

UNCLASSIFIED

# Country Development Strategy Statement

**FY 1985**



## Upper Volta

January 1983

Agency for International Development  
Washington, D.C. 20523

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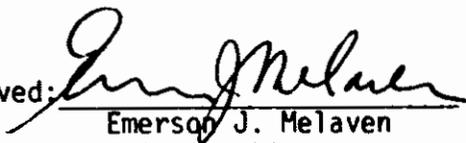
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COUNTRY DEVELOPMENT STRATEGY STATEMENT

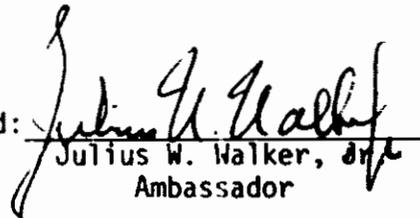
UPPER VOLTA

Approved:



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Ambassador

Prepared by USAID/Upper Volta  
January 1983



EMBASSY OF THE  
UNITED STATES OF AMERICA  
OUAGADOUGOU, UPPER VOLTA

THE AMBASSADOR

January 29, 1983

Mr. Frank S. Ruddy  
Assistant Administrator for Africa  
Agency for International Development  
Washington D.C. 20523

Dear Frank,

I am sending you our first full-fledged Country Development Strategy Statement since the FY 1982 CDSS which was completed in January 1980. Although a paper of this scope is a tremendous effort it was good to get our entire U.S. presence (Embassy, USAID, Peace Corps and USIS) involved. I realize it is somewhat unseemly to tout a paper on which I have worked, but the excellent quality of this document comes from regular consultations between the experts in each field and several mini-retreats to discuss the general orientation of the USAID program with researchers, contractors, PVOs and all the U.S. agencies in Ouagadougou.

Our paper makes a clear, concise statement about poverty in Upper Volta. By any of the imperfect measures available to us, Upper Volta is one of the poorest countries in the world. At the same time it has a future. Its prospects may not be sterling, but its problems are not insurmountable. This paper puts forward a comprehensive program complementary to other donor efforts to attack these problems and lay the foundation for a better tomorrow.

I fully and wholeheartedly endorse this strategy statement. It is consistent with U.S. interests and objectives in Upper Volta. I look forward to the implementation of this assistance program. It will help Upper Volta improve the management of its economy and accelerate the process of its social and economic development.

With warmest personal regards,

Sincerely,

Julius W. Walker, Jr.

## TABLE OF CONTENTS

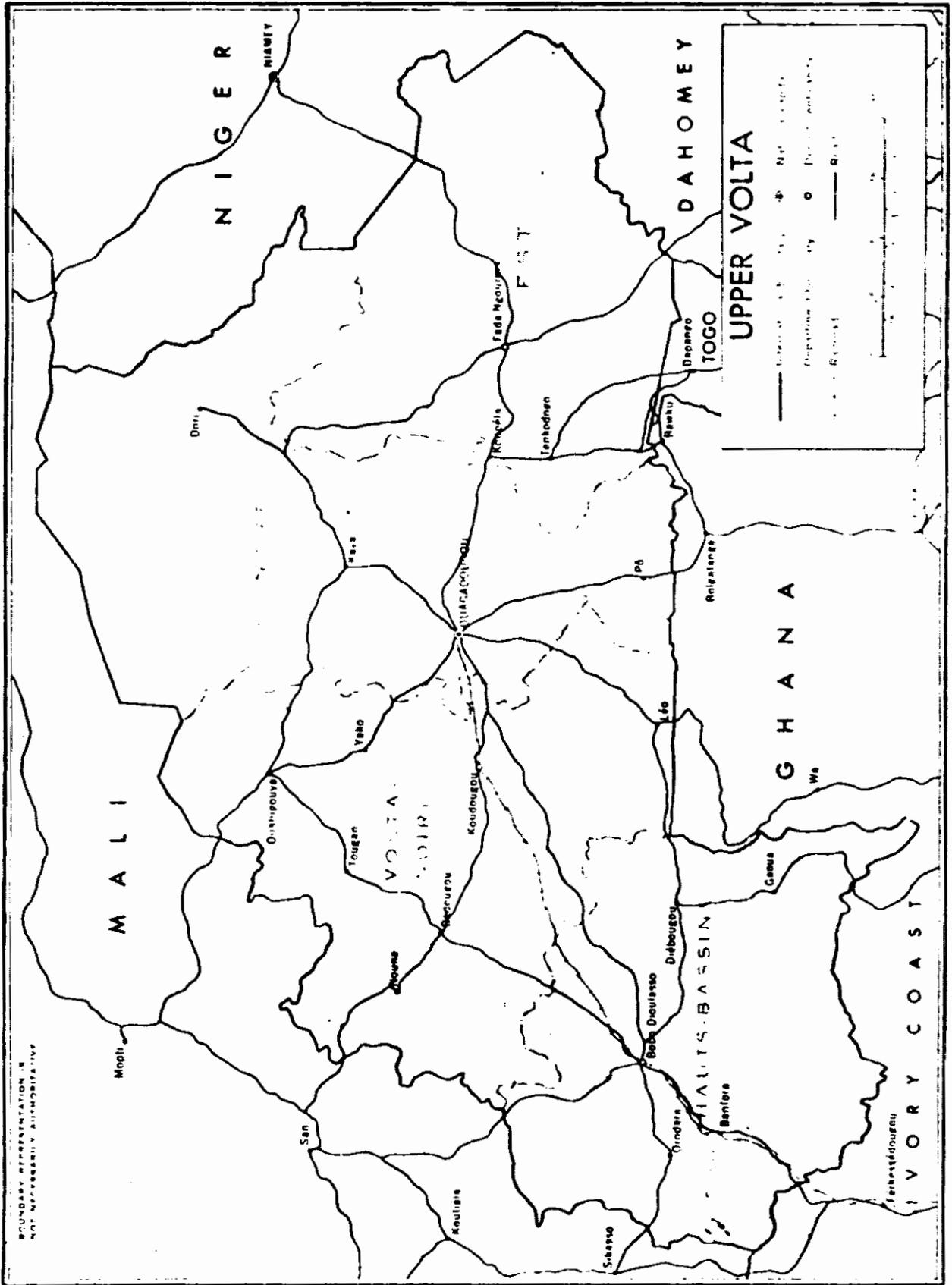
	<u>Page</u>
Map of Upper Volta . . . . .	i
I. ANALYSIS . . . . .	1
A. Economic Situation and Trends . . . . .	1
B. Sectoral Analyses . . . . .	4
1. The Agricultural Sector . . . . .	4
2. Environment . . . . .	6
3. Human Resources . . . . .	7
a. Education . . . . .	7
b. Health and Nutrition . . . . .	9
c. Population Growth and Migration . . . . .	11
Summary . . . . .	13
C. Constraints to Development . . . . .	14
1. Policy Constraints . . . . .	14
2. Institutional Constraints . . . . .	17
3. Technological Constraints . . . . .	18
4. Social and Economic Structural Constraints . . . . .	19
D. Other Donors . . . . .	21
E. GOUV Commitment and Resources . . . . .	25
1. Plan and Budget . . . . .	27
2. Recurrent Costs . . . . .	29
3. Political Considerations . . . . .	31
II. A.I.D. ASSISTANCE STRATEGY . . . . .	33
A. USAID Objectives and Priorities . . . . .	33
GOUV Priorities . . . . .	36

## TABLE OF CONTENTS (Continued)

B.	Sectoral Strategies . . . . .	36
1.	Agriculture . . . . .	37
2.	Natural Resources . . . . .	38
3.	Human Resource Development . . . . .	39
C.	Priority Area Programs in Support of the Assistance Strategy . . . . .	44
1.	Policy Dialogue . . . . .	44
2.	Private Sector Promotion . . . . .	50
3.	PL 480 Counterpart Funds . . . . .	51
III.	THE STRATEGY AND AGENCY PRIORITIES . . . . .	54
IV.	RESOURCES . . . . .	56
	Proposed Assistance Planning Levels . . . . .	56

## LIST OF TABLES

TABLE 1.	GROSS DOMESTIC PRODUCT AND LABOR FORCE . . .	2
TABLE 2.	PRODUCTION OF SELECTED CROPS . . . . .	4
TABLE 3.	LITERACY RATES IN 1975 . . . . .	8
TABLE 4.	OFFICIAL DEVELOPMENT ASSISTANCE . . . . .	22
TABLE 5.	SECTORAL BREAKDOWN OF OFFICIAL DEVELOPMENT ASSISTANCE COMMITMENTS . . . . .	23
TABLE 6.	OFFICIAL PRODUCER PRICES IN CFAF/KG FOR SELECTED CROPS . . . . .	25
TABLE 7.	NATIONAL BUDGET EXPENDITURES . . . . .	28



## I. ANALYSIS

### A. Economic Situation and Trends

With a per capita income of \$240 in 1981, Upper Volta is ranked as the fifteenth poorest country in the world. Upper Volta has improved its relative standing over the past five years in spite of a virtual standstill 0.1% per year growth of real per capita income since independence in 1960. Over the past two decades, Upper Volta has struggled to maintain this negligible growth in the level of per capita income. The most rapid growth in output and employment has occurred in industry and services, albeit from a small base (see Table 1). Agricultural output, which includes fishing, hunting, forestry, and animal husbandry, has grown more slowly than the population.

The growth of agricultural output has been obtained for the most part by expanding the areas under cultivation; relatively little has been accomplished to increase the productivity of the land or agricultural labor. The average output per agricultural worker has remained constant. At the same time, farm labor has left for employment in import-substituting industries and private and public services in the towns, or to work in the booming (until recently) Ivory Coast economy. The result of this agricultural stagnation plus changing taste patterns has been a slow but steady increase in food imports to meet about 5% of food consumption demand. A large measure of the reason for this poor performance is due to inappropriate policies affecting the agricultural sector and these policies will be discussed at greater length in another section.

The structure of the economy has changed through the creation of import-substituting industries, the expansion of export crops such as cotton, shea nuts, oil seeds, and fruits and vegetables, the growth of the public sector, and services such as commerce, hotels and transport. These structural changes have led to increases in the value of output, but at a rate

barely ahead of population growth. Reducing the rate of population growth from the estimated current rate of 2.4% annually would make it much easier to improve standards of living and coverage of public services. This is true because a reduction in birth rates in the present has a very slight effect on the size of the labor force over the next 20-30 years (most of the labor force is already born), but an immediate direct effect on the ratio of workers to dependents which permits a greater investment in education, health care, and nutrition for each child.<sup>1/</sup> Such investments could reduce the chronically high rates of malnutrition, raise the world's second lowest life expectancy of 39 years, and increase the primary school attendance rate above 18%.

