

Africa Bureau Strategic Plan

19 April 1984

Table of Contents

	<u>Page</u>
Directions of U.S. Development Programs in Africa	
I. Executive Summary	1
II. Development Survey	6
A. Regional Characteristics	6
B. Past Trends	7
C. Future Prospects	10
D. Continuing Constraints	12
E. Areas of Future Study	16
III. A.I.D. Assistance Strategy -FY 1985-1989	19
A. Fundamental Concepts (The Strategic Foundation)	19
1. Guidance for Country Strategies	19
2. The Economic Policy Framework	21
3. The African Private Sector	26
4. Donor Coordination	28
5. Institutional and Human Resource Development	30
6. Agricultural Priority	35
B. Guidelines for Key Problem Areas	39
1. Stabilization and Growth	39
2. Agriculture	47
3. Natural Resource Management	54
4. Population	61
5. Health/Nutrition	68
6. Education/Human Resource Development	76
C. Funding Projections	83
Attachment: Management Guide: FY1984-FY1985	84

Africa Bureau Strategic Plan

"Africa . . . Its dreams have only been mislaid, not lost"

THE AFRICANS, by David Lamb

I. Executive Summary

The direction of U.S. development programs in Africa is changing. This comprehensive development assistance strategy for Africa identifies common themes and indicates relative priorities for action based on established Agency and Bureau policies and sector strategies. The environment for development in Africa has changed, and donor programs must be adjusted to reflect that reality. While the population of Africa is increasing, the ability of African economies to meet their needs is shrinking. The central question is how to mobilize African human and natural resources to accelerate economic growth in order to improve the welfare of African peoples. The real target, and test, of development is the individual. The basic question this strategy faces is whether it contributes in a cost effective and timely manner to allowing the legitimate aspirations and potential of all men and women in Africa to be fulfilled.

African leaders are rethinking their past approaches to development. The continent-wide economic crisis, coupled with the disappointing results of development efforts over the last 20 years, is recognized by African leaders. The trends discussed in this paper are, for the most part, negative, and the continuation of past trends means the continuing impoverishment of Africa. African leaders recognize the implication of this for political instability. Indications are that the Africans are rethinking their past approaches to development and considering shifts in policies and programs to find a new "mix" and a better balance between growth and social equity objectives. Both Africans and donors have a unique opportunity to take advantage of this crisis and address the short term problems in ways which accelerate long term equitable growth. The increased availability of non-project assistance to complement project aid will facilitate the discussion and implementation of the necessary economic policy initiatives in Africa. It is important that we recognize and respond to this challenge to influence the pattern of development over the next 10-20 years.

Africa can no longer be viewed in continental isolation.

Africa is an increasingly important part of the world community. Some African countries are active participants in the Middle East peace process. Several are members of OPEC or other critical commodity organizations. Nearly one-third of the votes in the UN or other international bodies are cast by African countries. Africa's economic, environmental and social situation is deteriorating and the resulting political instability has global implications.

Sub-Saharan Africa is diverse. It is four times the size of the U.S. with 46 different countries ranging in population size from fewer than one million to over eighty million people. The resolution of many key functional problems demands multi-country analyses and regional, or sub-regional, cooperation. But country level development efforts and appropriate assistance strategies must vary because economic, political, geographic and human conditions still vary so widely. Therefore, the execution of this strategic regional plan must be primarily through national programs as agreed to in approved Country Development Strategy Statements.

Africa is a continent in transition. It is at a markedly different stage of development than most of Asia, Latin America or the Near East. In 1961, when AID was created, most African countries were still colonies. Elsewhere in the world by 1961 major investments were well underway to create the physical, institutional and human infrastructure necessary as a precondition to sustained development. In Africa, the political processes of independence and nation building took precedence during the 1960's and the 1970s, and continues even in the 1980s, e.g., Zimbabwe and Namibia. In some countries, e. g. Ghana, Uganda, Zaire, failure of the political process has left countries more economically impoverished than they were at independence.

Africa's growth record is poor and the future doesn't look good. There is a continent-wide economic crisis in Africa. Governments cannot maintain the institutions, infrastructure or the services created by past investments. Low or negative growth rates marked the last twenty years despite increased donor aid and despite increases in the ratio of investment to GDP. Declining productivity, low per capita income, low life expectancy, low literacy rates, high infant mortality rates, high rates of population growth, malnutrition, unemployment, and pervasive endemic diseases characterize the continent. Balance of payments and budget deficits are at unmanageable levels in most countries. Deterioration of the terms of trade, increased oil import bills and recession in the developed world have contributed to these crises and will complicate recovery efforts.

We must become more engaged with African governments, other donors, and international institutions in efforts to address Africa's economic crisis. A deteriorating economic situation combined with a weak institutional base and an inappropriate policy environment is threatening the gains of the first generation of African independence and hampers donor development efforts. The need for structural adjustment means that the crisis is not a transitional issue. Inappropriate domestic economic policies, at the national or macro level as well as at the sector and even project level, have been a major contributor to the disappointing development record. The excessive reliance on public sector institutions and public sector investment programs are other key elements contributing to this problem.

This economic crisis threatens past developmental achievements. Notable achievements have occurred in Africa as measured by improvements over the last twenty years in social indicators. Life expectancy increased from 39 to 47 years. Primary school enrollment increased from 36 percent to 63 percent of the school age population. But these social improvements were not matched by economic gains. Agriculture, the mainstay of virtually all African economies, stagnated. Only eight countries achieved per capita increases in agricultural production during the 1970s. Rapid population growth meant that to maintain the momentum of social gains, ever-increasing efforts were needed. Expenditure requirements expanded rapidly but the lack of economic growth hampered revenue generation. Political independence, improved economic circumstances, and expanded educational attainments raised expectations, placing an increasing demand on consumer imports without the concomitant rise in exports.

Direct action programs are not the most appropriate means of accelerating growth and improving the quality of life. The quality of life in Africa is unacceptable to both the African countries and to the free world as a whole. Recognizing how many people live on the very edge of survival, that nutritional and health conditions are the worst in the world, and that self-sustaining economic growth will take 15 to 20 years to achieve, there is a great temptation to move immediately toward donor-financed direct action programs in agriculture, health, education and other fields in order to have a significant improvement in daily lives in a shorter time frame. One rationale for moving to direct action programs is, in theory, to by-pass economic issues and deliver services directly to disadvantaged elements of the population. Results have not matched expectations or expenditure levels, when the macro-economic policy framework and the national policy environment are neglected. In most cases, direct action programs have been unable to survive in the face of unsupportive and often hostile policy frameworks and inadequate infrastructure and institutional capacity.

African governments and donors must find ways to adjust their programs to these realities. It is clear that many countries are not absorbing external assistance effectively. Discussions of absorptive capacity frequently focus solely on the financial constraints but there are also human resource and institutional constraints. In general, African central governmental institutions officially responsible for planning and implementing development are saturated with development assistance, paralyzed by administrative inefficiency, staggering beneath a burden of complex and differing donor requirements, and are themselves in danger of becoming obstacles to development. Project after project is slowed by lack of staff or local budget support. Even when donors fully fund and staff projects, anticipated project benefits fail to materialize.

Accelerated economic growth is the most effective way to meet basic human needs for food, jobs, health, shelter, and education. Our experience in Africa suggests that the issue is not the goal but the means to achieve it. Certainly, the fact that African incomes, educational levels, and health status are the lowest in the world demands that efforts to alleviate these conditions must be maintained and expanded. Equitable investments in the physical, human and institutional infrastructure are required on a massive basis. But the lack of adequate progress despite significant investments by donors and African governments means that we must make some changes. The appropriate policy framework for each country will take time to identify; will require patience to establish; and will take non-project resources to be sustained long enough to have the desired impact.

II. Development Survey

A. Regional Characteristics

The area defined as Sub-Saharan Africa contains 45 independent nations ^{1/} with multiple differences in political systems, cultures and natural resources. Yet in viewing the area as a whole in order to lay the framework for a sound U.S. policy, there is a surprising degree of similarity. For example, shared characteristics include:

- the scarcity of educated and trained people;
- the reliance upon agriculture for employment and income by the majority of the population, rarely less than 70%;
- the importance of the international economy in most countries since trade accounts for one fourth of GDP; and,
- the degree of economic specialization: twenty-six countries receive over half of their export earnings from a single mineral or export crop and thirty-seven depend upon one or two items for up to 80% of foreign exchange earnings.

The poverty of the sub-continent is broadly recognized and twenty-five of the countries are named on the UN's "least developed" thirty-six countries of the world list.^{2/} The tragedy of such poverty is usually noted in comparative health statistics such as that life expectancy is 47 compared to 74 in the industrialized nations or grim estimates that 15-25% of the children die before the age of five.

The population of Sub-Saharan Africa is currently estimated at 350 million, but Nigeria, with about 80 million people, has one-fourth of the population and produces 46 percent of the region's output. The population distribution is very uneven, and many African countries appear to have favorable land/person ratios with broadly dispersed populations. Many of these areas, however, are already at, or near, maximum capacity given present agricultural production technology and knowledge of cost-effective ways of managing national resources and environmental problems.

^{1/} Excluding the Republic of South Africa

^{2/} Twenty-eight have estimated per capita GNP (1979) of less than \$370. Thirteen have estimated per capita GNP (1979) between \$370-\$670. Four have estimated per capita GNP (1979) over \$670.

The UN estimates that Sub-Saharan Africa is the only region in the world where the rate of natural growth of population increased over the 1960-1980 period-going from 2.5 percent in the 1960s to an estimated rate of 2.7 percent to 2.9 percent in the 1970s; and it is projected to be 3.0 percent over the 1980-1985 period. Estimates are that the total population will nearly double by the year 2000 regardless of any progress in family planning.

Agriculture, the main source of employment, national income and foreign exchange, is still largely organized around extensive cultivation by small holders using traditional methods, meaning human labor and hand tools. African agriculture has, according to a USDA/AID study, been less affected by technological change in the past twenty years than agriculture on any other continent. In Kenya, for example, it is estimated that 84 percent of crop land is cultivated by human labor, primarily women using digging sticks and hand hoes; 12 percent by oxen; and 4 percent by tractor. And Kenya's agriculture is considered more advanced than that in most other African countries.

One of the more significant common characteristics in agriculture is the diversity of land use patterns reflecting the many "micro-ecological" conditions of soil, rainfall, altitude, and sunlight. The fact that most African farmers rely on a strategy of diversified production, incorporating food crops, cash crops and off-farm activities reflects this diversity and the variability of production conditions.

And a final, almost over riding, shared characteristic is the scarcity of trained personnel at all levels.

B. Past Trends

During the past twenty years Africa has changed at a rate unknown to the rest of the world. Compressed into this time period, for example, were:

- the political transition from colonial empires to independent states;
- the creation of formal education systems with the student population increasing from 36% to 63% at the primary level, from 3% to 13% at the secondary level, and from practically none to 1% at the university level;
- the increased access to health care reflected in the 21% rise in life expectancy, from 39 to 47;

- the creation of the physical infrastructure, such as ports, railways and roads, needed for development. (All weather road mileage trippled - a "transportation revolution" according to the World Bank.)
- And, enormous efforts have been devoted to adapting and/or creating institutions, organizations and administrative systems to support governmental efforts in nation-building as well as development.

But the productive base to support these changes and keep expanding and accelerating the process of growth did not receive adequate attention.

The World Bank in its World Development Report 1980 concluded that "on average, African people are as badly off at the end of the decade (the 1970s) as they were at the beginning" and further, that Sub-Saharan Africa "has the most disturbing outlook of any region in the Third World and many will experience a decline in average incomes during the 1980s".

Concerned over the absolute poverty of the region as well as the relatively poor rate of progress and the bleak projections for the future, African leaders and donors have commissioned major reviews of these trends and prospects. Four of the most important are:

- The Lagos Plan of Action, adopted by the OAU Heads of State in April 1980;
- the Accelerated Development in Sub-Saharan Africa, prepared by the IBRD at the request of the African Executive Directors, 1981;
- the Food Problems and Prospects in Sub-Saharan Africa: The Decade of the 1980s, prepared by AID/USDA, August 1981; and,
- the Research on Agricultural Development in Sub-Saharan Africa: A Critical Survey, by Carl Eicher and Doyle Baker, Michigan State University, 1982. (Partially financed by AID)

Slow over-all economic growth, both in absolute terms and in comparison to growth rates achieved in other LDC regions, was the pattern for most of Sub-Saharan Africa in the 1960s and stagnation or decline was the pattern in the 1970s. Per capita growth in income in 19 countries was less than 1% between 1960 and 1979. At that rate, it would take more than seventy years to double average income. Even more discouraging is the fact that during the last ten years, 15 countries recorded a negative rate of growth. Even in the nine countries which achieved a 2.5% or better annual per capita growth rate, agricultural and industrial output in most lagged behind GDP as a whole, suggesting that services, including government, led income growth. Since the output of government is measured by the cost of its inputs, especially wag, apparent growth rates may be misleading.

Growth in the agricultural sector, the foundation of economic activity in Sub-Saharan Africa, was insignificant in almost all cases. Agricultural activities provide income and employment for about 70% of the 350 million estimated population. Nearly all of the 45 countries are dependent upon agriculture for 70% to 80% of foreign exchange earnings. Not only is broad-based agricultural development the key to increasing incomes, employment and foreign exchange earnings, it is also essential for improvements in nutrition, health and the general quality of life. It is also necessary for raising government revenues, primarily derived from direct and indirect taxes on agriculture, so that government services and infrastructure can be maintained.

Poor performance in the agricultural sector including both non-food and food areas is the major explanation for slow economic growth. Food production apparently increased during the 1960s at about the same rate as the rural population, primarily by expanding the area under cultivation. In the 1970s production increases averaged 1.5%, well behind estimated population growth rates of 2.7%. The USDA/AID study concluded that Sub-Saharan Africa is the only region in the world where per capita food production declined over the past two decades. Export crop production in 1980 was barely equal to the 1960 levels, meaning that Africa failed to take advantage of the favorable growth in the volume of world trade.

The poor performance of the agricultural sector was a major contributing factor to the growing number of countries encountering a balance of payments crisis in the 1970s. External factors (oil price increases, slow growth of world trade in primary commodities and adverse terms of trade) were also important. The purchasing power of exports declined at an average rate of 2.7% per year during the last decade. The decline is attributed to -1.5% in terms of trade and -1.5% in export volume. The balance of payments problems were also exacerbated by the accelerating growth in food imports which averaged 9% per year.

Despite a tripling of official development assistance (ODA) during the 70's, most countries increased their commercial borrowing. Total external debt rose from \$6 billion to \$32 billion between 1970 and 1979 while debt servicing increased from 6% to 12% of export earnings during the same period. The burden of meeting these payments contributed to pressures on managing available foreign exchange and led to the accumulation of arrears in payments, debt rescheduling and further curtailment of imports.

Donors, having provided the financing for most of the developmental investments since 1960, share the responsibility of African governments for the strategies, policies and project selection which contributed to, or failed to affect, the poor economic growth patterns described.

The IBRD notes that "foreign assistance has played a more substantial role in Africa than in most other development regions, in terms of aid per capita, share of total investment, technical assistance and project selection and design".^{3/}

Yet given the number of donors involved in varying degrees in 45 countries, it is not surprising that there has been no consensus among donors on the appropriateness of alternative development strategies, programs, policies and policy instruments. African planners, by establishing ambitious targets within comprehensive planning documents, have frequently added to the confusion. With multiple development goals of food self-sufficiency, improved nutrition, diversification of the economies, increased trade within Africa, economic growth and expanded availability of social services, it is possible for all investments to support some aspect of the "Lagos Plan of Action".

B. Future Prospects

The IBRD's World Development Report, 1981 under its most optimistic set of assumptions about the expansion of the world economy^{4/}, forecasted virtually no growth in per capita income for Sub-Saharan Africa. Under more conservative, less favorable assumptions, a negative rate of growth of -1.0% per year for the 20 poorest countries was projected

In 1980, approximately 35 per cent. (125 million people) of the total sub-Saharan population lived in conditions of "absolute poverty". Even under the more optimistic projections of economic growth, the World Bank estimates that, by the year 2000, approximately the same percentage would still be living under conditions of "absolute poverty", but the number would be closer to 250 million people. . The USDA/AID report, Food Problems and Prospects in Sub-Saharan Africa, The Decade of the 1980s, came to the conclusion that "in the short term the right mix of trade, marketing, price and storage policies, put into effect by governments who have become conscious of the consequences of the food problem, may create an incentive for farmers to produce more food. Unless there are structural changes in food production, however, there will be a point where greater production of one commodity can come only at the expense of decreased production elsewhere. Under these conditions, the trade-off between food crops and traditional export crops means direct competition for land and labor resources."

^{3/} IBRD, Accelerated Development in Sub-Saharan Africa, 1981

^{4/} The projections assume no fundamental change in Africa domestic policies and a modest growth in exports corresponding to maintenance of constant share in world trade.

The Michigan State University report, Research on Agricultural Development in Sub-Saharan Africa: A Critical Survey, concluded that "agricultural stagnation has its roots in colonial policies and institutions and in the continuing neglect of agriculture by African governments - whether capitalist, socialist, military or civilian - over the past 20 years." The report goes on to point out that many of the currently available actions are really necessary steps to alleviate a deteriorating situation and that "there are no 5 to 10 year solutions to Africa's problems of poverty, malnutrition and lagging food production".

The Michigan State University review of the past twenty years of research on agricultural development, concludes that almost all governments have exploited and controlled the agricultural sector thru:

- harsh taxation policies and the underpricing of agricultural commodities;
- concentration of secondary schools, hospitals and other social services in the capital city;
- top-down patterns of government-imposed agricultural development schemes; and,
- an unwillingness to transfer the administration of marketing, storage and credit programs to groups of farmers.

Generally, all African countries gave low priority to agriculture and opted for strategies emphasizing nation-building, industrial-development, education and diversification of their economies.

The IBRD Accelerated Development in Sub-Saharan Africa 1981 review notes that Africa's disappointing economic performance reflects in part internal constraints based on structural factors that evolved from historical circumstances or from the physical environment. These include underdeveloped human resources, the economic disruption that accompanied decolonization and post colonial consolidation, climatic and geographic factors hostile to development and the rapidly growing population. Growth was also affected by a set of external factors, notably adverse trends in the international economy, particularly since 1974. These include "stagflation" in the industrialized countries, higher energy prices, the relatively slow growth of trade in primary products and-for copper and iron-ore exporters - adverse terms of trade.

But the impact of these internal and external factors has been exacerbated by inadequate domestic policies, of which the following three are considered most important:

- trade and exchange rate policies that have over-protected industry, held back agriculture and absorbed too much limited administrative capacity;
- too little attention has been paid to administrative constraints in mobilizing and managing resources for development; given the weakness of planning, decision-making and general management capacity, the public sector has frequently been over-extended; and;
- there has been a consistent bias against agriculture in price, tax and exchange rate policies.

The IBRD concludes that appropriate policy reform, i.e., an improvement in agricultural policies, improvements in the efficiency of resource use in the public sector, and more appropriate trade and exchange rate policies; and substantial increases in Official Development Assistance (increase in ODA from \$4.7 billion in 1980 to \$9.0 billion (1980 prices) in 1990), could lead to average annual GDP growth per capita of 2.1%

It is against this background of poor historical performance and bleak future projections that African leaders and donors must make their decisions on priorities, policies and strategies.

