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Africa Bureau Strategic Plan

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I. Introduction

Any attempt to formulate a comprehensive strategy for Africa, and the Agency as a whole, leads to efforts to develop common themes and consistent policy thrusts. It is important, however, to recognize, in the process, the marked differences between countries and regions and the inherent risk associated with over-generalization of problems and solutions.

Sub-saharan Africa is four times the size of the U.S. with 46 different countries ranging from fewer than 1.0 million to over 80 million people. Country conditions: economic, political, human and physical, vary enormously throughout the region. Specific interventions in the development process must therefore vary considerably from country to country.

Africa is also a continent in transition, but at a markedly different stage of development than Asia, LA or parts of the Near East. In 1961, when AID was created, most African countries were still colonies. The 1960s saw transition to independence and priorities placed on political consolidation of the countries. This process continued through the 1970s, and continues in the 1980s, e.g., Zimbabwe and Namibia. In some countries, e. g. Ghana, Uganda, Zaire, Zambia, failure of the political and/or the economic process has left countries worse off than they were at independence.

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 most other regions the private sector was alive and growing.

By the 1970s, when the donor community refocused development toward a greater achievement of equity ("basic human needs", "new mandate"), the LA, Asia and the NE regions were much further along in the process of development. Direct action programs in these regions therefore had a greater chance of success than in Africa. Efforts in Africa which attempted to leap to direct action programs, both growth oriented and equity oriented, were understandably constrained by the absence of the physical, human and institutional infrastructure necessary to achieve these objectives.

In a sense, Africa attempted to jump a whole stage of development. The donors, in turn, contributed to this dilemma in their proliferation of well intentioned projects that, time has proved, cannot be fully implemented or supported due to limitations of host country administrative and financial support capacity.

We must recognize this difference in the African development picture. The review of the 1960-1980 development experience in Africa indicates that with limited exceptions neither African governments nor donors built an enviable record. Worse yet, prospects for development and economic growth over the next decade (1980-1990) are poor both in absolute terms and relative to the rest of the developing world. The absence of growth and the bleak prospects for future growth are reflected in the inability of governments to maintain the institutions, infrastructure or the services created by past investments.

A pattern of macro economic crises pervades Africa because the search for short-term solutions has exacerbated the problems rather than laid a foundation for accelerating longer term growth. Deterioration of the terms of trade, increased oil import bills and recession in the developed world have contributed to these crises. Inappropriate domestic economic policies, macro and sectoral, have been a major contributor to this problem. The excessive reliance on public sector institutions and public sector investment programs are other key elements contributing to this problem.

The macro economic crisis facing the African countries, coupled with the disappointing results of development efforts over the last 20 years, is increasingly recognized by the African leaders. 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. The trends discussed in this paper are, for the most part, negative, and the continuation of past trends means the continuing impoverishment of Africa.

Yet African countries hold the potential for major development and they could make significant contributions to the world economy. 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. In this context, Africa's crises present a unique opportunity to the donors and to the Africans themselves to influence the pattern of development over the next 10-20 years. It is important that we recognize and respond to this challenge.

II. Regional Characteristics

The area defined as Sub-Saharan Africa contains 45 independent nations ^{1/} with multiple differences in political systems, cultures .

1/ Excluding the Republic of South Africa

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 of the countries are named on the UN's "least developed" 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.

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.

^{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.

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 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.

III. Development Survey

A. 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. During the last ten years, 15 countries recorded a negative rate of growth. In the nine countries which achieved a 2.5% or better annual per capita growth rate, disaggregated statistics impute most of the growth to the "services" sector (4) and the "industries" sector (5).

This means that growth in the agricultural sector was insignificant in almost all cases. Yet agriculture is the foundation of economic activity in Sub-Saharan Africa. 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 raising government revenues, primarily derived from direct and indirect taxes on agriculture, and it is also necessary for improvements in nutrition, health and the general quality of life.

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 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 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 shortages will increase. In the long run the food problem cannot be divorced from the population issue. 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 strong pressures from African governments to postpone economic reform programs and to move on "quick-fix" solutions.

IV. Selection of Priority Problems

In this section of the proposed regional assistance strategy for Africa for FY1985-FY1989, the major development problems with which we are working are defined and summarized along with the reasons that have led us to select them. 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 to resolve.

Because of our desire to focus our efforts for management reasons, and 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. In view of the range of problems that exist in Africa and given 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, 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.