TABLE 1. GROSS DOMESTIC PRODUCT AND LABOR FORCE<sup>\*/</sup>

	Labor Force (in thousands)		Rate of Growth 1960-80	Gross Domestic Product (in millions of 1980 \$)		Rate of Growth 1960-80
	1960	1980		1960	1980	
Agriculture	2,073	2,651	1.2%	317	392	1.1%
Industry	113	420	6.6%	72	176	4.5%
Services	68	162	4.3%	123	412	6.0%
Totals	2,254	3,233	1.8%	512	980	3.2%
Resident Population	4,350	6,092	1.7%			

<sup>\*/</sup> IBRD, World Development Report 1982, August 1982.

<sup>1/</sup> The Futures Group, Haute-Volta, Les Effets des Facteurs Démographiques sur le Développement Social et Economique, March 1982.

### Recent Economic Trends

In the face of the current world recession and the accompanying weakness in commodity markets, Upper Volta is struggling to maintain its export earnings from cotton, shea nuts, oil seeds and even cattle and meat. About one-half of its trade is within the franc zone, but the devaluation of the French franc, and therefore the CFA franc, relative to other hard currencies reduced Upper Volta's purchasing power for goods and services from other trading partners and has not yet resulted in greater demand for its agricultural commodities.

For the group of low-income sub-Saharan African oil-importing countries, the World Bank predicts at best 0.1% per capita annual increases in income and a strong possibility of a continuous decline in per capita incomes over the coming decade.<sup>1/</sup> While Upper Volta will not necessarily follow the average, this prediction is indicative of the generally difficult situation in which low-income African countries find themselves today. To perform better than this dismal forecast, Upper Volta must pay attention to all those policy issues affecting the agricultural sector's growth in particular and economic growth in general, and build the institutions which will sustain productivity increases in agriculture, industry, and services.

The external debt grew rapidly under the expansive Third Republic (1978-80) and has continued to grow under subsequent regimes, but the debt service is still of manageable size at about 1.2% of GNP, or approximately 11% of exports of goods and services. However, some of the debt was contracted to meet operating costs of the GOUV in 1979 and some for projects of dubious economic value, such as the purchase of a jet for the national airline. Thus, while the debt is not a serious drain on the economy, it has not contributed to economic growth as much as it should have and is an increasing burden on public finances.

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<sup>1/</sup> IBRD, World Development Report 1982, Table 4.4, p. 37.

B. Sectoral Analyses

1. The Agricultural Sector

This is the key sector in the economy, providing 40% of output valued at market prices, 82% of national employment and 87% of all exports. Food crop production has grown by approximately 1.25% per year over the past two decades, a rate which is 0.5% lower than the growth of the resident population. Over the same time period, production of "cash" crops expanded at a slightly greater rate. The expansion of fruit and vegetable production has also been impressive, but growth has been constrained by bottlenecks in air transport and export marketing arrangements.

TABLE 2. PRODUCTION OF SELECTED CROPS (000's of metric tons)

Year	Cotton	Groundnuts	Sesame	Domestic <sup>a/</sup> Cereals	Shea nuts <sup>b/</sup>
1963/64 <sup>c/</sup>	8.0	50.0	4.1	902	1.0
1966/67 <sup>c/</sup>	16.3	76.0	6.0	1,036	15.0
1974/75	30.6	65.0	8.0	1,160	5.6
1975/76	50.7	80.0	8.0	1,088	48.6
1976/77	55.3	87.0	7.0	1,196	32.4
1977/78	38.0	85.0	6.0	1,025	56.7
1978/79	60.0	70.0	7.0	1,147	7.0
1979/80	77.5	69.9	5.4	1,181	40.1
1980/81	62.5	53.0	7.1	1,010	49.6
1981/82	57.5	77.5	8.0	1,265	17.9
1982/83 <sup>d/</sup>	69.0	65.0	5.6	1,180	30.0

<sup>a/</sup> Sum of sorghum, millet, maize and rice (converted from paddy at 65%).

<sup>b/</sup> Marketed output only. This "crop" is collected from trees.

<sup>c/</sup> Years chosen to be representative of the early and mid-1960s for comparison to present.

<sup>d/</sup> Projected by GOUV.

Unfortunately, the increases in food output have been obtained almost exclusively through the expansion of area cultivated. Yields on average have remained constant per land area. There is increasing pressure on marginal lands, particularly in the densely populated Mossi Plateau.

More and more donkey plows are being purchased in many areas of the country as agriculture is very slowly transformed into a more commercial, market-oriented activity. Still, subsistence production accounts for approximately 80% of the food crop nationally. The western and south-western surplus areas have a much greater market orientation. Besides marketing a much higher percentage of output, western farmers have demonstrated price responsiveness by reducing area planted to cotton after four years of a constant price (CFAF 55/kg) and increasing area planted to millet and sorghum, the market prices of which had been rising all along. These reactions to relative prices were not as strong in the center, north and east, where the proportions marketed are much smaller and many fewer farmers engage in cotton farming.

Further progress in agriculture will depend on the development of more productive, sustainable techniques for semi-arid areas and the strengthening of research and extension institutions to develop and spread these techniques. It will also depend on modifying certain policies such as agricultural input marketing structures to permit the system to work more efficiently.

The key word in technology development for Voltan agriculture is sustainability. The research station at Saria tripled first-year yields with intensive no-input agriculture on a trial plot, but found that after two years only one-half the average yield for the area could be obtained. That is, local farmers possess the techniques to easily double their own yields in any one year, but they refrain from doing so in order to maintain future yields at acceptable levels. The constraint to increasing the low yields

per land area on the Mossi Plateau is the soil which must be conserved, and if possible, improved. To this, we must add the importance of improving water use in semi-arid conditions. We have seen the problems of water run-off and the resultant soil erosion. The potential exists for much better conservation practices and water use. The problem of raising productivity in agriculture is thus linked to the problem of conserving the environment and preserving the basis for agricultural production.

## 2. Environment

The most dramatic change occurring in Upper Volta's ecology is deforestation. In village after village, well within the lifespan of young men and women, the bush is being thinned out and is receding. The effect is visible and is often pointed out by Voltans as the most significant change in the landscape over the past two or three decades. Wood for urban and rural consumption is indispensable for food preparation and building, but it comes at an economic price greater than the cost of its collection and marketing. The loss of trees affects the replenishment of the soils, the rate of wind and water erosion, water retention, and thus, ultimately, productivity in agriculture. A 1981 FAO estimate puts wood demand at 6.8 million m<sup>3</sup> per year as compared to annual forest production of 5.4 million m<sup>3</sup>. The densely populated Mossi Plateau in the center of the country is experiencing increasing difficulty in maintaining the productive capacity of its forests, rangeland, and farmland.

Soil conservation and fertility maintenance is a high priority for farmers. In the past, acidifying fertilizers were used to stimulate cotton growth, but there was inadequate provision for organic manure, rock phosphate or lime to buffer the acidifying effect. Many farmers benefited from the expected first-season surge in yields, but they realized in subsequent years their soils had been seriously degraded. This has made farmers

justifiably very cautious about using the available fertilizers ("cotton fertilizer" and urea) which are acidifying. The very low levels of fertilizer use in Upper Volta reflect the farmers' objectives of maintaining long-term profitability in the absence of fertility-improving fertilizer combinations.

Soil conservation is linked to water management as well. Increased run-off has generally lowered water tables, increasing the cost of reaching water and increasing tree mortality. In the Yatenga (northern Mossi Plateau area), there have been a number of attempts to control run-off and the ORD cannot keep up with villagers' requests for assistance in anti-erosion projects.

The problems of resource management are complicated by the tremendous variation over time and space of climatic conditions and soils. These "micro-climates" and varying soil conditions make it hard to apply general advice on fertilizer use and require considerable field work to develop suitable recommendations. A second problem is the development of recommendations which are economically feasible for the small farmer, even if they are technically less than optimal. The location-specific nature of solutions to resource management problems complicates the task of giving advice to farmers about maintaining and improving their productive resource base.

### 3. Human Resources

#### a. Education

The low levels of literacy and primary schooling are significant barriers to innovation in all sectors of the economy. With only 9% adult literacy and 18% primary school attendance, the capacity to use written instructions and technical materials is limited. The low level of education limits the productive capacity of not only the industrial workforce but also the

farmer and the extension service. In the 1981 World Development Report, the World Bank calculated high rates of return in general to primary education. This would probably be the case in Upper Volta if the unit costs of schooling were not so high.

The GOUV continues to debate the question of curriculum reform and has not come to firm conclusions. There is strong support for continuing the separate young farmer training centers which do not lead on to secondary schooling as being appropriate for the needs of rural populations. The GOUV plans to increase the parents' direct share in educational costs, but it faces two strong teachers' unions, which played a major role in bringing down the Third Republic in 1980, and consequently had trouble containing increases in salaries and benefits.

One positive aspect of the small Voltan educational system has been the push to increase female enrollment. As an index of increasing access to schools for women, the table below shows literacy rates for different age-groups by location and sex.

TABLE 3. LITERACY RATES IN 1975<sup>\*/</sup>  
(Percentage of age-groups)

	Age					
	55-60		25-29		10-14	
	Male	Female	Male	Female	Male	Female
Urban	34.8	5.1	52.0	18.8	73.0	56.8
Rural	7.3	0.5	14.1	1.9	17.1	7.3
All	8.5	0.7	17.0	3.0	20.7	11.0

<sup>\*/</sup> USAID, Africa-Upper Volta, Selected Statistical Data by Sex, July 1981.

This table demonstrates each new generation is more literate than the last and female literacy (through access to primary schools) has risen faster than male literacy, although it has yet to catch up in absolute terms. It is encouraging that this trend holds for both rural and urban areas.

b. Health and Nutrition

The Voltan population is characterized by poor health status and even more severe malnutrition. Available evidence shows persistently high levels of protein-energy malnutrition among pre-schoolchildren. Anthropometric surveys identify 30-40% of pre-schoolchildren as stunted, indicating chronic malnutrition. These same surveys found acute malnutrition in 3-22% of pre-schoolchildren, with the highest rates of wasting in the 1-2 year old age-group. This finding underscores the significance of the lack of appropriate weaning foods.

Pregnant and lactating women are the most seriously affected group among malnourished adults. A recent survey in a rural community indicated one-fifth of the males and one-quarter of the females born in the last five years had a birth weight under five-and-one-half pounds. This suggests malnutrition in the mother is a significant factor contributing to the high infant mortality rate.

According to Catholic Relief Service (CRS) data, the nutritional status of children in its centers is worse in a normal year in Upper Volta than the nutritional status of children in its Senegalese centers during the worst of the drought years. Citing several different studies, the evaluation of the Upper Volta PL 480 Title II program in January 1981 stated: "About half the children 0-6 years old in Upper Volta must be considered to be malnourished."<sup>1/</sup> Among new inscriptions in the CRS pre-school feeding program, 8% were severely malnourished and 47% were moderately malnourished.

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<sup>1/</sup> AID/FFP, Upper Volta Food for Peace/Title II Evaluation, September 1981, p. 9.