C. Continuing Constraints

We can identify now several critical constraints which will continue through the 1980-2000 time frame. While it is unlikely, if not impossible, to change these in the near-term time frame of this strategic planning period, i.e. FY1985-FY1989; we want to be sensitive to the consequences posed by these constraints and we want to identify the actions that must be started now if we hope to affect longer term changes.

Population Growth is inescapable. The total population in Sub-Saharan Africa will nearly double during the 1980-2000 period, growing from 350 million to 680 million; and the rate of growth will probably increase to around 3 percent. Growth rates in individual countries will vary and will have varying degrees of pressure on resources and services. The projected consequences include:

- greatly increased need for over all environmental stability through natural resource management as population increases in the rural areas push people into marginal farming areas and intensify existing problems of water management, soil erosion, loss of forests, livestock/crop competition, and fuelwood and food shortages in rural areas;
- the growth of urban areas will continue and the rate of urbanization will also grow and intensify existing problems of urban bias in health and education services, political pressures to maintain inexpensive food prices through subsidies, and the need for housing and other basic infrastructive; and,
- the frequency, persistency and biological impact of food and fuelwood shortages will increase. In the long run, the fuelwood and food problems cannot be divorced from the population issue and the need for income growth. In the near term, most countries will continue to be dependent upon rain fed agricultural systems with low yields which are vulnerable to weather, pests and losses due to inadequate marketing and storage systems. The reliance upon food imports, already growing at 9 percent per year both to meet higher urban requirements and to supplement rural consumption, will be accompanied by continued increases in food transport requirements which are mainly dependent upon petroleum fuels. Pressures on limited foreign exchange holdings will be intensified by the increased energy requirements and the higher imported food requirements.

The lack of adequate trained personnel will continue to be a constraint. Accelerated development of educational systems and intensified technical training has been a priority for every African country since its independence. Africa, as a whole was ill-prepared to take on the tasks of government and, throughout the region, commerce, finance and industry were almost totally controlled by foreigners (Europeans, Asians, and Arabs). The incredible diversity of languages has created tremendous barriers to the spread of modern technological practices as well as to nation building. Despite progress made in the last 20 years, the acute scarcity of Africans trained, much less with practical experience, in technical, entrepreneurial, managerial or administrative areas still puts high priority on improvement of educational and training facilities.

The projected consequences include:

- the continuation and possible expansion of high expenditures on education which will increase demands on governmental resources. African governments already allocate on average about 16 percent of public expenditures

to schooling and, in a significant number of countries, the recurrent costs of education represent 25-35 percent of total recurrent spending. To merely maintain the existing primary school enrollment ratio would require expanding the number of places available at nearly 4 percent annually - with attendant costs of more teachers, schools, books, etc.;

- organizational structures and management responsibilities will have to be more efficient. African governments must improve the cost-effectiveness of personnel performance and reduce the scope of governmental efforts. The high incremental capital output ratios (now averaging 16.2 , which means that increased investment of \$16 is required for an increase of \$1 in output) must be brought closer to the 3.0 ICOR already achieved in several African countries. Alternatives to government structures such as cooperatives and the private entrepreneur must be given the opportunity to expand; and,
- African governments will continue to lack personnel to administer programs adequately; administratively complex projects cannot be handled by under-staffed African institutions and reliance upon separate project authorities and/or expatriate management has not proven effective. Closer donor coordination is needed to reduce competing demands on the small cadre of trained Africans, and donors will have to devise means of structuring external aid to support the development of smaller and organizationally more manageable operational units in the public and private sector and adopt implementation strategies that rely on comparable existing units.

Unreliability of the data base, both for financial and economic areas as well as for natural resource, demographic, social science and technical areas, will continue to be a major constraint to development. The projected consequences include:

- economic policies will be based on incomplete and unreliable data;
- multi-year planning efforts will have a limited impact on actual policy making and investment programs, since the overly optimistic assumptions regarding resource availabilities, domestic and foreign, and the unrealistic assumptions on the rate at which development will occur mean that annual budgets rather than national development plans set priorities; and,

- the lack of data will result in a shortage of "good" project proposals since project development requires location specific data (which may not exist) and the ability to bring together available data for technical and economic analysis (a staff capacity which is weak). The lack of well prepared projects will constrain the flow of aid to a number of countries unless donors shift higher proportions of their aid to non-project aid..

Political instability and even armed conflict will continue to constrain development in Africa. Tribal divisions and animosities remain important. Artificially created borders are generally impossible to defend, easy to penetrate, and considered of dubious validity by guerilla bands and sometimes by national armies. Weak governments often rely upon, and can be toppled by, their own armed forces, and, frequently the final governing group is determined by outside intervention, whether of Soviet, Cuban, Libyan, South African, or other origin. Regional disputes, such as those involving the Western Sahara, Libya-Chad, Ethiopia-Somalia, Zaire-Angola, and South Africa and its neighbors, are likely to persist.

When increasingly severe economic misfortunes are overlaid on such a base, maintaining stability becomes even more difficult. Thus, these are critical times in Africa, and the ability of the USG to provide support to friendly countries may become increasingly vital to them, and to the preservation of U.S. interests in Africa.

The consequences of this projection are:

- There is an increasing danger that inappropriate levels of African resources will be allocated to military requirements. Africa today is the least armed continent in the world and imports the fewest arms. But military expenditures are growing, whether calculated as percentages of GNP, of government budgets, and/or of imports;
- The U.S. has military sales programs with a number of African countries. Seventy percent of our military aid budget for Africa goes to three countries, Kenya, Somalia, and Sudan. These countries are faced by serious external threats, potentially damaging to U.S. interests. Our military aid programs must be undertaken cautiously and with due regard for their possible negative impact on domestic resource allocation as well as on foreign exchange and debt-servicing. Even though the Soviets and their allies will continue to provide most of Africa's military assistance, generating heavy debt burdens and high recurrent costs, while U.S. military assistance has been declining since 1982 as a proportion of total U.S. assistance, we will need to make sure that the U.S. military assistance is carefully reviewed within the U.S. government with an objective of minimizing its negative impact on development.

The African governments will continue to give higher priority to nation-building, maintenance of political power, and political stability than to economic goals. Donors will face but must resist strong pressures from African governments to postpone economic reform programs and to move on "quick-fix" solutions.

D. Areas of Future Study

We have recognized, during the process of developing this strategy, that many key aspects of the African scene are imperfectly understood by us. We believe that there is an urgent need for us to expand our knowledge base in these areas regardless of whether we can now identify specific projects. In fact, any decision on expanding our project portfolio would only be possible after completion of these studies since some of these will be key to refinement or modification of our strategy in the future. We have, therefore, outlined certain key aspects of the African scene which will be targeted for further indepth review over the coming year, hopefully setting the stage for a revision of our strategy in 1985. These are:

1. Urbanization

A preliminary analysis of urbanization in Africa, by the Housing and Urban Development Office, confirms our concern that Africa is now more rapidly urbanizing than the rest of the LDCs. Since we have defined our strategy as one of long term perspective, we must understand how Africa's rural/urban profile will change over this period. We are not proposing urban infrastructure programs. Inherent here are important linkages such as urban food consumption patterns and linkages between urban consumers and rural producers. Urban/rural linkages in energy, particularly in fuelwood, charcoal consumption are important questions. Rural/urban migration patterns are also relevant and are discussed more fully below.

2. Land Tenure or Security of Tenure

While land reform in the Asian or LA sense is not a characteristic of the African scene, the complex variety of land tenure patterns and their changing nature is still imperfectly understood by the Bureau. We believe the land tenure question is, over time, critical to farmers' decisions and we need to understand it better in our program/project formulations.

3. Technology Diffusion

Although lack of appropriate technology has been a major past constraint, we need to explore ways in which to transmit and disseminate new technical information being developed in agriculture, health, population, and other fields.

4. Migration Patterns

Our recent review of CDSSs, this strategy exercise and our project reviews highlight the fact that Africa has complex migration patterns, particularly of males. The Nigeria expulsion highlighted one piece of this mosaic. Migration from the Sahel to Coastal West African countries, migration in Southern Africa to the mines and the migration in East Africa to the urban areas, which in some areas of Kenya may involve as much as 80% of rural households, is of high and probably growing significance. Migratory wage labor and the money earned has a major impact on patterns of land acquisition, investment in improved inputs, investment in childrens' education, etc. Off-farm employment has historically fueled agricultural investment and rural innovation. It is obvious that these migration patterns have an important influence on income patterns at the rural level as well as on labor availability in agriculture, the special problems of female heads of household, and family motivation to invest in increased agricultural productivity. We need to know more of what is happening and how our agricultural programs should be shaped in response to these factors.

5. Farm Family Profiles

The migration patterns and other indicators raise the question of whether we understand the organization of production and consumption units within farm households: the income generation and utilization patterns, labor availability and distribution of productive resources and activities, the role of women, family motivations and their perceptions of the risks involved in modernizing agriculture. We want to study these, selectively, to understand the farm household unit and thus target our development resources more effectively.

6. Urban Consumption Patterns for Food

The issue was raised in our USDA study as to the shift in urban food consumption patterns toward rice, wheat and maize. In many African countries, the most suitable grain crops, sorghum and millet, don't match growing consumption patterns of the urban "convenience" foods. The growing urbanization trends will likely exacerbate this problem. The results, e.g., weak rural/urban linkages in agriculture and increasing import dependency, are alarming. We need to know more about how to relate our heretofore production oriented agricultural thrust with the market realities of evolving Africa.

7. Regional Trade

Africa's profile of small country populations, numerous land locked countries, poorly developed internal markets and domestic economies has both hindered growth and made Africa more vulnerable to external economic factors. A necessary evolution in the pattern of development will have to be greater regionalization and opening of regional markets. Africans clearly recognize this although it is difficult to achieve politically, e.g., the disolution of the East African Community. We need to better analyze prospects and approaches to this aspect of African development.

8. Employment and Export Generation

In several countries (Kenya, Rwanda, Burundi, Malawi) heavy pressure is being placed on agricultural land. This process is only in its beginning stages. Under these circumstances, increased urbanization trends are likely, and urban employment generation will become a more crucial factor in maintaining a stable environment for economic development. With greater internal food requirements, the land available for producing export crops will, in the absence of productivity increases across the board, shrink thereby limiting both agribusiness and export prospects. As these African population densities and urbanization rates begin to approach that of the Asian countries, Africa could well become the home for the next generation of "footloose" labor-intensive industries that fuelled the development of the East Asian economies during the last two decades. As the East Asian economies (Korea, Taiwan, Hong Kong, Singapore) have matured these industries have moved westward to countries like Sri Lanka. We will begin studying what preparatory steps African countries could begin to take to be positioned to share in the employment and export benefits of these types of industries.

9. Irrigation and Rainfed Agriculture

The question of how much investment should be made in irrigated agriculture is becoming an increasingly important concern. On the one hand, irrigation schemes have high investment costs that can reach \$20,000 per hectare and require long training periods for farmers unfamiliar with irrigated agriculture. On the other hand, the amount of unused land suitable for expansion of rainfed agriculture is becoming very limited in several countries and erratic rainfall patterns keep average yields low. We need to define more sharply the tradeoff between irrigated and rainfed agriculture in term of investment costs, output, farm income, employment, security of food supply, and exports. Making correct investment choices will be crucial to the success of our overall agricultural efforts. We hope to be able to take advantage of the lessons learned in other regions as we begin to analyze this complex problem.

III. A.I.D. Assistance Strategy - FY 1985-FY 1989

A. Fundamental Concepts

1. Guidance for Country Strategies

The U.S. provides bilateral assistance to 38 sub-Saharan countries, although U.S. foreign policy objectives vary considerably in each country. The individual programs range from \$2 million in annual transfers to a country with a population of one million, to a \$200 million program in a country with a population of 18 million.

There is such a complex pattern in the economic problems, policies, potential and performance of the 38 countries that, instead of a single development strategy for the African continent, we are adopting a strategy which envisions an array of development assistance approaches which are adapted to country economic conditions, to the relative size of the U.S. program and to U.S. economic and political aims.

We also recognize the importance to African development of regional activities, and we reviewed the possibility of establishing sub-regional strategies for the major areas of sub-Saharan Africa. Many of the individual African economies are small and many of the countries have similar problems. A regional approach has frequently been used in the past by the Africa Bureau both as an administrative device to handle specific management problems as well as an analytical approach to particular development problems. Many critical functional problems must be approached in a regional context. Some health problems demand multi-country analysis and cooperation if progress is to be made. Some problems such as river basin development require comprehensive planning and implementation in a regional context. We believe that regional approaches are frequently the most appropriate way to work with certain countries and/or on certain problems. For example, the Sahel program blends regional and country specific projects, and we are using a similar approach to the southern African region. We will certainly continue to foster relationships with African regional organizations such as ECOWAS, CILSS or SADCC. And we will continue to review our sectoral strategies to identify particular problems which may lend themselves to regional approaches either in addition to or in lieu of bilateral approaches.

We do not believe, however, that the over-all strategy would be strengthened by the generalized pursuit of sub-regional strategies devised to fit geographic locations which frequently have little else in common. We believe that this Bureau strategy, focused on certain types of approaches as well as on a limited number of key

problems, can be implemented on a bilateral or regional basis depending upon circumstances. We therefore expect to utilize both bilateral and regional projects in implementing this strategic plan. This permits creation of a regional development assistance strategy based on certain fundamental concepts and concentrating our resources on key problem areas. But it can, and should, be adjusted in proposed Country Development Strategy Statements to reflect more accurately the diverse country circumstances which exist in Africa..

Country strategies and any sub-regional supporting programs that may be developed would be based on the following fundamental concepts which provide the strategic foundation for the subsequent discussion of sector guidelines:

- (1) an emphasis on the importance of the bilateral economic policy framework;
- (2) an emphasis on the increased contribution that the private sector can make to African development;
- (3) a recognition of the necessity of donor coordination;
- (4) a recognition that, although any country's development program must be a blend of direct action and institutional development, our assistance strategy will emphasize institutional and human resource development; and,
- (5) an emphasis on agriculture as the sector in which donor activity can most quickly have a positive impact on the most individual lives as well as on economic growth. (In those limited country situations in which agriculture does not meet this simple test we will consider other productive sectors.)

The major development problems with which we are working are defined and summarized in this section along with the reasons that have led us to select them. This description establishes the framework within which our sectoral strategies, benchmarks, and resource requirements can be evaluated.

Our selection is based on the fact that:

- (1) these are problems to which AID is legislatively mandated to give priority attention;
- (2) these are problems which are or will be critical to further development in Africa; and,
- (3) these are problems that we can do something about.

We believe that our assistance should be tightly focused on a limited number of critical problems because this will enhance our chances of making a significant difference in the rate and direction of development and because this will facilitate prudent management. Because of its economic significance and the broad range of the potential beneficiaries, this strategy places the greatest emphasis on agriculture with agriculture defined broadly to include its macro-economic impact as well as its income, nutrition and employment aspects.

Given the predominant role of agriculture in most African countries and given the impact of other sectors such as health, education and nutrition on agriculture, these areas would, in and of themselves, constitute a major developmental challenge. But, in view of the range of problems that exist in Africa and the severity of those problems, we also recognize the importance of "targets of opportunity". We wish to assure both our colleagues in Africa and in AID that we do not intend to interpret this strategy narrowly.

We fully share the belief that development is the result of the inter-action of many events. We agree that health, education, improved natural resource management, transportation, etc. are important to improving agricultural productivity and have a significant development impact of their own. We believe that there probably will be special cases in which activities in these or other sectors may be worth funding separate and apart from an analysis of their agricultural impact. The arguments for such cases will be presented through the CDSS process and will be evaluated as exceptions. We do wish to state explicitly that in most cases we will make funding and staffing decisions on the basis of relationships to the priority problems as defined and selected in this regional strategic plan.

2. The Economic Policy Framework

Given the severity of their problems many African countries are reexamining their economic policies, development strategies, and investment plans. BUT major external and internal reviews during the past two years and donor-African discussions of these reviews have not yet resulted in a consensus on the appropriate strategy among donors or Africans.

It is clear that balance of payments, budget and stabilization problems are threatening to overwhelm many governments. In 1981, eighteen African countries had entered into "higher conditionality" arrangements with the IMF and ten of those countries had, or were negotiating to establish, Consultative Groups under the chairmanship of the World Bank. The African governments are faced with technically difficult and politically explosive choices when trying simultaneously to negotiate stabilization with the IMF and

structural adjustment with the IBRD. The complex inter-action among trade and exchange rate policies, fiscal management of domestic resources and external borrowing, are inherently difficult to manipulate given the limited data base and limited manpower. And the trade-offs between short-run restrictive stabilization measures to curb demand and the longer term structural measures to increase supply are not viewed the same way by all parties to these negotiations.

The fact is that the conditions which govern the possibilities for development have deteriorated. Low income African nations were particularly vulnerable to the world wide economic difficulties of the past few years. With the sharp decline in international trade and in the prices for primary commodities, both the foreign exchange earnings and the tax revenues of many African countries fell drastically. Confronted with increasing financial constraints, many countries resorted to deficit financing and excessive external borrowing. These countries are now faced with severe balance of payments problems, internal economic stagnation, inflation and unemployment.

Development efforts are threatened by this environment and, in some cases of severe economic mismanagement, development programs and institutions have not survived. Ghana, where production of cocoa is down to less than 40 percent of the 1960's levels, is an extreme, but by no means unique, example. Uganda is another example of how destructive economic mismanagement can be and how difficult it can be to regain lost progress.

The macro-economic crises sweeping Africa in recent years demand a shift in our attention and our assumption of a more active role to help resolve these crises. These issues will not go away nor can we divorce ourselves from their impact. Africa's problems have been caused by both external and internal factors and a long-term effort at basic structural adjustment is required. In countries like Sudan, a ten year period is required. In Liberia, the period may be longer. In Uganda, political conditions permitting, solutions to the economic crisis could be instituted in a shorter period of time.

We believe that this economic policy framework is so critical to our other efforts, that a policy dialogue on macro as well as sectoral problems must become a part of every country program. This would be the first element in the common strategic foundation or base for all subsequent country programming. We recognize that the nature of this policy discussion will vary given the differences in the size and nature of the U.S. assistance program. We do not expect every principal AID officer to engage directly in discussions on macro-policies. We do expect each principal AID officer to promote a policy dialogue through such bilateral or multilateral channels as may be appropriate for each country and to take such discussions and policy issues into consideration in planning, designing and negotiating US bilateral projects.

We recognize that AID has not played a significant role in the recent past in the realm of macro-policy discussions, trade and commodity negotiations or debt rescheduling. We recognize that the U.S. is a minor donor in most African countries. We believe that this should not inhibit our discussions with African leaders or other donors of appropriate policy directions. We have found that being THE major donor with all of the political implications that go with that role can be just as inhibiting as being THE minor donor. As impossible as it might seem, even though the U.S. provides less than ten percent of the total Official Development Assistance to Africa, we are the third largest bilateral donor. And this does not include the value of USG contributions to the multilateral lending institutions. We believe that AID must take a more assertive role within the USG and with African governments to see that these issues are clearly defined and that the development implications of stabilization programs are clearly identified.

As noted earlier, these crises present an opportunity for both the Africans and their free world supporters to realign their economies and refocus their economic objectives. Increased availability of non-project instruments, including PL 480 food aid as well as ESF program grants and DA sector grants provides a means in certain key countries to discuss and implement economic policy changes identified through a dialogue among Africans, the IMF/IBRD and other donors.