A. Stabilization as a Development Issue

Given the severity of their economic crisis, many African countries are reexamining their policies and investment plans. Major external and internal reviews during the past two years and donor-African discussions of these reviews have not 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.

We believe that AID must take a more aggressive 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. 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 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

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. This is not a transitional issue. It has been precipitated by both external and internal factors and will require a long-term effort at basic structural adjustment, including both reducing structural economic inefficiencies as measured by ICORs or other data as well as reducing structural import dependencies. 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.

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 ESF programs complement DA and PL 480 resources as a vehicle, in certain key countries, to facilitate a dialogue with the Africans, IMF/IBRD and other donors.

To meet this challenge, we must reorient our assistance strategy, realign our staffing mix and effect a partial shift in our portfolio from project to program assistance.

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, 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.

B. Human Resource Development

The real target, and test, of development is the individual. Since the individual is the key to development, the basic question this or any 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.

Declining productivity, low per capita income, low life expectancy, low literacy rates, high infant mortality rates, malnutrition, unemployment, and the pervasiveness of endemic diseases characterize the continent. Improvements have been achieved in the last twenty years, but the quality of life in Africa is unacceptable to both the African countries and to the free world as a whole. Alleviation of these conditions is both the target and the result of our assistance efforts.

The issue is not the goal but the means to achieve it. Our past efforts to correct these ills through direct action programs have been insufficient. Too frequently when the emphasis is placed on achieving equitable growth through direct action, the macro-economic policy framework and the national policy environment are neglected. One rationale for moving to direct action programs is to by-pass those national issues and deliver services directly to disadvantaged elements of the population. Results have not matched expectations or expenditure levels, and, 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. The lack of adequate progress despite significant investments by donors and African governments means that

we must reconsider the ways in which we have been trying to affect change. Basic economic growth, and all that that phrase implies in terms of growth in production, income, and employment, is a necessary precondition if permanent and self-sustaining changes in individual lives are to be made.

At the same time, it should be recognized that the main reason we believe that significant macro and sectoral policy change is required 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.

Appropriate investments in health and education both 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 resource base required to sustain their impact. It is now acknowledged that shortages of budgetary resources limit the operating funds available to maintain and adequately utilize past investments. Prudence is required in all sectors in financing new activities that must be absorbed by overextended governmental budgets. Our emphasis must be on improving the productive and cost efficient use of existing facilities and staff.

Discussions of absorptive capacity frequently focus solely on the financial constraints but there are also human resource and institutional constraints. In general, central 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. Although conventional wisdom prescribes more manpower, more training, and more money to deal with these problems, we believe 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. We believe it is fundamental to develop an African capability 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.

C. Economic Contribution of Agriculture

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 thus 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 African strategies are still biased against agriculture and their agricultural strategies still tend to emphasize the need for modern, i.e. mechanized, agriculture. They also frequently 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) is not only necessary at some point in time but is 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. Huge tracts of land are therefore unuseable and at existing cost/benefit ratios uneconomic to develop.

-Left mainly with rather crude hand tools, the small African farmer 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.

-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 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 is also increasing deforestation rates with adverse consequences for soil and water resources and will increasingly lead to use of dung and agricultural residues, which now return valuable nutrients to the soil, for cooking.

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. The growing reliance upon imported food cannot be maintained. During 1980/81 with most of Africa suffering from below normal harvests due

to bad weather, the FAO estimated that cereal imports of 5.7 million tons were required. Without major changes in domestic production, the 1990 cereal import demand could range from 17 million tons to 37 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. Every year, thousands of Africans go blind from lack of Vitamin A and many times that number suffer from impaired vision. The vitamin A deficiency is particularly prevalent in the Sahel, Sudan, Ethiopia, Kenya, and Tanzania. Other deficiencies of important nutrients such as iodine, Vitamin C, and the B Vitamins, contribute to the problems of sickness, suffering, and death. Another tragic example is that simple iron deficiency anemia affects up to half of all pregnant women, leading to a high rate of stillbirths and maternal deaths.

Iron anemia has also been found to 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.

D. Areas of Future Study

We have recognized, during the process of developing this strategy, that many key aspects of the African scene were imperfectly understood by us. Some of these may 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 1984. 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. Today's profile of Africa as a basically rural agricultural society will almost surely be radically modified by the year 2000 if urban growth rates of the last 10 years continue. 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. 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 relevant and 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. We will be studying this, probably with the help of outside experts in land tenure issues. We are aware of the sensitivity of this subject from a political and practical point of view and will proceed gingerly.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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. As a first step in learning more about these choices, PPC has agreed to arrange an "African Night" at the Irrigation Evaluation Conference. We hope to be able to take advantage of the lessons learned in other regions as we begin to analyze this complex problem.

