adult rates in the future. **The infection rate for young women 15 to 19 coming to the USAID sponsored AIDS Information Center (AIC) for HIV testing and counseling is extremely high at 32.4%. This is a significant increase over the 22% infection rate in young female AIC clients in 1990.** AIC clients are a self-selected group who in many cases suspect that they may be infected, so this figure is not representative of all Ugandan women aged 15 to 19. However, the fact that this rate is similar to the rate reported at an antenatal clinic in Kampala (29.5%) suggests that the rate in sexually active young women is disturbingly high, with serious implications for the future.

HIV infection rates in young male AIC clients aged 15 to 19 have been consistently lower than in young women. In 1990, only 8% of young male AIC clients were HIV positive, but by 1992, this figure had increased to 13.1%. While the percentage of young men testing positive is lower among HIV clients, the rate of increase between 1990 and 1992 is actually greater for young men at 64% than for young women whose rate of increase was 47%.

Given the fact that HIV sero-prevalence in young women and men in Uganda is very high and apparently rising in most locations, it is difficult to predict when a levelling off or decline in these rates will begin. Furthermore, there are inadequate data regarding what specific interventions might result in a decline in HIV incidence in Africa. A study is in progress at the AIDS Information Center (AIC) to collect and analyze comprehensive data on 3,000 clients who are returning at three and six month intervals to respond to questions about their intentions and actual behaviors.

To more effectively use the evaluation data collected by staff working on AIDS prevention projects, a workshop is planned for early 1993 to update the Uganda Baseline File for the computer model which is the basis of the AIDS Impact Model (AIDS model). This exercise will significantly improve the reliability and validity of predictions regarding changes in these indicators, and will generate expected performance levels for HIV infection rates that will be available for the next API report.

TARGET 1: Reduce HIV Transmission.

Sexually active adults are at high risk of HIV infection. The Mission has chosen to measure HIV infection in women attending antenatal clinics as a performance indicator for this target. According to data gathered by the MOH AIDS Control Program (ACP), infection rates in pregnant women who live in urban areas have not yet declined, and in fact continue to rise. **The HIV prevalence in a large ante-natal clinic in Kampala was 24.5% in 1990, 27.8% in 1991, and 29.5% in June, 1992. These figures confirm that sexually active women in urban areas are at significantly high risk for HIV infection, and furthermore, that prevention programs have not yet had an impact on changing the behavior of these women and/or their sexual partners.**

In comparison to Kampala, the current data indicate that in Jinja, the second largest urban area and the industrial capital of Uganda, HIV prevalence in women attending antenatal clinics is significantly lower (22.0% in 1991 and 19.8% in 1992). It will be important to explore the reasons for these differences to determine if the lower rates reflect preventive efforts which could be replicated elsewhere in the country.

Reduction in HIV transmission rates in Uganda requires knowledge of local HIV transmission patterns, an in-depth understanding of Ugandan culture, sexual norms and practices, a familiarity with behavior change theories and models, and the creative application of the above knowledge in the design and implementation of HIV prevention interventions.

The USAID financed AIDS prevention projects have been designed with data collection and evaluation components. Data and behavior change related to counseling and testing interventions comes from the AIC study mentioned previously. The AIDS Support Organization (TASO) has collected baseline data in all communities implementing the TASO Community Initiative, and is currently beginning to collect and follow-up data in those communities in which the project has been operating one year or more. Data reported also came from an intensive evaluation of the peer education projects implemented by the Federation of Uganda Employers (FUE) and the Experiment in International Living (EIL).

SUB-TARGET 1.1: Increase Condom Use.

The acceptance and use of condoms in Uganda has been changing over the past three years. While there is still resistance from church leaders and high ranking politicians to public advertisement of condoms by brand name, there is an increase in the public demand for condoms to provide protection against HIV infection. **The total number of condoms that are imported and sold** through contraceptive social marketing (CSM) programs or distributed free of charge through MOH programs **is increasing rapidly.** In **1991** USAID supplied **3.3 million** pieces to the MOH for free distribution through MOH health facilities. This increased in **1992** to almost **9 million,** with 6 million for distribution through MOH and 2.8 million for sale through the CSM program.

The projections for 1993 to 1996 reflect a shift towards the CSM programs and away from the free MOH distribution channels. The requirements range from 20 million pieces in 1993 to 27 million in 1996. At the same time, it is anticipated that through NGO community-based family planning/AIDS interventions, an even greater number of condoms will be distributed under cost-recovery schemes. In addition to the MOH health establishments, major distributors of free condoms include the National Resistance Army (NRA) and NGOs that provide care and supportive services for persons with AIDS and clients of low socio-economic status, such as TASO. Other NGOs that provide testing, counselling and peer education regarding HIV prevention will sell CSM condoms to clients who are able to afford the price. Pharmacies and drug stores are the major distributors of CSM condoms and this network is being amplified to include hotels, bars and truckstops.

The Ugandan culture is strongly pro-natalist. Even women who are known to be HIV positive are strongly encouraged by family and community leaders to have children. Therefore, the encouragement of condom use with one's spouse or steady partner encounters significant obstacles. However, it is reported that there is increasing acceptance of condom usage with non-steady partners. In 1992, the study to assess the impact of HIV testing and counseling included specific questions about condom use with non-steady partners. Although the numbers reporting non-steady partners are low, at three month follow-up there is a large increase, from 27% to 86%, in those who report "always" using a condom with non-steady partners. Considering the high risk of infection with non-steady sexual partners, the reported consistent use of condoms is considered to be a very important preventive behavior and a major accomplishment in itself.

SUB-TARGET 1.2: Reduce Incidence of Non-HIV Sexually Transmitted Diseases in Intervention Communities.

Numerous epidemiological investigations have confirmed the association between sexually transmitted diseases (STD) and HIV infection. In FY 1992, USAID financed an action oriented research program which is designed to improve STD diagnosis and treatment and to document the best approach to reducing STD prevalence in a poor urban community. The Community Health Intervention Project against STDs (CHIPS) is developing and testing community based activities that would lead to higher recognition of STDs by individuals, increase the health services available to detect and treat STDs and motivate behavioral change to prevent reacquisition of STDs. Baseline and two annual follow-up surveys will gather data from 1,200 residents of the intervention community and the same number of residents from a control community. Measures found to be successful will be replicated in similar communities and adapted to other settings. In late FY 1993, USAID, through a new project with the MOH, will support the expansion of STD activities under the national STD control program to other areas of the country. The first MOH intervention to be developed and promoted will be antenatal syphilis screening of pregnant women at district level hospitals.

SUB-TARGET 1.3: Increase HIV Knowledge Related to Behavior Change.

Knowledge of how HIV is transmitted and how HIV infection can be prevented is a prerequisite for developing the motivation to change one's behavior. Although it is clear that knowledge alone is not adequate to change behavior, it is essential that Ugandans acquire correct knowledge about HIV transmission. Several studies (FUE, EIL, TASO) have suggested that persons who truly grasp the concept of the HIV latency period (knowing that transmission of HIV can occur during the latency period of at least five years) have acquired a good comprehension of HIV/AIDS. Another prerequisite for significant behavior change is understanding that HIV can be acquired as a result of unprotected sex with a partner who looks healthy.

Based on these studies, knowledge of HIV transmission during the latency period was selected as an important indicator of both correct knowledge about HIV and an indicator of readiness for behavior change. **Data from evaluation of peer education programs show that the percentage of persons who understand the latency period increased from 8.7% to 22.7%.** It should be noted that these figures are based on a random sample of persons in work places where peer educators had been trained. It does not reflect the percentage of persons who received direct training, which can be assumed to be a significantly higher number. Additionally, data from TASO's Community Initiative Program show that, based on a

random sample of persons in communities in which TASO has been active, the percentage of persons who understand the latency period increased from 26.8% to 36.3%. Again, these figures reflect the indirect dissemination of information as a result of education interventions.

Studies regarding the promotion of condom use suggest that the belief that one's peers are using condoms is an important predictor of a person's willingness to try condoms. Project data collected before and after educational interventions show a significant increase, from 35.5% to 70.1% in work places and from 38.8% to 44.0% in communities, in the percentage of persons who believe their peers are using condoms. These findings are not based on data collected from known project participants but on a random sample of persons in these work places and communities.

SUB-TARGET 1.4: Increase in Demand for HIV Prevention Services.

It has been suggested that the Ugandan population has been inundated with AIDS prevention messages and that the average person is no longer interested in hearing more of these "doom and gloom" messages. Project data, however, suggest that there is still a significant opportunity to meet the demand for quality education programs which stress the practical steps that one can take to avoid HIV transmission. Three of the projects supported by the EIL umbrella grant have been responding to this community demand. The TASO Community Initiative, the EIL AIDS Education and Control Project, and the Federation of Ugandan Employers have intensified their efforts to provide sessions that give intensive teaching about HIV/AIDS. These sessions are presented to, among others, women's groups, the teenage children of employees in the formal work place, and rural communities. The persons attending these sessions have made a deliberate decision to participate in these educational sessions, suggesting that these members of the public are eager to learn what specific actions they can take to prevent HIV infection. This number is expected to increase significantly in the future as EIL provides funding to AIDS education and prevention programs to be implemented by religious organizations such as the Islamic Medical Association of Uganda.

In the Ugandan context, the primary reasons for seeking anonymous HIV testing and counseling are for HIV prevention. This is in contrast to developed countries where a primary reason to seek HIV testing is to begin early treatment. Since treatments such as AZT are unavailable in Uganda, and since HIV prevalence is so high, HIV testing and counseling has great potential as a preventive tool.

Prior to the establishment of the AIDS Information Center in February, 1990, HIV testing and counseling was essentially unavailable in Uganda. Some testing was provided but was usually not accompanied by any preventive messages. Using 1989 as baseline, the number of persons seeking HIV testing and counseling was almost zero. **The continued high and increasing demand for HIV testing and counseling increased from 9,417 in 1990 to a projected 40,000 for 1992.** This reflects a strong the desire of many Ugandans to know their sero-status and use appropriate prevention strategies.

An increase in the percentage of persons seeking **HIV testing and counseling prior to marriage** is a particularly important indicator of seeking HIV testing specifically for prevention purposes. Although data on specific reasons for seeking HIV testing and counseling are not available for AIC clients in 1990 and 1991, **in 1990 only 3.5% of clients came as couples, in 1992 11% of the clients were couples, and a total of 22% of clients gave pre-marital testing as the reason they came for HIV testing and counseling.**

TARGET 2: Increase Rate of Contraceptive Use.

The 1988/89 DHS indicated that only 5% of Ugandan women were using a contraceptive method to avoid pregnancy. The availability of family planning (FP) services was limited to mainly urban areas through private sector clinics. Information on FP users is limited and the MOH does not have a management information system. A new DHS is scheduled for 1993/94 to gather information on the contraceptive prevalence rate, which is projected to reach 10% by 1994 and 14% by 1996.

The data provided for Couple years of protection (CYP) are based on MOH contraceptive distribution data and projections and from NGO projections for projects being implemented with assistance of cooperating agencies (CA) including: the Center for Development and Population Activities (CEDPA), Pathfinder Fund (PF), and the Family Planning Services Expansion and Technical Support Project (SEATS).

SUB-TARGET 2.1: Increase Availability of FP Services.

FP service availability can increase when training is provided to clinical health workers, along with appropriate equipment and contraceptive supplies. With assistance from the CAs contracted through AID/W, significant progress has been made in expanding the numbers of FP service sites and providers. Long-term surgical methods are available at 15 hospitals. With assistance from SEATS, non-governmental clinics run by private midwives, companies and religious groups began providing FP services in 1991 and 1992. This

has resulted in a significant increase in the total number, which included clinics funded by the Pathfinder Fund. Other USAID financed NGO clinics scheduled to open in the future include four YWCA sites (with CEDPA).

AVAILABILITY OF FAMILY PLANNING SERVICES

	SERVICES PROVIDERS	1990	1991	1992
1.	Facilities providing surgical FP methods	6	6	15
2.	NGO FP non-hospital service delivery sites	6	111	215
3.	MOH facilities providing at least 3 modern FP methods	60	70	86
4.	Social marketing and CBD points of sale	80	728	1251

DATA SOURCES:

1. MOH/AVSC and NGO records
2. CA records (SEATS, PF, CEDPA)
3. MOH records

MOH records of clinical staff trained to provide FP services were used to estimate the number of MOH health centers that provide FP services. Until a management information system is developed and established, however, it cannot be verified that FP services are provided each day. In some health centers FP services are only available once or twice a week. The new MCH/FP policy and norms, recently developed by the MOH, call for the integrated provision of MCH/FP services at every health center each day. Actual implementation of this policy will require efforts in training, supply of medical equipment and establishment of a functioning logistics management system to guarantee the supply of contraceptives.

Community-based distribution (CBD) and contraceptive social marketing (CSM) have been developed and are expanding through NGOs and private retail establishments. **CSM sales of condoms have not reached the levels that were originally projected. The distribution system has been redesigned to increase the numbers and types of distributors. By 1994, there should be a shift away from the free public sector condom towards cost-recovery and the private CSM product.** The sustainability of the CSM project could be effected by the implementation of condom social marketing programs funded by other donors that have recently begun in Uganda.

SUB-TARGET 2.2: Increase Demand for Family Planning Services.

USAID believes that there is considerable latent demand for FP services in Uganda, and that a lack of correct knowledge about contraceptive methods and where they can be obtained are important factors that limit contraceptive use. Through interventions in information, education and communication (IEC), combined with improvements in the availability and quality of services, the demand for FP should increase. Changes in knowledge of FP methods and desired family size will be measured through the DHS planned for 1993/94.

Assessment of Program Impact - Strategic Objective No. 4

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
STRATEGIC OBJECTIVE No. 4 Stabilize health status of Ugandans **RESPONSIBILITY:** General Development Office (GDO)	1. Total Fertility Rate (TFR) declines 2. HIV prevalence in 15 to 19 yr cohort declines in males and females DATA SOURCES: 1. DHS 1988/89 2. AIC data	7.4 M: 8% F: 22% (1990)	n/a n/a	7.3(est) M:13.1% F: 32.4%	6.9 TBD[1]	6.5 TBD	6.3 TBD	5.8 TBD	
PROGRAM TARGET No. 1 Reduce HIV transmission in intervention communities RESPONSIBILITY: GDO	1. Reduce HIV prevalence among women attending antenatal clinics in selected areas DATA SOURCES: 1.MOH/ACP a) Kampala b) Jinja	a) 24.5% b) 24.9% (1989) a) 25.0% b) 15.8% (1990)	a) 27.8% b) 22.0%	a) 29.5% b) 19.8%	TBD[1]	TBD	TBD	TBD	Reducing STDs will reduce HIV prevalence

[1]To Be Determined during AIDS Modeling Workshop scheduled for 2/93

Assessment of Program Impact - Strategic Objective No. 4

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
Subtarget No.1.1	1. number condoms sold thru social marketing increases (000)	–	298	1,300	3,500	7,600	11,400	12,540	Soc. Marketing program capable of expanding
Increase condom use in intervention communities	2. number condoms distributed thru CBD programs increases (000)	214	238	407	1,300	2,100	3,000	4,600	
	3. number condoms distributed free increases (000)	2,804	3,115	4,325	17,800	13,800	9,300	9,600	
RESPONSIBILITY: GDO	4. reported consistent use with nonsteady partners increases in intervention communities	1992 base-line: 27%[2]		86%					
	DATA SOURCES: 1. SOMARC sales records 2. MOH transfer recds, CA wkplans 3. MOH records, CA workplans 4. AIC records								

[2] Baseline data reflect self-reported behavior before HIV testing and counseling; 1992 performance data based on 3 month follow-up after intervention

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Assessment of Program Impact - Strategic Objective No. 4

GOALS/OBJECTIVES/OUTCOMES	PERFORMANCE INDICATORS & DATA SOURCES	BASELINE	ACTUAL 1991	EXPECTED PERFORMANCE LEVELS					CRITICAL ASSUMPTIONS
				1992	1993	1994	1995	1996	
Subtarget 1.2 Reduce incidence of non-HIV sexually transmitted diseases in intervention communities RESPONSIBILITY: GDO	1. increase number of women who received antenatal screening & treatment for syphlis in hospitals & antenatal clinics 2. increase number of people receiving treatment for STDs in intervention clinics 3. develop and adopt national quality control indicators for STD treatment DATA SOURCES: 1. MOH records, CHIPS data, 2. MOH, CHIPs data 3. MOH documents	– – –	– 300 –	 30,000 Under developmt	3,000 2,000 Adopted	8,000 3,500	13,000 4,000	18,000 4,500	New STD intervention with GOU initiated by 1994
Subtarget No. 1.3 Increase HIV knowledge related to behavior change in intervention communities RESPONSIBILITY: GDO	1. increase % of people who know transmission can occur during HIV latency period in intervention communities 2. increase % of people who believe their friends/peers use condoms in intervention communities DATA SOURCES: 1.and 2. a) FUE and EIL data b) TASO CI data	a) 8.7 b) See (1990) data a) 35.5 b) See (1990) data	a) 22.7 b) 26.8 (1991) a) 70.1 b) 38.8	a) n/a b) 36.3 a) n/a b) 44.0	a) 40 b) 50 a) 75 b) 50	a) 60 b) 70 a) 80 b) 60	a) 70 b) 80 a) 85 b) 70	a) 80 b) 80 a) 90 b) 80	

ANNEX A - REVISION OF TARGETS AND INDICATORS

Strategic Objective 1: "Increased Rural Men's and Women's Income From Agricultural Exports."

Strategic Objective 1 was first presented in the Mission's CPSP. Following intensive review of both that document and a subsequent exercise dealing with the development of a monitoring and evaluation plan, it was decided that the objective remains valid. However, as a result of those reviews and continuing efforts to both fine tune the Assessment of Program Impact logframe, as well as design monitoring and evaluation instruments, it is highly likely that some of the targets and sub-targets will be modified or eliminated prior to submission of the Missions' next API.

For example, it was recognized from the beginning that however laudable increasing incomes might be, it would be difficult to measure directly. Therefore, through a household budget survey, an attempt will be made to collect reliable expenditure data for rural households engaged in agricultural production. Such data will be more reliable than income data, do well as more easy to collect. This expenditure data, then, will serve as a proxy for our income objective.

Additionally, we may reduce the number of targets and sub-targets to not only deal with the most meaningful ones, but also to sharpen the overall monitoring and evaluation effort. For example, an indicator which was to track the "increase in number of new markets developed" will be dropped. While interesting to monitor, such an indicator does not appropriately gauge increased marketing of agricultural exportables (target 1.1).

Increased quantity and quality of information available in Kampala was originally identified as an indicator to measure "improved access to market information." Upon review of the inter-relationship of quality and quantity the Mission is confident that an increase in quantity will also result in an improvement of quality. Further assessment of this indicator will be done.

Indicators such as "increase in dollar value of farmer organization exports as a percent of total agricultural exports" and statements such as "improved status of organizations will be re-evaluated during the coming year and may be changed or eliminated.

The diversification and expansion of agricultural exports will remain the centerpiece of the Mission's agricultural strategy for the balance of this decade. Mission initiatives such as promotion of non-traditional agriculture exports through research, production, marketing and overall policy reform will be the supporting arch of this strategy.

ASSESSMENT OF PROGRAM IMPACT

FY 1992

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ASSESSMENT OF PROGRAM IMPACT

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MISSION GOAL

IMPROVE THE QUALITY OF LIFE THROUGH SUSTAINED MARKET ORIENTED AND BROAD-BASED ECONOMIC GROWTH

STRATEGIC OBJECTIVES

IMPROVE THE EFFICIENCY OF THE AGRICULTURAL MARKETING SYSTEM

Indicators:

- Reduce transportation costs by 5 percent from 1992 to 1996. (NPA baseline 1993/94, impact monitoring 1995, 1996, 1997)
- Increase marketed production of selected agricultural commodities by 5 percent in target areas by 1997. (NPA baseline 1993/94, impact monitoring 1995, 1996, 1997)

TARGETS

1. Improve farmers' efficiency in producing and marketing farm products in target areas.
2. Support improved transportation system in target areas.
3. Identify and remove policies and regulations constraining market efficiency.
4. Increase private sector participation in domestic and export marketing system in target areas.
5. Increase GOC's efficiency to manage and evaluate marketing programs.

IMPROVE THE HEALTH STATUS OF CHADIAN INFANTS, CHILDREN, AND WOMEN OF CHILD-BEARING AGE IN THE MOYEN CHARI

Indicators:

- Increase the percentage of new cases of diarrhea, malaria (fever) and ARI's seen and treated in infants from 0 to 11 months by 1 percent per annum, using 1991 as the base year. (BSPE Yearbook and CCSP surveys)
- Increase the percentage of new cases of diarrhea, malaria and ARI's seen and treated in children between the ages of 1 and 4 by 1 percent per annum, using 1991 as the base year. (BSPE Yearbook and CCSP surveys)
- Increase the number of assisted deliveries from 8,512 in 1991 to 10,000 in 1993 and 15,000 in 1996. (BSPE Yearbook)

1. Improve the quantity of maternal/child health service delivery in target areas.
2. Improve health data collection and analysis in target areas.
3. Improve the quality of available health services through training and supervision of health and social center personnel in the target area.
4. Promote decentralization and introduce cost recovery in centers in the target areas.

TARGET OF OPPORTUNITY

IMPROVE FOOD SECURITY FOR AT RISK POPULATIONS

Indicator

- Maintain national food security stock at a minimum of 5,000 MT by 1992. (ONC monthly stock reports)

IMPROVE FAMINE PREPAREDNESS

Indicators

- Increase GOC capacity to project and monitor food needs at national and subnational level through improved data collection and nutrition surveys. Conduct 2 surveys per year to FY 1995. (SAP and CNNTA data)
- Shorten response time from needs assessment to delivery of food from 10 to 6 months by 1993. (ONC food aid receiving reports; AID cables)

Introduction

In March 1992, the AID Representative presented USAID/Chad's strategy update and program logframe to AID/W. The Director of AFR/SWA chaired the review which resulted in approval of the strategy for two years (FY 1992-1994). It was agreed that performance and progress would be measured through the annual Assessment of Program Impact and updates on economic and democracy/governance performance. This is the first year that the mission has measured performance against the approved logframe. In completing the API, we have found that many quantitative indicators when measured on an annual basis fail to portray important steps taken by the Government of Chad (GOC) and mission. Simply stated, change takes time. In order to show progress and trends, this year we have included quantitative measures and descriptive text on accomplishments in years prior to the established and approved baselines of 1991/1992.

SECTION I: Special Factors Affecting the USAID/Chad Program

This year three factors have had a direct effect on the country and our program: a fragile political climate, a deteriorating fiscal performance and a prolonged rainy season with cumulative rainfall amounts equaling or exceeding the 20 year norm in almost all agro-climatic zones.

--Fragile Political Climate--This past year has witnessed both positive measures and delays in the political transition from military government to a multi-party democracy and civilian rule. The national conference was delayed eight months from May 1992 to January 1993, a prominent human right leader was killed in February 1992 and a number of armed attempts were made to overthrow the Deby Government. These setbacks have reinforced beliefs of some that the President is not in control of various military elements and is therefore reluctant to turn over the reins of Government to civilian leaders. However, other evidence supports the position that the GOC continues to take positive steps toward multi-party elections and to limit executive power. The Prime Minister and his cabinet govern and administer the public sector without interference by the Presidency. Registration of political parties was liberalized in early 1992 to the extent that over 25 such parties are now able to meet and campaign. Freedom of press, association and assembly has been virtually unrestrained throughout the year and the President announced the date for a sovereign national conference based upon the National Conference Commission's report released this month. It is difficult to determine what the outcome will be. What is clear is that Chad is in a period of political change, and with this change, our ability to increase long-term investment and promote private sector development is affected.

--Deteriorating Fiscal Performance--In mid-1992 the GOC attempted to come to grips with its poor revenue performance, runaway expenditures, and decline in debt financing by donors. (Note this was a new Government, put into place on May 22, 1993.) The

Prime Minister in concert with opposition parties and unions tried to work out a new budget by reducing government salaries, increasing taxes, retiring government and military personnel, and renewing efforts at the Customs Bureau. In both letter and spirit the GOC has tried to hold firm on these actions. The Ministry of Finance has also been forced to delay payment on government salaries and as of November 1992 was in arrears in excess of 4 months. As expected, the opposition and unions have reacted negatively, calling for nationwide strikes in protest to cuts in salaries and increased taxes. Although the GOC has not backed down to these demands, there is a partial slowdown in government which has hampered efficiency and effectiveness. By all accounts, revenues collection has declined reflecting the mixed investment climate and corruption in customs service. Only a handful of bilateral donors have been willing to provide budgetary support to fill the deficit gap, causing the GOC to fall further behind in salary payments. On the expenditure side, the GOC has been somewhat successful in reducing the military payroll (about 5%) however further efforts to demobilize the army have been stymied by the lack of funds. The result? A difficult fiscal position with little room to maneuver.

--Good Harvest--Chad is expecting a second year of good harvest with abundant and regular rainfall in virtually every agro-climatic zone. All indicators point to production levels equal to or exceeding 1988, the best harvest in recorded history in Chad. No food imports are anticipated and any shortfalls will be met through trade and existing stocks. This year Chad will not only be food self-sufficient but will be in a position to export surplus to regional markets. This excellent harvest is reflected in the 4 percent positive growth rate for 1992.

SECTION II: PROGRESS TOWARD OVERALL PROGRAM GOALS

The goal of the A.I.D. program is to improve the quality of life through sustained market oriented and broad based economic growth. Goal achievement is measured by analyzing changes at the national level in three areas: economic performance, health/population statistics and food aid distribution.

Economic Indicators Related to Program Goal

	1988	1989	1990	1991	1992 (Est)
Per Capita GDP (000 1977 CFA)	36.4	36.0	35.8	37.8	38.4
Population	5.4	5.5	5.7	5.8	5.9
TOTAL GDP (Bill. 1977 CFA)	196.8	199.0	202.9	219.8	227.8
Real Growth Rate	18.0%	1.1%	2.0%	7.9%	4.0%
Primary Sector	83.1	77.8	71.9	89.1	91.4
Agriculture	59.5	53.7	45.1	63.7	64.3
(cotton)	(5.1)	(4.8)	(6.4)	(7.8)	(6.8)
Livestock	23.6	24.1	26.8	25.4	27.1
Secondary Sector	28.4	32.6	39.0	34.2	34.7
Industry	24.8	29.2	34.8	29.8	29.1
Utilities; other	3.6	3.4	4.2	4.4	5.6
Tertiary Sector	76.4	77.9	80.0	82.2	85.2
Commerce & Transport	56.5	56.7	59.4	61.7	64.4
Government	19.9	21.1	20.6	20.5	16.5
Indirect taxes	8.9	10.7	12.0	13.5	16.5

Sources: The population growth rate of 2.3% is drawn from the GOC Ministry of Public Health, Annual Statistical Yearbook, 1991. Economic data drawn from: IBRD Atlas 1991; GOC Ministry of Plan and Cooperation, Comptes Economique 1983-1992; UNDP Report, June 1992; BEAC, Comite Monetaire National, Indicateurs Economiques, Octobre 1992.

Discussion of Economic Indicators: The Government of Chad figure of 2.3% for the rate of population growth has been used for the period 1988 through 1992. USAID/Chad has provided over 6 years of technical assistance to the Bureau of Public Health Statistics to produce the annual statistical yearbook and feels confident that this rate is the most reliable figure presently available. The UNDP uses a fairly similar figure of 2.32% while the IBRD

prefers 2.4%. For 1989 and 1990, the population growth rate of 2.3% was higher than the GDP growth rates of 1.1% and 2.0% respectively. This resulted in a declining per capita GDP. For 1991 and 1992 the trend is different. Real growth rates of 7.9% in 1991 and estimated 4.0% in 1992 translate to an increasing per capita GDP for both years. In 1991 primary sector activities increased in absolute as well as in relative terms due to good rainfall and favorable climatic conditions. Production in the agricultural sector continues to be influenced predominately by factors exogenous to producer control: primarily the weather, the amount and type of donor interventions and market demand. Chad has experienced two successive years of extremely favorable rainfall. This year it has resulted in yield estimates that far exceed 1988 figures; cotton yield estimates show similar performance patterns. Despite the excellent production for 1992 the overall projected growth rate is only 4%, primarily reflecting the public financial crisis.

Health/Population and Food Aid Indicators Related to Program Goal

	1988	1989	1990	1991	1992
Infant Mortality per 1,000, 0-11 months	----	180	127	180	---
Child Mortality	----	250	214	219	---
Maternal Mortality per 100,000 live births	956	710	N/A	800	---
Population Growth Rate	2.3	2.3	2.3	2.3	---
Food AID Distribution (Metric Tons)	26,000	12,000	18,000	25,000	23,000
(Emergency Distrib)	(16,000)	(3,000)	(3,000)	(15,000)	(3,000)
(On-going sales)*	(10,000)	(9,000)	(15,000)	(10,000)	(20,000)

Sources: Mortality rates from the National Program of Maternal/Child and Family Planning Policy Document, 1991. Growth rates from the GOC Ministry of Health, 1991 Statistical Yearbook.

*On-going programs include school feeding, mother-child feeding, food-for-work activities and food aid monetization.

Discussion of Health Indicators: The annual differences in mortality rates in the above table reflect the fact that mortality data is not routinely collected as part of the health information system, nor is it available from any one source. The rates used in 1990 were extrapolations derived from UNICEF surveys conducted among small target groups, and are not collected on a regular basis. The 1991 figures cited above which

were derived from several different sources, are now the officially accepted rates and were chosen by consensus during the multi-donor National Maternal/Child Health seminar held in April 1992.

As reported last year the Government of Chad lacks the human, material, and financial resources necessary to meet the basic health needs of the population. In 1991, the GOC allotted only 5.1% of the national budget for health care, and of this figure 71.4% was spent on personnel salaries alone. However between 1990 and 1991 the amount of money the GOC spent on health care rose by 39% and presently the average amount spent on health care per capita is 396 CFA (approximately $1.58 per capita).
Donor organizations are responsible for most of the health care costs in Chad, and in 1991, contributed 6,518 million CFA (approximately $25.0 million), or 75% of the total amount spent on health care. Among the largest donors are the EEC, French Cooperation, Swiss AID, WHO and many private voluntary organizations, both religious and secular.

Discussion of Population Indicators: USAID/Chad continues to take a leading role in the promotion of family planning, and through the efforts of the mission's family planning advisor, contraceptive commodities are being provided on a regular basis, and a contraceptive logistics management system is in place.
Also with IPPF (the International Planned Parenthood Federation), Chad's first family planning association was created in October 1991.

Chad has expressed interest in the development of a population policy since 1988 when it hosted the Conference on Population and Development organized by CERPOD. Since then no concrete actions have been taken. Recently however, an inter-ministerial committee within the Ministry of Plan has been formed to initiate a study leading to the formulation of a national population policy. This year we plan to reinforce these efforts at the highest levels of Government through a RAPID presentation. Our program is designed so that the Ministers and President will be able to manipulate data themselves to see the impact of population growth on key development sectors such as health, education, finance, agriculture, employment and natural resources. By building consensus at the highest levels we hope to show why a national population policy is needed.

Discussion of Food AID Indicators: Food aid distributions are an indication of food requirements that are not met by local production or private imports. Figures provided above are closely related to cereal production and rainfall. The mission believes that food aid distribution usually presents a more accurate picture of actual needs than the cereals balance approach. During 1992, only 3,000 MT of emergency food aid was distributed, down from 15,000 MT in 1991. This decrease is directly attributable to a record cereals harvest. Paradoxically, the areas of Chad where food insecurity remained highest were located in the southwest, a zone rich in agricultural potential, where two-thirds of the emergency food

aid had to be distributed. Late and intense rains damaged the cereals crop in this zone and the absence of a diversified income strategy made the rural population there extremely vulnerable to famine (i.e. the major crop is cotton). Reserves were drawn from in-country security stocks and distributed by PVO's in this zone. The mission's PL 480 counterpart fund was used to cover transportation and monitoring costs associated with this program. Also, during FY 1992 the mission monetized 10,000 MT of wheat flour from a one-year Title III grant, the objective of which is to continue supporting the national food security stock.

AGRICULTURAL PROGRAM: ASSESSMENT OF PROGRAM IMPACT

OBJECTIVES	INDICATORS	BASELINE YEAR	PROJECT IMPACT: PLANNED AND ACTUAL												DATA SOURCE
			FY 91		FY 92		FY 93		FY 94		FY 95		FY 96		
			Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
STRATEGIC OBJECTIVE Improve the efficiency of the agricultural marketing system	1. Reduce transportation costs by 5% from 1992 to 1996.	1992	N/A		N/A		Baseline		-1%		-2%		-2%		NPA baseline impact monitoring
	2. Increase marketed production of selected agricultural commodities by 5% in target areas by 1997.	1993	Baseline being developed for sorghum & millet by 1993.						+1%		+1%		+1%		AMTT baseline impact monitoring
			Dried tomatoes / onions increased by 135% / 78% from 1991 to 1992.												Africare quarterly reports
TARGET 1 Improve the farmers' efficiency in poducing and marketing farm products in target areas	1. Increase average wholesale price of Karal fresh tomatoes in N'Djamena from 2,600 CFA/case in 1992 to 3,100 CFA by 1996.	1992	2,600	2,600	2,600	2,600	2,700		2,800		2,950		3,100		ACDI baseline and annual reports
	2. Increase average producer price of dried tomatoes in Abeche from 2,900 CFA/sack in 1990 to 3,500 CFA by 1996.	1990	2,900	2,900	3,000	3,100	3,100		3,200		3,350		3,500		Africare baseline and annual reports
	3. Increase adoption of improved cultural and/or post-harvest techno-logies from 0 farmers in 1991 to 2,000 in 1996 in target areas.	1991	0	799	1,000	1,078	1,200		1,400		1,700		2,000		CARE, Africare, ORT annual reports
TARGET 2 Support improved transport-ation system in target areas	1. Support GOC commitment to the road maintenance fund.	1992	60%	50%	70%	70%	80%		90%		100%		100%		Reporting on covenant in Ag NPA Road Project quarterly reports
	2. Contribute to PASET II policy reform effort.	1992	At request of GOC, Mission will be sending a representative to the November 1992 Paris meetings to discuss the new transport policy reform program.												UNDP Transports-tion roundtable, reports, IBRD Struc-tural Adjustment/ Transport Sector
TARGET 3 Identify and remove policies and regulations constraining market efficiency	1. Reduce import tax on agricultural inputs and eliminate export tax on agricultural products by 1996.	1992	Mission is working with GOC to reduce import tariffs on agricultural inputs and eliminate export tax on agricultural products.												UDEAC publication, GOC decree, NPA quarterly reports
	2. Reduce business registration process time to one-step by CY 1993.	1992	Study of current business registration process was completed in 9/92. The results and rcommendations of the study have been presented to GOC for implementation. The Comite Technique d'Appui has recommended to the High Commission that the Administrative Authorization be eliminated along with all related fees.												Min of Commerce publication, AMTT quarterly reports
	3. Simplify access to Regime A of the Investment Code by CY 1993.	1992	Impact assessment of obtaining access to benefits of Regime A of the Investment Code will be undertaken by IRIS before the mid 1993.												Min of Commerce publication, AMTT quarterly reports
TARGET 4 Increase private sector partici-pation in domestic and export marketing system in target areas	1. Increase the number of domestic and export agribusinesses from 6 in 1992 to 10 in 1996.	1992	6	6	6	6	7		8		9		10		AMTT and NPA baseline surveys and annual reports
	2. Increase the number of loans to SMEs by 10% each year to 1996.	1991	28	48	53	74	58		64		70		77		VITA 1990 baseline and annual reports
TARGET 5 Increase GOC's efficiency to manage and evaluate market-ing programs	1. Train 10% of the Ministry of Rural Development and Ministry of Environ-ment and Tourism by 1993; 20% by 1996	1992			5%	16%	10%		13%		16%		20%		HRDA annual training statistics

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SECTION III: PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

Strategic Objective #1: Improve the efficiency of the agricultural marketing system.

Background: Agriculture is the leading sector in the Chadian economy, accounting for 40 percent of GDP and for most of export earnings of the country. Approximately 80 percent of the population is engaged in agriculture. It is generally accepted that Chad has the potential to become food self-sufficient under normal rainfall conditions. Any large increase in agricultural production in Chad, however, is hindered to a great extent by the inefficiency of the existing marketing system. The Mission's agricultural program, therefore, focuses on the removal or mitigation of agricultural marketing constraints which have been identified as: (1) low farmer productivity, (2) an inadequate road system, (3) government policies and regulations that discourage private sector participation in agricultural marketing, and (4) limited markets for Chadian agricultural products. These constraints are addressed by the Mission with four projects: the Road Rehabilitation Project (RRP), the PVO Development Initiatives Project (PVODIP), the Agricultural Marketing and Technology Transfer (AMTT) Project, and the Agricultural Trade Policy Reform Program (ATPRP).

The progress toward this strategic objective is measured by two indicators: (1) the reduction of transportation costs and (2) the increase of marketed production of selected agricultural commodities in target areas.

Indicators 1: Reduce transportation costs by 5% from 1992 to 1996. (Target area: nationwide)

Background: USAID/Chad is proposing an easing of the tariff burden on the agricultural sector by shifting trucks and spare parts from the luxury goods category to the capital goods category, from a 90% duty rate to 27%. If all taxes were paid (an unrealistic situation due to the limitations on the GOC's tax collection capacity), these tariff changes would result in a 20% drop in transport costs. The reduction of import duties on trucks and spare parts will have the impact of increasing the availability of transport and reducing welfare loss to society.

Vehicle operating costs are substantial for each vehicle type and each road category, ranging from 19% for small pick-up trucks on paved roads to as much as 34% for tractor-trailers traveling on poor dirt roads. Cost savings will be highest for vehicles traveling on poorer quality roads. Such roads drive up the cost of amortization and maintenance. Smaller operators, because they travel more often on poorer quality roads, stand to benefit the most from a reduced tariff burden. In addition, smaller vehicles account for almost 75% of total kilometers traveled. Although these smaller operators pay taxes less frequently, they are more vulnerable to extortion and fraud because they don't have the

political connections of larger transporters. As a result, easing the regulatory environment and increasing market transparency will have the effect of reducing both legitimate and illicit transactions costs of small operators, thereby benefiting their predominantly rural clientele.

The 20% cost reduction applied to agricultural products yields annual benefits of 12 billion CFAF. If it is assumed that only 25% of total taxes due are ever paid, including what is paid illegally to government officials, the annual benefits drop to 3 billion CFAF per year, or roughly a 5% reduction in total transport costs. These benefits to the private sector are the result of a transfer from the government and the collectors of unofficial taxes. This transfer does not constitute a net economic benefit, except to the extent that the resources are utilized more productively in the private than in the public sector.

The net direct economic benefits come from increased transport activity generated by an increased demand for transport services associated with lower transport costs. The mission estimates that reduced duties will result in increased demand of 4-5%, or an estimated 580 million CFAF per year, with some lags as the impact of the measures on costs are felt throughout the transport sector.

Progress: Transportation cost reduction is expected to result from interventions under USAID/Chad' ATPRP program. The first step in this process is to gain agreement to tariff reforms (lowering duties on imports of trucks and spare parts) by member states in UDEAC, the customs union to which Chad belongs. Although the ATPRP program was only authorized in September 1992, the mission is presently providing technical assistance to the GOC for the UDEAC negotiations in January 1993. Simulations have been developed with the Chadian delegation to show effects of proposed changes. Short-term technical assistance teams will provide baseline data and develop indicators by mid-1993 so the mission can measure the effect of policy reforms on road transport costs.

Indicator 2: Increase marketed production of selected agricultural commodities by 5% in target areas by 1997. (Target area: sorghum/millet-nationwide; tomatoes/onions in Ouaddai prefecture).

Progress: Progress will be measured by monitoring production levels of 2 crops (millet and sorghum) and 2 vegetables (tomatoes and onions) over a period of 5 years. At present there is no baseline data on marketed production for sorghum and millet, the most widely grown crops in Chad. Through interventions in policy reform, technology and credit the mission plans to make the marketing of these two commodities more efficient, resulting in an increase of marketed production. The mission started gathering baseline data in a year-long study in October 1992. This study is expected to yield baseline data by late 1993.

Mission analysis of data on onions and tomatoes has revealed measurable progress for 1992. Based upon baseline data established in 1990, the volume of dried tomatoes and onions sold in the Abéché market increased substantially during the 1991 to 1992 period. These increases can be partially attributed to technological and marketing interventions made by a mission financed project that has been working in the region since 1987.

	1991	1992	% Change
Tomato (sacks)	16,384	38,582	+135%
Onion (sacks)	27,580	49,248	+78%

Target 1: Improve farmers' efficiency in producing and marketing farm products in target areas. (Target areas: Chari Baguirmi, Kanem and Ouaddai prefectures).

Indicator 1.1. Increase average wholesale price of Karal fresh tomatoes in Ndjamena from 2,600 CFA/case in 1992 to 3,500 CFA by 1996. (Target area: Chari Baguirmi Prefecture).

Progress: Tomato is a major cash crop in the Karal area. A large number of farmers are also traders who send their produce to the N'Djamena markets which are located about 120 km from Karal. Although the local environmental conditions are favorable to increased production, farmers have not been able to sell their fresh tomatoes at a price that brings them reasonable profit. Any increase in production depresses the wholesale price so much that farmers are discouraged from producing more. In order to help producers/traders overcome marketing problems, we financed a project in 1990 to test a number of cultural and post-harvest technologies that would improve the market value of tomatoes and reduce transport losses. A market information system has been established to provide producers/traders with timely information about the price, supply and demand of produce in N'Djamena so that they could improve their marketing strategies and make proper marketing decisions. Data indicates that the average wholesale price of Karal fresh tomatoes in N'Djamena is 2,600 CFA/case in 1992. That price is relatively low, compared to the prices of tomatoes produced in some other areas, as indicated in the Table below:

Production Area	Average Price/Case in CFA
Karal	2,600
Linia	2,800
Miskine	2,900
Bougoumene	3,300

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It is expected that project interventions will help the Karal producers/traders get at least 3,500 CFA for a case of their fresh tomatoes by 1996.

Indicator 1.2. Increase average producer price of dried tomatoes in Abeche from 2,900 CFA/sack in 1990 to 3,500 CFA/sack by 1996. (Target area: Ouaddai Prefecture).

Progress: Dried tomatoes and onions are important agricultural products in the Ouaddai Prefecture. They are exported from the region to other parts of Chad and to neighboring countries as well. Their production is, however, constrained by several marketing problems. One of the problems is the low producer price right after the harvest as a result of overproduction during a few months of the year. In some years, the price of tomatoes was so low that farmers left part of the crop rotting in the field because labor cost would exceed the value of the product.

In 1991 the mission financed a project to introduce several drying techniques to improve market quality of the produce. These techniques have been tested. Appropriate storage technologies are being introduced to conserve dried tomatoes and onions over a period of several months to avoid the market glut during and immediately after the harvest. The stored products are sold at a later time when the price increases considerably. These interventions are expected to help farmers increase the average price for dried tomatoes from 2,900 CFA/sack in 1990 to 3,500 CFA in by 1996. The producer price per sack of dried tomato in Abéché was reported to be 3,100 CFA in both 1991 and 1992. It is noted, however, that the 1991 price per sack was over-estimated because it was based on retail price per coro. (Coro is a local standard of measure, by volume).

Indicator 1.3. Increase adoption of improved cultural and/or post-harvest technologies from 0 farmers in 1991 to 2,000 in 1996 in target areas. (Target areas: Chari Baguirmi, Kanem, Ouaddai)

Progress: The mission has made measurable progress against this target indicator. Since 1986 we have financed activities focused on the testing and introduction of appropriate technologies. Several sustainable cultural techniques such as composting, improved seed bed preparation, land preparation, planting of nitrogen-fixing species, efficient irrigation techniques were adopted by project farmers. The small motorpump was introduced in the N'Gouri area and the tubewell hand pump in the Kanem. These water-lifting technologies perform more efficiently than the traditional shadouf in irrigating the crops. The adoption of these techniques and technologies has enabled farmers to increase their food production through the augmentation of cultivated land area and increased crop yields.

Recently the mission has financed introduction of post-harvest technologies to help farmers resolve some of marketing related problems. These include harvesting and packaging techniques,

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grading and sorting of produce, transportation, storage and processing. The storage of onions by farmer groups in Kanem in 1992 resulted in an average profit of more than 50,000 CFA from an investment of 60,000 to 70,000 CFA.

The number of farmers who adopted improved cultural and/or post-harvest technologies introduced by increased from 799 in 1991 to 1,078 in 1992.

Target 2: Support improved transportation system in target area. (Target area for road maintenance: the Ndjamena Agency, which includes 3 of the most productive areas of the country: Chari Baguirmi, Mayo Kebbi and Tandille Prefectures).

Background: In 1992, the transportation sector in Chad continues to be one of the most serious constraints to overall economic development. In 1988, Chad had approximately 7,300 km of classified tracks and roads and some 24,000 km of unclassified tracks serving rural areas; of the 253 km of paved classified roads in 1978, only 23 km remained in 1988.

In 1985, USAID/Chad was the only donor providing assistance to the transportation sector in Chad. We were instrumental in the creation and support to the National Roads Agency (OFNAR), the organization responsible for road maintenance throughout the country. Since then, a number of other donors have begun transport-related activities under the leadership of the World Bank and its Structural Adjustment Program in the Roads Sector (PASET). From 1988 to 1992, AID continued to train OFNAR employees and to maintain roads in the eastern and most fertile area of the country. (This target was modified in July 1992 due to OYB constraints, see Annex A).

Indicator 2.1. Support GOC commitment to the road maintenance fund. (Target area: nationwide)

Progress: The mission through conditions precedent requires OFNAR to make a contribution to recurrent costs that increases by 10% each year. OFNAR kept to its recurrent cost contribution until 1991 when the December 1990 coup led to a substantial drop in revenue on importation of fuel, OFNAR's major source of income. Although AID allowed OFNAR to defer this increase (paying 50% instead of 60%) in 1991, in 1992 they are back on schedule paying 70% of all recurrent costs. OFNAR, in spite of perennial financial problems common to all GOC branches, is a functioning organization carrying out its mandate. The project has provided road maintenance equipment, trained mechanics, developed road and equipment procedures, rehabilitated buildings and has wrestled with the problems of encouraging and developing the participation of the private sector in road maintenance. Yet OFNAR remains a fragile institution that is faced with financial needs and the problem of planning its conversion from a parastatal with a monopoly on road maintenance to a participant in the program to be carried out by a fledgling private sector. OFNAR can survive only by securing funds for its recurrent costs directly from the petroleum tax. Through discussions with the

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Ministry of Finance and the World Bank we are urging the re-establishment of the roads fund into which such tax receipts are directly deposited. Some headway has been made by assigning OFNAR employees at customs posts.

Indicator 2.2. Contribute to the PASET II policy reform effort. (Target area: nationwide)

The GOC continues to recognize USAID/Chad as one of the lead donors in the transport sector. At GOC request we plan to send a mission representative to the November 1992 Paris meeting to discuss Chad's new transportation policy reform program. We will continue to remain active through policy discussions at the highest levels.

Target 3: Identify and remove policies and regulations constraining market efficiency. (Target area: nationwide)

Indicator 3.1. Reduce import tax on agricultural inputs and eliminate export tax on agricultural products by 1996. (Target area: nationwide).

Progress: The Mission is presently providing short-term technical assistance to the help the GOC negotiate with UDEAC to lower import tariffs on specific agricultural inputs and eliminate export tax on agricultural products. Simulations have been developed to assess the revenue impact of such measures on the national budget.

Indicator 3.2. Reduce business registration process time to one-step by CY 1993. (Target area: nationwide).

Progress: The current business registration in Chad is complicated and time-consuming, thus discouraging investors from moving into the formal sector. The Mission has made the simplification of the business registration process a condition precedent for the disbursement of the third tranche for the Agricultural Marketing and Technology Transfer Project that must be fulfilled by October 1993. The study of the current business registration was completed in September 1992 with the Mission's short-term technical assistance. The findings of the study and the recommended simplified process were presented to the GOC officials for implementation. The "Cellule Technique d'Appui" for the Private Sector Round Table has already recommended to the Interministrial High Commission composed of several Ministers, the elimination of all unnecessary requirements in the business registration process in order to create a favorable environment for private business development in Chad.

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Indicator 3.3. Simplify access to Regime A of the Investment Code by CY 1993. (Target area: nationwide).

Progress. The simplification of access to Regime A of the Investment Code is also a condition precedent for the Agricultural Marketing and Technology Transfer Project. Before mid-1993, the mission will conduct an impact assessment of obtaining access to benefits of Regime A of the Investment Code. This study will serve as the basis for recommendations to the GOC.

Target 4: Increase private sector participation in domestic and export marketing system in target areas. (Target areas: the two largest cities--Ndjamena and Moundou).

Indicator 4.1. Increase the number of domestic and export agribusinesses from 6 in 1992 to 10 in 1996. (Target areas: Ndjamena and Moundou).

Progress: The mission has just established an Agribusiness Support Center under the Agricultural Marketing and Technology Transfer project. A long-term advisor is now on-board and has been in contact with business people in the private sector to assess their needs and develop an action plan to promote investment in agribusiness. The reforms of business and trade policies and regulations to be implemented by the GOC under Target 3 would also motivate the private sector to invest more in agribusiness. At least one new agribusiness will be established in 1993. In addition, the mission plans to help existing establishments expand their businesses in the agricultural sector.

Indicator 4.2. Increase the number of loans to Small/Medium Enterprises (SMEs) by 10% each year to 1996. (Target areas: Ndjamena and Moundou)

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Progress: The mission has more than exceeded the original targets in this area. Since 1985, USAID/Chad has financed a project to provide loans to SMEs and micro-enterprises. The actual number of loans given to SMEs exceeded the planned amount by 71% in 1991 and 40% in 1992. The actual number of loans in 1992 is 54% more than the 1991 figure. The following Table illustrates the loans that have been disbursed as of June 1992:

	Phases I&II Jul-94 to Jun-90	Phase III Jul-90 to Jun-92	Total Phase I, II & III
Value of Loans			
SME	$1,408,615	$1,573,896	$2,982,511
Micro	9,320	156,816	166,136
Total	1,417,935	1,730,712	3,148,647
Number of Loans			
SME	187	143	330
Micro	70	455	525
Total	257	598	855
Loans to Women - Value			
SME	120,753	130,443	251,196
Micro		99,094	99,094
Total	120,753	229,537	350,290
Loans to Women - No. of Loans			
SME	20	18	38
Micro		348	348
Total	20	364	386

The project interventions have created a total of 1,779 jobs at the cost of $1,762 per job. Among 807 jobs created in Phase III, 339 or 42% are for women.

Target 5: Increase GOC's efficiency to manage and evaluate marketing programs. (Target area: nationwide).

Indicator 5.1. Train 10% of the Ministry of Rural Development and Ministry of Environment and Tourism by 1993; 20% by 1996.

Progress: The Ministry of Rural Development has 693 staff and the Ministry of Environment and Tourism has 142 staff. In 1992, 126 or 18% of the MDR staff and 12 or 8% of the MET were trained, making a combined percentage of 16.5% for both ministries.

Five in-country seminars were organized with consultants from the United States to provide training to government officials and some personnel in the private sector in the following domains: (1) Project management; (2) Human resource management; (3) Agricultural Extension; and (4) Training of Trainers. The seminars on management was attended by high-level officials. Participants' feedback after the seminars was very positive.

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HEALTH PROGRAM: ASSESSMENT OF PROGRAM IMPACT

OBJECTIVES	INDICATORS	BASELINE YEAR	PROJECT IMPACT: PLANNED AND ACTUAL												DATA SOURCE
			FY 91		FY 92		FY 93		FY 94		FY 95		FY 96		
			Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
STRATEGIC OBJECTIVE #2 Improve the health status of Chadian infants, children and women of child-bearing age in the Moyen Chari	1. Increase no. of new cases of diarrhea, malaria* (fever) and ARI's seen and treated in infants from 0 to 11 months by 1% per annum	1991	29,876	29,876	30,175	–	30,477	–	30,782	–	31,090	–	31,401	–	BSPE Yearbook Tome B CCSP Surveys
	2. Increase no. of new cases of diarrhea, malaria* (fever), and ARI's seen and treated in children from 1 to 4 years by 1% per annum	1991	42,008	42,008	42,428	–	42,852	–	43,281	–	43,714	–	44,151	–	BSPE Yearbook CCSP Surveys
	3. Increase no. of assisted deliveries	1991	8,512	8,512	9,000	–	10,000	–	11,500	–	13,000	–	15,000	–	BSPE Yearbook
TARGET 1 Improve the quantity of maternal/child health services	1. Increase usage of health services by women/children as measured by new clients per year	1991	34,614	34,614	36,000	–	38,000	–	40,000	–	45,000	–	50,000	–	BSPE Yearbook CCSP Surveys
	2. Increase the % of pregnant women who register for prenatal visits	1991	2.9%	2.9%	3.2%	–	3.5%	–	4.0%	–	5.0%	–	6.0%	–	BSPE Yearbook
	3. Increase availability of services for prevention and treatment of diarrhea, ARI's and malaria in centers	1992	0	0	5	–	10	–	15	–	20	–	30	–	CCSP Surveys
	4. Increase % of new and repeat visits for family planning services	1992	0%	0%	0.5%	–	1%	–	1.4%	–	1.8%	–	2%	–	BSPE Yearbook
TARGET 2 Improve health data collection and analysis in target area	1. Increase no. of dispensaries reporting on family planning activities	1991	0	0	1	–	3	–	5	–	8	–	10	–	BSPE Yearbook
	2. Increase % of dispensaries reporting on child morbidity data	1991	80%	80%	90%	–	95%	–	100%	–	100%	–	100%	–	BSPE Yearbook
	3. Publish a health statistical yearbook that includes child survival, family planning and cost recovery data	1991	1	1	1	–	1	–	1	–	1	–	1	–	BSPE Yearbook
	4. Complete 1 KAPB Survey	1991	0	0	1	1	0	0	0	0	0	0	0	0	Survey Report
TARGET 3 Improve the quality of available health services through training and supervision of health and social center personnel	1. Increase the no. of supervisory visits to dispensaries by 5% each year of project	1993	0	0	0	0	5%	–	10%	–	15%	–	20%	–	CCSP Reports
	2. Increase % of health workers trained to recognize, treat and/or refer mild, moderate and severe ARI's and malaria	1992	0	0	0	0	10%	0	40%	–	60%	–	80%	–	CCSP Survey

* At present, dispensaries are not equipped with laboratories, and most cases of fever are considered to be malaria

OBJECTIVES	INDICATORS	BASELINE YEAR	FY 91		FY 92		FY 93		FY 94		FY 95		FY 96		DATA SOURCE
			Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
TARGET 3	3. Reduce % of cases of dehydration due to diarrhea through training in the dietary management of diarrhea	1991	8%	8%	7.5%	–	7%	–	6%	–	5%	–	4%	–	BSPE Tome B
	4. Increase % of health care workers trained to identify and refer problem pregnancies	1993	0	0	5%	–	20%	–	40%	–	50%	–	60%	–	CCSP Survey
TARGET 4 Promote decentralization and introduce cost recovery in centers in the target area	1. Increase the % of dispensaries collecting user fees for health services	1991	0	0	1%	–	3%	–	5%	–	10%	–	15%	–	CCSP Survey
	2. Chief Medical Officer retains sufficient user fees at prefecture level to permit restocking of essential drugs*	1991													Health Department Records

* To be implemented by the end of the project

C. STRATEGIC OBJECTIVE #2: Improve the health status of Chadian infants, children and women of child-bearing age in the target areas. (Target areas: Moyen Chari, Salamat, and Logone Oriental Prefectures)

Discussion: Because of the extremely high infant/child and maternal mortality rates, estimated at 180/1,000 and 210/100,000 respectively, USAID/CHAD has chosen to assist this important segment of the population through its Chad Child Survival Project (CCSP). The purpose of the project is to improve the administration and delivery of maternal and child health care services, and to reinforce the capacity of the Ministry of Public Health and Social Affairs to operate and maintain a national health information system, essential to the planning and administration of health care services.