For comparison, the rates for sub-Saharan Africa were estimated to be 3.2% severely malnourished and 25% moderately malnourished among pre-schoolchildren. The evaluation concludes "... the malnutrition rates in Upper Volta must be considered to be among the highest in the world."<sup>1/</sup>

In the 1982 World Development Report, per capita calorie supply is listed as 93% of the daily requirements for the average Voltan. This is based on 1977, which was a good production year, although not as good as 1965 to 1969. Cereal production has tended to decline on a per capita basis since the late 'sixties. Given the uneven regional distribution of rural income and wealth, it is very likely the poorer regions suffer from calorie and protein deficiencies even in good production years. The improvement of nutritional status will depend first of all on reversing the declining trend in per capita food availability.

Childhood disease contributes to poor use of available food and inadequate food supplies contribute to the onset and severity of disease in a familiar vicious cycle of poverty, morbidity and death. Life expectancy is extremely low at 39 years. In spite of declines in infant and childhood mortality, the levels are among the highest contemporary levels estimated.<sup>2/</sup> This is due to poor obstetrical services, malnutrition and protein-calorie deficiencies, increasing susceptibility to diarrhea and malaria, and epidemics of measles and meningitis. The Bank concludes "... the health status of Upper Volta's population did not improve significantly during the last ten years, ..., especially in rural areas, ..." <sup>3/</sup>

Health infrastructure is extremely weak and population coverage is likewise low. The average utilization of health services is only 0.47 times per

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<sup>1/</sup> AID/FFP, Upper Volta Food for Peace/Title II Evaluation, September 1981, p. 10.

<sup>2/</sup> IBRD, Upper Volta: Health and Nutrition Sector Review, July 1982, p. 2.  
<sup>3/</sup> id., p. 2

inhabitant per year. Coverage is lower in rural than in urban areas. The health budget is almost 10% of the national budget, down from 15% at independence. This does not include local government expenditure for health, foreign aid, the river blindness control program, and private expenditures estimated to be equal to central government expenditures.

The GOUV is strongly committed to a primary health care strategy, an expanded program of immunization, and preventive campaigns for yellow fever and meningitis. The Strengthening Health Planning Capacity project will assist the GOUV to improve its management of health care delivery, as well as its monitoring of health status, and the results of immunization campaigns and other health interventions.

In the near future, the World Bank proposes to expand primary health care delivery significantly, building upon the management systems and policy reforms brought about through the USAID activity.

One policy question central to development of a viable system of health care is that of meeting the recurrent costs of the health care system. In addition to helping develop the basic systems for managing the system, the health planning project will assist the GOUV to make a detailed analytical review of factors affecting the financial viability of the system including fee structures, other sources of revenue, and administration of hospitals, clinics, and mobile teams.

c. Population Growth and Migration

The recently created National Population Council (CNP) will at long last provide the institutional base for the formulation of a national population policy and strategy. The CNP will be concerned with raising the awareness of population issues which, as discussed below, are fundamental to Upper Volta's economic development.

The population continues to grow at a rapid rate of 2.4% per year. At this rate, Upper Volta's population would double every 29 years. Crude birth and death rates both remain high at 48 and 24 per thousand respectively. As in many African countries, the existing technology for further reducing death rates is expected to be spread much more quickly than the technology for reducing birth rates. Hence, the prospect is for an increasing rate of growth in a country where resources are under considerable pressure already.

Emigration, principally to the Ivory Coast, is a partial safety valve for this pressure. The RAPID presentation estimated net emigration currently at 67,000 persons per year. This reduces the annual growth of the resident population to about 1.6%. In addition, there is a continuing redistribution of population from the densely populated Mossi Plateau to the more fertile, less-densely populated areas of the Volta Noire (Dedougou) and Hauts Bassins (Bobo-Dioulasso) regions. The age structure of internal rural migration is very similar to the general population, indicating whole families are moving. This movement may reduce sending area growth rates from 0.1 to 0.3%/year and increase receiving areas' growth rates by as much as 0.5 to 0.6%/year. Although internal migration reduces growth rates in the ecologically stressed areas, population growth still remains at levels of 1.3 to 1.5% per year in these areas, and it raises population growth in the west and southwest above 2%, thus advancing the time when these zones will also be subject to the ecological stress now found on the Mossi Plateau.

The provision of family planning services is limited to an urban elite which can afford the high-priced commercially available contraceptives. The Midwives Association and the Voltan Association for Family Well-Being are planning to provide clinical services and advice. They will reach a wider

class of users than the few practicing gynecologists could ever hope to reach. If urban women are only poorly serviced, rural women rely on traditional birth attendants of varying skill and sophistication. This aspect of rural health care is a neglected part of an overtaxed and poorly designed health care delivery system.

### Summary

Upper Volta's economy and society are undergoing some profound changes, but at a frustratingly slow pace. Education and literacy have spread; health care has improved, particularly in towns; roads have been built, although not necessarily maintained; business activity has increased; and there are signs of material well-being which were absent a decade or two ago. The pace of change is quickened by contact with the Ivory Coast and western society, which is financing many new structures, but the productivity of the new activities has been not much greater on average than the productivity of traditional agriculture which has not improved. To speed up the rate of change, Upper Volta will have to: develop a policy framework which encourages the best use of available resources; reduce the role of parastatals in the economy; eliminate the barriers to competition in some fields; build the institutions to develop and promote technological innovation; take strenuous measures to protect its natural resource base from further degradation; revise its method of delivering health care; promote family planning; reform its educational system; and continue to cooperate in the regional economic integration of West Africa. Accelerating the rate of development is a long-term task with the responsibility for sound management of all resources shared between participating donors and the GOUV in this historic collaborative effort to lay the foundation for self-sustaining economic growth in one of the world's poorest countries.

### C. Constraints to Development

We must clearly distinguish between a country's resource base and its potential for growth and development. A relatively well-endowed country like Ghana has managed its economic affairs badly and is lowering its standard of living, while other states with virtually no natural resource base are developing. Thus, Upper Volta may not entirely blame its weak natural resource endowment for its slow development to date. It is true, however, that its coastal neighbors are likely to enjoy a comparative advantage for industrial development for many years to come. This reinforces the importance which Upper Volta should, and does indeed, attach to regional economic integration. Within the framework of the regional economy, the GOUV needs to pay attention to easing the constraints to development over which it has control or for which it can obtain assistance: its policies, institutions, technologies, and social and economic structures.

#### 1. Policy Constraints

There are a number of policies which slow down the growth of the economy. Some of these may affect the outcome of A.I.D.-financed projects and will accordingly be discussed in detail with the GOUV. Others are equally anti-developmental, but persist due to special interests or the higher priority of maintaining stable institutions.

In agriculture, the GOUV relies on public and parastatal institutions for the marketing of inputs and provision of credit and for the marketing of export crops: cotton, shea nuts, oil seeds, and fruits and vegetables. Reliance on marketing boards and public institutions and setting of official prices for inputs, export crops, and credit, result in inefficient resource use and probably slow down the growth of output. Of particular importance is the setting of official prices for export crops and their enforcement by discouraging unlicensed exports. The explicit objective of price-setting

by SOFITEX, the cotton company, and by the cash crop marketing board (CSPPA) is to stabilize producer prices and insulate them from fluctuations in world market prices, but there is also a strong implicit element of taxation and the realization of monopolists' profits by SOFITEX and CSPPA.

The past policy of the GOUV has been to exercise majority ownership of firms judged to be in "vital economic sectors". This policy has had two undesirable effects. First, the GOUV has made or perpetuated some poor investments and second, it has put itself under pressure as majority shareholder to protect these investments by taxing competitive imports and setting high prices for its products. As President Ouedraogo stated in his New Year's speech, the new administration is actively considering the privatization of some parastatals and greatly increased reliance on private investment. This new emphasis on returning specific activities to the private sector and encouraging private investment will constitute removal of a significant policy constraint to development, i.e., the old policy of creation of parastatals in preference to private sector investment.

Interest rate policy and credit restrictions are two significant aspects of monetary policy which constrain development. The Monetary Union of West Africa (UMOA), sets the Central Bank rediscount rates, interest rate ceilings for all financial institutions, and credit allocations for its member states. Upper Volta is a member along with Senegal, Ivory Coast, Niger, Togo, Benin and France. The administrative determination of interest rates, which UMOA members agree to respect, has kept interest rates low in real terms. Also, the credit allocations have kept the expansion of the money supply within bounds and restricted credit availability. This set of policies and the dominance of the public sector in banking has effectively slowed the expansion of the private sector and resulted in inefficient use of credit.

The setting of interest rate ceilings by the UMOA also applies to rural credit institutions. The low interest rates which may be charged for rural loans, currently about 11%/year, make it impossible to expand the small existing program without additional externally supplied capital. There is virtually no mobilization of rural savings, with the exception of some grass-roots "caisses populaires" in isolated areas, because the National Agricultural Credit Bank (CNCA) could not afford the cost of mobilizing the small amounts of saving which would be available at the very low interest rates it could afford to offer rural savers.

The setting of agricultural input prices and their marketing have long concerned this USAID. We were instrumental in raising improved seed prices and setting up a rational price-setting mechanism. Pricing and marketing of other inputs, such as animal traction equipment, will be discussed with the GOUV as part of the Agriculture Development Support project. The transfer of input marketing from the Regional Development Organizations (ORDs) to the private sector is an important reform which we will be seeking.

One other policy worth mentioning is the continued virtual monopoly over air freight exercised by Air Afrique and UTA which provides insufficient haulage and reduces the competitiveness of Voltan fruits and vegetables in Europe and discourages the development of other specialty exports. While pressure from Air Afrique to maintain this policy may be irresistible, the GOUV can improve export marketing by reducing reliance on the parastatal fruit and vegetable export cooperative. USAID will encourage the GOUV to pursue its plans to privatize this cooperative and expand private sector marketing of these exports. Nonetheless, the potential for expansion will remain small until the air freight bottleneck is removed.

## 2. Institutional Constraints

There are several significant institutional barriers to development. One is the highly centralized administrative structure of the Government which has restrained the tremendous potential for active local government and local initiatives. With particular respect to rural development, the semi-autonomous ORDs were still fundamentally arms of the central administration and are not local institutions accountable to the local population. A second is the absence of strong national institutions in key areas such as agricultural research and the development of adapted technology in general.

Village groups have concentrated on the development of local infrastructure and have then pressured the central government for assistance in operating the structures. Much more could be accomplished with local resources, if communities could assume responsibility for hiring and setting salaries and benefits, e.g. for teachers or nurses, and the central government's role would be restricted to inspection and accreditation. A similar observation could be made for other public services about the potential for making good use of local resources through locally controlled, as opposed to centrally controlled, institutions of government.

In some fields such as computer technology for data processing, Upper Volta can simply acquire and use the latest technology, but in most productive activities, the techniques in use in developed countries are not suited for the mix of labor and capital found in Upper Volta. In agriculture, the semi-arid tropics face a set of problems which cannot be solved by simply importing western techniques. However, the national institutions for experimenting with new techniques and devising more economical methods of farming are quite weak, and they face the very difficult problem of raising productivity in a low-input agriculture practised in a fragile ecological zone.