Because this proposed strategy places greater emphasis on promoting policy changes in host countries, it will be necessary to stress the integrated application of AID instruments to maximize their cumulative impact on host-government policy decisions. Conventional project assistance will continue to be a valuable form of USG assistance in view of the limited planning, project identification, and implementation capacity of most African governments. The project process provides an excellent means of developing the institutional, human, technical, and physical capacity that self-sustaining development depends on. But projects must be undertaken within a sound macro and sectoral policy framework in order to assure that the individual project contributes to over-all economic growth. Assistance in a conventional project form remains the most appropriate instrument for addressing longer term development problems in most of Africa.

Whenever conditions appear to permit, there will be an effort to use projectized sector assistance to enhance the possibility of promoting policy change. Sector program assistance may be provided if it can be reasonably established that non-project assistance can be more effective in establishing a program of action that addresses major policy changes; that it is a cost effective management approach for both donor and recipient; and that the resources will be used effectively.

There will be a concerted effort to design and use PL 480 aid to achieve these same goals, recognizing that food aid has a different legislative base and a broader purpose. We are also sensitive to the fact that food aid can be a disincentive to local production either directly or by encouraging changes in taste and food preference. . Similarly, ESF, although again representing a different legislative base and purpose, will be designed to complement the other AID instruments to promote development and policy improvements at the macro and at the sector level.

As part of the proposed strategy, there will be an active exploration of ways to develop assistance forms in the areas of sector project and non-project assistance which will improve AID's ability to encourage policy changes and to help ensure that development achievements are not eroded during periods of policy change. In addition we believe that the basic project instrument is much more flexible than is presently recognized or demonstrated in application and that it is possible to create projects which effectively have the same characteristics sought in non-project instruments, i.e. policy impact, fast-disbursing, flexibility in design and implementation. The Uganda Food Production Support project in which AID financed the importation of steel for local fabrication into farm implements and distribution through cooperatives is an example of this kind of project. Therefore, in designing new project activities we will urge our field missions to examine carefully the options for increasing flexibility and policy impact.

The ideal is to design and to manage any of the AID development assistance instruments -- DA, ESF, local currency and PL 480 -- in a manner which uses the transfer process (the design and negotiation) as a means to gain specific improvements in host-country policies and institutional capabilities while at the same time assuring that these instruments have an effective developmental impact as the programs are implemented.

In Sudan, where we are a major donor, the mission has given thoughtful attention to developing a strategy for how policy dialogue should be handled. This strategy involves three components:

- provision of technical assistance to develop a policy analysis capacity in the government;
- financing of specific studies that generate data for policy-makers; and,
- full involvement of Mission and Embassy staff in discussing policy options with the Sudanese. (Full involvement of the Embassy is crucial because of the political dimensions which are invariably associated with these kinds of policy changes.)

We believe that this type of approach can be used regardless of the level of direct US funding. In fact the Mission in Tanzania has formalized such a program and policy review with the Tanzanian government.

We recognize that this is an ambitious goal and that we will need to augment our staff if we are to implement this strategy throughout Africa in all of our programs. We have, at present, limited staff capacity to work in these areas and limited agreement, within the US executive branch and with Congress, that this is an appropriate area for significant AID involvement. It will also take time to build a data base and assure that AID personnel are conversant with the issues. We must be willing to make this effort or else accept the probability that most of our sector specific efforts are ineffective.

As a first step, an inter-agency working group, has been established with staff support from the Africa Bureau and with participation by AID, State, Treasury and the U.S. Executive Directors at the Fund and the Bank. This group is dealing with designated African "crisis" countries, e.g. Sudan, Zambia, Kenya, Liberia, Zaire, to establish a more comprehensive and coordinated U.S. approach to economic adjustment, debt rescheduling, IMF stabilization programs, IBRD structural programs, AID development programs and other donor coordination.

Our strategy to establish the policy dialogue framework throughout Africa is:

to assure that each principal AID officer understands this responsibility;

to establish in bilateral Missions, REDSO's, and AFR/W the policy analysis capability required to carry out this approach through a combination of additional direct-hire staff and long term consultants;

to maintain and expand the policy emphasis in the eight largest programs in Sudan, Kenya, Liberia, Zimbabwe, Somalia, Senegal, Zambia and Niger;

to move as rapidly as staff resources permit to expand a substantial policy component in Cameroon, Mali, Uganda, Lesotho, Rwanda, Malawi, Botswana, and Swaziland;

to recognize that the availability of staff resources and other special circumstances will govern our ability to initiate and/or expand a more significant dialogue in Zaire, Mauritania, Upper Volta, Tanzania, Madagascar,

Mauritius, Seychelles, Comoroos, Ethiopia, Mozambique, Nigeria, Ivory Coast, Gabon, Chad, Togo, Benin, Central African Republic, Eq. Guinea, Guinea, Cape Verde, Sao Tome, Congo, Burundi, Sierre Leone, Gambia, Guinea-Bissau, Ghana, and Djbouti; and,

to shift resources at the margin in favor of those countries which have demonstrated by their performance that they are pursuing effective developmental policies and are permitting the private sector to contribute to achievement of their developmental goals.

3. The African Private Sector

One of the major initiatives of the Agency has been the emphasis on the role of the private sector and ways that its role can be expanded. One of the main reasons we believe that significant policy changes are required in Africa is that present policies focus too heavily on the public sector contribution to development and leave too little scope for the contribution that individuals can make to national development. Accelerated economic growth in Africa requires more efficient use of existing human resources by widening the scope of individual economic decision making and permitting the development of a dynamic private sector. The private sector is, therefore, not a "sector" in the same sense as agriculture or health. It is an analytical concept that guides our specific sector strategies.

Specific ideas with respect to the role of the African private sector will be included in each of the major sector strategies. To summarize, we will concentrate on assisting private sector activities in agriculture and other rural areas such as small-scale operations with individual farmers, farm co-ops and villages. AID will also seek to stimulate the growth of private sector agro-businesses by provision of local currency financing, by facilitating technical or financial arrangements with U.S. private firms or financial institutions, and by encouraging host governments to set out policies which attract domestic and foreign private investment in agro-business. Assistance will also be used to assist host governments to devise private sector alternatives to existing state operations such as government grain marketing or input distribution systems. The potential for private sector action cuts across sectors or specific problem areas and, for example, is as equally important in health where we are encouraging cost recovery approaches, fee for services, and/or private trader handling of medical supplies as in agriculture. Inclusion of this summary is intended to highlight the importance we give to the concept rather than to describe our non-governmental activities as a separate sector.

We believe that major advances in incorporating private sector activities into our programming have been made. The last round of CDSS reviews gave us the opportunity to identify a number of countries in which we could and should take a more assertive posture in expanding the analysis of the private sector role and those concerned Missions have been so advised. The CDSS reviews also provided an opportunity to identify four country programs in which there is a better than average chance of accelerated privatization. In Zimbabwe, Somalia, Kenya and Niger, the governments are actively promoting private enterprise to assist in the achievement of national goals on food and jobs. Privatization efforts in these countries will depend upon a reasonable amount of civic tranquility and on reasonably good weather.

The USAIDs in these four countries are combining a number of instruments to demonstrate to host governments the impact that can be obtained when private traders are responsible for delivering goods and services to the rural areas. Some of the possibilities being explored are macro-economic policy changes which provide more, or easier access to, credit and foreign exchange to the private sector (Zimbabwe, Kenya); improvement of the general investment climate by changes in law and/or practice and by administrative deregulation decisions (all four countries); reduction of subsidies (Zimbabwe, Somalia, Kenya); provision of market news (Zimbabwe); allowing private transporters (all four countries); and supporting the mobilization of local capital (all four countries). These initiatives are being supported and financed through a variety of programs including development assistance projects, foreign exchange under ESF/CIP, PL480 commodities, research and consulting services and local currency generations.

The emphasis of most of these privatization efforts is on expanding the productive role of indigenous entrepreneurs. At the same time, we believe that there is a developmental role for expanded private foreign investment. Foreign investment in Africa can be immediate source of employment, skills training, and foreign exchange. We recognize that Agency policy is not in favor of providing mixed credits nor are we suggesting that approach. We also recognize that stabilization and general economic health are major incentives for expanding foreign investment. In addition, we urge AID Missions to consider other ways in which we can assist in creating a positive climate for private investment. The idea of management contracts using U.S. agro-business firms has been suggested by several Missions. The Bureau has established a new office of Private Enterprise, headed by an Associate Assistant Administrator, to work with USAIDs in developing and implementing these kinds of ideas.

4. Donor Coordination

Given this strategy's emphasis on attention to promoting policy change, USG coordination with multidonor organizations and other donors is viewed as especially critical. This is therefore the second common element of the strategic foundation. Close donor coordination is important because of the relatively large number of donors; the extreme importance of donors in the development schemes of many sub-Saharan economies; the fact that, frequently, no single donor's contribution is large relative to total aid received; the existence of special economic and commercial relationships between some donors and some African economies; the weakness of host country development planning; and the potential regional impact of donors' national programs. (Many African economies can be affected by donor programs in neighboring African countries because the economies are small and open and because of common technical aspects, e.g., river basin development or disease control).

Donors have in many cases complicated the development process. In Africa, with a paucity of trained manpower, typically weak planning institutions and vague internal procedures for coordination between finance and planning ministries, a priority ordering of development projects and a comprehensive picture of total governmental commitments to all donors does not exist. By 1981, there were almost 70 donors in Zambia providing assistance through more than 600 projects. In Kenya the situation is similar, and, even in Lesotho, there are over 300 projects financed by about 60 donors.

Our strategy for improving donor coordination will involve efforts on two levels. First, at the country level, we will seek to establish formal donor coordination mechanisms. Our preference would be to have the IBRD establish Consultative Groups because our experience to date with the established Consultative Groups has been positive. We recognize that at present the two African divisions at the World Bank lack the staff capacity to expand the Consultative Group mechanism to all African countries. There are currently active Consultative Groups for Sudan, Kenya, Uganda, Somalia, Mauritius, Madagascar, and Zaire. Consultative Groups exist for Tanzania and Ghana but have not met recently. We will continue to work with the U.S. Executive Directors and IBRD personnel to have the Bank play a stronger leadership role in donor coordination in Africa.

We will also work with the UNDP to use the Round Table format to improve donor coordination. The UNDP format does not lend itself as easily to policy discussions as would the Consultative Group format; however, the Round Tables still provide an excellent opportunity to rationalize donor activities, avoid duplication of effort, and call attention to common donor issues.

Second, we are giving increased attention to discussions with other donors in an effort to develop common policy positions. The seven major bilateral donors for Africa (Canada, the U.K., West Germany, Belgium, Italy, France, and the U.S.) have formed the group for Cooperation for Development in Africa (CDA). The CDA group is primarily interested in focusing donor support on development projects which (a) require funding beyond the capacity of any one donor and/or (b) are especially appropriate for coordination among donors, African countries, and regional organizations. The emphasis is on the improved management and effective resource utilization that coordination can provide. These donors provide over half the official development assistance to Sub-Saharan Africa.

Other innovative donor coordination mechanisms exist. For example, in the Sahel, the eight African countries of the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) and the Club du Sahel, which is supported by some 23 bilateral and multilateral donors, have been coordinating aid since 1973. More recently we have urged principal donors to certain countries to chair ad hoc donor coordination meetings, e.g. the British leadership effort for Kenya.

Nevertheless these efforts have their limitations. While the World Bank is excellent in providing rigorous economic analysis in the country context, they have been less active in regional programs. The donor co-ordination guidelines adopted at the November 1983 DAC meeting place the IBRD in the leadership role. We believe this agreement by donors is a major improvement. While the CILSS/Club du Sahel has struggled with policy issues, its main orientation has been with technical issues. We intend to keep working within this international group to sensitize national governments to the fact that they have no choice but to face up to national problems. Although the CDA mechanism has matured quickly, the CDA process does not as yet involve operational dialogue with African recipients outside the context of specific project areas. Its working groups are organized around specific subjects with different donors taking the lead coordination role for different problems. And the major difficulty with bilateral-led donor coordination is the inherent problem of pressing for policy change when those changes are inevitably difficult political issues.

The major elements of our donor coordination strategy are:

- encourage the World Bank to expand its donor coordination efforts in Africa and allocate the required staff resources;
- continue other promising means of improved donor coordination such as the Club du Sahel and CDA ; and,
- maintain a political level dialogue with other donors to reinforce the aid technical level discussion of policy issues

5. Institutional and Human Resource Development

Appropriate investments in health and education to improve productivity and to improve the quality of individual lives are vital to any country's development progress, and we believe that the U.S. can and should play an effective role in partnership with other donors in accelerating the development of human resources.

At the same time, we are concerned that past donor and African investments in these human resource areas were undertaken without a full appreciation of the financial and human resource base required to sustain their impact. Shortages of trained manpower and budgetary resources have severely limited the effectiveness of past investments. Many are poorly maintained and some have deteriorated to dysfunctional levels. Prudence is required in all sectors in financing new activities that must be absorbed by overextended governmental budgets and staff. Our emphasis must be on improving the productive and cost efficient use of existing facilities and staff.

Accelerated economic growth in Africa requires more efficient use of existing human resources by widening the scope of individual economic decision making and permitting the development of a dynamic private sector.

Discussions of absorptive capacity frequently focus solely on the financial constraints but there are also human resource and institutional constraints. Many African institutions officially responsible for planning and implementing development are saturated with development assistance, paralyzed by administrative inefficiency, staggering beneath a burden of complex and differing donor requirements, and are themselves in danger of becoming obstacles to development. It will require additional manpower, training, and money to deal with these problems. It is also appropriate to explore alternative private sector institutional mechanisms such as cooperatives rather than assume that institutional development always means creating or strengthening central governmental agencies. The development of African institutions to address African developmental problems. Human resource development, particularly manpower training and institutional development, must be sensitive to African requirements dictated by economic, socio-cultural, environmental and political circumstances.

As noted, this strategy recognizes that any government's development plan will be a mix of direct action and institutional development. We believe that AID's assistance strategy should emphasize institutional development, particularly of those agricultural institutions which would have the most direct impact on agricultural productivity. This is the third common concept of the strategic foundation.

We recognize that many people feel that direct action must and can be taken now to bring about short-term visible changes in the lives of the poor majority. Recognizing how many people live on the very edge of survival, that nutritional and health conditions are the worst in the world, and that self-sustaining economic growth will take 15 to 20 years to achieve, many development professionals call for donor-financed direct action programs in agriculture, health, education and other fields in order to have a measurable and significant improvement in daily lives.

But AID's experience with direct action programs is that they too frequently fail to have the desired impact because governments are already stretched too broadly, lack the institutional capacity to deliver services, lack the financial capacity to maintain delivery services, lack the trained manpower, and are unwilling to make policy changes which would enhance the potential for success.

We should also note that frequently there are differences of opinion within AID as to the appropriate mix. It sometimes seems in our projects and/or strategies that we are proposing the creation and/or strengthening of institutions for the sake of the institutional goal without any developmental goal or desired impact. We also are aware that too many institutions to which AID has provided assistance in the past have in effect become isolated within their own countries and have had little discernible impact on the quality of decision making or the effectiveness of management and implementation or the rate of development progress.

Although we have discussed these problems with representatives of the PVO/NGO community we have not reached a consensus on the appropriate mix of direct action and/or institutional development. And to avoid confusion we do see this as a search for a "mix" rather than as an either-or situation. Learning by doing has always been a basic tenet of AID programs and in many ways is part of the definition of institution building.

Agricultural production and integrated rural development programs have traditionally been supported by African governments and donors as a means to mobilize resources to deal directly with the African food problem. Supporters of these programs have frequently assumed that Africa has surplus land and cheap labor and that these resources could be the basis of programs designed to produce more food quickly. Often, integrated rural development programs are accompanied by elaborate credit programs, subsidized inputs, and comprehensive social services to encourage farmers to participate.

Unfortunately, the success of most of these development programs has been limited. There are several reasons for this failure. First, these programs assume the availability of the required technology when, in too many cases, this technology does not exist. Second, when the program ends, the resources that were focussed on a single locality or effort disperse throughout the country. Without these extra resources, the programs are not sustainable. Third,

Production and integrated rural development programs are seldom economically viable. Costs of production are usually very high. In general, production programs are criticized for consuming scarce high-level manpower and perpetuating recurrent cost problems.

This area poses a substantial dilemma for donors and African governments. Certainly, the fact that African incomes, educational levels, and health status are the lowest in the world demands that efforts to alleviate these conditions must be maintained and expanded. Yet many countries are not absorbing external assistance effectively. Project after project is slowed by lack of staff or local budget support. Even when donors fully fund and staff projects, it is clear that termination of donor financing will erase the project.

We believe that part of the reason for the different perceptions on the effectiveness of direct action programs is that we are not operating with the same definition of "success". Rather than continue an academic debate, we believe that a series of joint AID/PVO impact evaluations should be planned in FY84/85. These evaluations would look both at success stories and failures which would be jointly identified by AID and the PVO community. We would anticipate that the results of these joint evaluations would clarify the differences and provide a framework for making decisions on the appropriate balance between direct action and institutional development.

We do not expect that these evaluations will erase all differences in perception, but we do believe that a pre-condition to a positive dialog on these issues is the development of a shared vocabulary and a common frame of reference.

The inadequacy of African training institutions is an especially difficult problem and has meant that there is not enough qualified human capital to carry out ambitious development efforts in most African countries. The colonial experience is partly responsible for this. In the pre-independence period, prior to 1963, only four university graduates in agriculture were trained in Francophone Africa and 150 in English-speaking Africa. Since 1964, African governments have done little to correct this situation.

In many other cases, training institutions have been established but are poorly utilized and training is carried out at a very high per student cost. The lack of trained human capital, ranging from farmers to senior administrators and scientists, is a continuing major constraint in all sectors and at every level.

Not only do most African countries lack the necessary basic institutions for development but they also lack adequate infrastructure to support major expansions of development services. Examples of constraints due to inadequate human and physical infrastructure abound. Abundant harvests rot in the fields because storage facilities are lacking or transportation to market is unavailable. Locally produced food crops cannot be sold

competitively in many major African urban centers because inadequate roads result in very high transportation costs. Trained health professionals lack the minimum supplies and drugs to be effective because of lack of foreign exchange but also because of inadequate management and administrative problems which result in too little or too much being ordered or left in warehouses.

This issue has received great attention as a result of the World Bank report, which emphasizes the fact that the dearth of managerial skills has been one of the important factors in the poor performance of the agricultural sector, but it is equally important in other sectors.

At the same time, most African states have had the perception that rapid economic development could only come through very strong intervention and leadership from the public sector. But the public sector can only even hope to play such a role if it has vast amounts of information, and managerial and administrative skills, the very skills and data most LDCs lack.

We are concerned that there are major managerial resources in Africa which are not being adequately tapped for the development process. For example, the World Bank report notes that all evidence points to the fact that smallholders are outstanding managers of their own resources -- their land and capital, fertilizer and water. Further, African farmers can 'manage' the use of resources in the agricultural sector ... if the price, tax and subsidy structures are providing adequate and appropriate incentives, and input and output markets are efficiently operated and organized. It is in this latter area, of efficiently operated markets, that many African governments have been particularly weak.

The indigenous African trader and entrepreneur is usually unrecognized as a source of managerial skills to support agricultural and economic development. Many African governments have recognized, at least in theory, the potential importance of the smallholder to agricultural development, but few have recognized the value of the indigenous private traders and entrepreneurs for the same development purposes.