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

A. Strategic Foundation

The U.S. provides bilateral assistance to 38 sub-Saharan countries. The individual programs range from \$2 million in annual transfers to a country with a population of one million, to a \$150 million program in a country with a population of 18 million. There are also substantial differences among U.S. interests in the various countries. It is only necessary to think of the dimensions a single development strategy would have to have to provide meaningful guidance for Sudan, Cape Verde, Malawi and Zimbabwe to realize that such a strategy formulation is not feasible.

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 have seriously 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 a management device to handle specific problem areas as well as a conceptual approach to particular problems. 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 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 regional 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. This permits creation of a regional development assistance strategy with certain elements in common but which can be adjusted to reflect more accurately the diverse circumstances which exist in Africa.

Country, and those sub-regional strategies which might be subsequently developed, would be based on a common strategic foundation that focuses on: (1) an emphasis on the importance of the 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 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.)

We are providing in this section an indication of our proposed strategy for each of the first four elements in order to establish the framework within which our sectoral strategies, benchmarks, and resource requirements can be evaluated. Agriculture, the fifth element of the strategic foundation, is treated in the sector specific discussion in V. B.

1. The Economic Policy Framework: Policy Dialogue

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. Like AVIS we may need to try harder and be more creative. We have also 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. In neither case is it just a case of being assertive. 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 need to know the facts and we need to spend the time it takes to develop persuasive arguments.

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.

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.

We believe that this macro 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.

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 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.

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. 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.

Our strategy to establish this policy dialogue framework 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; 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.

2. The African Private Sector

Our specific strategy with respect to the African private sector will be included in each of the major topics discussed below. 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. Finally, increased attention will be given to supporting development banking institutions as intermediaries between AID and individual entrepreneurs or co-operatives. 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 are not, however, leaving this impact to chance. We believe that major advances in incorporating private sector activities into our programming have been made. The recent 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 and those concerned Missions have been so advised. They 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 major new regional project for promoting private sector activity will also give us a direct funding vehicle to undertake specific case studies and general inventory of ideas. These general programs will have served their purpose if we can accelerate the basic kinds of changes indentified in the sector discussions above.

3. 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 ministeries, a priority ordering of development projects and a comprehensive picture of total governmental committments 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. 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 and 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 difficulty of pressing for policy change when those changes are inevitably difficult political issues.

The major elements of our donor coordination strategy are:

- urge the World Bank to exert more leadership;
- 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

4. Institutional Development

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 element of the strategic foundation.

We recognize that many people, especially development professionals in the PVO/NGO community, 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.

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.

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.

AID's experience with direct action programs is that they 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.

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 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. 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. Frequently cited is the example of the University of Dakar, which was established in 1957, but which did not establish a National School for Agriculture until 1979. In many other cases, training institutions have been established but are poorly utilized and very high cost. The lack of trained human capital, ranging from farmers to senior administrators and scientists, is a continuing major constraint in all sectors and almost at every level.

A number of proposals have been made to the Africa Bureau to increase our efforts, and our level of funding, in the area of formal education. We have reached no conclusion as yet on these proposals; however, we do present our ideas for "next steps" in the strategy section dealing with education and human resource development.

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. The IBRD's report notes particularly 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 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; 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.

B. Proposed Sectoral Strategies

1. Stabilization and 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 ESF 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.

At this time a joint State-AID African Task Force reporting to Undersecretary Eagleburger is examining the nature and extent of the diplomatic and foreign policy concerns associated with these African crises and the relevance and applicability of various economic tools (trade, commodity programs, debt-rescheduling, multi-lateral aid, and bilateral aid) to respond to the African economic situation.

Without prejudging the final outcome of either of these exercises, we believe that a consensus is emerging and that AID will be given the legislative and executive mandate to play a leadership role.

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.

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 FY84 we have requested close to one billion dollars for Africa with about 65% of that amount providing non-project assistance through cash grants, 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 cash grants, 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.