The extension institutions for agriculture (ORDs) are also weak. Their agents have been burdened with administrative tasks, input distribution, credit collection, and other duties which often detract from and/or conflict with their role as technical advisors to farmers. The ORDs are also in a financially precarious situation, particularly in the poorer regions of the country. Similar problems exist with the Forestry Service, which is perceived as a policing agency acting to protect the forest preserves and certain species of trees first of all and only secondarily, if at all, as a promoter of reforestation activities. Thus the institutions which are supposed to promote change at the village and farm level are poorly equipped to do so and are often charged with carrying out activities such as input distribution which are better left to the private sector.

### 3. Technological Constraints

The absence of proven, adapted technologies in semi-arid tropical farming and herding is one serious constraint to growth. A similar observation can be made about increasing the yield of the natural forests and plantations. The development of these technologies is a problem of weak institutions, as discussed above. The same is not so clearly true for small industry and services which have access to information about management and production techniques devised elsewhere in West Africa.

The crux of the problem is the low productivity per land area and per labor unit in agriculture, herding, and wood production. In agriculture, donkey traction is proving attractive in many areas and is being adopted, but it does not represent a major gain in yields over traditional hand-planting techniques. Improved high-yielding varieties are available for peanuts and rice, and a good local variety of corn has reasonable yields, but it has been hard to improve on the local sorghum and millet varieties which constitute the bulk of farming activity. Good fertilizer strategies

which are also affordable are just being worked out for low-income farmers, but good advice on fertilizer use is hard to get, since soil sampling is not easily done for the 7,000 villages and the multitude of soil conditions and micro-climates.

The yields of exotic species on a plantation basis for wood production have been much lower than originally expected and, as discussed above, the yields of natural forests do not appear adequate to meet the growing demands. Further experimentation with wood-producing varieties and forest management techniques is clearly needed as well as continued efforts to design and spread the use of affordable energy-efficient woodstoves.

In many other areas, better technologies ready for use exist and require adaptation and creative use. For example, the mass media for education and communication, and the use of local materials in modern urban architecture are available technologies which might be used to reduce the unit costs of education and urban construction.

#### 4. Social and Economic Structural Constraints

While the efficiency-minded manager readily discards past investment which is no longer economical (correctly writing it off as a sunk cost), the politician may hesitate to break so easily with established structures and seeks ways to make them viable. Thus we find inefficient industry protected by tariffs and/or subsidized (cloth, bicycle tires, sugar, rice), monopolies maintained (SOFITEX, Air Volta, Air Afrique/UTA), and public employment maintained and expanded even when the logistical support for their operations cannot be provided.

The new President has promised to privatize inefficient parastatal operations, eliminate unproductive public employment, hire only competent employees, and end political and nepotistic appointments. However, he will face considerable pressure from interest groups and people in the

GOUV not to carry out these promises, so it will be interesting to observe what degree of success he will have in modifying the established structures and practices. It is important that he succeed in this to eliminate the drag on the economy brought about by the inefficient structure.

A less well understood structural constraint to development is the structure of society itself. Upper Volta's traditional social structure is remarkably stable. Approximately one-half of the national population belongs to the Mossi ethnic group. The hierarchy of the Mossi Empire ruled its territory unchallenged and was not successfully invaded for over four centuries until the French arrived at the end of the nineteenth century. This stability strongly entrenched a hierarchical male-dominated gerontocracy among the Mossi which still maintains its rule over rural village and family decision-making. The domination of rural society and its institutions by old men slows down innovation and retards change. The young men must wait many years to marry and start families. Average age at first marriage for Mossi men is 35, since older established men usually have two or more wives. Consequently, about one-half of the men aged 20-40 migrate from Mossi villages to the cities and the Ivory Coast seeking economic well-being and an independence from the strict authority of the village elders. The absence of young men from the farms at the peak of their productive lives may affect the willingness to experiment and increase farm productivity, but the small margin for error in a subsistence farming system is probably a greater deterrent to experimentation.

Other ethnic groups, particularly those in the southwest, have more egalitarian social structures than the Mossi. Other groups also tend to be under much less ecological pressure than the Mossi, and have fewer emigrants as a proportion of their male labor force. The south and west

are clearly in a better position to benefit from investment in improved farming techniques due to more regular and heavier rainfall, better soils, and lower population densities. One can merely speculate as to whether the social structures of these groups are more receptive to change than the Mossi's, or whether the greater range of techniques available for these farming conditions has simply made it easier for them to experiment and adopt changes.

D. Other Donors

From 1975-81, all donors committed nearly \$1.4 billion in development assistance to Upper Volta. France reasserted its role as lead donor by doubling its aid levels between 1978 and 1980. The Dutch, Germans, and U.S. maintained their program size while Canada cut its program back. The European Development Fund and the World Bank continued important programs similar to those of the major bilateral donors. The United Nations group maintains a relatively small program at almost 7% of all aid.

The projection for 1983-87 in Upper Volta's draft development plan is CFAF 514 billion (\$1.5 billion) in investment expenditures, of which about 70%, or \$1.1 billion, is to come from external sources. This amount is realistic if aid levels can be maintained roughly constant at current levels. The relative importance of the various donors is expected to remain as in the table on the following page with the possible exceptions of a growing World Bank portfolio and a small decline in the German program.

Project assistance accounted for 70% of all aid from 1975-81, with rural development and infrastructure projects constituting almost three-quarters of project assistance. Natural resource projects grew rapidly in 1980 and 1981 but accounted for only 9% of all aid over the seven-year period. Non-project assistance, principally technical assistance and food aid, regularly accounts for about 30% of all aid.

TABLE 4. OFFICIAL DEVELOPMENT ASSISTANCE  
(Including Food Assistance)\*/

	1975	1976	1977	1978	1979	1980	1981	Total 1975-81	% AID/ Total Aid (%)
(in millions of dollars)									
<u>Bilateral Funding Source</u>									
France	27.2	25.7	32.0	33.0	55.4	68.4	47.3	289.0	20.8
Federal Republic of Germany	25.4	11.0	17.8	23.5	28.6	16.2	45.3	167.8	12.1
Netherlands	4.8	11.7	19.8	29.0	23.3	34.3	24.2	147.1	10.6
United States (of which Peace Corps)	9.7 ( 0.8)	5.6 ( 1.0)	13.7 ( 1.0)	21.4 ( 1.0)	23.6 ( 1.5)	31.0 ( 1.3)	29.9 ( 1.4)	134.9 ( 8.0)	9.7 ( 0.6)
Canada	5.5	1.6	19.1	44.2	2.6	3.6	5.8	82.4	5.9
Other Donors	2.7	2.8	7.5	11.9	15.9	3.6	5.3	49.7	3.6
Sub-total	75.3	58.4	109.9	163.0	149.4	157.1	157.8	870.9	62.7
<u>Multilateral Funding Source</u>									
World Bank Group	16.5	29.4	8.8	12.2	-	35.0	62.0	163.9	11.8
European Development Fund/EEC	5.8	17.8	15.7	17.7	20.8	40.5	39.3	157.6	11.3
United Nations	7.8	4.5	6.5	5.7	16.1	8.5	42.5	91.6	6.6
Others	5.5	5.0	5.7	17.9	15.4	3.4	14.4	67.3	4.8
OPEC Countries	2.9	5.5	4.4	7.3	1.6	6.0	10.0	37.7	2.7
Sub-total	38.5	62.2	41.1	60.8	53.9	93.4	168.2	518.1	37.3
Total Aid	113.8	120.6	151.0	223.8	203.3	250.5	326.0	1389.0	100.0
(Food Aid)	(11.1)	( 3.8)	(15.6)	(22.8)	(27.8)	(25.7)	(29.1)	(135.9)	( 9.8)

\*/ But excluding regional projects which would increase the U.S.'s absolute and percent of total contribution.  
Source: CILSS/Club du Sahel, Official Development Assistance to CILSS Member Countries from 1975 to 1981. Vol. I, Analysis and Synthesis, November 1982.

TABLE 5. SECTORAL BREAKDOWN OF OFFICIAL DEVELOPMENT ASSISTANCE COMMITMENTS

1975-81		
	US\$ millions	Percentage
<u>1. Project Aid</u>		
Rural Development	357.0	25.7
Infrastructure	346.8	25.0
Natural Resources	127.2	9.2
Human Resources	104.8	7.5
Industry	41.6	3.0
<u>2. Non-Project Aid</u>		
Food Aid	135.8	9.8
Technical Assistance	126.0	9.1
Balance of Payments Support	43.3	3.1
Budget Support	32.0	2.3
Other	74.2	5.3
<b>Total:</b>	<b>1388.7</b>	<b>100.0</b>
Project	(977.4)	(70.4)
Non-Project	(411.3)	(29.6)

Other donor objectives and activities complement those of A.I.D. There is general consensus on the priority of food self-sufficiency for Upper Volta, the need to conserve the natural resource base, to build roads and improve communications, and to invest in human resource development. However, basic infrastructure has received much more than

its planned share of investment, and natural resource management and human resource development have received inadequate attention. This imbalance in investment is due to a number of factors, among which are the GOUV's desire to maximize aid flows for whatever positive purposes, the incomplete or partial coordination of donor programs, the weakness of the environment and health ministries, and the high unit costs of education. Some of these problems are being addressed directly by the World Bank and USAID in particular, but the coordination of donor programs remains partial even if donor coordination and consultation are quite good within sectoral activities and by geographic region.

In the near future, USAID's concentration on improving management and planning will complement other donor project-specific investments in agriculture, reforestation and natural resource management, and health. It should also improve the absorptive capacity for projects in the neglected areas of health and natural resources. The World Bank plans to be active in health care and in basic education if unit costs can be reduced, as well as continued involvement in road maintenance and agricultural projects. Other donors are expected to continue emphasizing their traditional areas of concern including rural development, major transportation and communication infrastructure, relatively soft loans for industrial development, and small projects in health, natural resources, and education.

The role of CILSS in promoting donor collaboration is noteworthy. The CILSS/Club du Sahel working group system permits frank and useful donor-recipient discussions on agriculture, health, education, energy, environment, and policy questions which are difficult to raise constructively on a bilateral basis. The CILSS regional meetings provide the ideas which can then be pursued on a daily working basis and raise the quality of the donor-recipient dialogue. The preparation of a national recurrent cost

workshop and the consideration of a national food plan are contributing to a wider and highly constructive dialogue among donors and the GOUV on the whole range of development issues affecting Upper Volta.