Through the training and supervision of health and social affairs personnel, the Child Survival Project intends to improve both quantitatively and quantitatively, service delivery for child care in the areas of the prevention, treatment and referral, where appropriate, of cases of acute respiratory infections (ARI's), malaria and diarrhea; the latter will include dietary management and the use of oral rehydration therapy to decrease the rate of dehydration. Maternal health care will be improved through the promotion of pre- and postnatal care, assisted deliveries by trained personnel and family well-being (family planning) services.

Indicator 1: Increase the numbers of new cases of diarrhea, malaria (fever), and ARI's seen and treated in infants from 0 to 11 months by 1% per year in the target areas. (Target areas: Moyen Chari, Salamat and Logone Oriental).

Indicator 2: Increase the numbers of new cases of diarrhea, malaria (fever), and ARI's seen and treated in children from 1 to 4 years by 1% per year in the target areas. (Target areas: Moyen Chari, Salamat, and Logone Oriental)

Background: As has been reported by the Bureau of Statistics, Planning and Studies of the Ministry of Public Health and Social Affairs which publishes an annual health information report (the BSPE Statistical Yearbook), diarrhea, fever (malaria) and cough (ARI's) are the three most frequent health problems in infants and children to the age of four years throughout Chad, and together account for over 50% of the morbidity rate in these age groups. As can be noted by the following table, this rate has remained consistently high since 1988.

PERCENT OF NEW CASES SEEN NATION-WIDE
CHILDREN O TO 4 YEARS OF AGE

	1988	1989	1990	1991
Diarrhea	18.5	17.6	16.5	16.2
Fever	15.1	15.7	16.0	16.5
Cough	17.8	18.9	19.1	19.2

Progress: In order to have the greatest impact on the lives of infants and children in the target area, the mission has chosen to intervene at the service delivery level, to reduce the level of infant/child morbidity due to the above causes. As a necessary first step to the improvement of service delivery, a training center has been created, the Social Affairs district headquarters has been renovated, and ten health structures have already been rehabilitated throughout the Moyen Chari Prefecture (Department). Ten more health/social centers will be completed within the next few months. Medical supplies and equipment, as well as a supply of basic medicines has been procured and is presently in storage in a health department warehouse in Sarh, the capital city of the Moyen Chari Prefecture. Office furnishings and equipment have also been ordered for the team's health department offices, most of which has already arrived in country. Three project vehicles have been purchased and have already arrived.

In addition, housing in Sarh for the technical assistance team been located and refurbished, and all the household furnishings and appliances have arrived.

Indicator 3: Increase the number of assisted deliveries from 8,512 in 1991, to 10,000 in 1993, and 15,000 in 1996 in the target areas. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Background: One of the principal factors contributing to the high rate of maternal mortality in Chad, is the lack of access to trained personnel for assistance with deliveries. According to the BSPE statistical yearbook, in 1991, out of the 222,734 expected births nation-wide, only 37,793 were attended by trained health personnel at either a health facility or at home. In the target area alone, only 8,512 out of 26,236 births were assisted by trained personnel. The mission intends to increase the number of assisted deliveries through an increase in the number of health personnel trained not only in proper delivery techniques, but to improve their ability to recognize problem pregnancies which should be referred to a higher level of care.

Progress: Specialized equipment for performing deliveries has been procured and will be distributed to health personnel upon completion of training.

Target 1: Improve the quantity of maternal/child health services in the target areas.

Indicator 1.1: Increase the usage of health services by women and children as measured by new clients per year from 34,614 in 1991, to 40,000 in 1994, to 50,000 in 1996. (Target areas: Moyen Chari, Salamat and Logone Oriental).

Indicator 1.2: Increase the percent of pregnant women who register for prenatal visits from 2.9% in 1991, to 4% in 1994, and 6% in 1996. (Target areas: Moyen Chari, Salamat and Logone Oriental).

Indicator 1.3: Increase the availability of services for the prevention and treatment of diarrhea, ARI's and malaria in 15 out of 35 health/social centers by 1994, and 30 by 1996. (Target areas: Moyen Chari, Salamat and Logone Oriental)

Indicator 1.4: Increase the percentage of new and repeat visits for family planning services from 0% in 1992, to 1% in 1993, and 2% in 1996. (Target areas: Moyen Chari, Salamat and Logone Oriental)

Background: In the target area, both preventative and curative health services are under-utilized. The table below demonstrates the usage of health care services in relation to the population of children and women of reproductive age in the target area.

USE OF HEALTH CARE SERVICES BY PREFECTURE, 1991
PREVENTATIVE AND CURATIVE CONSULTATIONS*

Population	Moyen Chari	Salamat	Logone Oriental
Children	648,795	138,804	327,927
New Consultations	10,770	1,207	4,214
Women of Reproductive Age	149,223	31,925	156,499
New Consultations	15,332	421	6,257

* Assisted deliveries not included

Although, according to the BSPE statistical yearbook, use of health services nation-wide has increased by 25% over the last four years, the percentage of new cases seen still remains low at between 200 to 600 new cases per 100,000 inhabitants among the three prefectures which comprise the target area.

Progress: With the rehabilitation and equipment of twenty health centers and the additional training to be provided to personnel as part of the Child Survival Project, it is expected that client

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usage will increase above and beyond what would normally occur with the annual population growth. However, as the dispensaries have just recently been renovated, and training has yet to be implemented, real progress in this area cannot as yet be measured. On the other hand, family planning services have begun to be offered in the Moyen Chari Prefecture in Sarh, the capital city, and also at a district maternity in Koumra. In taking advantage of a regional training program offered by JHPIEGO, the Mission has sent three nurse-midwives and one physician to courses in family planning to enable them to prescribe contraceptives and perform IUD insertions. USAID also provides the majority of contraceptive commodities for Chad, and assures their logistic management and regular deliveries to the Prefecture. As a result, even though the contraceptive prevalence rate is still less than 1% in real terms, family planning services are now being offered, and in 1991, a total approximately 100 women accepted a modern method of contraception in Sarh and Koumra.

Training for instructors in reproductive health/family planning curriculum development at the National School of Public Health and Social Affairs was also sponsored by the Mission through a buy-in to another centrally-funded JHPIEGO project. This training will ensure that all future nurses, midwives and social workers will have courses in family planning as part of their basic training. And, as this personnel will be assigned to health and social affairs facilities around the country, family planning services will soon be offered in every region of Chad.

The mission and consultants from Johns Hopkins University Population Communications Program are working with health and social affairs personnel to develop audio-visual materials for the promotion of family planning. So far, an IEC workshop and focus group discussions were held with target populations to ensure that the materials developed would be relevant and culturally acceptable. Presently, posters and leaflets are being designed, as well as radio programs. In addition, contraceptive sample kits are being prepared for use in the centers.

In addition, the Mission has just sponsored short-term training in the U.S. for the head of the Social Affairs center in Sarh in the area of Information, Education and Communication (IEC) for the promotion of family planning. As a result of this training, she will become a valuable resource person in the target area to work with the technical assistance team's training advisor.

Target 2: Improve health data collection and analysis in the target area. (Target area: nationwide)

Indicator 2.1: Increase the number of dispensaries reporting on family planning activities from 0 in 1991, to 5 in 1994, and 10 in 1996. (Target area: nationwide)

Indicator 2.2: Increase the percentage of dispensaries reporting on child morbidity data from 80% in 1991, to 100% in 1994. (Target area: nationwide).

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Indicator 2.3: Publish a health statistical yearbook that includes child survival, family planning data by 1994, and cost recovery data by 1996 (Target area: nationwide).

Indicator 2.4: Complete 1 KAPB Survey (knowledge, attitudes, practices and beliefs survey) by 1992. (Target area: Moyen Chari Prefecture).

Background: Under the Child Survival Project, the Mission is supporting the recurrent costs of operating the Bureau of Health Statistics and is providing the services of an Health Information Systems Advisor (HISA) for four years. This advisor's primary responsibility is to assist the Ministry of Public Health and Social Affairs to maintain and improve the health information system and to develop indicators for maternal/child health and family planning activities.

From 1988 to 1991, the number of health facilities submitting monthly statistical reports to the Bureau of Health Statistics has remained fairly constant at between 82% and 85%. Family planning data has been included since 1990 for N'Djamena, the capital of Chad, and information concerning the Sarh program was added in the 1991 yearbook. This data however, was researched and submitted by the Mission's Family Planning Advisor, and has yet to be included as part of national routine reporting.

Progress: Since the arrival of the mission's health information systems advisor one year ago, several in-service training workshops have been organized around the country in order to improve the quality and quantity of the monthly reports on which the health information system is based. In addition, for the first time in Chad, a total inventory has been performed not only of available health/social affairs structures, personnel and their level of training, but also, activities being realized in maternal/child health throughout the country. It is also evident from the 1991 edition of the statistical yearbook that the BSPE's capacity to analyze data has been improved. Presently, the advisor is working with the BSPE and the National MCH/FP Program to develop reporting forms for maternal and child consultations, including family planning client forms.

The health information system financed by USAID/Chad is gaining wider acceptance as a valuable planning tool. The annual statistical yearbook presents both raw statistics and analyses on all components of the health care system, including the incidence and prevalence rates of all major health problems in Chad according to age group, geographic distribution and seasonal variations. Information is also available on health care activities, personnel and facilities and the health care budget.

The knowledge, attitudes, practices and beliefs (KAPB) survey for the Moyen Chari prefecture was completed in July 1992, after two years of preparatory work. This work included the sample frame development, pre-testing, revisions of the questionnaire, and a pilot survey which was conducted in the Moyen Chari a few months before the actual survey proper. This survey has yielded

considerable information on the attitudes and practices of women throughout the target area concerning maternal and child care, and will serve as a baseline to measure mission performance. The survey provides information regarding childhood morbidity, health care practices, family size, age of first marriage, female circumcision, pre- and post-natal care, deliveries and family planning. A follow-up survey of this kind will be performed in approximately four years time to evaluate the effectiveness of our interventions.

Target 3: Improve the quality of available health services through training and supervision of health and social center personnel. (Target areas: Moyen Chari, Salamat and Logone Oriental)

Indicator 3.1: Increase the number of supervisory trips to dispensaries by 5% each year of the project. (Target areas: Moyen Chari, Salamat and Logone Oriental)

Indicator 3.2: Increase the percent of health workers trained to recognize, treat and/or refer mild, moderate and severe cases of ARI and malaria. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Indicator 3.3: Reduce the percent of cases of dehydration due to diarrhea through training in the dietary management of diarrhea. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Indicator 3.4: Increase the percent of health care workers trained to identify and refer problem pregnancies. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Background: Among the major obstacles to the implementation of a quality public health care program in Chad are the lack of supervision and periodic in-service training to maintain a certain level of clinical expertise. Although training seminars and national conferences are organized and funded by donor organizations periodically throughout the year, the Ministry of Public Health lacks the resources, both human and material, to institute even rudimentary in-service training programs or routine supervisory visits. In addition, due to a severe shortage of trained health personnel, especially at the regional level, many health facilities are manned by personnel with little or no formal health training. The results of the personnel survey conducted by the BSPE in 1992 showed that only 19% of personnel presently working in the health and social centers in the Moyen Chari Prefecture possessed the proper qualifications for the positions they held, and that 71% were in need of additional training in order to function adequately in their work.

Another reason for the poor quality health care in Chad is a general lack of the most basic medical supplies and equipment in most of the health facilities around the country, even to the point of not having any running water or electricity. In the

Moyen Chari Prefecture, which is one of the better allocated in the country, out of the 58 health/social centers in the region, only 36 of these facilities have running water, and only 19 have electricity. Also, among the health centers visited by USAID/CHAD staff, there was a decided lack of medications, and even the basic equipment such as blood pressure cuffs, scales, needles and syringes, and even soap! Simple laboratory equipment is also missing, preventing the establishment of even the most basic of diagnoses in almost all health centers.

Progress: Basic medical equipment and supplies, including microscopes and other low-technology laboratory equipment has been provided for 50 health facilities in the target area. These supplies, coupled with in-service training and routine supervisory visits, to be performed by the project's training advisor and her assistants, will improve the quality of care substantially.

Target 4: Promote decentralization and introduce cost recovery in centers in the target area. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Indicator 4.1: Increase percentage of dispensaries collecting user fees for health services from 0% in 1991, to 5% in 1994, and 15% in 1996. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Indicator 4.2: Chief Medical Officer retains sufficient user fees at the prefecture level to permit restocking of essential drugs. (Target areas: Moyen Chari, Salamat, and Logone Oriental).

Background: A sustainable health care system is slowly evolving in Chad and should continue to do so. A key factor is the GOC's recognition that it cannot possibly finance adequate care for the entire population out of government coffers. With the adoption of the decentralization decree in August 1991, the Prefectural Chief Medical Officers have been given the autonomy to plan and administer the public health program for their respective departments. Moreover, with the acceptance by the Government of Chad of a cost-recovery plan, which was a conditions precedent to the disbursement of initial project funds, regional public health departments are now authorized to retain user fees which will permit the restocking of medications in the health centers.

Progress: No progress will be measured until 1994.

TARGET OF OPPORTUNITY: ASSESSMENT OF PROGRAM IMPACT

OBJECTIVES	INDICATORS	BASELINE YEAR	PROJECT IMPACT: PLANNED AND ACTUAL												DATA SOURCE
			FY 91		FY 92		FY 93		FY 94		FY 95		FY 96		
			Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
TARGET OF OPPORTUNITY															
1. Improve food security for at-risk populations	1. Maintain national food security stock at a minimum of 5,000 MT by 1992.	1991	5,000	7,900	5,000	7,400	5,000		5,000		5,000		5,000		ONC monthly reports
2. Increase famine preparedness	1. Increase GOC capacity to project and monitor food needs at national and subnational level through improved data collection and nutrition surveys.*	1991	N/A	14	2	0	2		2		2				CNNTA nutrition surveys
	2. Shorten response time from needs assessment to delivery of food from 10 to 6 months by 1993. **	1990	6 mo.	N/A	6 mo.	N/A	6 mo.		6 mo.		6 mo.		6 mo.		AID cables/ receiving reports

* At least two nutrition survey per year are to be conducted by the National Nutrition Unit (CNNTA) at the Ministry of Health and Social Affairs. None were performed in 1992. USAID approached CNNTA February 6 to offer the use of P.L. 480 counterpart funds to cover the costs of nutrition surveys. This was followed by a February 11, 1992 correspondence to the CNNTA providing a format and instructions for counterpart fund proposals. Despite a strong expression of interest, the CNNTA did not respond with a proposal. USAID met with the CNNTA Director July 21 who indicated at that time that the CNNTA would like to conduct consumption/nutrition surveys in the Moyen Chari, Logone Oriental and Tandjile Prefectures. The CNNTA Director visited USAID August 7 to present a draft proposal. USAID made several comments which the Director said would be incorporated into the final proposal to be submitted shortly. The proposal has not yet been received. USAID continues to believe that nutrition surveys are key to the process of making decisions with respect to food aid allocations and would like to keep this as an indicator; it is understood, however, that if other GOC Departments (Meteo, Division of Agricultural Statistics) which also provide information bearing on food supply and access should develop counterpart fund proposals, USAID would support them, necessitating a change in indicator.

** No emergency food aid imports in FY 1991 or 1992.

USAID/MALI

ASSESSMENT OF PROGRAM IMPACT

FISCAL YEAR 1992

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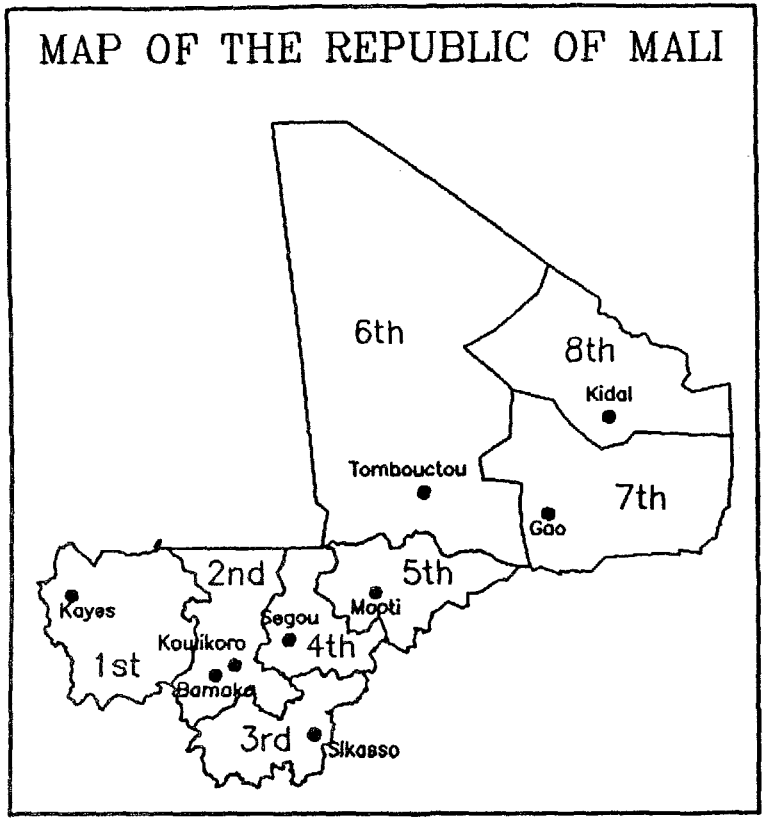

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Mali is a poor country. That is a fact. But that is no reason for us to give up, no reason for us to be ashamed, no reason for us to think that change is not possible. We founded our democracy so that we could change things...so that we could be responsible for ourselves and determine our own destiny. These past eighteen months have given us undeniable proof that indeed we can change whatever we want to change. They have shown our ability to make choices about how we want to live and how we want to develop our country. They have shown that we are not condemned to say "yes" all of the time. They have shown that everyone, in this civil society, has the right to say "no", without fear of reprisal. That, my fellow citizens, is a great accomplishment.

President Alpha Oumar Konaré
September 1992

SECTION I: SPECIAL FACTORS AFFECTING THE USAID/MALI PROGRAM

Change and Continuity

Mali. October 1990. Year 23 of the Second Republic. The military regime of General Moussa Traoré, legitimized by the single-party UDPM, is on the firing line. "Multi-partyism" and "political pluralism" have crept into the Malian vocabulary -- spearheaded by the powerful Workers Union (UNTM) and Student Movement (AEEM). The government's (read UDPM) position is to integrate these new slogans into party ideology, controlling the debate as well as the media coverage. Another thorn is the Tuaregs, who are increasingly becoming a problem in the North. A meeting with them is forthcoming, probably in Algeria. One way to appease them is to create an Eighth Region in Kidal which could be administered with some degree of local autonomy.

Mali. October 1991. Month 7 of a joint military-civilian Transitional Government (CTSP) piloted by Lt. Col. Amadou Toumani Touré. The former president is under arrest, toppled in a violent uprising led by the UNTM and AEEM. Military are off the streets; calm and order are restored, all but in the North. But the scars of destruction and human tragedy are still very visible, and very felt. The UDPM is now just a memory, replaced by a myriad of nascent political parties and democratic associations that together represent a broad spectrum of ideologies, interests, and groups. They have popular legitimacy, a legal right to exist, and the wherewithal to express themselves freely and assemble at will. Malian press, represented by a score of new tabloids and radio stations, give them and the CTSP good and objective coverage, with an openness and fairness that did not exist before. The groundwork for a new Constitution, a charter for political parties, and an electoral process for local, legislative, and presidential elections are all in place -- with mid-1992 still scheduled as the time the CTSP will self-destruct and turn reins over to an elected civilian government.

Mali. October 1992. Day 100 of the Third Republic and Africa's newest multi-party democracy. The CTSP indeed kept its promise. President Alpha Oumar Konaré -- historian, archaeologist, man of the people -- is in power, as are 751 municipal leaders and 116 National Assembly Deputies -- all of whom were elected by popular vote in the course of six pollings from January to April. 21 political parties nationwide participated in elections that were judged by international observers to be free and fair. Other 'firsts':

o A new Constitution, drawn up in August 1991 and endorsed by a popular referendum in January 1992. Key elements are empowerment of local populations, separation of powers, protection of human rights, and independence of the judiciary. Innovations include freedom to create political parties and participate in a multi-party state, freedom to assemble and to strike, and freedom of speech and the press. The Constitution also reduces the potential for abuse of power by government officials.

o A multi-party National Assembly, with 65% of the seats controlled by ADEMA, the Malian Democratic Alliance (Alpha Konaré's party), and the remaining 35% by 10 other parties, now combined into four parliamentary groups. The Assembly's first session in July attracted skepticism, as voiced by a local newspaper: "The National Assembly has many challenges it must address right away: first, to prove that it is an independent power; next, to appease an opposition fearful of being crushed by the majority; and finally, to work for all the Malian people, and not just for ADEMA." The initial signs were good. All legislation proposed by the government was approved, but not without lively debate and the eventual incorporation of many 'minority' but important amendments. The content of the new legislation is further elaborated below.

o A 19-member Ministerial Council. Four Ministers occupying key positions belong to opposition parties, two of them being former presidential candidates. Some new names set a positive tone, e.g. the Ministry of Justice now has "Human Rights" tagged on; and the Prime Minister now watches over a new Ministry for Private Initiatives. These changes send a clear message that the government is indeed capable of functioning with political diversity in the ranks; that Malians indeed have rights; and that the private sector, not the government, is the motor for Mali's economic development.

o An independent judiciary, with a separate Constitutional Court whose mandate is to rule on laws and conflicts of jurisdiction, and to

proclaim election results; a High Court of Justice, with complete authority to try senior governmental officials in case of treason; and a Council of Magistrates that assigns judges and gives opinions on judiciary independence.

o A freer and even livelier press, now with some 30 independent newspapers and close to 10 private radio stations nationwide. The government-owned newspaper and radio/TV stations are open, and give space to a wide range of views. Malians increasingly view the media as a vital and believable source of information, and a watchdog against official abuse and corruption.

How has all this affected our program and the way we do business? We did not have to stand our program on its head overnight, nor did we. What we did do, however, was strengthen our portfolio by capitalizing on some 'democratic' opportunities while at the same time furthering the country's and our own broader social and economic interests. For example:

o The $1.1 million secured under the 116(e) appropriation for the Mission's Democratization Support Project was instrumental in mobilizing $5 million of additional donor funds for election support, and in setting the stage for a comprehensive civic education program that will begin in FY 1993. USAID was the first off the block to support Mali's democratic governance initiatives, playing a catalytic and technically critical role during the entire electoral process, and beyond.

o The PRED policy reform program targeted the administration of justice as a way to was to advance private sector initiatives while at the same time better governance and the rule of law. Support to the nascent commercial and administrative courts, institutions which lend themselves to efficient, fair and reliable resolution of commercial disputes, will produce some 15,000 new jobs and generate about $5.5 million of additional annual income during the next five years.

o Mission assistance to the *Contrôleur Général d'Etat* (Mali's Inspector General) through the Financial Management and Training Project yielded an important and immediate payoff when there arose suspicion of certain financial irregularities and shortfalls in the Treasury Department. The CGE conducted a prompt and thorough investigation in June, resolving the problem and paving the way for the IMF's critical $85 million Extended Structural Adjustment Facility (ESAF), signed by the new government signed in August. Without this transparency and accountability the ESAF would have been postponed - threatening Mali's economic recovery, calling into question the integrity of the transition and undermining many of its accomplishments.

o The new agricultural research (SPARC) and livestock production and marketing (APEX) projects are not just "old wine in new bottles", i.e., straight technology transfer from the station or laboratory to the farm or the herd. Rather, these projects bring together elements of research, production and marketing in ways that give farmers, herders, traders and others an integral role in planning and management. Two years ago these actors would have had a more limited role -- following what officials wanted to do and how they wanted to do it.

o Finally, responding to a genuine commitment to broad-base participation and social equity *à la base*, USAID, through the PVO network, is helping communities to do what they want to do. This is no better illustrated than in World Education's microenterprise activities in Bamako where some 60 NGOs have mobilized thousands of residents to carry out a variety of small-scale urban renewal projects. Local civic committees set their own priorities, contracted their own workers, and did the work -- quickly and inexpensively. Again, two years ago these same bridges, gutters, schools, and latrines might have been built or repaired -- for UDPM party favorites and at a much higher cost.

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Three governments in two years. Autocracy to democracy. Repression to freedom. Desperation to hope. All kinds of changes, some welcome, others difficult to understand and cope with. Was it a great year? Yes. Are things all rosy? No. Students still take to the streets, workers still want more jobs and more money, business people still want compensation for last year's damages, the military still wants a positive role, Moussa Traoré and his colleagues still wait for trial and, perhaps the most critical element in the security-development equation -- the North still waits for peace.

There is change, and there is continuity. But not just continuity of problems. *Au contraire.* Most important this past year has been seeing the continuity in the will and spirit of the Malian people to build a strong, integrated and free society; continuity among Mali's partners to help them move this new society ahead.

SECTION II: PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

PROGRAM GOAL: TO PROMOTE ECONOMIC GROWTH						
COUNTRY TREND INDICATORS	BASELINE 1989	1990 ESTIMATED	1991 ESTIMATED	1992 PROJECTED	1993 PROJECTED	1995 PROJECTED
Real Gross Domestic Product (GDP) increases.	$2.1B	$2.23B	$2.25B	$2.4B	$2.7B	$3.3B
Per Capita GDP increases.	$260	$278	$294	$310	$325	$355
Exports of goods and non-factor services increase.	$343M	$368M	$400M	$381M	$419M	$559M

Macroeconomic performance was weaker in 1991 due to poor weather conditions in 1990, the destruction of private and governmental facilities during the January-March 1991 unrest, and the post-coup disruption of numerous productive activities. The result was a 0.2% drop in the GDP. Despite this, all macroeconomic targets for 1991 were met, with satisfactory progress on structural reforms during 1992. An excellent 1991 harvest and continued good weather bode well for the 1992 economy, with real GDP growth expected to increase by 5.9%. The "wild card" in this projection, however, will be stability of the international cotton market. Exports grew by 8.7 percent in 1991 largely as a result of increased export volume of cotton and livestock. (Sources: MEFP, IMF, World Bank statistics)

PROGRAM SUBGOAL: TO IMPROVE THE QUALITY OF LIFE						
COUNTRY TREND INDICATORS	BASELINE: 1987	1991 ESTIMATED	1992 ESTIMATED	1993 PLANNED	1994 PLANNED	1995 PLANNED
Life expectancy increases.	47 years	47	48	49	50	51
Literacy rate increases.	14%	15%	15%	16%	16%	17%

Positive trends in Mali's fundamental quality of life indicators are imprecise because of an overall lack of national-level comparable data. The result is a series of guesstimates based on a broad spectrum of figures in the health and education sectors. Whereas there was basic agreement on life expectancy of 47-48 years in 1990 and projections of 60-years for Malians born today, the infant mortality rate -- a key factor in determining life expectancy -- now ranges anywhere from 102 to 166 per 1000 live births. Literacy rates are similarly variable, ranging in 1990 between 11-15% for females and 16-31% for males. National-level management information systems, which are operational for basic education and in the design stage for health and population, already indicate that the 1990 literacy projections were overestimated. (Sources: GRM Ministries; DNSI, World Bank and UNDP Reports; USAID estimates)

Progress Toward Promoting Economic Growth and Improving the Quality of Life

This year's "slice of Malian life" showed some noticeable progress in overall economic and human quality-of-life indicators. Using our favorite "Grand Equalizer", i.e., the UNDP's 1992 Human Development Index, we find that Mali surged to 155 on the Top 160 Chart -- up one notch from last year! Given a coup, lots of destruction, some confusion, a little less public and private money to invest, and a wait-and-see reticence on the part of many investors, this ranking isn't bad. But we must not ignore, in our perception of Mali and the climate in which economic growth takes place, the determination on the part of the government and the Malian people to get on with things, to rebuild, to change, and to put their lives and their country back in good order.

In Mali we have seen that economic growth and the enabling environment for private investment is largely contingent on macroeconomic reform performance. In this area the GRM continues to make good progress. The Third Republic, following in the footsteps of the Transitional CTSP, remains fully committed to reducing the role of government in the economy. This is being done largely through liquidating and privatizing remaining parastatals, and removing other barriers to private sector growth. Many policies are now in place that simplify and streamline administrative procedures, enhancing public resource allocation, providing production incentives for industry, and boosting confidence among private investors. The most notable measures taken this past year were:

o the satisfactory divestiture of the eight remaining public enterprises under the World Bank's PESAP program. Of the 29 firms that were liquidated or restructured under this program, 13 have now been privatized -- one through a joint venture with an American firm (cf. Strategic Objective 1 narrative below).

o the total liberalization of prices, with the last price control (petroleum products) eliminated in June 1992. Liberalizing prices, an effort that took over six years, remains one of Mali's most sustained and significant achievements in promoting economic growth.

o the introduction of the value-added tax and its July 1992 extension to retail trade, which increased the potential for broadening the tax base and added a good measure of transparency to economic activities.

o the abolition of all export and import monopolies and quantitative trade restrictions, along with revenue-enhancing and efficiency measures which rationalize customs tariffs and reduce the number of customs duties.

o the continued reduction in the size of the civil service, with the leaner public roster of 36,000 and FCFA 41 billion wage bill on track for 1993-1994.

o the National Assembly's adoption of the revised Commercial Code which simplifies the regulations applicable to local private firms and foreign investors, and improves the procedures for establishing and capitalizing businesses; and a new Labor Code which liberalizes hiring and firing procedures within the private sector, effectively eliminating GRM controls.

o the establishment and operationalization of Mali's first Commercial Courts (in Bamako District; Kayes and Mopti Regions), providing an outlet for Malian businessmen and banks to resolve commercial disputes and free-up capital for productive investment.

This array of accomplishments, however, did not automatically unlock the coffers to the IMF ESAF Agreement, urgently needed by Mali for its economic recovery and sustained growth. Initial consensus on the ESAF was reached in early 1991, with Board review scheduled for May. This was dashed with the events of March 1991. It was put back on track for spring 1992, only to have it postponed again due to financial performance shortcomings during the last stages of the transition. These were handled quickly and adeptly by the new government, and the ESAF was finally signed in August. The budgetary significance of this 3-year (1992-95) adjustment program is substantial, providing Mali with $85.5 million in credits and enabling the GRM to secure an additional $68 million in program support from the World Bank and an estimated $47 million from bilateral donors.

Priority structural areas over the next three years include further liberalization in the pricing and marketing systems, revisions to fiscal and regulatory texts, implementation of reforms in the cotton and cereals sectors, expansion of public enterprise restructuring program, allocation of public expenditures to directly productive sectors, further reform for the civil service, and improved allocation and management of resources to the social sectors. This is a full, but edible, meal.

In the social sectors, the government and NGOs continue to make progress in educating Malians and keeping them healthier -- but not without some stern "we are not there yet" admonitions and reminders from the country's leaders. The October 1992 school entry occasioned President Konaré to remind Bamako's residents that last year 50,000 school-aged children were not enrolled in the city's public schools; State Minister of Education Haidara to lament that Mali's 25% primary school enrollment rate was a bit removed from Sub-Saharan Africa's 70% average; and for Basic Education Secretary Diallo to stress the unacceptability of having some schools with 140 children in a classroom.

That said, we would not want to ignore some impressive gains this past year, especially the 34,000 new primary-level students enrolled nationwide in 1992. This doubles last year's figure and makes it the largest single-year increase in Mali's post-independence history. It also boosts the number of new primary school students to nearly 70,000 since 1989. Considerable progress has also been made in the number of children completing 6th grade, the number of girls enrolled and retained, the quality of teachers, the quantity of books and availability of other didactic materials, the physical appearance of schools, the presence of on-site potable water and sanitary facilities, the development of tools for measuring student achievement, and perhaps most important -- the involvement of parents and entire communities in mobilizing resources for basic education.

Last year's National Debate on Education, which among many things stressed the necessity to increase literacy rates through non-formal education, was a principle factor in the recent integration of *alphabétisation* under the new Secretariat for Basic Education. Prior to this, "basic" meant primary-level formal education in French. Now it encompasses non-formal education for adults and children 9-15 not in school, in national languages. Given that the Secretariat is a focus for considerable GRM and donor funding, it will be interesting over the next few years to watch the evolution of resource allocations between the two sectors.

USAID support to literacy/numeracy training comes mainly through the Haute Vallée Project (DHV), situated in Region II where last year half of the nation's literacy training took place. The program is well-anchored but not project-dependent: of the 373 literacy centers in action, 90 are fully supported by community resources and 100 more by a combination of community and PVO resources. 101 are women's literacy centers (up from 37 in 1988), 12 of which are entirely financed by women's groups or village associations. 24% of this year's 13,579 DHV participants were women, up from 21% in 1991. 604 women are now completely literate, as compared to 47 in 1988.

On the health and population side, the Ministry of Health had the unenviable distinction of being the Transitional Government's most transitory Ministry -- with four ministers transitting through the 15-month interim. Adding insult to injury was a 6-month hiatus in securing a bona fide Project Director for the new $60 million multi-donor funded *Projet Santé, Population et Hydraulique Rurale* program -- the cornerstone of the GRM's health, population, and rural water supply activities and recipient of CHPS funds. With an energetic Minister and PSPHR Director now firmly in place, the government officially launched the program in October.

Lack of continuity in the leadership did not disrupt the inertia of last year's "adoptions" on the policy, institutional and regulatory fronts. The National Population and "Health for All" policies, the Family Planning and IEC strategy, and pharmaceutical and privatization reforms set this year's stage for some tangible gains in health care delivery in Mali. Estimates of life expectancy, for example, are creeping up to the 48-year range, with infant mortality inching down to the 102/1000 range. Section III will detail other positive changes that have occurred this year as a result an ever-increasing share of the national budget being allocated for health and population activities; steady increases in private sector investment for health centers, pharmacies, and health practitioners; and focused child survival efforts spearheaded by Mali's active PVO/NGO community.

In the end, though macroeconomic performance was slightly weaker in 1991, Mali did pretty well all things considered. And the outlook for next year is even brighter. With good weather this year and a good harvest in 1991, real GDP could grow as much as 5.9% in 1992. Much of this will be apportioned to productive and social sectors. What is important to realize in these up-and-down scenarios is that there exists the political will to build a strong economy and society, and the momentum to do it. There is progress, sustained with popular leadership. Although balancing the realities of economic costs and political demands in a new democracy is still not a given, in Mali it is now being done with increasing savvy and determination.

Strategic Objective 1:

Increasing Private Sector Participation in the Economy

Setting the tone for the new government's interactions with Mali's private sector was the June 1992 creation of the Ministry for the Promotion of Private Sector Initiatives, attached directly to the Prime Minister's Office. Its birth and status within the administration are both positive signs. In three short months the Minister has held court with all major players in Mali's economic community, proposing an ambitious agenda designed to energize the industrial and productive sectors. One big problem he inherited, however, is settling the estimated $25 million in damages incurred by the private sector during the events of March 1991. These losses, which decreased 1991 private investment about $6 million more than anticipated, are spread among 206 companies -- 50 of which are large industries accounting for 90% of the total losses. Donors are discussing special assistance for reparations.

Small firms fared better this year, capturing 6% more credit in a year which saw a decline in the amount of available credit and increasing reticence on the part of banks to part with it. The lion's share went to peri-urban and rural-based cooperatives and village associations whose diverse agri-based activities show the most potential for aggregate gains. Given the opportunities in this sector, and the fact that membership in the formal sector is a *sine qua non* for bank credit, it is not surprising that there was another substantial annual increase (26%) in the number of registered firms. That 2,800 new firms are on the roster reflects in large part the GRM's interest and capacity to promote small business activity. Kudos to the Ministry of Finance's *Direction Nationale des Affaires Economiques* (DNAE) which, with PRED assistance, is pioneering the one-stop licensing-registration window.

Overall employment in the private sector is an elusive figure mainly because two-thirds of Mali's workforce is still informal. Tracking Voluntary Early Departees, the first 650 of which came under EPRP, has shown mixed results, i.e., nice reductions in civil service roles but only a modest (15%) re-absorption into private business roles. Re-training of about 250 in the past 8 months, coupled with assistance in compiling bankable dossiers, will help this talented pool become productive in key areas of the economy.

In the area of policy reform, the February 1991 elimination of all export taxes under the PRED program (a condition precedent for the first $7 million cash disbursement) has already shown some positive results. Export receipts rose by 8.7% this past year, a higher level than expected primarily due to increases in export volumes for cotton and livestock. Discussions with exporters and customs officials also reveal that increased transparency in the absence of any export taxes, along with simplified export procedures, have contributed to this increase.

USAID also ventured into privatization this year, capitalizing on a "target of opportunity" that surfaced under the World Bank's Private Enterprise Restructuring (PESAP) program. For the 1992 liquidation of the *Tannerie du Mali* (TAMALI), one of the last parastatal enterprises slated for divestiture, the GRM conducted an aggressive search for partners interested in establishing a private company to take over the company's assets. The Mission, with valuable assistance from MDI/ONI, found an American businessman in the international skins-and-hides market and brought him to Mali for a look-see. The outcome: the Ministry of Finance has accepted his bid to buy TAMALI. Final negotiations are underway, with closure expected by early 1993. The projected impact: an first-year production of an estimated 40,000 hides will increase to about 200,000 hides and 100,000 skins by year four, with total sales reaching $6 million. By year eight sales will exceed $7.5 million for finished leather, and $12 million for cut-and-sew operations. Job creation will reach 1,200 in the factory, making it one of Mali's largest industrial employers. There is also a 4-fold employment multiplier for herders, transporters, and others involved in value-added products. As for program focus and integration, the synergy that will occur between this "Son of TAMALI", PRED export reforms, and the private sector production-marketing thrust of the APEX project should be nothing short of electric.

Private sector activities supporting the social sectors also picked up this past year. The new performance contract for the PPM (*Pharmacie Populaire du Mali*) resulted in privatization of all their outlets, integration of wholesalers into the essential and specialty drug markets, and better service delivery to a host of new private health practitioners. Further details of these and similar gains in the educational sector are provided in Section III below.

Strategic Objective 2:

Increasing Incomes in Areas of High Productive Potential

During the past year there have been several signs that technical, institutional, and policy advances made over the past years are having a positive effect on rural incomes -- showing "people-level impact" that Mission project and program monitoring efforts are now beginning to capture. A few notable examples:

o Livestock owners, transporters, and traders are all benefiting from new customs rules and procedures, largely as a result of the 1990 elimination of livestock export taxes. These and other regulatory measures resulted in an average of 6,000 FCFA (app. $25) per head of cattle exported in 1992 -- adding $5 million to Malian incomes.

o Farmers in the Segou/Mopti region are getting significant returns from improved sorghum/millet varieties developed by Mali's Institute of Rural Economy (IER) and U.S. collaborators. These new varieties, which covered 10% of total sorghum/millet acreage in 1992, have increased production by 8,000 MT. This added another $1.5 million to incomes.

o 1992 saw producers, Village Associations, and transporters in the Haute Vallée zone profit from a 36% reduction in transportation costs of marketing cotton, due in large part to the complete privatization of the transportation system. For the first time 100% of all cotton marketed in the DHV zone was transported by the private sector. Also, and again a first, two Village Associations solicited, negotiated, and awarded transportation contracts directly with private trucking firms. As a result the 10,000 farmers that produced the 12,000 tons of cotton increased their incomes by an average of $83 a family -- not an insignificant sum in rural Mali.

o Recommendations from a VRP tree tenure study prompted the Bandiagara Forest Service to give the small Dogon village of Tougoumé more control of the woodlots surrounding their village -- much of it exploited for commercial sale. In a trial run villagers paid the GRM FCFA 32,000 for exclusive rights to harvest 160 steres (1 stere = 28 stacks) of fuelwood, with an agreement that they could sell either the wood or cutting permits for up to FCFA 700 per stere. The result: Tougoumé netted a profit this year of FCFA 80,000, which it can use at its own discretion. This was a "first" in the Mopti Region, but not the first in Mali. Similar community-management protocols were developed further east in 13 villages around Douentza, with assistance from the Near East Foundation; and with 12 Village Associations in the Haute Vallée zone. This is "empowerment" and local resource management at its best.

1992 also saw more commercial credit going to rural cooperatives, Village Associations, and private grain traders. 82% of the $1.9 credit portfolio in the DHV zone is now handled by commercial banks, up from 68% in 1990. The economic benefits derived these loans are of such consequence, and repayment rates (98%) so impressive, that beginning next year the banks will assume 100% (as opposed to the current 75%) of the credit risk. It is also noteworthy that the two commercial banks that took over the formerly donor-managed PRMC grain market credit lines expanded their loans to the private grain sector last year by $2.6 million. That 75 new grain traders (up from 30 in 1991) have entered the market reflects the value of staple grains, which boosted the purchasing power of those working in the agricultural sector 30% in 1991-1992.

Credit assistance to grain traders also supported interventions in grain price stabilization which have been critical to maintaining food security, particularly in the unsettled North. The PVO and NGO communities have been key players in this effort, positioning food stocks in the most needed areas while still managing to carry out a host of local development initiatives, both income-generating and humanitarian, under extremely trying circumstances.

As touched on above, a lot of what works in the areas of high productive potential does so because of increased efforts to decentralize and privatize service delivery as well as the management of local resources. It's hard to put a price-tag on decentralization though easy to cite Mali's efforts to get maximum benefit from it. The best example of this was the December 1991 National Convention on Rural Life (one of several *Etats Généraux*), which gave rise to the National Strategy for Rural Development. Viewed by many as the premier blueprint for implementing decentralization policy, this strategy gives legal status to Village Associations for carrying out local-level planning; identifies areas for increased GRM, donor, and private sector investment in the rural sector; and replaces sectoral development strategies by a participatory approach. Its implementation will be monitored closely.

Strategic Objective 3:

Improving the Delivery of Health and Educational Services

The IFAHS-assisted network of fifteen health centers in Bamako District is good place to start talking about improvements in health care delivery this past year. All centers are now fully staffed and equipped, with modern data collection systems operational and staff expert in maternal-child health and family planning. Since 1991 prenatal and post-natal care visits are up 50% and 36%, respectively, with clinic-assisted deliveries up 20%. This translates into about 57,000 more people receiving services. 42,000 more received family planning services, up 44% from 1991 -- boosting the contraceptive usage rate to 36% among the centers' users.

This last factor has helped contribute to another albeit modest increase in Mali's contraceptive prevalence rate. Key to this, besides training in FP/IEC methods for an additional 137 health professionals, has been USAID assistance in contraceptive logistics and management. The uncountable stock ruptures in 1988 have been reduced to one in 1992 -- in the currently precarious zone of Timbuktu. But the highlight of 1992 was SOMARCs successful launching of the Protector Condom. In the first three months 250,000 condoms were sold in private pharmacies, small shops and villages -- more than the *Pharmacie Populaire du Mali* (PPM) sold in its entire 27 year history! It is no exaggeration to say that "Songalo and Zanke", SOMARC'S media heros and caricatures of "responsible vs. irresponsible men", put family planning on the map in Mali and elevated the condom from a stigmatic device for protecting against AIDS and STDs to a culturally accepted method for promoting family well-being. 26% of all profits, now used for advertising, could eventually be used for condom purchase. With the September 1992 approval of Norplant as a contraceptive method in Mali, the Mission will add this, along with oral contraceptives (the "pilplan") and spermicides to its contraceptive social marketing program.

Given the potential for creating new jobs and recovering costs, it is likely these modern marketing techniques will spread to other health care areas, i.e. pharmaceuticals. During the past six months the first steps were taken to restructure the PPM with a three-year blueprint known as the *Contrat Plan*. To provide Malians with a continued, efficient, and low-cost supply of 189-recommended essential generic drugs, the PPM stopped all specialty drug orders and sales, reorganized management, cut a third of their personnel (600 to 400), commissioned an external audit, and installed an information system to manage its 15 remaining stockpoints and new distribution facilities in Segou, Kayes and Sikasso. Training salespersons in essential generic drugs will begin in November, as will pilot social marketing activities. Side-by-side with the PPM are private drug wholesalers who also furnish Mali's pharmacists with essential as well as specialty drugs. It is competition at its best, resulting in more private and village-based pharmacies (250 alone this past year), reduced consumer costs, and fewer stockouts. Providing the PPM and private wholesalers with five (and soon ten) essential drugs is the *Usine Malienne des Produits Pharmaceutiques* (UMPP), the Bamako-based pharmaceutical company which is gearing up to capture 40% of the essential drug market in the next two years.

Last year's policy reforms in child survival had a direct effect on 1992 activities, especially in nutrition and acute respiratory infections (ARI). Integrated nutrition health messages made some headway in the more remote and economically depressed rural areas. This year in Dioro, for example, the chronic malnutrition rate dropped to 27% from nearly 30% 1991. USAID hopes to improve this rate through continued multi-sectoral support to nutrition activities, especially adoption of a National Nutrition Action Plan to be completed by December.

The incidence of diarrheal disease in Dioro also dropped to 20% this year from 41% in 1989, with 66% of mothers now using ORS for treatment, compared to 5% three years ago. Other PVOs report similar successes. Another important step was taken in June 1992 with the adoption of an Acute Respiratory Infection Plan. 90% of the 40,000 ARI-related child deaths each year are due to pneumonia, curable by simple antibiotic treatments. This Plan, and the availability of essential drugs, will combat ARI infections beginning this year.

Progress was also made in infectious diseases, notably AIDS. Expanding coverage to most of Bamako has increased the percentage of high risk people with access to information and condoms. As a result of this, the number of gonococcal infections among this group were reduced from 47% in the 1991 to 6% in 1992. USAID and the Ministry of Health infer from the reduction of gonorrhea transmission that the prevalence of the HIV virus and other STDs are also being reduced.

On the education front, the new government and National Assembly moved quickly to set a positive tone, reinforcing their commitment to human resource development in general and basic education in particular. One of their first acts was to upgrade the status of the Ministry of Education to "State Ministry" (only 4 of 19 ministries now have this rank), create a State Secretary for Basic Education, and within it a permanent unit to promote Girls Education. It is clear that this new cabinet-level secretariat is not just a symbol designed to placate advocates of *education à la base*, but rather an all-out effort to educate Mali's youngest children and enlarge the base of the educational pyramid.

Doing so will not be easy. It will require considerable resources and the ability to balance legitimate but competing demands from the secondary and tertiary educational sectors. The Minister of Education recently addressed this issue head-on, advocating a broad-based strategy to reform and modernize the entire system. Key to his program is a tripod of challenges to (a) "democratize" education in Mali, broadening geographic coverage, social access, and types of instruction; (b) upgrade the qualifications of teachers and administrators, making education more useful and responsive to people's needs; and (c) improve management of programs and resources, making decisions that are educationally sound and cost effective.

This "shot over the bow" reflects priority areas that the Basic Education Expansion Project (BEEP) has addressed from the outset. This past year alone we have found, for example, 34,000 more children enrolled at the primary level, a 9.8% increase in the enrollment rate over 1991. This doubles the previous year's increase and matches the two-year 1989-1991 increase. 37% of new enrollees are girls, up from 33% last year and 26% in 1990. We also find the number of girls increasing 12% from 1991-1992, which raises the percentage of girls in primary school by 1%. More children are staying in school, with 17% more completing the sixth grade this year than last year. Also significant is a 65% decrease in the girls' dropout rate.

BEEP has also made strides in repairing and equipping schools for the 1992 entry. Having the most immediate impact was "fast-tracking" a renovation program in Koulikoro Region and Bamako. In two months 120 virtually vacated classes in 30 schools became reuseable. The project also introduced the "Complete School" concept, a comprehensive effort which melds both quantitative (renovation and equipment) and qualitative (training and management) improvements in the classroom. 366 schools in Koulikoro are targeted for this three-year effort. Also, in response to an emergency, BEEP distributed 150,000 books to primary schools nationwide and ordered 250,000 more. Now there is one book for every two students; before, over half the schools had none at all.

Teacher in-service training has already broken the 6,000 mark (300% more than targeted), of which a third are women. This year the project supplied all 1,788 primary schools in Mali with new curriculum guides and trained teachers to use them. 90% of those trained are applying these new skills, a marked improvement from the 54% in 1991. On the management side, over 250 top-level administrators have been trained, with emphasis in budget analysis. Helping them make decisions are accurate primary school statistics providing information on 375,000 children by age, grade, gender, school, inspectorate and region. They also have a completed personnel redeployment plan which has enabled them to use and assign staff more effectively. Over 5% of teachers have been transferred to the basic education sector, adding nearly 800 primary teachers to the pool.

Local initiatives have also played a major role in moving basic education ahead. School parent groups (*Associations des Parents-Elèves*), using their own or FAEF matching funds, contributed to the vast majority of new school construction and renovation this year -- showing the ability of the APEs to mobilize and allocate resources at the local-level. The National Assembly, recognizing the efficiency and reliability of APE involvement, recently changed tax laws to permit direct and immediate use of APE funds for school construction and equipment. BEEP and the PVO Co-Financing projects have just created an education PVO-PIVOT partnership group to support APE initiatives and respond to other community-based education opportunities.

The bottom-line for all these interventions is student performance. How are students doing? As of this year BEEP has a start at measuring this. Project staff, in close coordination with the Ministry, developed and administered the first-ever Malian-adapted student achievement tests to 10% of all 2nd and 5th graders in the project area. The results: students in project-assisted schools performed significantly better than those in non-assisted schools. Contrary to some predictions, there were no difference in achievement levels between boys and girls!

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SECTION III: PROGRESS TOWARD STRATEGIC OBJECTIVES AND PROGRESS INDICATORS

STRATEGIC OBJECTIVE 1: INCREASE PRIVATE SECTOR PARTICIPATION IN THE ECONOMY

	PROGRAM PERFORMANCE INDICATOR	BASE: 1989	1991 EST.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
1A.	Private investment in the economy increases. (FCFA billions).	75	77.7	94.8	104.8	113.1	120

The estimated $25 million in losses to the private sector from the March 1991 uprising decreased last year's private investments by about $6 million more than anticipated. This will be easily offset in 1992 through increased investments among small and medium enterprises, as well as the recent liquidation and privatization of the remaining 8 firms under the Public Enterprise Sector Adjustment Program (PESAP). One of the most notable and visible examples of private sector confidence is BHP-Utah's $70-million expansion of the Syama Gold Mining operation, which targets Mali's third-largest export earner. (Sources: IBRD, IMF and Mission estimates)

	PROGRAM PERFORMANCE INDICATOR	BASE: 1990	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
1B.	New firms obtaining business licenses in Bamako District increases.	12,588	12,574	13,460 (1st qtr)	16,000	19,000	23,000

First-quarter 1992 returns indicate an impressive 26% jump in the number of firms obtaining licenses in Bamako, largely due to (a) further revisions and refinements in the Investment, Commercial and Labor Codes; (b) liquidation and privatization of parastatals, with accompanying tax and other investment incentives; (c) the active role of the Ministry of Finance's DNAE in making the one-stop registration window functional; and (d) the GRM's penchant for transparency. Continued improvements in codes, wide dissemination of licensing information, and increased public debate of issues affecting business investment will likely quicken the pace of new registrations. (Source: MEFP statistics)

	PROGRAM PERFORMANCE INDICATOR	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
1C.	New traders increase participation in the grain trade, due to market conditions and improved licensing procedures.	40	43	30	105	150	TBD

The record 1991 harvest, coupled with simplified licensing procedures and expanded credit availability, stimulated a dramatic increase in the number of grain traders operating in the market. Traders supplied 32,563 MT in reconstituting the 58,000 MT National Security Stock; another 6,000 MT for World Food Program distribution; and 3,500 MT for regional triangular food aid programs involving Mauritania and Niger. (Sources: OPAM, WFP, PRMC, Mission estimates)

Target 1.1: Improve Regulatory Policies and Practices						
SUBTARGET	BASE: 1989	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
1.1a Simplification: GRM introduces a single direct income tax.	11 income taxes	No change	Legislation passed	1 income tax		

The 1992-1995 ESAF agreement stresses the need for continued reform and simplication of the tax system, particularly regarding direct taxation. The single direct income tax figures prominantly in this scenario, as it will broaden the tax base and increase incentives for private enterprise investment. It will also decrease marginal tax rates and leakages from the central budget. Restructuring the income tax remains a viable option for policy reform under the PRED program, the analysis for which is currently underway. PRED will also monitor the impact of this tax on revenue and investment during the 1993-95 period. (Sources: DNI, MEFP, ESAF Agreement)

SUBTARGET	BASE: 1988	1989 ACT.	1990 PL.	1991 PL.	1994 PL.	1995 PL.
1.1b Transport: (a) Price controls on internal transport are abolished, (b) allowing the private sector to provide agricultural transport services.	a. controls in place b. 17% of DHV	a. urban enforced bAll DHV transport	a. same b. same	a. controls abolished b. same	Private transporters provide 80% nationwide	100% nationwide

Private operators were responsible for the transportation of 100% of all cotton produced and marketed in the DHV zone in 1992. This resulted in a 36% savings in transportation costs compared to 1991 and a savings of 58% from 1988. While national-level data for agricultural transport are still unavailable, anecdotal information indicates a significant increase in the number of private transport companies being established. (Sources: OHV and DNAE reports; private sector interviews)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
1.1c Privatization: The Pharmacie Populaire du Mali stops importing and distributing all non-essential drugs, permitting private pharmacies to do so directly.	PPM has monopoly on all drug imports	No change	PPM monopoly abolished	Private sector has entire market for non-essential drugs	Private sector has 50% of entire drug market	Private sector has 75% of entire drug market

The Bamako Initiative promoting the use of essential generic drugs at affordable prices took another leap forward in 1992 with the signature of the *Contrat Plan*, the GRM blueprint for restructuring the PPM, the parastatal import monopoly. PPM personnel have been reduced from 600 to 400 in the first six months of the Plan, and all non-essential drugs are now completely imported by the private sector. The PPM is developing a strategy for liquidating remaining stocks of specialty drugs and is stocking essential generic drugs in regional storage depots in Segou, Kayes and Sikasso. The PPM will begin an aggressive social marketing campaign in November. (Sources: PPM and PSPHR reports)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 PL.	1994 PL.	1995 PL.
1.1d Judicial System: Commercial courts in Bamako, Kayes and Mopti become fully operational, successfully handling business and industrial litigations.	Business litigation inefficient in civil courts	Decrees establish Commercial Courts	Buildings secured; magistrates trained	Court cases litigated in Bamako District	Court cases litigated in Kayes Region	Court cases litigated in Mopti Region

1992 witnessed litigation taking place in Bamako, Kayes and Mopti Commercial Courts, though not at the necessary levels and with the required jurisdictional authorities to make these courts efficient and responsive to private sector demands. This is now being rectified with PRED support to the Ministry of Justice, specifically through three mixed public-private Commissions preparing reforms for the Commercial and Administrative Courts, as well as procedural codes. Their work, and National Assembly ratification of the results, will be completed in late 1993. Courts will be fully functional shortly thereafter, possibly in Ségou and Sikasso regions as well. (Source: MJDH)

Target 1.2: Decrease Fiscal Burden on the Private Sector

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 PL.	1993 PL.	1995 PL.
1.2a Export Promotion: GRM eliminates all export taxes.	Export taxes exist	Taxes suspended	Taxes abolished	Export procedures simplified	One-Stop Window functional	

The 1991 elimination of export taxes, which was the first reform under the PRED program, has already had a positive effect on the economy. Export receipts (in FCFA) rose by 8.7% in 1991 at a level higher than projected, notably as a result of increases in export volumes of cotton and livestock. We suspect that some of this increase is due to more transparency (in the absence of export taxes), and in a functional one-stop window for export permits. Though the market for gold (14% of Mali's 1991 exports) continues to be weak, Mali's membership in the FCFA zone has provided an important outlet through sales to the Central Bank. (Sources: IMF reports; DNI and Customs records)

SUBTARGET	BASE: 1989	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
1.2b Fiscal Pressure: GRM reduces (a) the minimum business profits tax and (b) the payroll tax.	a. .75% of all sales b. 7.5% of payroll	No change	Further analysis conducted	Both rates are reduced		

These fiscal reforms, which the GRM has been advocating for the past two years as a means to further stimulate employment generation and investment in the private sector, were not specifically targetted in the recent ESAF agreement. Still under discussion, these proposed tax rate reductions will be analyzed by the PRED technical assistance team in early 1993, along with expected benefits and impact from the single income and the value-added taxes. (Sources: MEFP, ESAF agreement)

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SUBTARGET	BASE: 1989	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
1.2c Equity: Number of taxpayers increases, with fiscal burden equitably distributed.	35% estimate	To be determined	1991 plus 10%	1992 plus 10%	1993 plus 10%	1994 plus 10%

As the October 1992 *Special Program of Assistance Status Report for Mali (SPA)* notes, "new tax reforms, in particular the simplification of the import duty structures, are aimed at spreading the tax burden more equitably among the various income groups." The recent elimination of the head tax by the new government is another major step in this direction. Initial reports show the tax base broadening and equity improving. Further reconstruction and computerization of the tax records, wherein each taxpayer will have a unique number, will increase the tax rolls as well as efficiency in collection. (Sources: DNI, IMF projections)

Target 1.3: Improve Public Sector Performance						
SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 PL.	1993 PL.	1995 PL.
1.3a Support to Private Sector: The DNAE is reoriented to a private sector support role.	Exclusive Regulatory Role	Private Sector Mandate	No change	New Role Established	DNAE functional in new role	

The DNAE has begun to improve its image vis-a-vis the private sector, taking on a more facilitative role during the transitional phase. DNAE agents played a major part in the 1991 licensing of hundreds of new businesses (cf. 1B), providing them with information on import-export laws, credit access, the new Commercial/Labor/Investment Codes, etc. Plans are underway to begin publishing a periodic Journal through which DNAE will layout the range of support and informational services it can provide to the business community. (Source: MEFP records).