We believe that too many governmental marketing and other agricultural supportive organizations are over-staffed, ill-equipped, and inherently less effective than alternative models. Alternatives such as administrative decentralization, devolution of authority to autonomous local governments or the privatization of state-controlled corporations are examples of what some governments are now trying. The best incentive to efficiency can come from competition. As pointed out in the World Bank report, "the best way to increase competition is to encourage private trading. In fact, private traders now handle trading activity almost everywhere, but often in semi-legality. Legalization and encouragement of private trade would reduce cost and uncertainties in the market environment."

Public institutions that support African agricultural and economic growth must be responsive to African farmers and other rural people. Given the scarcity of human and financial resources, these institutions must be as efficient as possible. The best way to assure that this efficiency and responsiveness occurs is to make sure that farmers and other clients of these institutions participate, to the maximum extent possible, in determining the direction and course of public institutions and that private sector institutions are allowed the freedom to provide competitive alternatives.

Our strategy for assisting in the development of effective public and private sector institutions is:

to incorporate into the policy dialogue specific examples of how the effectiveness of institutions is enhanced by competition;

to increase the amount of participant training in all projects and to expand the use of generalized training programs;

to encourage multi-donor assessment of the strength of key institutions in agriculture, resource management, energy, forestry, health, education, or other key problem areas, concentrating on policy planning, data gathering, technology generating and training institutions;

to concentrate major new funding initiatives for expanded public sector institutional development in those countries which have an appropriate policy framework and are willing to permit private sector institutions to contribute to their development;

to find ways to increase private sector participation in the identification and utilization of participant training opportunities; and,

to recognize that there is a difference of opinion among development professionals as to what can be achieved through direct action and existing institutions and what must await the creation or expansion of institutions. To begin the process of bringing this debate into sharper focus, we propose to work with the PVO/NGO development community to carry out a series of impact evaluations on direct action programs in order to build a common frame of reference as to what kinds of direct action programs we both might consider effective.

5. Agricultural Priority

Agriculture will continue to be the centerpiece of our assistance efforts. Agricultural stagnation, including declines in per capita food production, reductions in per acre yields, and production declines in export crops, is one major cause for the financial and economic crises overtaking most African countries. Inappropriate domestic macro and sectoral policies have played a major disincentive role in causing and exacerbating this agricultural crisis.

The policy environment that affects agriculture is the same policy environment that affects the macro-economic and financial framework. The ever escalating trap of overvalued exchange rates, balance of payments shortfalls, debt servicing, inflation and budgetary deficits that is spreading throughout Africa must be addressed or else dis-investment will continue and agricultural growth will continue to stagnate or decline. The corollary is also true that improved agricultural performance will, in most African countries, be the key to improved economic performance.

African governmental reaction to this agricultural emphasis has been cool. In the immediate post-independence period, agriculture was given low priority by African governments and most donors because of

- the perception that industrialization was the the fastest route to bring about a high rate of economic growth and economic independence;
- the belief that food production was not a problem; and,
- the belief that agricultural export crops were "colonial crops" which perpetuated dependency as well as income instability.

Agriculture assumed more importance during the 1970's, especially as the need for increased food production became starkly evident, but most African strategies are still biased against agriculture, tend to emphasize the need for modern, i.e. mechanized, agriculture, and assume that large scale capital intensive programs to open up "new lands" (either through clearance of diseases such as trypanosomiasis and onchocerciasis or through river basin development and irrigation) are not only necessary at some point in time but are the immediate preferred solution.

Clearly we do not yet have a full agreement with African governments that the traditional small holder must, or even can, be the "engine of development". Their choices in this area will clearly affect our ability to work constructively in many African countries.

The IBRD report notes that to achieve an annual average 2.1 percent per capita growth during the 1980-1990 period, the GDP must grow at 5.0 percent; agriculture must grow by 5.2 percent and imports by no more than 3.9 percent. It will be difficult to achieve these levels because:

- (1) they are considerably higher than actual achievements in the past, even by the good performers;
- (2) the world economic environment continues to be weak; and,
- (3) ten year projections for low commodity prices indicate serious problems for many African exports, especially beverages.

Technical problems and administrative weaknesses would still pose major constraints to growth even with improved policies and appropriate incentives.

Technically improved production of food grain in Africa is difficult.

-The fertile and more manageable soils of Africa are confined to high plateaus and river valleys. The remaining tropical soils, because of base formation, heat, torrential rains and leaching, have only limited fertility and little organic matter. When cleared for arable cropping the thin layer of humus soon disappears. Replacing fertility by commercial fertilizer is too costly for small farmers and subject to leaching due to low humus levels. Moreover, because of erosion, desertification, overgrazing and increasing frequency of use, much land in Africa is slowly deteriorating

-Tropical insects and diseases affect animals, plants, and people, leaving vast tracts of land unuseable and at existing cost/benefit ratios uneconomic to develop.

-Left mainly with rather crude hand tools and dependent upon human, usually female, labor, the African small holder has only limited capacity to increase production by expanding acreage.

-The IBRD estimates that in spite of considerable investment in irrigation development in the 1970s, additions were offset by the abandonment of older irrigated investments due to lack of maintenance or deficient water control. Even under irrigation, yields have stagnated or declined.

-Agricultural research and extension, though improving, still are extremely weak in most African countries and are not given priority by African governments and trained manpower in scientific, administrative, planning, and economic analysis areas are lacking.

Considering the physical space to be covered, infrastructure is lacking or inadequate. Roads, transport, and storage are inadequate everywhere.

In addition to these factors, there are other critical economic and developmental concerns affecting food production. For example,

-Intensification of food production through imported inputs must face up to skyrocketing prices. The costs of these inputs rise still further when applied to farming systems where, at best, yields are comparatively low.

-Some of the food problem in Africa is on the demand side. Not only are population growth and urbanization increasing rapidly, but in urban areas food preferences shift toward rice, wheat (bread) and convenience foods (cans, packages, cartons) and away from the foods that require excessive time for preparation (pounding) and long cooking time. This preference shift has been aggravated by policies which subsidize the cost of these foods to the consumer. These preferred foods are the ones that are impossible, or at least more difficult, to produce in Africa, and production costs are excessive. A key objective is to find ways to make the traditional coarse grains more "convenient", i.e. either provide them in processed form for consumers or enable people to have easy access to inexpensive processing equipment.

-A crisis in energy supplies, particularly fuelwood and charcoal, makes food preparation increasingly expensive. Attempts to conserve energy during cooking influences the choice of foods consumed and, ultimately, the nutritional status of households. Additionally, the increasing time required by women to obtain fuelwood reduces the time available for farming and meal preparation which also has direct implications for family nutrition.

-Fuelwood demand and expansion of rainfed agriculture into more marginal areas are increasing deforestation rates thus exacerbating the impact of poor soil and water conservation. This will increasingly lead to use for cooking of dung and agricultural residues which now return valuable nutrients to the soil.

Declining per capita food production levels combined with chronic inadequate calories leave Africa with no margin of safety in the face of poor weather, civil strife or any disruption in the marketing system caused by inappropriate policies (e.g. pricing, transport, or distribution). The food situation that exists would be serious under any circumstances; however, it is especially threatening now since many African governments have severe balance of payments problems and cannot rely upon importing food.

Without major changes in domestic production, the 1990 cereal import demand could range from 17 million tons to 37 million tons compared to the current 7 to 9 million tons. The financial costs, if past trends are not reversed, are therefore very severe.

The human cost as measured by nutritional standards is equally severe. Estimates of the magnitude of the problem vary, but a 1973 FAO/WHO study estimated that 53 percent of the region's population had a seriously inadequate daily calorie intake, i.e. less than 90 percent of the minimum requirement. A 1975 World Bank study estimated more than 60 percent of the population would be in this category.

Obvious cases of severe or clinical malnutrition, reflected when body measurements of young children are below 60 percent weight for age, are relatively uncommon. The serious nutrition problem in Africa is the pervasive chronic undernutrition of many young children and some adults, especially women of child bearing age. For example, the pastoral/nomadic herders are very vulnerable at the end of dry seasons when cattle stop giving milk at the same time that energy (human labor) requirements to draw well water are very high. Refugees, cut off from their normal resource base, are very vulnerable as are small shareholder farming households during the planting season when energy requirements for agricultural tasks are high and food stores are low. Because of their high nutritional needs, infants, pregnant and lactating women within these groups are often the first to suffer.

Such general levels of poor nutrition provide weak resistance to infection and intensify the severity of every other problem. The Africa Region has nearly twice the infant mortality rate of other developing regions of the world. This rate is very much influenced by endemic diarrheal diseases. Other diseases, such as measles, which are largely seen as nuisances in more developed nations, are among the more important causes of death in Africa as a direct result of the malnourished state of the affected children.

Other nutritional deficiencies cause significant damage to the health and productivity of the general population. Simple iron deficiency anemia affects up to half of all pregnant women, leading to a high rate of stillbirths and maternal deaths. Every year, thousands of Africans go blind from lack of Vitamin A and many times that number suffer from impaired vision. Other deficiencies of important nutrients such as iodine, Vitamin C, and the B Vitamins, contribute to the problems of sickness, suffering, and death. These severely affect the labor productivity of millions of African adults, thus directly affecting national development progress.

The potential in Africa is high and these problems can be solved. The developmental investment to do this will be high. Yet the penalty of not addressing these problems is even higher and is measured in human suffering.

B. Guidelines for Key Problem Areas

1. Stabilization and Equitable Growth

We believe that stabilization is a development issue in Africa. The macro economic framework or policy dialogue discussion in the previous section noted our concern for these issues in general in all countries. In some countries the situation has deteriorated to the point where urgent stabilization is the precondition for any other development activity. Attempts to deal with real declines in income in the midst of rising expectations by increasingly impatient populations have led to deficit financing and external borrowing. As inflation and debt escalated, African governments turned to the IMF and found that the stabilization programs, necessary as they might be, were tougher in human and political terms than they had bargained for.

What is required is stabilization and growth. If this proposal is to move from rhetoric to reality, there must first be a recognition within the U.S. government of the seriousness of the problem to U.S. interests, agreement on an established point of leadership for inter-governmental decision and action, and agreement on a strategy. If AID is to take a leadership role in this process, the first requirement is that there be a clear legislative and executive mandate for such a role, and the second requirement is that we develop, on a priority basis with full Agency support, the staff analytical capacity to carry out such a mandate.

Our request to Congress for substantially increased non-project allocations is based on the conclusion that stabilization is a key development issue in more and more African countries and that AID, therefore, must become a more active participant in finding solutions to the economic crises in Africa if we are to assist in the continent's development. We hope that a consensus is emerging and that AID will be given the legislative and executive mandate to play a leadership role.

Many of the countries in Africa have been involved in extensive policy dialogue with the IMF, the World Bank, and donors to stabilize and restructure their economies. Much of the policy dialogue has focused on stabilizing the external sector by restructuring foreign exchange regimes and reducing policy disincentives to exports, but these discussions have also incorporated key development goals such as a broader role for the private sector, institutional changes in both the productive sector, usually agriculture, and the service sectors, education, health, population, etc. Throughout Africa it has become clear that solutions to the economic crisis will require that donors-participate in and support the implementation of agreed upon reforms if the reforms are to have the development impact (i.e. promote and support equitable growth) desired within a reasonable time frame.

It is also clear that building and strengthening institutions requires attention to financial and administrative issues at the macro as well as at the sector level. Growth-oriented policies centered on greater production incentives for small farmers are in our view the best way to increase incomes and services. That is the essence of meeting basic human needs under the difficult economic conditions which now prevail throughout Africa .

African nations have often espoused laudable egalitarian goals: "fair" food prices consistent with the urban poor's ability to pay; "free" health and education services so that the rural poor are not excluded; "guaranteed" markets and transportation for commodities; etc. Unfortunately, low urban food prices equate to low producer prices or unsustainable government deficit financing. Such disincentives have led in country after country to food production shortfalls, to spread of the inevitable black market that undermines official prices and frequently to food imports that substitute for domestic production. Similar free services in health and education, in fact, often mean limited services of limited quality because of resource constraints. In both cases, the benefits of these policies have gone for the most part to a small urban population. The vast majority of Africans have remained without services and experienced declining incomes. An expanded production base is essential to an expansion of foods supplies, social services and income. Thus, we firmly believe that stabilization, policy changes, and economic restructuring are at the heart of development issues in Africa.

We have previously stated our belief that "stabilization" is neither a short-term nor transitional issue. We believe it will continue to be a central factor throughout the FY85-89 planning period. In FY85 we have requested close to one billion dollars for Africa with about 60% of that amount providing non-project assistance through commodity import financing, sector grants, and food aid. We believe that by FY89 total USG concessional assistance should be about two billion dollars with about 75% of that amount being in the form of non-project aid, representing a combination of commodity import financing, sector grants, and food aid. Two billion would represent a nominal increase in our total aid of 15% per year during the planning period and would be consistent with the IBRD's plea to donors to double their assistance, with Africa's requirements, and with the role of the U.S. as the third largest bilateral donor in Africa.

We have recognized the need to increase assistance to Africa, and our request for FY 85 -- including DA and ESF -- represents a 32 percent increase over the initial Reagan Administration request in FY 82. In terms of appropriated levels, our current FY 84 level of \$689 million -- including DA and ESF -- represents a 10 percent increase over FY 82 and a 48 percent increase over FY 81. Over the past five years, resources (DA, ESF, PL480) allocated to Africa have increased from about \$385 million in FY1979 to about \$945 million in FY1984.

The FY1985 Congressional Presentation, including DA, ESF, and PL 480, requests about \$980 million for Africa (not including emergency food aid which is included in prior year totals). Although, in recognition of the stringent U.S. budget situation, this does not represent a major increase, it does include proposals for significantly changing the way in which some of the AID is provided. Our experience over the last several years has led us to conclude that the growing complexity and urgency of Africa's economic problem requires a special effort focused on policy reform to complement the existing set of programs at our disposal. We are therefore, proposing an Economic Policy Initiative for Africa which will contain a special fund with an initial FY 1985 appropriation of \$75 million. Ultimately, we see this as a five-year \$500 million effort.

These funds would be directed toward countries that are willing to establish a growth-oriented and comprehensive economic policy framework. We would direct these funds toward countries that can establish a suitable comprehensive policy structure and are prepared to implement it broadly. We wish to avoid partial adjustments in policy, recognizing full well that adjustments in only a few areas while rigidities are maintained elsewhere may lead to increasing rather than decreasing distortions.

The specific reforms or policies to be supported will be evaluated in terms of particular country circumstances and needs. In some cases, macroeconomic stabilization efforts may require cutting back burgeoning bureaucracies to improve fiscal and overall efficiency. Education and health expenditures are clearly essential to the development process. A major proportion of our assistance has gone to these activities in the past and will continue to go to them in the future. There is clearly room, however, for substantial policy changes that would permit the expansion of such services without overburdening either the fiscal or administrative system. Increasing the staff of any parastatals or of any government ministries does not necessarily lead to additional or more effective services. In many cases, cutting staffs and reallocating the funds could provide more services. We would certainly give equal weight to reductions in any non-priority, non-developmental and/or inefficient expenditures, whether in social services or defense services.

Opening the way for a broader private sector role is certainly a key to effective economic development but the issue is not forcing a choice between the private and public sectors per se, since both are necessary. We seek a pragmatic approach to economic development in the context of each individual African country. Marketing boards may well be effective and efficient in some cases and we do not oppose them just on principle. In practice, however, in Africa they have usually operated as a burden on producers, with a heavy bureaucratic overlay, and have been part of a general bias against the majority of the population in the rural sector.

Much depends on the quality of management, on price relationships, and on the organization of marketing services. Thus, we recognize that pricing policies alone cannot be taken as a measure of parastatal efficiency. In Tanzania, for instance, producer prices for a wide variety of staple foods were raised substantially following the 1973/4 food emergency, and marketed output rose quickly and considerably. Concomitant changes were not made in consumer prices, nor was much attention given to either the extent of demand for these crops or to price relationships among alternative crops. The marketing authority absorbed major financial losses in buying and selling staples; the nation was burdened with large supplies of inferior food crops for which no market could be found; and production of export crops declined, worsening Tanzania's already precarious foreign exchange position.

Neither can high prices for a crop or crops alone be taken as evidence of sound agricultural policy. Domestic prices for staple foods certainly play an important role, but high prices announced by government in the capital city may not mean high prices to farmers, if marketing channels are inefficient or unreliable. Regretably, this describes many countries in Sub-Saharan Africa. Other policies are relevant as well. High producer prices may stimulate little growth in output, if farmers have nothing on which to spend the money. Lack of consumer goods is thought by many to have constrained production in a number of Sub-Saharan African countries during the 1970's. In turn, lack of consumer goods may be brought about by low prices on export crops, which discourage production and curtail foreign exchange earnings. Thus staple food prices cannot be seen in isolation from other agricultural pricing policies.

Although AID's policies and programs remain fully supportive of increased food production in Sub-Saharan Africa, it would be pointless to overlook potential opportunities for self-reliance through international trade, especially in relation to food crops such as wheat and rice where African production possibilities are relatively limited. In sum, we will continue to work to improve increased food production and availability in Sub-Saharan Africa, within a framework that recognizes the costs and benefits of an appropriately wide range of policies and programs. The EPI, like our other programs, will be administered within this framework.

In considering how to proceed in implementing the Economic Policy Initiative, the selection process for determining which countries best qualify for assistance is of primary importance. There are 45 countries in Africa from which a much smaller set must be selected. While we have no rigid number of countries in mind, we believe that no more than five to ten countries should participate in any given year and that participation in the first year should be limited. This would permit us to establish a sound performance record with the Congress, African governments, and other donors as well as permit the initial grants to be significant additive resources.

The following is the preliminary set of criteria for selection of countries which might benefit from the EPI. These are under discussion with the Congress and may be modified.

- (1) It is unlikely that the larger recipients of U.S. assistance, such as Sudan, Kenya, Somalia or Liberia, would be selected. These are countries where the policy dialogue is already well advanced and additional EPI monies would be marginal.
- (2) It is also unlikely in the first year of the EPI that we would select countries where we have no aid program or only a very small one. AID management capacity is therefore, an important criteria.
- (3) The country must be undertaking sound macroeconomic policies. This may be in the context of an IMF Program but does not have to be if the situation has not warranted it.
- (4) An appropriate investment/development program should exist. This is more easily demonstrated where the IBRD and the donor community have approved the program in a Consultative Group (CG) context. But again, there will be countries with sound programs where no formal World Bank approval has taken place.
- (5) Within this overall framework, the country will have made basic decisions on principal sectoral policies and structures conducive to growth and to the widespread distribution of benefits. Emphasis will be on policies which create incentives - primarily via greater use of market mechanisms - for increased production by small farmers and tradespeople. The agriculture sector is particularly important, but the education, health and other sectors can also be considered.
- (6) There should be an indication of political leadership's commitment to these policies. Evidence would include personal high-level leadership in approving policies and in mobilizing political support for them; actions to implement policies overriding vested interests when necessary; appointment of competent persons in key economic and development posts, etc.
- (7) Substantial consensus among donors that the country is meeting criteria 3 to 6 above should exist. Evidence would include a Consultative Group mechanism or other donor coordination at least in key sectors. The Economic Policy Initiative highlights the need for strengthened donor coordination to support countries in developing comprehensive policy frameworks.