E. GOUV Commitment and Resources

Ever since the traumatic drought years of 1972/73 and 1973/74, the GOUV has been strongly committed to attaining both food self-sufficiency and food security. Increasingly, however, the GOUV has come to depend upon external financing for investment and has allocated its own resources to personnel and operating expenses with very little remaining for development projects. This is not a surprising use of resources in a situation where foreign aid is consistently larger than the national budget. While GOUV budget allocations do not conclusively demonstrate the priority attached to food self-sufficiency, the regular increases in official food grain prices at a rate greater than general inflation demonstrate the concern with encouraging domestic grain production as well as that of other crops.

TABLE 6. OFFICIAL PRODUCER PRICES IN CFAF/KG FOR SELECTED CROPS

Campaign Year	Consumer Price Index	White* Sorghum	Paddy	Cotton (1st quality)	Groundnuts (shelled)	Sesame	Shea nuts
1971/72	107.7	12	19	32	25.75	26.75	7.0
1975/76	144.6	23	35	40	38.00	39.00	20.7
1979/80	204.1	40	63	55	54.29	90.00	24.5
1980/81	229.0	45	68	55	81.93	75.00	27.0
1981/82	246.3	50	68	62	130.718	83.75	43.0
1982/83	-	55* -	68	-	138.150	89.00	46.0
Annual rate of increase (%) 1971-82	8.3	13.8	11.6	6.6	15.3	10.9	17.1

\*/ In 1982/83, official prices differentiate between millet, white sorghum, corn and red sorghum, reflecting OFNACER's choice of grains to constitute food security stocks.

The official prices for white sorghum, millet, and corn are floor prices for about 10-15% of marketed output, thus putting upward pressure on grain market prices in general in recent years. The official prices for groundnuts are for exports only. They have been largely irrelevant to producers in recent years because world market prices are lower than domestic prices and almost all groundnut production is now marketed domestically at free market prices. Upper Volta's growth in cotton output has recently reversed itself slightly, partly in response to the decreasingly attractive producer price relative to food crops. Upper Volta farmers have also benefited from strong demand for shea nuts - a tree crop. Thus, official policy over the past decade has been to encourage food crop production and not to counteract the upward trend in food grain producer prices.

There are several other aspects of GOUV policy which demonstrate the attitude toward development. With the exception of sugar cane and wheat, the expansion of agricultural output is expected to come from the small farmer, and extension methods and research are directed towards small farms.

The theme of decentralization and community participation in its own development is expressed in one form or other by every Voltan administration. The Third Republic (1978-80) was discussing the revival of "collectivités rurales", the CMRPN (1980-82) instituted village development committees, and the new President has also spoken publicly of decentralization. Recent administrations have worked toward practical steps to bring about effective decentralization, but the steps taken have been made with insufficient preparation. For example, local taxes were to be returned for local investment, but no process for decentralizing the investment decisions was developed. Nevertheless, the preoccupation with bringing development to the rural areas remains central to Voltan political discourse.

Finally, in spite of its modest resources, Upper Volta contributes in a timely manner to regional organizations and has always attached a high priority to regional economic integration. It continues to do so in spite of the real reduction in customs revenues which is occurring as a result of the reduction of tariffs on goods produced in CEAO member states.

#### 1. Plan and Budget

The working hypotheses at the Ministry of Plan for the next planning period, 1983-1987, are to maintain gross domestic investment at its current level of 18% of GDP, and thereby to maintain a 3% annual rate of growth in GDP. Seventy percent of these investments, or CFAF 360 million (\$1.1 billion), is expected to come from external sources. Another 30% is expected to come from internal investment sources. These hypotheses imply an average rate of return on investments of 16-17% - a relatively conservative rate, not far from the cut-off point used for judging the economic soundness of development projects (USAID - 15%; IBRD - 12%). However, two important conditions will have to be met to achieve the desired return on investment. First, donors must be willing to finance recurrent costs so as to sustain the operations of investments with long-term payoffs in research, health, education, and experimentation with new technologies. Second, project selection must respect rigorous criteria of economic soundness. If the GOUV continues to invest heavily in such projects as the Tambao railroad and manganese-mining project, for example, the overall average return on investment could be lower than the 16% or 17% now envisaged. Even at these modest rates, which are probably realistic for Upper Volta, growth in output will stay only slightly ahead of population growth. The outlook for the decade ahead is for a continuation of the slow, "on-again off-again" growth which has characterized Upper Volta since independence.

The proposed budget for 1983 is CFAF 57.9 billion, an 18.4% increase over the austere 1982 budget of CFAF 48.9 billion. The President characterized the proposed budget as being three-quarters personnel and operating expenses, with resources for investment exceedingly meager. Judging from recent budgets his description is undoubtedly accurate.

TABLE 7. NATIONAL BUDGET EXPENDITURES  
(In billions of CFA francs)

	1978	1979	1980	1981	1982	1983 (USAID estimates)	Average Annual Rate of Growth 1978-83 (%)
Debt Service	1.7	2.2	3.0	4.0	5.8	6.5	26.8
Salaries	16.2	19.7	20.7	23.4	25.6	30.3	12.5
Material	4.4	5.3	6.7	7.4	8.4	9.9	16.2
Public Interventions (Scholarships, contributions to international organizations, etc.)	3.9	4.9	5.4	4.7	5.5	6.7	10.8
Investment	4.4	3.6	4.3	7.3	3.6	4.5	0.4
Total Expenditures	30.6	35.7	40.1	46.8	48.9	57.9	12.8
Percentage of Gross Domestic Product	14.4	14.1	14.0	14.2	13.8	14.0	-

The fastest growing item in the budget is the debt service which is projected to amount to 11% of the budget in each of the next three years. Investment, as is evident from the table, has tended to be the remainder of the budget which is available after the debt service and operating expenses have been met. The central government budget is approximately \$169 million

or about \$27 per capita at today's exchange rate of CFAF 342 to the dollar. The budget has averaged about one-seventh of total domestic output over the past five years. The President recently bemoaned the lack of flexibility in the budget and promised to make better use of Government employees and to relate hiring to the objective needs of Government services. A successful struggle to maintain control over this slender budget could increase the amounts provided by donors.

## 2. Recurrent Costs

In the past, we have written at length about the paucity of GOUV and donor resources allocated to the recurrent operating and maintenance costs associated with past investments and the growing burden of recurrent costs being generated by the current generation of investments. This particular aspect of development in the relatively least developed countries with high per capita aid flows is now much better understood in the Sahelian countries. However, the response to this improvement in knowledge is still far from adequate on the part of both donors and recipients.

One often hears from both sides in Upper Volta that we should minimize recurrent costs and invest in production projects. These admonitions are not useful guides to action unless qualified. In particular, projects' recurrent costs should be minimized in the same sense that capital investment should be the minimum necessary to achieve a specified result. This is a question of good technical design. However, we should not conclude capital intensity is preferable because recurrent operating costs are not generally acceptable types of expenditures for donors and recipients are short of resources to meet these costs. We should, rather, be concerned with arriving at the most efficient mix of initial investment and recurrent costs to achieve a specified result, and then set about changing donor policy toward recurrent costs if that is necessary. Where recurrent costs

are "artificial" due to market distortions and poor host-country policies, the host country must be encouraged to reform its policies and eliminate market distortions.

As to the admonition to invest in production projects, it is a tautological truth that all projects with suitable rates of return should be implemented. However, if the SDP is committed to the acceleration of sustainable economic growth, the projects best suited to this purpose may well have high recurrent costs over the rest of the century, as in education, and a very good return far removed from the date of investment. A commitment to production projects with adequate short-term returns and low, or zero, recurrent costs in preference to projects with higher but far-removed returns could reduce the long-term growth potential of the Sahelian countries.

The desire to avoid the complicated "recurrent costs problem" by minimizing them and by concentrating on production projects, may result in poor project selection for long-term development. In Upper Volta, we would argue that education, natural resource management and health have long been neglected precisely because of the high recurrent costs associated with these activities. Moreover, it seems evident today that Upper Volta's low level of education slows its progress at present and the neglect of natural resource management for two decades makes its situation more precarious now than it might otherwise have been. Projecting continued low levels of activity in these sectors, in part because the GOUV cannot, and donors will not, finance their recurrent costs, leads one to predict a repetition of the slow growth experienced since independence.

The national recurrent cost workshop planned for this year should do a great deal to reinforce the understanding of the issues surrounding recurrent costs first generated by the regional colloquium held in

Ouagadougou in January 1982. The national workshop should also focus the discussion on policy questions particular to Upper Volta, thus providing an excellent occasion to examine the appropriateness of both donor and GOUV approaches to development investment.

As we have tried to indicate above, in spite of an improved understanding of the magnitude of the recurrent costs problem in Upper Volta, much remains to be done to get at the root causes of the problem and to devise the best approaches by donors and the GOUV alike. The USAID's approach to the recurrent costs of our own program are described at some length in the strategy section below.

### 3. Political Considerations

The coup d'etat of November 7, 1982 put an end to the regime of Colonel Saye Zerbo which took power in a coup on November 25, 1980. The reasons for the takeover by the junior officers were, in part, dissatisfaction over the relatively generous salaries and perks of the top 20 officers in a poor economy and the measures taken by the previous regime reducing the possibility for promotions within the military. Some junior officers were also dissatisfied with media restrictions and the suppression of the unions' right to strike. They felt the CMRPN had not followed through on its promises of economic and social reform.

The new President, Dr. Jean-Baptiste Ouedraogo, and the People's Salvation Council (Conseil de Salut du Peuple, or CSP), have moved quickly to reduce the benefits of senior officers, many of whom were involuntarily retired, ministers and other GOUV officials. All officials must now travel in economy class except for the President. The press still practices self-censorship but the radio and newspapers are clearly benefiting from the more liberal attitude of the CSP. The CMRPN had already restored a limited right to strike, and the CSP says it intends to restore the

full right to strike. The CSP also moved the former Ministers of the Third Republic (1978-80) from the military camps and placed them under house arrest, promising to bring them all to trial within a short time. The most notable promise of the CSP is a return to a normal constitutional existence within two years. The Government professes a belief in civilian government and has promised to return to the barracks in two years. The ministers named by the CSP are very young, inexperienced, all but two are civilians and only a few are well-qualified technocrats. This Mission will be watching closely to see if the popular democratic traditions of the Voltan people will indeed find expression in a new democratic government as promised.

Whatever the future holds for democracy in Upper Volta, the U.S. continues to have excellent relations with the country and its Government. Upper Volta has supported the U.S. at the United Nations in several important votes over the past year and is generally pro-West in its political outlook. The U.S. should continue to assist Upper Volta for humanitarian reasons, but also as a friend and ally with an important role to play in development of the West African economy.

## II. A.I.D. ASSISTANCE STRATEGY

As the analysis makes clear, the level of development in Upper Volta is very low and the constraints to development are not easily removed. In fact, the past few years' experience in projects around Upper Volta confronting the various manifestations of human resource, policy, institutional, and technological constraints has improved our understanding of the most appropriate way to attack these constraints. We now believe we have clearly identified both the fundamental problems in key economic sectors and our comparative advantage as a moderately significant donor in a Francophone country in solving these problems. An exposition of our objectives and our strategy for achieving them follows.