SUBTARGET	BASE: 1989	1990 EST.	1991 EST.	1992 PROJ.	1993 PROJ.	1995 PROJ.
1.3b Fiscal performance: Government fiscal deficit as a percentage of GDP is reduced.	10%	8.4%	12%	10.7%	7.1%	5.9%

The 1989-1990 reduction in the fiscal deficit reflected in the IMF/SAF budgetary projections jumped nearly 50% in 1991 due to unforseen expenses for post-coup construction and decreases in tax and customs revenues. Increased donor support for new construction and reparations, coupled with reforms in domestic and trade taxation (e.g. rationalization of customs tariffs and reduction in the number of customs duties), should result in further future reductions in this ratio. (Sources: IMF, MEFP, USAID reports)

SUBTARGET	BASE: 1988	1989 ACT.	1990 EST.	1991 EST.	1994 PL.	1995 PL.
1.3c Revenue Promotion and Equity: Tax revenues increase, through increase in the tax base and equitable rates (FCFA billion)	85.6	109.6	116	82.4	106.2	113.7

The 1991 post-coup drop in tax and customs collections was more severe than anticipated, resulting in January-June 1992 revenue shortfalls that delayed the signing of the ESAF until August. The push to restructure and modernize the tax system, which in addition to the VAT and direct taxes will involve revamping the existing *Tax de Développement Régional et Local (TDRL)* at the local level and integrating more operators from the informal sector, will likely increase tax revenues to the previously projected 1995 levels. (Sources: DNI and MEFP)

Target 1.4: Increase Job Opportunities

SUBTARGET	BASE: 1990	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
1.4a Employment: Growth in private sector employment absorbs 18,000 from public sector overflow and unemployed graduates.	42,400 civil. 15,000 mil. 10,000 grads	40,800 No change No change	38,000 13,000 8,000	36,000 TBD 6,000	35,000 TBD 4,000	34,000 TBD 2,000

Though civil service retirement is tracked easily, re-absorption into the private sector (and reliable employment figures in general) remain an elusive figure. Government-wide staffing reorganizations, along with the July 1992 adoption of a new Labor Code liberalizing hiring and firing procedures, have reduced public roles and given the formal private operators more flexibility in running their businesses. The Voluntary Early Departure Program has been slower than anticipated, resulting in a higher wage bill for 1991. Maintaining the 2,000+ annual civil service reduction levels and limiting annual public sector re-stocking to 250 is still on track. (Sources: MEFP and IBRD figures)

Target 1.5: Increase the Availability of Credit to Small and Medium Enterprises

SUBTARGET	BASE: 1988	1989 ACT.	1990 ACT.	1991 ACT.	1992 PL.	1995 PL.
1.5a Lending: Bank credit for (a) private sector activities and particularly (b) small and medium enterprises (SMEs) increases. (FCFA millions).	a. 68,073 b. 13,420 or 14.13%	a. 68,548 b. 12.978 or 15.44%	a. 68,484 b. 12.988 or 15.11%	a. 68,457 b. 13,813 or 16.17%	To be determined	To be determined

Despite a decrease in credit to the private sector during the 1990-1991 period, credit to SMEs increased 6 percent, with much of it going to village associations in peri-urban and rural areas. Commercial banks handled over $4 million in credit for agricultural inputs, grain marketing and storage; hundreds of microenterprises operating in value-added sectors received credit through various loan guarantee funds. The Ministry for Private Sector Initiatives' focus on developing SMEs should help meet these credit targets. (Sources: BCEAO, DHV and PRMC)

	SUBTARGET	BASE: 1988	1989 ACT.	1990 ACT.	1991 ACT.	1992 PL.	1995 PL.
1.5b	Non-Commercial Credit: The share of credit given to non-commercial activities increases.	54%	53%	55.9%	53.3%	59%	64%

The share of credit given to non-commercial activities has remained at a steady 53-55% during the period 1988-1991, with 64.5% of it going to the private sector in 1992. From 1990 to 1991, the private sector share of non-commercial credit rose moderately in the agricultural sector, remained fairly constant in the mining and industrial sector, and dipped slightly in the communications/transportation sector. The continued restructuring of several more agricultural parastatals, along with other policy reforms encouraging growth in the production, transformation and marketing side of non-commercial activities, should reverse the 1991 downward trend. (Sources: BCEAO, Mission estimates)

STRATEGIC OBJECTIVE 2: INCREASE INCOMES IN AREA OF HIGH PRODUCTIVE POTENTIAL							
	PROGRAM PERFORMANCE INDICATOR	BASE: 1988	1989 ACT.	1990 ACT.	1991 ACT.	1992 EST.	1995 PL.
2A.	The value of agricultural production (grains and cotton) increases.	Index: 100 124B FCFA	Index: 101	Index: 131	Index: 83	Index: 119	Index: 130

As record 1991 harvest (October-November 91) caused cereal prices to plunge. Cotton prices were slightly higher, but the net result was a sharp decrease in the value of agricultural production in 1991. The 1992 harvest is projected to be good, and prices are expected to be firmer than last year. If world market prices for cotton do not fall excessively in late 1992, we can expect the index will rise sharply in 1992. (Sources: MDRE, DNSI, FAO)

	PROGRAM PERFORMANCE INDICATOR	BASE: 1988	1989 ACT.	1990 ACT.	1991 ACT.	1992 PL.	1995 PL.
2B.	The value of agricultural exports increases. (FCFA billions)	60	76	91	79.3	110	120

The lower value of exports in 1991 reflects the poor harvest of 1990 (Oct.-Nov. 1990). The resulting high cereal prices, coupled with increased demand, reduced incentives to export cereal in 1991. Cotton fiber exports decreased from 102,389 MT in 1990 to 86,560 MT in 1991, thereby reducing the value of cotton exports. Cattle exports increased in 1991 compared to 1990, but export prices decreased. The overall impact has been a decrease in the value of agricultural exports in 1991 relative to 1990. Due to the record 1991 harvest, grain and cotton exports are projected to increase in 1992. (Sources: IBRD, FAO, Mission estimates)

Target 2.1: Increase Agricultural Production						
SUBTARGET	BASE: 1989	1990 ACT.	1991 EST.	1992 PL.	1993 PL.	1995 PL.
2.1a Staple grains: (a) Annual grain production outpaces (b) annual population growth.	a. 1.5 MT (1981-1989) b. 2.7%	a. 1.76 MT (+17%) b. 2.7%	a. 2.23 MT (+26%) b. 2.7%	a. 2.06 MT (-7.6%) b. 2.7%	a. 2.41 MT (+17%) b. 2.7%	a. 2.61 MT (+8.3%) b. 2.6%

The 1992 harvest, currently projected at 2.06 million MT, will be a good one -- 37% above the 1980 average. It is, however, about 7.6% below the record harvest of 1991/1992. The decrease is attributed to a less favorable rainy season than in 1991. Mali's cereal grain production at this level meets aggregate demand and, along with the previous year's yield, could once again put Mali in a favorable export position, especially vis-a-vis Mauritania and Niger. (Sources: FAO, PRMC, DNSI, DNA)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
2.1b Food Security: Intra-annual grain price variation is reduced.	11.2% avg. (1982-1989)	20.9%	8.1%	6.4%	6%	4%

Retail consumer prices in Bamako have been stable for cereal grains in 1992, as indicated by the within-year coefficients of variation (1991 compared to 1992). These decreased from 8.3% to 1.5% for sorghum, 8.8% to 2.9% for maize, and from 2.2% to 1.9% for rice. The bumper 1991 harvest, along with market information, grain marketing credit and greater market liberalization and transparency, are largely responsible for the reduction of intra-annual price variation. (Source: PRMC)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 PL.	1993 PL.	1995 PL.
2.1c Rural Credit: Credit given to rural cooperatives triples ($ millions).	4.3 total 1.2 DHV	4.4 total 1.38 DHV	4.5 total 1.48 DHV	7.0 total 1.8 DHV	9.0 total 2.5 DHV	12.9 total 4.2 DHV

Credit operation in the DHV for the 1991/92 season totalled $1.9 million to farmers and village associations, of which 82% (up from 76% in 1991 and 68% in 1990) was through commercial bank channels. In 1992 the contribution of the Cereals Market Restructuring Program (PRMC) to this subtarget was $2.6 million. Coincidentally, grain marketing and storage credit given to rural cooperatives through commercial bank channels by the PRMC reached 648 million FCFA in 1992, or approximately $2.6 million. (Sources: DHV and commercial bank records; MFC, DNSI)

Target 2.2: Increase Staple Grain Sector Productivity						
SUBTARGET	BASE: 1989	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
2.2a Technology: New technologies are developed by research organizations and adopted by farmers.	8 varieties; 1 practice (1980-89)	6 new varieties	1 new cropping practice	2 new cropping practices	3 new varieties	2 new varieties and 1 cropping practice

In the mid-1980s research organizations in Mali released cowpeas; they were generally well received by farmers. This was followed in 1991 by improved millet and sorghum varieties were released in 1991, which were multiplied to meet about 10% of the seed requirements for the 1992/93 season. This year they released the first recommended, bundled technologies (treated, improved millet or sorghum intercropped with improved varieties of cowpeas and with appropriate fertilizer levels). With the appropriate varietal selections for each ecological zone, these packages can be used across a large percentage of rainfed agricultural lands -- with yield increases about 30-40% higher than monocropping technologies. (Sources: IER, FSRE, ICRISAT, INTSORMIL)

SUBTARGET	BASE: 1989	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
2.2b Research: The National Agricultural Research System is reorganized; NAR strategy is developed and adopted.	Not done	Reorgan. completed; draft NAR	Strategy completed and adopted	Strategy guides programs	Program budgeting functional	Research management functional

In 1990 the Ministry of Agriculture merged all agricultural, forestry and livestock research into the Institute for Rural Economy, the Ministry's premier research unit. This year, the IER adopted a National Agricultural Research strategy and issued a long-term integrated research plan (based on a 1991 draft) which provides for the decentralization of research, operations, personnel and funding. The early steps of this decentralization are in process, financed largely through the USAID/SPARC Project. (Source: IER)

SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
2.2c Resource Management: Farmers adopt improved farming practices.	3 improved practices in DHV Zone	12 DHV; other PVO TBD	17 improved practices	To be determined	To be determined	100% DHV coverage (minimal)

A range of resource conserving practices in areas of soil conservation, soil fertility, and water management are being extended to farmers, primarily through the DHV and the PVO/natural resource activities. In the DHV, an estimated 8,000 of the 10,000 farm households practice at least one recently-introduced conservation measure. During the past three years the use of animal power and animal drawn equipment to increase farm productivity in the zone increased by about 800 units or 8%. (Sources: DHV, FSRE, IER records)

SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
2.2d Land Use and Tenure: Land use and forest policies favoring private agro-forestry investment are approved and implemented.	State owns and controls forest lands	Forestry Code reviewed	National debates; legislation	De-Control of forest lands	Application of new Codes/Laws	Continued application

Following the Land Tenure Center's 1989-1991 applied research on tree tenure, the National Forest Service, with VRP project assistance, initiated a process that by March 1993 will lead to revision of all rural Codes that are under its authority, e.g., forestry, land clearing, fisheries, and hunting. The process, which begins with consultations at the rural organizational level, is designed to maximize participation and consensus. A major objective, especially of the forestry and land clearing codes, is to decentralize authority and give local communities a greater voice in definition and application of the codes, and the management of their natural resources. (Source: LTC Reports)

Target 2.3: Increase Livestock Exports						
SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
2.3a Fiscal and Regulatory Measures: The GRM abolishes export taxes, minimizes nuisance and "rent-seeking" taxes, and simplifies procedures for livestock exports.	Taxes and complex procedures exist	Export taxes eliminated	Export procedures simplified	Nuisance taxes eliminated	Integration of regional and export economies	Further integration

The elimination of livestock export taxes in November 1990 has already generated an average additional profit of FCFA 6,000 (app. $25) per head of cattle transported from Sikasso (Region III in southern Mali) to Abidjan. Simplification of export procedures has also encouraged increase livestock exports, which accounted for 27% of all exports in 1991. Malian exporters have also worked out arrangements with Ivoirian truckers and customs agents that standardize the fees for transporting livestock within the Ivory Coast. (Sources: USAID Reports: Koulibaba and Holtzman 1991; Sarrasoro 1990/1991)

SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
2.3b Animal Health: The vaccination rate for rinderpest increases.	55%	58%	63%	69%	74%	80%

In 1991 the Central Veterinary Laboratory (CVL), as a measure of the efficiency of Mali's vaccination program and/or past exposure to disease, collected 9,700 blood samples to test the nationwide cattle population for the presence of antigens against rinderpest. Results showed that 63% of the tested cattle carried antigens against rinderpest disease. This is a marked success, confirmed by the fact that there have been no outbreaks of rinderpest in 1991/92. The CVL was also able to confirm 56 of 86 suspected cases of other contagious diseases reported from the field. (Sources: CVL and MDST records)

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SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
2.3c Private Practice: The number of private veterinary practitioners increases.	Civil service moonlighters	60 vets; 30 assistants	90 vets; 70 assistants	To be determined	To be determined	To be determined

The opening of veterinary pharmacies in all major and many secondary towns has grown at a surprising pace, providing greater access to veterinary health products. Currently there is a higher service delivery rate in southern Mali, mainly due to insecurities in the more northern pastoral regions. These pharmacies are also purchasing more vaccines from the Central Veterinary Laboratory, as evidenced by last year's sale of 18 percent of the total CVL vaccine production to private veterinarians. Farmers themselves are also taking care of their most immediate and basic animal health needs, due to the relatively easy (and not yet fully controlled) access of health products. (Source: MDRE information, field trip reports)

STRATEGIC OBJECTIVE 3: IMPROVE THE DELIVERY OF HEALTH AND EDUCATIONAL SERVICES						
PROGRAM PERFORMANCE INDICATOR	BASE: 1987	1991 ACT.	1992 EST.	1993 PL.	1994 PL.	1995 PL.
3A. Infant mortality declines.	107 per 1000	107	102	100	97	95

Though there has been no new survey in the national infant mortality rate since the 1987 DHS survey, CERPOD estimates that the rate is now hovering around 102/1000. The Mission's three years of monitoring key child survival (CS) indicators show that the GRM's public health program, with donor and PVO support, is effecting a noticeable and sustainable reduction in disease episodes, particularly those most responsible for infant deaths. One group of PVO-assisted villages (SCF/Kolondiéba) where CS interventions have been closely monitored indicates a drop in the infant mortality rate from 102/1000 in 1989 to 59/1000 in 1992. (Sources: 1987 DHS; BUCEN Survey; World Bank and UNDP Annual Reports; IFHAS and PVO statistics)

PROGRAM PERFORMANCE INDICATOR	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
3B. The number of primary school children completing 6th grade increases.	19,379 (6%)	26,100 (8%)	28,900 (8.5%)	33,714 (9%)	42,000 (10.5%)	55,000 (11.3%)

The 4,800 increase in the number of students completing six grade in 1991-1992 represents an 17% annual increase, raising the number of primary school graduates to 9% of Mali's total student population. Coupled with this increase is a jump in the completion rate for girls (25.2% to 27.2%) during that same period, reflecting BEEP's commitment to girls education and primary school completion. Additional qualitative and infrastructural improvements discussed in Section 3.2 below will also increase enrollment and retention rates and reduce drop-out rates, leading to further gains in sixth-grade completion. (Source: MEN and DNSI statistics)

Target 3.1: Improve Health Care						
SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
3.1a Village Health Centers: New centers are established, staffed with trained personnel, and financed from local community funds.	3	3	59	94	126	156

To date no new village health centers centers have been established under the PSPHR/CHPS program, though the groundwork is now in place for takeoff. Health care access has nonetheless improved with the addition of 56 new community-run health centers (11 in Bamako and 45 in rural areas), all of which were created through local initiative and funding. The IFAHS project, with its 15 urban health centers now functional, is helping nine of these community centers to train personnel and establish efficient management systems. (Source: MSSPA)

SUBTARGET	BASE: 1987	1991 ACT.	1992 PL.	1993 PL.	1994 PL.	1995 PL.
3.1b Infant Vaccination: The number of children under age 1 immunized against major childhood diseases increases.	5%	41%	45%	52%	58%	65%

This year the conversion from mobile to static vaccination units, coupled with insecurity in the North that prevented thousands of families from accessing any kind of health care facility, kept the national vaccination rate at 20.64% during the January-June 1992 period. Once the static units are all in place it is expected that the rate will break the 50th percentile. Localized PVO efforts are more impressive, with Save the Children and World Vision reporting rate increases from 10% and 40% in 1989 to 65% and 81% in 1992, respectively. (Source: CNI, PVOs)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 PL.	1993 PL.	1994 PL.
3.1c Mothers at risk: The number of women of reproductive age vaccinated with two doses of tetanus toxoid increases.	Coverage: 30% urban 7% rural	11.4% total	18.76% total	35.39%	44% urban 17% rural	60% urban 30% rural

National coverage for tetanus toxoid has tripled in the past three years, largely due to improved service delivery through the GRM's "Expanded Program of Immunization" (EPI), more and better equipped health care facilities, and a national campaign advocating the importance of this vaccine for mother-child health. The absence of comparable data from one local to another will be remedied now that the EPI, which is responsible for tetanus toxoid, has been integrated into the PSPHR/CHPS Community Health Centers project. (Sources: CNI and IFHAS)

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SUBTARGET	BASE: 1987	1991 EST.	1992 EST.	1993 PL.	1994 PL.	1995 PL.
3.1d The chronic malnutrition rate decreases (New Subtarget).	24%	22.1%	21.6%	21.2%	20.4%	20%

The 1987 DHS survey established the national chronic (stunting) malnutrition rate at 24%. It was significantly higher among children born less than 2 years after a previous pregnancy (34%) than among children born with a birth interval of more than 2 years (20%), with no significant difference by gender. Local surveys conducted by PVOs put the rate higher, at 33.7%; a 1990 NCP/KAP survey of three PVO areas (AFRICARE/Dioro, CARE/Macina, SCF/Koutiala) set the chronic malnutrition rate at 30.6% in those areas and the moderate rate at 28.9%. These higher percentages reflect more severe living conditions in these remote areas. (Sources: DHS, NCP, PVO reports).

SUBTARGET	BASE: 1987	1991 EST.	1992 EST.	1993 PL.	1994 PL.	1995 PL.
3.1e Contraceptives: The national contraceptive prevalence rate increases.	1.3%	2.9%	3.5%	5%	7%	8.5%

Launching the SOMARC social marketing project; expanding FP/IEC services through urban health clinics, the National Family Planning ONG (AMPPF), and rural-based PVOs; and improving contraceptive logistics management and distribution have all contributed to the current 3.5% estimate of contraceptive prevalence. IFAHS-assisted clinics servicing Bamako District report an increase in family planning consultations of 44% and in contraceptive use of 36%; CBD activities in 19 CEDPA-assisted villages in Koulikoro Region indicate that 3,250 women (representing 50% of all eligible couples) use modern contraceptive methods. (Sources: DSF, AMPPF, FHI-II, DHS baseline, IFHAS reports)

SUBTARGET	BASE: 1990	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
3.1f Pharmaceuticals: The number of village pharmacies fully stocked with essential drugs and contraceptives increases.	0	5	257	292	347	437

Pharmaceutical reforms, access to essential and reasonably-priced medications through public and private channels, and the presence of more and better-trained village health care professionals are all helping to meet the high unmet demand for local health services. Many health professionals judge the 257 figure reported by the Health Ministry for 1992 for local pharmacies as under-reported, particularly in the Kayes region bordering Senegal. Training in village-run community pharmacies will be carried out under the CHPS Project this coming year. (Source: DNSP)

SUBTARGET	BASE: 1990	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
3.1g Private Practice: The number of private health practitioners increases.	9 clinics (Bamako)	20 clinics (Bamako)	41	To be determined	To be determined	To be determined

The 41 private medical practitioners reported for 1992, which doubles the 1991 level and shows movement to rural areas, is a positive sign that last year's regulatory reforms are having a positive effect. The figure could be better, however, especially when one considers that there are an estimated 139 unemployed physicians and 357 unemployed nurses in Mali. The potential for further expansion remains great, especially if these skilled professionals can access start-up capital for infrastructure, equipment, and medical products. (Source: DNSP)

SUBTARGET	BASE: 1990	1991 ACT.	1992 EST.	1993 PL.	1994 PL.	1995 PL.
3.1h Disease Coverage: The number of disease episodes treated through the public health system increases.	15%	20%	27%	35%	44%	52%

Though accurate national-level information is difficult to obtain, we can track some improvements in service delivery in Bamako District, particularly in the 15 IFAHS-assisted clinics. There the number of prenatal and post-natal care visits have increased 50% and 36%, respectively, with the number of assisted deliveries increasing 20%. We project from this information that the number of disease episodes treated in a modern health facility has increased as well. AIDS activities have expanded to provide gynecological exams and appropriate referrals to high risk women. The result: gonocoocal inflections among them was reduced from 47% in the pre-test phase to 6% this past year. (Sources: Family Health Division records; IFAHS and AIDSTECH reports).

SUBTARGET	BASE: 1990	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
3.1i Budget Restructuring: MSPASPF's share of the GRM central budget increases.	6.6%	7.3%	8%	8.2%	8.5%	9%

Annual increases in health care allocations, though not as dramatic as hoped, are still keeping pace with plans set out three years ago. This year the Ministry of Health's share of the total budget has increased $4 million, despite a 2% decrease ($16 million) in the state budget. Complementing these increases in public expenditures are important health care investments by the private sector, as witnessed in the recent proliferation of private clinics and village pharmacies. (Sources: MSSPA, MEFP, World Bank statistics)

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Target 3.2: Improve Basic Education						
SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
3.2a Enrollment: The number of children enrolled in grades 1-6 increases. (Note: Percentages represent total annual enrollment rates).	311,873 (22.16%)	323,354 (22.39)	340,573 (22.97%)	374,041 (25%)	(Range) 399,545 440,213 (28%)	(Range) 485,289 528,000 (31%)

The 9.8% increase in the enrollment rate this year, which put over 34,000 more children in primary schools, nearly doubles the increase from the previous year and equals the increase during the two-year 1989-1991 period. About 75% of these increases are recorded in the BEEP project area alone. Though these gains are still not keeping pace with Mali's population growth nor desired enrollment rates, the continued upward trend reflects Mali's commitment to basic education and the willingness on the part of the government and local communities to allocate scare resources to it. (Source: MEN and DNSI statistics; USAID projections)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
3.2b Gender: The number of girls enrolled in grades 1-6 increases. (Note: Percentages represent girls annual enrollment rates).	115,300 (16.66%)	118,284 (16.50%)	124,407 (16.95%)	139,430 (18.74%)	(Range) 150,469 165,827 (20%)	(Range) 183,779 200,000 (22%)

Though the enrollment ratio of girls-to-boys has remained relatively constant at 1:2, 15,000 more girls enrolled in primary school during 1992 than 1991. This 12% increase represents an overall 1% percent increase in the percentage of in the primary student body. Efficiency rates as measured by the number of female-pupil years it takes to complete the 1st cycle have also increased 7%, from 23.75 in 1990 to 22.2 in 1991. Much of this is due to regionally-adapted and adopted "get girls in school" strategies, the focal point for which are TV and radio campaigns, contests, plays, and community discussions designed to make communities aware of the long-term benefits derived from educating girls. (Source: MEN and DNSI statistics)

SUBTARGET	BASE: 1988	1989 ACT.	1990 ACT.	1991 ACT.	1992 ACT.	1995 PL.
3.2c Repeater Rate: The number of students repeating primary school grades decreases.	30%	28%	29%	29%	33%	15%

During the post-coup period the transitional government decided to "move the students through the system" and discourage repeating grades. We can only assume that when this unofficial policy was relaxed a year later that the elastic bounced back and captured some of the students who would have normally repeated the previous year. We believe that the 33% is a knee-jerk reaction to a special circumstance, and not as a preview of some longer-term trend. A more realistic indicator of retention is the primary-level drop-out rate which has decreased from 12% in 1991 to 11% in 1992. (Source: MEN statistics)

SUBTARGET	BASE: 1989	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
3.2d Student-Teacher Ratio: The number of students per teacher decreases.	51:1	49:1	46:1	44:1	40:1	35:1

Though the number of useable classroom has increased this year (cf. 3.2i below), the rate of new construction and renovation absorbs only a third of new students. What mainly accounts for the improved student-teacher ration is implementation of a recently approved teacher redeployment plan (an NPA condition) in which school demands are more evenly matched with available staff. To date about 5% of MEN personnel have been redeployed in the basic education sector, adding nearly 800 primary teachers to the pool. (Source: MEN statistics)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
3.2e Training: Number of teachers and other staff retrained in more efficient pedagogical and management skills increases.	0	1200	3264	6170	TBD	5500 (To be revised)

In-service teacher training is outpacing initial targets by nearly 300%, with the 1992 cumulative total of 6,170 exceeding the most optimistic expectations. Information collected from follow-up evaluations shows that 90% of those trained are actually applying new techniques and skills developed from the BEEP training curriculum, a marked improvement from the 54% in 1991. Reinforcing this training is the availability of more textbooks (cf. 3.2f/g below), as well as a full range of didactic materials. (Source: BEEP project records)

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SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1993 PL.	1995 PL.
3.2f Textbook availability: The number of textbooks available per student increases.	.3 textbooks per student	No change	.22 books per student	.5 books per student	2 books per student	2 books per student

The ratio of textbooks-to-students for 1991-1992 was 1 to 2, up from 1 to 3 during the 1988-1989 reporting period. 1991 figures were based on the number of books already in the classroom, along with 225,000 books in stock that were to be delivered. Though the actual number of books distributed (148,396) fell short of the target and resulted in lower ratios for the 1991-1992 school year, distribution was nonetheless equitable between rural and urban areas. USAID's 1992 purchase and distribution of 250,000 reading books will improve the ratios further. (Source: MEN and BEEP project records)

SUBTARGET	BASE: 1991	1992 ACT.	1993 PL.	1994 PL.	1995 PL.	
3.2g Textbook Use: The % of (a) teachers using textbooks, and (b) classrooms where students use textbooks, increases. (New subtarget)	(a) 10% (b) n/a	22% 6%	40% 40%	50% 50%	50% 50%	

Classroom monitoring shows availability of texts does not automatically translate into textbook use. Currently, most teachers have access to texts whereas students do not. But only 1-in-5 teachers use the newly-distributed books for instructional purposes, mainly because of a lack of training. Experience has shown that 90% of teachers who have received BEEP "behavioral objectives training" now use those materials in the classroom. The 1992-1993 addition of training on textbook use, coupled with increased availability of books for students, will increase percentages of teachers and students using textbooks in the classroom. (Source: MEN statistics; BEEP project data)

SUBTARGET	BASE: 1990	1991 ACT.	1992 ACT.	1993 PL.	1994 PL.	1995 PL.
3.2h Decentralization: (a) School Parent Groups (APEs) increase their share of funding for school improvements; (b) the number of classrooms increases.	(a) 20% (b) 7300	TBD 7591	TBD 7788	TBD 8500	TBD 9000	TBD 9450

Though we do not yet have complete data on APE contributions, a 1992 sample of 10% of the schools in the BEEP project area indicated that the APEs, using 100% of their own funds, built 5 schools (average size: 3 classrooms), renovated 11 and equipped another 12; and with 75% FAEF matching funds built another 14 schools, renovated 10 and equipped 10. Only one school was built and five equipped with funds allocated from the local/regional development tax (TDRL). The recent decision to extract the APE contributions from the TDRL will further stimulate local initiatives, giving APEs the ability to mobilize and allocate their own resources for school improvements. (Source: BEEP)

SUBTARGET	BASE: 1992	1993 PL.	1994 PL.	1995 PL.		
3.2i Number of "Complete Schools" increase in the Koulikoro Region (new subtarget).	0	110	240	370		

Noting that improvements in infrastructure are a necessary but not sufficient step toward quality education, the BEEP project instituted the concept of the "Complete School" in Koulikoro Region. In addition to physical improvements in classrooms, equipment and sanitation, the complete school will ensure that qualified trained teachers are assigned to all classrooms, that didactic materials are available, and that APEs receive training in managing their funds, and in literacy and numeracy. This concept has already perked the interest of other donors working in the sector. (Source: BEEP Project data)

SUBTARGET	BASE: 1989	1990 ACT.	1991 ACT.	1992 ACT.	1994 PL.	1995 PL.
3.2j Budget Restructuring: (a) MEN's share of GRM central budget increases; (b) primary education share of MEN budget increases.	(a) 25%	25%	27%	26%	27%	27%
	(b) 38%	35%	37%	34.4%	44%	45%

The MEN's share of the total GRM budget has held its own during the past three years, exceeding the 1992 target by 1%. The share allocated to basic education, however, decreased in 1992 mainly due to competing demands from resident secondary and tertiary students, and overseas university students whose scholarships were cut. USAID's position in this "enough or not enough" debate is supportive of GRM efforts, recognizing the context of these demands and the ongoing ability of the GRM to effect quality improvements in primary education irrespective of budget percentages. (Source: MEFP).

SUBTARGET	BASE: 1992	1993 PL.	1994 PL.	1995 PL.		
3.2k Student performance in core areas improves in the 2nd and 5th grades (new subtarget).	44.4	50	60	75		

Student achievement is the most significant "people-level impact" indicator in this sector -- the *raison d'être* for all BEEP activities. During the previous school year BEEP and MEN personnel designed and administered a culturally-appropriate Student Achievement test to 10% of the 2nd and 5th graders in the project area (6,160 students from 110 schools). The 44.4 figure represents the mean number of correct answers. Using a 20% control group, researchers found that scores were higher in the project area than the non-project area, with correlations of 0.13 in 2nd grade and 0.31 in 5th grade. There was no significant difference in boys and girls achievement. (Source: MEN and BEEP records)

Annex A
USAID/Mali Program Logical Framework, Fiscal Years 1990 - 1993

MISSION PROGRAM GOAL To Promote Economic Growth. **SUBGOAL** To Improve the Quality of Life.	**COUNTRY TREND INDICATORS** 1. Real GDP grows at least 4% per year, surpassing $3.3 billion by 1995. 2. Per capita GDP increases from $260 in 1989 to $355 in 1995. 3. Exports of goods and non-factor services increases from $268 million in 1989 to $468 million in 1995. 1. Life expectancy increases from 47 in 1987 to 51 by 1995. 2. Literacy rate increases from 14% in 1989 to 17% in 1995.

STRATEGIC OBJECTIVE 1: Increase Private Sector Participation in the Economy.	**PROGRAM PERFORMANCE INDICATORS** A. Private sector investment in the economy increases from FCFA 75 billion in 1989 to FCFA 130 billion in 1995. B. New firms obtaining business licenses in Bamako district increase from 12,500 in 1990 to 23,000 in 1995. C. 50 new traders increase participation in grain trade by 1995, due to favorable marketing conditions and improved licensing procedures.
TARGET 1.1: Improve Regulatory Policies and Practices	**SUBTARGET** a. Simplification: GRM reduces the number of business income taxes from 11 in 1989 to 1 by 1992. b. Transport: Price controls on internal transport are abolished by 1993, allowing private sector to provide agricultural transport services. c. Privatization: The Pharmacie Populaire du Mali (PPM) stops importing nonessential drugs by 1991, permitting private pharmacies to do so directly. d. Judicial system: Commercial courts in Bamako, Kayes and Mopti regions are fully operational by 1995.
1.2: Decrease Fiscal Burden on the Private Sector	a. Export promotion: GRM eliminates all export taxes by 1992. b. Fiscal pressure: Business profits tax and payroll tax are reduced one-third by 1993. c. Equity: Number of taxpayers increases 10% per year, with fiscal burden being distributed equitably.
1.3: Improve Public Sector Performance	a. Support to private sector: Ministry of Finance's DNAE is reoriented to a private sector support role by 1992. b. Fiscal performance: Government fiscal deficit as a percentage of GDP is reduced from 10% in 1989 to 6% in 1993. c. Revenue promotion and equity: Tax revenues increase from FCFA 85.6 billion in 1988 to FCFA 125 billion in 1995, through increases in the tax base and equitable income tax rates.
1.4: Increase Job Opportunities	a. Employment: 18,000 new jobs are created by 1995, to absorb public sector overflow and unemployed graduates.
1.5: Increase the Availability of Credit to Small and Medium Enterprises	a. Lending: Bank credit for small and medium enterprises increases by 5% per year from 1989-1995. b. Non-Commercial Credit: The share of credit given to noncommercial activities increases from 54% in 1988 to 64% in 1995.

STRATEGIC OBJECTIVE 2: Increase Incomes in Areas of High Productive Potential.	PROGRAM PERFORMANCE INDICATORS A. The value of agricultural production increases an average of 4% per year during the 1989-1995 period. B. The value of agricultural exports increases from FCFA 60 billion in 1988 to 120 billion in 1995.
TARGET 2.1: Increase Agricultural Production	SUBTARGET a. Staple grains: grain production outpaces population growth (2.7% per year) during the 1989-1995 period. b. Food security: intra-annual grain price variation is reduced from an average of 11.2% in 1989 to 4% in 1995. c. Credit: Credit extended to cooperatives triples, from $4.3 million in 1989 to $12.9 million in 1995.
2.2: Increase Staple Grain Sector Productivity	a. Technology: Five new technologies are developed and adopted by farmers during the 1990-1995 period. b. Research: The national agricultural research system is reorganized, and a national agricultural research strategy is developed and adopted by 1995. c. Resource Management: Farmers adopt improved farming practices. d. Land use and tenure: Land use and forest policies favoring private agroforestry investment are implemented by 1993.
2.3: Increase Livestock Exports	a. Fiscal and regulatory measures: The GRM abolishes export taxes by 1991, minimizes nuisance taxes by 1993, and simplifies procedures for livestock exports by 1994. b. Animal health: The vaccination rates for rinderpest and other economically important diseases increase. c. Private practice: The number of private veterinary practitioners increases.

STRATEGIC OBJECTIVE 3: Improve Delivery of Health and Educational Services	PROGRAM PERFORMANCE INDICATORS A. Infant mortality declines from 117/1000 live births in 1989 to 98/1000 in 1995. B. The number of primary school children completing the sixth grade increases from 19,300 in 1989 to 82,600 (cumulative) in 1995.
TARGET 3.1: Improve Health Care	SUBTARGET a. Village health centers: 156 new health centers are established, staffed with trained personnel, and financed entirely from local community funds during the 1991-1995 period. b. Infant vaccinations: The number of children under age 1 vaccinated against major childhood diseases increases from 5% in 1987 to 65% in 1995. c. Mothers at risk: The number of urban and rural women of reproductive age vaccinated with two doses of tetanus toxoid increases from 30% and 7% (1990) to 60% and 30% (1995). d. Malnutrition rate decreases. e. Contraceptives: The national prevalence rate increases from 1.3% in 1987 to 8.5% in 1995. f. Pharmaceuticals: The number of village pharmacies fully stocked with essential drugs and contraceptives increases from 0 to 100% in the CHPS project zone and 50% nationwide. g. Private practice: The number of private health practitioners increases. h. Disease coverage: The number of disease episodes treated through the public health system increases from 15% in 1990 to 52% in 1995. i. Budget restructuring: MSPASPF's share of the GRM central budget increases from 6.5% in 1990 to 9% in 1995.

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STRATEGIC OBJECTIVE 3: Improve Delivery of Health and Educational Services	PROGRAM PERFORMANCE INDICATORS A. Infant mortality declines from 117/1000 live births in 1989 to 98/1000 in 1995. B. The number of primary school children completing the sixth grade increases from 19,300 in 1989 to 82,600 (cumulative) in 1995.
TARGET 3.2: Improve Basic Education	SUBTARGET a. Enrollment: The number enrolled in grades 1 through 6 increases from 311,000 in 1989 to 528,000 in 1995. b. Gender: The number of girls enrolled in grades 1 through 6 increases from 115,000 in 1990 (17% of all school-age girls) to 200,000 in 1995 (29%). c. Repeater rate: The number of students repeating primary school grades decreases from 30% in 1988 to 10% in 1995. d. Student-teacher ratio: The number of students per teacher decreases from 51:1 in 1989 to 35:1 in 1995. e. Training: The number of teachers and other staff retrained in more efficient pedagogical and management skills increases from 0 in 1989 to 5,500 in 1995. f. Textbook availability: The number of textbooks per student increases from 0.3 in 1990 to 3 in 1995. g. Textbook use: (a) the percentage of teachers using textbooks increases; (b) the percentage of classrooms where students use textbooks increases. h. Decentralization: School parent groups (APEs) increase their share of funding of school improvements from 20% in 1991 to 40% in 1995; the number of classrooms increase by one-third. i. Number of "complete schools" increases in the Koulikoro Region from 0 in 1992 to 370 in 1995. j. Budget restructuring: MEN's share of the central budget increases from 25% in 1989 to 27% in 1995; resources for basic education increase from 38% of MEN's budget in 1989 to 45% in 1995. k. Student perfomance in core areas improves in the 2nd and 5th grades.

Annex B
List of Acronyms

ADEMA	The Malian Democratic Alliance
AEEM	The National Student Association
AMPPF	Malian Association of Family Promotion and Protection
APEs	School Parent Groups
APEX	Animal Productivity and Export Project
BCEAO	Central Bank of West African States
BEEP	Basic Education Expansion Project
CEDPA	Center for Development and Population Activities
CHPS	Community Health and Population Services Project
CMDT	Mali National Textiles Company
CNI	National Center for Immunization
CTSP	Transitional Committee for the People's Salvation
CVL	Central Veterinary Laboratory
DHS	Demographic Health Survey
DHV	Development of the Haute Vallée Project
DNA	National Directorate for Agriculture
DNAE	National Directorate for Economic Affairs
DNI	National Directorate for Industry
DNSI	National Directorate of Statistics and Information
DNSP	Naitonal Directorate for Public Health
EPI	Expanded Program of Immunization
ESAF	Extended Structural Adjustment Facility
FAEF	School Construction/Renovation Funds
FCFA	Franc of the African Finance Community
FP/IEC	Family Planning/Information, Education, Communication
FSRE	Farming Systems Research and Extension Project
FY	Fiscal Year
GDP	Gross Domestic Product
GRM	Government of the Republic of Mali
HDI	Human Development Index
IBRD	International Bank for Reconstruction and Development
ICRISAT	International Center for Research in Semi-Arid Tropics
IER	Institute of Rural Economics
IFHAS	Integrated Family Health and Services Project
IMF	International Monetary Fund
INTSORMIL	International Sorghum and Millet Project
KAP	Knowledge, Attitude and Practice Survey
LTC	Land Tenure Center
MDI	Marketing Development and Investment
MDRE	Ministry of Rural Development and Environment
MDST	Management Development Support Team
MEFP	Ministry of Economy, Finance and Plan
MEN	National Ministry of Education
MJDH	Ministry of Justice and Human Rights
MSSPA	Ministry of Health, Solidarity and the Elderly
MSU	Michigan State University
NAR	National Agricultural Research
NCP	Nutrition, Communication, and Education
NGOs	Non-Governmental Organizations
NRMS	Natural Resources Management System
OHV	Opération Haute Vallée
OPAM	Malian Office of Agricultural Products
PESAP	Private Enterprise Restructuring Program
PL	Public Law
PPM	Malian National Pharmacy
PRED	Policy Reform for Economic Development Program
PRMC	Cereals Market Restructuring Program
PSPHR	Health, Population and Rural Water Supply Project
PVO	Private Voluntary Organization
SAP	Structural Adjustment Program
SCF	Save the Children Foundation
SMEs	Small and Medium Enterprises
SOMARC	Social Marketing of Contraceptives
SPAAR	Special Program for African Agricultural Research
SPARC	Strengthening Planning and Research on Commodities
TAMALI	The Malian Tannery Company
TDRL	The Regional and Local Development Tax
UDPM	The Democratic Union of the Malian People
UMPP	Mali National Factory of Pharmaceutical Products
UNTM	Mali National Trade Union
VED	Voluntary Early Departure Program
VRP	Village Reforestation Project
WFP	World Food Program

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ASSESSMENT OF PROGRAM IMPACT (API)

USAID/NIGER

FISCAL YEAR 1992

OCTOBER 31, 1992

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SECTION I: SPECIAL FACTORS AFFECTING THE USAID PROGRAM

USAID/Niger cannot stress enough the importance of recognizing that the unprecedented political and economic transition taking place in Niger today will need to be monitored over a period of several years after the new, democratically elected government is in place. Expectations for economic renewal and activity, as well as improved management and planning, will not be met overnight. In addition to struggling with many of the ongoing constraints to development, Nigeriens must learn new skills in decentralized decision-making. In promoting democracy, we need to understand that the United States has an interest in helping to provide the skills and inputs, at least in the near-term, that will support a successful transition. A decrease in support may lead to disenchantment with a system as yet poorly understood, before it is given a chance to succeed. It is in this context that this year's Assessment of Program Impact (API) must be weighed.

Background to the Current Transitional Period: The National Conference of July 29-November 3, 1991, consisting of 1200 delegates representing all regions and ethnic groups of Niger, led to the dissolution of Ali Saibou's government and the call for elections in late 1992. It also established political institutions for the transition period from November 1991 to February 1993. The transitional government inherited from the previous regime difficult and at times overwhelming problems which it has had to attempt to solve in this very short span of time.

In 1989, the then military regime of President Ali Saibou went through an elaborate process of promulgating a constitution and holding single party, uncontested "elections" to establish itself as the authoritarian Second Republic of Niger. Two key events finally led to the Saibou government's undoing: on February 9, 1990, security forces killed at least three student militants who were part of a group of students attempting, despite Government of Niger (GON) warnings, to cross the Kennedy bridge from their campus into downtown Niamey; in May 1990, threatened and actual attacks by Tuaregs on government installations in west central Niger were countered with widely condemned government torture and killings. By summer 1990, few Nigeriens had any faith in what their government was telling them. After several months of intermittent strikes and protests, President Saibou agreed November 15, 1990 to the formation of other political parties and the holding of a National Conference.

The problems the current transitional government inherited from the Saibou era are staggering and include a bankrupt government, wide-spread shutdowns in the formal private sector, constant pressure from well-organized, largely public sector unions determined to defend their members' advantages and benefits, a loss of government authority and increasing security problems, particularly with regard to banditry and ethnic rebellion in the northern part of the country, a widespread lethargy among civil servants aggravated by the uncertainty of the transition and irregular salary payments, and a lack of enthusiasm among government officials for seriously attempting policy change when their tenure in power is likely to be short-lived, as well as an increased tendency towards rent-seeking.

The economy also started its current downward slide prior to the time the transitional government came to power (see page 6 for the chart and narrative concerning major economic indicators since 1988). In addition, the GON fell out of compliance with structural adjustment program (SAP) targets before the National Conference and has not signed a new SAP since that time, despite government and donor recognition of the need for one. As a result, an Enhanced Structural Adjustment Facility loan from the International Monetary Fund (IMF) to Niger expired last December, before the last tranche was disbursed.

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The National Conference: By the time the Conference started on July 29, 1991, years of neglect, denial and mismanagement had already caused the social fabric of the country to start unraveling. Unions and students were exerting their influence as never before; ethnic frictions continued to grow; the military was in disarray; more and more political parties had formed, and religious fundamentalism was starting to appear. Still, the National Conference succeeded in opening a debate on past grievances and elaborating a political, economic and social action plan for the transition period. The Conference also established political institutions for the transition period: (1) the Presidency, which was reduced to a ceremonial role; (2) the High Council of the Republic (*Haut Conseil de la République-HCR*), charged with passing laws and supervising the Prime Minister elected by the National Conference; and (3) an executive branch consisting of a Prime Minister and the ministers he appointed. In addition, three special commissions were created: (1) the High Court of Justice to judge former political leaders; (2) the Commission of Economic, Political, Cultural, and Social Crimes to investigate citizens potentially guilty of such acts; and (3) the Superior Council for Communications to ensure equal access to government-controlled media for all political parties.

Transitional Government: The National Conference contributed to further weakening of authority and government administration that has resulted from distrust of the state's ability to carry out meaningful social and economic reforms. The lack of progress in social and economic areas has diminished the effectiveness of the transitional GON. In addition to all of the constraints inherited from the previous regime described above, the transitional government also made critical errors from the start: indecisive leadership led to an inability to effectively mobilize support from political parties and unions or to solve the Tuareg rebellion in the North.

On the economic front, after Niger allowed its SAP to lapse in 1991, the GON prepared a new *Programme de Redressement Economique et Financier* (PREF) in 1992. The GON has not succeeded in meeting the PREF revenue targets or in reinstating an IMF/World Bank-supported SAP. Some regional and bilateral donors are unable to grant additional budgetary support until a functioning SAP is in place or until the GON is able to provide requisite counterpart funds. Consequently, the GON is operating under a chronic, substantial budget deficit. Current efforts to move toward a SAP agreement with the IMF/World Bank are hampered by the GON's inability to impose austerity measures or reach previously agreed upon revenue targets. By the most optimistic of predictions, an agreement is unlikely with the IMF/World Bank before mid-1993.

The transitional GON, in spite of the mess it inherited and its failure to meet key challenges during this critical period, can point to several successes in starting to establish the basis for democracy. Since the National Conference, three privately-owned newspapers have emerged on the scene. Furthermore, the private proprietors of the newspapers created the *Association des Editeurs de la Presse Indépendante au Niger* (ANEPI). The *Association des Journalistes du Niger* (AJN) with membership among both public and private sector journalists and the *Syndicat des Agents de l'Information* (SYNFO), a union of employees of the Ministry of Information, are also playing a role in the new environment of freedom of the press that is visible in Niger.

The democratization process has also resulted in:

- a growing number of associations, labor unions and local NGOs (now legally able to form) with mandates from their members to promote their social, professional or development interests;

- eighteen officially registered political parties (down from 40 during the National Conference), albeit immature in organizational terms and inexperienced in democratic processes;

- newly organized human rights groups and non-governmental women's organizations breaking ground in their participation in the social, economic and political life of the country. Women are particularly increasing their involvement in the day-to-day defense of women's rights and their place and role in society. In the political sphere alone, two of the current 14 ministerial posts of the transitional government are headed by women: Ministry of Social Development, Population and Women's Development and the Ministry of Public Service and Labor. For the first time ever, women have been named to local administrative posts including one deputy Secretary General of the Prefecture, two deputy *sous-prefets* and three mayors; and

- utilizing the radio, traditionally the information source of the majority of Nigeriens, especially in rural areas, to inform the population of the political processes resulting from the National Conference, and other national events occurring in the country. The public media have also become more accountable to the general public and not solely to the GON, evident through their more objective expression and balanced treatment of news.

Next Steps: The next test of movement towards a functioning democracy will be the upcoming elections. To set conditions conducive to fair elections, the HCR established the *Commission des Textes Fondamentaux*, charged with writing the Constitution, the Electoral Code and other key guidance documents. The Electoral Code and the Political Party Charter are in effect. The Constitution, after being publicized and amended, has now been adopted by the HCR. A Rural Code is in the process of official adoption, while a Family Code is still in the draft stage. Several Islamic groups oppose the concept of a secular state in the Constitution and several aspects of the Family Code.

A referendum on the Constitution, originally scheduled for October, 1992, will now be held on November 28, 1992 after translation and further publicizing of the Constitution occurs. The Constitutional referendum will be followed by local, legislative and presidential elections. A newly formed, legitimately elected government is projected to be in place by February, 1993. Meanwhile, despite GON announcements of more rigorous economic reforms, progress towards a SAP remain stalled. The next several months in Niger will be ones of some tension but much anticipation and hope as well.

SECTION II: PROGRESS TOWARD OVERALL COUNTRY PROGRAM GOALS

In February 1992, USAID/Niger submitted a new Country Program Strategic Plan/Concept Paper (CPSP/CP), upon which this API is based. The CPSP/CP details the strategy and vision of the Mission, and outlines the strategic objectives and targets that accompany these program changes. While many of the indicators are similar or the same as those used in prior APIs, some have been modified to reflect new emphases the Mission is placing on sustainability and capacity development, and management of resources by users.[1] New data collection tools and studies (mentioned below) have also enabled USAID/Niger to improve the quality and type of data it can monitor. The targets and objectives that have been chosen will enable the Mission to track people-level changes more closely, especially in conjunction with the considerable resources being allocated to monitoring of program impact.

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[1] Due to the overall revision of the API that is documented in the new CPSP/CP, and the assistance received from AID/AFR/SWA in developing these new indicators, USAID/Niger has not included an Annex A that would normally justify and describe all API revisions individually.

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The Program Goal adopted by the Mission in the FY 1992-94 CPSP/CP is:

> **To promote sustainable market-based economic growth while emphasizing locally-managed resources and reduced population growth.**

Activities contributing to the achievement of this goal will occur through two strategic objectives, discussed in greater detail in Section III. They are:

> **Strategic Objective I:** **To increase quality, coverage, and use of family planning, maternal, and child health services.**
>
> **Strategic Objective II:** **To increase the opportunities for sustainable agricultural production and rural enterprises.**

USAID/Niger chose these strategic objectives and the targets that accompany them as the foundation of their overall strategy for addressing the key constraints facing Niger. The individual efforts that contribute to these objectives were structured to complement each other, other donor programs, and the changing needs of the country.

In addition, USAID/Niger paid special attention to certain issues that are key to equitable distribution of development benefits. During this API period, the Mission developed a Women in Development (WID) Action Plan: 1992-1994 (WAP), which includes the following management targets as they apply across the Mission portfolio:

- disaggregation of data in all Mission documents, to the extent possible, including surveys, evaluations, and the various project and program related papers;
- incorporation in all new projects of specific WID targets for proportional involvement of women with appropriate discussion and justification of target shortfalls;
- development of appropriate targets at the time of mid-term evaluation for any ongoing projects without WID plans;
- inclusion in all new activities, where appropriate, of gender impact statements for projects reflecting women's involvement in the sector (how women are involved at various stages from needs assessment, design, implementation and evaluation);
- disaggregation by gender in all analyses of project outcomes where appropriate;
- assessment in project implementation reviews (PIRs) of gender targets and recommended modifications as needed; and,
- aggregation of training figures across all programs to assess gender differences and needs, and to identify areas where greater attention may be needed in recruiting women.

A USAID Mission Order now in draft provides guidelines to project officers on how attention to gender should be incorporated into programs and projects to meet the above targets. This allows project officers to be specific about their expectations from contractors on this issue. As appropriate, workshops will be organized to provide skills in gender analysis including monitoring and evaluating women's participation in USAID-financed activities for project teams including USAID/Niger staff, GON counterparts, contractors and PVO/NGO collaborators. A Mission Gender Working Group has been monitoring WID performance of all projects and recommending modifications. A formal Mission-wide yearly WID review will be held as well. A focus on Nigerien women offers a particular window of opportunity at this time given the increasing voice and visibility women are displaying during the democratic transition. USAID/Niger takes pride in its fully-integrated approach to measuring gender-disaggregated impacts, and in promoting the integration of women as full partners in program and project activities, rather than WID-specific projects, though in the Nigerien context women often prefer having separate accounts and activities within the larger project. Beyond the management and project targets set in the WAP, continued efforts are being made to improve the Mission's knowledge base with studies being undertaken related to women's role in agro-pastoral marketing, resource management and use, women's participation in democracy, and the potential of women's associations in promoting women's affairs.

Macroeconomic indicators: Two fundamental constraints dim Niger's macroeconomic picture. The first concerns the country's geography and related climatic conditions. Annual changes in the level of economic activity in Niger, which has at its base traditional agriculture, are explained more by rainfall patterns than by any other single factor. Real gross domestic product (GDP) is now about equal to its 1980 level. Poor rainfall in 1984, 1987 and 1989 led to declines in real GDP of seventeen, five and six percent respectively for those years. Agricultural sector growth in non-drought years was not sufficiently strong to lift the economy above pre-drought levels. The second constraint, the high population growth rate (estimated at 3.3 percent per year) and the fertility structure of the population base, will continue to depress per capita GDP growth well into the 21st century.

An additional problem facing Niger as it struggles for economic growth is the decline in demand and price of its major export commodity, uranium. The mining industry, as well as support industries such as construction and transportation, formed the basis of much of Niger's earlier economic growth. But Niger's major export industry has fallen on hard times, starting with safety concerns about nuclear power plants, then from declining worldwide weapons demand and recently by the uranium glut on the world market following substantial destocking by the former U.S.S.R..

Structural Adjustment: The major results of Niger's first Structural Adjustment Loan program (SAL I, 1983-87) included stabilizing deficits in the balance of payments and government budget by halting commercial borrowing, increasing concessional loans, and reducing debt service payments, as well as liberalization of prices, abolition of monopolies, and dismantling and cutting of losses in some parastatal enterprises. Constraints also appeared, however, impeding the fulfillment of the ambitious SAL I, such as overestimation of government capacity for change and coordination, erratic rainfall, the weak modern private sector, and border closings and devaluation in Nigeria, to name a few. Fiscal restraint has mainly taken the form of cuts in capital expenditure, not in effective limiting or reducing of the government wage bill, or recurrent cost control.

The 1990-91 adjustment program (supported by the second annual IMF Enhanced Structural Adjustment Facility [ESAF]), included elements such as widening the revenue base, enhancing the elasticity of the tax system, controlling the government wage bill, and intensifying the reform of public enterprises and the financial sector. The ability of this program to be implemented has been severely affected by social disruptions and finally, by the National Conference, which put in place the transitional government and

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specifically refused it authorization to decrease the government wage bill. Niger now has its own emergency program (PREF) in place, in lieu of the third annual ESAF arrangement, given the current political situation and transitional nature of the government.