- (8) An indication that policy improvements will lead to economic improvements. In some countries technical or other non-policy constraints may be so overwhelming that policy changes, while necessary in the long run, may make only a marginal difference in the near term.
- (9) An indication that additional resources would make a difference. Evidence could include the inability to reform or decentralize parastatals or development institutions because of transition costs; the need for technical assistance for institutional changes; or the inability to import basic necessities, such as fertilizer or spare parts, required if sectoral reforms are to succeed. There should also be political/psychological benefits from the additional assistance from EPI; e.g. as the capstone for making a CG effective; in backing the country leadership in explaining and selling difficult reforms; or in mobilizing additional donor support.

We do not have one formula which we favor for all countries. Completely different approaches may be better for different countries. Assistance might be project or non-project, depending on a country's circumstances. We envisage that most of this money will be programmed as sector assistance which we believe has an extremely high developmental impact. The Agency has developed careful guidelines on programming sector assistance. All sector programs begin with an analysis of what the major developmental constraints are in the sector; be they policies, technical knowledge, institutional weaknesses or insufficient foreign exchange or local budgetary resources. The sector program is then designed to deal with these constraints in an integrated approach. Sector programs are particularly helpful as integrating mechanisms because they are a link between project level assistance and broader policy efforts. Sometimes a sector program is implemented through a project approach but more frequently a non-project approach is used. Since fast-disbursing assistance is highly valued, the non-project sector program gives us a better entree to discuss sector-level policy reforms. In either case, it encourages dealing with the development problems of a sector at the appropriate level of analysis with the necessary set of resources.

All assistance under the EPI would be subject to other existing Congressional policy and/or legal guidelines for use of Development Assistance. These funds have been requested on a "no-year" basis, i.e., to remain available until used. This, together with an absence of a functional or country earmark, would help provide the flexibility needed to make an appropriate and timely response to substantive reform efforts.

We believe this is a particularly appropriate time for such an Initiative. As the economic crisis has deepened, African governments have become increasingly aware that major changes must be made in the way they conduct their economic affairs. We have

begun to see a significant shift in policy in countries that only a year or two ago we would have considered intransigent. Our existing programs have supported this process. The Initiative quickens the pace without disrupting our continuing longer-run development efforts. The next few years will determine whether Africa can set the stage for sustainable economic growth after a generation of false starts. The request for a special authorization for the Economic Policy Initiative demonstrates our commitment to Africa at this critical turning point.

Resources required to implement this strategy and benchmarks:

Adequate analytical staff capacity is a precondition to having an effective impact. We currently have 12 program economists in the field and 4 in AFR/W. In FY85 we would project an increase to 22 in the field and 8 in AFR/W. By FY89 we would project a total requirement of 40 with the division between the field and Washington being a function of other developments during the planning period. These minimal direct hire AID staff would still have to be augmented by external consultants if we are to have the desired total impact.

An additional benchmark of our capacity to treat stabilization as a development issue would be the expanded capacity of the Africa Crisis Working Group. At present this group, which is approaching crisis countries in a comprehensive and coordinated fashion, has the capacity at best of handling three countries (Sudan, Kenya, and Zambia). By the end of the planning period, we would expect to be able to handle fifteen countries in a comprehensive and coordinated manner. We would envision that the basic nature of the Working Group would not change as its small and informal operating style has enhanced its efficiency and its ability to accelerate inter-agency communications.

Our commitment to African development is not solely defined by our levels of assistance, but the scope of our effort and in a fundamental sense the nature of our proposed strategy are defined by the type and level of assistance made available. The following chart indicates the choices dramatically.

During the planning period (FY1985-FY1989), the low level is based on an estimated increase in resources (DA/ESF/PL 480) of 5 per cent per year. The high level is based on an estimated increase in resources of fifteen per cent per year. The strategy assumes that about 75 % of the total aid would be in the form of non-project assistance through some combination of ESF, PL 480 or DA. The strategy assumes that the higher level of funding is a realistic goal although the funding sources might vary from the chart which assumes:

that ESF and PL480 combined would be 50 percent of the total;

that of the remaining half, the Sahel would be 30 percent and the functional accounts would be 70 percent;

that within the functional account, ARDN would be 60 percent; POP would be 6 percent; HE would be 12 percent; EHR would be 18 percent; and SDP would be 4 percent. These figures are comparable to the percentages used in other tables in this paper.

Resource Flows To Africa From AID During The Planning Period
(\$ millions)

	<u>LOW</u>	Percent	<u>HIGH</u>
<u>TOTAL</u>	<u>4,970</u>	100%	<u>8,800</u>
PL480/ ESF	2,485	50%	4,400
DA	2,485	50%	4,400
SAHEL	745	30%	1,320
FUNCTIONAL ACCOUNTS	1,740	70%	3,080
ARDN	1,044	60%	1,848
POP	104	6%	185
HE	209	12%	370
EHR	313	18%	554
SDP	70	1%	123

During the planning period we would anticipate a shift in the ratio between ESF and PL 480 with food aid declining. It is clear that the level of food aid required to respond to the spreading drought is extra ordinary and will continue into FY85, but no attempt has been made to factor in budget levels to meet emergency claims.

2. Agriculture

Agriculture will continue to be the central focus of our long term development strategy. (In certain specific countries agriculture may not be the critical sector. Such cases will be treated as exceptions and the arguments for such treatment should be made through the CDSS process.) Increasing agricultural production, of both food and non-food crops, is critical if poverty and hunger are to be substantially reduced and if development is to replace economic and financial chaos. Training and manpower development are critical needs across the board in Africa in all sectors; however, we believe that we can have the greatest impact by concentrating our assistance on training and human resource development in agriculturally related fields. In this way training will complement and reinforce our institution building and technology development and transfer activities. Agriculture can also serve as the engine of growth for the total economy because of the structural interdependence between agriculture and other sectors, and, therefore, it warrants early and accelerated development.

Our response to the problems in agriculture is designed to focus program priorities on:

creation of national policies and programs that give African farmers adequate incentives to expand agricultural output, especially of food;

building of self-sustaining African institutions that provide appropriate technology, inputs and services at the time and in the quantity necessary for effective production and distribution of food products; and,

support for institutional and human resource development programs that provide the means for greater participation by farmers in the development process, including policy planning, to build popular support and acceptance of programs necessary for self-sustaining growth.

Agriculture is the conceptual and practical link between stabilization and structural adjustment. Equitable accelerated growth can only take place when this link is recognized by donors and African leaders..

Within agriculture, AID will concentrate on development of smallholder agriculture as the most productive element in the sector. This concentration will take the form of emphasis on policy reform efforts, emphasis on research, extension and manpower development, and related agricultural support activities, with emphasis on other kinds of activities which support small holder agriculture such as efforts to improve the marketing system, provide credit, improve input distribution or to upgrade living conditions in rural areas. In most cases, a precondition to the effectiveness of these programs will be the policy changes that we are seeking in macro policy discussions within the stabilization framework.

The first program priority emphasizes the active pursuit of policy reforms to remove economic biases against agriculture and to promote competitive markets for African farmer's products. A second but equally important priority is assistance designed to increase the capacity of African governments to understand the impact of macro policies on agriculture and to plan agricultural activities with these as well as other more traditional variables in mind. Particularly important in the agricultural area are changes in governmental policies regarding public sector monopoly of agricultural marketing and input delivery.

Programs in these areas will include efforts to establish or substantially elevate the role of national level policy planning and analysis and to improve host countries' development administration capabilities. The effort to upgrade the importance and capabilities of economic analysis and planning will be a long-term, relatively low cost, effort designed to establish a cadre of well-trained planners and to create an institutional capability to plan development in coordination with national budgetary capacities. To improve host countries' abilities to administer their foreign assistance-based development programs, there will be a concerted effort to increase the financial and program management capabilities of African countries.

In intervening in such a complex area, we will give priority to those countries which are making a commitment to agriculture, and, within particular countries, we will look first at the status of the basic institutions supporting agriculture in that country and whether the institutional and policy framework permits effective direct action programs.

In building basic institutions to support agriculture, we are emphasizing those national and local institutions that are related to production. Although priority is given to agricultural research, we recognize that other institutional or physical constraints may warrant our aid in a specific country situation .

Technology generating institutions are given a priority claim on resources because, without a viable base of farmer-acceptable technology (a production package), there is limited opportunity for any other type of development effort, even policy changes, to have a sustained long term impact.

We are now strongly supporting and fostering agricultural research and extension activities in order to develop and disseminate appropriate technology for small farmers through farming systems research as well as to strengthen the national capacity to undertake research and extension institutional development.

It is recognized that it takes 10 to 15 years of training and experience beyond high school to develop a research scientist. Technological breakthroughs such as hybrid corn occurred only after some 30 years of effort. It can take two to three generations of farm families before a rural cooperative becomes viable. With these

long time periods between the initiation of an effort and its final achievement, we will need to program our resources along several tracks at the same time. Some of these efforts will be aimed at maximizing short-term opportunities. But others, such as research and irrigation, will probably not have major payoffs until well into the next century.

There has been much written about the failure of the Green Revolution to transfer to Africa. The USDA report shows that there are large differences between Asian and African agriculture. The many micro-ecological zones, crops and cropping patterns, lack of irrigation, infrastructure, institutions and physical endowment are among the major causes of the lack of technological transfer in Africa. African farming systems are extremely complex and the development of suitable technical packages requires location-specific research by multidisciplinary research teams.

Technology for African agriculture must meet three interrelated requirements: First, it should save scarce resources in the production system. In many cases in Africa the scarce resource is labor. Second, it should be usable within the context of the African smallholder. Technology supporting large-scale mechanization of agriculture at this time would be suspect. Finally, technology needs to be directed towards increasing the efficiency, (lowering the cost) of the food and crop production systems. In economic terms, technology needs to provide the African farmer with the possibility of moving to different production functions.

The best way to meet these requirements is to assure that the smallholder farmer is directly involved in the research process. Needs of smallholder farmers as perceived by the small holder should be the basis used to establish the research agenda. For this reason, we strongly support a farming system approach to research.

The impact of economics on research is a central item. Farming in Africa is still largely traditional with human labor (women) providing the major source of power for tilling the land. To move away from shifting cultivation and toward intensive agriculture usually requires access to imported inputs, chemical fertilizer, gas, combustion power, pesticides, etc. In light of the costs of these inputs, the research agenda should pay more attention to questions on minimum technical packages, inter-cropping, animal traction and simple improved tools.

The US is taking a principal role in coordinating agricultural research in Africa. In cooperation with other donors, we are supporting four major regional research efforts. The most important of these is a multinational effort in support of Cooperation for Development in Africa (CDA). CDA is a coordinating mechanism of the seven major members of the Organization for Economic Cooperation and Development (OECD) with programs in Africa; West Germany, France, Britain, Belgium, Canada, Italy and the United States.

The CDA agricultural research initiative is based on several concepts agreed to, in principle, by the CDA ad hoc committee on agricultural research. These are:

- A program designed with a long-term (twenty to twenty-five year) time frame.
- A focus of research on small farmers' problems.
- A strengthening of research linkages to extension, other agencies and other countries.
- Identification of manpower constraints to research programs in administrative, technical and support areas.
- The most effective use of limited African and donor resources directed toward agricultural research.

We are making a major effort on the CDA agricultural research initiative with an initial investment of \$50 million.

Other regional efforts in research include programs with SADCC (Southern African Development Co-ordination Conference) in Southern Africa and a program with CIMMYT (International Maize and Wheat Improvement Center) on farming systems research in eastern and southern Africa, and the OAU/STRC sponsored SAFGRAD project in west Africa.

These are all coordinated with CDA which has agreed to develop a research program organized around five of the major agro-climatic zones in Africa. In addition to the overall coordinating role, the US has agreed to take the lead for two of these zones, the west Sahelian-Sudanic zone (which stretches from Senegal in West Africa across the continent to Sudan with the U.K. taking the lead for the eastern part of the zone including areas of Sudan, Ethiopia and Somalia) and the Southern Africa Plateau which includes the nine SADCC countries.

We also are funding twenty four major research projects and there is a substantial research component in larger multi-purpose projects for a total of forty seven ongoing research activities in Africa. In order to focus assistance on areas of greatest need, a number of common research themes in agriculture have been identified. In order of priority they are:

- a. Farming system approach to applied research
- b. Commodity research
- c. Agricultural sector planning/policy analysis
- d. Agribusiness development
- e. Water management
- f. Pest management
- g. Agro-forestry
- h. Livestock development

It follows from the discussion of agriculture that in addition to building up agricultural research and the capability to apply new techniques, investments in manpower training and institution building will be funded at significant levels. We also recognize that the consumption side of the food problem must receive our attention if markets for the expanded production are to be available and if expanded production is to lead to improved nutrition and higher income.

Other supportive investments could also be made. Secondary infrastructures and institutions of marketing, credit, transportation, storage, and processing, are required in order to reap the rewards of increased production and income from technology. Our specific intervention in a country will depend on the status of the basic institutions (policy planning, research, training) supporting agriculture within that country. As these institutions are developed, through donor and host country efforts, programs will move into other supportive areas.

In some countries, poorly developed transportation and marketing networks have relegated the majority of farmers to operate well inside their technical production frontier. Improvements in farm-to-market roads, marketing credit and storage will increase the probability that a farmer can sell his surplus production, obtain modern inputs and incentive goods and do so at reasonable prices. As a result farmers will have an increased incentive to produce to their current technical capability and to be more receptive to adopting the improved technologies emanating from research.

Resources required to implement this strategy and benchmarks: We estimate that about 60% of our aid (DA, ESF, PL 480) is allocated to the agricultural sector. At a minimum, ARDN should continue to receive 60% of the DA total, and the over all allocation (using DA/ESF/PL480) should probably be increased. The chart below indicates the dollar and percentage share of DA resources within the functional accounts allocated to agriculture.

Funding Account: ARDN

FY80	\$103	54%
FY84	\$146	61%
FY85	\$150	58%

Depending upon the rate of growth, in FY1989 there would be an annual level between \$263 million (5%pa) and \$420 million (15%pa). We believe that a 60 percent resource allocation reflects the priority we wish to place on agriculture. As spelled out in the chart on page 46, this would mean that between \$1,044 billion and \$1,848 billion would be available to support agriculture, rural development and nutrition activities during the planning period. In allocating increases we recommend that priority be given to those countries whose performance indicates their committment to agriculture and whose basic policies are supportive of agricultural growth based on small farmholder production.

There are a number of policy and performance measures which will be monitored during the planning period to identify the good performers. These include some fairly simple factual measures as well as more sophisticated qualitative measures. One measure would be continuation of the expansion of the numbers of agricultural policy planning and data analysis projects. In 1980 there were four; in 1984 there were fourteen.

Another meaningful measurement of commitment to agriculture will be the extent and nature of policy changes. One policy change stressed is the necessity for producers to have adequate incentives. The IBRD develops and prints an index on the "nominal protection coefficients of selected export crops" which offers a way to measure, cross country lines, whether the producers of the export crops are receiving fair compensation. Since most producers are small holders, this measurement provides a cross check on both farmer income as well as producer incentives.

Another measurement would gauge the degree of budgetary support provided to agriculture and related activities. The IBRD estimates that as a rough rule of thumb a typical low income country should put 20 to 22 percent investment in agriculture with about 10 to 12 percent allocated to agricultural research. These measurements will have to be used with care since urban consumer subsidies are often reflected in agriculture budgets as well as production subsidies.

Another measurement would be whether the governments are maintaining a public sector monopoly of the procurement and distribution of agricultural inputs. A World Bank review in 1981 concluded that 23 of 36 countries maintained a public sector monopoly of the fertilizer supply; 22 of 36 maintained a public sector monopoly of seed supply; 17 of 36 of chemicals and 15 of 36 of farm equipment. A measurable sign of progress over the planning period would be the number of countries which moved to a mixed public and private system of buying and distributing these key agricultural inputs.

The following table is provided as a rough estimate of what might be reasonably expected to happen during this planning period. We have based these estimates on various CDSS submissions from countries which are working on policy changes in these areas. We do not have a precise list of which countries are more apt to change than others. We believe such a specific record would be helpful in measuring the progress of our policy dialogues and we will develop a country specific table during the summer ABS reviews.

<u>Agricultural Input</u>	<u>1981 (actual)</u>	<u>1989 (goal)</u>
Fertilizer		
public	64%	40%
mixed	25%	40%
private	11%	20%
Seed		
public	61%	40%
mixed	28%	40%
private	11%	20%
Chemicals		
public	47%	35%
mixed	36%	45%
private	17%	20%
Farm Equipment		
public	42%	30%
mixed	36%	45%
private	22%	25%

These percentages are based on the IBRD report on 36 countries.
"Accelerated Development in Sub-Saharan Africa"

3. Natural Resource Management

Natural resources management is a fundamental part of this proposed strategy. Natural resource management includes both the attention to environmental concerns contained in the AID legislation and the attention to renewable resources warranted in Africa by the fragile ecological systems and the economic importance of agriculture. This program emphasis is essential to respond to a long-run trend in Africa which, if left unaltered, will decrease agricultural production capacity and cause permanent loss of agricultural resources.

Overall demands on renewable and non-renewable resources to meet expanding needs for food, shelter and water have led to the exploitation and destruction of natural resources at a much faster rate than can be handled by natural replacement. African woodlands and forests are being cut down, for fuel and to expand farm land, at the rate of 1.3 million hectares a year, with concurrent synergistic degradation of watersheds, watersupply, soils, crop yields and fragile ecosystems. Fuelwood accounts for more than three-fourths of total Sub-Saharan energy consumption -- commercial and non-commercial combined -- and fuelwood shortages already affect 180 million people in 34 African countries. Consequently, the need to arrest the process of environmental deterioration and to regenerate existing soil, water and forest resources at rates fast enough to meet increasing food and fuelwood demands is given high priority and is considered one of the key problems we will address.

The Bureau has three main objectives. These are:

- (1)ensuring the environmental soundness and long-term sustainability of all AID assistance programs and projects;
- (2)assisting LDC's through programs to build the institutional and scientific capacity to identify and solve their environmental and natural resource problems;
- (3)promoting environmentally sound development projects funded by other donors. The strategy to implement AID policy has several components which should be viewed as a mutually reinforcing set of activities:

Environmental analysis is most effective when incorporated at the earliest possible stage in project identification. We will place greater emphasis in the future on improved planning and identification of projects which incorporate sound natural resource management objectives and practices. In this way, environmental analysis becomes a tool for decision-making related to program guidance and project design, thereby reducing the present need for environmental assessments of separate projects.

Natural resource management is viewed, therefore, both as a separate sector and as an important input to other productive sectors. In terms of priorities and program strategies, this means that:

--Environmental assessments should be undertaken during the project and sector program identification stage, rather than after the project or program is chosen for full design.

--Multiple use management of natural resources to provide basic raw materials, insure conservation of biological diversity, serve as a training ground to further environmental understanding and be used for recreation should be stressed.

--Agricultural farm systems research and extension projects and programs should include tree planting as appropriate for fuelwood, fodder, soil and water conservation.

--River basin irrigation projects should include tree planting and other environmental conservation programs.

--Urban/rural fuelwood pricing and other natural resource management policies should be included on the agenda of donor policy dialogues.

--AID missions are encouraged to identify and support unique opportunities for relatively short term economic gains, including but not limited to the following:

conserving commercial energy and/or substituting domestic biomass or other energy resources for petroleum fuels;

improving the reliability of existing energy supplies for productive enterprises; and

creating long term income generation flows for farm families and/or small scale artisans engaged in renewable energy activities such as tree growing or building improved stoves.