### A. USAID Objectives and Priorities

In a joint assessment of our assistance program with the agricultural research community, PVOs, Peace Corps, and contractors, we attempted to refine our highest priority objective of food self-sufficiency by considering one of the main reasons to strive for food self-sufficiency: nutritional well-being. The painfully clear contrast in Upper Volta between market self-sufficiency and nutritional self-sufficiency leads us to expand our first objective to the attainment of nutritional self-sufficiency.

We define market self-sufficiency as the satisfaction of effective demand by domestic production in normal years with recourse to imports only to satisfy demand for food not produced in Upper Volta. The country is close to this market definition of food self-sufficiency in normal rainfall years. This may be compared with nutritional self-sufficiency which we define as the absence of stunting and wasting except as they may be caused for non-nutritional reasons and the elimination of low birth weights for babies carried to term. We expect to refine this definition and develop precise quantitative objectives as we involve nutritionists in the development of our program.

In the short term, for a variety of reasons, the objective of nutritional self-sufficiency is virtually identical to food self-sufficiency. The abysmal nutritional status of the rural population and poor urban population, particularly infants and pregnant women, and the race to keep pace with an expanding population require a continuing concentration of efforts on the production of calories. However, by focusing on the nutritional aspects of our program, we recognize explicitly that inadequate food production is not due to poorly functioning markets in Upper Volta. Food markets are competitive and efficient given the existing infrastructure. Limited Government marketing operations in some food products do not seek to displace the private sector or interfere with its functioning. Upper Volta has been food self-sufficient in the market sense for many years. Rather, the serious nutritional inadequacies of the population are due to the lack of effective demand. The population does not have the buying power or the productive capacity and the knowledge of nutritional requirements to feed itself well. These food consumption patterns have persisted along with high morbidity and infant mortality for hundreds of years. The USAID program will place its highest priority on attaining nutritional self-sufficiency over the long term, recognizing that this is fully consistent with the food self-sufficiency objective which has guided our program since its inception.

The increased emphasis on nutrition is also consistent with the development of a National Food Plan ("Plan Alimentaire National") now being developed by the GOUV with assistance from the World Food Council. This plan will provide a framework within which the USAID role in promoting nutritional self-sufficiency will be defined.

Our second priority is in the area of natural resource management. As the analysis described, the destruction of the ecology has been a visible

problem for several decades and the response has been inadequate. The institutions responsible for protecting the productive natural resource base require strengthening if effective actions are to be taken. The future of Upper Volta's agricultural economy depends upon good soil, water, rangeland, and forest management.

The third priority is in health, nutrition and family planning. These activities are related and mutually reinforcing in their effects. One finds some of the worst health conditions in the world in Upper Volta. The improvement of health status and reduction of infant mortality are indispensable preconditions to bringing down the high rate of population growth in the long term. Better health conditions would also have a positive effect on labor productivity in agriculture, particularly in the peak labor demand periods which coincide with a high incidence of malaria and rainy-season diseases.

A priority for Upper Volta, and our fourth priority area, is basic education. The World Bank is addressing this critical component of the development plan. USAID is also heavily involved in support to basic education through the CRS school feeding program which grew in tandem with the school system until this year. We will continue this type of support to the school system, but we will condition the levels of PL 480 assistance to be made available upon reform of primary school curricula to include agricultural education and nutrition and sanitation education. To date, there is a notable lack of progress in educational reform in spite of several experimental projects. In light of the projected World Bank involvement in the sector, and given the amount of resources likely to be available over the planning period, we have decided not to become more deeply involved in basic education.

Throughout our priority areas, we will promote both improved management practices, particularly financial management, and advanced training and higher education to replace American technical assistance with well-qualified Voltan experts. At the same time, we will strengthen the GOUV's capacity to carry out policy analysis in order to raise the level of policy debate within the Government and improve the prospects for successful policy dialogue.

### GOUV Priorities

From what we understand of the two-month old People's Salvation Council Government's priorities, they are similar to those of previous governments. The President's speeches have presented a number of ideas which offer the possibility of cooperative efforts. He has stated agriculture and health will be privileged sectors in the battle against underdevelopment. He has also spoken of decentralizing the administration, selective hiring, cost-effective government services, better management of foreign aid, "privatizing" all that would gain from private management, and favoring private investment. All of this is encouraging to the initiatives which we intend to pursue in public administration and in the private sector. While the President has not spoken out on the environment or family planning in his first two speeches, there is no sign that the GOUV will change course in these areas. We will be watching closely to see what policies are recommended by the recently created National Population Council for adoption by the GOUV. With the exception of the greater importance which we attach to family planning, the priorities of the GOUV and USAID are highly complementary.

### B. Sectoral Strategies

The strategies for agriculture and health have been clearly set forth in a strategy paper for the former<sup>1/</sup> and the Strengthening Health Planning

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<sup>1/</sup> USAID/Upper Volta Agriculture Sector Program Strategy, FY 1983-1988, December 1982.

Capacity PP (686-0251) for the latter. We will summarize these strategies and present the strategies for natural resource management and human resource development below.

1. Agriculture

The USAID strategy is directed towards eliminating the constraints to increased food production. With the exception of some inefficient input marketing arrangements, inadequate rural credit institutions, and poor marketing board policies toward export crops, the constraints to increasing agricultural production, and food production in particular, are primarily constraints in the production process and not marketing or policy constraints.<sup>1/</sup>

USAID assistance will focus on strengthening heretofore neglected aspects of the national production system, starting with the management and policy-formulating functions of the Ministry of Rural Development and building up the national research institutions to develop and extend productive technologies for Voltaian agriculture. At the same time, USAID assistance will be conditioned upon feasible policy reforms to improve a policy framework which is already generally favorable to small farmer production systems. These policies include the privatization of fertilizer marketing, increasing private participation in the parastatal agricultural equipment producer as a mixed capital firm, reforming rural credit terms to cover the full costs of lending, and instituting an attractive rural savings mobilization program.

Our strategy in this section is also noteworthy for what it does not propose to do. It does not concentrate in any one geographic region.

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<sup>1/</sup> The two major assessments conducted in the past year are in general agreement on this point. They are: D.A.I., Agricultural Sector Assistance Strategy for Upper Volta, March 1982, and IBRD Report No. 3296-UV, Upper Volta Agricultural Issues Study, October 29, 1982.

Instead, the emphasis is on strengthening central management and research functions which apply to all regions. The need for this type of assistance was clearly identified in both the World Bank's Agricultural Issues paper and USAID's Agricultural Sector Assessment. Indeed, our national-level assistance strategy should improve the results of the World Bank's and other donors' production projects which are concentrated in the west and southwest higher rainfall regions of Upper Volta. The strategy recognizes the importance of rural roads but proposes temporarily to leave this activity to other donors.

The strategy will not support the operation of commercialization funds or rolling funds unless their full operating costs are covered by interest, fees, or other charges. Finally, the strategy does not concern itself directly with cash-crop marketing structures or marketing boards for export crops, but will insist upon careful examination of these policies within the Ministry of Rural Development because of their overall effect on agricultural development and economic growth.

## 2. Natural Resources

There are three major components to our strategy in this area. The first component is soil and water management to combat erosion and reduce the vulnerability to variations in rainfall. The assistance will concentrate on improving research tied closely with soil and water management services in the Directorate of Agricultural Services. The second component is range management through support to the integrated approach to research on animal health service delivery, range management, and genetic improvement. The third component is forest management through assistance to the Ministry of Transport, Environment and Tourism in developing forest management plans and educating forestry agents. A significant policy issue in this third component is the use of revenues generated through the sale of forest

products. USAID proposes to tie these revenues to operating costs of the Ministry and additional investment in conservation efforts.

Our assistance will be conditioned on strengthening the inter-ministerial commission for coordination of the conservation activities. This coordinating body will be assisted in developing national policies toward the environment and in developing its oversight and coordination function to identify mutually reinforcing programs through the two ministries responsible for protection of the environment.

In addition to better management of the natural resource base, USAID will pursue activities to develop energy-conserving woodstoves and solar water heaters. This will build on work done through the National Center for Scientific and Technological Research and research being carried out by VITA under the auspices of the CILSS. A major aspect of this part of the strategy will be assistance to establish or expand firms trying to develop, produce and market energy-producing or conserving systems.

### 3. Human Resource Development

Our strategy foresees major activities in health, nutrition, and family planning, as well as specific skills' training and higher education. As discussed above, while the lack of basic education is a fundamental constraint to development in Upper Volta, we believe the World Bank's projected assistance is adequate to begin the reform and further expansion of primary schooling. We would not contemplate assistance in this critical area without a major expansion in the size of our assistance program.

The strategy insists upon the integration of women in development concerns into all sectors. The Agriculture Development Support PID (ADS), our major agriculture effort over the next five years, explicitly identified several ways in which women's roles and women's participation in the development process could be enhanced. These include generation of gender-

linked statistics, assessment of project impacts on women and particular attention to inclusion of women in training in all fields. This approach builds upon our experience with two women-specific projects and our improved understanding of the dynamics of women's groups and women's roles in the Voltan economy. Our planned activities in natural resource management, health, family planning, and public administration will adopt the same approach as the ADS project in integrating women in development issues into the whole project rather than developing "women's components" or separate women's activities.

The emphasis in health is planning to improve the functioning of the health care delivery system with serious attention given to the devastating recurrent cost problem. The institutional focus of this assistance is the Ministry of Public Health itself through its Directorate of Planning and Operational Research (DPOR). The rationale for the improvement of health care in Upper Volta is not an economic one in the short term, although there may be positive effects on the productivity of the rural labor force. Better health care, and particularly public health preventive measures, are part of the solution to widespread malnutrition through the reduction of morbidity and it is in part a precondition to the reduction of fertility rates. In addition to improving the cost-effectiveness of the rural health care delivery system itself, the planning unit will draw upon the Ministry of Plan's alternate population projections and provide the analytical basis for introduction of family planning services.

While we are assisting the Ministry of Public Health to develop a durable planning and analysis capability, the World Bank will be assisting the GOUV to expand its primary health care system in a major way. Toward the end of the planning period we may provide additional support to the health care delivery system. The design of this assistance will be based upon

the operations research of the health planning unit and will profit from the experience of the World Bank's project. The type of support now envisioned would be based on simultaneous provision of primary health care and family planning in rural areas to complement our strategy of supporting private family planning clinics in urban areas as described below.

Our health strategy is not limited to health planning and care, but includes the provision of potable water and sanitation education building upon our experience in southwestern Upper Volta. The current location of our assistance effort is part of the GOUV's national water plan. Following a second evaluation of our ongoing project, our future assistance may include a component to strengthen the Ministry's policy analysis to devise solutions to the serious problems of well and pump maintenance which are not adequately provided for in the current installation programs. We will also continue to provide modest amounts of assistance in our current project area to develop a self-sustaining well maintenance program and continuing sanitation education with monitoring of such things as water quality and the extent of adoption of hygienic water use practices.