TABLE 1 MACROECONOMIC INDICATORS

Economic Trends	**1988**	**1989**	**1990 (est.)**	**1991 (est.)**	**1992 (proj.)**
Gross Domestic Product (GDP)					
Real GDP in Constant Prices (annual % change)	5.6	0.1	-1.8	1.9	3.0
GDP Per Capita (dollars)	331	315	292	261	-
Traditional Sector (in % of GDP)	68.9	68.2	70.7	71.6	-
Modern Private Sector (in % of GDP)	31.1	31.8	29.3	28.4	-
Balance of Payments (in billions of FCFA)					
Trade Deficit	-16.8	-24.9	-34.3	-14.6	-
Imports, c.i.f.	-126.7	-123.1	-118.9	-99.5	-
Exports, f.o.b.	109.9	98.2	84.6	84.9	-
Current Account Deficit (includes official transfers)	-18.4	-28.3	-25.7	-2.1	-
Total External Debt (in $ mn)	1742	1576	1829	1480	-
External Public Debt as a Percent of GDP	60.8	47.8	48.7	52.0	-
Debt Service After Rescheduling (in % of exports of goods and nonfactor services)	33.5	27.2	15.8	29.4	-
Official Development Assistance (billions of FCFA)	371	296	358	182	-
Finance, Banking and Credit (see below)					

Sources: GON Ministry of Finance and Plan, IMF, World Bank

Table 1 Notes:

A particularly disquieting trend is the continued shrinkage of the modern sector, especially given that only a fraction of rural production is marketed in documented and monetized exchanges, and unrecorded cross-border transfers continue to occur.

Niger's external debt has risen sharply since the late 1970s, with the total up from $863 mn in 1980 to $1,829 mn ten years later. Although estimates for external debt and current account are not yet available for 1992, there may be continued improvement from 1991 to 1992 resulting from the buy-back of debt and forgiven concessional debt, including, most recently, some debt to Saudi Arabia. A poorer-than-expected harvest in 1990 resulted in higher-than-envisaged cereal imports in 1991, but this trade balance may improve in following years, depending on rainfall levels, and because of increasingly liberalized export policies.

Although extensive liberalization of private sector policies in recent years has improved Niger's ability to diversify production and generate new employment, these opportunities have not developed as quickly as hoped due to a wide lack of investment financing, and problems of key financial institutes such as the *Banque de Dévéloppement de la République du Niger* (BDRN), which had accounted for 43% of the banking system deposits at the end of 1988. With the GON unable to meet many of its obligations on contracts, both public and private enterprises financed their shortfalls in part by accumulating tax arrears and cross-debts. In 1990, the BDRN was closed down, with performing loans transferred to a new bank, SONIBANK. Bank credit in the economy declined in 1990 by 4 percent, and a further 1 percent in 1991, reflecting the drop in economic activity.

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TABLE 2 COMPARATIVE DEMOGRAPHIC AND SOCIAL INDICATORS

(A) WORLD BANK DATA: SOCIAL INDICATORS	1965	1988	1990	(B) NIGER OFFICIAL 1988 CENSUS: SOCIAL INDICATORS	1988
Population (millions)		7.3	7.7 (mid-1990)	Population Male Female	7.252 3.605 3.647
				Number of Years for Population to Double	21
Adult Literacy (age 15 and over)(percent) Total Male Female	 9 - 2	(1985) 14 - 9	 28 - 17	Literacy (age 10 and over) Total Literate Population Male Female	 12.5 18.4 6.9
Education (percent enrollment) Primary Secondary Tertiary	 11 1 -	 30 7 1	(1989) 28 6 1		
Life Expectancy (years)	-	45	45	Life Expectancy	44
Under Age 5 Mortality Rate per 1000 Live Births	-	(1989) 219	215	Under Age 5 Mortality Rate per 1000 Live Births[2]	287
Average Live Births per Woman (TFR)[3]	7.1	-	7.2	Average Live Births Per Woman	7.1
Urbanization (percent of total population)	7	18	20	Urbanization (percent)	15.2

Data Sources: (A) 1990, 1991 and 1992 World Development Reports, World Bank
(B) Niger, Ministére du Plan, (i) *Recensement General de la Population 1988, Analyse des Données Définitives, Rapport de Synthése,* (ii) *Résultats définitifs serie 6, Caractéristiques des ménages et de l'habitat,* (iii) *Caractéristiques socio-culturelles des ménages, des chefs de ménage et caractéristiques de l'habitat,* (iv) *Estimation du niveau de la mortalité,* (v) *État de la population*, Niamey, February, 1992.

Table 2 Notes:

The above figures from the World Bank Reports may be compared with the data from the latest census, conducted in 1988 and found on the right-hand portion of the table. The census figures are believed to be the most accurate available data for social indicators in Niger, though the Demographic and Health Survey, discussed on pages 8-9 and currently being analyzed, may represent even better and certainly more up-to-date information. However, as trend information is of interest for purposes of this report, we continue to supply the World Bank data since it presents a picture of Niger over time. As future Demographic and Health Surveys are conducted, USAID/Niger will use their data rather than the projections and multiple sources of the World Bank.

The population doubling figure of 21 years is of interest not only to family planning and health programmers, but also to natural resource and agricultural planners. If the population does in fact double in 21 years, the stress on land and natural resources will be enormous. If agricultural production cannot keep

[2] As reported in the 1988 Census, retrospective from 1980.

[3] TFR = Total Fertility Rate (average number of live births over a woman's reproductive lifespan)

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up with this increasing demand, the economy will be embroiled in further turmoil, and nutritional deficits and famine are likely to increase. The success of family planning is critical to the future of Niger, especially if primary health care improves, and the mortality rates of infants and children decline.

Note that USAID/Niger has added several social indicators, and corrected others. The first figure, adult literacy, was incorrectly reported in last year's API as "male" and "female" literacy, when in fact the World Bank statistics reflect "total" and "female" literacy levels. The decline in enrollment from 1988 to 1989 may reflect the depressed economic situation in Niger over the past few years, and it is possible that this estimated percentage has worsened since 1989, given strikes resulting in school closings, lack of pay for teachers, and insecurity in some parts of the country.

The child mortality rates are especially of interest given USAID/Niger's focus on family planning, and maternal and child health. Though there appears to be a slightly reduced mortality figure for children age 5 in the World Bank statistics, the 1988 census shows a much higher level for this indicator. Even more disturbing data is provided in the new Demographic and Health Survey (DHS) baseline figures citing a level of 318 deaths per 1000 children under age 5. The DHS is the most accurate survey of its kind that has been conducted to date. Future sampling should be conducted based on these data, and need to be monitored carefully over time. In addition, as access to health facilities in the villages increases, it is likely the reported morbidity and mortality rates will rise due to the increase in real (not projected) data. It is likely, as well, that mortality rates may increase as access to primary health facilities is improved, as the tendency to bring patients to clinics as a last resort is common.

SECTION III: PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

USAID/Niger has made substantial progress toward developing its overall program strategy, targets and indicators. A critical issue has been identifying realistic, documentable data that represents both the initiatives the Mission is undertaking, as well as the people-level impacts that can be achieved. The objectives, targets and indicators that follow represent much thoughtful discussion over time, and are based on the practical limits of what is available in Niger. However, USAID/Niger feels that in spite of the limitations of documentation and data, the indicators listed below will prove to be not only enlightening to AID/Washington, but also useful as management tools that can be used to shape and monitor the programs the Mission implements.

Data Collection and Monitoring

The following provides an update on USAID/Niger's efforts to enhance and increase its impact monitoring capacity:

- In cooperation with the Ministry of Agriculture and Livestock, USAID/Niger recently completed production of a French language agricultural data user's guide for the GON and other data users. The guide, entitled *Guide d'Utilisateur des Données Agricoles au Niger*, is a three-volume set: an index (consisting of four fields listed by data parameter (including data type, source and page number reference to status sheets on source); status sheets of data sources (containing information about each of the data sources); and data parameters and questionnaires (listing all data parameters by source as well as questionnaires used by each source to collect the data).

- Another major activity that came to fruition during the past year was the study conducted by the

International Food Policy Research Institute (IFPRI) funded under the Niger Economic Policy Reform Program (NEPRP): *Food Consumption Patterns and Crop, Livestock, and Non-Agricultural Product Transactions of Rural Households in Western Niger*. Another report, IFPRI/INRAN's *Study on Consumption and Supply Impacts of Agricultural Policies in Niger* is also providing useful information. Some of the initial findings from these reports are striking, and will assist USAID/Niger in developing household-level indicators. Some of the data gathered will also form the basis for the targets and indicators that will need to be developed for the Agricultural Marketing and Export Promotion Project (AMEP), currently being designed. A tranche of funds has just been added to expand the study, covering four additional issues.

- The Sahel Water Data Network and Management III (AGHRYMET) Project is developing a regional system, including national elements, for receiving, processing, interpreting, and documenting accurate weather and climate information in the Sahel. It disseminates this information to appropriate national and international agencies and organizations for early warning and for crop production monitoring, to promote regional food self-reliance and national food security. To this end, the project provides capacity building in data collection and analysis.

- The focus of the FEWS/Niger Geographic Information System (GIS) development to date has been to prepare a plan for the integration of the Vulnerability Assessment Methodology (VAM) within a GIS context. A GIS will provide a structure to organize various types of data that can then be used in the development of spatial models. FEWS/Niger is currently using IDRISI software, and developing procedures for data conversions. This new organization will facilitate the linking of existing data (currently in Lotus, DBase, image-type data for vegetation, and dekadal) with potential GIS spatial modeling scenarios. Critical missing data includes better estimates of actual area used for crop production, which is a key factor in the pre- and post-harvest reports. Greenness maps and other outputs are being generated, and these data are used to monitor crop production and locust/grasshopper infestation.

- As part of the design of the USAID/Niger Disaster Preparedness and Mitigation Program (DPM), the Mission completed a study of "victim" perceptions of disaster and famine. During January-March, 1992, rapid, informal surveys were conducted in three departments chronically deficit in cereal production: Zinder, Diffa, and Tillaberi, where USAID distributed food aid during 1991. Because disaster in Niger is largely synonymous with drought, famine became the focus of the study. Field work included open-ended interviews with: 1) the chef and elders of the village/camp in a group setting, often including the group's designated historian; and 2) a random sampling of individuals found in the village/area. Site selection within departments sought to include areas of differing productivity, remoteness and ethnic diversity. Field work was conducted in each department by individuals who had lived from one to four years in the respective region and who spoke one of the local languages. Supervision, supplemental field work, and analysis were provided by the Mission. A total number of 52 group interviews and 139 individual interviews were completed, providing information on and insights into the perceptions of disaster assistance.

- A Demographic and Health Survey (DHS) was conducted in Niger in 1992, and analysis of the data is underway, with preliminary results already available. This survey was conducted at the national level, permitting careful calculation of demographic rates, particularly concerning fertility and infant/child mortality (see *Table 2 Notes*). It also provides family health information on vaccination, attitudes towards contraception, treatment of diarrhea, prenatal care, and many other factors. The results of this survey will form an important baseline for future year comparison.

Training and Education

Though not a specific target or strategic objective of USAID/Niger's portfolio, the training and education of Nigeriens reinforce all program objectives and form the foundation of developing an independent, capable population, with the ultimate capacity to manage their resources, health and growth activities in a constructive manner. Training is an integral component of many Mission projects, and is often a prerequisite to successful project impact. Therefore, USAID/Niger feels it is important to mention briefly the Mission activities included in this category, as well as the formal, higher education programs that also help build a base of educated, technically experienced Nigeriens.

The AID-funded participant training program dates to the mid-1960s. A total of 1,120 Nigeriens have been trained in the U.S. and in third countries. To date, 16.4% of the participants have been women. Most USAID-funded programs include support of some kind of technical training relevant to the project's focus, such as village-health training, information systems monitoring, early warning assessment methodology, technical trades, family planning service provider training, and many more. Most are local, with occasional special needs being met in third countries or in the U.S.. These are key inputs to improving the capacity of Nigeriens to continue activities once USAID funding ceases. In addition to these specific activities, basic literacy training is occurring in the Credit Union Development Project (implemented by WOCCU) and the Rural Organizations Development Project (implemented by CLUSA). As of April 30, 1992, the latter project had trained over 9,000 cooperatives members, with over 2,500 attaining functional literacy. In addition, 413 trainers in literacy have been trained, with 356 functioning literacy training centers. USAID/Niger considers these important indicators of Mission potential for future impacts.

Target of Opportunity — Democratization

USAID/Niger, in collaboration with the American Embassy, has been carefully monitoring progress towards democratization and fuller participation in decision-making among various parts of the population of Niger. Most American Mission Democracy Support activities are being carried out under the African Democracy and Human Rights Fund, an AID/W-based project.

Mission support to the Niger democratization process is being carried out through four distinct but complementary sets of activities:

- The Niger Multi-Media Democracy Development Support Project. The main purpose of this project is to sensitize the population to the basic concepts of democracy, and increase participation during elections. The target group is the urban and rural population at large; however, as most of Niger's population (85%) are in rural areas, and with 90% illiteracy, the country faces a challenging task of education and information dissemination. The strategy of this activity, therefore, is to work with the media and in particular radio and television, to reach a broad audience. The following activities have taken place:

  a) A Workshop with the Superior Council for Communications to develop strategies for building knowledge about democracy through media channels;
  b) A Niamey Journalist Democracy Workshop, convened both public and private sector media professionals to discuss the role of the press in a democratic environment;
  c) A series of three regional workshops convened delegates of women's associations, human rights associations, religious groups, radio club promoters (local organizers of radio clubs), and local language journalists to discuss (in local languages): 1) the

fundamental elements of Niger's new constitution; 2) the elements of the Electoral Code; 3) women's roles in the country's democratization process; 4) voting rights and electoral participation; and, 5) the role of journalists in the democratization process. The selection of participants was based on their positions in the community as communicators and opinion leaders.

The following activities are planned:

d) Two popular songs about democracy composed and broadcast on radio in Hausa and Djerma;
e) Several radio and television drama plays about the Constitution, democracy, and elections in various local languages;
f) Short radio and television messages on democracy, voting rights, decentralization, women's right to vote, citizens' responsibilities and duties accompanying democracy, etc.; and
g) International travel for Nigerien journalists to observe elections and other democratic processes.

- Books Received: One air conditioner and 68 volumes of legal texts have already been delivered to the *Barreau du Niger* (Bar Association of Niger). Other volumes are ordered and scheduled for delivery in late October/early November.

- Printing of Codes/Charters/Decrees: Funds have been programmed for printing of the Constitution in French, Hausa, and Djerma, the Charter of Political Parties, and Supreme Court Decrees since 1983. To date, reproduction of the Supreme Court Decree has been completed.

- Ballot Boxes: A contract has been signed for the construction of approximately 2,400 ballot boxes to equip a portion of the polling stations throughout the country, in time for local, legislative and presidential elections.

Other Mission democracy activities include supporting the travel of two Constitutionalists from Senegal and Benin to advise the HCR on the development of the Constitution, financing the travel of a communications specialist to advise the High Commission Council, sending seven journalists to the Cotonou Democracy Workshop, sending two journalists to attend the Lomé Democracy Journalism Workshop and the Niamey National Democratic Institute for International Affairs (NDIIA) Elections Observations Workshop. NDIIA is also staging two workshops for political party leaders in late October, 1992.

Indicators of Program Impact

The following pages present USAID/Niger's program achievements, and begin as well to add substance to future objectives for projects now starting. The melding of past and future activities into a long-term goal is not in itself difficult; the difficulty arises in projecting outcomes and needs from an environment that is swiftly changing. Nevertheless, the Mission is confident that the objectives can be both achieved and measured, given time and resources. Good beginnings, especially in the area of baseline data collection, have already occurred, and USAID/Niger feels strongly that the health, natural resources, and private sector policy environments the Mission has helped to mold will result in sustainable benefits over time.

USAID/NIGER Program Logical Framework, Fiscal Years 1992-1994

MISSION PROGRAM GOAL	Country Trend Indicators
TO PROMOTE SUSTAINABLE MARKET-BASED ECONOMIC GROWTH WHILE EMPHASIZING LOCALLY MANAGED RESOURCES AND REDUCED POPULATION GROWTH	1. GDP growth and GDP growth per capita increase. 2. Formal and informal private sectors increase. 3. Population growth rate declines. 4. Child mortality (under age 5) declines. 5. Basic literacy and national levels of education increase.
Strategic Objective 1: To increase the quality, coverage, and use of family planning, maternal, and child health services.	**Indicators:** 1.A End use distribution of modern (male and female) contraceptives (couple-years protection) increases from 29,948 per year in 1990 to 132,000 per year by 1995. 1.B Percent of children vaccinated against measles at one year increases from 19% in 1990 to 40% by 1995.
Targets:	**Indicators:**
1.1 Develop and implement sustainable cost recovery and cost containment systems.	1.1.a Number of facilities with staff fully trained and equipped to implement standard treatment protocols, and pharmaceuticals in stock, increases from 0 in 1990 to 225 by 1995 (end-of-project ((EOP))). 1.1.b Number of PHC (non-hospital, primary health care) facilities implementing cost recovery systems increases from 0 in 1990 to 225 by 1995 (EOP).
1.2 Increase in the percent allocation of health resources to basic health services.	1.2.a Percent of Ministry of Public Health (MOPH) pharmaceutical supplies distributed to non-hospitals increases from approximately 30% in 1991 to 50% by 1995. 1.2.b Progressive increase in annual number ('000s) of non-hospital consultations through 1995: curative, from 5,376 to 9,130; pre-natal, from 227 to 423, and; well-baby, from 373 to 688.
1.3 Extension and integration of priority family planning, maternal and child health programs in primary health care facilities and improvement of service delivery effectiveness.	1.3.a Number of PHC facilities providing a full range of maternal/child health (MCH) services, including family planning services, increases from 114 in 1989 to 380 by 1995. 1.3.b Number of PHC facilities providing vaccinations increases from 184 in 1990 to 400 by 1994.

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Strategic Objective 2:	Indicators:[1]
To increase the opportunities for sustainable agricultural production and rural enterprises.	2.A Number of resource users adopting natural resource management (NRM) practices increases by 1995. 2.B Number of metric tons of agricultural products exported increases from the baseline year (the average of 1986-90) to 1995: onions, from 13,337 mt to 39,233 mt; cowpeas, from 5,703 mt to 41,440 mt; skins and hides, from 446 mt to 542 mt, and; livestock, from 17,197 mt to 20,903 mt.
Targets:	**Indicators:**
2.1 Increase individual and community control of natural resources.	2.1.a Number of managed hectares of agricultural land increased by 1995: overall, from 400,000 ha in 1989 to 567,000. 2.1.b Number of hectares of community-controlled woodland sites increased by 1995; overall, from 1,500 in 1986 to 113,250. 2.1.c Number of public wells attributed to individual or community management increases by 1995. 2.1.d Number of hectares of pasture under management by pastoral associations increases by 1995.
2.2 Increase participation in and output of private sector activities.	2.2.a Number of members/participants in financial services institutions increases from 2,551 in 1990 to 19,039 in 1995. 2.2.b Financial services increase by 1995: Total savings of members in savings programs, from 5,559,475 FCFA in 1992 to 68,520,000 FCFA in 1995; number of loans by cooperatives from 30 in 1990 to 90 in 1994; and total loans disbursed in the micro enterprise lending program from 69,586,000 FCFA in 1990 to 597,126,000 FCFA in 1995. 2.2.c Number of businesses created resulting from loans-made increases by 1995. 2.2.d Number of jobs created increases per year from 0 in 1990 to 11,500 in 1995. 2.2.e Increase in self-financing capability of group or institution by 1995: Cooperatives, average percent of coverage, from 0% in 1990 to 50% by 1994 (EOP); lending institution, percent of costs covered, from 30% in 1992 to 100% by 1995.

Cross-Cutting Target 1.4 and 2.3:[2]	Indicators:
To promote systems to forecast and respond to natural disasters.	1. Institutionalized, vertically integrated GON Early Warning System and assessment capability in place and functioning by EOP. 2. Response systems for addressing crises are in place and functioning by EOP.

[1] Some of the indicators for this Strategic Objective have not yet had baseline data studies conducted to provide the essential figures for tracking. In some cases, overall data is available, but is not gender-disaggregated. In this summary table, we have not included indicator elements for which no data yet exists; however, in the following pages the indicators are described in more detail, and plans to acquire and disaggregate the missing data are mentioned. A key factor is the lack of a technical team in place for the ASDG II program. One of their first tasks will be to conduct the baseline survey.

[2] This target is considered important for both strategic objectives as the overriding negative impact on development that is caused by famine, epidemic disease, flooding and other disasters sets back development and economic growth. The activities to be implemented will take into account both natural resources and family planning/health sectors.

STRATEGIC OBJECTIVE 1: INCREASE QUALITY, COVERAGE, AND USE OF FAMILY PLANNING (FP), MATERNAL AND CHILD HEALTH						
SO-1 INDICATOR	Baseline: 1990	1991 pl./act.	1992 est.	1993 pl.	1994 pl.	1995 pl.
1.A End use distribution of modern contraceptives (expressed in Couple-Years Protection[3])						
Female-use contraceptives	26,668	33,000/ 48,332	55,000	70,000	85,000	120,000
Male-use contraceptives	3,280	- /4,201	6,000	8,000	10,000	12,000
TOTAL	29,948	52,533	61,000	78,000	95,000	132,000

Data Source: Yearly reports by the Directorate of Family Planning

The figures above represent an increase over last year's API planned figures, due in part to the fact that the training has occurred more expeditiously than expected. This year is the first year that USAID/Niger has tracked the distribution of condoms; it is included here in preparation of the social marketing activity planned for FY 94.

The National Population Policy was adopted by the GON in 1992. Completion of analyses and awareness-raising activities for key decision-makers on population and family planning (FP), and assistance in drafting the policy were provided by USAID. Standards for integrated Family Planning/Maternal-Child Health services were also developed in 1991 with USAID support. USAID provides support for technical assistance training and local costs associated with expansion of family planning services. Special attention will be focused on four Departments under ongoing PVO or AID contractor programs, managed by resident advisor staff. Training for more than 400 new service providers has been held along with workshops in the areas of client rights at health facilities, contraceptive techniques and safety, and family planning provider sensitivity. From these actions, a higher level of awareness of standards and the need for FP service delivery in facilities is developing. There is evidence (see above trends) that more promotion of FP and outreach activities is occurring.

[3] Couple-Years Protection (CYP) is calculated as follows: 1 CYP = 13 cycles hormonal pills, or 1/3 IUD (avg use 3 yrs), or 100 foaming vaginal tablets or 100 condoms.

SO-1 INDICATOR	Baseline: 1990	1991 act.	1992 pl.	1993 pl.	1994 pl.	1995 pl.
1.B Percent of children vaccinated against measles at one year.	19.0%*	23.7%	25.0%	30%	35%	40%

Data Source: Ministry of Public Health (MOPH) Health Information System (SNIS), *UNICEF Vaccination Coverage Survey

This strategic objective indicator is considered representative of the overall level of quality and coverage of health services as measles vaccination coverage is among the last ctivities to be integrated into a health service delivery system. When this service is available and being applied, it indicates that the range of normal services accompanying MCH are n fact being delivered.

The national Expanded Program of Immunization (EPI) is in the process of expanding the number of fixed and outreach vaccination sites and of restructuring mobile teams. n support of these efforts, USAID assistance will continue to focus on training health personnel in the areas of planning, organization, and supervision of vaccination services, health ducation, and service provision. Using quality assurance and operational research techniques, emphasis will be placed on increasing coverage by decreasing drop-out rates, missed pportunities, and incorrectly administered vaccines. In 1992 the mobile strategy is no longer being funded; as a result, EPI is being forced to restructure mobile teams, which may result n decreased coverage during the transition period.

TARGET 1-1: DEVELOP AND IMPLEMENT SUSTAINABLE COST RECOVERY AND COST CONTAINMENT SYSTEMS						
INDICATOR	Baseline: 1990	1991 act.	1992 act.	1993 pl.	1994 pl.	1995 pl.
1.1.a Number of PHC facilities with staff fully trained and equipped to implement standard treatment protocols, and pharmaceuticals in stock	0	43	43	51	90	225

Data Source: Ministry of Public Health (MOPH) Health Information System (SNIS)

Development of standard diagnostic and treatment protocols was a pre-requisite that USAID/Niger established before being willing to implement cost recovery initiatives. These protocols were finally developed under the RESSFOP project (Belgian assistance) beginning in 1986 in the Dosso Department, and adopted by the GON in 1991. While these protocols can now be considered ready for replication, they will be further refined during implementation of planned cost recovery pilot tests, prior to full implementation elsewhere in the country. In addition, USAID worked with MOPH to develop an essential drug list, also a prerequisite to the cost recovery initiative. As this list has been formally adopted by the MOPH, USAID is now ready to proceed with the training of staff in standard treatment protocols at PHC facilities in the cost recovery pilot zones, with later expansion to other regions. Once a PHC facility has trained and equipped staff, the cost recovery program will be introduced to that facility.

INDICATOR	Baseline: 1990	1991 act.	1992 act.	1993 pl.	1994 pl.	1995 pl.
1.1.b Number of PHC (non-hospital) facilities implementing cost recovery systems.	0	0	0	18	51	225

Data Source: MOPH Health Information System (SNIS)

As of this report, preparatory work for cost recovery pilot tests of two alternative cost recovery methods is well under way. Cost recovery activities will begin in January 1993 in two districts. The tests are scheduled to last one year, after which the MOPH will adopt and implement the chosen system. It is believed that all 400 PHCs will have begun cost recovery activities by 1996 (note that this does not mean facilities will have 100% cost recovery). It should be noted, however, that Niger's nascent democracy and new political parties may seize upon cost recovery as a political issue, with unforeseeable results. USAID/Niger will provide a long-term advisor to oversee the implementation of project activities, which include training in pharmacy and drug stock management, financial and administrative systems (such as patient registration), and facility management. USAID/Niger is also supporting the development of an audit capability in the MOPH, with mechanisms included to present and resolve findings resulting from audits.

TARGET 1-2: ALLOCATE INCREASED PERCENT OF HEALTH RESOURCES TO BASIC HEALTH SERVICES					
INDICATOR	Estimate: 1991	1992 est.	1993 pl.	1994 pl.	1995 pl.
.2.a Percent of MOPH pharmaceutical supplies distributed to non-hospitals increases.	30%	30%	35%	45%	50%

Data Source: To be developed through project intervention in 1993-94

This indicator is a proxy measurement of the importance that the government gives to preventive and ambulatory care (basic health services), as opposed to curative care. The sence of pharmaceuticals in a facility is considered to be a good indicator of resources allocated to that sector. Currently, no good data is available to indicate the percentage of ources (pharmaceuticals) going to curative facilities, but anecdotal data suggest that it may be as high as 70%. Part of USAID/Niger's efforts in the next two years (1993-94) will to assist the government to put a data tracking system in place that will provide this kind of information for planning and decision-making purposes. Actions taken to date to increase percentage of pharmaceuticals found in preventative and ambulatory facilities include the adoption of the List of Essential Drugs, which laid out the authorized categories of drugs l minimum requirements for pharmaceuticals to be located at each facility level. Further encouragement of the government to allocate increased resources to these facilities is mentioned ow.

INDICATOR	Baseline: 1990	1991 pl/act	1992 pl.	1993 pl.	1994 pl.	1995 pl.
.2.b Annual number of non-hospital consultations ('000s):						
Curative	5,376	5,560/7,987	8,258	8,539	8,830	9,130
Pre-natal	227	235/345	363	382	402	423
Well Baby	373	385/562	590	622	654	688

Data Source: MOPH Health Information System (SNIS)

Data in last year's API report was based on incomplete reporting of districts. 1990 is considered the baseline year, as it is the first year the National Health Information System NIS) gathered data on a nationwide basis. Data are collected quarterly from 38 districts for a total of 152 district-quarters/year. However, data were missing for 1990 as follows:

Curative: 16 district-quarters
Pre-natal: 24 district-quarters
Well Baby: 20 district-quarters

1991 showed a considerable increase in the number of non-hospital consultations reported in all categories, which is at least in part attributable to improved reporting. All 152 strict-quarter reports were received, which explains the variation between the planned figures showing in last year's APIs, and the actual figures for 1991 appearing above.

Planned increases in future years are related to the population growth rate (3.3%) for curative consultations and to the crude birth rate (5.2%) for the pre-natal and well-baby consultations, as well as to results from USAID interventions. The number of consultations are most influenced by drug availability which is currently insufficient and likely to remain so until cost recovery is fully implemented. The general economic condition of the country will also influence cost recovery initiatives, and the amount of revenues generated for the procurement of drugs. USAID/Niger will provide support to achieve this target by helping the MOPH improve the quality of planning information available to it. With support in accounting and financial management, pharmaceutical and personnel tracking systems (training of personnel and installation of automated systems), and assuring availability and use of improved demographic and health information, the MOPH will be able to improve its planning and implementation of adopted strategies and health service delivery programs.

TARGET 1-3: EXTEND AND INTEGRATE PRIORITY FAMILY PLANNING, MATERNAL AND CHILD HEALTH PROGRAMS IN PRIMARY HEALTH CARE FACILITIES AND IMPROVE SERVICE DELIVERY EFFECTIVENESS

INDICATOR	Baseline: 1989	1990 act.	1991 act.	1992 pl./act.	1993 pl.	1994 pl.	1995 pl.
1.3.a Number of PHC facilities providing a full range of MCH services, including family planning services, increases.	114	125	144	160/201	280	320	380

Data Source: Quarterly reports by the Directorate of Family Planning, Logistics Management System

The increase in 1992 from planned to actual figures is a result of an increased in the rate of staff training for PHC facility service providers in family planning. Instead of centralized training held only in Niamey, clinical training has now been decentralized, with USAID support, to each Department. Training programs can now be conducted simultaneously in several regions of the country. Future years planned figures have been increased accordingly.

There are a total of approximately 400 fixed site facilities other than hospitals in the Niger PHC system. Many of these have only one nurse and very limited equipment, medicines and locale. Training of staff, as mentioned above, along with outreach services to villages without fixed facilities are being tested by PVOs with USAID support. At the end of each training session, the centers where the trainees are posted are added to the FP logistics system. The immediate result is that more fixed site facilities have health staff trained in FP service provision, with an accompanying higher level of awareness of standards and the need for FP service delivery among staff. True people-level impact of the presence of FP-trained staff will be felt in the Strategic Objective Indicator 1.A: end use distribution of modern contraceptives, and of course, eventually, declining birth rates.

INDICATOR	Baseline: 1990	1991 act.	1992 pl.	1993 pl.	1994 pl.	1995 pl.
.3.b Number of PHC facilities providing vaccination increases.	184	187	303	355	400	400

Data Source: MOPH Health Information System (SNIS)

USAID/Niger has provided support to the national vaccination program to procure medical equipment and supplies, train vaccination staff, procure vehicles and spare parts, ›rove vehicle repair capability, and improve timeliness and accuracy of EPI service statistics (SNIS). The Mission is also providing more intensive support under its special measles iative for MOPH vaccination efforts in the Departments of Tahoua and Maradi. Planned increases in API indicator figures over the next year will be the result of revamped training ıtent and community-level training, support and training of supervisors, and expansion measures under the national EPI that will increase the number of new centers with vaccination ›ability, new equipment, and vaccination management training. The resultant expanded availability and increased access to vaccination services will enable the MOPH to increase the ·centage of children fully vaccinated against the six most common childhood diseases and reduce infant and young child mortality.

STRATEGIC OBJECTIVE 2: INCREASE THE OPPORTUNITIES FOR SUSTAINABLE AGRICULTURAL PRODUCTION AND RURAL ENTERPRISES

SO-2 INDICATOR	Baseline 1993	—	1995 pl.					
2.A Number of resource users adopting NRM practices: Men Women	Baseline data will be established in approximately 1993, when implementing contract team arrives.		Until baseline data is gathered, this projection cannot be made.					

Data source: Sampling of various projects

Explanation: To achieve this strategic objective, the Mission has targeted the policy and institutional environment in which natural resources management takes place. Policy reform and institutional strengthening programs will establish favorable conditions, thereby increasing the opportunities for the widespread adoption of sustainable agricultural practices. As it will take some time for initiatives in the policy and institutional arenas to be implemented and further time for them to have a downstream impact on the adoption rate of NRM practices, this indicator is not scheduled to be measured until 1995. Measurement will be made by sampling adoption rates at a number of representative project and non-project sites. Historical baseline data will be gathered when the ASDG II contract team is in place, in approximately early 1993.

Activities/Actions: Over the past year, the transitional GON has taken several very important steps in the natural resources management policy area. In March, the GON officially issued a document outlining the national rural development strategy for Niger (*Principes Directeurs d'Une Politique de Dévéloppement Rural pour le Niger*). Shortly thereafter, the GON issued three decrees which together lay out the structure for developing a natural resources management strategy. USAID/Niger was instrumental in the formulation of this structure through the use of ASDG II policy reform and budget support leverage, and reviewed documents being prepared by Nigerien committees to ensure the decrees were commensurate with the requirements of the ASDG II Conditions Precedent. A formal governmental structure including a Natural Resources Management Unit (Cellule GRN) now exists that is responsible for developing a national policy and strategy leading to rational utilization of natural resources. This structure will also ensure coordination and harmonization of ongoing and new natural resources management activities, both within the GON as well as donor-generated. As almost all development activities in Niger are donor-funded, it is critical that donor resources be better managed to have full impact on the intended beneficiaries. A part of USAID/Niger's ASDG II budget support portion of the first transfer will go to support the newly created Natural Resources Management Unit. Other donors have already begun to work with this structure, including separate World Bank and FAO-supported NRM initiatives.

Another imminent policy-level achievement is the forthcoming passage of the Directing Principles of the Rural Code. Once this is passed by the transition Government, it will be translated into local languages and publicized throughout Niger. The Rural Code represents Niger's effort to synthesize traditional resource use customs with modern regulations into coherent and workable resources use/tenure legislation. Population pressure on Niger's poor resource base and the sometimes conflicting interpretations of existing regulations result in conflicts among competing resource users. USAID/Niger participated in the formulation of the Rural Code with the assistance of the Land Tenure Center, who, with USAID staff, were involved in meetings and Code formulation geared to develop policies reflecting the concerns of sustainable management of natural resources in an agropastoral society. Adoption and widespread diffusion of the Code, which will also be supported by USAID, will provide clearer guidance and authority to local governments to resolve resource-user conflicts and promote more active management of the natural resource base. Under ASDG I (now winding down), USAID/Niger emphasized policy initiatives such as the Rural Code in order to develop an environment favorable to the local control and rational utilization of natural resources. With these conditions in place, ASDG II will focus on providing support and assistance to resource

rs for sustainable and economically-rewarding management of the resources back under their control. Currently, however, implementation of ASDG II has been delayed due to lack
award for the technical assistance component.

Long-term people level impacts: Widespread adoption of NRM practices will have the effect of both conserving the productivity of the natural resource base upon which the
al population depends, as well as assuring a sustainable level of income for producers from that resource base.

SO-2 INDICATOR	Baseline: Avg. of 1986-1990	1990 act.	1991 act.	1992 pl.	1993 pl.	1994 pl.	1995 pl.
2.B Metric tons exported:							
Onions	13,337	32,857	26,797	29,477	32,424	35,667	39,233
Cowpeas	5,703	32,062	34,093	35,798	37,588	39,467	41,440
Skins/hides	1,629	924	446	468	492	516	542
Livestock	— (no data available)	32,782	17,197	18,057	18,960	19,908	20,903

Data Source: Customs Bureau

Explanation: The figures for 1990 provided in last year's API report were provisional, and have since been revised based on up-dated data from the Customs Bureau. Also shown in the above table are revised projections through 1995 that are based on the actual data from 1990 and 1991, projecting a 5% increase per year except for onions, which are projected at a 10% increase per year.

It is unclear why livestock decreased so much in 1991 compared to 1990, or the reason for the decrease in skins and hides. The latter decline may be due in part to the closing in late 1990 of the one tannery that existed in Niger, and could also confirm a decrease in livestock exports if the number of livestock being brought to the market in general decreases. A general decrease in animals being brought to market and slaughtered would mean that fewer skins and hides were available. It could also mean, in the case of both skins-and-hides and livestock, that exports of these products are going across the border in smaller lots, since small lots are excluded from taxes (including the statistical tax), and thus might not be recorded. This possibility may make sense, since in a good agricultural season the need to sell livestock to support living expenses is reduced.

With respect to onions, significant reporting errors by the GON have led to lower estimates of export levels than what was reported in last year's API. This question is being further researched by the Mission. Two important points must be emphasized: (1) despite the data problems, the projected yearly growth of onion exports expressed as a percentage has not changed significantly; and (2) production figures, which are fairly reliable and show production increasing from 123,433 metric tons in 1989 to 220,000 metric tons in 1990, suggest that a large percentage of onion production is marketed domestically. Although increasing exports of agro-pastoral commodities is the purpose of the Niger Economic Policy Reform Program (NEPRP), both exports and domestic markets will be emphasized in the Agricultural Marketing and Export Promotion (AMEP) Project (currently being designed).

The discrepancy in reported data for cowpeas is large, but may be less unexplainable than at first appears. A large parastatal, SONARA, closed operations this year, and the market for cowpeas may have responded accordingly. Not only would the deregulation have positive effects on production and export from the policy side, it also may have resulted in more reporting at the border of export of cowpeas that went unreported in former years.

Activities/Actions: Policy reforms in export regulations and control may take time for the market to digest and respond to. Certainly the change in border taxes and paperwork will make export of commodities easier, but production and market channels must still be given time to respond. The Nigerian market and *naira* valuation also play a major role in the private sector opportunities in Niger. All of this data must be closely monitored in years to come, and both the amended NEPRP and the new AMEP Project, coming on line in 1993, should improve the ability to collect accurate data, as well as continuing to address the marketing issues at a technical level.

TARGET 2-1: INCREASE INDIVIDUAL AND COMMUNITY CONTROL OF NATURAL RESOURCES

Explanation: Activities undertaken to achieve this target aim to provide local populations with both the legal authority and the means with which to manage the natural resource use in a sustainable manner. The four impact indicators that have been selected relate to four key elements of the natural resource base: soil (agricultural land), woody vegetation (woodland/forests), water (wells), and herbaceous vegetation (pastures), and cover three general systems of production: agriculture, livestock, and forestry.

The Land Tenure Center, University of Wisconsin, will conduct research and studies in the area of resource use and management, and has just begun its proposed field research activities. Although ASDG II has not yet started field-level operations, baseline data collection on these and other issues will give USAID/Niger a good grasp of the people-level issues and lead to a tracking/monitoring capacity over the life of the project. LTC will also begin monitoring numbers of resource use conflicts registered with local officials, a key presumed initial impact of implementation of the new Rural Code and attendant changes in resource control. Once the Rural Code is adopted, LTC will continue monitoring resource conflicts as the source of information on the status of application of the Rural Code. The long term TA team for ASDG II (when in place) will have responsibility for assisting the GON in developing projects, and also in monitoring impact. The baseline for the indicators listed below, then, will be established in this interim period, and future APIs will be able to provide a measure of the impacts that project implementation is having on the target populations.

Once ASDG II becomes operational, additional work with the users of technologies and resources will occur, and will be reported on in future years. Briefly, some examples of the impacts expected are changes in roles for forestry agents, who will be trained in extension methodologies, and reduce their current role of policing forestry resources. Farmer-to-farmer visits will be part of the new program, making use of the fact that while many farmers are not aware of the usefulness of some the natural resource management (NRM) technologies or are not convinced of their value, some have already successfully adopted these practices and can be used as agents of change in their own communities. Additionally, continuing to provide a policy environment that is conducive to rational natural resource management is critical, and will be actively supported by taking government officials to see farmers' use of technologies, and exposing them to the changes that can be wrought through support of such adoption measures. Finally, an institutional strengthening component will work within the Ministry of Agriculture and Livestock and relevant offices (environment, forestry, etc.) to develop new personnel management systems, including "management by objectives," strategic planning capabilities, and clearer lines of authority and responsibility. This process should help provide a functioning, responsive, and sustainable policy environment. These and other activities will help information to flow to various stakeholders, with a positive impact on overall adoption rates of NRM technologies.

A new grant to AFRICARE, authorized in September 1992, will enable them to continue NRM work in the Gouré arrondissement. While this is a continuation of an ASDG-funded activity, changes include a new emphasis on community-level planning and a sharper focus on the implementation of NRM activities in target villages. AFRICARE will identify appropriate activities, target groups (including women), and monitor to track project impacts. The above activities represent the next step in implementing natural resources management programs, at the people-level, where the applications of the policy reforms need to be disseminated and carefully monitored to ensure the intended benefits result.

GENDER SPECIFIC DATA: Attempts will be made to obtain gender segregated data wherever possible, and a baseline data survey will be conducted upon the arrival of the implementation team.

PEOPLE LEVEL IMPACT AND INDICATORS OF SUSTAINABILITY OF THE NATURAL RESOURCE BASE: The API indicators for NRM do not track impact at Levels IV & V which are biophysical and socio-economic impacts respectively. Widespread impacts at these levels are not expected to be significant in the short to medium term. Nevertheless, project-level impacts on these levels will be monitored at specific sites where due to the nature of the project interventions, more rapid impact will be realized. In terms of impacts on the natural resource base, we will be fortunate to have baseline data from the intensively monitored HAPEX-Sahel experiment of 1992. The HAPEX program, part of the World Climate Research Program (WCRP), has just completed intensive monitoring of a host of biophysical parameters (e.g. soil moisture, reflectance, temperature, vegetative cover, etc.) in a variety of land use settings (cropped, fallow, pasture, woodland, etc.) in a 100 kilometer square around Niamey. As there are a number of NRM practices being adopted within the boundaries of the HAPEX experiment, we will be able to monitor impact of these practices on the natural resource base over time. In addition, we will be able to monitor socio-economic impacts using detailed baseline data being collected in western Niger by the IFPRI/INRAN Study on Consumption and Supply Impacts of Agricultural Policies in Niger. This study is due to be completed by the end of 1992.

INDICATOR	Baseline: 1989	—	1995 pl.					
2.1.a Number of hectares of managed agricultural land Managed by men Managed by women	400,000		567,000					

Data Source: Evaluation and Planning Division (DEP) of the Ministry of Agriculture & Livestock, Project-level data

Explanation: Both baseline and 1995 target figures are taken from "Economic Issues Affecting NRM Strategy Options in Niger" by Asif Shaikh which was part of the ASDG II PAAD design. As with the SO-2 indicator, #2.A, the monitoring of this indicator will begin when the ASDG II contract team is in place. "Managed agricultural land" is hereby defined as land used for agricultural activities in which a long term investment has been made that substantially enhances its potential for sustainable production.

INDICATOR	Baseline 1986	1990 act.	1991 act.	1992 act.	1993 pl.	1994 pl.	1995 pl
2.1.b Number of hectares of community-controlled woodland sites Male participants Female participants	1,500	12,692	26,609	57,431	73,250	93,250	113,250

Data Source: Environment Division of the Ministry of Hydrology and the Environment (various projects)

Explanation: This is the best indicator of the four (indicators 2.1.a through 2.1.d) in terms of currently available quantitative data. All figures represent woodland areas that are actively managed by local populations. "Active management" implies that a technically sound management plan has been drawn up for the area which provides for both sustainable production and conservation of woodland resources, and that the local population has begun to implement the plan.

Activities/Actions: In addition to ongoing and planned activities as described earlier, this target indicator has shown so much progress to date because of a Ministerial decree that authorizes local communities to manage woodland areas in the vicinity of their villages. This decree, which was issued in May 1990, was the direct result of USAID support to the Rural Code program, the ASDG I agriculture policy reform and earlier work through the Forestry and Land-Use Planning (FLUP) Project. Other specific activities that have fueled the expansion of community controlled woodland management are the cooperative training activities of the USAID-supported Rural Organizations Development (ROD) Project which are described elsewhere.

Conditions created: The above activities have created both the legal authority and the organizational capacity for community level management of woodland resources. In response, villages have requested assistance from government services and/or development agencies to establish and implement woodland management plans. From the initial site at Huesselbodi in 1984, community level woodland management is now practiced at 12 sites throughout the country.

Long-term people-level impacts: In addition to the conservation of the natural resource base and the assurance of sustainable levels of income, the achievement of this target will also reduce the necessity for non-traditional socially disruptive seasonal migrations that occur in stress-years by providing dry season work opportunities to the local population. At the natural forest management site of Dorobobo, a recent evaluation team elicited the comment that "le plateau, c'est notre Côte d'Ivoire", meaning that they no longer need to travel to Côte d'Ivoire to find work during the dry season as they can make money harvesting fuelwood on the forested plateau that is now under community management.

INDICATOR	Baseline: 1993					
2.1.c Number of public wells attributed to individual or community management Male individ./group managed Female individ./group managed Mixed group managed						

Data Source: Rural Code Secretariat

INDICATOR	Baseline: 1993					
2.1.d Number of hectares of pasture under management by pastoral associations Male associations Female associations Mixed associations						

Data Source: Rural Code Secretariat

Explanation: Attributing public water points to private management entities and delegating responsibility for pasture management to pastoral associations are two key elements of the forthcoming Rural Code legislation. As neither this legislation nor the ASDG II T.A. contractor is yet in place, no indicator baseline or other data is available at present.

TARGET 2-2: INCREASE PARTICIPATION IN AND OUTPUT OF PRIVATE SECTOR ACTIVITIES

Indicator	Baseline: 1990	1991 act.	1992 est.	1993 pl.	1994 pl.	1995 pl.
2.2.a Number of members/participants in financial services institutions increases.						
Male participants	1,151	4,552	11,028	13,210	19,251	11,110
Female participants	1,400	4,641	10,922	13,698	13,547	7,889
Corporate Entities	—	—	10	13	25	40

Data Source: CARE, WOCCU, CLUSA

USAID/Niger decided to use the number of participants as an indicator instead of the number of cooperatives or other groupings (except in the case of WOCCU's corporate entities, *personnes morales*, of which a description follows). The purpose of measuring in this manner is that a male cooperative could have 300 members receiving services, while 4 female cooperatives might only have 20 members each. Thus, the spread of the resources between entities is less important than the spread of resources individually. In the case of the corporate entities of WOCCU, each is a legally-constituted member of a credit union that is treated as an individual account, though it may in fact have multiple members. Ideally, a corporate entity's ownership should also be broken down by individual, but given their legal status vis-a-vis the credit union, it is unlikely that such data can be provided easily.

Note that the figures for 1992 are based on actual data through June, and extrapolated based on past year seasonal variations to give the estimated figure for 1992. This figure will be revised with "actual" data in the 1993 API report. Note also that the 1995 planned figures in this and the following indicators decrease due to the fact that the CLUSA project end-of-project (EOP) is 1994. Finally, note that in 1989, when WOCCU began their credit union activites, the baseline was zero (0). Equivalent category data for WOCCU is not currently available for 1990-91 because their reporting method has changed; however, field records are being analyzed to disaggregate the data, and figures should be available for the 1993 API report which will be revised accordingly.

Along with the lending activities of the CARE Micro Enterprise Development Project in Maradi, technical training is also conducted. The training includes trades such as radio repair, various types of agroprocessing, vehicle maintenance and repair, and many others. The project has recently stopped conducting business/financial management training as participants were not willing to pay for it as they are for the technical training. While participating in a technical training does not automatically guarantee an applicant a loan, many of the trainees do go on to start their own businesses or go to work for others. This and the following indicators have a planned increase rate of 5%. Given the extremely high performance of the CARE project over the past several years this may be low; however, it is difficult to find a scientific basis for estimating future increases. In addition, CARE is contemplating expanding its lending program to another Department (possibly but not necessarily with USAID/Niger funding support), which would dramatically change future reports.

CLUSA, with an end-of-project date of 1994, is working to organize and stabilize its cooperatives. They have conducted literacy and numeracy training, as well as management skills training. Over 9,600 cooperative participants have been given literacy training, with over 2,500 reaching functional literacy to date.

WOCCU also provides training to its credit union members, both in literacy/numeracy and credit union management.

Indicator	Baseline: 1990	1991 act.	1992 est.	1993 pl.	1994 pl.	1995 pl.
2.2.b Financial services increase:						
Total savings of members in savings programs (FCFA)	—	—	5,559,475	16,245,000	36,600,000	68,520,000
Number of loans of lending programs per year						
- Number of loans by cooperatives	30	45	70	80	90	N/A
- Total loan disbursement under micro-enterprise lending project (FCFA)	69,586,000	385,278,000	515,820,000	541,611,000	568,692,000	597,126,000

Data Source: CARE, WOCCU, CLUSA

Indicator	Baseline: 1990	1991 act.	1992 est.	1993 pl.	1994 pl.	1995 pl.
2.2.c Number of businesses created as a result of receiving loan-funding:	—	2,217	4,500	5,500	6,750	8,000
At least 2 years old						
At least 4 years old						
Five years old or more						

Data Source: CARE

The data for the bottom three categories are not available at this time due to telecommunications strikes which caused a lag getting the data to USAID from the field. However, future API reports will report on these categories. The data that are provided are based on a formula based on past data.

The final three categories of data are seen as more qualitatively expressive in that many businesses may be created, but the health and contribution to the overall economy should improve as the longevity of the business increases. The latter data will be drawn from a sample collection conducted by CARE every quarter. In the past, CARE attempted to keep records on all borrowers and their enterprises, but as borrower numbers grew beyond 5,000, the data collection activities began to overwhelm the lending activities. This year, CARE is beginning a new data collection methodology based on random sampling. That sampling methodology will be reinforced at period intervals by follow-up with a select number of already-sampled borrowers to check on the viability and growth of their enterprises.

Indicator	Baseline: 1990	1991 act.	1992 est.	1993 pl.	1994 pl.	1995 pl.
2.2.d Number of jobs created per year:	—	2,536	8,648	9,500	10,400	11,500
Farm, male						
Farm, female						
Non-Farm, male						
Non-farm, female						

Data Source: CARE

The break-out of this indicator by farm/non-farm jobs and gender will be available with the new sampling methods currently being initiated.

Indicator	Baseline: 1990	1991 act.	1992 act.	1993 pl.	1994 pl.	1995 pl.
2.2.e Increase in self-financing capability of group or institution:						
Cooperatives (percent of coverage)	0%	10%	25%	40%	50% (EOP)	
Lending institution (percent of costs covered)	—	—	30%	50%	75%	100%

Data Source: CLUSA, CARE

Cooperatives vary greatly at this time in the extent of their self-financing. All cooperatives dispensing loans for their activities must furnish 10% of their loan demand. Several cooperatives (4) are self-funding at 100%. Up to 70 cooperatives are self-financing to some degree. Discussions with two local banks have resulted in their involvement in a new financing service operation and the establishment of better loan systems to cooperatives. Those systems should become active in 1993, and increase the levels of self-financing. CLUSA is also working to establish a free-standing non-governmental organization (NGO) to replace itself at the end of the project.

The CARE micro-enterprise project refers to the extent to which operating costs are covered. While the initial loan fund was provided by USAID/Niger (and other donors), and operating costs were initially covered through these programs as well, subsequent activities to cover all operating costs from interest payments on loans (currently at 18%) are being undertaken. The CARE project recently moved the lending organization onto separate property so that all costs such as utilities, rent, and maintenance could be isolated and assigned to the lending program. Various systems have been developed to reduce operating costs, including new vehicle policies, streamlining of procedures, and an auction of seized property. The repayment rate, currently at approximately 92% for Phase II of the project), will continue to be monitored.

Indicator	Baseline: 1990	1991 act.	1992 est.	1993 pl.	1994 pl.	1995 pl.
2.2.d Number of jobs created per year:	—	2,536	8,648	9,500	10,400	11,500
Farm, male						
Farm, female						
Non-Farm, male						
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INDICATOR	Baseline: 1992	1993 pl.	1994 pl.
Institutionalized, vertically integrated GON Early Warning System (*Système d'Alerte Précoce, SAP*) and assessment capability in place and functioning.	- 8 Department Committees (includes Niamey) legally established - SAP structure in place and legally formalized -National Committee in place -Some SAP components (PSAC and 3 Sectoral Offices) not legally established -Weak assessment capability in early warning system	-Outstanding legal texts will be established -Definition of requirements for appropriate early warning structure (including local-level threshold indicators and national-level analysis framework) -Development of job descriptions and responsibilities -Management training of early warning system staff -Training in report production conducted and administrative channels for timely submission developed for committees	-Identification/formalization of local-level vulnerability threshold levels -Implementation plan developed for effective EW structure -Training conducted for early warning committees and national staff in vulnerability assessment methodologies

Data Source: USAID/Niger

In order for the GON (and donors) to effectively mitigate and avert crises or respond to disasters, a system must be put in place that collects data, interprets the data against established crisis indicators, and assesses assistance needs, all in a timely manner. Such a system must be integrated, with the local level (arrondissement or even canton) activities providing input to upper-level decision-makers who know how to interpret the data and have plans and resources in place to use if necessary. In beginning to establish this kind of integrated system, several *Conditions Precedent* will need to be met. They include (among others): providing legal texts at the ministerial level for the creation of three additional Sectoral Work Groups for early warning (Agricultural and Livestock Pest Monitoring, Crop Production Forecast and Stock Estimates, and Livestock Market); and establishing a plan for institutionalizing an integrated capability in warning and disaster response for food-related and other emergencies that describes the coordinating institution within the Prime Minister's Cabinet, and the role of GON entities at the national, departmental and arrondissement levels.

A key factor in developing the capacity of the Government of Niger to plan and manage its resources and respond to emergencies in its territory is to assist the flow of information from local centers to the decision-making levels for resource distribution. To achieve this, committees will be trained in data collection, preliminary analysis, and submission of timely reports to the users. While some committees are already in place, refinement is needed in their ability to collect appropriate data, perform preliminary analyses, and get the information through the system in a timely manner. Additionally, local-level (arrondissement) committees are needed to develop a more detailed knowledge base through risk assessment studies and resource inventories. A phased approach to training committees will occur, with those in the most historically vulnerable areas being supported first. Currently, committees exist in all 8 Departments (including Niamey), and draft legal texts exist for half of the 35 arrondissements. Over time, all 35 arrondissement-level committees will be established and trained.

The capacity of the GON to assess the vulnerability of different populations is in its infancy. Some baseline data collection activities such as SNIS (Ministry of Public Health) are reasonably well developed, but their ability to analyze the data, isolate problem areas, decide whether a stress threshold is being approached, and make decisions based on these analyses, is in its infancy. As the committees become functional, indicators specifying regional variations and levels of tolerance in sectors such as food security, flooding, etc., will be developed. The overall methodology of determining vulnerability from data collected will also be developed at the national level, and a scaled-system for decision-making put in place. Research, pilot-testing, training, and awareness-building activities will be conducted to establish the conditions necessary for achievement of the target indicator.

INDICATOR	Baseline: 1992	1993 pl.	1994 pl.
Response systems for addressing crises are in place and functioning.	-Ad hoc, nonformalized response mechanism in place	-*Bureau de Prevention, Secours et Attentuation des Catastrophes (PSAC)* established -A document establishing the legal basis for declaration of emergencies is in place based on clearly defined and measurable thresholds -A legal text in place designating GON Food Aid Coordinator and responsibilities -An office and individual authorized to represent the Grantee regarding the management of the Emergency Fund are designated. -Risk assessment process initiated -Development of a format for resource inventories -Development of job descriptions and responsibilities -Management and administration training conducted -System to coordinate data collection and preliminary analysis (EW) with response (PSAC) structure in place	-Signed legal texts in place laying out authorities and procedures for disaster response -Emergency Fund established -Risk assessment process continues (ongoing) -Contingency plans drawn up for 9 arrondissements -Resource inventories for all arrondissements and departments completed -Communications network (hardware and channels) in place and functioning, based on resource inventory needs assessment -2 models for mitigation activities identified and evaluated for appropriateness in different situations -Development of an accountability system for tracking commodities and performance

Data Source: USAID/Niger

This set of benchmarks lays out the plan for institutionalizing the capacity of the Government of Niger to prepare plans for responding to crises and to carry out those plans. Using the information from the early warning system (described in the first indicator), the purpose of the DPM Program is to build the management structures and technical support, along with mitigation technologies and disaster relief resources, to alleviate the hardships resulting from drought, food shortages, epidemic diseases, and other crises. The response mechanisms must be prepared to operate on several levels. They must be integrated with the early warning data collection and analysis operation so that they receive warning of impending problems in a timely manner. The objective of these interactions is to catch potential problems and conduct mitigation activities to stop them before they become disasters. When disasters occur, however, the PSAC must also be prepared to respond to them as quickly and efficiently as possible, using the Emergency Fund and coalescing donor support through plans which lay out the actions to be pursued.