Policy Framework and Donor Coordination

Both direct and indirect methods will be used to influence host-country government environmental and natural resources policy. Among the direct approaches are the "environmental profile" and "natural resource sector assessment" processes. Other approaches include expanding host country participation in AID's environmental assessment, providing long-term environmental advisors to governments at both national and provincial levels, and assisting private in-country conservation groups which have organized in response to their country's environmental degradation problems. Before donor assistance can be harnessed more effectively to African efforts; however, African government officials will need to commit themselves to increased priority for environmental and natural resource concerns, including expanding such efforts as oil import saving energy efforts and forestry and fuelwood production programs within their own national economic and social development programs. Energy policy can be especially critical due to the basic imbalance in trade and the deficit's implications for stabilization programs.

In addition to selected bilateral efforts, we are encouraging the reorientation of African government priorities through the collaborative multi-donor CDA effort. As co-ordinator of the CDA forestry-fuelwood initiative, and co-sponsor of an energy initiative, the U.S., with other donors, is supporting development of longer range forestry and fuelwood planning and programs by African governments, beginning in five countries: Senegal, Somalia, Malawi, Upper Volta and Burundi. Reorientation of energy policies is being sought through financing and support of comprehensive energy assessments in selected countries, complementing efforts by the World Bank and other donors.

Assistance in energy policy and planning is also supported by providing training in the United States, Africa and third countries to build a local planning capacity and to carry out the adaptive research on which efficient energy use depends. Local research and development centers in Mali, Rwanda, Botswana, Kenya and Senegal are beginning to help these countries devise responses to their own energy crises.

Building Institutional Capacity

There is probably no single barrier which is more constraining than the greatly understaffed manpower components of existing programs, particularly in training extension agents to enlist popular participation. Training is an important component in 18 projects underway in 16 African countries, among them Senegal, Somalia, Mali, and Upper Volta. In Kenya, private voluntary organizations such as women's groups as well as public institutions such as primary schools are serving as the delivery mechanism for seedlings and other needed support services and offer promising examples of delivery channels which may be more feasible and lower cost than under staffed and over extended government agencies.

We are emphasizing nine critical and inter related areas in which we will seek to provide technical expertise. These areas include integrated resource planning and management; natural resources economics; environmental awareness and education; water resources management including watershed protection and water pollution control; environmental risk analysis; environmental assessment; ecosystem inventory and monitoring; environmental law, policy and administration; and, resource rehabilitation, protection and development. The development of in-country training and institutional strengthening activities should incorporate an emphasis on these same areas. High priority should be given to combining on-the-job and specialized training for LDC natural resource and environmental management institutions, including non-profit private organizations (NGO's), in all appropriate project activities.

Technology and Information Transfer

Africa's energy problems stem from the depletion of traditional fuels, a lack of developed conventional energy sources, and the inability to pay for imported fuels. Too frequently, energy is associated with commercial fuels: oil for transport and heating; kerosene for cooking and lighting; oil, coal and hydropower for electricity generation. Yet energy also includes traditional fuels: fuelwood, charcoal, crop residues and dung. Indeed, traditional fuels provide 60-90 percent of the total energy needs of most African countries and nearly 100 percent of the energy needs of Africa's rural and urban poor. Wood and charcoal are the main source of energy for African household use (cooking and heating). Moreover, demand for wood and charcoal has increasingly outpaced natural regeneration of woodlands and is a major contributor to deforestation, one of Africa's major environmental problems.

The severity of Africa's conventional and traditional energy shortages enhances the importance of rapid and effective dissemination of technologies which will both increase alternative energy supplies and conserve conventional and traditional energy supplies.

Technology transfer in this area, if cost effective, is more apt to be in the private sector than the public sector. Programs to spread more efficient woodstoves bring with them opportunities for artisans or small enterprises to build and distribute them in places like Kenya, Somalia, and Senegal. Solar hot water heaters are being manufactured by private enterprises in Rwanda, Botswana, Mali and elsewhere - spin offs from AID-financed activities. We are actively exploring ways to stimulate further private sector activity.

Although conventionally, involvement of the private sector is assumed to be support for and enlistment of private commercial and banking enterprises, in Africa the most important segment of the private sector whose involvement is indispensable to the success of any rural renewable energy programs is the rural population, the farm family.

The Africa Bureau has given high priority to energy and forestry projects designed to increase the involvement of the rural population. Financing has been provided in 10 African countries for 12 projects whose goal is community and villager participation in the use of new renewable energies and in the conservation of the old and primary energy sources -- wastes and wood.

Emphasis will be placed on dissemination mechanisms which have the potential of resulting in nationally significant energy efficiency increases, substitution of indigenous fuels for imported ones, and/or increases in the energy efficiency of productive enterprise. Emphasizing the end user or the application rather than the technology will broaden the range of energy sources and technologies that AID might address. Within categories of endusers, emphasis will be placed primarily on agriculture and related useages and then on productive enterprises in general.

An indigenous capability to respond to environmental and natural resource issues is dependent not only on improved human and institutional capacity but also on the availability of the technology and techniques needed for appropriate response. In unexploited forested areas of the humid and sub-humid tropics, basic research is critically needed to improve our understanding of how these systems respond and have responded historically to human intervention. Data are needed on such topics as: impacts of forest clearing on water cycles; likely phases of plant succession; patterns of soil regeneration; and the uses of little known but potentially important plant and animal species. In contrast, development problems of arid and semi-arid ecosystems are related to the fact that these areas have long been settled and overexploited and resources tend to be degraded. Research is needed in settled, arid and semi-arid environments to guide development in reclaiming degraded soils, restoring site productivity, and monitoring the impacts of irrigation. Unsettled marginal lands and watershed settlements in arid lands require research on such topics as the utilization of native plants and the appropriate use of ground water.

The priority research areas have been identified as:

Forestry Research (agro-forestry, fast-growing trees for fuelwood, forest management, improved seed, improved management practices)

Information Dissemination (sources of improved tree seed)

Energy efficiency and conservation

Energy information systems, planning, policy analysis and management

Energy research, development and dissemination of energy technologies adapted to local needs

Our program priorities are:

Assist host countries to devise national policies, plans and programs that promote more efficient use and management of both renewable and non-renewable natural resources.

Strengthen African institutions in the public and private sectors which can provide the human and material resources needed to recognize and address problems associated with energy scarcity and environmental degradation, particularly through the integrated management of the natural resources of forests and river basins.

In carrying out these priorities in specific countries, the primary criteria for AID involvement will be whether the government is willing to establish an appropriate policy framework with priority attention to training.

Resources required to implement this strategy and benchmarks:

The Africa Bureau has a staff of eight in Washington (including 3 foresters, 3 energy advisors, and two environmental officers). The Bureau has four energy officers, 2 environmental officers and two foresters. Two additional forester positions have been approved.

An evaluation of personnel resources needed to carry out this strategy and to deal with the growing numbers of project and non-project responsibilities reveals gaps which need to be filled through hiring of additional technical personnel. Equally important is the identification of direct-hire environment and natural resource advisor positions at Missions with rapidly expanding programs in this area.

These programs have expanded since FY1978 with the financing of more than 25 renewable energy and fuelwood projects. Including fuelwood, our obligations of Development Assistance (DA) funds for energy activities rose from \$6 million in FY 1978 to \$10.7 million in FY 1982; is planned at \$6.7 million in FY 1983, (plus \$6 million in International Disaster Assistance funds for a forestry program in Somalia and \$4.5 million in Sudan); and is proposed at \$11.9 million in FY 1984. In FY 1982, approximately \$2 million in Economic Support Funds (ESF) were obligated for the rehabilitation efforts of the Blue Nile Grid and the Rosieres Dam in Sudan.

In reviewing program trends in the functional development accounts, the Selected Development Problem account presents unique problems. Many of the natural resource and environmental activities discussed are appropriately funded from other functional accounts. Many of the activities funded under this account (i.e. roads, intermediate credit institutions, private sector initiatives, regional organizations, etc.) are not specifically related to natural resource management. There is, therefore, no correlation between the SDP (106) functional account level and the program emphasis on natural resource management.

There is also a greater year to year variation in the levels in this account so that a "trend" is hard to discern. It is clear, however, that Agency availabilities in this account will continue to be severely restricted. Since the Africa Bureau is proposing that a larger proportion of our functional accounts be allocated to population and education and since we do not wish to decrease the proportion allocated to agriculture nor see any further declines in health, we project that this account (106) will continue to decline during the planning period.

Funding Account: Selected Development Problems

FY80	\$26	14%
FY84	\$17	6%
FY85	\$20	8%

In FY89 there would be between \$18 million and \$28 million available in this account assuming that 4% of the Bureau's resources were allocated at either the low or high levels. As indicated on page 46, there would be between \$70 million to \$123 million available during the planning period, depending upon the rate of growth (ranging from 5% to 15% per annum) in the level of resources going to Africa and estimating that roughly 4% of the total would be allocated to this functional account.

4. POPULATION

Population growth rates are a critical component of any country's development pattern. The implications of high population growth rates that exceed the rate of growth of aggregate national wealth are known, and the negative effects of such growth rates on political stability and economic growth are severe. By the year 2000, the total population of sub-Saharan Africa will nearly double to about 680 million. Of special concern is the annual increase in food production in Africa of 1.5 percent which lags far behind the annual rate of population growth of 2.7 percent. We estimate that per capita food production declined 20% in the last two decades. Demographic data is far from precise in most of sub-Saharan Africa. World Fertility Surveys have been carried out in eleven countries and censuses in many more. It is clear that demographic factors, already of substantial significance in Africa's development, will become increasingly critical over the next generation.

Africa's population growth rates, the highest in the world, contribute to:

- . high dependency ratios which limit the expansion of domestic savings and, in effect, capital formation;
- . increasing pressures on limited foreign exchange to import food given greater dependence on external food supplies;
- . inability to maintain, much less improve, basic services and human capital investments.

The high fertility which contributes to this high growth rate is a major factor in Africa's, excessively high infant and maternal morbidity and mortalities. The phenomena of children being born to very young or older mothers, being born at short birth intervals and with many siblings are closely associated with infant and maternal mortality rates ten to twenty times those in more developed regions of the world.

Of particular concern in Africa's demographic pattern is the make up of its present high population growth rate. Different from patterns elsewhere, Africa's growth rate consists of both very high fertility and high mortality. Population growth rates are declining in other regions, but in Africa they continue to increase. Death rates have begun to fall and urbanization and modernization have disrupted traditional patterns of fertility control. The prospects are for substantially greater population increase into the 21st century. The built-in momentum of a young population profile adds fuel to this population growth. Although further increase is inevitable, delay in dealing with this issue will exacerbate future problems.

The question of the relative importance of family planning in the development process has largely been laid to rest by seemingly overwhelming evidence suggesting that both socio-economic conditions and family planning are important in determining birth rates, and that they are mutually reinforcing.^{1/} While many factors are involved in initiating fertility decline, it is apparant that a strong family planning program can accelerate the rate of that decline.^{2/} In a study of 94 developing countries, those countries with strong family planning programs combined with improving socio-economic conditions experienced, by far, the greatest decreases in population growth.^{3/}

Our population and health activities are important because they addresss a serious, long-term trend. Sub-Saharan Africa has the highest population growth rate in the world and still has the highest infant mortality rates and lowest life expectancy of any region in the world. Continued progress in extending health care will greatly affect population growth rates in the short term. Unless efforts are made now to understand the high growth rates and the complex interrelationships among health, education, energy, food availability and desire² family size, the gains from economic development will be eroded.

It is proposed that AID continue to assist family planning complemented by investments in health and education, sectors which greatly influence birth and death rates. This implies that most health and education activities would include elements that facilitate family planning, child spacing and other programs which slow population growth or affect agricultural productivity. An internal agency working group is examining ways in which we might be able to further expand our programs.

^{1/} World Development Report, 1980, The World Book, Oxford University Press

^{2/} Rationale for AID Support of Population Programs, AID, January 1982

^{3/} Mauldin, W. Parker and Berelson, Bernard. Studies in Family Planning, May 1978; Conditions of Fertility Decline in Developing Countries.

If there were socio-economic progress, the current worldwide fertility decline could spread to Africa during the 1980's and 1990's.^{4/} While there is evidence of increasing demand for family planning services, there is also evidence that the demand is not being met. As improvements in socio-economic conditions become greater, the demand for services will become greater. Family planning programs will be required if this demand is to be met in a safe, dignified and effective manner. Also, as family planning services are provided in culturally acceptable ways with adequate community participation and appropriate informational programs, they will serve to stimulate even greater demand. The Africa Bureau is prepared to increase the resources required to meet this demand as it emerges.

Some African leaders have become increasingly aware of the implications of population growth and have taken concrete steps to address these implications. Eight African governments (Ghana, Kenya, Botswana, Lesotho, Mauritius, Rwanda, Swaziland and Uganda) now have official population policies supporting the voluntary reduction of birth rates, and many of the rest promote family planning for health reasons and as a basic right of all married couples. National Population Commissions have been created in Ghana, Nigeria, Rwanda, Upper Volta and Kenya; and during 1981 private family planning associations were created in Somalia and Swaziland, bringing countries in sub-Saharan Africa with similar organizations to a total of 24.

In all the ten countries with a stated policy to reduce fertility there is a modest-to-active support of family planning. Of the 22 countries that state a policy of no intervention, in eight there is active government support of family planning and in ten others a modest support.

It is time to reassess our approach to the population question in Africa and come up with a plan that reflects economic and African reality. This process has begun with a cable to all field posts in Africa which requests a special report on the current status of family planning and options for expanded programming. Responses indicate we should continue to work with interested African governments and private organizations to ensure that voluntary family planning programs, both information and service oriented, are supported when desired and requested by the Africans themselves.

^{4/} World Bank Report, 1980

At present, AID's population assistance program, through bilateral and centrally funded programs, supports voluntary family planning activities in about 40 African countries; in FY 1983 and FY 1984, AID expects to carry out bilateral population activities in nine African countries, and augment significantly the programs of private population organizations in Africa. The Bureau, however, is prepared to fund as many population activities as can be identified.

In December 1982, AID submitted a report to the House Foreign Affairs Committee. The report outlined a strategy consisting of several interrelated initiatives. These include: (1) building a greater understanding of the nature of the population problem in Africa; (2) developing a capability to provide family planning services both through integration with the public health programs and through support of private sector services; and, (3) disseminating information on family planning. In brief, the AID population strategy must be paced with the growth of interest and understanding among the African people and their governments.

Recognizing our legislative requirements to encourage voluntary family planning as part of development, our program priorities (consistent with the Agency's current population policies and priorities) are:

1. Working in close collaboration with host governments and private organizations, assist in developing country-specific strategies for the phased introduction of voluntary family planning services and educational programs.
2. Increase the level of support to training and informational programs to broaden the knowledge and skill base of African leaders, service delivery personnel and potential users of family planning services.
3. Assist in developing on both a country and regional basis, an adequate demographic, biomedical and social science research data base which is available to those people involved in the creation of effective policies and programs.
4. Where acceptable to the host country, assist in strengthening host country public and private institutions so that they can more effectively implement population policies and programs.

The plan of action to carry out the strategy will include:

- improving coordination among AID missions, regional and central offices, intermediary agencies involved in U.S. population assistance and other donors;

- increasing the number of population specialists assigned to African field missions from 6 to 15 during the planning period;
- developing more comprehensive strategies for action in selected countries;
- increasing bilateral, regional and central funding for population projects in Africa;
- focussing more attention on developing African institutional capability (especially in the private sector) to increase leadership and service provider training, to develop informational programs, to do policy relevant research and to provide family planning services;
- while remaining flexible in a new and changing situation, priority attention will be given to certain countries with more critical demographic problems and greater readiness to deal with them. More attention will be given to training and service delivery. Both central and regional resources will increase, but more emphasis will be given to developing bilateral programs where possible.
- increasing emphasis in all AID projects on identifying demographic implications and including population or family planning components where appropriate, especially in education and health activities.

Areas identified for additional priority research and study include:

- a. Development of cost-effective family planning service delivery systems, educational programs, and the introduction of appropriate contraceptive technologies, including natural family planning methods.
- b. Policy relevant issues such as the changing community and family attitude toward the value of large numbers of children; reproduction patterns that contribute to high levels of infant and maternal mortality, sexually transmitted disease and infertility; family size as related to agricultural productivity and labor requirements; migration and urbanization as they are affected by fertility.

Stated Policy to Influence Fertility

<u>No Intervention</u>	<u>Maintain Present Level of Fertility</u>	<u>Reduce Fertility</u>	<u>Increase Fertility</u>
Burundi (1)	Benin (2)	Botswana (3)	Chad (0)
Cape Verde (2)	Mali (3)	Gambia (3)	Gabon (0)
Cameroon (1)	Mauritania (1)	Ghana* (3)	Guinea (0)
CAR (0)	Mozambique (3)	Kenya* (3)	Iv. Coast (1)
Comoros (2)	Niger (2)	Lesotho* (3)	
Congo (1)	Togo* (2)	Mauritius (3)	
Djibouti (0)	Upper Volta (1)	Rwanda* (2)	
Eq. Guinea (-1)		S. Africa (3)	
Ethiopia (3)		Swaziland*(2)	
G. Bissau (1)		Uganda (3)	
Liberia* (3)			
Madagascar (1)			
Malawi (1)			
Nigeria (3)			
Senegal* (3)			
Sierra Leone (2)			
Somalia (2)			
Sudan* (2)			
Tanzania* (2)			
Zaire* (3)			
Zambia (3)			
Zimbabwe* (3)			

*Indicates those countries in which there is an active bilateral population program. In Nigeria there are a rapidly growing number of population projects supported by centrally funded intermediaries. In others such as Senegal, Mali and Somalia there are active bilateral health programs which include some elements of family planning.

Key to Codes:

- (-1) Restrictions on availability of family planning services
- (0) No interest and no service
- (1) Interest and beginning services
- (2) Some support and moderate services
- (3) Active support and services provided

Source: IPPF 1982 "People Wall Chart - Fertility and Family Planning"

Interpretation: Ailene Gelbard, Westinghouse Health Systems and William Bair, AFR/TR/POP

Resources required to implement this strategy and benchmarks:

1. Personnel: Presently there are six full-time population officer positions assigned as follows: Kenya, Nigeria, Tanzania, Zaire, REDSO/WA and REDSO/EA. Two of these positions have regional responsibility and cover about 32 countries.

For proper program development and management purposes, we have identified requirements for five additional positions to be filled as soon as possible. Additionally, over the next three years we expect to see the need for at least four more officers. There are also additional positions, estimated at three over the next few years, required in AFR/W if appropriate field support is to be provided.

2. Financial: In reviewing program trends, the bilateral account has grown significantly and this is also true of centrally funded allocations. Because of the variety of funding accounts, the bilateral total in the chart below significantly understates what is being done in Africa. For example, in FY 1984, there is about \$15 million from the DA functional account. In addition, there is \$3.7 million from the Sahel account, \$3.3 million from the ESF account, and about \$26 million from centrally funded programs, giving an overall total of \$48.6 million. We assume that the proportion of the functional account allocated to health will continue to increase. In estimating the total resources under this functional account likely to be available during the planning period we have used six percent at both the low (5%) and high (15) budget growth rates. With these assumptions between \$104 million and \$185 million would be programmed with the FY1989 level ranging from \$26 million to \$42 million. These programs would continue to be reinforced and complemented by centrally funded activities and appropriate health and education activities.

Funding Account: POP

FY80	\$3	1%
FY84	\$16	7%
FY85	\$14	6%

5. HEALTH/NUTRITION

Overview of health status and problems 2/

In tropical Africa the crude death rate averages between 25 and 40 per 1000. The infant mortality rate in most African countries ranges between 70 and 211 per 1000 while the average in the Middle East, Asia and Latin America are 100, 85 and 65 respectively. Average life expectancy is 48 years in Africa.