In the area of nutrition, we intend to maintain a PL 480 Title II program implemented by Catholic Relief Services. The nutritional status of infants and children and the resulting high rates of morbidity and mortality provide the rationale for intervening. We believe, on the basis of the 1981 evaluation of the Title II program, the maternal child health and school feeding programs are relatively effective at improving participants' nutritional status. Since the food market is competitive and appears to be in equilibrium, there is no simple stimulus to food output which would meet the calorie-protein deficiencies. The evaluation

pointed out ways to improve the CRS program's effectiveness through more emphasis on nutrition and sanitation education and substitution of locally produced oils. CRS has started projects to introduce these changes. We also believe a continuation of the program is complementary to the food security component of our Agriculture Development Support project. In the face of population growth, program maintenance by CRS will require phasing out of schools and maternal-child health clinics in the relatively better-off parts of the western and southwestern regions, and concentrating more on the Central Plateau and eastern regions, where malnutrition is more severe. Program size of the Title II element will be carefully scrutinized to ensure the maximum, feasible adherence to the overall USAID country strategy.

Besides the feeding and education programs, we will strengthen the Ministry of Rural Development's nutrition unit to provide nutrition analysis. The preparation of a National Food Plan and the continuing nutritional analyses of different food groups and processing technologies will form the basis for judging the appropriateness of GOUV and USAID agricultural strategies in addition to the traditional economic criteria of income and employment generation.

Our nutrition strategy at the present time is to concentrate on increasing calorie production by increasing output of traditional grain crops in order to keep pace with population growth. These grain crops also provide a majority of the population's protein, but much protein is probably wasted due to inadequate energy intake. Thus, an emphasis on food crop production in our agricultural strategy responds to the need for more calories and, as calorie requirements are met, also adds to the efficiency of protein use. A gradual shift in emphasis from the school feeding component to a greater concentration of feeding and nutrition education programs on infants and pregnant and lactating women will respond to the weaning foods problem, which is the onset of disease and malnutrition

through the abrupt change to an adult diet which occurs when the infant is weaned from the breast.

The strategy is to educate mothers in the use of locally available foods for infants' diets and eventually substitute for the imported milk-powder and fortified flours and sorghum grits distributed through CRS at the maternal-child health clinics. Over the CDSS period, we will concentrate on general caloric availability and infant malnutrition because the problem is so widespread. Through the National Food Plan and the analyses of the nutrition unit in the Ministry of Rural Development, we may broaden our attack on malnutrition to Vitamin A deficiencies, anemia, goiter, and other diseases which derive from a dietary deficiency. For the foreseeable future, however, the greatest impact on nutritional well-being can be obtained by increasing the productivity of small farmers to increase both their incomes from marketing of food and cash crops and their production of food grains, vegetables, fruits, and small ruminants for home consumption.

As we have demonstrated quite clearly in RAPID presentations, progress in raising the standards of health care, nutrition, and education is impeded by the rapid growth of the population. Family planning holds undeniable benefits for the development of Upper Volta.

Our family planning strategy is based on expansion of the activities begun by two local private associations with help from IPPF and FPIA, and possibly also through the professional association of Voltan nurses. The Voltan Association for Family Well-Being began its educational activities one-and-one-half years ago and is slowly moving toward full membership as an IPPF-affiliated private organization.

The Association of Voltan Midwives has recently requested assistance from FPIA in starting up a clinic in Ouagadougou. The Professional Association of Voltan Nurses has also expressed interest in collaborating

with the midwives. In another two years, once the urban clinics have begun operating, we believe there will be a greatly increased demand for family planning services in the towns and we expect to provide about \$1 million annually for training, technical assistance, and commodities to these private associations. We anticipate a need not only for technical training, but also for management skills.

To reinforce this effort and broaden its potential impact, we have begun investigating the possibilities for promoting commercial distribution of contraceptives. We hope to draw on central funds to help develop a private distribution system which would help solve the resupply problem encountered by clinics and new family planning programs in other West African countries.

At the same time as we are assisting the urban clinics to begin operations, we will continue our program of sensitization in collaboration with the newly formed National Population Council and the Ministry of Plan. With the recent change in government, there are as yet no Ministers prepared to request a presentation of RAPID for the Council of Ministers or the People's Salvation Council. However, the Ministry of Plan now has a basic set of equipment for presentations and we will follow their activities and provide whatever assistance we can in developing additional materials as needed and helping them raise the issues through the National Population Council at the highest levels of their government. We will also continue to draw on centrally funded projects to provide demographic training for the 1985 census, research funds, and sensitization of Voltan leaders to the consequences of rapid population growth.

C. Priority Area Programs in Support of the Assistance Strategy

1. Policy Dialogue

USAID will continue to discuss policy reforms with the GOUV in the context of our assistance program. We believe some policies persist primarily

because of pressure from interest groups to maintain them, but others persist due to inertia and simple failure to identify them as development constraints. Among the former we include the air-freight monopoly, the cotton marketing structure, and the credit restrictions and interest rate ceilings necessary to the maintenance of the monetary arrangements with France. We are not likely to influence these policies because we are not working directly in these areas and because the GOUV may be convinced by the arguments of the interested parties that the stability of existing arrangements is in the general interest. Other policies, such as the interest rate question, will require a frontal attack on a regional basis. There are nevertheless other policy matters which may be easier to affect as exemplified by our successful campaign to raise the price of improved seed. Through our work with the seed service, we convinced the GOUV that low, heavily subsidized seed prices worked against the seed service, which had insufficient revenues as a result, and did not encourage good use of the seed. We believe our success in this matter is directly related to working with the GOUV and raising the issue as a matter of practical mutual concern in a collaborative effort. This approach underlies our project with the National Cereals Office (OFNACER) where the economist and the financial management expert working with the office will assist in consolidating a modest role concentrated on providing the long-term food security that the private sector cannot provide, with OFNACER constituting its stock by open market operations, and leaving the vast majority of marketing transactions in the hands of private traders. We have been discussing the question of optimal scale and role with OFNACER for several years now, and representatives from neighboring countries have visited to see how a security stock can be managed in competition with traders who are free to buy, transport and sell grain throughout the country.

These experiences with policy reform have convinced us we can pursue a dialogue in several areas related to our portfolio with some reasonable expectation of eventual success. The agriculture sector presents several opportunities. The first is the strengthening of basic policy research and analysis at the Ministry of Rural Development. As in OFNACER, we feel there must first be a unit capable of digesting consultants' reports and available research and then formulating policy positions on input and output marketing, trade policy for agricultural goods (87% of all exports), and pricing policy. This unit would also identify the need for additional research or analysis in certain areas where the effects of policy reform are not intuitively clear without better data. This unit would then be in a position to assist the Ministry of Rural Development and other ministries responsible for carrying on the policy dialogue with donors.

Among the policies which this unit will be considering or reconsidering is the phase-out of fertilizer subsidies, which is a condition of World Bank assistance in a project which will provide large amounts of fertilizer. Related to this, we will be discussing the privatization of fertilizer and other agricultural input supply. Under the current system of ORD input distribution, the farmer often has no access to fertilizer. This has come about because the ORD's credit ran out with SOFITEX, the only major supplier of fertilizer for cotton production, and they had no cash to procure fertilizer from other sources. We suggest that this and other inputs be handled by licensed private dealers and the ORDs limit their role to provision of sound technical advice to farmers.

Rural credit delivery is another area where we will insist upon reform. We will try to move this heavily administered system toward reliance

on market forces. We will encourage the movement to form cereal banks and "caisses populaires" with autonomy to set interest rates as they see fit. In our experience, villagers set higher rates than the administration or even most donors would find reasonable and default rates are quite low in general. We will encourage the C.N.C.A. to set borrowing fees or other charges if the West Africa Monetary Union rules do not allow it to set rates which cover its full lending costs and we will encourage the development of rural savings institutions.

We will work directly with the agricultural equipment producing parastatal and condition our assistance on its decentralization and a shift to a mixed capital and management organization with the participation of local artisans.

In natural resource management, we will condition our assistance on the use of revenues from the sale of national forest products for additional activities in resource conservation, reforestation, and energy-saving technology. This will be part of the shift from a policy of no, or very limited, use of national forests to a policy of sustained-yield management. We will also continue to insist upon a curriculum for forestry agents which reflects greater emphasis on reforestation and community motivation and less emphasis on their policing function as protectors of certain species of trees.

In the case of rural health care delivery, we will strengthen the policy analysis function of the Ministry of Public Health, assisting them to look at the recurrent costs of health care. Before we move into the financing of health care delivery late in the planning period, we will insist upon the adoption of cost-recovery mechanisms and careful analysis of the cost-effectiveness of different types of health care. Implicit in such considerations is the relative importance attached to preventive

and curative health care and the priority attached to rural vs. urban health care. The planning unit which we are strengthening should help clarify the trade-offs and analyse the costs of different approaches and policies.

In the critical area of family planning, we continue to raise the issue of population growth and urge the adoption of a strong national policy. We are fully aware that even strong national policies are not likely to convince skeptical rural populations of the value of family limitation in a highly agrarian society. Nonetheless, we are convinced our discreet efforts to date which include training in laparoscopy, provision of surgical equipment, and training for nurse-midwives and gynecologists, have impressed Voltans with our resolve to help build family planning services. In the past four years, the GOUV has moved from passive resistance to acquiescence in private provision of family planning services. It has also started a rural MCH/FP project with UNFPA financing. This we believe is sufficient basis to slowly build an urban-based clinic system. Quite clearly, these small beginnings are inadequate and we will continue to work with the National Population Council and the Ministry of Plan to bring the issue of population growth again and again before as wide an audience within the GOUV as possible and before current and potential future leadership.

We will not directly involve ourselves with curriculum reform in primary education or the financing arrangements for primary schools except as it touches our project in public administration. This is a subject of considerable interest to every community and we will urge the greatest possible local role in school management that can be agreed upon in this national education system.

In higher education, we will continue to press for a satisfactory process for determining the equivalency of American, European and Voltan diplomas. The matter is of critical importance to the training provided through all our bilateral projects and the Sahel Manpower Development Program. Simply put, if the value of U.S. training is not recognized officially, many of our returning participants will not have the opportunity to contribute what they are capable of contributing and much of the value of their advanced education may be lost.

One small but critical area of the policy dialogue has been singled out for project assistance. That is in the area of administrative and fiscal reform. We have identified this initiative under the title Public Administration. This represents a logical continuation of the research conducted by the National Administration School (E.N.A.) and Syracuse University. Throughout the analysis we have attempted to demonstrate the need to improve public sector management. In some cases this is best accomplished by transferring the activity to the private sector, as in agricultural equipment production, or narrowing the role of a parastatal to optimal production of a collective or public good, as in OFNACER's management of long-term security stocks. In the case of public administration, there is a clear need for better administrators who have sufficient autonomy to function effectively and yet who are accountable to local government entities and responsive to local initiatives. The theme of administrative decentralization has been put forward by the President and the interest in the E.N.A./Syracuse study remains high. After the second phase of the study, we intend to move on to experimentation with administrative reforms and assistance to the GOUV in considering fiscal reform.