This would however require a senior management decision to reverse the recent projected AAPL resource flows beyond FY85. Over the past five years, resources (DA, ESF, PL480) allocated to Africa have increased from about \$385 million in FY1979 to over \$900 million in the Congressional request for FY1984. This represented an increase of Africa's share of the total AID budget from about 10 percent to about 17 percent. The recent AAPL exercise projected that total aid to Africa would begin to decrease in FY1985 and only be about \$764 million in FY1989. (That exercise assumed that DA levels are allowed to increase modestly, ESF levels drop drastically in FY1985 and subsequent years, and PL480 is straight lined after FY1986.) We believe these projections are inconsistent with Africa's requirements and with the role of the U.S. as the third largest bilateral donor in Africa.

The chart below indicates dramatically the difference between the projected AAPL levels and the revised request.

	<u>AAPL PROJECTIONS</u> (\$ millions)			<u>REVISED REQUEST</u> (\$ millions)	
	<u>DA</u>	<u>ESF</u>	<u>PL480</u>	<u>TOTAL</u>	<u>TOTAL</u>
84	350	409	175	934	934
85	382	346	158	886	1,174
86	422	249	145	816	1,350
87	446	206	150	802	1,550
88	470	141	150	761	1,792
89	495	126	150	771	2,000

During the planning period, there is a considerable difference between the resources available at the AAPL projected level (the low level) and the Revised Request (the high level). For comparative purposes, the next chart assumes (somewhat arbitrarily although consistent with our analysis of the type of aid Africa requires during this planning period) that ESF and PL480 combined would be about 50 percent of the total; of the remaining half, the Sahel would be about 30 percent and the functional accounts would be about 70 percent. Within the functional account, ARDN would be about 60 percent; POP would be 5 percent; HE would be 13 percent; EHR would be 13 percent; and 106 would be 9 percent. These figures are roughly 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>	<u>HIGH</u>
TOTAL	4,970	8,800
<u>PL480/</u>		
ESF	2,485	4,400
SAHEL	745	1,320
ARDN	1,044	1,848
POP	87	155
HE	226	400
EHR	226	400
106	157	277

2. Agriculture

Agriculture will continue to be the central focus of our long term development strategy, the fifth common element of the strategic foundation for all country programs. (In certain specific countries, such as Botswana, 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 is critical if poverty and hunger are to be substantially reduced. 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.

It is critical to an understanding of the total Africa Bureau strategy and project portfolio to recognize that 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 and related agricultural support activities, and 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 have to be given a priority claim on resources because, without a viable base of farmer-acceptable technology (a production package), there is extremely limited

opportunity for the success of any other type of development effort, even policy changes. We believe that agricultural policies for Africa should emphasize a farming systems approach to research so that smallholder farmers can be directly involved in the research process and their needs can determine the research agenda.

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 depending more on the rotation of fields than on the rotation of crops. 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 playing the leadership 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. Based on preliminary estimates, we would anticipate that the U.S. might allocate up to \$250 million over the five year planning period to the development of Agricultural Research Centers in each of the five agro-climatic zones. This would be in addition to the projected AAPL levels for country and regional programs.

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 be the lead donor for two of these zones, the west Sahelian-Sudanic zone which stretches from Senegal in West Africa across the continent 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 SADDCC countries.

We also are funding major research projects in nine African countries, and in ten other countries there is a substantial research component in larger multi-purpose projects. 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 also 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. But the demand for these secondary elements develops

when the basic institutions begin to produce the appropriate stream of 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. We anticipate that the U.S. might allocate up to \$80 million over the five year planning period to improve internal marketing systems. The assistance would be concentrated in up to eight countries that have a demonstrated commitment to agriculture (see below) and would be additional to their AAPL's.

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 should probably be increased up to 75% over the planning period.

In reviewing program trends over the past five years, most of the growth in the Africa Bureau functional development accounts has been in ARDN. The chart below indicates the dollar and percentage shift.

<u>Funding Account</u>	\$ <u>80</u>	%	\$ <u>84</u>	%	\$ <u>85 (est)</u>	%
ARDN	103	53	150	60	230	60

We believe that the 60 percent resource allocation reflects the priority we wish to place on agriculture. As spelled out in the chart on page 40, this would mean that between \$1,044 billion and \$1,848 billion would be available to support agriculture, rural development and nutrition activities. 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.

A 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 table below 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 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

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% of the total energy needs of most African countries and nearly 100% 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.