Activities that will lead to the preparedness of the office and local-level communities to identify and make plans for addressing for crises include the training of staff in analyzing risk with the data available from the early warning system, developing plans to mitigate problems once identified, installation of communications networks that are relatively bureaucracy-free, and putting in place the official authorities and procedures for Government action when disasters are declared.

While the above indicators are obviously process indicators, people-level impact of this target would be difficult and artificial to measure in any other way. In the absence of knowledge of future crises or disasters that may occur, it is not possible to say that "famines will be averted in 5 locales in 1994" or "disease outbreaks in 2 regions will be contained to those regions." Any information about such incidents will be after-the-fact and negative; that is, "the coordination of donor relief efforts did not occur because..." or "the information emanating from the arrondissement committee did not forecast the magnitude of the disease outbreak because..." Such measurements of impact are best left to mid-term and final evaluations of the program/project (DPM/FEWS), with on-going monitoring to identify and document problems as they occur, and make program adjustments accordingly.

Clearly, the process of building the capacity at the local and national levels to pre-empt crises or respond to them in a timely, effective manner will have a positive impact on the population. Since it is difficult to analyze incidents that did not occur (because they were successfully mitigated or averted), the use of process indicators — a system in place functioning in a well-managed manner — is USAID/Niger's best indicator at this time. In the future, the arriving DPM Program implementation team may be able to be more precise, and an indicator such as the following might be put in place: "based on a functioning, integrated system, donor coordination and participation in emergency fund activities will result." Such an indicator is best left, however, for later years of the program (1997-98) when knowledge about the potential achievements is more easily determined.

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FY 92 ASSESSMENT OF PROGRAM IMPACT

SENEGAL

INTRODUCTION

In FY 92, USAID/Senegal began to implement several projects linked to our new strategy. These new projects will have a significant impact on the achievement of our four strategic objectives. In this API, we highlight progress under the strategic objectives relating to family planning and reforestation since these are activities which have been in place long enough for the Mission to provide data on concrete achievements. We also have solid progress to report with respect to our targets of opportunity: credit (for small scale enterprises) and credit policy (banking sector reform), AIDS, and democracy and governance.

During the past year we have filled in some blanks in our baseline information. We compiled comprehensive data on the sources of income of rural senegalese households in the northern regions of Senegal, and also obtained detailed income and expenditure data on the central and southern groundnut basin. We are modifying the socio-economic monitoring components of several of our ongoing projects to improve our coverage especially in our target zone in the southern part of Senegal. At the same time we are systematically incorporating compatible socio-economic monitoring components into our new projects.

SECTION I: SPECIAL FACTORS AFFECTING THE USAID/SENEGAL PROGRAM

Political Factors: Senegal is one of the few African countries which has been politically stable during the past year. The government reorganization of April 1991 calmed the political waters. The political leadership now is focusing on the Presidential elections of February 1993. As a result, the Government of Senegal (GOS) has been unable to take the difficult decisions that we consider necessary if Senegal is to improve its competitive position in the world economy.

Economic Factors: In the later 1980s, the GOS successfully managed the economy. During this period, the government brought the budget and balance of payments deficits down to manageable levels and reduced inflation to its existing rate of around two percent. However, in the last two years the economy has been in a holding pattern. Restrictive credit policies implemented by the Central Bank, which is attempting to rebuild the external assets of the Monetary Union, have contributed to the problem. In addition, a number of painful economic measures have not yet been implemented, such as reducing the public sector wage bill and approving a new and more market-oriented labor code. IMF and IBRD budget support programs currently are on hold; Senegal probably will be unable to obtain budget support from these institutions until after it has demonstrated that it has become more competitive than is currently the case. An effective devaluation of the CFA is warranted but, by itself, will be inadequate. In the meantime, economic problems continue to mount. Meeting the monthly public sector payroll is becoming more and more difficult.

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In the past few months, however, the GOS has adopted some constructive policy positions, for example in connection with the negotiations on the Agricultural Sector Reform program (PASA). We also are encouraged by the positive actions taken by the GOS in matters relating to, for example, the privatization of PL-480 imports and the movement toward the development of a National Environmental Action Plan.

Decentralization Efforts: The GOS continues to decentralize decision-making. This is particularly evident in the health sector where regional and district level institutions have been given much greater responsibilities in planning, implementing, monitoring and evaluating their specific health programs. The government also has announced its support for greater participation of local populations in development decisions. We are building upon these GOS initiatives by strengthening local participation in the implementation of project activities in the community health/family planning, reforestation and natural resource management fields.

Environmental Policy: The GOS is moving rapidly towards the creation of a comprehensive framework for environmental planning and management. The GOS Secretariat for the National Environmental Action Plan, which we are financing, will be attached to the office of the Prime Minister.

Insurgency: Recent resurgence of Casamance separatists has resulted in a substantial decrease in agriculture area planted, principally near the Gambia and Guinea-Bissau borders. The violence is disrupting the economy of the region. It also may interfere with our ability to collect some of the additional data we need to complete our baseline information.

SECTION II: PROGRESS TOWARD OVERALL DEVELOPMENT GOALS

GOS statistical reporting is weak. Due to changes in data gathering methods, it is difficult to document accurately Senegal's macroeconomic performance. We will examine our baseline macroeconomic indicators during the coming year, and adjust them if necessary. According to the best information currently available, real GDP grew at a 2.9 percent rate in 1990 and at a 1.1 percent rate in 1991. Given a 2.7 percent increase in population, the 1991 figure translates into a decrease of 1.6 percent in per capita income.

For the natural resources based activities on which our strategy concentrates, i.e., the primary sector excluding fishing and mining, the data typically show marked annual fluctuations. For example, our indicator for per capita income from natural resources in zones of reliable reinfall shows a marked decrease in FY 1991 and an even sharper increase in FY 1992. Our planned targets are long term trend targets which smooth these annual fluctuations.

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USAID/SENEGAL PROGRAM GOALS

	Baseline	ACTUAL		PLANNED		
		FY 91	FY 92*	FY 93	FY 95	FY 97
GOAL: INCREASE PRIVATE INCOMES FROM NATURAL RESOURCES:	(1986-89)					
Indicator:						
1. GDP Growth Per Year	2.6%	1.0%	2.4%	3.2%	3.2%	3.2%
2. Natural Resources Annual Growth (excluding Fishing & Mining)	3.3%	-3.5%	1.9%	3.6%	3.6%	3.6%
SUB-GOAL 1: INCREASE NATURAL RESOURCES INCOME PER CAPITA:	(1986-89)					
Indicator:						
1. GDP Growth Rate Exceed Population Growth Rate	-0.1%	-6.2%	-0.3%	0.5%	0.5%	0.5%
2. Per Capita Income from Natural Resources in Zones of Reliable Rainfall	-0.6%	-12.2%	19.5%	1.8%	1.8%	1.8%
SUB-GOAL 2: INCREASE VALUE OF MARKETED OUTPUT (CFA Billion)	(1989-91)					
Indictor:						
Value of Marketed Production	80.3	77.7	82.2	85.3	88.6	91.9
SUB-GOAL 3: INCREASE VALUE OF HOME CONSUMPTION (CFA Billion)	(1989-91)					
Indicator:						
Value of Home Consumption	113.5	113.7	104.0	108.0	112.0	116.3

Source: GOS data, Mission data

Note: The value of marketed production has been revised to include new information on the proportion of total production that is marketed. Recent socio-economic research indicates that the proportion of cereal grain production actually marketed is between three and five percent (rather than the ten percent figure assumed in last year's API). The baseline and targets under sub-goals 2 and 3 have been adjusted accordingly. These data could be expanded by about 20 percent to include the value of fruits, vegetables and livestock.

* Mission estimates.

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SECTION III: PROGRESS TOWARD STRATEGIC OBJECTIVES

In this section we describe the progress made toward achieving our four strategic objectives. Each subsection begins with a table containing data on relevant indicators, baseline data, levels actually achieved, and targets for the outyears.

STRATEGIC OBJECTIVE NO. 1

	Baseline	ACTUAL		PLANNED		
		FY 91	FY 92	FY 93	FY 95	FY 97
STRATEGIC OBJECTIVE 1: DECREASE FAMILY SIZE	(1986)					
Indicator: National Total Fertility Rate	6.6			6.3	6.2	6.0
TARGET 1.1: Increase Use of Modern Contraceptives	(1986)					
Indicator: Urban Contraceptive Prevalence Modern Methods)	6.7	10.4		12.4	15.4	18.0
TARGET 1.2: Increase Contraceptive Prevalence in Rural Areas	(1986)					
Indicator:						
1. Women's Knowledge of Modern Contraceptive Methods (percent)						
a. One Method:	58.1	75		82	86	90
b. Three Methods:	23.4			49.6	55	60
2. Men's Knowledge of Modern Contraceptive Methods (percent)						
a. One Method:						
b. Three Methods:						

Sources: DHS, KAP, National Census

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Strategic Objective 1: Decrease Family Size

Major Achievements:

- Total couple years of protection increased from 83,700 in 1990 to 101,000 in 1991.
- National Family Planning Program established.
- Norplant services expanded and the National Voluntary Surgical Contraception Training Unit opened.
- Health system decentralized.

In 1993, the results of the Demographic and Health Surveys (DHS) will provide precise information on contraceptive prevalence rates. For this API, we rely on the measure of couple years of protection (CYP) as a proxy for contraceptive prevalence. CYP is a measure of the number of couples who are protected from pregnancy for an entire year (calculated on the basis of a given amount of contraceptives). As shown in Table 1, the acceptance of family planning is rising. Between 1988 and January 1992, CYP increased from 54,400 to 101,000, an increase of over 85 percent. The biggest jump in CYP occurred between 1989 and 1991. The three primary reasons for this increase are: an increase in the number of family planning centers from 79 in 1988 to over 150 in 1990, the increased availability of a variety of contraceptives following the receipt of large shipments in 1990 and 1991, and an increased utilization rate of family planning services. Preliminary data for CY 1992 (through June) indicate that this trend in CYP increase is continuing. It is also interesting to note that approximately 42% of CYP is attributed to the use of interuterine devices (IUDs)

Table 1: Total Couple Years of Protection ('000 CYPs)

Distributor	1988	1989	1990	1991
Public Sector and Private/Parapublic Clinics	**33.0**	**37.5**	**57.4**	**74.4**
Commercial Sector	19.3	19.3	23.5	23.5
ASBEF (Planned Parenthood Affiliate)	2.1	2.5	2.8	3.1
TOTAL	**54.4**	**59.3**	**83.7**	**101.0**

which provide effective long term protection. Our CYP analysis relies on distribution reports and records from the national and regional warehouses, not on clinic reports. Therefore, actual CYP levels could be as much as 10 percent lower than reported. Trends, however, remain very encouraging. In FY 1993, the Logistics Reporting System will become operational at the clinic level. This system will produce more precise CYP estimates.

Box A: Norplant

Long-term, effective contraceptive methods now are available in Senegal due to our support for contraceptive development. Though public health care is "free", a client recently gave a goat as a gift to the hospital staff who had performed her procedure at the National Referral Center for Norplant. She stated that, following several complicated, dangerous deliveries and the unacceptability of other methods of family planning, Norplant saved her children from becoming orphans.

Our contribution to this encouraging trend is evident from a review of the data on the public sector and on private/parapublic clinics. For these clinics, we are the principal and often sole supplier of contraceptives. We also are the primary funder of training and quality of care improvements in the family planning sector. Finally, although we do not provide direct support to the commercial sector, that sector does benefit from the Information, Education, and Communication activities that we undertake. In fact, the increases in CYP by the commercial sector correlate well with the media campaigns funded by our projects. Beginning FY 1993, we will increase our direct support to private sector involvement in family planning through contraceptive social marketing activities.

At the institutional level, a National Family Planning Program was formed in 1992. This program, which combines all family planning related activities under one umbrella, will contribute significantly to improved management, coordination and oversight of family planning activities in Senegal. Several key policy actions also are taking place. These changes will increase the acceptability and accessibility of family planning services: the private/parapublic sector actively participates in service delivery; medical and cost barriers are being removed; and a review of pro-natalist policies is beginning. Together these changes reflect a growing sentiment among top leaders that the issue of population dynamics merits attention. The President himself has stressed to his key advisors the importance of population issues and of the provision of family planning services.

In the area of service delivery, longer term methods are being introduced into the system. The opening of the National Voluntary Surgical Contraception Training Unit and the expansion of the provision of Norplant services are particularly noteworthy. The relatively high initial utilization of these services reinforces our assumption that an unmet demand for family planning exists in urban areas.

The health system as a whole is being decentralized. In November 1991, the first regional and district health plans were presented to donors for funding. These presentations were the culmination of two years of preparatory work, funded primarily by USAID and the World Bank. The regions and districts now take the lead in planning, implementing, monitoring, and evaluating their specific health programs. Corresponding changes in fiscal authority are being designed to allow for local fiscal control and oversight. Several studies and evaluations have shown that decentralization is an important pre-condition for the effective functioning of the health system. After all the components of the health system are fully decentralized, the National Family Planning Program will be able to institute more effective family planning clinic surveillance and impact data collection systems. The decentralization and improved supervision of health services are expected to improve the quality of services. This will increase the acceptance rate and reduce the discontinuation rate.

The major sources of information to track our Strategic Objective number 1 and its target indicators are the DHSs, to be carried out in 1992/93 and 1997, supplemented by separate urban and rural Knowledge, Attitude and Practices (KAP) surveys to be carried out in 1995. In off-years, we will estimate CYPs based on available distribution records. The pretest and mapping for the 1992/93 DHS are now underway. Data collection for the first DHS will take place from November 1992 to February 1993. This DHS will provide information on urban prevalence of modern methods of contraception and on knowledge of these modern methods. We will use this information to establish baselines and specific targets for men's knowledge of modern contraceptive methods. Subsequently, we will explore changing attitudes and practices. For example, we intend to find out the appropriate mix for Senegal, at this time, of the four family planning methods for men: condoms, vasectomy, withdrawal and periodic abstinence.

The baseline for women's knowledge of modern contraceptive methods was established utilizing data available on women of reproductive age from the 1986 DHS. Overall knowledge of modern methods (pills, IUD, injectable, vaginal spermicides, condoms, male/female surgical contraceptive) in the country was 40.6%. 23.4% of rural women and 65.5% of urban women knew of at least three modern methods.

Box B: Changing Attitudes in Senegal

Our efforts to help change attitudes toward family planning are bearing fruit. At a local family planning center, a midwife was interviewing a pregnant teenage girl. The teenager was not shy; when she was asked whether she was married or not, she answered plainly "not married." Young, unmarried girls are beginning to openly accept family planning services despite the strong traditional barriers that still exist.

We have established a target, for 1997, of 60% for rural women being knowledgeable of three modern methods. Our intermediate target for 1993 is 49.6%. According to the 1986 DHS, overall knowledge of one method rose an average of 3.75% between 1978 and

1986, from 60% to 90%. The intensive information, communication and education campaign to be undertaken under the new Senegal Child Survival/Family Planning Project will ensure that this knowledge growth rate is maintained if not increased. In addition, we project that approximately 80% of all women of reproductive age will be aware of three modern methods by 1997.

STRATEGIC OBJECTIVE NO. 2

	Baseline	ACTUAL		PLANNED		
		FY 91	FY 92	FY 93	FY 95	FY 97
STRATEGIC OBJECTIVE 2: INCREASE CROP PRODUCTIVITY IN ZONES OF RELIABLE RAINFALL	(1989-1991)					
Indicator:						
Adjusted kg/ha for:						
- Millet	786	731	792	820	850	880
- Sorghum	850	800	850	880	910	940
- Rice	1,254	1,078	1,252	1,380	1,440	1,505
- Groundnuts (for oil)	959	852	920	1,055	1,100	1,150
- Grounduts (edible)	1,006	866	964	1,105	1,155	1,205
- Maize	1,202	1,144	1,078	1,115	1,154	1,195
TARGET 2.1: Increase Soil Productivity (no indicator; see text)						
TARGET 2.2: Increase Use of Adapted Technologies	(1988)					
Indicator:						
Percent of Compounds Using Adapted Technologies.						
- Windbreaks	2-3			5	7	8
- Live Fence	0-3			1	3	5
- Field Trees	20-25			25	30	15
- Fallow Land	1			-	-	5
- Fertilizer	-			-	-	-
- Manure	20			20	20	20
- Crop Rotation	2			-	-	-
- Water Management	-			5	10	15
- Improved Seed	-			5	10	15
- Erosion Control	-			5	10	15

Sources: Annual Farm Survey and MRDH Crop Production Estimates

Note: USAID/Senegal is now executing a KAP Survey which will use the same sampling methods as the "National Priorities Survey" conducted in 1991 by the National Statistics Office. Results from these two surveys will be combined to update the socio-economic and NRMS practices baseline.

Strategic Objective 2: Increased Crop Producitivity in Zones of Reliable Rainfall

Major Achievements:

- Anti-salt dikes constructed in two valleys and twenty demonstration plots established to assist in the transfer of improved technologies for rice cultivation.
- Technical assistance team for Natural Resource Based Agricultural Research in place.
- A major new project with Africare located in the Kaolack Region.

Under this strategic objective, our goal is to increase the productivity of five key crops in Senegal. We will do so through research and direct interventions involving improved natural resources-based technologies. Four USAID projects (three existing projects: Southern Zone Water Management, Natural Resources Based Agricultural Research, and Kaolack Agricultural Enterprise Development; and one planned project: Community Based Natural Resource Management) are the primary vehicles for these interventions. However, the three existing projects are just beginning to get off the ground, so their impact on this strategic objective has not yet been felt.

The cost of establishing and monitoring nationwide bio-physical data prohibit their direct use as indicators of soil productivity. As a result, we use the adapted technologies listed under Target 2.2 as proxies for changes in soil productivity. Specific project research on natural resource management technologies will provide the linkage between the adapted technologies and productivity. These data, along with rates of participation, will be used to derive people-level impacts.

Judged on the basis of yields per hectare, the 1991/92 crop year was relatively normal. With the exception of maize, yields for the major foodcrops (millet, sorghum, rice, groundnuts, and maize) were all about the same as the three-year base. Maize yields were about 130 kg/ha below the base, largely due to the absence of credit for seed and fertilizer inputs in Fatick and Kaolack. The national agricultural credit bank suspended credit to these regions due to poor repayment practices. The Kaolack Agricultural Enterprise Development project, with its natural resource management and rural credit activities, will be our most direct intervention in these regions.

The area planted to the major foodcrops in 1991/92 was 2,111 thousand hectares. This was slightly below the baseline three-year average of 2,170 thousand hectares. Area planted within the USAID "zone", that is Senegal's southern half where reliable rainfall

totalling 400 mm per year is available in four years out of five, was almost 80,000 hectares below the three year average, with most of the decrease in Fatick and Ziguinchor. Area planted in the Region of Ziguinchor was down about 12,000 hectares (mostly land for rice and groundnuts). This decline is attributable, at least partially, to the civil unrest in that region. In addition, the GOS Agricultural Statistics Office changed its sampling procedures in 1991 so it is difficult to know exactly how much of the decline is "real" and how much is due to the change in data collection procedures. There also was some shifting between crops. In the future, we will report three year moving averages to smooth annual variations.

This year, the Southern Zone Water Management project constructed anti-salt and water retention dikes in two valleys. Twenty demonstration plots were established in these valleys to introduce improved seed varieties, fertilizers, and water management techniques to women rice farmers. Similar activities will be undertaken in a total of six valleys this year. As farmers begin to adopt these techniques, we expect to see a corresponding rise in crop productivity.

We will continue to collect data on yields per hectare from USAID funded projects; additional information will come from the Direction of Agricultural Statistics (MRDH) Crop Production Estimates. Baseline indicators on the use of adapted technologies, as well as actual annual increases in the use of these technologies, will be established and monitored through a KAP survey which will be completed in November 1992. In addition, a technologies inventory study will be completed in December 1992 as part of the Natural Resources Based Agricultural Research project. Together, these two studies will allow us to establish all our baseline indicators and to determine appropriate planning targets.

STRATEGIC OBJECTIVE NO. 3

	Baseline	ACTUAL		PLANNED		
		FY 91	FY 92*	FY 93	FY 95	FY 97
STRATEGIC OBJECTIVE 3: INCREASE VALUE OF TREE PRODUCTION	(1990)					
Indicator:						
Income Increased per Compound from Forestry Products						
- Rural Share of Marketed Value (%)	36	32	33	35	40	50
- Per Capita Cash Revenue						
Kaolack (CFA)	590	566	572	600	1,000	2,000
Kolda (CFA)	1,300	1,225	1,235	1,500	2,000	4,000
Market Value of Tree Stocks per Compound (CFA)						
TARGET 3.1: Plant More Trees						
Indicator:						
1. Trees Planted and Surviving per Year Nationwide	(1990)					
- Number (million trees)	1.26	1.66		2.00	4.00	10.00
- Percent Survival (one year)	20%	20%		25%	30%	40%
2. Compounds Engaged in Forestry (percentage of total compounds)	(1988) 39%			40%	45%	50%
TARGET 3.2: Increase Conservation of Trees	(1990)					
Indicator:						
1. Increase in Hectares Protected/ Managed to Permit Regeneration	4,248	4,329	4,400	5,000	10,000	20,000
2. Trees/ha on Participating Farms	18			25	40	50

Sources: Project data, GOS Records, MDRH and Farm Surveys

Note: The baseline value for the rural share of marketed forest products (i.e., forest products excluding charcoal and sawn wood) has been corrected. It remains approximate until a forest products market information system is operational (planned for 1993).

* Mission estimates

Strategic Objective No. 3: Increase Value of Tree Production

Major Achievements:

- 1.6 million trees planted and surviving in Senegal in 1991 (20% one-year survival rate).
- New forestry code developed.
- 400,000 surviving trees planted with USAID support (45% global one-year survival rate).

Approximately 8 million trees were planted in 1991 with about 1.6 million surviving one year (with an approximate one year survival rate of 20%). Our contribution to this accomplishment is substantial (see Table 2). In 1990, participants under the USAID Senegal Reforestation project planted 537,000 trees of which 220,000 survived the first year (41% survival rate). The 1991 program was nearly double the 1990 program. Approximately 406,000 of the estimated 990,000 trees planted are expected to survive one year. It should be noted that national statistics on tree planting in Senegal are drawn from GOS documents. The accuracy of these statistics, especially the survival rates, is questionable. In 1993 the GOS Forest Service plans to survey areas planted since 1980 to obtain more reliable long-term survival information. The USAID Senegal Reforestation project will conduct a similar survey on its past participants in late 1992 or early 1993. We will use these studies to obtain data on the number of trees per hectare on participating farms.

Table 2: USAID Contribution to Strategic Objective 3

Target Number	Actual			Planned		
	FY 90 Base	FY 91	FY 92	FY 93	FY 95	FY 97
3.1a Trees Planted and Surviving ('000 per year)	220	406		600	1,000	2,100
3.1b Trees Planted and Surviving (%, after 1 year)	41	45		45	45	50
3.2 Increase in Area Protected/Managed to Permit Regeneration ('000 hectares)				1.0	5.0	10.0

The attitudes of the rural population towards tree management are gradually changing. A 1991 KAP survey of participants conducted by the USAID Senegal Reforestation project indicates that approximately 95% of the rural population is aware of the linkage between good tree management and soil fertility, compared with 88% in 1988. Of those persons participating in the Senegal Reforestation Project's Matching Grant Program, 48% of the people interviewed in 1991 cited improving the environment and civic duty as a major reason for their participation. Over 30% indicated they engaged in forestry activities for economic reasons.

One setback in efforts to increase tree production in Senegal was the cutting of trees on 45,000 hectares of the Khelcom forest. Since very little planning was undertaken prior to cutting these trees, the needs of indigenous populations were not adequately considered, particularly their economic dependence on forest trees and forest products.

Box C: Rapid Progress in Environmental Planning

The GOS has agreed to form CONSER, Senegal's new Inter-Ministerial Council for Natural Resources Management, in 1993. This council will review natural resources and environmental policies and approve new or revised policy measures. Chaired by the Office of the Prime Minister, CONSER will be served by a Permanent Secretariat responsible for technical analyses, policy reform proposals and the development of a national environmental and natural resources plan. The GOS is establishing the council and the secretariat in response to performance indicators in our recently approved PL-480 Title III program.

The GOS, USAID, and other donors have been working together on the design and implementation of a new forestry code. This code will give farmers more control over their rights to market tree products. The GOS also has agreed to establish an Inter-Ministerial Council for Natural Resources Management (see Box C) and to develop a National Environmental Action Plan. In addition, we anticipate that the GOS will agree to additional policy reform proposals related to natural resources tenure. These policy changes should have a direct impact on incomes derived from forestry products. At present, per capita revenue generated from the sale of forest products varies between zero and 1,300 CFA, depending on the region (this excludes the value of wood and forest products consumed at home, of which fuelwood alone is about two metric tons per family, or about CFA 69,000 per family). Implementing the new forestry code is expected to triple the value of marketed forest products by 1997.

Box D: Participation in the Senegal Reforestation Project

Fifty-five percent of the 53,000 individuals who participated in the 1991 Matching Grant Program of this project were women. The impact of the program is expected to be substantial. For example, each one hectare field of cashew trees is expected to generate about $420 dollars per year.

More reliable targets for the first indicator under Strategic Objective 3 will be established after the Forest Product Market Information System (part of the Senegal Reforestation project) is undertaken in 1993. This system will provide information on the rural share of the marketed value of tree products. However, this information system will not provide information on the market value of tree stocks per compound (indicator 2). Nor will the proposed Community Based Natural Resources Management Project be able to provide this information in the next few years. Therefore, in order to establish a reliable baseline and reasonable targets for this indicator, a separate survey will need to be undertaken in 1993. At present, information on this indicator is taken from official GOS statistics. Our KAP survey, now underway, will provide information on the number of farmers engaged in specific natural resource management activities.

STRATEGIC OBJECTIVE NO. 4

	Baseline	ACTUAL		PLANNED		
		FY 91	FY 92	FY 93	FY 95	FY 97
STRATEGIC OBJECTIVE 4: INCREASE LIBERALIZATION OF THE MARKET FOR AGRICULTURAL AND NATURAL RESOURCES-BASED PRODUCTS	(1989-91)					
Indicator:						
1. Reduce Marketing Margins to Their Competitive Levels (percent margin)	17-26		14-17	15-20	10-15	10-15
2. Agricultural Product Marketed through the Private Sector (percent of total)	46		46	50	95	95
TARGET 4.1: INCREASE PRIVATE SECTOR ACTIVITIES	(1992)					
Indicator:						
Number of Major (at least 10 clients) Wholesale Cereal Traders						
- Dakar (Rice)	279		279	285	300	300
- Outside Dakar	185		185	190	190	200
TARGET 4.2: DECREASE GOVERNMENT REGULATIONS		Actual/Expected Implementation Period				
Indicator:						
1. Eliminate Rice Transport Subsidy				X	X	X
2. Eliminate Buying/Processing Local Rice by SAED				X	X	X
3. Eliminate Wholesaling of Local Rice by CPSP				X	X	X
4. Deregulate Prices and Imports (whole rice)			X	X	X	X
5. Implement Deregulation of Prices for Broken Rice (except Dakar wholesale)						
- All Regions except Kolda/Ziguinchor				X	X	X
- Kolda/Ziguinchor					X	X
6. Reorganize Agricultural Development Bank					X	X
7. Privatize Groundnut Parastatal (SONACOS)				X	X	X
8. Implement Forestry Code					X	X

Sources: GOS Market Surveys, CPSP, CSA/SIM, Mission Records

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Strategic Objective No. 4: Increase Liberalization of the Market for Agricultural and Natural Resources-Based Products

Major Achievements:

- Official paddy price of rice eliminated.
- SAED (the parastatal responsible for processing rice) mills are no longer operating.
- GOS agreed to decontrol all internal rice prices by July 1993.
- Whole grain rice import license requirements eliminated.

During the coming year, we intend to refine and expand the indicators under our fourth strategic objective. To date we have been concentrating on rice and, to a lesser extent, groundnuts. We recognize (refer to target 4.1) that the continued existence of many major wholesale cereal traders is not, by itself, a fully adequate indicator of competitiveness; it is, however, a good rough proxy. We also recognize (refer to target 4.2) that our focus on policy reforms (privatization and deregulation), largely but not exclusively involving rice, does not necessarily assure the development of competitive markets. However, for the near term, we must emphasize the disengagement of the GOS from those areas that inhibit the emergence of liberalized (competitive) markets.

Over the past three years, USAID and other donors have been conducting policy discussions with the GOS to liberalize agricultural markets. Although no final agreements have been signed, the negotiations have resulted in several very positive commitments from the GOS which it has already begun fulfilling. The GOS has made significant progress in meeting its promise to completely disengage from marketing and processing locally-produced rice. The official paddy price (85 CFA/kg) has been eliminated. There is now a "reference" price of 75 CFA/kg, but real market prices are nearer 65 CFA/kg. SAED (Societe d'Amenagement et d'Exploitation du Delta, the parastatal responsible for processing rice) mills are out of business. SAED's remaining stocks are being processed by privately owned mills. This change is expected to result in a 4% increase (from 46% to 50%) in the percentage of total agricultural product marketed through the private sector.

Box E: Privatization of PL-480 Food Imports

In accepting the conclusions and recommendations of our recent rice-privatization study, the GOS has agreed to contract with a local private sector management firm to handle the PL-480 commodities and to administer regular public tender sales to Senegalese traders. In the past, PL 480 assistance passed exclusively through a government-controlled parastatal.

The next targeted increase in this indicator, from 50% to 95%, is expected to occur when the GOS privatizes SONACOS (the parastatal which buys and processes groundnuts in Senegal). Over the coming months, USAID will be bringing a team to Senegal to develop a mechanism and detailed plans for faciliting this process.

The GOS has also committed to: (1) eliminate the transport "perequation" on rice; (2) eliminate its regional, broken rice wholesale function; and, (3) eliminate the fixed wholesale and retail margins (i.e. prices). These actions were to have been completed in all regions except Kolda and Ziguinchor by July 1992 and in these last two regions by July 1993. A decree is now in circulation. Once these measures are effective, only the Dakar wholesale price of broken rice will under direct state control. However, about 80 percent of the rice market in Senegal consists of imported broken grain rice. The Caisse de Perequation et de Stabilisation des Prix (CPSP) effectively continues to influence wholesale rice prices through its control of imported broken grain rice.

The data for the baseline indicator on the difference between producer/consumer and border prices has been revised to reflect more accurate data. In addition, since the margin varies depending on the agricultural product, a decision was made to provide a range of margins. This year millet was at the lowest end of the range with an average margin of 17%. Maize was at the highest end of the range at 26%. The number of major rice wholesalers cited as a baseline in this year's API differs significantly from the baseline provided last year. This is the result of more accurate information that recently became available. We will continue to monitor the number of major rice wholesalers. We want to make sure that monopolies do not develop in these markets after the CPSP disengages from rice wholesaling.

SECTION IV: TARGETS OF OPPORTUNITY

Credit

As a result of banking sector reforms, the government's share in any given commercial bank has been reduced to 25 percent or less, and its position in the sector as a whole to less than twelve percent. Existing commercial banks are liquid. Bank monitoring and supervision are being implemented, with each institution receiving an inspection about every eighteen months on average. Interest rates have been liberalized, and are strongly positive. Sectoral credit allocations and prior authorization of loans have been abolished.

Overall credit policy continues to be restrictive, however, as the Central Bank's first priority is to improve the Monetary Union's net foreign assets position. Senegal has experienced a decrease in domestic credit of about 15 percent between September 1988 and September 1991, including a decrease in credit to the government of about 27 percent over this period. Banks still are reluctant to

expand their loan portfolios. They prefer to place their excess liquidity on the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) "money market", where they can receive virtually risk-free returns of 13 percent (rates were raised by two percentage points to 13 percent in August 1992 to help stem capital flight responding to fears of imminent devaluation). This situation is likely to continue until productive investment opportunities open up in the economy. In addition, some 20 percent of credit potentially available to business and individuals remains frozen in terms of claims of the Central Bank on principal repayments for the ONCAD debt settlement and consolidated crop credit.

Meanwhile, the GOS is creating a legal framework for financial intermediaries that could service the micro and small scale sector. Under a component of the Banking Reform program supported by Canadian technical assistance and USAID conditionality, the GOS has developed a proposal for a legal framework for credit and savings unions. It is being reviewed by the BCEAO, with a view to adopting the framework throughout the Union. Adoption of this proposal would be a big step forward in bridging the gap between informal rotating savings and credit associations, such as tontines, and the formal banking sector.

Box E: The GOS Supports ACEP

Our very successful Agence de Credit pour L'Enterprise Privee (ACEP) activity, which provides credit at market rates to small enterprises, recently received a contribution of $1.7 million from the GOS. The funds will be used to cover all costs needed to expand ACEP's operations to three additional regions in Senegal.

Funded under our Community and Enterprise Development project, the Agence de Credit pour L'Entreprise Privee (ACEP) has continued to expand its portfolio portfolio of loans to small enterprises. It does so while maintaining an exceptionally high loan recovery rate of 98 percent and charging an interest rate of 28 percent. As of June 1992, ACEP had made over 3,175 loans for a total of approximately $11 million with an average loan size of $3,500. A recent study of 1,247 closed loans revealed that 1,661 jobs were created as a result of these loans (367 permanent, 866 temporary and 428 apprentices). Another indication of the success of ACEP's lending activities is decision of the GOS to provide $1.7 million of its own funds to finance the expansion of ACEP activities to three regions in Southern Senegal.

Democracy

Senegal has made several notable efforts during 1991/92 to improve its electoral process. These efforts culminated in the enactment into law, in 1991, of a new Electoral Code. This code provides for several new features aimed at increasing suffrage and fairness:

- the lowering of the voting age from 21 to 18 years

- the establishment of one polling station for each 600 voters
- the use of indelible ink to prevent multiple voting
- the mandatory use of a secret ballot

To support the GOS in these efforts, USAID/Senegal authorized a project in September 1992 which will provide funding for voter education activities and for selected commodities (e.g., ink, ballot boxes, voting booths).

HIV/AIDS

The epidemic of HIV and subsequent AIDS is at an early but potentially explosive phase in Senegal. Not only is the country contending with a growing epidemic of HIV1, but there is also a considerable level of infection with the virus HIV2. The economic and social impact of AIDS in Senegal is potentially devastating.

In FY 1992, USAID and the GOS signed a $10.4 million Senegal AIDS Control and Prevention Project: Senegal AIDSCAP. The goal of this project is to reduce the rate of sexually transmitted HIV infection in Senegal. The project's purpose is to decrease HIV high risk behavior within the target groups and to strengthen delivery of services that reduce the spread of HIV and other sexually transmitted diseases in selected geographic regions.

Slowly changing behavioral patterns make it difficult to measure the impact of AIDS prevention activities on disease levels. However, via the HIV sentinel surveillance system, the DHS, and target population surveys, we will track the (1) gender-group and/or age specific prevalence of HIV and syphilis prevalence; (2) reported use of condoms and other risk reducing behaviors; (3) appropriate health care seeking behaviors related to sexually transmitted diseases, by target populations; and (4) knowledge of appropriate means of preventing sexually transmitted HIV.

ASSESSMENT OF PROGRAM IMPACT

FY 1992

SOUTHERN AFRICA

- LESOTHO
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ASSESSMENT OF PROGRAM IMPACT

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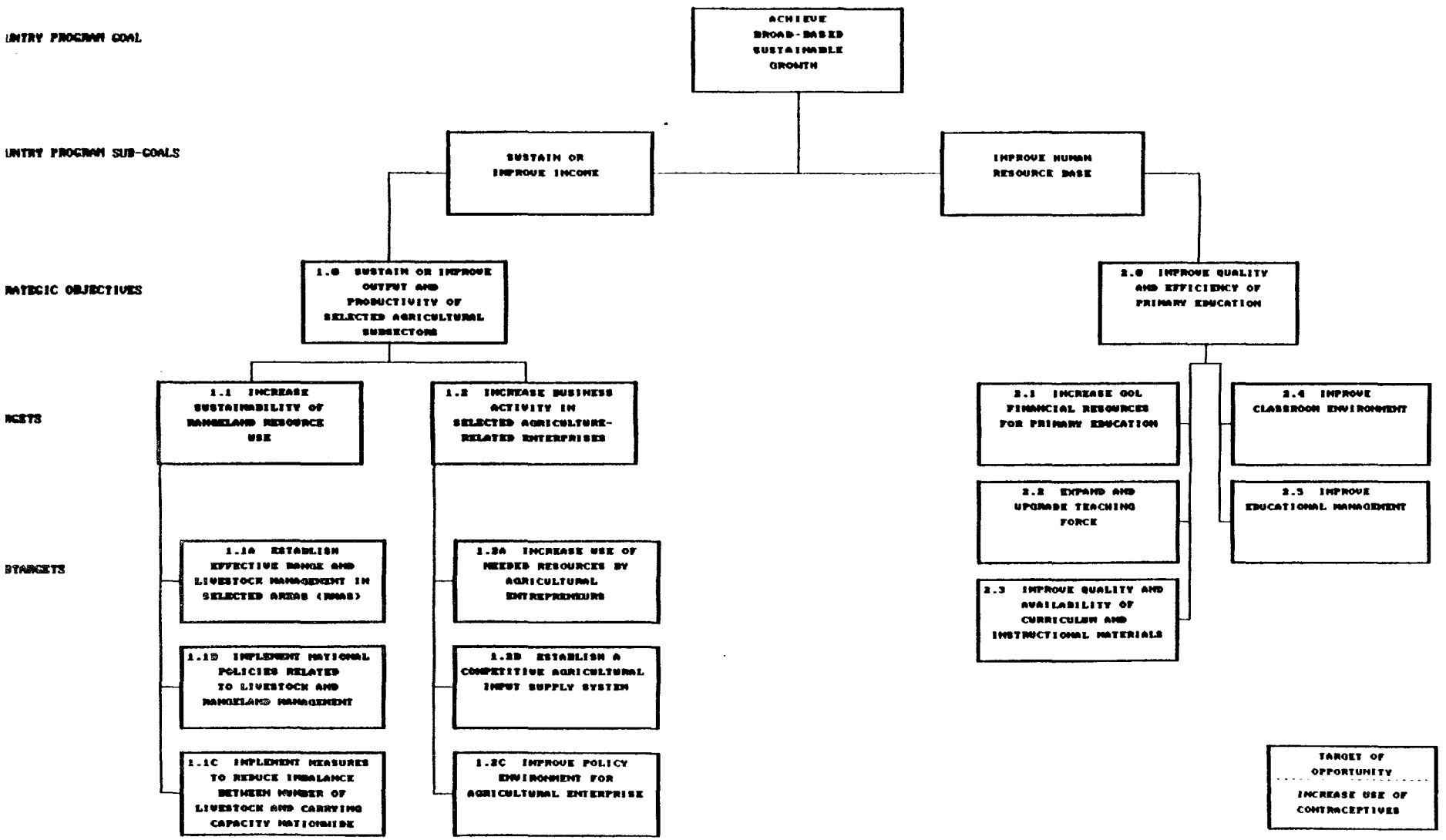
LIST OF ACRONYMS AND ABBREVIATIONS

AID	Agency for International Development
AIDS	Acquired Immune Deficiency Syndrome
AEI	Agricultural Enterprise and Initiatives Project
API	Assessment of Program Impact
CPSP	Country Program Strategic Plan
CNRM	Community Natural Resource Management Project
ESDP	Education Sector Development Project
ESAP	Enhanced Structural Adjustment Program
FAO	Food and Agriculture Organization of the United Nations
FY	Fiscal Year
GDP	Gross Domestic Produce
GNP	Gross National Product
GOL	Government of Lesotho
HDI	Human Development Index
HIV	Human Immunodeficiency Virus (AIDS virus)
LAPSP	Lesotho Agricultural Policy Support Program
LHWP	Lesotho Highland Water Project
M	Maluti (Unit of currency in Lesotho)
MOE	Ministry of Education
MOA	Ministry of Agriculture
MOF	Ministry of Finance
NGO	Non-Government Organization
NTTC	National Teacher Training College
PID	Project Identification Document
PSLE	Primary School Leaving Examination
RCI	Range Condition Index
RMA	Range Management Association
RSA	Republic of South Africa
SACU	Southern African Customs Union
STD	Sexually Transmitted Disease
SSIAP	Small Scale Intensive Agriculture Production Project
TBD	To Be Determined
UNDP	United Nations Development Programme
USDH	United States Direct Hire Employees
VDC	Village Development Council

USAID/LESOTHO
OBJECTIVE TREE - 1992-1996



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FY 1992 ASSESSMENT OF PROGRAM IMPACT

FOREWORD

USAID/LESOTHO used the Country Program Strategic Plan (FY 1992/96) approved by AID/W in December 1991 (see State 042247) for this FY 1992 Assessment of Program Impact report. However, it should be noted that the Mission's agreement with AID/W was to operationalize the proposed CPSP strategy for FY 1992 and FY 1993 with the understanding that the strategy would be revisited in two years to determine if the strategy is still appropriate. The approved CPSP strategy included proceeding with analysis and PID preparation for two projects, one in agriculture and one in human resource development.

This guidance was modified in April 1992 when the Mission received the BLS Transition Strategy Guidelines cable (State 135715) which set the funding level for FY 1993 at $8.3 million. New project starts were restricted to only those that were part of the Missions' post-transition strategy and have commensurate reductions in the present portfolio. The cable stated that the Bureau would try to meet the funding needs of the ongoing programs but that the trend would be downward, with final allocations in FY 1995 based on the performance based budgeting system. However, missions would not be able to maintain staffing at current levels until the current project portfolios were completed. In addition, USDH Staffing levels would need to be reduced in FY 1993 and again in FY 1995 with steps being taken to administer existing portfolios with fewer staff.

It is clear from the BLS Transition Strategy Guidelines and the parameters for the Transition Management Study (see State 269214), which stated that the BLS countries and Namibia will not plan any new bilateral projects, that the planned program strategy proposed in the 1992/96 CPSP can not be implemented with these restrictions. The strategic objectives for the agricultural and educational sectors remains valid. However, adjustments were required for the targets in the agriculture sector. Evaluations undertaken during FY 1992 on both of the major agricultural activities revealed important insights on the impact of these activities and on the validity of data sources. These evaluations provided useful information to assist the Mission in reexamining the indicators and where appropriate to make adjustments to bring the indicators into line with the data that is both available and reliable. The same exercise was applied to the educational program, however, fewer adjustments were required. The rationale for these changes is stated in Section III.

SECTION I. SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Last year's API identified political stability and the structural adjustment as principal factors affecting the USAID program in Lesotho. Economic and political issues continue to play a key role in program implementation and are joined this year by two more important factors, the drought in southern Africa, and AID's transition program for Lesotho.

Economic Issues - Achievement of broad-based sustainable growth is the country program goal of USAID/Lesotho. However, Lesotho is no longer achieving a rate of economic growth that could be characterized as broad-based and sustainable. Section II discusses some of the reasons for this decline. The current portfolio of program activities focus on two sub-goals: (1) to sustain or improve income and (2) to improve the human resource base. The growth rates for GNP and GDP have declined in recent years while the population growth rate is increasing. Despite periodic wage increases in the formal sector, overall real wage increases are not keeping up with the inflation rate. Low income households, especially those in the rural areas, face more hardship brought about by low domestic production of basic food crops and the need to increasingly rely on higher priced imported foods and loss of wage remittances is placing an increasing hardship on vulnerable rural households. It is also important to understand the relative importance of migrant labor working in the Republic of South Africa (RSA) when addressing the sub-goal to sustain or improve income. Approximately half of the Basotho male labor force works in South Africa principally in the mining sector. This traditional source of employment for so many Basotho is rapidly contracting thereby eliminating many higher paying jobs. Low international gold prices and inefficiency in older labor intensive mines contribute to mine closures. Mine employment dropped by 6,000 to just over 122,000 in 1991 with further declines anticipated. Still nearly half of the GNP comes from wage remittances, however, this figure will likely drop as fewer Basotho are able to find or retain comparatively higher wage employment in South Africa. The aftermath of sanctions on South Africa's economy and a prolonged recession in the region do not bode well for increased employment opportunities for migrant Basotho labor. Retrenchment of migrant Basotho labor continues to contribute to the ranks of the unemployment in Lesotho and reduction in household income.

Lesotho's ability to improve its human resource base will depend on how successful efforts are to increase Government of Lesotho (GOL) revenue and maintaining adequate budget support for education and other human resource development activities. The Primary Education Program (PEP) contribution to improving the human resource base can only be sustained over the long term if there is sufficient economic growth to form the base for increased GOL revenue. An estimated 2.9% annual increase in population translates into a significantly higher rate of primary school enrolment. The funding implications in real terms are profound if education quality and access are to be maintained. The healthy

economic growth that Lesotho experienced in the 1980's have diminished. While Lesotho tries to remain competitive in the business sector, the lifting of economic sanctions against South Africa has reduced Lesotho's appeal especially in the export apparel industries. Source diversification for GOL revenue has improved with the introduction of new taxes and improvements in revenue collection. These measures have reduced dependence on the Southern Africa Customs Union (SACU) from 70 per cent of GOL revenues in the early 1980's to approximately 50 per cent today. Lesotho has few alternative revenue sources available to replace SACU receipts and reductions in SACU revenues without corresponding increases from other sources will have implications for the GOL's ability to meet its recurrent budget obligations including those associated with education. Failure of the GOL to meet budgetary targets for primary education could jeopardize meeting PEP conditionality for release of funds.

Lesotho is in the midst of a three-year Enhanced Structural Adjustment Program (ESAP). Several benchmarks under this program complement conditionality in LAPSP, but progress in structural reform has been slow in several areas including implementation of the national grazing fee and privatization of the parastatal agricultural input supply service - Coop/Lesotho. Adhering to the conditions of the ESAP and meeting the conditionality of LAPSP would help Lesotho reverse the decline in agricultural productivity caused in part by deterioration in soil fertility/environmental degradation and an unattractive policy environment for agricultural and agro-business investment.

Political Developments - Speculation continues as to the actual date for the first general elections in Lesotho in more than a decade. Originally scheduled for June 1992 and later rescheduled to November, and now scheduled for January 1993. The military council has repeatedly stated its intention to hand over to civilian rule following elections. The former King, deposed two years ago by an earlier military council, returned from exile in July, although not in his capacity of King. There is strong support from some sections of Lesotho for the monarchy and potential for a constitutional crisis on the issue of the monarchy exists.

For much of this year the mood of the country could be characterized as a preoccupation with the run up to general elections. The postponement of elections in June simply extended the period. The lifting of the ban on political activity resulted in the registration of numerous political parties. Having functioned for nearly a decade under a suspended constitution, state of emergency, or military rule, Lesotho is once again attempting to establish democratic institutions which in all likelihood will not be fully responsive and functional just because a general election took place. The development of these democratic institutions and responsible elective government will take time to establish. Uncertainty exists relative to the actual transition process and what will be the ultimate policies of a new government.

Major changes in the cabinet and other key Ministry offices have influenced program implementation as time was required for these new officials to become familiar with their project portfolio and establish working relationships with the

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Mission and other donors. Concurrent with the changes in the Ministries was a pervasive aversion on the part of many government officials to make decisions during this transition period to civilian rule. They are concerned that making what may be considered an unpopular decision may jeopardize their chances of retaining their position under a new government. Reluctance to act on crucial and timely issues is delaying implementation of AID-funded activities and progress in meeting conditionality is behind schedule, especially in the Lesotho Agriculture Policy Support Program (LAPSP). The reluctance shown by the GOL to respond positively to policy changes and policy implementation as noted above for LAPSP are contributing to delays in Mission program implementation including funds disbursements. Mission has been actively engaging the Government, through an evaluation of LAPSP and on-going dialogue, to reverse this situation. If these efforts with both the out-going and incoming governments are not successful, lower impact levels are anticipated.

Drought - The drought started during the 1990-91 growing season and continues today. Agricultural output declined 27 percent in 1991 with crop production alone dropping over 47 percent. Preliminary estimates for 1992 indicate a further reduction in agricultural output by 20.5 percent and crop production down by another 30 percent. While adequate supplies of imported foodstuffs continue to be made available through commercial channels and have thus far prevented loss of life or widespread malnutrition, the rapid decline in basic food crop production is having a negative impact on USAID-funded assistance programs. Rangeland conditions and that of livestock is rapidly declining just as the new Community Natural Resources Management Project (CNRM) embarks on a major expansion of the range management area concept. Furthermore, the introduction of a national grazing fee, a key condition precedent in Lesotho Agriculture Policy Support Program (LAPSP), which would face opposition under normal rainfall conditions, will likely be even more unpopular with livestock owners who are short on cash and have livestock in poor condition. Rainfall is not even sufficient to maintain the small home gardens activities of the Small Scale Intensive Agriculture Production Project (SSIAP). As a result food availability has been further reduced in the remote mountain areas served by SSIAP. Families are forced to spend a larger portion of their disposable income on imported food thereby reducing the amount of discretionary funds that they have for school fees and other essential non-food items. If the drought continues during this crop season, school enrolment will fall further.

Mission Transition Program - In May the Mission was informed that selected USAID Missions in southern Africa would undergo transition to a less management intensive mode of operation. All new project/program starts or major modification to existing projects/projects were put on hold. Further development of these new activities require that they be part of the approved Mission transition strategy. The first step in this process was the "Transition Management Assessment" completed in September followed by an AID/W review in early October. The transition calls for significant reductions in USDH staff in the Lesotho, Swaziland, Botswana and Namibia Missions and a further concentration of programs by applying the "no new project/program starts" instruction. Complying with stated guidance, the Mission

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suspended further design efforts for the planned Agricultural Enterprise Initiatives Project (632-0227) and the Development Training Project (632-0232). The decision to suspend further design work on the two projects referred to above necessitated adjustments in the agricultural program activities reported in the API and may also result in only partial achievement of related specific objectives for the Mission's program.

SECTION II. PROGRESS TOWARD GOAL OF USAID/LESOTHO PROGRAM

Program Goal: To Achieve Broad-based Sustainable Growth

Country Trend Indicators	Baseline 1988	Provis. 1991	Proj. 1992	Proj. 1993	Proj 1994	Proj. 1995
Real Per Capita GDP	$98.7	$89.3	$89.9	$91.6	$94.0	$96.9
Real Per Capita GNP	$173.6	$131.4	$130.9	$131.1	$132.5	$134.0
UNDP Human Dev. Index	0.432 (1990)	0.432	TBD	TBD	TBD	TBD

Real rates are in constant 1980 prices and income projections are GOL targets. IMF fiscal-year estimates of 1991 real GNP growth rate and 1992 projections are significantly different from GOL calendar-year estimates. Domestic economic performance slowed in 1991 but external sector improvement continued despite a 14.8% reduction in real export earnings: the current account surplus increased to 2.2% of GNP from 1.5% in 1990 and reserves import coverage increased to 10.4 weeks from 8.2 weeks. The 1990 HDI was based on 1985-88 data while 1991 HDI was based on 1990 data. Lesotho maintained its HDI ranking of 107 among 160 countries between 1985 and 1990 and improved from 10th in Africa to 8th. Future annual HDI values and ranking will be presented as they are published by UNDP. (Sources: Central Bank of Lesotho, Bureau of Statistics, UNDP)

Growth Performance: Compared to the first phase of the structural adjustment program (SAP) from 1988-1990, when real GDP and GNP grew annually at 9.6% and 5.2% respectively, progress toward achieving the goal slackened as the ESAP began in 1991 on an inauspicious note. The general first-year ESAP objectives were achieved but income growth slowed in 1991: real GDP grew by 4.0% while real GNP growth fell by 4.0%. The GOL expects the slowdown to continue in 1992 with projected real GDP and GNP growth rates of 3.5% and 2.3% respectively but with no increase in real per capita income.

Factors affecting growth rate trend: Real GDP growth slackened in 1991 mainly because real agricultural output dropped by 27% due to the drought and manufacturing output growth slowed to 4.5%. The drought caused cereal crop losses amounting to at least 24% of 1991 agriculture GDP while the manufacturing sector was affected by industrial unrest involving more than 70 cases of labor disturbances, industrial tax reforms, higher utility costs, and tighter immigration

controls resulting in reduced inflow of the entrepreneurial Far Eastern immigrants. Real GNP growth in 1991 was affected by a 14.9% real decline in net factor income from abroad due to a 8.9% real reduction in workers remittances, as the number of migrant mineworkers fell by about 6,000, and a more than ten-fold increase in dividend and profit repatriations by Lesotho Highlands Water Project (LHWP) firms. The number of mineworkers in the Republic of South Africa (RSA) will likely fall by a similar, or higher, level in 1992. Despite reduced inflows, remittances formed 48.2% of GNP in 1991, compared to 43.5% during 1988 to 1990. In contrast, Southern African Customs Union (SACU) receipts increased due to LHWP imports but its share in non-grant GOL revenue dropped to 54.7% from 56.6% in 1990. The national saving investment gap narrowed, despite a significant reduction in net private capital inflows from $18 million in 1990 to $6.9 million. The overall budget deficit remained at 0.6% of GNP but is projected to reduce to about 0.4% of GNP in 1992. In 1991, GOL received 46.3% less net domestic credit than in 1990 while private sector credit increased by 33.4%, as total domestic credit decreased marginally.

These macro outcomes reflect developments with the following major people-level impacts

- GOL increased its 1991 workforce, excluding teachers and forces, by 20.3% to 14,919; began major construction work on the $2.5 billion LHWP which generated at least 2,500 jobs; and plans to expand the food-for-work program to cater for 10,000 additional workers in 1992.

- GOL increased civil service and forces salaries by a cumulative 45%, teachers pay by 70% and minimum wages by about 14%, but public sector salaries and wages remain the lowest in the region;

- GOL, continuing with fiscal reforms, broadened the sales tax base, by eliminating all existing exemptions, and reduced the rate to 10% in alignment with the VAT rate in South Africa; widened income tax brackets, increased tax-free abatements for some categories and lowered the top marginal individual income tax rate to 48% from 53%;

- inflation, which rose to 17.9% in 1991, despite falling domestic credit, reflected pressures from wage increments, 18% drought-induced increase in the food price index, about 23% fuel price hikes and imported inflation from RSA; and is expected to rise in 1992;

- GOL began implementing several measures to mitigate the costs of adjustment and drought including a $7.6 million maize meal price subsidy, $7.3 million program to retrain retrenched mineworkers and $2.1 million World Bank/FAO funded seed and fertilizer subsidy scheme.

Major structural reforms, with long-term impacts on income and employment, were initiated in private sector development (including establishment of the Lesotho Investment Promotion Centre and Business Advisory and Promotion

Service) and parastatal reform (including appointment of a Parastatal Monitoring Committee for program implementation, formulation of a medium term comprehensive reform program based on a World Bank-assisted study, and liquidation of selected enterprises). Overall progress on parastatal reform was slow but these, and other, developments have significant implications for enhancing the potential of the economy to achieve sustainable growth, especially via impacts on incentives for generating or sustaining sectoral income at the sub-goal level. The need to provide opportunities for income enhancement or sustainability and improved capacity for Basotho to utilize opportunities to achieve the goal is reflected in the two program sub-goals.