## 2. Private Sector Promotion

After a year of explaining our point of view to the GOUV and taking the initiative to send a businessman and the Secretary-General of the Chamber of Commerce to the Rural Technology Exhibition in Zimbabwe, we are faced with partially starting over again, but this time with a more receptive political climate. To reinforce our in-house capability, we have hired a recent M.B.A. in a foreign service national position to work with the Program Economist/Private Sector Officer and the Embassy's commercial and economics officer. In addition to the project-specific initiatives mentioned above in agriculture and natural resource management, we will assist the GOUV in carrying out an assessment of the private sector and determine the possibilities for further development of the indigenous private sector in particular. The assessment will identify neglected areas of investment, training, and any policies which constrain growth, such as credit availability for small enterprises. We also propose to assist the Voltan Chamber of Commerce in hosting a technology exhibition for West Africa which would highlight the possibilities of technology transfer through joint ventures or licensing of production.

From our discussions with the business community and the Chamber of Commerce, there is much interest in collaborating with the American private sector and drawing on U.S. expertise in promoting development of the indigenous private sector. At the same time, there is a tremendous lack of knowledge about how Americans do business and how to initiate contacts. The cool reception of the previous GOUV Minister of Commerce stifled the attempts to begin a dialogue with his Ministry, but we have renewed the dialogue in light of the President's encouraging remarks about reliance on private investment and will start with a joint assessment of the private sector as mentioned above. This assessment will focus on those

private ventures which can be encouraged in each of our program's priority areas. Some ideas for private enterprise have been put forward as part of our sectoral strategies. These and other possibilities will be identified by the assessment. The assessment will also pinpoint those constraints or policies which have so far prevented or retarded the development of private enterprise in our priority areas.

A second component of our private sector strategy is the promotion of U.S. private voluntary organization roles in carrying out our country development strategy. This will involve continuing support of already active organizations such as Africare, Save the Children Federation, Partnership for Productivity, and Catholic Relief Services, and consideration to provide assistance for other PVOs which wish to develop a program in Upper Volta. As described for our family planning strategy, but not necessarily limited to this area, we will support local PVOs when their proposed activities coincide with or complement our development strategy.

### 3. PL 480 Counterpart Funds

There are three different types of PL 480 Title II counterpart funds being generated now or planned for the CDSS period. These are:

- (1) Proceeds from the sale of U.S. grains (Section 205) tied to the Grain Marketing Development project (686-0243);
- (2) Reimbursement of CFAF 53,500,000 annually (approximately \$162,000/year) from prior-period grain sales with reimbursements scheduled from January 1982 to January 1991 inclusive;
- (3) Proceeds from the sale of commodities (Section 206) linked to the proposed Agriculture Development Support project (686-0255).

The first Title II program budgeted counterpart funds for grain storage warehouses in rural areas, a rolling fund for the purchase of

locally produced grain, and some training in grain storage management. The rolling fund is fulfilling its purpose, warehouses will be built soon, and training has been carried out. The counterpart funds have contributed to USAID's goal of reinforcing the national cereal office's capability to manage and roll over grain stocks so as to maintain a national security stock as the first line of protection against serious production shortfalls.

The second category of reimbursements from prior-period U.S. grain sales is counterpart funds which were not used for the agreed-upon purpose. Through a repayment agreement with the GOUV, this sum of money is being deposited in annual installments into a blocked account with its release and use determined by mutual agreement. In responding to the GOUV's requests to use this money, USAID/UV will consider the relevance of the proposals to implementation of the USAID strategy, with particular emphasis on institution-building and promotion of private sector activities.

The last category of funds is directly linked to implementation of activities in the Agriculture Development Support (ADS) project. The uses foreseen for these funds are support for new development expenditures and operating costs occasioned by the ADS project. For that portion of the PL 480-supported operating costs which will become recurrent costs at the end of the first five-year project, an agreement for assumption of recurrent costs by the GOUV will be negotiated prior to signing the agreement. Refinement of the project design recurrent cost estimates will be carried out during the project itself, as for all our recent projects, through further development of a recurrent costs plan. This plan will consider both expected recurrent costs and means for reducing these costs by more efficient management or changes in policy encouraging better

resource use and/or a plan for sharing the recurrent costs with project beneficiaries. As we have discussed in all previous CDSS's, the recurrent cost problem is an integral aspect of the attempt to accelerate the pace of development in Upper Volta, and a shortfall in recurrent cost financing can jeopardize the value of investments. We therefore intend to assist the GOUV in filling its recurrent cost gap through the use of counterpart funds and by insisting upon recurrent cost planning which considers such measures as policy reforms to minimize recurrent costs or the sharing of recurrent costs with beneficiaries if they cannot be further minimized.

### III. THE STRATEGY AND AGENCY PRIORITIES

The strategy is fully consistent with Agency priorities. The agriculture sector is characterized by a push to reform policies, put some parastatal structures under private ownership, and promote change compatible with a small-farmer dominated production system. The primary purpose of our activities is to strengthen the institutions which are responsible for creating and extending new technologies to the farmers and for managing public services such as crop protection, pest management, food grain security stocks, and the soil services, to name a few. U.S. universities will be the principal agents for the transfer of U.S. technology to the local institutions.

In natural resource management, the two ministries responsible for maintaining soil fertility and preventing rangeland degradation and deforestation will receive assistance under separate projects, but we will insist upon a strengthening of the coordinating body since these activities are necessarily interrelated. The reform of policies governing the management of forest reserves and the use of public revenues from natural resource management will be conditions for continued assistance. While the use of natural resources must be regulated to prevent over-exploitation, the private sector will be actively involved in harvesting and marketing of forest products and in development, production and marketing of alternate energy or energy-conserving systems. In soil and water management, the National Soil Service and the National Office for Dams and Irrigation will be strengthened.

In human resource development, we are concentrating on strengthening the Health Ministry's planning capacity and assisting in reforming policy to create a financially viable health care delivery system. This is a sine qua non of expanded health coverage and should involve additional

emphasis on developing private health care practice. Family planning initiatives have begun only recently and we will support several private groups in expanding their clinical service delivery to a larger share of the urban population and eventually to rural areas as well. Our training activities pervade all our project assistance and include short- to medium-term training to meet the need for specific skills and longer term higher education to respond to the need for professional expertise in our priority assistance areas.

PL 480 commodities are employed in support of nutritional improvement and enhanced food security. They are directly linked to our program and its priority objectives.

IV. RESOURCES

Proposed Assistance Planning Levels

	Fiscal Years					Total
	1985	1986	1987	1988	1989	
SAHEL DEVELOPMENT PROGRAM	(\$ million)					
Agriculture/Rural Development	\$ 8.0	\$ 8.0	\$ 8.5	\$ 8.5	\$ 9.5	\$42.5
Natural Resource Management	3.0	3.0	3.5	4.0	4.5	18.0
Health/Nutrition	1.3	1.7	2.0	2.5	3.0	10.5
Family Planning	0.5	1.0	1.0	1.5	2.0	6.0
Public Administration	0.2	0.3	0.5	0.5	-	1.5
	\$13.0	\$14.0	\$15.5	\$17.0	\$19.0	\$78.5
PL 480 FOOD REQUIREMENTS	(Metric Tons (thousands))					
C.R.S. Regular Program	20.5	20.5	20.5	20.5	20.5	102.5
Agriculture Sector Program	4.5	4.5	4.5	4.5	4.5	22.5
Emergency Program	(As required)					
<u>Value:</u>	(\$ million)					
C.R.S.	\$ 9.0	\$9.0	\$ 9.0	\$ 9.0	\$ 9.0	\$45.0
Ag. Sector	2.5	2.5	2.5	2.5	2.5	12.5

The funding levels listed in the table above are for the bilateral assistance program only. They do not indicate our share in Sahel regional and centrally funded projects, nor Peace Corps assistance. The funding categories are identical to our identification of sectoral priorities, with the exception that family planning activities and a small experimental project in local administration are broken out to highlight these new initiatives.

In Agriculture/Rural Development, the bulk of the funds are for the Agriculture Sector Development Support project throughout the period including a possible second phase of the project. Several million dollars will be available to support PVO initiatives and a continuation of technical assistance and training for the National Cereals Office to refine the security stock management techniques now being put in place.

In Natural Resource Management, we will continue assistance for training of forestry agents and provide major assistance in forestry management and energy conservation. We will be prepared to support PVO and Peace Corps programs for village woodlots, fuelwood conserving woodstoves, and experiments in energy production. The agriculture sector and natural resource management areas will have many complementary activities as discussed above, and some of the assistance in both areas will be devoted to strengthening the coordination of activities which have this strong complementarity. These two highest priority areas will account for three-quarters of our overall program during the CDSS period.

In Health and Nutrition, we will continue modest support to potable water assistance and sanitation education in the early years and begin assisting the expansion of rural health delivery services in the latter years in a manner complementing the World Bank's projected health sector loan and other donor activities in support of the 10-year National Health Plan. In Family Planning, we will provide assistance in educating potential users, establishing privately managed urban clinics, and promoting private marketing of contraceptives. In later years, if the GOUV proves receptive, we will assist them in strengthening the family planning component of their rural maternal-child health program. This is an important new initiative for which the groundwork has patiently been laid over the past few years, but the impetus for these activities is clearly the growing interest of the

urban population in having access to modern contraception in order to limit their family size.

In Public Administration, we will pursue experimentation with administrative reform which is contemplated to follow the current study of local revenue administration. The level of effort is modest, reflecting our judgement as to the most appropriate approach to the question of encouraging popular participation in local government. A small experiment would be followed quite closely and can later be done on a replicable scale, but it would not be perceived as a threat to the highly centralized administrative structure during the experiment itself. We believe this initiative is so important in the Francophone administrative structure it deserves highlighting as an aspect of our development strategy.

The PL 480 Title II program will be maintained at a constant level of 25,000 metric tons with 82% committed to the regular nutrition program of CRS and 18% for agriculture sector support. The value of this assistance at today's commodity prices and transport costs is \$11.5 million annually.

The staffing requirements for the program will remain constant over the planning period at 21 U.S. direct-hire and 19 foreign service national direct-hire employees. The modest program growth envisaged will be achieved through gradually improving the efficiency of the current staff in managing a portfolio which is slowly evolving into one of larger projects with more logistical support requirements devolving to the contractors and implementing agencies of the GOUV.

We will continue our close collaboration with Peace Corps in project implementation. We hope to expand our present level of 25 volunteers involved in seven projects. We will also continue to work closely with the Embassy's commercial section in carrying out the private sector

assessment, promoting indigenous private sector development, and exploring possibilities for involving U.S. business in the Voltan economy.