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. U.S. bilateral assistance is already being applied to these problems of resource management, environmental planning, renewable energy, etc.. Given the extensive experience of the U.S. in these areas and the direct relevance of these problems to

agricultural development, it is appropriate that energy and environmental concerns are significant elements of the total strategy. Natural resource management, including energy, is viewed primarily as an input to other productive sectors rather than as a separate sector. Viewing it in this fashion one can identify unique opportunities for relatively short term economic gains. Examples include opportunities to conserve commercial energy and/or substitute domestic biomass or other energy resources for petroleum fuels; to improve the reliability of existing energy supplies for productive enterprises; and to create 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.

Before donor assistance can be harnessed more effectively to African efforts; however, African government officials will need to commit themselves to increased priority for 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 leader in the CDA forestry-fuelwood initiative, and co-sponsor of an energy initiative, the U.S. and other donors are 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 complemented by 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.

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. Furthermore, the development of sound, long range

national conventional energy and fuelwood production programs requires accurate, up-to-date information on land and other natural resources potential.

Technology transfer in this area 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 and 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 in the energy sector.

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 this group, to date financing 12 projects in 10 African countries 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.

Future emphasis will be placed not on isolated renewable energy technologies but 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 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 uses and then on productive enterprises in general.

There is probably no single barrier to improved management and development of indigenous energy and forestry resources which is more constraining than the greatly understaffed manpower components of existing programs, particularly in training extension agents to enlist popular participation. Energy and forestry training are important components 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 or primary schools are serving as the delivery mechanism for seedlings and other needed support services and offer promising examples of non-governmental channels which may be more feasible and lower cost than under staffed and over extended government agencies.

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 conventional energy 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 and benchmarks: Our energy programs have expanded since fiscal year (FY) 1978 with the financing of more than 25 renewable energy and fuelwood projects. Including fuelwood, the Bureau's 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 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 \$25 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 was fairly constant as a dollar level and as a percentage of the program. We would anticipate that this account will continue to be in the range of 10 percent during the planning period.

<u>Funding Account</u>	\$ <u>80</u>	%	\$ <u>84</u>	%	\$ <u>85</u> (est)	%
SDP	<u>26</u>	13	<u>24</u>	9	<u>35</u>	10

The major new bilateral initiatives would be in conjunction with the CDA effort. The proposed bilateral AAPL levels for Senegal,

Somalia, Malawi, Upper Volta and Burundi would have to accommodate these initiatives. A new regional initiative, complementing S&T research efforts, is being proposed for FY1985. We were not successful in getting a modest increase in our regional account in the AAPL process. It would not appear feasible to take on this new initiative in the absence of increased levels, although we will examine the possibility.

In working with these sectors, 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

4. Population/Health

Throughout Africa demographic conditions vary enormously, and demographic statistics in Africa are often no more than rough estimates with wide margins of error. The Overseas Development Council warns that "especially in sub-Saharan Africa, firm data are lacking and the scanty figures available are based on indirect estimation techniques whose results can be considered little more than suggestive..."^{5/} The ODC report concentrated on mortality data but their remarks apply to all demographic data.

The International Statistical Institute in 1981 released their "Senegal Fertility Survey 1978; a summary of findings". In their fertility survey, in a country which probably has a more reliable time data series than most African countries, they noted that

^{5/}Signs of Change in Developing Country Mortality Trends: ODC Development paper 30, D.R.Gwatkin

" The total number of children ever born to respondents aged 45-49 was 7.2, and the crude birth rate for the 5 years prior to the survey was 48 per 1,000. These figures suggest that fertility in Senegal has not changed much over the past 30 years. Fertility differences among socio-economic groups were minimal and fertility was only slightly lower in urban than in rural areas. The few differences in fertility that did exist seem to be due to ethnic origin."

In most cases it appears that rapid increases to date in population numbers and growth rates reflect a steep fall in mortality more than increased fertility.^{6/} This Bureau's population policy has rested on the idea that economic achievement, progress and welfare all depend primarily on natural resources supplemented by physical capital and that in the absence of Western pressures people in LDCs would procreate heedless of consequences. This assumption leads to a concept of optimum population for a country which is frequently just shorthand for a non-African view of what a country's population size should be. African views frequently differ drastically.

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, 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 twenty four.

The International Planned Parenthood Federation has been reviewing the changes in African policy over the last few years and the following resume is based on their most recent (1982) report. They base their information on the stated views and policies of these governments mainly given in response to United Nations inquiries.

The numbers beside the countries indicate the situation related to availability of family planning services. In all the ten countries with a stated policy to reduce fertility there is a modest-to-active support of family planning. Of the twenty-two 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.

^{6/}The IBRD estimates that crude birth rates for low income African nations showed a percentage decline of -2.0 percent from 1960-1979 while crude death rates for the same countries declined -24.6 percent.