Program Sub-goal 1: To Sustain or Improve Income

Country Trend Indicators	Baseline 1988	Prov. 1991	Proj. 1992	Proj. 1993	Proj. 1994	Proj. 1995
Livestock Real GDP	$12.4 million	$10.7 million	$12.9 million	$13.5 million	$14.2 million	$15.1 million

The original CPSP indicator was changed due to program changes and data unavailability. Data refer to output of livestock and livestock products, including slaughter, poultry, milk, wool and mohair, net exports and stock changes. Projections for 1992-95 assumed the share of agriculture real GDP in total real GDP for 1987-1990 (16.9%) and the share of livestock real GDP in agriculture real GDP for 1987-1989 (45%) will remain unchanged during the CPSP period. Values are in constant 1980 prices. (Sources:Bureau of Statistics, Central Bank of Lesotho, USAID projections)

At the sub-goal level, sectoral considerations dominate: the sub-goal statement is general but the focus is on enhancing agriculture and natural resource sector income. The critical factor that adversely affected the opportunity to enhance or sustain natural resource-derived income was the drought which caused considerable output loss. Real value added in crop production in 1991 fell by 53.7% while that for livestock increased by only 4.6 percent. The 1991/92 cereal output was the lowest in 30 years and total estimated maize and sorghum crop loss was 98,100 MT, worth $16.6 million (Maloti 45.9 million) in 1991 domestic producer prices. Also during the review period

- the unit real price of wool fell by 57.1% as the world price of Lesotho's main exports, wool and mohair, dropped further;
- GOL continued rangeland use adjudication and gazetted the national grazing fee legislation to enable collection to begin in 1992;
- GOL made significant progress toward enacting other legislation to facilitate agricultural land leasing, allow land mortgaging and facilitate use of land as credit collateral;
- GOL advanced preparations for establishing at least 6 new range management areas as part of a comprehensive resource management program;

- private sector participation in agricultural input marketing intensified.

Program Sub-goal 2: To Improve Human Resource Base

In human development, Lesotho made further strides in improving the human resource base mainly through efforts to sustain long-term gains in literacy and skills and improve human capital. The proportion of primary school children (aged 6-12) attending school in 1991 marginally increased to 76.8% from 75.8% in 1990, as overall, the adult literacy rate improved from 74% in 1986 to about 78%. Enrolments in secondary, vocational and technical schools rose by 0.6% while university enrolments increased by 4.5%. Country trend indicators of sub-goal 2, reflecting educational achievement, are shown below.

Country Trend Indicators	Baseline 1988	Prov 1991	Proj 1992	Proj 1993	Proj 1994	Proj 1995
Primary school completers per 1000 population aged 6-24	33.6	32.4	33.0	34.0	34.0	35.0
Secondary school completers per 1000 population aged 6-24	4.3	4.8	4.8	4.8	4.8	4.8
University completers per 1000 population aged 6-24	.254	.288	.292	.292	.292	.292

(Sources: Ministry of Education, USAID projections).

Regarding progress in health, the life expectancy of the Basotho has improved by 15% from 50 years in 1985/86 to 57.3 years in 1990/91 reflecting the effect of enhanced health status. In 1990/91, 80% of the population had access to health services and child survival continues to improve as the infant mortality rate dropped from 106 per thousand in 1986 to 95. The proportion of the population with access to safe water fell from about 41% in 1991 as the drought affected water supplies. Unfortunately overall gains in human resource development and economic growth are increasingly frustrated by a high population growth rate which increased to 2.9% in 1991 from 2.6% in 1986, driven by the increase in the total fertility rate to 5.8 from 5.2 while the death rate has dropped from 15 to 12 and the birth rate has increased from 37 per thousand to 41.

In terms of key actions to improve and protect the human resource development, the GOL

- increased 1991 social sector expenditure to 31.6% of the total budget from 24.9 % in 1990 and increased resources were allocated for primary

education, but reduced operating expense allocation for health threatens the viability of health programs;

- began implementing the education sector development plan through the USAID/World Bank parallel-financed Education Sector Development Project (ESDP) which involves interventions at all levels of education and in educational management and is aimed at improving the quality, efficiency and relevance of education, without sacrificing access;

- raised teachers' salaries and brought them at par with those of the civil service;

- announced exemptions for the most vulnerable groups from paying user fees for health service;

- enhanced primary health care by completing rehabilitation and improvement of several rural clinics;

- launched its AIDS prevention and control program, providing education and awareness, as well as condoms, through public and private sector service deliveries;

- developed plans to implement several initiatives to alleviate the effects of adjustment and drought on the most vulnerable groups, including an expanded safety-net program by NGOs, a WHO-supported health-monitoring program and a UNICEF-supported nutritional rehabilitation program for about 11,000 malnourished children;

- made progress in improving monitoring of sector impacts by conducting the Demographic and Health Survey which will provide the basis for improved sector monitoring information.

USAID contribution: USAID contribution toward progress in achieving the goal and sub-goals was strengthened in 1991 through two new programs. The Primary Education Program (PEP), which parallel-finances the ESDP with the World Bank, supports macroeconomic fiscal reforms under SAP and improved human resource base. GOL improved teachers conditions to meet ESDP/PEP conditionality. The CNRM project will continue to promote sustainable natural resource use as well as increased local-level involvement in resource management begun under the Lesotho Agricultural Production and Institutional Support Project (LAPIS) project. The prototype for rangeland management developed under long-term USAID support forms the basis for nationwide efforts to improve utilization of and income from the natural resource base. The on-going LAPSP also supports the ESAP by promoting GOL adoption of measures to privatize agricultural input and initiate the national grazing fee.

Conclusion: Lesotho has demonstrated strong commitment to implementing reforms. However, USAID remains cautiously optimistic of Lesotho's growth

prospect. Future progress, constrained by the long-term effects of the drought and increasing numbers of retrenched mineworkers, will be difficult given the current atmosphere of extreme uncertainty in political and economic developments in South Africa as well as Lesotho's progress towards a civilian multiparty government. Remaining structural, institutional and policy reforms are daunting and the outlook for future growth is modest compared to the recent past. Consequently, revised growth projections are below ESAP targets during the CPSP period. Nevertheless, prospects for continued economic growth are moderately positive, bolstered by the momentum of overall gains achieved up to 1991, expected progress in several areas of reform in 1992 and increasing evidence of GOL plans for responding to the changing regional economic environment.

SECTION III. PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

A. Supporting Text for Agriculture

Strategic Objective 1.0:
SUSTAIN OR IMPROVE OUTPUT AND PRODUCTIVITY OF SELECTED AGRICULTURAL SUBSECTORS

Since the early to mid-1980's, the USAID/Lesotho agricultural program has concentrated primarily in two areas, high value crops and mountain rangelands. The objectives were: (1) to increase production and decrease imports in the high-value crops sub-sector (vegetables, fruits and some fodder and pulses) and (2) 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.

The Mission intended to meet this Strategic Objective through the implementation of three major projects. These three projects are: the Lesotho Agricultural Policy Support Program (LAPSP); the Community Natural Resources Management (CNRM); and Agricultural Enterprises Initiatives (AEI). The pre-PID analysis concluded that there was limited scope for the AEI project and insufficient interest in developing agricultural enterprises in the present environment. This conclusion coupled with the restriction on no new project starts has resulted in the suspension of further project design in support of this strategic objective. Both indicators to do with the Agricultural Enterprise and Initiatives Project (CPSP 1.0.E and 1.0.F) were dropped as this project, which was envisaged to start in FY 1992, was not developed.

The indicators for ratio of average fleece weight within RMAs (CPSP 1.0.A) as compared to average national average fleece weight (CPSP 1.0.b) and ratio of average animal weight within RMAs (CPSP 1.0.C) compared to average animal weight outside RMAs (CPSP 1.0.D) were dropped as reliable data from areas outside RMA project sites cannot be obtained.

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The indicators have been adjusted to reflect changes in average fleece weights and average weights of cattle and sheep sold within RMAs. The impact of the ongoing drought on Lesotho rangelands will be noticeable for several years after the rains return. Compounding the direct effect of the drought are extensive fires, due to dry conditions, and overgrazing of the lower-yielding rangeland. These factors have lowered the projections of mohair and wool indicators. The annual measurements for these indicators show a slight drop in 1993 with a gradual recovery in 1994 and 1995.

A new intermediary indicator (1.0.C), annual fertilizer sales, has been added to measure change in agricultural productivity and to reflect LAPSP input marketing reform impact. A review of available data indicates that changes in fertilizer sales track well with changes in agricultural productivity as an intermediary indicator.

Target 1.1: <u>Increase Sustainability of Rangeland Resource Use</u>

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. One can address this objective by either decreasing herd size or by improving carrying capacity through better rangeland management, or both (in actual practice,the two are highly inter-related). While USAID 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 indicators fall under this heading.

The indicator for improved management of rangelands (1.1.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 percent of the country's rangeland (133,000 hectares) is under such management and provides livelihood for 17,000 people. With the addition of six new RMAs over the life of Community Natural Resources Management Project (CNRM), an estimated 180,000 hectares will be brought under range management affecting the lives of 42,000 inhabitants. The effectiveness of this program to improve natural resource management is detailed in the target-level indicators. Measurements of range quality in the longest established Range Management Area (RMA) show a nearly three-quarter reduction in the surface exposed to erosion by rainfall and increases in forage quality and quantity. Improvements in the quality and productivity of animals have also been demonstrated in the RMAs.

Results on the range condition index (RCI) within RMAs are available but currently results from outside the RMAs are either not available or where available unreliable for comparison. The RCI tracks range condition on an open ended scale using a 1983 index of 44.2 as a base for future comparison. The RCI (Indicator 1.1.B) relates to the oldest RMAs where program impact is more evident. RCIs are usually measured every three to five years. These two indicators together continue

to present a clear picture of significant improvements in the rangeland resource base through the RMA program.

The Mission intends to request the MOA/Range Management Division to have RCIs established in non-RMA areas to function as controls which can be used to measure progress in all future RMAs established by the CNRM project.

Sub-Target 1.1A: Establish Effective Range and Livestock Management in Selected Areas

This sub-target is intended to train the rural communities at grassroots level to be able to manage their rangelands and livestock in a sustainable way, starting with selected areas.

Regarding indicators A and B (number of RMAs established and number of RMAs implementing grazing management plans) for Sub-target 1.1A, there has been an increase from one RMA in 1984 to four in 1992. There has been a steady increase in the number of individuals participating in livestock and range management activities countrywide. The slight drop in 1992 is attributable to internal conflicts within a grazing associations which have since been resolved.

CPSP indicators C: Increased number of RMA animals culled; and E: Increased number of improved breeding programs in operation have been dropped because data to verify these indicators are not readily available and when available is not reliable.

Sub-Target 1.1B: Implement National Policies Related to Livestock and Rangeland Management

This sub-target is intended to implement a policy nationwide to reduce overstocking on fragile rangelands and thereby bring into closer balance herd size and grazing potential. Livestock owners will be induced to take into account the costs and benefits of open grazing.

Preparatory ground work for implementation of the national grazing fee has been done: public meetings (pitsos) for consultations with farmers, training of members of village development councils (VDCs), and printing of livestock registration books. Registration of livestock which started early August 1992 is reported to be progressing well and the actual collection of fees began in October. The fees thus collected will be used to improve the rangeland and livestock and other development activities in the communities. Support for the national grazing fee has become a political issue for one of the major parties in the upcoming election. That party has called for the repeal of the national grazing fee.

Indicator C (in CPSP), on changes in subsidies to the national abattoir, is now being dropped as data collection and interpretation is difficult. The remaining two indicators are considered to be adequate to measure impact for this sub-target.

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Sub-Target 1.1C: Implement Measures to Reduce Imbalance Between Number of Livestock and Carrying Capacity Nationwide

This sub-target relates very well to Sub-Target 1.1B above. Indicators A and B monitor the movement of livestock onto adjudicated rangeland while Indicator C monitors livestock off-take from the rangeland.

CPSP indicators related to the number of animals culled per year (1.1C (B)) and the number of animals exchanged per year through the national feedlot (1.1C (C)) have been dropped due to the short-term nature of the GOL program which would provide data available only for a few years.

Target 1.2 Increase Business Activity in Selected Agriculture-Related Enterprises

This target intends to expand the agricultural input marketing system to facilitate suppliers, more competition among suppliers, greater availability to consumers and reduce the budgetary cost to the government of interventions in agriculture by removing subsidies.

A change in GOL policy has removed the monopoly on agricultural input supply that has been dominated by an inefficient and non-competitive government parastatal COOP/Lesotho. To measure impact of this policy, a new indicator has been established to measure increases in private sector activity in this area following the removal of the parastatal monopoly in 1989. Preliminary data indicates increased private sector activity in agricultural input supply during 1992 in both new businesses and expansion of existing businesses.

Again, following pre-PID analysis and Mission review earlier this year and the subsequent decision to suspend further design efforts for AEI, all previous CPSP indicators in this target having to do with the Agricultural Enterprise Project have been deleted.

Sub-Target 1.2A: Establish a Competitive Agricultural Input Supply System

The indicators for this sub-target relate to policy change and implementation. These indicators will track specific actions undertaken by the GOL in support of a competitive agricultural input supply system. The adoption and implementation of these policy changes will directly impact on the GOL budget by reducing subsidies and other cash transfers to an unprofitable parastatal. Indicator A (number of retail outlets) relates to COOP/Lesotho privatization and Indicator B (removal of redundant COOP/Lesotho staff) relates to a reduction in costs to the government in paying redundant staff in COOP/Lesotho.

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B. Supporting Text for Education

Strategic Objective 2.0:
IMPROVE QUALITY AND EFFICIENCY OF PRIMARY EDUCATION

While the joint GOL/USAID/World Bank-supported education sector development plan will address a number of significant constraints to improved primary education, major increases in the numbers of educated students and rapid improvements in test scores are unlikely in the near-term. Rather, the immediate goal of the Education Sector Development Project (which includes the AID-funded Primary Education Program (PEP) which only began in 1992) is to arrest the continuing decline in educational quality and efficiency which is projected to occur. Improvement in educational accomplishment indicators will be measurable only as new students move through the system and experience the benefits of better trained teachers, improved curriculum and instructional materials, and better management procedures -- that is, after approximately 6 years.

Improving the curriculum, providing more instructional materials, and teacher training should positively impact student achievement. However, improved instructional materials are not scheduled to be distributed to the schools until Year 3, 4 and 5 of PEP, and it will take several more years for teachers to learn how to use these new materials to best advantage. Most of the new teachers will not be fully trained until end of the Plan period. In the long-term, as the impact of these interventions converge, the Program is expected to have a positive effect on achievement scores. However, it is unlikely those benefits will be evident in the short-term indicators of educational efficiency.

2.0.a. It can be seen from the cohort analysis, that only 50 percent of the students entering the system graduate from Standard 7. The increase in 1991 to 50.4% is due to an increase in the number of pupils allowed by the GOL to pass the Primary School Leaving Examination (PSLE). Consequently, the increased number of completers is an artifact of Ministry policy, not an indication of a change in quality or efficiency of instruction. Changes in completion rate due to program interventions cannot be expected to be seen until the last year of the Program, since only then will pupils who have benefited from Program interventions be completing primary school. The projection of primary school completion rates by gender is not appropriate at this time, given the convergence of two factors. The unusually high completion rates in 1991 are an artifact of a change in the passing score on the PSLE and does not represent a valid basis for projection. Second, the male completion rate is heavily influenced by factors outside the effective control of the PEP. Specifically, the disparity in 1991 completion rates by gender (males = 37%, females = 63%) reflects the current practice of boys leaving school to tend their livestock while the fathers work in the South Africa mines. The recent closing of many mines and retrenchment of Basotho labor may result in increased male retention and eventually in a higher male completion rate.

2.0.b. The implementation of a national standard 3 achievement test will not take place until several years into the Program. Thus there is no data at this time

upon which to measure educational achievement at the lower levels. More importantly, changes in achievement are not expected to be evident until the end of the Program, since the Program components that are expected to cause those changes will not be in place until the middle of the Program, and then they need several years to have a measurable effect. For example, unqualified teachers introduced into the system in year one will not finish in-service training for another 3 1/2 years. It will then take several more years for the impact of their training to be felt in the larger system.

2.0.c. Improvements in efficiency will be measured by the number of years required to produce one graduate. If all pupils are taken together, including dropouts, it can be seen that approximately 14 years are required to produce one graduate. The GOL is currently investing twice as much as would be required in a perfectly functioning system to produce one primary school graduate. Under the Primary Education Program (PEP), student flow will be improved by providing the minimum conditions for learning in all schools, by restricting the enrolment of under and over-age pupils, by limiting repetition, by improving teacher training and the supply of instructional materials, and developing national guidelines for pupil promotion. As these reforms take place increased efficiency will become apparent and cycle costs per cohort of completers become lower. Savings will be used to improve the quality of education and to produce more graduates for the same investment.

2.0.d. The reforms initiated under PEP are expected to decrease the cycle cost of primary education. Cycle cost (per cohort and per pupil) is expected to drop because (a) the exclusion of under- and over-age children will offset enrollment increases due to population growth, keeping overall enrollment increases relative low; (b) the participation rate is already high, further limiting the potential for future intake; (c) retention will be reduced (no more than twice per pupil); and (d) quality of instructional materials is expected to increase, presumably leading to better instruction and a higher pass rate on the PSLE. Together, these factors should lead to a lower number of equivalent years to complete standard 7. It is expected that the drop in equivalent years to complete standard 7 will more than offset the increased expenditures for primary education and increased cost of each year of schooling, resulting in an overall reduction in the cost of schooling.

Target 2.1: <u>Increase GOL financial resources for primary education.</u>

For the reforms under the Plan to be implemented successfully, adequate funding must be available. It is encouraging to note that the GOL recurrent budget for education in 1991/92 increased by 57 percent in real terms over the previous year. The share of total GOL recurrent budget allocated to education increased by 12 percent in real terms in 1991/92. This large rise in the budget has been used primarily to pay for increased salaries to teachers. We are pleased to report that more than 70 percent of this increase was allocated and used for primary education.

The original target was that GOL increase the education budget by an additional 4 percent per year (in real terms). This figure is now being revised based upon a more up-to-date estimate of the actual costs required to implement the Education Sector Development Project and to ensure that teachers salaries stay on par with those of the civil service.

Target 2.2: Expand and Upgrade Teaching Force.

To improve the pupil:teacher ratio, particularly at the lower standards, the primary teacher force will be expanded significantly over the life of PEP. To reach the goal of a pupil:teacher ratio of 54:1 by 1997, 260 new teaching posts are being created each year for a total of 1300 in the primary education system in 1997.

It is important to point out that some of these positions are being filled temporarily by unqualified teachers. Thus the lowering of the student teacher ratio may have a negative short-term effect on student achievement. Over the longer term however, all new teachers will receive in-service training which will provide them with skills to teach effectively at the lower levels. The number of qualified primary school teachers was increased with teacher training programs and professional support networks funded under the USAID Basic and Non-Formal Education System (BANFES) Project which ended in 1991. Under PEP, additional number of teachers are receiving training through upgraded teacher training programs. Approximately 100 teachers per year are graduated from the National Teacher Training College and by early 1996 450 teachers will have completed in-service training. The output of trained teachers from NTTC may not keep up with teacher attrition, if changes in South Africa result in more aggressive recruitment of Lesotho teachers by RSA.

Target 2.3: Improve quality and availability of curriculum and instructional materials.

Under BANFES USAID-financed supplementary reading, radio English and math materials. However, additional materials are needed to replace those which have worn out and improved materials are needed to enable pupils to increase their reading and knowledge competencies. Curriculum revision has just begun under PEP and a plan for distribution of additional materials is being developed. Revised syllabi and teacher guides will be developed and distributed to all schools over the life of the project. The MOE Education Management Information System (EMIS) is collecting data on distribution of instructional materials. It should be noted that curriculum revision activities are being assisted mainly through the World Bank assistance, which is behind schedule. The World Bank had encountered several delays in fielding their long- and short-term technical assistance due to issues concerning a GOL policy change to tax Bank-funded advisors.

Target 2.4: Improve Classroom Environment.

A classroom ratio of 65:1 shows the severe crowding in the classroom. As more schools and classrooms are built under the Plan (850 new rooms planned), particularly in remote areas, this ratio will not deteriorate. It is significant to note that without these new facilities the ratio would deteriorate to approximately 77 pupils per room. Furniture, desks and chairs, particularly for standards 1-3 is also a major problem. The lack of a proper writing surface, combined with the discomfort of sitting on a cold floor makes learning very difficult. A plan is being developed to target the purchase of furniture where the need is greatest, particularly lower primary schools in the mountain districts.

Target 2.5: Improve Educational Management

2.5.a. The MOE has developed a restructuring plan to improve educational management. Briefly, the Ministry will be re-organized into four main divisions in order to streamline and decentralize decision making and management and create a more efficient structure. A major emphasis will be upon the creation of an effective field structure at the district level. The implementation of these plans will take place over the five year program period, with the bulk of the changes occurring in the first three years. The four main divisions, each to be headed by a Chief Education Officer will be Educational Management, Curriculum Services, Teaching Services, and Support Services. The filling of over 100 new positions, necessary to implement this plan will be carried out in three Phases. The creating, filling and upgrading of positions under Phase I, including key positions in the Planning Unit, the NCDC and the Inspectorate is now underway.

2.5.b.&c. Plans for improved MOE financial management and for monitoring and evaluation of PEP have been developed. The arrival of the PEP-funded Financial and EMIS Advisors in November 1992 will facilitate these planned improvements.

C. Target of Opportunity and Other Program Activity

Increased Use of Contraceptives

USAID/Lesotho is supporting the commercial distribution of condoms through the centrally-funded Contraceptive Social Marketing Project. The Lesotho project, whose primary objective is to increase the availability and accessibility of affordable condoms through retail outlets, began distribution of condoms in July 1992. Data on condom distribution, expected to be available early next year, will give an indication as to whether the population has begun to change their behavior and use condoms for family planning and to prevent the further spread of HIV infection.

AIDS

USAID/Lesotho's objective in the area of AIDS is to help prevent the spread of HIV infection through two approaches: (1) education and awareness activities, particularly among the nation's youth; and (2) increased availability and use of condoms through commercial retail outlets. The Mission has transferred bilateral funds to the AIDSTECH project to build awareness and education about AIDS and its sexually transmission through the community networks of non-governmental organizations.

HIV infection rates among Basotho are higher than previously estimated. Recently analyzed sentinel surveillance data indicate that prevalence rates in pregnant women range from an average of 2 percent in Leribe and Maluti hospitals to 5.5 percent at Queen Elizabeth II hospital in Maseru. HIV prevalence rates in STD patients reach levels of 5-7 percent. Such surveillance data suggest approximately 20,000 Basotho are currently HIV infected. Model simulations project this number to reach 60,000 by 1996. AIDS cases appear to double every six months, with approximately 100 cases reported to date. One could expect approximately 6,000 AIDS cases by 1996.[1]

Factors which facilitate the rapid spread of HIV in Lesotho include a high rate of sexually transmitted disease, a sexually active youth, limited use of condoms, frequent migration patterns, and a large concentration of workers in the Highlands Water Project. Given the above factors and the small size of the size of Lesotho, sero-prevalence rates and AIDS cases will reach epidemic proportions within the next one to two years unless effective interventions are implemented immediately.

It is encouraging to note that the government recognizes the seriousness of the AIDS threat and has developed an aggressive plan of action which a number of donors have pledged support. USAID has taken the opportunity to fill a niche where we have particular experience and skills.

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[1]World Bank Aide Memoire following field investigations in July/August 1992 for the report Lesotho Population Sector Review.

USAID/LESOTHO

Table I: Goal and Subgoal Indicators Matrix

	COUNTRY TREND INDICATORS	BASELINE 1988	PROVIS 1991	PROJ 1992	PROJ 1993	PROJ 1994	PROJ 1995
GOAL: Achieve Broad-based Sustainable Growth	A. Real Per Capita GDP	$98.7	$89.3	$89.9	$91.6	$94.0	$96.9
	B. Real Per Capita GNP	$173.6	$131.4	$130.9	$131.1	$132.5	$134.0
	C. UNDP Human Development Index	0.432 (1990)	0.432	TBD	TBD	TBD	TBD
	Sources: A) and B) GOL data, with real rates in constant 1980 prices; C) UNDP HDI Report.						
SUBGOAL 1: Sustain or Improve Income	A. Livestock Real GDP	$12.4 million	$10.7 million	$12.9 million	$13.5 million	$14.2 million	$15.1 million
	Source: GOL data and USAID projections.						
SUBGOAL 2: Improve Human Resource Base	A. Primary School Completers per 1000 population aged 6-24	33.6	32.4	33.0	34.0	34.0	35.0
	B. Secondary School Completers per 1000 population aged 6-24	4.3	4.8	4.8	4.8	4.8	4.8
	C. University Completers per 1000 population aged 6-24	.254	.288	.292	.292	.292	.292
	Source: GOL data and USAID projections.						

TABLE II: Output and Productivity Strategic Objective Indicator Matrix

Program Logframe: Strategic Objective No. 1 - Sustain or Improve Output and Productivity of Selected Agricultural Subsectors

OBJECTIVE OR TARGET	INDICATORS	BASELINE (As per yr stated)	ACTUAL 1991	PRELIM-INARY 1992	PROJ 1993	PROJ 1994	PROJ 1995
STRATEGIC OBJECTIVE 1.0 Sustain or Improve Output and Productivity of Selected Agricultural Subsectors	A. Average fleece weight in RMAs increased	Mohair 0.91 kg/head) 1990	Mohair 0.92 kg/head	Mohair 0.86 kg/head	Mohair 0.88 kg/head	Mohair 0.90 kg/head	Mohair 0.90 kg/head
		Wool 2.21 kg/head) 1990	Wool 2.15 kg/head	Wool 1.97 kg/head	Wool 2.05 kg/head	Wool 2.15 kg/head	Wool 2.20 kg/head
	B. Average weight of RMA cattle sold within RMA as compared to LPMS auction sales	491.5 kg (RMA) 1991	491.5 kg RMA	521.9 kg RMA	520.0 kg RMA	525.0kg RMA	530.0 kg RMA
		462.2 kg National 1991	462.2 kg National	449.6 kg National	445.0 kg National	450.5 kg National	455.0 kg National
	C. Average weight of RMA sheep sold within RMA as compared to LPMS auction sales (Data will be available in 1993)	0 1993	N/A	N/A	TBD	TBD	TBD
	D. National fertilizer sales (MT/YR)	15,041 1988	11,741	10,700	10,000	10,500	11,000
	Sources: A) RMA records; B) and C) Data from RMD woolsheds or LPMS and Data from RMA/CNRM records; and D) LAPSP Monitoring Unit						

OBJECTIVE OR TARGET	INDICATORS	BASELINE (As per yr stated)	ACTUAL 1991	PRELIM-INARY 1992	PROJ 1993	PROJ 1994	PROJ 1995
TARGET 1.1: Increase Sustainability of Rangeland Resource Use	A. % of rangeland under RMA management	0% 1983	6%	6%	7%	7%	8%
	B. Average range condition index (RCI) within RMAs	44.2 1983	137.4	137.4	140.0	140.0	144.0
	Source: RMD/MOA						
SUBTARGET 1.1A: Establish Effective Range and Livestock Management in Selected Areas (RMAs)	A. Number of RMAS	0 1983	4	4	6	6	8
	B. Number of RMAs implementing/enforcing grazing management plans	0 1983	3	3	4	5	6
	C. No. of individuals participating in various GA program activities disaggregated by gender (if possible)	0 1983	12,272	10,000	12,500	13,000	14,500
	D. Number of RMA members	0 1983	1,381	1,225	1,000	1,400	1,600
	Source: RMD/MOA/ARD Contract Team						
SUBTARGET 1.1B: Implement National Policies Related to Livestock and Rangeland Management	A. Amount of national grazing fees collected each year (Data will be available in 1993)	1993	N/A	N/A	TBD	TBD	TBD
	B. No. of stock owners paying national grazing fees each year (Data will be available in 1993)	1993	N/A	N/A	TBD	TBD	TBD
	Source: RMD/MOA						

OBJECTIVE OR TARGET	INDICATORS	BASELINE (As per yr stated)	ACTUAL 1991	PRELIM-INARY 1992	PROJ 1993	PROJ 1994	PROJ 1995
SUBTARGET 1.1C: Implement Measures to Reduce Imbalance Between Number of Livestock and Carrying Capacity Nationwide	A. No. of hectares adjudicated	0 1983	132,000	132,000	342,000	542,000	742,000
	B. No. of stock owners issued permits for grazing on adjudicated range lands by gender (if possible)	0 1993	N/A	N/A	TBD	TBD	TBD
	C. Number of animals marketed from RMAs	648 1990	464	373	440	450	500
	Source: (a) RMD; (b) LPMS records; and (c) LAPIS/CNRM records						
TARGET 1.2: Increase Business Activity in Selected Agriculture-related Enterprises	A. Number of agricultural input supply firms	1988 1	1	75	100	150	250
	Source: Marketing Department/MOA						
SUBTARGET 1.2A: Establish a Competitive Agricultural Input Supply System	A. Encouragement of private sector to participate in the sale of agricultural inputs supply	Remove Coop Lesotho fertilizer subsidy	Encourage private sector participa-tion	Develop Coop Lesotho retrench-ment plan	Remove redun-dant Coop Lesotho staff	Com-plete Coop Lesotho priva-tization	
	B. Coop Lesotho privatization	Assess Coop Lesotho assets	Plan Coop Lesotho privatiza-tion		Begin Coop Lesotho privatiza-tion		

Program Logframe: Strategic Objective No. 2 - Improve Quality and Efficiency of Primary Education

OBJECTIVE OR TARGET	INDICATORS	BASE LINE 1990	ACTUAL 1991	PRELIM-INARY 1992	PROJ 1993	PROJ 1994	PROJ 1995
STRATEGIC OBJECTIVE 2.0: Improve Quality and Efficiency of Primary Education	A. Percent primary school enrollees completing standard 7 by gender	46.3	50.4 M:37 F:63	48.0	46.4	46.5	46.6
	B. Standard 3 achievement test scores	N/A	N/A	N/A	Develop Test	Administer Test	Test Scores
	C. Equivalent years to complete standard 7 by gender	14.1	13.7 M:17 F:12	13.7	13.6	13.4	13.2
	D.(1) Cycle cost for cohort of completers (2) Per pupil cycle cost (in USD)	N/A 1640	56.8 1593	56.6 1593	56.3 1582	56.3 1558	48.7 1535
	Sources: A) and B) MOE/EMIS; C) MOE/EMIS/ECON						
TARGET 2.1: Increase GOL Financial Resources for Primary Education	A. Percent increase in MOE real recurrent budget	N/A	57	0	4	4	4
	B. Percent of the annual MOE recurrent budget increase allocated to primary education (70% target)	N/A	100	70	70	70	70
	Source: MOF Printed Estimates						
TARGET 2.2: Expand and Upgrade Teaching Force	A. Pupil teacher ratio for primary school	56:1	54:1	54:1	54:1	54:1	54:1
	B. Additional teaching posts established	N/A	N/A	260	260	260	260
	C. Number of primary teachers trained	N/A	100	100	100	100	500
	Source: MOE/EMIS						

OBJECTIVE OR TARGET	INDICATORS	BASE LINE 1990	ACTUAL 1991	PRELIM-INARY 1992	PROJ 1993	PROJ 1994	PROJ 1995
TARGET 2.3: Improve Quality and Availability of Curriculum and Instructional Materials	A. Text per pupil ratio in standards 1-3	40	3.9	3.9	4.0	4.0	4.0
	B. Availability of instructional material and teacher's guides (data will be available in 1993)						
	Sources: MOE/EMIS						
TARGET 2.4: Improve Classroom Environment	A. Pupils per classroom (includes church halls)	67:1	65:1	65:1	65:1	64:1	64:1
	B. Percent of pupils in standards 1-3 without seating	51.6	53.4	54	55	45	35
	Source: MOE/EMIS						
TARGET 2.5: Improve Educational Management	A. MOE restructuring plan	N/A	Plan Prepared	Phase I Underway	Phase II Underway	Phase III Underway	Fully Implement
	B. Improved MOE financial management	N/A	Plan Prepared	TA Arrives	Implement Plan	Implement Cost Centre Budgeting	Fully Implement
	C. Implementation of MOE MIS	N/A	Plan Prepared	TA arrives	Implement Plan	Report on Statistics use and analysis	Fully Implement
	Source: MOE/PEP						

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ASSESSMENT OF PROGRAM IMPACT

FY 1992

USAID/MALAWI

OCTOBER 1992

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO MALAWI

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November 5, 1992

Ms. Margaret I. Bonner
Associate Assistant Administrator
Office of Development Planning
Room 2495 N.S.
Agency for International Development
Washington, D.C. 20523-0049

Dear Marge:

Enclosed is USAID/Malawi's FY 1992 Assessment of Program Impact. As you will see from the report, the 1992 drought has had a major negative impact on the economy, social sectors, and lives of people. Nonetheless, in spite of the problems arising from the drought, there have been some significant accomplishments. For example, the uptake of hybrid maize seed at the beginning of the 1991-92 crop season increased over prior years; the smallholder burley program is reaching down to some of the smallest farmers and proving to be a real poverty alleviation program; and the Malawi Government has instituted new national child spacing guidelines which will ensure that all women, regardless of age, marital status, and parity will have access to the full range of family planning services. The term "family planning" is even used now in Malawi.

As proposed in our FY 1994 Annual Budget Submission and as agreed with AID/W in a couple of recent cable exchanges, we plan to make some modifications to our program strategy over the next several months as we get a clearer picture of the democratization/ governance environment in Malawi and probable future funding levels. At a minimum, we plan formally to drop our Off-Farm Employment strategic objective and have therefore not reported on this SO in our API.

We are not entirely satisfied with our reporting on health sector activities. Some of the problem has been because of gaps in data, most particularly because of delays in the DHS and

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insufficient staff working on the Ministry of Health's information systems. Some has been because mission staff were almost totally consumed by design of the new Support to AIDS and Family Health (STAFH) Project during FY 1992. We will devote major attention to improved health sector data collection, analysis, and reporting over the next year.

I hope our FY 1993 API will be of use and interest to the Bureau -- and most of all that it helps Washington colleagues better understand some of the positive development achievements in Malawi.

Sincerely,

Carol

Carol A. Peasley
Mission Director

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FY1992 Assessment of Program Impact Malawi

I. Overview of Special Factors Affecting the USAID Program

Severe drought, political dissent, large public sector pay awards, two currency devaluations, and the suspension of much Western balance of payments assistance have adversely affected development efforts and implementation of the USAID program in Malawi.

Persistent dry weather, which began in late December in the southern region and by late January in the central and northern regions, resulted in one of Malawi's worst-ever droughts. Dry weather coincided with a critical time in the maize growth cycle, resulting in complete crop failure in many parts of Ngabu, Blantyre, Liwonde, and Salima.

In addition to aggravating existing malnutrition among children under five years, the drought reduced overall health status. Outbreaks of cholera and dysentery in nine districts resulted in 136 deaths between January and June compared with no reported deaths from these causes in 1991. Drying-up of shallow wells forced villagers, especially women, to spend long hours seeking and drawing water. Extra time spent collecting water, combined with reduced incomes, is the likely reason for an observed drop in attendance in ante-natal and maternity clinics in non-government managed facilities. Unsafe water, reduced food consumption, less balanced diets, reduced income, and increased stress on female providers are expected to result in higher child morbidity and mortality this year.

As the first effects of the drought were being felt, political dissent gained a public voice for perhaps the first time. In March, seven of the country's Roman Catholic bishops signed a Lenten letter denouncing the lack of education and health facilities in Malawi, decrying the "growing gap between the rich and the poor", and calling for fundamental freedoms of expression, speech, association, and the press. The letter was followed closely by the return and immediate imprisonment of the trade unionist leader, Chakufwa Chihana. On the same day, the GOM announced a pay increase to civil servants ranging from 20 to 85 percent, in what some believed was an effort to bolster party support among government employees.

Rising food prices, the pastoral letter, imprisonment of Chihana, and the announcement of civil service pay increases contributed to the unprecedented industrial and civil disturbances and riots in May. Government attempted to diffuse the unrest by encouraging the private sector to offer substantial pay awards.

On the external front, the kwacha was devalued 15 percent just prior to the opening of the tobacco auction floors in April. Despite that devaluation, foreign reserves remained precariously low, and a second devaluation, of 22 percent, was implemented in

June. At the same time, overproduction of burley was causing slack prices on the auction floors. As a result, Kwacha prices did not move with the devaluation, despite the essentially external nature of the sales. The devaluations, therefore, combined with a significantly weaker domestic burley tobacco market to produce disastrous consequences for Malawi's foreign exchange earnings: foreign exchange reserves (measured in dollars) are currently 46 percent below last year's levels at this time. Scarcity of foreign exchange will have an adverse impact on imported inputs, which are valued at nearly one-third of GDP and influence the full range of productive capacity in the country.

Finally, at the Consultative Group meeting on Malawi in May, western donors announced significant reductions in non-humanitarian, and especially balance of payments, support to Malawi, pending "tangible and irreversible evidence" of a transformation in Malawi's approach to basic freedoms and human rights.

These events have combined to reduce GDP, increase fiscal and balance of payments deficits, accelerate inflation, reduce investor confidence, and strain government's willingness and ability to sustain the trade liberalization program.

One positive event in an otherwise gloomy picture is the signing of the peace treaty in Mozambique. If all parties abide by the agreement, it should allow the reopening of the Tete corridor, and eventual rebuilding of other transportation routes through Mozambique, which would considerably lower transportation costs into Malawi, now estimated at nearly 42 percent CIF.

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Goal: Enhance the Economic Well Being of the Average Malawian Household	
Strategic Objective no. 1: Increase Foodcrop Production and Productivity	National maize production per unit land increase Gross foodcrop production increases
	Intensify smallholder production of foodcrops Reduce input & output price discrepancies to estates and smallholders Increase crop diversification Reform and strengthen agricultural institutional framework
Strategic Objective no. 2: Increase off-farm employment	Employment on estates increases Employment in small and medium enterprises increases Employment in medium and large scale enterprises increases
	Expand employment in SMEs Expand employment in MLEs Expand financial market resources and availability to private sector Expand and strengthen business activities
Strategic Objective no. 3: Reduce fertility	Reduce total fertility rate
	Increase contraceptive prevalence rate Increase supply of child spacing services Increase girl's attainment of literacy and education
Strategic Objective no. 4: Decrease infant and child morbidity and mortality	Reduce infant mortality rate Reduce under-5 mortality rate
	Decrease infant and child mortality caused by malaria Increase access to safe water Strengthen institutional capacity of public and private health sector
Strategic Objective no. 5: Control the spread of AIDS	Reduce HIV seroprevalence among urban antenatal clients Reduce HIV seroprevalence among rural antenatal clients Reduce HIV seroprevalence among high-risk groups
	Increase condom use Reduce incidence/seroprevalence of classical STDs

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Selected Indicators of Progress Towards Overall Program Goal

Indicator	1985	1986	1987	1988	1989	1990	1991	1992
Real GDP (annual growth rate)	4.4	0.3	1.4	3.3	4.3	4.8	7.8	-7.9
Real per capita (annual growth rate) a/	1.2	-2.9	-1.8	.1	1.1	1.6	4.8	-10.9
Per capita maize production (in Kg)	188.2	174.9	156.1	180.2	184.1	159.9	182.7	73.8
Per capita all grain production (KgME)b/	197.3	183.9	162.7	188.4	193.3	167.9	192.3	76.9
Literacy rate	27.5	28.5	29	30.1	30.9	32.2	32.7	
Health expenditures/GOM budget								
Development	1.7	3	4.3	6.7	7.3	8.3	8.9	17.5
Recurrent	9.2	8.4	6.6	7.2	7.2	7.2	7.2	6.6
Education expenditures/GOM budget								
Development					13.4	13.9	14.5	23.1
Recurrent					9.8	12.1	13.2	13.7

Notes: a/ Population growth rate was estimated at 3.2 percent from 1985 to 1990, and 3.0 percent from 1990-1992, with the effect of AIDS factored in. Excludes Mozambican refugees.

b/ Per capita grain production is expressed in kilograms of maize equivalent (KgME). All grain includes maize, rice, sorghum, and millet.

Sources: Economic Planning and Development, Economic Reports, 1989, 1990, 1991. Ministry of Agriculture third crop estimate, Ministry of Finance, Budget Documents, Ministry of Education and Culture, Education Statistics.

II. Progress Toward Overall Program Goal

The goal of the USAID/Malawi program is to enhance the economic well-being of the average Malawian household, with emphasis on: 1) raising per capita income and improve food security; and 2) improving health status and work force productivity.

The drought's effect can be seen in nearly all indicators this year. Real GDP, which grew at an impressive rate of 7.8 percent last year, is currently estimated to decline by 7.8 percent this year. While the full agricultural impact remains unknown, official estimates show both maize and food crop (in maize equivalents) production down to only 40 percent of last year's production.

The drought placed additional burdens on government's budget. As a result, Government is trying to reduce non-wage, recurrent expenditures by 10 percent. The contraction is not likely to be even, however, despite GOM intent. Thus, although personnel-heavy ministries such as education and health may be protected somewhat, reaching many budgetary expenditure targets will be difficult. As it was, before the magnitude of the drought, wage increases, and donor cut-backs were known, planned expenditures showed mixed news about budgetary allocations: planned health and education development budget expenditures as a percentage of total expenditures were expected to increase markedly but the planned ratio of recurrent expenditures in health was expected to decline. Unfortunately, normal revised budget estimates have not yet been prepared. These numbers, therefore, can be expected to change.

Despite the events affecting Malawi last year, the USAID program

has been directly involved with activities which have had direct, positive impact on the lives of average Malawians:

- Food Aid -- following one of the most devastating droughts in memory, A.I.D. has been the most responsive donor to the drought-crisis, committing 163,000 MT of maize in FY92. The initial 45,000 MT reached Malawi by June. It was the first and only donor supplied food for several months.

- Water Supply -- the drought has obviously diminished access to potable water for many. Nonetheless, our long-standing commitment to this area through the PHICS project has helped move Malawi to the point where fully 70 percent of the population has access to potable water in non-drought years, according to current UNDP estimates.

- Malaria Treatment -- the USAID-funded Mangochi Malaria Research Project documented the extent of chloroquine resistant malaria in Malawi. This evidence convinced Malawi's medical community to become the first country in Africa to use Fansidar-type drugs as first-line treatment. We hope to see a drop in malaria related deaths among children next year.

- Rural Incomes -- the Agricultural Sector Assistance Program (ASAP) supported GOM efforts to let smallholders legally grow burley tobacco, the country's most lucrative crop. The mission estimates that this resulted in a cash flow into smallholder hands of nearly $4.4 million, money which our survey respondents used for food, bicycles, radios, and school fees -- for many, these were first-ever such purchases. Smallholder tobacco incomes have also exerted increasing pressure on prices paid to tobacco tenants.

- Marketing Options -- in addition, ASAP offered farmers marketing alternatives to the major agricultural marketing parastatal for the first time. Farmers responded enthusiastically: just over 40 percent of the burley tobacco crop was sold through estates, just under 40 percent was marketed directly to the auction floors, and about 20 percent through ADMARC.

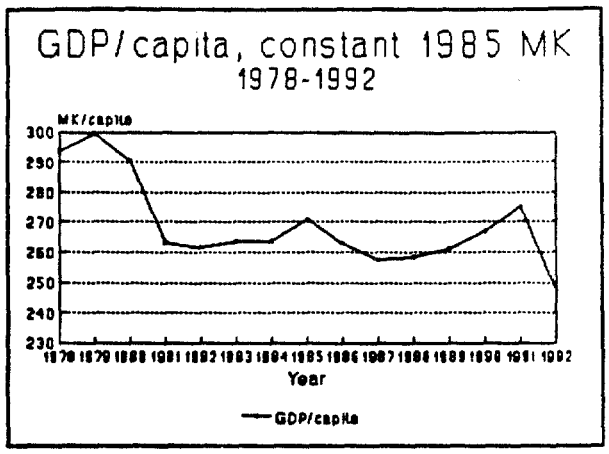
- Policy Debate -- ASAP has engendered open, lively, and public debate on tobacco issues such as price, marketing, and quota allocation; another first for ASAP.

Thus, while the last year was much more difficult than had been expected, it could have been much worse but for the structure and stature of the A.I.D. program. We're looking forward to good rains and a strong rebound.

1. Real GDP -- In 1991 real GDP increased by 7.8 percent, a result primarily of increased output in the smallholder sector. This growth rate is higher than the 4.8 percent reported in last year's API. In 1992, GDP will decline by 7.8 percent due to the drought.

2. Real GDP per capita -- The decline in real GDP of 7.8 percent

and a population growth rate of 3.0 percent (considering AIDS) mean that real per capita GDP declined 10.8 percent. This is the lowest real per capita GDP registered in the past 15 years, the longest time period for which the Mission was able to obtain reliable data. Worse yet, smallholder production, upon which roughly three-fourths of the total population depends, is estimated to have declined by 25 to 60 percent.



3. Per capita food production -
- Malawi's worst drought in at least 40 years devastated food production: maize production, which accounts for 80 percent of all smallholder hectarage, fell by nearly 60 percent; rice fell by 65 percent; sorghum fell by 79 percent; and millet by 56 percent.

4. Infant and child malnutrition -- The drought's effects on nutrition are not complete; however, initial indicators are troubling. Malawi uses three categories to describe malnutrition: stunting (more than two standard deviations below normal height for age indicators), underweight (weight compared to norms for age), and wasting (more than two standard deviations below normal weight for height indicators). A recent survey completed by the Ministry of Agriculture shows that, with very few exceptions, children are becoming more stunted, more under weight, and more wasted compared to last year. Thus, in some areas children exhibit: stunting rates of 35 to 76 percent (at 2 SDs below normal) and 40 to 60 percent (at 3 SDs below normal); under weight rates of 23 to 69 percent (at 2 SDs) and five to 55 percent (at 3 SDs); and wasting of up to 15 percent (at both 2 and 3 SDs).

5. Infant and child mortality rates -- Work on the Demographic and Health Survey (DHS) for Malawi continued with the survey teams taking to the field in September. Until preliminary results are made available in early 1993, we still have little information on infant and child mortality rates.

6. Average wage rate in the rural sector -- two promising changes occurred during the last year: 1) prices paid to tenants for burley increased for the second year (by 19 percent last year and 22 percent this year), due to pressure from smallholder burley growers, and 2) rural minimum wages increased by 20.1 percent.

7. Literacy -- Literacy, defined as the population over 10 years who have completed standard 4, continues to edge upwards as enrollment rates in primary school increase.

III. Progress Toward Strategic Objectives and Related Indicators

SO 1: Increase Foodcrop Production and Productivity

Much of the news in the agricultural sector was overshadowed by the drought: not only was overall maize production down, but yields and credit repayments were off. Nonetheless, promising events occurred within the smallholder sector, and in a number of areas our mid-cycle, hoped-for performance targets were met or exceeded:

- direct auction floor sales of smallholder burley exceeded all expectations -- 1 million kgs were marketed in this way, compared with a target of 10,000 kgs;
- purchases of HYV maize seed increased by 22 percent and met the 1992 target;
- share of land planted to HYV maize increased by 18 percent to exceed the target;
- smallholder purchases of fertilizer increased by 16 percent, to exceed the target; and
- credit increased in real terms by seven percent to exceed the target.

Not all poor performance was drought-related, however. Subsidies limited private sector sales of HYV maize seed and fertilizer by undermining private sector competitiveness. This sustained leakage from the smallholder to the estate sector. Such leakage should decline next season because prices have been set to eliminate subsidies on one maize and two tobacco fertilizers (CAN, D, and SA). Remaining subsidies are to be phased out by 1995. Some effect should be felt next year.

ASAP continues to exert a strong, positive influence in the smallholder sector, and continues to demonstrate the GOM's commitment to practical poverty alleviation efforts:

- approximately 7,200 smallholders registered to grow burley last year: 10 percent were women, 54 percent had less than 1.5 hectares and 27 percent had less than 1.0 hectares of land;
- smallholders were allocated a collective production quota of 3.5 million kgs of burley tobacco, with an estimated 2.6 million kgs produced;
- smallholders made their own burley marketing decisions: over 40 percent (1.2 million kgs) of production was sold to estates who paid prices higher than ADMARC and paid smallholders promptly; just under 40 percent (1 million kgs) was sold by smallholder burley clubs directly on the auction floors; and

less than 20 percent (400,000 kgs) was sold to ADMARC; and,

- the program's success last season resulted in an overwhelming response by smallholders wishing to grow burley this year; registration has begun for the 1992/93 season, with a collective quota allocation of 7.5 million kgs. Preliminary figures show 22,000 farmers have been registered: 14 percent are women and 67 percent have less than 1.5 hectares.

Program Logframe: Strategic objective No. 1--Increase Foodcrop Production and Productivity

Strategic objective	Indicator	Baseline 1985	Actual 1990	Actual 1991	Actual 1992	Projected 1992	Projected 1995
Increase Foodcrop Production and productivity	1. National average maize production per unit land increases (t/ha)	1.2	1	1.1	0.5	1.2	1.4
	2. Gross foodcrop production increases (million MT)	1.6	1.6	1.9	0.8	2.3	2.6

Target 1	Indicators	1985	1990	1991	1992	1992	1995
Intensify Smallholder Production of Foodcrops	1. Maize production per unit of land increases (t/ha)	1.2	1	1.1	0.5	1.2	1.4
	2. Smallholder purchases of HYV maize seed increases ('000 MT)	1.6	3.6	4.9	5.6	5.6	7.8
	3. Smallholder purchase of fertilizer increases ('000 MT)	69	105	113	131	126	166
	4. Smallholder use of farm credit increases (MK million)	16	24.7	29.8	32	30	40
	5. Smallholders adopting agroforestry increases				N/A	N/A	750
	6. % smallholder HYV maize/total maize area increases	8.4	11.9	14.2	16.8	16.4	23.6

Target 2	Indicators	1985	1990	1991	1992	1992	1995
Reduce Discrepancies in Input and Output prices faced by Estates and Smallholders	1. Private sector/total sales of fertilizer increase (%)	42.1	33	35.4	27.7	38	47
	2. Private sector/total sales of HYV maize seed increase (%)	11.8	17.5	10.8	10.1		
	3. Direct smallholder sales of burley at Auction increase ('000 kg)	N/A	N/A	N/A	1,000	10	50
	4. % ADMARC price of Auction Floor Burley price increases (%)			58	34 a/	62	65

Target 3	Indicators	1985	1990	1991	1992	1992	1995
Increase Crop Diversification	1. % smallholder hectarage devoted to cash crop increases (10%/yr)	7.4	5.8	7	7.4	8	10
	2. % smallholder cash crops sold through Non-parastatals increases				15.9		
	3. % smallholder food crops sold through Non-parastatals increases b/						

Target 4	Indicators	1988	1990	1991	1992	1992	1995
Reform and Strengthen Agricultural Institutional framework	1. Agricultural budget/GOM budget is maintained--Recurrent (%)	5	5.1	5.5	4.8	5.5	5.5
	2. Agricultural Research budget increases, real terms--Recurrent (MK m)	4.3	5	5.1	4.6	5.6	6.8
	3. Fuel expenditures for Extension Services expand in real terms (MK m)	1.4	1.4	1.2	0.7	1.3	1.5
	4. Increasingly open discussion of agricultural policies						

a/ For the 1990/91 marketing season ADMARC had agreed to pay the farmers in two installments. Last year we reported on the first payment, amounting to 14% of the auction floor price, because the second payment had not been made. Similarly, we show only the first payment for the 1991/92 season because the second payment has not yet been made.

b/ Tobacco sales only.

c/ A survey done by CSR showed that in the surveyed area, 50% of all sales of food crops were inter-household, 10% were to ADMARC, and 38% markets or private traders. However, a study done in Zomba south showed that although the number of sales to markets and private traders was 77% compared with 12% to ADMARC, in terms of the quantity sold, ADMARC accounted for 41% of the total weight.

SO 2: Increasing Off-Farm Employment Opportunities

As first broached in the FY94 ABS, USAID/Malawi is in the process of rethinking its program strategy, specifically with respect to removing the second strategic objective, increasing off-farm employment opportunities. The mission requested, and AID/Washington has concurred with, a formal review of the proposed changes sometime early in the next calendar year. Washington already has indicated, however, its support for a reduction in our strategic objectives. For these reasons, as well as the lack of any new information to present compared to past APIs, the mission will not be reporting on this strategic objective this year.

SO 3: Reduce Fertility

New surveys suggest that demand for child spacing services is increasing. In two, a 1984 survey indicated that only 16 percent of married women of reproductive age (MWRA) wanted no more children whereas by 1992, 20 percent of these women desired no more children.

In response to this growing demand, several developments have occurred which indicate slow but steady progress toward implementing an effective network of family planning information and services which will eventually lead to lower fertility:

- Government has approved revised and liberalized national child spacing guidelines. All women, regardless of age, marital status, or parity will now have access to child spacing services;

- child spacing issues have become an item of national attention and debate: the Minister of State and the Malawi Congress Party (MCP), at its annual convention, each received briefings on population and fertility issues by a RAPID-trained Malawian demographer. As a result, MCP delegates officially pledged their cooperation and support to child spacing efforts;

- the National Family Welfare Council (NFWC), a national advocacy and leadership organization in family health and child spacing programs, is now staffed and fully operational;

- there has been a significant increase (40%) in the number of people, primarily women, choosing surgical contraception;

- more health facilities provided child spacing services (resuming their 1991 level) despite budget difficulties; and,

- increased condom use has been reported. Bolstered by radio advertising and the advent of a social marketing campaign to promote them, condom distribution under the SOMARC program doubled between the second and third quarters.

In the near future, further gains in information, a supportive policy environment, and increased service delivery are expected:

- deadlines for developing a national population policy have been moved up from March '93 to November '92 as a result of RAPID-IV consciousness raising;

- long awaited results from the Demographic and Health Survey will be available early in the new year; and,

- the child spacing component of the Mission's largest project, Support to AIDS and Family Health (STAFH), will strengthen and expand child spacing services throughout all levels of Malawi's national health service delivery system and will support contraceptive social marketing.

Program Logframe: Strategic objective No. 3--Reduce Fertility

		Baseline	-------Actual-------			Projected
Strategic objective	Indicator	1984	1990	1991	1992	1998
Reduce fertility	Reduce total fertility rate	7.6	7.6	7.6	7.6	6.9
Target 1	Indicators	1984		1988	1992	1995
Increase the contraceptive prevalence rate	Increase contraceptive prevalence rate a/	1		3.3	5.5	11.4
Target 2	Indicators	1984	1990	1991	1992	1995
Increase the supply of child spacing services	1. Increase number of clients using modern methods of child spacing ('000)	15	35	58	99	235
	2. Increase no. of clients choosing voluntary surgical contraception	100		1239	1700	3300
	3. Increase no. health facilities providing child spacing services	3	230	210	230	350
Target 3		1986	1990			1995
Increase girls' attainment	Girls' gross enrolment rate, primary school b/	47	58			69

a/ A 1988 Child Spacing KAP Survey by Chancellor College provides the most recent nationally representative estimate of the contraceptive prevalence rate. This survey gives a CPR of 3.3 percent (modern methods only) from a sample of 3043 females. The FAMPLAN model and projects a CPR for modern methods of 5.5 percent in 1992.

b/ Education statistics are provided for the most current year available. With the completion of the national school registration system in 1993, we should be able to obtain more timely information.