Chronic malnutrition is widespread, particularly among women of childbearing age and young children. In regional samples in national nutrition surveys, 15 to 30 percent of children below five years are malnourished and up to 54 percent have been undernourished. Most families subsist on marginal diets which deteriorate because of deficient intake during the annual hungry season which occurs throughout much of Sub-Saharan Africa. Because the hungry season coincides with the peak agricultural production season, food consumption is lowest when extra energy and strength are needed for farming tasks. In addition, communicable diseases like malaria and respiratory infections occur most frequently at this time.

Fewer than 10 percent of the children born each year in Africa are being protected from the common childhood diseases that result in high morbidity and mortality. Malaria, alone, is estimated to kill about one million African children per year. In addition, high levels of fertility with resultant short birth intervals also contribute to infant and maternal mortality. The annual population growth rate is 2.5 to 3.0 percent.

High incidence of intestinal parasites, tuberculosis, malaria, schistosomiasis, trypanosomiasis, and onchocerciasis cause chronic debilitation in adults. Trypanosomiasis alone constitutes a serious risk to the life and health of at least 35 million people in Africa. Onchocerciasis (river blindness) is hyperendemic in parts of West Africa and has led to the depopulation of fertile river valleys. Area specific diseases exist such as in the Sahel where uncontrolled epidemics of measles and meningitis periodically sweep through Sahelian populations.

The major causes of mortality and morbidity in Africa are malaria, diarrheal diseases, measles, malnutrition and respiratory infections. In general, these health problems and their resultant mortality are preventable. Currently, without prevention, the survivors of common childhood diseases often come into the labor force without their full potential and as adults continue to be plagued and debilitated by the same acute and chronic endemic diseases. To achieve improved production through farmers able to learn, innovate and take risks, these patterns need to be modified.

2/ World Development Report, 1980, World Bank and the 1982 World Population Data Sheet, Population Reference Bureau.

Constraints to improving health status in Africa

Environmental, technological, and resource constraints greatly impinge on the ability of African countries, AID and other external assistance institutions to effectively improve health status. The key constraints are the following:

- inappropriate, insufficient or underdeveloped infrastructure (facilities, equipment, supplies and management, communication, and transport systems);
- low levels of literacy and knowledge regarding health, nutrition and hygiene;
- short birth intervals and frequent births;
- lack of and inadequately trained human resources;
- poor resource allocation (planning) with inappropriate organizational and financing systems which serve to ration health services; and
- lack of conclusive knowledge and experience regarding appropriate affordable primary health care (PHC) service delivery structures, their implementation, staffing requirements, equipment and supply needs.

We are especially sensitive to the problems that our own emphasis on food production might cause. As noted in the section on future areas for further study, we realize that we cannot assume that increasing agricultural production and income will automatically improve food consumption and nutritional status. Other essential elements of the "food chain" (distribution, storage, preservation, education, etc.) must also be addressed.

AID, in cooperation and coordination with African countries and other external assistance organizations, can address these constraints with a focused and selective approach.

Health/Nutrition sector objectives

The AID Africa Bureau health sector program seeks to remove poor health as a barrier to overall socio-economic development especially in agriculture and to minimize unnecessary suffering and death by assisting Sub-Saharan African countries develop the capacity to:

- improve public expenditure resource allocation within given health resource constraints and stimulate alternative health financing sources to maximize health status improvement;
- provide preventive and some key curative services for a few selected communicable diseases, diarrheal diseases and other selected endemic tropical diseases such as malaria, schistosomiasis, and onchocerciasis;
- estimate health personnel requirements and effectively develop human resources capacities for primarily preventive health and nutrition related activities;
- promote the availability of adequate supplies of essential drugs and equipment;
- include food and nutrition components of agriculture, education and health programs which contribute to and reinforce family and national food security; and
- analyze sector policies and programs for their nutritional consequences; and
- conduct applied research to develop cost-effective approaches and technologies for improving health status.

Strategy implementation

We believe that health and nutrition are important components of human resource development and contribute to national development and, particularly, to sustained economic productivity. As the health status of the individual has a direct impact on the quality and quantity of the labor force and the educability of that labor force, health is recognized as an important contributing element to labor as a key factor of production. An important component of the willingness of people to invest in the future, reduce the number of their children and respond to production incentives is his or her expectation concerning survival, health and longevity. Reduced mortality is critical to improving productivity in general and agriculture output in particular. ^{1/} While the primary thrust of this regional strategy is on ways to accelerate economic stability and developmental growth, economies require minimally educated, healthy citizens if they are to survive.

^{1/} Schultz, Theodore and Rati Ram, "Life Span, Health, Savings and Productivity", Economic Development and Cultural Change, 27, No. 3 (April 1979)

As stated in Agency and Bureau policy and strategy papers, our primary objective is to "help developing countries become self-sufficient in providing broad access to cost-effective preventive and curative health services directed at the primary causes of mortality and morbidity in LDC's."^{3/} This strategic plan defines the direction and focus of the Bureau's effort in the immediate planning period. Our efforts, if they are to be measurable, must focus and concentrate available resources on fewer, more limited objectives.

Because there is a limited cadre of health officers assigned to the Africa Bureau, both in the field and in AID Washington, we have experimented with alternative methods of program planning, project design and project implementation in order to minimize this constraint.

First, we are concentrating on supporting larger bilateral programs in a limited number of countries to enable us to utilize existing personnel and financial resources more efficiently. This approach will also enable us to provide the program size suitable for better training of incoming health/nutrition IDI's and thus qualitatively improve the training and experience of future personnel.

Secondly, we will continue to support regional projects in those areas in which the nature of the problem lends itself to regional analysis, planning and program formulation. Bilateral and regional projects are essential as well as complementary to each other; however, the economies of scale often associated with regional approaches makes it practical for us to expand this approach. Personnel are still required for these kinds of programs and we do not intend to handicap our regional efforts by under estimating this requirement.

Although regional programs will receive major funding allocations during this planning period, we would expect that greater availability of health officers would enable us to balance out and give more support to our bilateral programs during the later stages of the planning period.

Third, we will rely heavily on experienced and successful contractors to design, implement and evaluate projects. We believe that this is critical to the maintenance of our knowledge base about Africa and to the maintenance of our credibility with African governments and other donors. AID has a long history of working in health in developing countries and has, at this time, relative advantage in the field of health over most other international organizations with comparable resources and influence.

^{3/} AID Policy Paper - Health Assistance, December 1982.

Donor coordination is a key objective in health and is considered, along with the policy framework, an expanded private sector role and institutional development, part of the strategic foundation for all sectors. Many projects require coordination with other donors and United Nations Agencies such as FAO, UNICEF, UNDP, WHO, UNESCO, World Bank, etc. The regional projects on strengthening health delivery systems and controlling communicable diseases, for example, involve World Health organization and 3-5 major American and European foreign assistance programs.

To sustain future efforts in health, AID will have to act now to reinforce existing programs and develop new programs where appropriate and within given resource constraints. We will continue to participate in and support agency-wide health sector initiatives to provide AID direct hire health and nutrition officers relevant in-service training. The quality of the direct hire technical staff requires continued efforts to provide opportunities for skill maintenance and professional growth and much of the future impact of our programs will be determined by our direct hire personnel.

This strategy will also have programmatic implications. To more fully utilize the limited Africa Bureau health resources, efforts will be made to channel program development as follows:

Sector assessments and strategies: Emphasis will be placed on country health sector assessments and country health strategies conducted and developed by missions with country health officials. These assessments and strategies are viewed as the basis for sector planning and identifying key problems, constraints, resource gaps and preferred country options for addressing those problems consistent with AID program priorities. The sector assessments and strategies should emphasize preventive oriented activities and resources and the means for financing selected preventive, promotive and curative oriented interventions.

In addition, the sector assessments should include source and expenditure analyses. While health program initiatives should be backed by a sector assessment and strategy, each country where AID has a health program should carry out and periodically up-date an assessment and strategy.

Training: Improving medical and allied manpower training is fundamental to improving health in Africa. We will support bilateral and regional training activities. These activities are expected to be oriented to strengthening training institutions that serve service delivery, management, planning and research personnel in both health and nutrition. Missions are especially encouraged to support activities that will provide for the training of epidemiologists.

Development of PHC delivery systems*: We will give priority to the development of PHC delivery systems in those countries where AID has already initiated PHC programs (Senegal, Mauritania, Somalia, Liberia, Zaire, Lesotho, Niger and Sudan). Emphasis will be on the development of financing and management systems and on the integration of nutrition and family planning services into those delivery systems. The most experienced health officers or qualified PSCs should be assigned to these countries in recognition that implementation of PHC systems, while essential, are complex and require experienced program design and management. PHC systems development in other countries will be considered on the basis of a country health sector assessment and on our staff capacity to support the activity.

Selective PHC activities: We will focus on those problems for which there are proven effective technologies, and where AID, in concert with successful contractors, has predominant capability and the institutional capacity to make an impact. For example, we will concentrate on treatments for communicable childhood diseases and malaria and diarrhea through the CCCD project; on approaches to water and sanitation problems with the assistance of WASH; and on strengthening selected training institutions. Special emphasis will be placed on integrating oral rehydration therapy (ORT) for the treatment of diarrheal diseases into existing and planned health programs to effect a measurable reduction in infant mortality.

Nutrition: We will encourage missions to include nutritional considerations in CDSS's as well as in health and agricultural project designs. Emphasis will be on nutrition training for health, agriculturalists, and planners as well as professional nutritionists.

Missions are encouraged to include nutrition considerations into food sector strategies, examine institutional capabilities to carry out different types of nutrition interventions, conduct status quo assessments, and review the role of PL 480 programs regarding nutrition objectives.

Emphasis in the PHC approach will be on improving nutrition knowledge and competence of PHC workers including community health workers. Activities can include growth monitoring, nutrition education, food preservation and processing and other appropriate promotive and preventive oriented activities.

*Primary health care (PHC) includes the provision of basic preventive and curative services which apply simple methods of diagnosis and treatment to common illness and problems at early stages of development. Aid will focus on training PHC personnel, improving support services, including dependable supplies of drugs and vaccines, supervision, referral, evaluation and management at all levels. Services will be targeted to include family planning, nutrition promotion, immunization and oral rehydration (ORT).

Planning and management: Renewed emphasis will be given to the development of country health sector planning and management capabilities. This will include the development of epidemiological capabilities, disease surveillance, ministry of health planning units, and regional planning and management training centers. Country specific planning and management projects are encouraged where a sector assessment and health strategy provide the rationale and support for planning and management activities.

Pharmaceutical Systems: Because of the importance of pharmaceutical systems to disease control and the effectiveness of service delivery systems, we support the design and implementation of projects which assist in providing basic, essential drugs. Private sector potential in this area needs to be addressed in feasibility studies regarding pharmaceutical supply and distribution systems.

Biomedical research: Bio-medical research will be supported by the Bureau; however, we will look to S&T/Health to fund and monitor such activities. The Africa Bureau will continue to consider small, discrete applied bio-medical research contingent upon availability of personnel.

Applied research: We encourage the integration of applied research in all health sector programs and projects. Of particular interest is research regarding PHC costs, utilization and financing (PPC and S&T/Health PRICOR projects), workable management systems, and effective treatment and service delivery approaches, and the extent to which diseases or other conditions adversely affect the agricultural labor force.

In summary, the strategy is to concentrate our financial and staff resources by giving priority to selected, targeted interventions for the control of preventable diseases and nutritional problems. Large program development in targeted countries will be encouraged to better enable us to make an impact and better train newer health officers to AID. Recognizing our current health personnel constraints, we will continue to explore options such as regional programs or expanded contractor roles which offer promise of enhancing our program's potential impact. We will look to existing centrally funded projects to provide support in areas where there are proven technologies, Agency capacity and potential for impact.

Resources required to implement strategy and benchmarks: Presently there are 16 full-time health officers located in 13 countries (1 in REDSO) managing health programs in 28 countries. There are no nutrition officers assigned to Africa at the time with the exception of one IDI. Health officers manage on-going bilateral and regional projects funded at a level of approximately \$270.5 million. (\$165.5 million in bilateral and \$105 million in regional projects.)

Health and nutrition activities, as a contributing factor to achieving improved levels of productivity, will be allocated approximately 10 to 15 percent of Bureau bilateral funding resources. Priority in allocation of health funds will be given to those countries which demonstrate a willingness to establish the appropriate budgetary and institutional policy framework and to those African country health initiatives which seek workable and affordable approaches for extending available technologies and resources to the rural areas.

Reviewing budgetary program trends, the funding level and the percentage of USAID resources allocated to health in Africa has declined. We believe this trend should be reversed and complemented with the additional workyear levels required. This could be done both by an increase in percentage terms together with a substantial increase in funding, especially if over-all levels increase to two billion by FY 1989. We believe this would permit us to build on the experience of the on-going CDA sponsored CCCD, SHDS, and WASH projects as well as to expand some of our promising PHC programs such as the ones in Niger and Senegal.

If the health account were to stabilize at 12 % of the Bureau's resources, there would be between \$209 million and \$370 million available during the planning period.

Funding Account

	\$	%				
Health	30	15	30	12	50	13
FY80	30		15			
FY84	27		11			
FY85	27		10			
<u>Workyear</u>	<u>80</u>		<u>83</u>		<u>84</u>	<u>85(est.)</u>
<u>Levels</u>						
Health						
Missions			16		21	25
AID/W						
Technical			4		5	6
Support			1		2	2

5. Education and Human Resources Development

There is no question that faster economic growth in Africa will require the accelerated development of human resources. The impact of education extends far beyond the classroom and is both a cause and a result of development. The Africa Bureau is in the process of developing a Bureau strategy to guide our programs. This section is based on the draft which is currently being reviewed in the field and which will be discussed at the Education workshop in January 1984. Subsequent modifications may therefore be made based upon the field review and discussion.

This strategy is an explicit attempt to deal directly with a major problem facing most developing countries, particularly Sub-Saharan Africa; i.e., the lack of adequately trained human capital required to accomplish essential economic growth and development. It recognizes that this deficiency is coupled with the needs of African governments to satisfy the socio-economic aspirations of their people. This very often translates into rapid expansion and increased access to education, too often at the expense of quality of instruction and efficiency of educational systems. This strategy recognizes that the shortage of adequately trained human resources represents one of the major constraints in all sectors. It therefore encourages collaboration with all sectors in areas of education and training.

Characteristics of the Formal African Educational System

Over the last 20 years primary school enrollment in the LDCs has risen from 117 million to over 300 million today, with the greatest increase in Sub-Saharan Africa. Critical problems have arisen particularly at the primary school level where expansion has been the greatest. For example:

- a. Internal inefficiencies - The efficiency of the formal school system is low, poor quality instruction is recognized as the major cause of both the internal and external inefficiencies which present serious educational and economic consequences. Problems of internal efficiency and quality lead to dropout, repetition, and the need for remedial education, all of which incur costs that African economies can ill afford.
- b. External inefficiencies are expressed both by the unemployed graduates who contribute to the "brain draon" as well as unemployed graduates who are ill equipped for the existing job market.

- c. Lack of qualified teachers, textbooks, equipment, and materials. At the primary level, 50% or less of the teachers have achieved the standard level for qualified teachers in their countries. However, the cost of teacher training and increased salaries for qualified teachers--external efficiency issues--seriously inhibit much improvement in increasing the numbers of qualified teachers. A further issue relating to quality of instruction is that many teachers in the qualified category demonstrate poor performance in the classroom. Textbooks are scarce, out-dated and often inappropriate. Buildings and equipment wear out rapidly for lack of maintenance. Few schools have adequate libraries and simple laboratory equipment.
- d. Inadequate supervision and management of educational systems. While some progress has been made, there is still a high centralization of responsibility and staff in the major cities, limited logistical support for supervisory staff in the field, and a lack of trained supervisors who could staff a decentralized supervisory network on a national basis.
- e. Limited Access to basic education - The primary school remains the major instrument for providing literacy, numeracy and basic education in Africa. Yet access is limited with rural persons and females being the most disadvantaged. The curriculum is often inappropriate for the living conditions and work environment of both rural and urban Africa. The prospects are not good for significant improvement in access to basic education in Sub-Saharan Africa without significant donor assistance and major changes in the existing system. .
- g. High Recurrent Cost - African governments invest a high rate (20-35%) of their national budgets in formal education, compared to an average of 16% for other LDCs. African governments spend as much per university student as countries with per capita incomes at least three to eight times higher than Sub-Sahara Africa. The principal factor behind high recurrent cost is teacher salaries which typically make up 75 to 90% of total recurrent costs in education. In some countries salary costs are related in part to expatriate teachers who are still widely used at the secondary and university levels; but even at the primary level, salaries are high in relation to per capita income.

Characteristics of the Non-formal Education Systems

A variety of out-of school or adult learning activities exist in Sub-Saharan countries. These activities are sponsored by government, non-governmental, and religious organizations, and other private agencies. Literacy classes, vocational skills programs, agricultural extension, paramedical training, nurse and midwifery courses, and numerous other practical skill training programs have tremendously increased. These training programs constitute a valuable resource in improving the life and employment opportunities of African nations. However, not enough is known about the individual programs in terms of their efficiency and cost effectiveness.

In countries where assessment efforts have been made, the results have been mixed. The value and continued need of such programs is recognized, but they suffer generally from most of the same problems and constraints as the formal school systems. Generally they are poorly coordinated, lack sufficient funds, and operate in the absence of long range planning based upon systematic evaluation. These organized and systematic learning activities carried on outside the formal school system, have proven to be neither an alternative education system nor short cuts to rapid education of a population.

AID experience in other parts of the developing world indicates that training programs provide a second chance for learning to those who have missed formal schooling. Rural and urban poor are enabled within programs of economic development to acquire useful knowledge, attitudes and skills, and are afforded a wide range of learning activities directly associated with employment opportunities. Many such programs have assisted rural farm families to acquire relevant information, practical understanding, and effective practices for crucial development problems relating to farming, health, planned parenthood, child care and nutrition. Many rural people have made effective use of limited opportunities and services that do exist, and have taken individual and group initiatives to improve their lives through village self-help efforts. Clearly, greater attention must be given to quality and access to literacy and occupational skills training in Africa to promote economic and social development outside formal education systems.

A number of recommendations have been made to increase our involvement in formal educational systems, both at primary school levels and at higher technical levels of training, and to expand our support of non-formal training systems. We are not yet persuaded that we have the answers as to what would make the greatest difference, what builds upon our comparative advantage, what access we would have given limited past involvement, and what would best complement and reinforce our other developmental programs. This is an area in which we would want to consult with some of the other major donors while we are developing our own strategy and program proposals.

The Africa Bureau and the Science and Technology Bureau are currently engaged in a joint initiative to undertake education and human resource development assessments in a number of interested African countries. We believe that these sector surveys will provide us with the data base and the policy framework within which a tighter strategy may be developed.

The results of these studies as well as the methodology used will serve to design similar studies for utilization by other missions. Alternative approaches to sector assessment will also be considered or designed to suit the particular needs of countries. Sector assessments will focus primarily on the issues of efficiency in the utilization of scarce resources to meet the educational needs of the country, with particular emphasis on basic education; i.e., to identify key constraints, to determine priorities, and to develop long-range plans for system reform and improvement. Sector assessments will be carried out with the cooperation of governments and indigenous institutes of research and development. Host country participation is required to improve the scope of the information and to enhance their capability to continuously assess their systems and to effectively approach policy dialogues about educational efforts of their country.

Program Guidance

In the process of developing this regional strategic plan, we and the S&T Bureau have begun the process of examining African educational systems in order to get a better handle on the issues. The Bureau's draft strategy indicates our preliminary thinking on many of these issues.

Our goal is to assist African countries in the establishment of a cadre of educated and trained persons sufficient to achieve the desired social and economic development objectives in each country by developing the most equitable distribution of learning opportunities in the most efficient manner possible.

We recognize that there are two major dimensions to this effort: a long-term emphasis based upon improving the efficiency and effectiveness of primary school systems, and a short-term focus on the provision of basic knowledge and occupational skills to adults. We believe that efforts in both areas are required, seeking rapid skills improvement among productive adults in the short run, and a general raising of the educational level of the population of Africa in the long run. Priority will be given the long-term investment.

In working toward the longer term objective, efforts to reform the primary school system will focus on:

- increasing access to the educational system through efficiencies which result from improved management and administration and more efficient use of school facilities;

- reducing the dropout and repeater rates through curricular reform;
- improving educational opportunities, both qualitative and quantitative, especially for rural populations and women,
- improving planning and administrative capabilities both at all school levels and within the Ministries responsible for educational administration and planning; and,
- improving the production of appropriate teaching materials, and use of varied technology of instruction, including radio and personal computers.

We will also support a series of shorter-term activities designed to provide needed skills for adults. Three areas of programming are outlined below:

We will provide assistance to train people to read and write so that people can participate in the adoption and adaptation of the ideas and technology of development;

We will give priority to training of selected groups in specific skills needed to fill manpower deficiencies. Emphasis will be on relatively short-term, non-degree training and on skills for which there is a clearly identified need; e.g., vocational, technical. Also included will be skills training for small scale entrepreneurs and farmers to increase their productivity and to assist them in becoming viable participants in the private sector.

We will provide support to selected indigenous research institutes to develop and broaden their capacities to undertake research, policy analysis, and planning in the human resource sector. Using participant training and other modes of technical assistance, the Bureau will develop indigenous staff capability to carry out research and analysis and to provide training to African personnel particularly in the area of management.

All of these proposals assume that two major components of any program will be (1) participant training for key staff of indigenous institutions in the United States or in third countries, and (2) development management required for institutions and projects to function efficiently. These components are basic to our assumption that development will occur only when existing African institutions and agencies have acquired the necessary levels of human resources needed to promote the development process.

The areas discussed above form the key components of the Africa Bureau's draft strategy for human resource development. The majority of AID resources will be devoted to programming in these areas, with an emphasis on activities which fit within a nation-wide systems approach to reform and improvement. Where sector assessments and policy dialogues identify other priority needs for a specific country, then programming on an exceptional basis may be undertaken. Priority will continue to be given, however, to ways in which these programs can be linked to the goals of developing a broad base of trained human resources for Africa through basic education and literacy/occupational skills training, and building the capacity of indigenous institutions to continue this effort during the last decade of this century. Further elaboration of this guidance can be found in the Bureau's Draft Educational Strategy.

We recognize that this guidance also needs to take into account the multiplicity of on-going AID and other donor activities. Within existing programs, AID is assisting in many areas such as:

Universal primary education including teacher training -
Liberia, Swaziland, Lesotho, Botswana, Cameroon,
Guinea-Bissau, Cape Verde, Zimbabwe.

Improved efficiencies of learning - Liberia.

Primary curriculum development - Swaziland, Lesotho,
Botswana, Guinea-Bissau, Cape Verde.

Managerial and entrepreneurial skills development -
Botswana, Zimbabwe, Lesotho, Mali, Liberia, Swaziland,
Cameroon.

Use of appropriate technology for rural education (radio,
audio-visual outreach, mass communication training) -
Liberia, Zimbabwe, Swaziland, Gambia, Somalia, Senegal,
Mali, Upper Volta, Kenya, Tanzania, Rwanda, Niger.

Vocational/technical education - Liberia, Malawi, Rwanda,
Sierra Leone and Ghana.

Manpower development training - All AID participant
countries.

Support to indigenous voluntary organizations supporting
education - Senegal, Zimbabwe, Upper Volta and Swaziland.

Higher education and post-secondary institutional
development in Cameroon, Botswana, Kenya, Lesotho and
Malawi.

Resources required to implement this strategy and benchmarks:

Funding and staff allocations will reflect the results of the sector assessments and field discussions of these proposed priorities and program guidance. In general terms this functional account has increased from 15% to 18%. In projecting resource flows throughout the planning period (p.46) we have assumed that this account will remain at about that level since the Africa Bureau already receives over one third of the total Agency Funds in this account. At the 18% level there would be between \$313 million and \$554 million available during the planning period.

At this level of resources, the U.S. will remain one of the smaller donors in this sector and donor coordination will be critical. Other donor activities include:

- A 1980 World Bank report estimated that total external aid to education worldwide was \$3 billion, from 17 bilateral donors (OECD/DAC).
- Over 35% (\$1.1 bil.) went to Africa South of Sahara, the greatest regional share of total.
- France was the major bilateral donor, providing 37.6% of the total aid to African education, 80% of this went to primary and secondary education (teachers).
- IBRD/IDA was the largest multilateral source of technical assistance.
- U.S. was the lowest major donor at 3.8% (14th out of 17 followed by Finland 3.3%, Canada 2.81%; Japan 2.5%)

Funding
Account

	\$	%
EHR		
FY80	30	15
FY84	37	13
FY85	46	18

Comparative donor information drawn from 1981 OECD Review, World Bank Education and Sector Policy Paper, 1980; Weiler Report, 1982; Eicher Report, 1981; Creative Associates Report Report 1981.

Funding Projections

In projecting total Africa Bureau programs we have assumed that total resources will be about two billion dollars by FY1989 as opposed to the low estimate of about seven hundred thousand.

AFRICA BUREAU

<u>FUNDING</u>	<u>FY80</u>		<u>FY84</u>		<u>FY85</u>		<u>FY89</u>	<u>REV</u>
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>Low</u>	<u>High</u>
ARDN	103	54	146	60	149.8	58.1	216	420
Pop	3	1	16	7	14.3	5.5	18	35
HE	30	15.5	27	11	27.2	10.5	47	91
EHR	30	15.5	37	15	46.2	17.9	47	91
SDP	<u>26</u>	14	<u>17</u>	6	20.2	7.8	32	63
DA	<u>192</u>		<u>243</u>		<u>258</u>		<u>360</u>	<u>700</u>
Sahel	<u>75</u>	(28)	<u>107</u>	(30)	<u>98</u>		<u>135</u>	<u>300</u>
<u>Total</u>	<u>267</u>		<u>346</u>		<u>356</u>		<u>495</u>	<u>1000</u>
ESF	<u>133</u>	(33)	<u>339</u>	(49)	<u>392</u>		<u>126</u>	<u>850</u>
<u>Total</u>	<u>400</u>		<u>688</u>		<u>746</u>		<u>621</u>	<u>1850</u>
PL480	<u>290</u>	(42)	<u>256</u>	(27)	<u>232</u>		<u>150</u>	<u>150</u>
<u>TOTAL</u>	<u>690</u>		<u>944</u>		<u>978</u>		<u>771</u>	<u>2000</u>

4/19/84 (0659E)

ANNEX A: STABILIZATION

DEVELOPMENT PROBLEM: Overall economic growth and development rates in sub-Saharan Africa have been less than the level required to raise incomes, to provide minimum levels of health, education, shelter and nutrition, to expand and/or diversify the economic base to generate employment and budget revenues, or to give any assurance of sustainable future growth.

GOAL: Assist majority of African nations that are currently experiencing severe macro-economic problems with short-term stabilization efforts and basic structural adjustment programs in order to lay the foundation for later self-sustained development.

STRATEGIC QUANTIFIABLE OBJECTIVES BY 1985:

Number of IMF "graduates" increases

Number of IMF clients moving from one year Standbys with quarterly performance reviews to two or three year Extended Fund Facility programs with annual reviews increases

Number of countries willing to enter into structural adjustment programs with the IBRD increases

Number of countries for which IBRD has to suspend disbursements under SALs for non-performance decreases

Number of debt reschedulings decreases and they are more realistic in terms of length and interest rates

All country programs incorporate a policy dialogue on macro and sectoral issues

MEANS:

policy dialogue underway that incorporates full involvement of the US country team in discussions with appropriate host government officials, provision of technical assistance to generate data for decision makers, and provision of technical assistance and participant training to develop a host country policy analysis capability

shift in AID portfolio to greater use of non-project assistance modes to support policy changes (In FY1984 AID requested close to one billion dollars for Africa with

about 65 percent in the form of non-project aid considering cash grants, commodity import financing, sector grants and food aid. The total should grow by 15 percent per year so that by FY1989 about two billion in aid to Africa would be provided with about 75 percent being non-project.)

provide additional support to those countries that make progress in pursuing effective development policies and programs

establish formal donor coordination mechanisms at country level and develop common policy positions (and shared technical approaches) with other significant bilateral and multi-lateral donors

provide sufficient analytical staff in the field and in AID/W to permit adequate assessment of economic and political feasibility of policy changes, institutional reforms and project feasibility

QUANTIFIABLE MEASUREMENTS: Given the severity of the problems, the likely duration of the problems (short-term may mean ten years in cases such as the Sudan), and the fact that the US is one of many actors, measurements for progress during FY1984-85 will be mainly in the form of measuring inputs, e.g. staff resources. This will mean that we will be able to measure progress on implementing the plan of action, i.e., the means, but we will not be able to "test" whether we have selected the most appropriate means of making progress towards our strategic verifiable objectives over a two year period. In reality, external events such as droughts, coups, elections, commodity price fluctuations, etc. mean that a two year cycle does not give an adequate base.

ANNEX B: AGRICULTURE

DEVELOPMENT PROBLEM: Sub-Saharan Africa is the only region in the world where per capita food production declined over the past two decades. The implications to African countries of declining per capita food production are inadequate nutrition, a rising import bill in the midst of severe balance of payment problems, food insecurity and declining farm incomes.

GOAL: Assist African governments reverse the declining per capita food production trend and increase overall agricultural production and productivity, increase farm incomes and improve nutritional status, particularly of the smallholder. By 1988 half of African countries are achieving positive per capita growth rates of agricultural production.

STRATEGIC QUANTIFIABLE OBJECTIVES BY 1985:

Real producer prices for major agricultural crops are competitive with world market prices in at least half of the African countries.

Number of public sector monopolies for marketing agricultural inputs and commodities declines.

Budgetary support to agriculture increases to levels more in line with IBRD estimates of adequate support.

Number of governments rationalizing agricultural planning and analysis systems increases.

MEANS:

ongoing policy dialogue on agricultural sector reforms, supported by PL 480 and other nonproject assistance

provision of technical assistance and participant training to develop data base and provide analytical capability to lay foundation for sound policy decisions

build self-sustaining African institutions that provide appropriate technology, inputs and services at the time and in the quantity necessary for effective production and distribution of food products

assist in the provision of basic physical infrastructure where necessary; e.g. storage facilities, farm-to-market roads, processing facilities

explore economic, social and technical feasibility of alternative production systems (rainfall vs. irrigated production; manual vs. draft power vs. mechanized production) to permit informed USAID investment decision

give priority to countries which are making a commitment to agriculture

allocate 60-75 percent of aid to the agricultural sector.

ANNEX C: NATURAL RESOURCES MANAGEMENT

DEVELOPMENT PROBLEM: Growing overall demand for renewable and nonrenewable resources to meet most sub-Saharan African requirements for food, fuel, shelter and water has led to the exploitation of natural resources at a much faster rate than can be managed or replaced. The long-term consequences of such exploitation can have serious impacts on agricultural yields, soils, woodlands and forests, watersheds, and fragile ecosystems. Moreover, severe external payments imbalances have been brought about by the impact of oil imports on these developing economies. Limited access to energy supplies is producing negative impacts on the productive sectors, particularly in the agriculture sector.

GOAL: Reverse the depletion of renewable natural resource, particularly fuelwood, and promote effective conservation of nonrenewable natural resources. By 1988, have in place in six countries, national policies, plans and programs that will promote more efficient use, management and conservation of the natural resource base.

STRATEGIC QUANTIFIABLE OBJECTIVES BY 1985:

Number of countries which have increased staff and national budget allocations for natural resources projects and program increases.

Number of countries which have completed comprehensive natural resources and land use inventories increases.

Natural resource management activities have been evaluated for suitability as basis for national programs.

Number of countries which have strengthened and/or created government institutions and institutional capabilities for planning and/or management, of both conservation and sustained use of natural resources increases

MEANS OF ACHIEVING THE OBJECTIVE:

include discussion of improved land use management in ongoing Mission/host government policy dialogue.

Missions incorporate farm forestry and/or agroforestry approaches into agricultural activities

collaborate with host government in energy assessment

provide technical assistance and training for Mission personnel and host country officials geared toward developing a capability of implementing intergrated natural resources planning and management programs.

Provide adequate technical staff in USAID Missions, regional offices and AID/W to assist in the policy dialogue, planning, programming, designing, monitoring and evaluation of development projects.

Encourage use of PVO's to increase popular awareness and participation in all improved energy and natural resources programs at the national and local level.

ANNEX D: HEALTH AND NUTRITION

DEVELOPMENT PROBLEM: Diseases, poor nutrition and consequent ill health among the populations of Africa diminish the quality of life, debilitate the work force and contribute markedly to the inefficiencies of the African economies. As a consequence people fail to reach their full potential or to contribute to national development. Life expectancy at 47 years is the lowest, and early childhood mortality, the highest of any region of the world.

GOAL: "Health for ALL by 2000" (HFA 2000) is the global goal sought by the world's nations. For most A.I.D. assisted countries in Africa the intermediate goal is to establish the institutional, policy and human resource base necessary for the delivery of low cost effective health care in order to reduce morbidity and mortality to levels of other developing regions of the world.

By 1988 at least eight countries will have in place low cost primary health care systems capable of providing basic health services such as childhood immunization, oral rehydration therapy, nutrition programs, and control of common diseases to at least 70 per cent of the population. These can serve as models for the rest of the continent.

STRATEGIC QUANTIFIABLE OBJECTIVES BY 1985

Primary health care systems are being established in at least 12 countries with coverage reaching one third of the rural population.

Improved planning/budgeting mechanisms are in place in increasing number of countries. Increasing percentage of health budgets allocated to primary health care.

Concept of user fees is being tried in several countries.

MEANS OF ACHIEVING THE OBJECTIVES

policy dialogue underway that emphasizes increasing health budget allocations to primary health care relative to urban-based hospital care and the need for user fees

assist in strengthening institutional capabilities to train health personnel for the public and private sectors

seek improved solutions to particularly difficult health problem through biomedical and health services research

stress increased donor coordination among major contributors to the health sector, particularly through the Combatting Childhood Communicable Disease project sponsored by CDA

allocate 10-15 percent of Bureau resources to the health sector.

ANNEX E: POPULATION

DEVELOPMENT PROBLEM: Crude death rates approaching 20/1000 are at an unacceptably high level in Africa. However, with crude birth rates above 45/1000, Africa has the highest population growth rate in the world. Population growth rates are declining in other regions, but in Africa they continue to increase. Death rates have begun to fall and urbanization and modernization have disrupted traditional patterns of fertility control. The unfavorable impact on maternal and child health and nutrition is already manifest as children are born too early and too late in mothers' lives, with short birth intervals and with many siblings. The longer term impact on socio-economic development is critical as rapid population growth strains the society's capacity to improve per capita measures of health, education, food supply and employment and requires extraordinary investments in social services. The prospects are for substantially greater problems into the 21st century as the built-in momentum of a young population profile creates a continuing upward pressure on population growth rates. Although further growth is inevitable, delay in dealing with this issue will create an almost unmanageable problem in the future.

GOAL: To reduce population growth rates to a level commensurate with long run economic growth given Africa's resource base. Specifically, by 1988 at least two thirds of the Africa countries have developed policies and initiated national programs to reverse the trend of increasing population growth rates and in five countries at least 15 per cent of at-risk couples are practicing contraception.

STRATEGIC QUANTIFIABLE OBJECTIVES BYU 1985:

The number of countries with formal or de facto policies to reduce population growth rates or expand family planning service availability increases;

The number of countries with expanding family planning services in the public or private sector increases;

The number of African institutions capable of performing demographic biomedical or population policy related social science research or providing training in family planning skills increases;

The number of countries where AID has assisted in a more comprehensive assessment of the population problem and the development of a strategy for the coordinated application of bilateral, centrally-funded and other donor resources increases;

The number of AID projects in agriculture, health, nutrition or education that specifically identify a population objective or contain direct components of population education, training or family planning service delivery increases.

MEANS:

Expanded CDSS guidance will be sent to missions requiring more specific analysis of population factors as they impact on development and a more comprehensive strategy for U.S. assistance as appropriate. The strategy will include:

- 1) approaches to policy dialogue as needed,
- 2) both the indirect and direct contribution to population objectives of all appropriate AID projects in agriculture, health or education, and
- 3) a coordinated use of bilateral- and centrally-funded population and family planning projects, which is complementary to other donor assistance in support of host country programs;

Expert consultant teams will be provided for selected missions to develop more comprehensive population assessments and strategy;

Increased emphasis will be given to expand and coordinate both bilateral and centrally-funded population assistance in the areas of population policy development; biomedical, demographic, social science and operational research; training and information programs and family planning services. Improved targetting and coordination of resources will be enhanced by utilization of a computerized management information system;

The above actions will emphasize institutional development and the private sector in research, training, communication and service delivery. The use of microcomputers for development planning, survey methodology for demographic measurement, and modern techniques of fertility and infertility management will be important elements of technology transfer;

Provide for a sufficient number of population officers in the field to permit adequate assessment of the political and social feasibility of changing policies and attitudes towards family planning.

ANNEX F: EDUCATION

DEVELOPMENT PROBLEM: Despite rapid expansion of education since Independence, literacy rates, enrollment in formal education, and overall human resource development in Africa continue to lag significantly behind other developing regions. Enrollment ratios at all levels of formal schooling in Africa are 15% to 20% below those in other regions. Existing pools of human resources are too small and frequently lack training, particularly in management and policy analysis skills. Standardized test scores indicate that quality of formal education is deteriorating and the type of schooling is often of marginal relevance for the types of employment African economies will be able to generate.

GOAL: To develop cost effective education systems that provide quality universal training for the types of employment that African economies will be able to generate. By 1988 have five countries with universal education systems in place.

STRATEGIC QUANTIFIABLE OBJECTIVES BY 1985.

Number of countries which complete sector surveys and institute long-term reform efforts to improve the capacity and efficiency of their basic education system increases.

Number of countries which implement proven models of skills training for occupations for which there is a need in the country increases.

Number of countries implementing effective models for national literacy and numeracy efforts increases.

MEANS:

Proceed with Joint S&T/AFR initiative to examine selected African education systems, to provide assessment of system constraints, priorities, and development needs, and on basis of sector analysis, to develop long-term plan for improving the efficiency of the system and its ability to contribute effectively to priority areas of the economy.

Increase the numbers and relevance of Participant Training to country goals, particularly for senior level staff of local institutions engaged in research, planning, policy analysis, and training. To increase the emphasis on training for priority areas like agriculture, health, and extension work.

Carefully evaluate current major education efforts to determine if broadly applicable model can be found.