SO 4. Decrease Infant and Child Morbidity and Mortality

Mission efforts to reduce infant and child morbidity and mortality focus on reducing malaria and related malaria morbidity and mortality, on increasing access to safe water, and on strengthening the institutional capacity of Malawi's heath sector:

- research on chloroquine resistant malaria in Malawi, undertaken by CDC with long-standing USAID funding, resulted in Malawi's becoming the first country in sub-Saharan Africa to adopt sulfadoxine-pyrimethamine (brand name, Fansidar) as the first-line treatment against malaria, making it readily available without prescription throughout Malawi. This change is expected to significantly reduce child mortality;

- appropriate treatment appears to be increasing, with a significant number (90%) of respondents in a recent survey seeking some form of medical assistance within three days of the onset of illness. Nonetheless, most Malawians (72%) try home treatment prior to visiting a health facility for malarial symptoms. Thus, wide dissemination of the new treatment measures will be important to their success;

- Malawi is now reported to have one of the highest rates of access to potable water in sub-Saharan Africa, with 70 percent of the population having ready access, according to the UNDP. Of course, the drought has seriously diminished access to groundwater and water table levels. Access this year, therefore, may subsequently be found to have diminished; the capacity has been installed, however, and Government and donors are increasing the capacity of those wells to provide water; and,

- in response to this year's drought, the mission amended its PHICS project to provide a grant to Save the Children Fund/UK for the following activities: 1) install 80 boreholes in the hardest hit districts; 2) rehabilitate 50 existing boreholes and repair pumps in the worst affected areas; 3) procure the required equipment, materials, supplies and vehicles; and 4) support basic operating costs.

The decision by the GOM in April to increase public sector salaries has had a profound effect on the health care sector. For the MOH, whose planned share of recurrent budget already had declined over the 1991/92 level, salary increases were to be offset by a further 10 percent reduction in operating budgets. Cutbacks have included reduced drug procurements and slowdowns in filling vacancies. Private sector facilities were obliged to match salary increases, and, thus, will face an estimated shortfall of 4.4 million MK. Finally, Government has had great difficultly hiring and retaining health surveillance assistants, MOH's grass roots health care personnel. Current budgetary difficulties and hiring freezes are expected to exacerbate this situation.

Program Logframe: Strategic objective No. 4--Reduce Infant and Child Morbidity and Mortality

Strategic objective	Indicators	Baseline 1984	Actual 1987	Projected 1995
Decrease infant and child morbidity and mortality	1. Reduce infant mortality rate (deaths per 1000)	151	159 a/	128
	2. Reduce under-5 mortality rate (deaths per 1000)	258	257 a/	235

Target 1	Indicators	1986	1990	1992	1995
Decrease infant and child mortality caused by malaria b/	1. Reduce rate of under-5 outpatient visits for malaria	33.61	39.38	N/A	
	2. Reduce rate of under-5 deaths in hospital caused by malaria	12.89	18.72	N/A	
	3. Reduce rate of under-5 outpatient visits for anemia	N/A	N/A	N/A	
	4. Reduce rate of under-5 deaths in hospital caused by anemia	12.91	12.9	N/A	
	5. Proportion of children with diagnosed malaria who receive the correct dosage of the recommended antimalarial				

Target 2	Indicators	1984	1992	1995
Increase access to safe water	Access to potable water improves (percent of rural population) c/	39	70	55

Target 3	Indicators	1985	1991	1992	1995
Strengthen institutional capacity of public and private health	1. Health care budget/total GOM budget increases--recurrent	9.2	7.2	6.6	9.1
	2. National per capita health surveillance personnel increases		500	420	4000
	Total population (mil)	7.2	8.7	8.9	9.8

a/ Infant and child mortility rates are reported from the 1984 Family Formation survey and the 1987 Census which became availbale in 1992. However, because different methodologies were employed to make these estimates comparisons over time must be made with some caution. Furthermore, the national-level IMR shows a rise over the 1984 IMR, whereas the district-level IMRs show declines, indicating some problem with the methodology used.

b/ No reports have been produced from the Health Information System since it was revised in January 1991. Furthermore, the Mission has reservations about the appropriateness of these indicators. We plan to evaluate and provide technical assistance to the HIS and related activities that will provide the best indicators in the health sector.

c/ Represents access to potable water during normal, non-drought conditions.

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SO 5: Control the Spread of AIDS

One promising feature regarding AIDS in Malawi is Government's willingness to accept assistance in documenting, analyzing, and addressing the problem. Thus, over the last year, the mission has been able to expand its support to AIDSTECH and Johns Hopkins, and so to expand service delivery and data collection on the extent of the disease in Malawi. The latter efforts resulted in an HIV-1 sero-prevalence study in ten rural districts and Blantyre. The news about AIDS, however, continues to be disturbing:

- seropositivity has increased again, from 23 to 27 percent, among the same population of pregnant women accessing the antenatal clinic at Queen Elizabeth Central Hospital in Blantyre. Although this is the same population we have been studying for some time, the mission was reluctant to project these rates of infection to the general population, given the self-selecting nature of the clients studied.

This last year has finally seen the first rural survey results, though only for women:

- rural HIV-1 seropositivity of eight percent was found in a survey of eight rural and two peri-urban clinics, and there were no statistically significant differences among regions; and

- seropositivity was highest among women aged 20 to 24, followed by those aged 25 to 29, and 30 and over. An especially disturbing finding, however, was seropositivity of 6.1 percent among young women aged 15 to 19.

One finding that has surprised researchers working in Malawi is that HIV and syphilis seropositivity do not appear to be positively correlated. While this warrants further research, sustained findings of this nature would lead the mission to revise this indicator.

Finally, much effort has been expended on developing and disseminating information for wide understanding of HIV transmission:

- radio advertising for AIDS education and condom promotion was stepped-up in 1992 after Government gave approval for more explicit and frequent messages;

- a special curriculum on AIDS and STD prevention has been developed for primary and secondary school youth. Books and teaching guides have been published and distributed to schools; and,

- a new series of posters and promotional materials has been developed and disseminated.

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Program Logframe: Strategic objective No. 5--Control the Spread of AIDS

Strategic objective	Indicator	Baseline 1985	Actual 1990	Actual 1992	Predicted 1995
Control the spread of AIDS	1. Reduce HIV prevalence among urban antenatal clients (percent)	2	23	27	15
		1992			
	2. Reduce HIV prevalence among rural antenatal clients (percent)	8			8
	3. Reduce HIV prevalence among high risk groups (percent)		62		40

Target 1	Indicator	1988	1990	1991	1995
Increase condom use	1. Increase percent of men using condoms	5	9 a/	N/A	40
	2. Increase total number of condoms distributed and sold annually				
	free (thousands)	0	6	5,000	13
	social marketing (thousands)	0	0	158	2

Target 2	Indicator	1985	1990	1992	1995
Reduce incidence/prevalence of classical STDs	1. Reduce percent of pregnant women infected with syphilis	.	11	9 b/	7
	2. Percent male reported STDs in past 6 months	.	14 a/	N/A	7

a/ The source for indicator 1.2 and 2.2, reported last year, was a SOMARC survey. These results overrepresented the urban, higher income strata of the population and are therefore not nationally representative.

b/ Seroprevalence by Rapid Plasma Reagin test.

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Data sources

Strategic Objective no. 1

All indicators came from routine reporting by the Ministry of Agriculture except the following:

Indicator	Source
1.1.2	National Seed Company of Malawi
1.1.3	Economic Report
1.2.1	Ministry of Trade and Industry, SFFRFM
1.2.3	Auction Holdings Limited
1.2.4	ADMARC
1.4.1-3	Ministry of Finance Budget Documents

Strategic Objective no. 3

Indicators generally came from NSO 1977 Population Census and NSO 1984 Family Formation Survey and other routine reporting by the Ministry of Health. Projections come from the EP&D PHRDU target model projections. Indicator for target no. 3.3 came from Ministry of Education and Culture Education Statistics.

Strategic Objective no. 4

Infant and child mortality -- Baseline rates are from the 1984 Family Formation Survey. No nationally representative survey of mortality has been done since 1984. Estimates provided for actual are based on MOH/AIDSTECH projections assuming an average between low and high AIDS scenario. By early 1993, new survey based figures will be available form the DHS. Targets are based on MOH/AIDSTECH projections and aim for the best-case AIDS scenario.

Malaria and malaria-related morbidity and mortality -- Data come form the Ministry of Health's Health Information System. Since the MOH switched to a new system of data collection at the beginning of 1991, no statistical reports have been made available.

Access to potable water -- Baseline date water come from USAID. Data for the current year come from UNDP.

Budget statistics -- Ministry of Finance budget documents.

Strategic Objective no. 5

Indicator	Source
5.1	Antenatal clinic in Blantyre, JHU project
5.2	Rural seroprevalence study
5.3	STD patients - Kristensen study at KCH.
5.1.1	Weighted urban-rural average from SOMARC survey.
5.1.2	SOMARC
5.2.1	JHU study of prenatal women in Blantyre.
5.2.2	SOMARC study of 'middle income' men.

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ASSESSMENT OF PROGRAM IMPACT

USAID/MOZAMBIQUE

FY 1992

November 1992

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SECTION I. SPECIAL FACTORS AFFECTING THE USAID PROGRAM

The principal factors affecting the USAID program in FY 92 have been drought and the war.

In 1991/92 southern Africa suffered from the worst drought to hit the region in over 80 years. Exacerbated by the ongoing war and a dearth of human and physical infrastructure, the drought hit Mozambique the hardest. Within Mozambique, the drought was most severe in the central and southern provinces. From 1991/92 to 1992/93 annual emergency food requirements rose from 267,700 to 500,050 mt[1] and food aid requirements for the commercial markets rose from 709,000 mt to 816,000 mt.

Additional food requirements are only part of the picture. Water sources--including some major rivers--dried up, creating a more immediate and potentially dire situation for rural populations and some cities, particularly Beira and Chimoio. The ongoing war restricted the ability of emergency programs to reach affected rural populations. In September 1992, an agreement was finally reached between the GRM and RENAMO to allow access by relief convoys to affected populations in RENAMO-held areas. The agreement, however, was too late to stem the flow of people to urban centers and the principal transportation corridors. Thousands of people, many in dire condition, are reported to be fleeing RENAMO areas in search of food.

The drought highlighted weaknesses in government's ability to respond to emergencies. Due to its inability to meet the food distribution needs of the country, the agency responsible for relief coordination and implementation (DPCCN), PVOs and the WFP signed tripartite agreements to ensure a more rapid delivery of relief food to affected areas. Petromoc, the state enterprise responsible for importation and distribution of petroleum, was unable--without the intervention of USAID and other donors--to schedule and ensure the importation of diesel fuel, gasoline and aviation gas to keep emergency operations moving and provide a minimum supply for the private sector.

While it is too early for final numbers, the impact of the drought on the economy is severe. World Bank and IMF estimates of GDP growth for 1992 have been revised down from 5% to -1.4%. This is due to production loss, continued insecurity and changes in source and composition of foreign assistance. The latter reflecting greater food aid, a significant decline in import

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[1] Includes relief, food for work, nutritional rehabilitation and supplementary feeding requirements, but not increased requirements for people in previously inaccessible RENAMO-controlled areas and for increases in ration sizes.

support funds and cuts in aid from Eastern Europe and the former Soviet Union.

The war between the GRM and RENAMO is not a new constraint for the USAID program. It is important to highlight it, though, because it has been the primary constraint to Mozambique's development, achievement of USAID program objectives and the ability of the GRM and donor community to effectively respond to the drought. With the signing of a peace accord on October 4, 1992, Mozambique may finally be able to move forward with national reconciliation, reconstruction, long-term development and democracy.

SECTION II. PROGRAM GOALS AND SUBGOALS

GOAL: Ensure access for all Mozambicans at all times to sufficient food for a healthy and productive life

In the FY 1991 API, stability of food supply was chosen as a proxy indicator for the program goal of food security. The 1991/92 drought increased Mozambique's requirements for imported food assistance, as only an estimated 20% of basic food requirements are met through normal domestic production. Filling the gap, donor food aid will provide 65% and 67% (pledged as of August 31, 1992) of total food import requirements for 1991/92 and 1992/93 respectively. Quick and generous, the U.S. response to the drought accounts for 46% and 49% (pledged) of imported maize requirements in 1991/92 and 1992/93, respectively. Despite this response from the U.S. and other donors, the combination of war and severe drought has undoubtedly reversed progress towards achievement of the goal.

Beyond the question of whether overall supply will meet requirements, supply must be stable to meet consumer needs and predictable to encourage domestic production. Weekly market price surveys by the Mission and Michigan State University (MSU) working with the Ministry of Agriculture show wide fluctuations in prices for maize products. Very high peaks occur as supplies dwindle and then sharply fall within hours of the arrival of new maize shipments. In one Maputo market, the price for coarsely ground yellow maize, the lowest priced maize product, ranged from Mt 474 to Mt 1328 between January and April 1992. These fluctuations are particularly hard on poor consumers who must either reduce their food purchases (which are often only a fraction of FAO standard minimum requirements) or reduce their expenditures on other basic items to adjust to the rising prices. For producers, the price fluctuations act as a disincentive, since they increase the risk associated with domestic maize production and marketing.

Efforts by the Mission to stabilize the supply of maize, through increasing the frequency of shipments and the number of consignees per shipment, are paying off. Since August, 1992, price fluctuations of maize in Maputo and other major urban markets have stabilized. Continued stability, however, depends on assurance of steady supplies from all donors.

SUBGOAL #1: Meet the subsistence food and basic health requirements of the absolute poor[2]

The FY 1991 API cited estimates of the number of absolute poor at over 50% of the population, both rural and urban. This is a staggering figure. In FY 1992, given the effects of the drought on domestic production, this number can only have grown. To meet the subsistence requirements of this population requires greater understanding of the determining factors and characteristics of its subgroups.

MSU's research in three districts of Nampula province revealed several significant factors in household food security. First, the single most important factor is size of land holding; some families have as little as 1/10th of a hectare per capita, inadequate even for survival. Second, households with access to a market for cash crops (cotton or cashew) both grew more food and retained more of their production for their own consumption, since cash needs, including farming inputs, were met by non-food production. Other factors, such as opportunities for non-farm income, were also significant.

Although studies of households in the Maputo peri-urban areas suggest some similarities to the MSU findings, they also suggest two other significant factors: the urban subgroups among the absolute poor of female-headed households and deslocados (displaced persons).[3] [4]

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[2] Absolute poverty is defined by the World Bank as the level of income below which: a) growth faltering in children becomes a common occurrence; and/or b) the cost of a basic monthly food ration (supplying 60-70% of caloric requirements) represents 50% or more of the income level.

[3] The OSU Peri-Urban Baseline Study, reported on previously, suggests that a household's level of food security and source of drinking water is a function of the gender of the head of the household.

[4] MSU's Nampula research did not find a significant relationship between these subgroups and household food insecurity. However, it appears that the factors affecting household food security are different depending on the

An analysis of land markets and land use in Maputo's peri-urban area[5] has gender-differentiated findings that paint a bleak picture of the wellbeing of female-headed households. Whether looking at farm, non-farm or total income, female-headed households in the sample are in a much weaker position than male-headed households. Per capita total income for female-headed households averaged $50, compared to $375 for male-headed households. For female-headed households, gross and net farm revenues from irrigated plots were one-tenth that of male-headed households. Total expenditures by female-headed households on agricultural inputs were 13% of the level expended by male-headed households.

Non-farm income for female-headed households averaged $130, as compared to over $700 for male-headed households. Women working in the formal (wage) sector are under-represented (only 20% of formal sector workers), and, with the exception of the restaurant/hotel sector, men earned 20%-50% more than women. Not one of the female heads of household in the sample held formal sector employment. Female heads of household have significantly less land, poorer housing, less access to services such as water and electricity, far fewer "consumer" goods and less schooling than male heads of household.

A study of small-scale traders also in Maputo's peri-urban area[6] included a sample of 73 traders, 95% of whom were female. The percentage of female-headed households was higher than in the Peri-Urban Baseline Study, but there did not appear to be a relationship between gender of household head and income. Nonetheless, the study does emphasize the low income earned by women from non-farm income. While average income from trading activities was two to three times the formal minimum wage rate, 70% of the traders earned far less than the average and 53% earned approximately the minimum wage. In fact, the authors

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geographical location (which influences which crops are grown as well as many other factors) and on whether one is looking at a rural or urban/peri-urban population.

[5] Roth, Michael, Steve Boucher and Antonio Francisco, "Draft: Land Markets, Transaction Costs, and Land Use in the Peri-Urban Green Zones of Maputo, Mozambique", Land Tenure Center, October 1992. The survey covered two districts in the peri-urban zones around Maputo and involved 121 households and 162 parcels of land.

[6] Little, Peter and Irae Baptista Lundin de Coloane, "Petty Trade and Household Survival Strategies: A Case Study of Food and Vegetable Traders in the Peri-Urban Area of Maputo, Mozambique", April 1992.

conclude that "most traders use income from small-scale commerce to support subsistence costs." This reliance on small-scale commerce for subsistence is due, in large part, to the lack of access to land in the peri-urban areas for farming. For those who do have access to land, the plots are too small (less than 0.2 hectares for the sample) to support a household.

Approximately 35% of the Mozambican population are considered *deslocados*, people who have migrated within Mozambique to flee the war or drought. (Another 10% of the population are refugees in neighboring countries.) By virtue of having fled their homes and principal means of income, deslocados probably represent a sizable subgroup of the absolute poor.

This conclusion is supported by findings from the small-scale trader and land market studies. For example, weekly trading income for traders who have resided in Maputo for 1 to 15 years was found to be less than half that of traders who have lived in the area for 16 to 30 years. Recent arrivals to the peri-urban zones have also been locked out of access to productive land. Most of the irrigable land in the zones covered by the land market study was fully occupied by 1986 or 1987 and available rainfed land is often in areas where security is a problem. Consequently, new arrivals have had to turn to alternatives to farming, such as petty trading, to survive.

SUBGOAL #2: Increase food supplies through production and trade to levels that meet domestic consumption requirements

Progress toward this subgoal was set back by the 1991/92 drought. As has been noted above imported food requirements for Mozambique have risen dramatically due to the drought. While no reliable production statistics are available even in a normal year, there is little question that food production in southern and central Mozambique was a complete loss in 1991/92 for the second year in a row.

Production in northern provinces was close to normal, however. In some areas significant food surpluses were produced, but the lack of market infrastructure and war-related insecurity prevented farmers and traders from moving surplus food to food deficit areas.

While it is not possible to report increases in food supplies for domestic consumption, there is evidence of rapidly evolving production and marketing patterns. As markets develop,

incentives for production and trade can be expected to increase, but it is still too early to report measurable progress.

Recent studies and casual observation suggest that market activity in urban areas, and especially in Maputo, is increasingly vibrant. Self-employment, of which a large portion is informal commerce, accounts for more than 60% of the entire peri-urban workforce, an astounding transformation from the early 1980s when urban residents without proof of formal wage employment were plucked from the streets and sent for "reeducation". Petty trading (dumba-nengue), whether in food or in small manufactured products, has grown faster than any subsector of employment in the past five years.[7] This change is attributed to the combination of policy reforms since 1987 that now encourage rather than outlaw private marketing and the large influx of deslocados into urban areas.

The small-scale trader study also describes significant changes in the vegetable and food production and marketing systems in southern Mozambique. Maputo's peri-urban zones have largely shifted out of higher value crops (e.g., tomatoes, potatoes and onions) and have become increasingly limited to producing quicker-growing leafy vegetables (e.g., kale, "green leaves", and lettuce). It has been speculated that this is due to the high demand for these foods by the urban population, their high perishability and consequently the need to grow them close to markets, and the farmers' need for high turn-over due to cash flow constraints.[8]

The higher value crops now come primarily from South Africa, Swaziland and other areas of southern Mozambique, principally Chokwe and Marracuene. They are then distributed through a network of large-scale city and smaller peri-urban wholesale markets. This network of wholesale markets is a recent phenomenon and a direct outgrowth of liberalized trade and market policies. In the study, traders in potatoes, onions and tomatoes obtained 50% of their produce from the Central Market and Xipamanine, the two largest wholesale markets. The importance of wholesale markets has also been documented by MSU in their study of Maputo's grain markets.

In the rural areas there has also been a marked increase in the level of market activity, including the revival of once defunct stores and an increase in new entrants to the market. This conclusion is based on observations by U.S. PVOs supported by the

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[7] Little and Lundin de Coloane.

[8] USAID/Mozambique Policy Seminar, Maputo, Mozambique, February 11-12, 1992.

PVO Support Project. Their observations are discussed in greater detail under Strategic Objective 2.

SECTION III. PROGRESS TOWARD STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE 1: Sustain an effective food safety net for the urban poor and those displaced and severely affected by war

The Government's long-term food security strategy is to create sustained supply and demand at the household level by increasing smallholder production and generating public and private investment. In the short term, however, the effects of the war and drought and weaknesses in the Mozambican economy prevent many Mozambicans from finding employment or producing for subsistence. As an interim measure, rural and urban safety net programs have been developed by the GRM and donor community to reduce the food insecurity of the poor.

Average growth faltering rates are being used as the primary indicator for measuring the success of the safety net programs. Unfortunately, average growth faltering rates are currently only available for the first three months of CY 1992, making it impossible to compare them with prior year six-month averages.

Growth faltering rates fluctuate over the course of a year depending on the season. Based on discussions with UNICEF, the Mission has hypothesized that there has been a downward shift in the annual growth faltering rate curves over the past five years and that this shift is correlated with U.S. food assistance to Mozambique. The Mission is attempting to gain access to Government data that would verify this hypothesis.

Target 1-1: Meet 30% of the emergency food needs of Mozambicans displaced and severely affected by war or natural disasters

The Mission's rural safety net strategy has been to work through U.S. PVOs, in coordination with the DPCCN, to distribute free food to populations most affected by war, drought or other natural disasters. Technical assistance from CARE has also been financed to help DPCCN improve logistical management of food aid. To respond to the increased need due to the 1991/92 drought, the Mission increased the amount of emergency food aid provided through the World Food Program. U.S. assistance will meet 26% of the emergency food needs of Mozambicans. Additional technical assistance is being provided to the ports and railways to ensure emergency food assistance flows are smoother and quicker, both

for Mozambican destinations and for Zimbabwe, Malawi and other land-locked countries.

In addition to the increased need for food and water, the drought has also forced many people to migrate to and concentrate around the major transportation corridors in search of assistance. There also has been considerable migration from RENAMO-held areas hard hit by the drought. Negotiations resulted in some corridors into RENAMO territory being opened for emergency relief with a consequent increase in the number of people to be supported by the relief operations.

Target 1-2: Meet 40% of the maize requirements for the market dependent population

Approximately 54% of Mozambique's commercial maize import requirements are being met by the U.S.

The Mission's urban safety net strategy has been to target poorer segments of the population through the sale of yellow corn, which was thought to be inferior in consumer preference. Market research by MSU has found that while yellow corn is viewed as generally being inferior to white maize, the more decisive factor for consumer preference, and thus price differentials, is the extraction rate or coarseness of the grind. The result is a spectrum of products differentiated first by rate of extraction and then by color. At the high end is high quality (65%-85% extraction) white maize flour, followed by high quality yellow corn flour. The least expensive product (and most nutritious) is whole ground (99% extraction) yellow corn. There is some cross-price elasticity, causing the prices of the various products to move together. The high quality (sem farelo) white maize flour can cost as much as triple the price of coarse (com farelo) yellow corn flour.

Based on this information, the Mission is pursuing options for increasing the portion of our commercial food aid corn that is ground at the 99% extraction rate. This requires making more of the grain available to small hammer millers who produce the coarse flour, and reducing the proportion going to the large mills that produce the higher quality products.

This approach does not, however, meet the needs of the approximately 15% of the urban population who are unable, due to lack of income, to participate in the market. The FY 1991 API reported on the poor performance and inability of the NSA (Novo Sistema de Abastecimento) ration system to meet the needs of this group of people. OSU's Peri-Urban Study, the GRM's own Maputo household surveys, and preliminary results from research by Cornell University underscore this conclusion with empirical evidence that very few of the poorer segments of the population obtain any of their food requirements from the NSA. Even those

who do use the NSA use it for only 2% of their total food purchases no matter what their income.

Urban food security safety net programs now in place or under consideration focus on highly targeted income transfers or employment generation schemes, which will allow even the very poorest to utilize open market sources for food; these complement the focus of our commercial food aid program on stabilizing supplies and thus prices of basic food commodities in these markets.

STRATEGIC OBJECTIVE 2: Reduce, among target population groups, dependence on external food aid to meet subsistence requirements.

Provision of food aid is a necessary first response to the emergency but can, if continued over a prolonged period, inculcate a sense of dependency and reduce the capacity for self-reliance. Interventions which permit increased agricultural production and create employment will directly combat dependence on food aid and improve household food security. Those which improve the health and general well-being of the poor will remove a barrier to increased productive capacity and self-reliance.

USAID's strategy for reducing dependence on food aid capitalizes on grassroots experience accumulated by PVOs and channels rehabilitation assistance through PVO grants. PVOs provide newly displaced populations with food aid for a period of 18 months during which time they also receive assistance in obtaining land, seeds and tools (so-called ag and veg paks). Ag paks are distributed to displaced families over a two-year cycle, at the conclusion of which it is anticipated they will have attained a substantial measure of self-sufficiency. Extension, health and community development services supported by PVOs with GRM direction continue to assist households following the initial distribution phase of the activity. Target population groups under the USAID-funded PVO Support Project include:

- Save the Children Federation (SCF): 31,000[9] people in three villages in Xai-Xai district, Gaza Province;
- World Vision: 770,000[10] displaced persons in Zambezia and Tete Provinces, and 135,306 people in Nicoadala District, Zambezia, served by Child Survival activities;

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[9] The target population has been reduced to 27,000 due to households being abandoned as a result of RENAMO incursions.

[10] This figure includes 152,000 non-displaced people who have been seriously affected by drought.

- ADRA: 13,080 displaced households in four districts of northern Inhambane; and
- Food for the Hungry International (FHI): 10,000 households, primarily displaced people in three districts and one administrative post of Sofala Province.

The PVO ag pak program (60-80% of whose beneficiaries are women)[11] is hampered by increasing land scarcity in secure areas which reduces the amount of land available for newly displaced persons. On average, land availability for all rural households has been reduced from about 2 hectares to 0.6 hectares per household because of the war.

Production also continues to be disrupted by insecurity[12] and the drought. Veg paks distributed to households with access to water in the dry season have mitigated these circumstances somewhat, providing families with both vegetables to eat and small surpluses for sale.

Despite these severe constraints World Vision reports 60% of their ag pak recipients produced sufficient food to satisfy household requirements for 9-12 months[13]. This compares favorably with an average household production of 8-12 months food supply last year.

Existing low levels of technology have been identified as a further constraint to increased production. Farmers in all PVO target areas are receiving training and World Vision has

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[11] Figures obtained from PVO reports and baselines for everything other than health indicators should be interpreted with caution. They are given as anecdotal evidence rather than as representations having statistical validity. Surveys have been conducted under precarious security conditions resulting in skewed sampling frames and incomplete responses.

[12] All of the World Vision target areas in Zambezia were affected by bandit incursions and/or post harvest RENAMO occupation. 35% of SCF's target population has fled due to insecurity. During an evaluation survey the team was subject to 4 attacks at night and one in the day. In addition, one in forty households surveyed had experienced a death or kidnapping in the previous week.

[13] 60% of WV ag pack recipients were situated in upland, medium altitude, northern areas of Tete, Nampula and Zambezia provinces where rainfall was more normal in both quantity and distribution.

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established on-farm trials to test improved cropping practices and varieties in their project locations[14].

Target 2-1: Increase rural employment, production capacity and cash income among target groups.

One indication that production and cash incomes are increasing is the resurgence of market activity. In secure areas of Sofala, FHI reports there have been both re-establishment of "lojistas" (retail outlets) and an increased range of items for sale in the past two years. In addition, "markets are mushrooming in many centers". Where no retail outlets exist, FHI has been encouraging farmers to establish shops and provides them with basic training in accounting. However, efforts made by FHI to encourage seed provision have failed[15]. Few outlets are interested in supplying agricultural inputs, possibly due to lack of demand caused by the expectation among the population that they will receive free ag paks (see preceding section).

World Vision reports more market activity in their project areas is taking place near towns and there has been a marked increase in "ambulantes"--itinerant traders--in remote areas. Markets are also beginning to appear as recovery takes place[16].

Overall 68% of FHI's target population is participating in the market economy, either selling produce, purchasing goods or both. Both the volume of trade and the percentage of households participating is expected to rise as security improves and the presence of incentive goods encourages increased production.

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[14] Despite the fact that women provide 80% of all agricultural labor, the primary beneficiaries of World Vision's extension and training activities are men. This is partly due to difficulties experience by World Vision in recruiting female staff and partly because traditional norms dictate communities choose men rather than women for training and participation in on-farm trials.

[15] In contrast, SCF assisted in the establishment of a "casa agraria" which supplied 61% of the households in their project area with agricultural inputs (61% of which were bought by women) and 36% of the households with credit (68% of the recipients were women). Unfortunately, since March 1992 the village where the "casa agraria" is located has been attacked four times and the casa agraria destroyed.

[16] In Nampula "ambulantes" now account for up to 40% of the marketed volume in villages surveyed by MSU.

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In addition to their agricultural development activities, PVOs are providing assistance to revitalize local small-scale industries[17] and increase non-agricultural income generating capacity. Various initiatives are being implemented including provision of breeding stock, fishing equipment, and tools. Case study examples indicate positive impacts are being achieved. For example:

- ADRA, through its food-for-work program, has assisted a group of men to rehabilitate and intercrop an orange grove, which is now providing them with subsistence income.
- SCF has created jobs for a group of brickmakers who now earn US$ 120-300 per year. They have also created jobs for a women's sewing group.

Overall, baselines conducted by PVOs indicate that in Sofala charcoal production and firewood collection for sale provide income for 56% of the men surveyed. Other important income-generating activities include agricultural labor and trade[18]. The situation in Xai-Xai is somewhat different, where 50% of the households reported members working in South Africa compared with 40% five years previously. Here, 50-90% of the women indicated that they earned income from beverage (fruit juices and beer) production. In Inhambane, 10% of the households reported a member with full-time off-farm employment, 35% have part-time work and 25% receive income from remittances. Despite the limited opportunities, off-farm employment appears to comprise a major component of household's survival strategies.

These figures can be compared to the situation in Nampula where 70-97% of the households surveyed (MSU) obtained income from farm sales and 60-66% obtained income from off-farm activities. It should be noted that:

- off-farm income represents on average 15% of total household income in the three districts surveyed, reflecting the limited opportunities available;
- only 5% of a households caloric intake is purchased; and
- the majority of households are able to meet only 80% of their caloric requirements from all sources.

Given the difficulties PVOs are experiencing in obtaining production statistics and the fact that most of their target

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[17] SCF found that 80% of local industry was paralyzed due to lack of equipment, spare parts and in the case of tailors, raw materials.

[18] If women had also been surveyed the number of households with cash income would be expected to be much higher given the importance of brewing in the local economy.

populations were seriously affected by drought and war, the number of households saving seed will be used as a proxy indicator to measure improvement in household production. The baseline is established at 76% in Inhambane[19] and 71% in Sofala.

Target 2-2: Increase coverage of preventive health care and availability of basic services among target groups

In Mozambique today, an adequate food supply is the single most important determinant of good health. However, given the strong association between malnutrition, ill health and food production, the health problems of women and children merit central attention in a food security strategy. The virtual destruction of the rural health system as a result of the insurgency is in itself both a major cause of growing health problems and a constraint to addressing them. Through rehabilitation of infrastructure, training programs for health workers, provision of mobile teams and technical assistance, the PVO projects' grassroots orientation has had a significant impact on the percentage of fully immunized children under one year of age in their target areas during the past two years.

- the percentage of fully immunized children under one year of age in one of World Vision's project area (Nicoadala) has risen from 20% in 1991 to 73% in 1992.
- the percentage of fully immunized children in SCF's project area (Xai-Xai) has risen from 50% in 1987 to 66% in 1992.

Progress has also been made towards increasing the number of women able to use oral rehydration therapy correctly. For target populations in Nicoadala and Xai-Xai, the percentage of women who increase fluids (30% and 42%, respectively) is higher than the national median of 14%. 90% of the registered mothers in Nicoadala have since received diarrhea prevention training. It is expected that a repeat survey at the end of the project will show that more mothers will increase fluids given to their children with diarrhea.

Access to clean water within the PVO target areas is also significantly higher than the national rural average of 9%:

- 61% for Sofala (three districts and one administrative post)
- 86% for Xai-Xai (one district)
- 46% for Inhambane (four districts)

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[19] While 76% of households saved seed in ADRA's project area, the quantities saved will meet on average only 25% of their seed requirements.

However, only 2% of the target population in Sofala has access to sanitation facilities. This is well below the national rural average of 12%. The low level of sanitation can be attributed in part to the difficulties experienced in constructing latrines in coastal areas with high water tables and in part to the fact that 75% of the target population sees their residence in the area as temporary. In Nicoadala, access to sanitation is also below the national rural average at 6% in 1991. Since then 235 latrines have been constructed by the community, raising access to 7%. The Ministry of Health has also recommended that the innovative method developed by World Vision for supporting pits dug in sandy soil be replicated nationwide.

STRATEGIC OBJECTIVE 3: Establish a policy environment conducive to private agricultural production and marketing

The pace of GRM policy reform in support of private agricultural production and marketing slowed in FY 1992, even as the implementation of the major reforms announced in FY 1990 and FY 1991 began to positively affect production and marketing activities. The slower pace is attributable to the production and marketing effects of the drought. The present, more liberal, policy environment has provided many opportunities, especially for small-scale and informal commerce and processing activities in urban and peri-urban areas; however, production response is still impeded by the security situation which keeps farmers from their farms and market agents from serving the rural areas.

Target 3-1: Increase the role of the market in determining producer prices

A GRM pilot market information system put into place (with assistance from MSU) in selected sites in early 1991 publishes weekly and monthly written bulletins, weekly radio spots in major cities, and special reports as requested by users of the system. In early FY 1993 this system will be expanded to additional sites in central and southern provinces. MSU market information is used by traders and farmers as well as government and donor agencies. This regular flow of information permits USAID to better monitor supply and price conditions in different parts of the country; but the data are still geographically limited, of a short time frame and it is not possible yet to document firm trends even in these areas.

Published producer floor prices for maize, rice, beans, and dry cassava have been compared with the actual prices received for these crops by smallholder farmers in five districts. These districts are located in two northern provinces which have not been seriously affected by the 1991/92 drought, although they are

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in areas which suffer gravely from war-related disruptions to production and marketing. Based on this analysis the following observations can be made:

- Although the information is gathered weekly, it is only sporadically that farmers report the selling of products, and not necessarily in the immediate post-harvest period; they still do not have regular marketing opportunities.

- Prices are still very "sticky" around the published floor prices; in remote areas, these are often still treated as fixed prices despite improved publicity overall about the liberalized pricing and marketing policies.

- Prices for beans--a high value crop and one highly desired by urban consumers--show more variation above the published floor price; but this is a crop that is not marketed at all in some of the districts monitored.

- Prices for cassava, which is mostly consumed locally rather than transported long distances, vary considerably from one district to another but not much within a single district; prices for this crop are determined by very local supply and demand conditions.

As these examples show, despite some "stickiness" in remoter areas, the market is determining prices. For urban, higher-valued crops, the demand pressure is affecting producer prices. For more locally important commodities, local demand determines price and price fluctuations.

Target 3-2: Allow market incentives and local entrepreneurial initiative to play a more dynamic role in domestic agricultural trade

There are three important observations of progress toward this target:

1) The demise of the monopoly/monopsony parastatal for agricultural marketing in the face of growing private sector involvement.

AGRICOM was created in 1981 to buy and store agricultural produce, especially from small producers, and distribute seeds and other inputs. The liberalization of price policy for agricultural products since 1990, and related deregulation of marketing, have increased private participation in marketing activities and (combined with other factors, such as limits on bank credit for parastatals) have helped push AGRICOM out of this business. AGRICOM's own statistics show the following for the marketing year ending in mid-1991:

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Product	AGRICOM Share 1991 Nationally	Highest Share 1991 (Province)	Lowest Share 1991 (Province)	AGRICOM Share 1989 Nationally
Maize	38%	79% (Tete)	1% (Gaza)	74%
Rice	17%	99% (Niassa)	4% (C.Delgado)	24%
Beans	18%	73% (In'bane)	5% (Nampula)	81%
Peanuts	5%	23% (C.Delgado)	2% (Nampula)	8%
Sorghum	28%	100% (Niassa)	0% (Nampula)	78%
Cashew	5%	37% (Maputo)	0% (C.Delgado, Nampula, Sofala)	5%
All Crops Except Cashew	20%	75% (Tete, Niassa)	6% (Nampula, Maputo)	58%

(Note: 1991 is probably the last cycle for which AGRICOM will even bother reporting these data, which have become increasingly unreliable as private sector participation in marketing has grown; the GRM is considering proposals to restructure and reorient AGRICOM altogether, to become a manager of food security stocks.)

> *2) The creation of a process for pre-qualifying firms, including private sector companies, to be consignees for commercial food aid, and then sharing each shipment among a number of consignees, thereby reducing the influence of the parastatal consignees and the two or three major private firms who previously controlled supplies to the market.*

The pre-qualification system has increased the pool of potential consignees to more than 90 enterprises, of which most are private. Each shipment of commercial food aid is divided among 20 to 30 of these pre-qualified firms. Whereas in 1991 overall, 80% of commercial food aid consignments went to government enterprises or companies under state control, by mid-1992 the shares had been reversed, with 60-80% of each shipment consigned directly to the private sector.

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Meticulous market monitoring (MSU) during July-August 1992 in Maputo and weekly market information (USAID and MSU) have documented the speed with which arriving food aid row arrives in the open consumer markets, the rapidity of price responses to these arrivals, and an apparent (although still short-term) reduction in the extreme price volatility for basic foodstuffs since the pre-qualification system has begun.

Related steps, such as applying import parity prices and uniform payment terms to all consignees, are expected in FY 1993 to further contribute to "leveling the playing field" for new entrants and increased competition in food marketing, thereby reducing the potential disincentives to domestic production or commercial imports that massive commercial food aid can bring and further reducing price volatility, to the ultimate benefit of the poor consumers.

> *3) The development in Maputo's food markets of visible and vibrant wholesale operations, ubiquitous informal commercial activity, expanded small private milling facilities, and other market elements.*

Support for this observation has been discussed previously under SubGoal No. 2 and Strategic Objective No. 2.

STRATEGIC OBJECTIVE 4: Increase the role of the market in allocating productive resources to private producers

USAID's strategy for redirecting resources to the private sector has targeted the divestiture of state farms to private commercial and family farmers and the establishment of a market-based allocation of foreign exchange. Since December 1989, under the technical assistance component of the PSSP, the Land Tenure Center (LTC) has been lending support to the process of state farm divestiture and providing the Mission with information on the complexities of land tenure more generally. In its advisory role to the new Land Commission and to other offices within the Ministry of Agriculture, LTC has spurred open discussion in and out of government on the need for a clear land policy which includes allocation procedures and establishes legitimate authorities in cases of land disputes, providing the basis for informed decisions on land policy and state farm divestiture.

In the area of foreign exchange, USAID has directly monitored Mozambique's foreign exchange regime. Following the creation in 1989 of a limited open general license system (SNAAD) for key commodities, and the establishment in 1990 of a supply-and-demand based secondary market for foreign exchange (MSC), the GRM has continued to devalue the metical and in April 1992 unified the

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former official exchange rate with the market-based secondary rate. Access to foreign exchange based on market forces is considerably improved over two years ago; however, non-availability of credit for the local currency needed to buy the foreign exchange, and continuing administrative controls and confusion on import procedures continue to restrict access, particularly for smaller or newer operations.

Monitoring the selected indicators for this strategic objective continues to be hindered by the lack of consistent or reliable data. Consequently, it is difficult to draw precise conclusions about the scope and pace of state farm divestiture and private sector access to foreign exchange.

Target 4-1: Promote the divestiture of state farms to private commercial and family farmers

The government has committed itself to significantly reducing the size of the state agriculture sector and increasing its efficiency by encouraging the formation of private, mixed or family sector farms. Low productivity and considerable inefficiency have characterized the state farm sector. From 1987 to 1991, the share of state farm output in the production of some main crops including cotton, maize and rice, has decreased, while family sector and private farmers have showed simultaneous increases. This suggests that production is increasingly taking place on divested land.

As discussed in previous APIs, the general lack of transparency in the divestiture process, however, makes it impossible to quantify results, although site visits and field research in FY 1992 have provided evidence that restructuring and re-allocation of state farm lands continues to take place on a case-by-case basis, even if formal (officially recognized) divestiture has not occurred.

Of 109 state agricultural enterprises identified in 1988, approximately 77 were farms whose combined area may have approximated 537,000 hectares. At least ten of these farms, including several of the very largest, have been completely liquidated and are currently held by private individuals, shareholding companies, or joint ventures. Official Ministry of Agriculture figures indicate divestiture in process on 16 percent of the land area still held by the state. However, LTC's field research estimates the real figure to be substantially higher, perhaps 75% of all state-held land. Methods of divestiture include:

- joint ventures with foreign capital
- abandonment and de facto reversion to smallholders
- de facto occupation by private farmers or operators

- return to pre-independence owners
- leasing or renting to private farmer or enterprise of mixed capital
- dismantlement and sale of moveable equipment to private farmers or the workforce

Figures on subsidies and credit to state farms reveal that government transfers to the sector are being reduced in real terms. Subsidies to the sector amounted to 5.2 billion meticais in 1991, down from 5.9 billion meticais in 1990. In general, the burden of all public enterprises has been reduced to less than one percent of GDP in 1991, with subsidies confined to costs incurred because of security conditions, mainly by the electricity, coal, sugar and tea enterprises.

Target 4-2: Institutionalize market-based allocation of foreign exchange for agricultural inputs

The most notable change in the foreign exchange system during FY 1992 took place in April, with the unification of the official and secondary markets. Since then, all foreign exchange transactions occur at a market-based rate of exchange and are managed in the banking sector. According to the IMF, this market is expected to cover approximately 70 percent of all transactions in foreign exchange in CY 1992, with the balance reserved for priority GRM transactions (e.g., petroleum, pharmaceuticals) at the market rate or tied aid transactions at a discounted rate. As a result of the unification, which was intended to expand the private sector's access to foreign exchange, imported consumer goods, including spare parts, are now more readily available in local currency.

Until other financial constraints are addressed, particularly in financial intermediation, the liberalized system will continue to channel foreign exchange dollars to agents capable of paying the metical countervalue up front or acquiring some of the painfully constricted credit available through the banks. There is also some concern that liberalization has resulted in a bias in favor of consumer goods to the detriment of importers of investment goods or raw materials for productive activities. In order to discourage importation of some materials and encourage that of others, the government may want to apply targeted tariffs and taxes, but should be discouraged by all donors from attempting to re-establish administrative controls in the allocation of foreign exchange.

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (YR)	FY 1990	FY 1991	FY 1992
STRATEGIC OBJECTIVE 1: Sustain an effective food safety net for the urban poor and those displaced and severely affected by war or natural disasters	Reduced growth following rates to below the range of 10–30% in urban and provinces, respectively (See Annex A)	'88 mean total 16.2% \1 Maputo 15.3% Rest of country 17.8%		Jan–Jun 1991 \24 National 12.2% Gaza 11.9% Inhambane 21.4% Sofala 12.4% Manica 11.3% Zambezia 14.8% Nampula 14.1% Niassa (3 mths only) 18.8%	Jan–Feb–Mar 1992 \45 National 13.1% Maputo Province 6.9% Maputo City 12.8% Gaza 16.5% Inhambane 17.1% Sofala 11.1% Manica 12.8% Tete 10.7% Zambezia 16.4% Nampula 10.7% Cabo Delgado 15.1% Niassa 18.4%
	Maintain or improve rural and urban rates of infant mortality	'84 IMR 209/1000 \3 \2 U5MR 325–375/1000 \3 \2	'89 IMR 173/1000 \13 U5MR 298/1000 \13	'90 IMR 173/1000 U5MR 297/1000 \32	
	National food requirements relative to domestic production plus total imports	89/90 Require/U.S. \17 Total Deficit 494/164 Emergency 165/164 Commercial 229/0	90/91 Require/U.S. \18 Total Deficit 492/205 Emergency 199/65 Commercial 361/140		
Target No. 1–1: Meet 30% of the annual emergency food needs of those displaced and severely affected by war or natural disasters	Free food distribution requirements relative to donor pledges and actual deliveries	89/90 Free distribution pledges 32% of total pledges; 71% of pledges received and 81% distributed \18	90/91 Free distribution pledges 32% of total pledges; 69% of pledges received and 81% distributed \11 U.S. approved level 40% of needs & 57% of pledge	91/92 28% of free distribution requirements met	
	Stability of supply in the emergency food aid pipeline	'89 280,000 MT begin stocks \10 Landed 69% of 88/89 pledges by Feb '89 \4			
	Emergency food transport contracted to the private sector increased from 10,000 metric tons to 28,000 MT	CARE/USU Proj Proposal states that in '88 approx. 7,000 MT contracted out to private transporters	In '90, 18,252 MT contracted to private transporters \15		
	Percentage of unsigned waybills for commodity deliveries from ports to district ware–houses and distribution centers reduced from 60% to 40%	'89/90 60% unsigned waybills \19	For '89/90, reduced to 18% WVRD records show reduced to <25% of total \20		

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (%)	FY 1990	FY 1991	FY 1992
	Increased percentage of domestically produced food used for free distribution	FY 88, 2,808 MT of WVRD yellow corn swapped Zambezia for locally prod'd white corn \20		2,860 MT purchased of locally locally produced corn and beans for Zambezia \20	
	Increase in local currency budgeted (or generated in PVO programs) and expended for domestic food purchases for emergency distribution	'91 Mt 556,800,808 budgeted for purchase of corn & beans in Zambezia Province \21			
Target 1-2: About 40% of the maize requirements (about 25% of the estimated commercial food needs) for the market dependent urban population	Decreased percentage of household income required to meet household food needs in lower income groups within sample areas	Lowest income group spent 85% of income on food, fuel, water \5		82-88% of income on food, water, fuel \28	
	Commercialized food (commercial food aid, commercial imports and domestic production) provides at least 40% of market requirements	88/89 ~ 88% \18 \11 U.S. contrib 28.8% \22 YCorn 100% Rice 10% WCorn 93% Sugar 40% YFlour 80% Oil 70% WFlour 5% Estimated '89 \18	'90/91 59.8% \18 U.S. contrib 27.8% \22	U.S. contrib 37% \22	U.S. contribution 67% of commercial corn imports \22
	Price fluctuations on parallel market maize due to erratic supply are minimized		% change Oil Corn Sept 44.7 32.8 June 6.8 -33.6 March 8.0 28.6 1989 \8		
	Removal of white maize from the ration system and liberalization of its consumer price		Consumer price liberalization 5/90		
STRATEGIC OBJECTIVE 2: Reduce, among target population groups, dependence on external food aid to meet subsistence requirements	Increased reliance on local production and markets, rather than emergency food aid, to meet food requirements	'90/91 % Production not sold \27 Maize 63% Beans 79% Mandioca 78% Rice 78%		Number of months hh can meet their own food requirements \33 Nampula 60% hh 12 + Nicoadala 10% \34 Tete/Zambezia 6-12 + \34	Number of months hh can meet their own food requirements Nicoadala 3 \36 Tete/Zambezia 9-12 + \36

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (%)	FY 1990	FY 1991	FY 1992
Target 2-1 Increase rural employment, production capacity and cash income among target groups	Increased % of hh reporting purchases of essential commodities	90/91 Nampula market participation 72-91% \37		Sofala 68% \38	Xai-Xai 61% \30
	Increased number of households earning income through wage & self-employment	90/91 Nampula 60-66% \40	Xai-Xai 87 beverages 50-60% \41 Small industries 1-12% Trade 1-2% South Africa 46%	Sofala \38 Charcoal/firewood 58% Trade 26% Ag. Labor 25% Fishing 6% Inhambane \42 Full-time wage emp. 10% Part-time wage emp. 85% Receiving remittance 16%	Xai-Xai \30 South Africa 58% Full-time wage 2%
	% hh saving seed	91 Inhambane 76% \42 Sofala 71% \38			
Target 2-2 Increase coverage of preventive health care and availability of of basic services among target groups	Increase percentage of fully immunized children under 1 year of age	'88 \13 DPT 58% Polio 32% Measles 32% 87 Xai-Xai 50% \41 87 Xai-Xai 50%	'89 \13 DPT 39% Polio 39% Measles 48% Measles 48%	Nicoadala 20% \43	Xai-Xai 60% \30 Nicoadala 78% \44
	Percentage increase in number of women correctly using ORT	'87 ORT use rises 14% median \13		Nicoadala 30% \43	Xai-Xai 42% \30
	% hh with access to protected water supply	1985-87 \13 Urban 38% Rural 9%		Sofala 61% \38 Inhambane 40% \42	Xai-Xai 60% \30
	% hh with access to latrines	1985-87 \13 % access to sanitation Urban 53% rural 12%		Nicoadala 6% \43 Sofala 2% \38 Inhambane 61%	Xai-Xai 50% \30
STRATEGIC OBJECTIVE 3: Establish a policy environment conducive to private agricultural production and marketing agricultural production and marketing	Increased share of marketed output channeled through private traders and transporters	'89 Total marketed thru AGRICOM \23 Maize 50,080 MT Rice 5,827 MT Cassava (dry) 2,709 MT Beans 11,079 MT Sunflower 1,174 MT Copra 1,497 MT Cashew 2,366 MT	'90 Total marketed thru AGRICOM \23 Maize 37,368 MT Rice 1,616 MT Cassava (dry) 6,010 MT Beans 4,094 MT Sunflower 462 MT Copra 1,919 MT Cashew 1,348 MT	'91 Total marketed thru AGRICOM \23 Maize 27,782 MT Rice 3,082 MT Cassava (dry) 1,334 MT Beans 2,328 MT Sunflower 271 MT Copra 510 MT Cashew 1,564 MT	

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (yr)	FY 1990	FY 1991	FY 1992
Target 3-1 Increase the role of the market in determining producer prices	For cash crops, producer floor floor prices adjusted regularly to maintain border parity prices	'89 Groundnuts mt 255 '89 Cotton mt 175 '89 Copra mt 100 '90 Cashew mt 200 '89 Sunflower mt 130 \23	'90 Groundnuts mt 1.6% '90 Cotton 14.9% '90 Copra 15.6% '90 Sunflower 15.4% (relative to prior year's) \23	Move from fixed prices to floor prices for for producers in 1990 for groundnuts, cashews, sunflower seed, sorghum Floor prices announced for '91 '91 Groundnuts 69.9% '91 Cashew 69.9% '91 Sunflower 68.7% (relative to prior year's) \23	Floor prices announced for '92 Groundnuts 45.5% Sunflower 39.4% Copra 27.3% Cotton 49.5% (relative to prior year's) \23
	For beans, parity-based producer floor prices adjusted regularly	Fixed prices for '89 Manteiga mt 280 nhemba mt 160 \23	Fixed prices for '90 % % change from prior yr Manteiga 14.8% Nhemba 15.0% \23	Manteiga and Nhemba beans moved to floor price system for '91 % change from prior yr Manteiga 51.5% Nhemba 49.7% \23	Floor prices for '92 % change from prior yr Manteiga 78.0% Nhemba 70.4% \23
	White maize and rice moved to parity--based producer floor price system, and thereafter floor prices adjusted adjusted regularly to maintain parity base	Fixed producer price for '89 Maize mt 110 Rice, paddy mt 145	Fixed producer price for '90 Maize 14.5% Rice, Paddy 15.2%	Floor prices for '91 Maize 50.8%	Floor prices for '92 Maize 44.7% Rice 48.2%
Target 3-2 Allow market incentives and local entrepreneurial initiative to play a more dynamic role in domestic agricultural trade	Phasing out of fixed tariffs in favor of transporter-client negotiated rates Elimination of fixed marketing margins for domestically produced maize, beans & rice Elimination of trade restrictions that market-based decisions on commodity movements Free competition in internal trade of commodities			Tariffs still fixed but revised upward in early 10/91 5/90 domestic produced floor price for maize; no longer set prices at any other marketing phase 11/90 paddy rice moved to floor price; milled rice remains Announced 6/91; anecdotal evidence indicates increased avail of consumer Also that surplus is moving in significant quant to other provinces	

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (YR)	FY 1990	FY 1991	FY 1992
STRATEGIC OBJECTIVE 4: Increase the role of the market in allocating productive resources to private producers	Number of state farms and total acreage 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	See Text 1988 5.5 billion mt \30	1989 6.1 billion mt \29	1990 5.9 billion mt \31	
Target 4-1 Promote the divestiture of state farms to private commercial & family farmers	Completion of GOM action plan for the restructuring of state farms and delineating divestiture policy Completion of a USAID specific divestiture schedule (See Annex A) Implementation of divestitures through 1992 as specified in the schedule	345,168 ha on 46 known state enterp \7 61 state enterprises with unknown ha \7 (from '89 data)	488,704 ha on 50 known state enterp \7 28 state enterprises with unknown ha \7 14 state enterprises showing no ha \7 16 enterprises no longer on list \7 2 joint ventures \7 (from '90 data) \8*	199,877 ha on 16 known state enterprises \7 14 State enterprises with unknown ha or unknown status \7 31 closed, security reasons or abandoned 16 sold to family sector &/or private 12 sold to individuals 28 sold to or in negotiation for joint venture or participation (from 91 data) \8*	
Target 4-2 Institutionalize market-based of foreign exchange for agricultural inputs	Eligibility for SNAAD financing expanded to the agricultural sector Full GRM compliance with IMF ceilings on credit and subsidies to parastatals	1988 subsidies to cover operating losses Target 12 billion mt Status 11.1 billion mt \29	6/90 expanded to include inputs for agriculture \28 '90 budgetary subsidies Target 18.4 billion mt Status 11.88 billion mt \30 \31	7/91 expanded to include almost all raw material and spare parts \28 6/91 expanded to non-tradition exports '90 budgetary subsidies Target 12 billion mt Status 14 billion mt \31	Status 12 billion mt (provisional)

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (YR)	FY 1990	FY 1991	FY 1992
	Exchange rate devalued to reflect increased demand for foreign exchange under the SNAAD and thereby bring the real rate closer to equilibrium	For 1988 \25 Min Max Official 420 620 MSC N/A Parallel 625 1,275 For 1989 Official 645 828 MSC N/A Parallel 1,380 1,906	For 1990 \26 Min Max Official 840 1,010 MSC* 1,650 1,840 Parallel 1,900 2,025 *MSC begun 10/31/90	For 1991 \26 Min Max Official 1,804 1,785 MSC 1,840 1,925 Parallel 2,160 2,260 thru 10/31/91	For 1992 \26 Min Max Official 1,710 2,917 MSC 1,870 2,892 Parallel 2,380 3,450 From 11/30/91 until 10/30/92

\1 Situation of Children and Women in Mozambique, Min of Co-Operation/UNICEF in co-operation with OMM, NOvember 1989

\2 USAID/Mozambique Country Program Strategic Plan, FY 1990-1992, March 1990

\3 UNICEF (as cited in CPSP, which publication)

\4 Food Security Study, World Bank, July 3, 1989

\5 1988 Maputo Household Survey

\6 USAID price database

\7 USAID database from lists of state agricultural enterprises

\8 Much of the increase in hectarage is due to pasturage being picked up the 1989 listing; some double-counting as a result of land being split for multiple distribution

\9 Footnote not used

\10 The Emergency Situation in Mozambique, Priority Requirements of the Period 1990-1990, March 1990, United Nations Office for Emergencies in Africa

\11 The Emergency Situation in Mozambique, Priority requirements for the Period 1990-1991, 1989, Government of Mozambique in collaboration with the United Nations

\12 Footnote not used

\13 Children and Development in the 1990s: A UNICEF Sourcebook, 29-30 September 1989, UN, New York

\14 Footnote not used

\15 CARE Annual Reports

USAID/MOZAMBIQUE -- ASSESSMENT OF PROGRAM IMPACT -- FY 1992

OBJECTIVES	INDICATORS	BASELINE # (YR)	FY 1990	FY 1992	FY 1995

\18 Peri-Urban Baseline Research Results: Maputo, Mozambique, Interim Report, Ohio State University, September 1991

\17 89 Maputo OFDA Emergency Program Update

\18 USAID Food Needs Assessment, May 1990 to April 1991 Appeal Year, FY 91-92 Multiyear Title III Proposal

\19 DPCCN records for provinces

\20 World Vision (WVRD) records

\21 USAID PVO Support Project records

\22 USAID FFPO records

\23 USAID Agricultural databases

\24 Ministry of Health Nutrition Bulletin No. 16, Jan - March 1991

\25 USAID economic databases

\26 Targeting Cash Transfers to the Urban Destitute of Mozambique: Assessment and Reorganization of the FOOD-SUBSIDY-SCHEME, Maputo, August 1991, Team Consult Berlin, B. Schubert & I. Amanna

\27 MSU Preliminary data from Nampula, 1991

\28 Bulletin da Republica, various

\29 2/14/91 ESAF Review of First Annual Arrangement

\30 5/4/90 ESAF Request

\31 8/19/91 ESAF Request for Second Annual Arrangement

\32 1991 UNICEF State of World Children

\33 MOA/MSU/UA "Land access and land use among smallholders in Nampula province," July 1992

\34 World Vision, "Report on progress towards meeting benchmarks December 1990-December 1991," WVARP

\35 World Vision, "WVM-ARP: Report on progress towards benchmarks: January - July, 1992

\36 Excluding areas seriously affected by drought and insecurity

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ACRONYMS

ADB:	Africa Development Bank
ATLAS:	African Training for Leadership in Advanced Skills
BERP:	Basic Education Reform Sector Assistance Program
CBO:	Community Based Organization
DANFE:	Department of Adult Nonformal Education in the Ministry of Education and Culture
EUP:	Environmental Planning Unit in the Ministry of Wildlife, Conservation and Tourism
FQL:	Fundamental Quality of Learning used in Education Rating Process
GDP:	Gross Domestic Product meaning the total value of goods and services provided in a country per year
GNP:	Gross National Product meaning the GDP plus the total of net income from abroad
GRN:	Government of the Republic of Namibia
LIFE:	Living in a Finite Environment Project (Southern Africa Regional Natural Resources Management Program in Namibia)
MEC:	Ministry of Education and Culture
ML:	Ministry of Labor
MYS:	Ministry of Youth and Sport
MWCT:	Ministry of Wildlife, Conservation and Tourism
NGO:	Non-Governmental Organization
NLPN:	National Literacy Program of Namibia
NRM:	Natural Resources Management Project in Namibia
OFDA:	Office of Foreign Disaster Assistance
PSC:	Personal Services Contractor
PVO:	Private Voluntary Organization
READ:	Reaching-out with Education to Adults for Development Project

ASSESSMENT OF PROGRAM IMPACT DRAFT PAPER

SECTION I

SPECIAL FACTORS AFFECTING USAID/NAMIBIA PROGRAM

A. INTRODUCTION

Namibia is a vast, semi-arid and sparsely populated country along Southern Africa's Atlantic Coast. With a total area of 823,145 square kilometers, it is roughly two-thirds the size of the Republic of South Africa or twice the size of California. With a population of 1.4 million people, it is one of the least densely settled areas in the region. Adjoining Namibia to the north are Angola, Zambia and Zimbabwe to the northeast; Botswana to the east and South Africa to the south and southeast.

As Africa's last remaining colony, Namibia gained its independence from South Africa on March 21, 1990. The new nation of Namibia has established itself firmly on the world stage as one of Africa's truly functioning multi-party and pluralistic democracies. The economy is premised on a free enterprise system. As vast as the difference in its geography so are the differences in its economy. The economy runs the spectrum from the traditional hunter-gatherer subsistence economy of the Bushman to the high technology of a modern industrialized society, in its mining and fishing industries and its capital city of Windhoek.

USAID formally established its presence on January 8, 1991. It was one of the last of the major bilateral and multilateral donor organizations to set up shop in Namibia. USAID/Namibia drafted its first Program Strategy Concept Paper one year ago in October 1991. At the first round of revisions in Washington in December 1991 and January 1992, provisional approval was given to the strategy subject to the Mission incorporating changes recommended by the Africa Bureau. As approved, USAID/Namibia Program focuses on two sectors: basic formal and nonformal education and natural resources. Democracy is considered a target of opportunity, although the encouragement and development of democratic and participatory processes permeate every aspect of the USAID/Namibia program, whether it be in assisting the Ministry of Education to develop a national consensus around the education reform strategy or helping local communities exercise their responsibilities in the November 1992 local and regional elections.

FY 1991 and 1992 were busy years for USAID/Namibia. FY 1991 saw USAID grow from a staff of one, the AID Representative, to a staff of four USDH and approximately one dozen Namibian employees. Besides developing its organization, USAID/Namibia was heavily involved in FY 1991 with the conceptualization, design and implementation of its $36 million Basic Education Reform Sector Assistance Program. Also during this fiscal year, the groundwork for its two major FY 1992 projects, READ and LIFE, was being prepared through discussions and meetings with the Namibian Government and the Namibian NGO community.

The rapid and intense pace of project development continued throughout FY 1992 as USAID/Namibia achieved its full strength of five USDH staff (AID Rep, Program Officer, Human and Natural Resources Development Officer, Controller and Executive Officer) and Namibian staff of eighteen. A milestone was reached in FY 1992 with the completion of the designs and signing of grant agreements for the two NGO projects in adult nonformal education and natural resources management. These projects are a $13.5 million, six-year nonformal education (Reaching-out with Education to Adults for Development) project and a $10.5 million natural resource management (Living in a Finite Environment) project.

With the implementation of these two projects underway, the project portfolio to carry out USAID/Namibia's strategy over the next four to six years is in place. Two FY 1992 116(e) Human Rights initiatives were approved to continue the Mission work to strengthen the National Assembly through the training of parliamentarians and their staff members by the National Democratic Institute. Rounding out the Namibia Program is a small buy-in to the AID/Washington ATLAS Project. In FY 1992 $300,000 was earmarked for this activity centered initially on staff development at the new University of Namibia. An already heavy workload increased further as Southern Africa and Namibia were plunged into the worst region-wide drought of the Twentieth Century. Fortunately for Namibia, the drought has been manageable without major redirection of GRN public sector priorities and donor resources, unlike some of its neighboring countries.

Concluding out FY 1992, a revised strategy was prepared and reviewed by the Mission and Country Team. The strategy has been submitted to Washington for final review and approval in December 1992. This Assessment of Program Impact is built around the strategic objectives and targets embodied in the revised strategy.

B. SPECIAL FACTORS AFFECTING USAID/NAMIBIA PROGRAM

No assessment of Program Impact (API) was submitted in 1991 given the newness of the program and the absence of formal agreement between Washington and the field on the program's focus. Therefore, this API covers developments affecting the evolution and development of the program in the period since Namibia's independence on March 21, 1990. The year immediately prior to independence, 1989, will serve as the base year against which USAID/Namibia proposes to measure its program successes and failures.

Four major events since Namibia's independence have directly affected the Namibian development environment in which USAID/Namibia operates:

1. Donor Assistance and AID Flows: Many pledges were made at the June 1990 Donors' Conference in New York (see Attachment C). However, in the two years since this

conference, these pledges have been slow to translate into tangible projects and activities. This has constrained and frustrated many of Namibia's objectives to redress the social and economic inequities of the past. Reluctant to mortgage its future, the Government of Namibia has limited its borrowing to a few large infrastructure projects such as the Trans-Kalahari and Trans-Caprivi road projects financed by GRN and Africa Development Bank (ADB) resources. As a consequence, USAID has emerged as the third largest donor after Germany and Sweden. The United States' foreign assistance program is often cited by the GRN as a model of a timely and well-articulated foreign assistance program which is focused on two critical sectors -- education and natural resources.

2. Foreign Investments: The Government of Namibia (GRN) has created one of the best climates for foreign investment in Southern Africa. In February 1991, a Private Sector Investors Conference was held to formulate an Investment Code and Incentives Package. Despite these efforts, few foreign investments have materialized. Those that have are largely concentrated in the mining sector. While they may yield long-term resources to the economy, they are not likely to help diversify and open up significant new employment opportunities to help Namibia combat its high unemployment rate. Thus, the inward flow of external public and private resources have combined to constrain development of Namibia. This undoubtedly will intensify political pressure on the Government to expand its own financing of schemes to offer employment and income opportunities to its people. Thus, political reality may cause the GRN to back away from its private sector orientation and its conservative fiscal policies.

3. Drought: The Southern Africa region faces a sweeping drought with devastating consequences on its scarce human and natural resources and fragile environment. Food imports on an unprecedented scale are needed through the remainder of 1992 and at least half of 1993. A massive international relief effort is underway to avert widespread food shortages and famine.

Although small relative to other drought relief programs in the region, the United States Government's assistance to Namibia in FY 1992 came to $10.65 million, almost doubling U.S.'s resource flows to Namibia. With a heavy project design schedule, a new USDH and FSN staff, the drought created an extra burden on an already overextended USAID staff. USAID/Namibia was able to cope with these added responsibilities through the hiring of a US PSC Drought Emergency Coordinator with Office of Foreign Disaster Assistance (OFDA) funding. If the drought continues, USAID and the Embassy will seriously have to rethink its program and priorities in FY 1993. While hoping for the best, the possibility of another year of below normal rainfall creates a high degree of uncertainty around the program

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just as it moves from its design phase to full implementation.

On the positive side, the drought has focused national attention on the importance of sound resource utilization and management. Therefore, the READ project's efforts in environmental education have become all the more critical. Also the LIFE project's activities to test and develop viable alternatives to domestic livestock production on marginal lands are timely as the GRN struggles to identify realistic solutions to Namibia's long-range development problems.

4. Governance and Democracy: Namibia can legitimately claim to have one of the best economic and political environments in Africa. Its constitution is widely recognized as the most democratic and progressive in all of Africa. It is essentially built around a hybrid U.S. and Westminster model with checks and balances provided by a separate executive, a two-chamber legislature, an independent judiciary, and a bill of Human Rights enshrined in the constitution. The functions of the Government are transparent and are open to public scrutiny with an active free press and public debate of major issues. These conditions contribute to one of the best enabling climates for USAID to operate. However, while the overall climate is positive, there are a few dark clouds on the horizon.

(1) GRN'S Commitment to its Democratic Priorities: The much publicized delivery in 1992 of a $30 million presidential jet (Falcon 900B) purchased earlier from France led some donors to question their policies in providing aid to Namibia. For a few Nordic countries, the fulfillment of this purchase during a time of drought, economic recession and limited flows of external resources raised a question about the seriousness of the Government's commitment to its development goals and priorities.

The Falcon 900B purchase occasioned some Scandinavian donors not to provide drought relief to Namibia. These and other countries are seriously debating their long-range commitments to Namibia. While it is unclear if the Falcon 900B purchase was really the cause or just the occasion, this action may ultimately affect aid flows to Namibia. It seems reasonable to assume that Namibia will not receive the level of assistance it expected following the donors' conference. While these diminished assistance flows have not adversely affected USAID's activities in education and natural resources, they could put pressure on the Government to make up the shortfall through deeper cuts in those sector budgets reducing the margin available for reforms.

(2) Top Heavy Civil Service: With independence and a policy of "national reconciliation" and "affirmative action", all former officials and employees retain full employment and pension rights while new officials have been appointed. The resulting system of public administration is, therefore, top heavy, duplicative and expensive, tying up scarce public resources which could otherwise be available for productive investment and development projects. Faced with the serious need to reduce public employment, the GRN is eliminating positions and working to promote early retirement of civil servants. It is difficult to predict at this point the effects of an inflated public service on the USAID program since the GRN has actually underspent on its budget the last two fiscal years, turning forecast deficits into surpluses. But failure to resolve the problem could affect the availability of resources to support development priorities in the not too distant future.

SECTION II

PROGRESS TOWARD OVERALL COUNTRY PROGRAM

Namibia's economy continued its sluggish performance since independence with only a few sectors showing real positive signs of improvement. Inflation spiralled rapidly upwards through most of 1991 and 1992 (see Attachment D) accelerating from an annualized monthly rate of 8.7% in February 1991 to 20.4% in March 1992. In September 1992, it came down to 16%. Overall economic growth in 1991 was 5.1%, compared to 3.2% in 1990 and a decrease of 1.7% in 1989. Population growth rates remained high at 3% per year. Despite a relatively promising rate of growth in 1991, 1992 will undoubtedly show a slower expansion, if any at all, as the worldwide recession and glut in the diamond and uranium markets and the drought cut deeply into Namibia's vital income producing sectors.

Thus, Namibia is combating the legacies of apartheid in a less than favorable economic climate. Its major objectives are to increase income and employment opportunities to narrow the wide gaps in income levels; increase access to education and health services and improve housing for its people. An analysis of Namibia's progress since independence in achieving the goal of the USAID program is discussed below.

GOAL: Economic and Social Empowerment of disadvantaged Namibians through (1) access to relevant education and training and (2) economic and income opportunities based on sustainable utilization and management of the environment and natural resources.

1. Access to relevant education and training: Almost a year after independence, the United States Government (USG) joined other donors such as Sweden, Britain and Finland in a program of assistance in the education sector. The six-year Basic Education Reform Sector Assistance Program (673-0003/6) began in March 1991. This program addresses one element of the strategy's goal: access to relevant education. It is expected to result in the following benefits among others:

   - An increase in the percentage of primary school completers;
   - An increase in the attainment levels of children in the core subject areas such as language, math and science;
   - A decrease in repetition rates; and
   - an increase in the percentage of schools providing a minimum quality of education.

During 1991-1992, the Ministry of Education and Culture (MOEC) made substantial progress toward broadening the opportunity for children of primary school age to go to school.

(1) The GRN established a single, unified Ministry of Education and Culture (MOEC) out of the former eleven ethnic authorities which were tantamount to separate education ministries;

(2) The first consultative conference on basic education financed by USAID through the AID/Washington IEES Project was convened in April 1991 near Etosha. Known as the Etosha Conference, it brought together ninety-one participants including regional leaders, teachers, headmasters, union representatives, educational policy makers and planners, curriculum developers and teacher educators. From this week long conference came an agenda and priorities for the reform of basic education. This was the first time education stakeholders had ever been asked to take part in a process of reforming the first ten years of school. This consultative and participatory process to achieve a national consensus has continued. Through the successful national vetting of a broad curriculum for basic education in grades 1 through 7 began the initial cycle of the new ten-year program of basic education.

(3) The Minister of Education and Culture submitted to the country's National Assembly in May 1991, Pedagogy in Transition: the Imperatives of Educational Development in the Republic of Namibia. This document lays out the broad issues that need to be addressed in the development of a master plan for education. The document provides a framework for a new education bill and clearly commits the Government to creating an educational system which is equitable, efficient and effective in providing increased access for school aged children to a relevant education.

(4) The Ministry of Education and Culture produced Education and Culture in Namibia (28 November 1991). This document began the process to move from policy formulation to a strategy and plan of action.

(5) In September 1992, the draft of the National Education Brief was completed providing the first comprehensive overall policy document for primary, secondary and tertiary formal education as well as adult education.

(6) Simultaneous with the development of the National Education Brief, the Ministry has prepared the first draft of a detailed action plan for the basic education reform program, including a detailed costing of the action components.

In quantitative terms access to schooling has increased dramatically:

(a) Primary school enrollment (grades 1-7) climbed from 312,163 in 1989 to 366,467 in 1992; and

(b) Secondary enrollment increased from 58,732 in 1989 to 88,282 in 1992.

More important in terms of the program's long-term objectives is the sound foundation being laid by the MOEC to support the reform program. This has been accomplished through carefully identifying and studying the constraints faced by the system, articulating and delineating the goals to be achieved, a strategy to accomplish them and the resource requirements with which to achieve them. The USAID BER Program through its Tranches 1 and 2 conditionalities has directly contributed to this process.

1.2 Access to Relevant Training

Namibia's inherited system of training institutions is small and biased toward the white population (see Attachment E). The majority of Namibian adults and school dropouts have not been provided adequate, reasonable opportunity to learn and play a productive role in the economy and society at large. As a consequence, about 60% of the adult population is illiterate.

The GRN has initiated several activities on its own and in collaboration with already on-going programs of the NGOs working in adult education. The National Conference on Youth Employment Strategies was held from February 26-28, 1992, at the Windhoek Teachers Training College. The conference was attended by USAID, other donors, a cross section of government ministries, local NGOs and community representatives. It was sponsored by the Ministry of Youth and Sport and brought together a representative group to articulate and define youth employment development priorities and strategies to combat the problems of illiteracy and limited marketable skills among the nation's youth and young adult population.

Several months prior to this conference in August 1991, USAID initiated a process with the GRN and NGO community to conceptualize a project to assist Namibia to address these problems. Out of this collaborative process which lasted 13 months emerged the Reaching-out with Education to Adults for Development (READ) Project. This project, the first of its kind in Namibia, has three purposes that will have a direct impact on the country's efforts to eradicate illiteracy and unemployment:

(1) Supporting NGOs and the GRN in their efforts to identify education and training needs among those segments of the population most disadvantaged by the apartheid system and to broaden the access of these individuals to programs designed to address these needs;

(2) Promoting the effective utilization of the skills acquired through these training programs through community-based income and employment generating initiatives in the informal sector; and

(3) Strengthening the institutional capacity of Namibian NGOs to deliver effective and sustainable training programs over the long run and to promote their role in fostering and reinforcing the evolution of a pluralistic and democratic society in Namibia.

The READ project came into existence on September 17, 1992, with the signing of the six-year, $13.5 million grant agreement. Presently, the Mission, with assistance from the Regional Contracting Officer, is in the process of identifying an international or US PVO to manage and implement the project. While there is little tangible evidence to show to at this point, it is clear that the participatory and transparent process which characterized the design of the project has established a firm basis on which to achieve the program goal of expanding access to relevant training among adults.

2. <u>Economic and Income Opportunities Based on Sustainable Utilization and Management of the Environment and Natural Resources</u>

The ecologically sound use of Namibian resources requires participation by <u>all</u> Namibians. With political independence won and a democratic government in place, a new alliance of all Namibians needs to be forged to support sustainable use of Namibia's unique environment. The GRN has clearly stated its policy of natural resource management as one that promotes sustainable use of scarce natural resources for the benefit of the Namibian people. According to Article 95 of Namibia's Constitution:

> "... The state shall actively promote and maintain the welfare of the people by adopting ... policies aimed at ... the maintenance of ecosystems, essential ecological processes and biological diversity of Namibia, and utilization of living natural resources on a sustainable basis for the benefit of all Namibians, both present and future."

The GRN recognizes the need to integrate the management of natural resources with community development in order to improve the quality of life and to begin to bridge the yawning gap between the socio-economic conditions of black and white

Namibians as well as the emerging economic differences among blacks as the rich get richer and the poor get poorer. The following summarizes what has been accomplished since independence.

(1) The GRN's Cabinet has directed the Ministry of Wildlife, Conservation and Tourism (MWCT) to develop a policy that would extend to communal lands the same principles that govern wildlife utilization and the benefits on commercial land. The Environmental Planning Unit of the MWCT has drafted legislation that allows for decision-making power to be vested in local institutions, such as community-run conservancies, and for communities and individuals to derive direct benefits from the sustainable management of resources. This legislation is likely to be enacted during 1993. USAID's NRM/LIFE project provides an incentive for early enactment of this legislation by conditioning the release of funds to support community-based wildlife schemes which are currently prohibited by the colonial law, still in practice in Namibia, to the passage of this legislation by the National Assembly.

(2) In the meantime, the Cabinet has instructed the Ministry of Finance to rebate the proceeds from community-based natural resources activities to the communities. While cumbersome, this interim step provides a mechanism of channelling the earning from wildlife utilization back to the people.

(3) To encourage active public debate on important natural resources issues, numerous conferences and workshops have been held. For example, a recent workshop organized by the Environmental Planning Unit of the MWCT brought together a wide cross section of professionals from the public and private sectors to draft a new policy on Environmental Impact Assessments for the Government.

The Living in a Finite Environment (LIFE) Project, the Namibia component of the Regional Natural Resources Project, provides the vehicle for USAID's response to Namibia's needs in the area of sustainable natural resource management. LIFE became a reality on September 4, 1992 with the signing of a $10.5 million, five-year grant agreement. The objectives of this project are:

(1) To increase the social and economic well-being of poor rural communities living in marginal agricultural areas or in buffer zones to national parks and protected areas, through sustainable and economically viable community-based natural resource management;

(2) Improve the communities' capabilities to manage natural resources in a sustainable manner, through strengthening local, regional, and national

organizations and institutions which provide services to them;

(3) Develop appropriate and relevant natural resource management strategies and approaches for community management of natural resources which have wider applicability in Namibia's diverse and marginal areas; and

(4) Establish closer ties and linkages with similar activities in the Southern Africa region and elsewhere in Africa and the world.

SECTION III

PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

STRATEGIC OBJECTIVE 1: Increased number and proportion of children with ten years of quality education

The $36 million six-year Basic Education Reform Sector Assistance Program is the USAID/Namibia vehicle for achieving this strategic objective. The MEC's curriculum reform agenda will take ten years. By 2003, Namibia's unified and new learner-centered basic education system is expected to have achieved:

- A completion of Basic Education level (Grade 1-7) by 80 percent of cohort in grade 7; and
- Three years later (2006), 80 percent of children are expected to progress from grade 7 to grade 8 (senior secondary level).

Since the development of a long-range strategy is key to achieving and sustaining these objectives, one of the fundamental conditions in BERP for the second year is the submission of an overall reform strategy. The strategy is referred to in the grant agreement as a "blueprint for basic education reform". A companion to this document is a costed resource plan which examines the estimated cost and resource requirements to implement the strategy.

The MEC is expected to complete the strategy and resource plan by December 31, 1992, and has already made substantial progress toward the development of an overall strategy. For example:

- The MEC established and began operating a single, unified Ministry in 1991;
- The Etosha Consultative Conference, April 1991, convened by the MEC and financed by USAID identified a comprehensive agenda for the reform of basic education;
- The Submission to the National Assembly by the Minister of Education of the document, Pedagogy in Transition: the Imperatives of Educational Development in the Republic of Namibia, May 1991;
- Production of the document, Education and Culture in Namibia: The Way Forward to 1996, by the MEC (November 28, 1991); and
- Basic Education in Namibia: a Framework for Nation Building to the Year 2000 and Beyond, currently in draft by the GRN.

TARGET 1.1: Improved formal primary education delivery system (BERP)

The Basic Education Reform Program has contributed to the development of a solid foundation upon which improvements in the formal primary educational system will take place over the next several years. A positive climate for the reform program has come out of the debate and consensus building over the last two years beginning in 1991 with the Etosha Conference and ending most recently with the Language Conference at Ongwediva in June 1992. Comprehensive system-wide restructuring has taken place with six regional authorities being established out of the former eleven ethnic administrations. The National Institute for Educational Development (NIED) has been created, consisting of the Physical Facilities Planning Division, the External Resources Division and the Information and Statistical Data Division. The institute is staffed with professionals including expatriate advisors. This has resulted in the efficient use of previously under-utilized classrooms, 60% of which are now occupied.

TARGET 1.2: Other Factors (Nutrition, health, population employment, etc.)

Access to health services in Namibia has been poor due to a number of factors:

- Distance to facilities;
- Insufficient public transport;
- Poor education;
- Lack of primary and community-based health care programs;
- Sparsely distributed populations; and
- Poverty.

The lack of access to health services was reflected in the low childhood immunization in the National Immunization Coverage Survey, conducted in December 1990. It showed coverage of one year olds as follows: BCG 85 percent; DPT3, 53 percent; polio, 53 percent; measles, 41 percent; and fully immunized 26 percent. It should be mentioned that these figures were a major improvement over the coverage estimates prior to independence. The Ministry of Health, with the assistance of UNICEF, launched a major immunization campaign in 1990 and has since increased this activity countrywide (see Attachment G, EPI Coverage table).

The Government has adopted a Primary Health Care approach as opposed to the former preventive/hospital based system. Since independence, major restructuring has taken place. The health administrative setup, that had been based on the former system of ethnic authorities, created a two-tier system resulting in an ethnically and racially fragmented, duplicative and costly health care system.

The Directorate of Primary Health Care (PHC) has been formed with an organizational structure including EPI, CDD, AIDS, Malaria, TB, Maternal and Child Health, Family Planning and

Nutrition. The Directorate is continuously developing its capacity to provide training for PHC, attain self sufficiency in the production of health learning materials, and establish and continually update an efficient Epidemiological and Health Information System. Plans are also under way to implement Community-Based Health Care (CBHC) on a national scale. Some of the developments initiated in this direction since independence include, National Malaria Control Program, AIDS Prevention and Control Program, a Safe Motherhood Program, and Primary Community-Based Health Care. These activities have created a positive foundation to improve the health status of the population.

The devastating drought sweeping through the country may adversely affect the nutritional status of vulnerable groups in the population such as children, pregnant women and the elderly. However, to date there is no evidence to indicate a major deterioration in the nutritional and health status of these groups.

The restructuring that is being carried out, combined with the aggressive immunization campaign, will over the long term have a positive effect on educational participation and school attendance by children. While the drought/nutritional status connection is unclear in its effect on school attendance, any negative effect is probably being counterbalanced by the UNICEF/WFP school feeding program. With the exception of improvements in early childhood health status, little has happened among other external factors such as population growth rate, changes in income level or unemployment, which make for either an increased or decreased school participation rate and gains in educational attainment.

SUB-TARGET 1.: Increase performance in core curriculum subjects, particularly English, Mathematics and Science

In September 1992, the sixth and final draft of the Curriculum Guide for Formal Basic Education in Namibia was completed. This document sets forth the learning objectives by subject area and grade for the first ten years of basic education. It also establishes the MEC's policies on entry requirements by grade, instructional methodologies, formal and informal assessment including examination and promotion from grade to grade as well as from grade 7 to grade 8 which marks the transition from what used to be the primary cycle to the junior secondary cycle.

The National Institute for Educational Development (NIED) staff is also preparing instructional materials in the core or promotional subject areas of English, science, mathematics and social science. Baseline data on student performance in English and mathematics is being compiled this year to establish a yardstick against which future progress will be measured.

SUB-TARGET 2.: Increased pass rate on national level basic education examinations.

The only current way of assessing student attainment is to use the pass-fail rates of students on major national level examinations. Recognizing that this type of data provides little insight into actual student attainment, the Ministry is in process of developing formal and informal student assessment and achievement methods and procedures. Also the Ministry is undertaking baseline studies of learner competencies in English and Mathematics to help establish the benchmarks against which progress in improving the quality of classroom instruction will be measured in the future. The results of these studies plus the recommended indicators to measure qualitative changes in basic education will be submitted to USAID in December 1992 as part of the Tranche 3 conditionality.

SUB-TARGET 3.: Increased number of children between ages 6 and 16 enrolled in school (BERP)

From the immediate pre-independence period, enrollment at the primary level (grade 1-7) increased from 312,163 in 1989 to 366,467 in 1992. This represented an increase of 17.4 percent. The comparable increase at the secondary level was from 58,732 to 88,282, a rise of 50.3 percent. Thus, in the period since independence, there has been a substantial improvement in the access of children 6 to 16 years of age to school, particularly at the secondary level.

SUB-TARGET 4.: Decreased wastage and repetition rates at basic school level.

In the schools of the 1980s, 70-80 percent of teachers were unqualified for their task (see Attachment F). Also there were few positive incentives for the teaching profession and morale was low because of conditions of service which included lack of housing in most rural areas and low pay, particularly among teachers in the non-white ethnic authorities. Inadequate provision of teachers and classrooms meant large classes, often in excess of 50 pupils. During the 1990 USAID financed Education Sector Assessment, the team visited several schools where 100 or more children were in a class. Coupled with this was the near total absence of textbooks and instructional materials in most rural primary schools. As a consequence, high drop-out rates and frequent repetition of grades were the norm.

The MEC is in the process of making several major policy decisions which will greatly reduce the repetition and hopefully decrease the dropout rates. First, basic minimum competencies will be established by subject and grade levels. Second, for the lower primary grades (1-4), promotion will be based on informal assessment carried out by the classroom teacher. Third, to be promoted in the upper primary grades (5 to 7), the minimum competencies will be necessary in the core subjects of English, science and mathematics. Thus, until grade 7, the end of the primary cycle, promotion will be based on informal assessment by

the teacher.

The approach being taken by the MEC is revolutionary in the context of Namibia. In the past, testing and examination were an ethnic and racial filtering processes. In the reform program, assessment will become a tool for measuring a student's progress through the school system in relation to his or her achievement levels in core subject areas. Assessment will also be used as a way of providing feedback to teachers, curriculum developers and planners.

STRATEGIC OBJECTIVE 2: Increased Number and Proportion of adults (14 years and older) with education and training skills relevant to their roles in the family, in earning a living and participating in the community

Prior to independence, adult and nonformal education was mainly undertaken by NGOs, especially church related ones and by the private sector, although the government began to take an active interest during the 1980s. It has been estimated that in 1990 no more than 4,000 Namibians were enrolled in literacy and training programs relevant to their roles in the family, in earning a living and participation in their communities. This was about one percent of the estimated 400,000 illiterate Namibians.

With independence, the newly elected government has established a Department of Adult and Nonformal Education in the Ministry of Education and Culture, a Department of Manpower and Training in the Ministry of Labour (MOL), a Department of Youth Affairs and Employment in the Ministry of Youth and Sport (MOYS). All these departments are involved in one way or the other with adult and nonformal education.

The Department of Adult and Nonformal Education was established late in 1990. So far the GRN has given considerable attention to the development of the National Literacy Program (NLPN). A plan of action has been adopted. Through a series of workshops, study materials were drafted with SIDA and UNESCO financing and technical assistance. By July 1992, Stage 1 literacy materials were ready and the first group of District Literacy Officers trained.

The President of Namibia formally launched the National Literacy Program on 5 September 1992. USAID joined the Government, the NGOs and other donors in support of the literacy and adult education program on 17 September 1992 with the signing of the READ Project.

Essentially, the first two years after independence have been devoted to putting in place an expanded public and private sector institutional and organizational framework to support a broad-based, concerted effort to give a significant number of adults and out-of-school youth a second chance at basic

education. The goal is to achieve 80 percent literacy by the year 2000.

TARGET 1.: Improved and expanded NGO nonformal education and skills training activities linked to community determined economic, environmental and social priorities (READ/LIFE).

In 1992, USAID funded the first NGO/CBO directory entitled "NGOS Active in Namibia". The directory provides the most substantive coverage to date of 150 local NGOs and CBOs. Of this 12 are estimated to be engaged in the provision of adult nonformal education. The following illustrates the types of NGOs working in Namibia.

The are a couple of large NGOs, most notably the Rossing Foundation, which are involved in adult education and skills training. The Rossing Foundation has an extensive network of adult training facilities throughout the country which offer courses in seamanship, English, numeracy, needlework, cooking, welding, mechanics, agriculture and environmental education. The Foundation will receive a Cooperative Agreement under the READ Project to develop a broad-based national program in environmental education.

The Nyae Nyae Development Foundation is a good example of one of Namibia's middle size NGOs that is active in community-based natural resources management activities. The Foundation will be the main implementing agent for the LIFE Project's activities in Bushmanland. It has been active in Bushmanland since 1981. It represents one of the best examples in Namibia of a sound, functioning NGO and community partnership.

An example of a small size CBO in Namibia, which will likely participate in the READ Project, is the BRICKS Community Project based in Windhoek. This community oriented organization with its offices in Katutura is promoting community participation and awareness on social issues through popular cultural themes such as AIDS prevention, deforestation and family relations. It relies on drama, poetry and plays. The organization is also involved in small agricultural activities such as vegetable and maize cultivation for family use.

USAID's two new projects, READ and LIFE, will provide the much needed assistance to local NGOS to expand their capacity to offer nonformal adult education directed toward meeting community determined needs. These projects will work with the organizations described above plus many others to achieve this target.

SUB-TARGET 1.: Increased Community Based and Environmentally Sound Income and Employment Activities (READ/LIFE).

Encouraging community participation is a GRN priority. There have been various workshops, sponsored by the GRN, NGOs and

donors, to bring the planning and development of income and employment activities down to the community. This allows the people who will ultimately benefit from them to take part in their designs from the outset. For example, the Ministry of Wildlife, Conservation and Tourism over the past year has undertaken intensive community-based planning activities in Caprivi, Kuiseb and Bushmanland. These have involved community leaders, private business people, local and regional government officials.

Similar initiatives are being taken by NGOs as they attempt to become better oriented to the needs of the communities they serve. This process of community participation is only just beginning and will be further encouraged and strengthened through the READ and LIFE projects.

SUB-TARGET 2.: Increased number of sustainable literacy, environmental, life and vocational skills training opportunities (READ/LIFE).

One important sub-target in the USAID program is the increase in the number of sustainable literacy, environmental, life and vocational skills training opportunities. The country has immense lack of vocational training institutions. There are only seven formal institutions and these emphasize technical education directed toward formal sector employment. Some diversified secondary schools include optional craft studies, life skills training, needlework, etc., but the teaching is largely academic and bears little relation to the practical needs of the communities and individuals.

The READ/LIFE Projects will assist the GRN and the NGOs to carry out a wide range of activities in poor rural and urban communities to improve their skills in literacy, life skills including environmental education, nation-building and income generation. READ will open up training opportunities and is expected to reach 40,000 disadvantaged Namibians. LIFE expects to benefit 74,600 people living in Bushmanland and Caprivi. An important objective in these project activities is sustainability. As part of the design and implementation process, the NGOs and communities will take steps to ensure sustainability of their activities.

SUB-TARGET 3.: Increased Utilization of Nonformal Education techniques by NGOs relevant to adult learners (READ/LIFE).

Prior to independence, the delivery of nonformal education services through NGOs was often uncoordinated, duplicative and not well spread. A number of factors constrained the effectiveness of nonformal education activities. A major factor was the South African occupation forces discouragement of the establishment of independent community-based activities by NGOs believing they could be instrumental in the mobilization of people toward resistance by forces sympathetic to SWAPO. To

counter this perceived "threat", South Africa established its own community-based structures and activities. These organizations derived little popular support and their leaders were viewed as collaborators.

The apartheid system of "divide and rule" left also its legacy in the local NGO world. NGOs with complementary or competitive agendas have adamantly resisted collaboration and cooperation, and mistrust each other. This situation does not help the NGOs and the communities they serve in the long run. NGOs from the largest to the smallest are going through a difficult and painful but fundamental and essential realignment process. The policy of national reconciliation has helped a great deal in this context.

Various surveys have been undertaken by the GRN, USAID and other external donors to identify the makeup of NGO activities, organization and programs. The surveys underscore the need for instructional strengthening, even in large organizations such as the Rossing Foundation and the Council of Churches, if there is to be long-term viability and sustainability of community level activities. Several key NGOs have experience in serving primarily rural, destitute populations, but also have expressed the need to strengthen their capacity to carry out more effective training. Through the READ/LIFE projects, NGOs which specialize in giving technical assistance to community-based groups will be eligible for capacity strengthening and improved service.

An analysis of the status of environmental education in Namibia determined that it is a new concept for most of the populace; that there is no national strategy to address the subject nor adequate funding, materials and infrastructure. There is also a lack of qualified and experienced environmental educators. Environmental and natural resources laws and policies also worked against acceptance of the concepts and participation of much of the rural communities. This situation should, however, begin to change through the READ-financed Cooperative Agreement to the Rossing Foundation for environmental education.

The READ and LIFE projects will help build NGO collaboration and resource sharing to overcome the mistrust and poor communication of the past. The adoption and dissemination of information about appropriate methodologies, instructional materials, participatory training techniques, etc., will have significant positive benefits in the skills training and environmental education areas of READ and LIFE projects.

SUB-TARGET 4.: <u>Increased community participation and involvement in grass-roots decision-making (READ/LIFE).</u>

The GRN, realizing that community participation is the cornerstone of Namibia's democracy, has taken concrete legislative and political actions that will allow local communities to participate in the management and control of their lives and to benefit from their own actions.

First, Cabinet Resolution CS/1212/018 dated December 12, 1991, directs the Ministry of Wildlife, Conservation and Tourism and the Ministry of Finance to "seriously investigate the possibility to create a mechanism whereby a percentage of revenue generated by trophy hunting can be channeled back to rural or local people of the area". In response to this Cabinet directive, the MWCT has developed a written "Draft Policy on Wildlife Management and Utilization in Communal Areas". This draft policy proposes that the Natural Conservation Ordinance or the regulations promulgated thereunder be amended to add a section that would extend to the communal lands the same principles that govern wildlife utilization and the benefits therefrom on commercial land.

Secondly, the stated customary law that discriminates against women is under review while the Income Tax Law has been repealed, putting women and men on the same footing. Various local conferences have been organized, such as the Land Conference of 1992, the Bushmanland Conference, the Language Conference and the Etosha Basic Education Conference, allowing people to air their views on issues of their concern.

With the GRN's positive attitude toward NGOs and CBOs and its apparent understanding of the important role these organizations can play in participatory national development, the prerequisites to empower local communities and strengthen their popular participation in the decision-making process at both local and national levels are being established.

The READ/LIFE projects will go a long way in contributing toward these efforts (1) by improving participatory processes through sharing experiences and ideas locally, regionally and internationally; (2) by increasing the relevance and responsiveness of NGOs as service-delivery organizations; (3) by identifying and testing cost-effective options and strategies; and (4) by strengthening NGO capacity to mobilize resources.

CONCLUSION

As this API indicates, considerable progress has been made in laying the groundwork for the attainment of USAID's strategic goals and objectives over the next four to six years. During FY 1991 and FY 1992, USAID completed the design of its project portfolio to implement its strategy. The next year will be the first full year of implementation. It will also be a time in which USAID and its Namibian partners will establish both quantitative and qualitative indicators against which to measure future progress. Assistance in this effort will be sought from CDIE early in calendar year 1993.

ATTACHMENT A

USAID/NAMIBIA

OBLIGATIONS BY FISCAL YEARS
FY 1991 - FY 1996
($000s)

BILATERAL

PROJECT	NUMBER	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	TOTALS
BASIC ED	673-0003	16,000	5,000	5,000	5,000	4,000	0	35,000
BASIC ED II	673-0003 A						2,406	2,406
BASIC ED (ME)	673-0006	500	500	0	0	0	0	1,000
READ	673-0004	0	3,906	1,500	1,500	2,500	4,094	13,500
ATLAS	693-0463.73	0	300	150	150	150	150	900
PD&S	673-0002	500	294	150	150	150	150	1,394
SUBTOTAL		17,000	10,000	6,800	6,800	6,800	6,800	54,200
REGIONAL AND CENTRAL								
LIFE	690.0251.73	0	3,000	3,000	3,000	1,500	0	10,500
HUMAN RIGHTS	698-0541.73	50	200	300	300	300	300	1,050
SUBTOTAL		50	3,200	3,300	3,300	1,800	300	11,950
TOTAL		17,050	13,200	10,100	10,100	8,600	7,100	65,150

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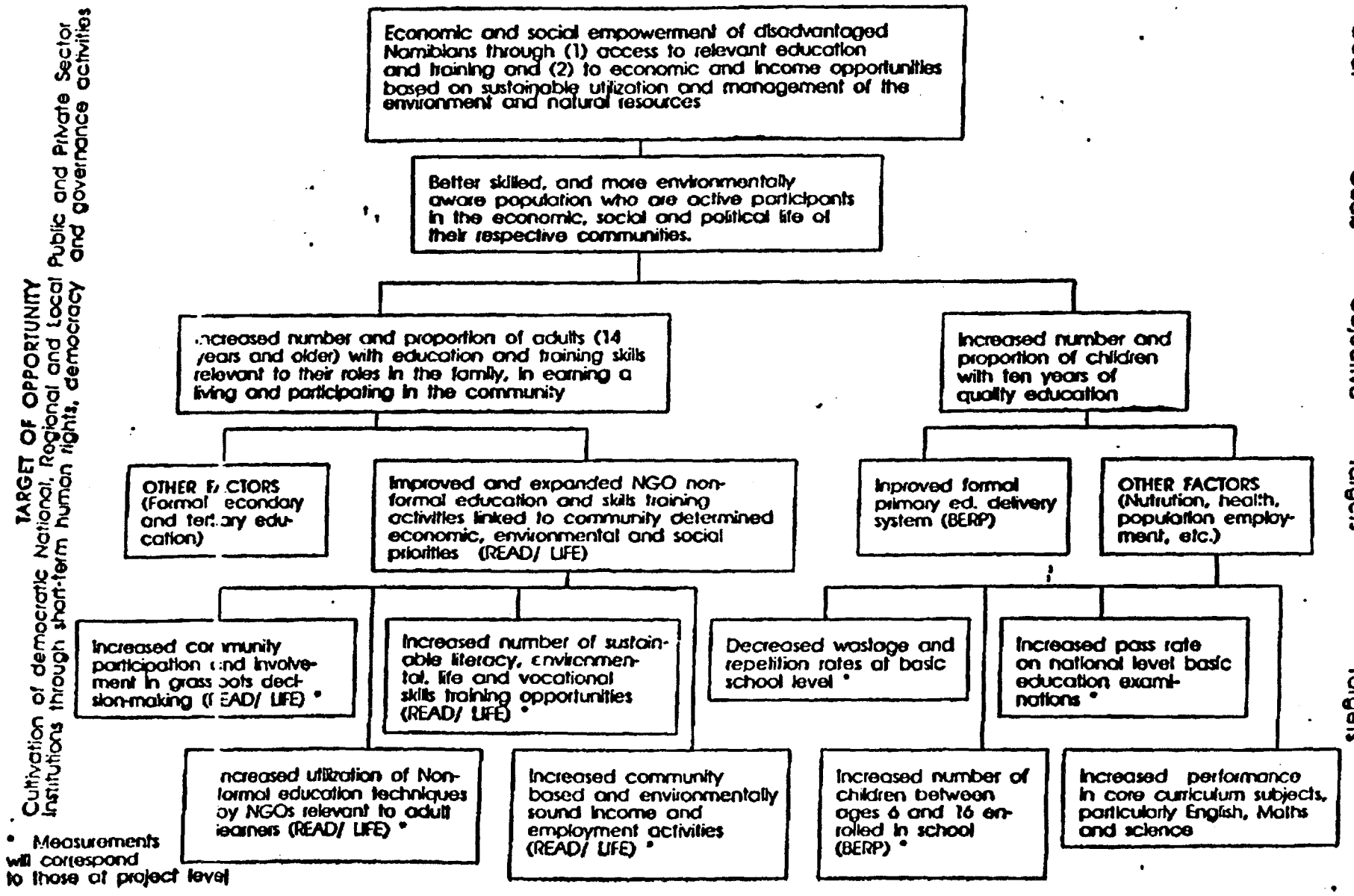
ATTACHMENT B.

Program Logframe



TARGET OF OPPORTUNITY
Cultivation of democratic National, Regional and Local Public and Private Sector Institutions through short-term human rights, democracy and governance activities

* Measurements will correspond to those of project level

MANAGEABLE INTERESTS

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APPENDIX C

ASSISTANCE TO NAMIBIA SINCE INDEPENDENCE
(000s $)

COUNTRY/ORGANIZATION	ABS. REC. TO DATE	MAJOR AREAS OF SUPPORT
FRG	158404	FA/GEN.SCHOL/WAT/HOUS FISH/LAB/MINLS/AGR
SWEDEN/SIDA	87241	ED/HEALTH/HOUS/WAT/AGR/FIN LAB/TRANS/COMM/INDUS
UN/USAID	63730	BAS.ED/NON-FORMAL ED NAT. RES./HR/LA
EEC	34585	HOUS/ED/HEALTH/AGR/WAT JUSTICE
COMMONWEALTH SECRETARIAT	37730	TA-EXPERTS & ADVISORS MOFA TRAINING
FINLAND/FINIDA	31454	ED/HEALTH/WAT/AGR/MINES FIN
MAURITIUS	8865	BUDGETARY SUPPORT
DENMARK/N	7730	AGR/ED/BUDGETARY SUPPORT
FRANCE	8647	HEALTH/AGR/WAT/LAB/ED MINING/TRANS/FISH
JAPAN	11063	AGR/HOUS
BRITAIN	3546	ED/HA/DEFENCE/P.ADMIN
PEOPLES REP OF BANGLADESH*	3546	FUNDS NOT RECEIVED TO DATE
CANADA	2088	TA/SADC PROG./BA/FOOD
ANTIGUA & BARBUDA	2127	UNDP TRUS FUND FOR NAM.
NON-ALIGNED MOVEMENT	2020	WAT/HEALTH/ED
UNICEF	5070	HEALTH
SPAIN	1613	ED/HOUS/FISH
REP. OF KOREA	131	MOFA-10 VEHICLES
TURKEY*	88	TA-SCHOL FOR 5 YRS
MALAYSIA	88	BS
AFRICA FUND	88	ED-HUACANA SCHOOL
PEOPLES REP. OF CHINA	70	HEALTH/DOCTORS AND NURSES FOR TWO YRS
EGYPT	44	ALL
UNDP	79	PSR
ICELAND		
GUYANA		
PEOPLES REP. OF CHINA	63000	INTEREST FREE LOAN IN LOW COST HOUSING
ITALY	8000	NGOs IN ADULT ED
NETHERLANDS	709	WAT/AGR
TOTAL	514556	

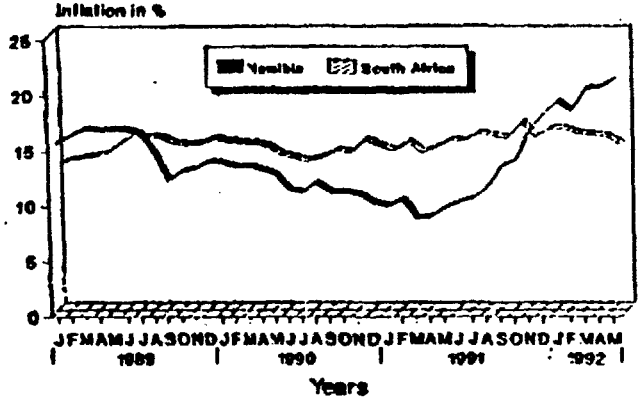
* NOT RECIEVED BUT PLEDGED EXCHANGE RATE: US $1.00=R2.82

KEY

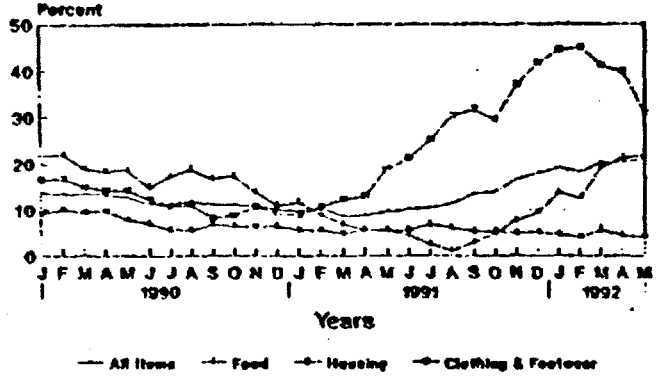
AGR-AGRICULTURE
BA-BILATERAL ASSISTANCE
BS-BUDGETARY SUPPORT
COMM-COMMUNICATION
EA-ECONOMIC ASSISTANCE
ED-EDUCATION
FA-FINANCIAL ASSISTANCE
FIN-FINANCE
FISH-FISHERIES
GS-GENERAL SCHOLARSHIP
HA-HOME AFFAIRS
HOUS-HOUSING
INDUS-INDUSTRY
LAB-LABOR
LA-LEGAL ASSISTANCE
MOFA-MINISTRY OF FOREIGN AFFAIRS
NAT. RES.-NATURAL RESOURCES
PRS-PUBLIC SERVICE RESTRUCTURING
SCHOL-SCHOLARSHIP
TA-TECHN. ASSISTANCE
TRANS-TRANSPORT
WAT-WATER AFFAIRS

ATTACHMENT D

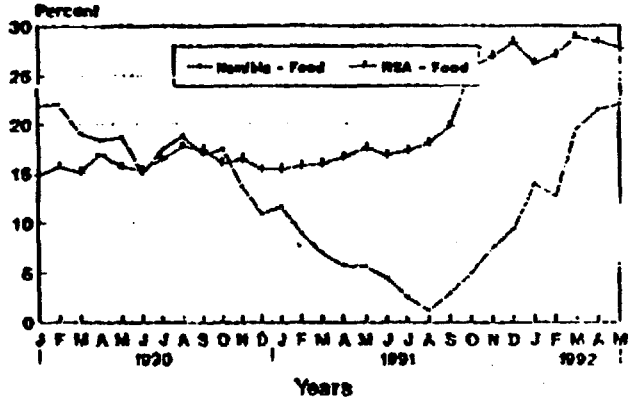
Inflation Rate (1)
Namibia vs RSA



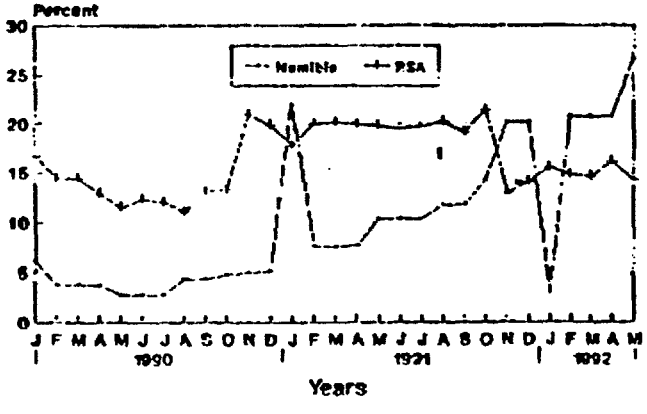
Namibian Inflation Rate (2)
Main categories of the CPI



Food category (3)
Comparing Namibia with the RSA



Transport category (4)
Comparing Namibia with the RSA



ATTACHMENT E.

Namibia - Primary and Secondary Teachers According to Qualifications by Education Administration, 1988

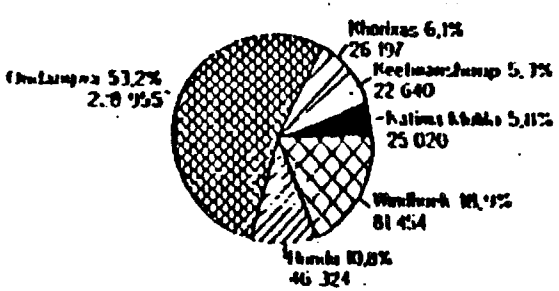
	Qualified*	Under qualified**	Unqualified***	Total
Whites	852	345	15	1212
Caprivians	27	21	763	811
Damaras	51	58	317	426
Hereros	21	50	542	613
Kavangos	32	44	1071	1147
Coloureds	105	297	256	658
Namas	50	109	373	532
Tswanas	10	14	19	43
Owambos	45	395	4480	4920
DNE	299	321	1078	1698
Rehoboth	51	217	197	465
Total:				
1988	1543	1871	9111	12525
1987	1418	1734	8793	11945
1986	1268	1663	8190	11121

ATTACHMENT F

Preliminary Education Statistics: Namibia 1991

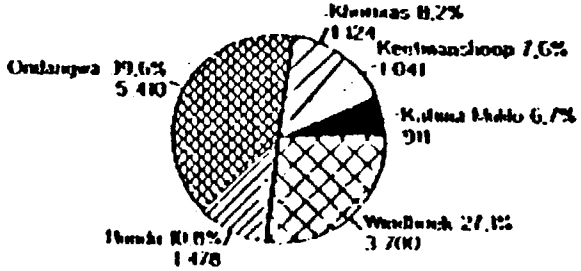
Pupils

430 990



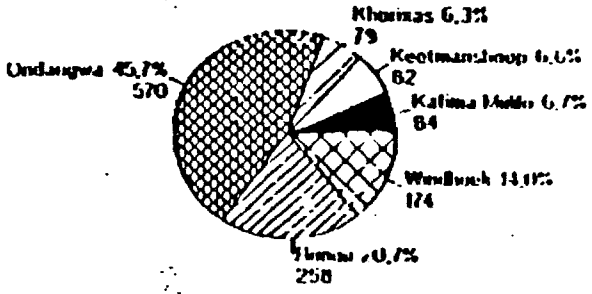
Teachers

11 661

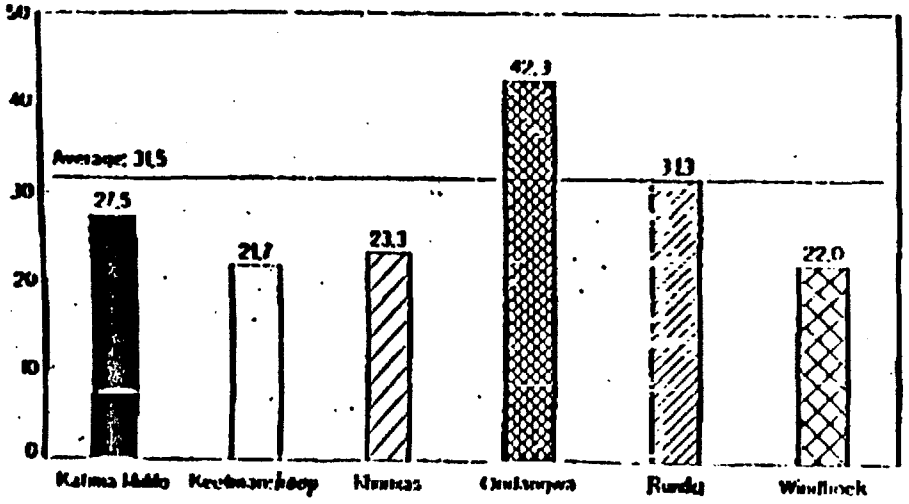


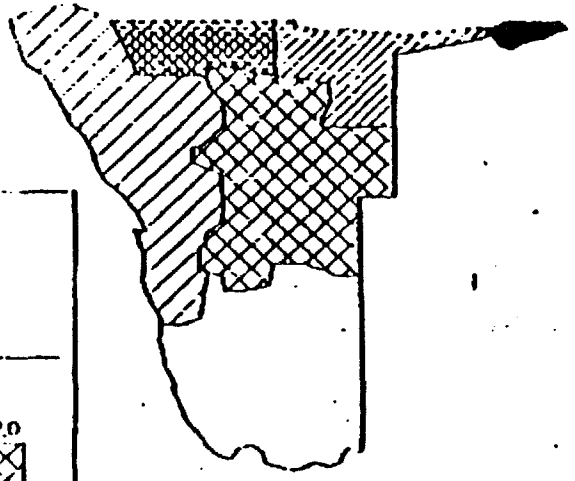
Schools

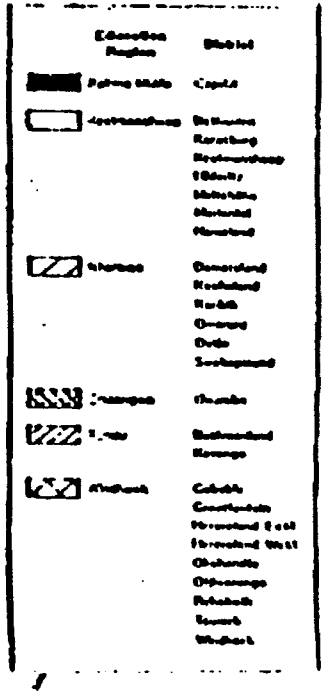
1 247



Pupil:Teacher Ratio







ATTACHMENT G

EPI COVERAGE

ANTIGEN

COVERAGE BY 1 YEAR

	1990 March	1990 (Dec)	1991 (Dec)
BCG	84	85	68
DPT3/Polio	51	53	82
Measles	14	41	71
Fully Immunized	-	26	70+
TT1	-	72	-
TT2	0	52	-

Source: Ministry of Health and Social Services