Stated Policy to Influence Fertility

<u>No</u> <u>Intervention</u>	<u>Maintain Present</u> <u>Level of Fertility</u>	<u>Reduce</u> <u>Fertility</u>	<u>Increase</u> <u>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)
Central Afr Rep (0)	Mozambique (3)	Kenya * (3)	I. Coast (1)
Comoros (2)	Niger (2)	Lesotho* (3)	
Congo (1)	Togo* (2)	Mauritius (3)	
Djibouti (0)	Upper Volta (1)	Rwanda* (2)	
Equat. (-1)		So. Africa (3)	
Guinea			
Ethiopia (3)		Swaziland*(2)	
Guinea-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 Cameroon, Mali, Niger 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

Discussions with African leaders must recognize these differences and be sensitive to the fact that there are no absolute answers. Programs will not succeed if based on the simplistic theory that African have children because they do not know about birth control or have no access to cheap contraceptives. Studies in other parts of the world indicate that the availability of contraceptives does not initiate fertility declines. Once other developments associated with "modernization" occur, then the availability of contraceptives may accelerate the rate of fertility decline.^{7/} As yet the demand in Africa for contraceptives, cheap or otherwise, has not reached the level of demand for other cheap consumer goods, suggesting that, in addition to questions of price or availability, there are other reasons for the low demand, namely, that children who are born are generally desired and contribute economically to the family.

Although high population density does increase the pressure to increase food production, in practice, malnutrition and starvation can occur most frequently in sparsely populated subsistence economies e.g., the Sahel. Areas of dense population e.g., Rwanda, the Kenya highlands, are fertile and people have a higher nutritional level. High population density has accompanied and been supportive of high levels of economic growth, e.g., Hong Kong or the northeast U.S. These examples are provided to emphasize the fact that there is no unequivocal answer to the question of how many people a country can support.

Misconceptions and defective reasoning have characterized past efforts to reduce fertility and family size. When they involve nothing more than dissemination of birth control techniques and free condoms, they do little harm, but where AID pressures for population controls are translated into government pressure they run the risk of generating more problems for the affected population than they would otherwise experience.

It is time to reassess our entire 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. In the meantime we will continue to work with interested African governments and private organizations to insure that voluntary family planning programs, both informational and service oriented, are supported when desired and requested by the Africans themselves.

7/Rationale for AID Support of Population Programs, January 1982, AID.

At present, A.I.D.'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, A.I.D. expects to carry out bilateral population activities in nine African countries, and augment significantly the programs of private population organizations in Africa.

In December, A.I.D. submitted a proposed strategy in a report to the House Foreign Affairs Committee. The strategy consists of several inter-related initiatives which have been tried and proven in population work worldwide. 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 usually through integration with other basic health programs; 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 of the AID approach.

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. When requested and working in close collaboration with host governments and private organizations, assist in developing country-specific strategies for the phased introduction of family planning services and educational programs.
2. Assist in developing on both a country and regional basis, an adequate demographic and biomedical data base which is available to those people involved in the creation of effective policies and programs.
3. 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 A.I.D. missions, regional, and central officers involved in U.S. population assistance;

--increasing efforts to provide information and education on voluntary family planning to national and community leaders as well as to individuals;

--and reviewing the feasibility of assigning additional population technicians to African field missions and increasing funding for population programs in Africa.

Our population and health activities are important because they address a serious, long-term trend in sub-Saharan Africa. 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 desired family size, the gains from economic development will be eroded - even assuming high investment rates and successful outcomes.

It is proposed that AID continue to assist family planning complemented by investments in health and education sectors which 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.

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. Assistance in the development of national population policies by increasing the indigenous capacity to carry out demographic and biomedical research.
- c. Strengthen host country organizations, particularly in the private sector, by training, technical assistance, and financial support.

Resources required to implement this strategy and benchmarks: In reviewing program trends, the bilateral account has grown significantly and we suspect that 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 \$11 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 \$43.6 million. We would anticipate that allocations will increase even though the functional account percentage is expected to stay at about 5 percent. The population programs would be reinforced and complemented by centrally funded activities and appropriate health and education activities.

<u>Funding Account</u>	\$	<u>80</u>	%	\$	<u>84</u>	%	\$	<u>85 (est)</u>	%
Pop		3	1	11	4		15	5	

Health:

Africa is called the last frontier of development in the world. It has enormous potential, but this potential is locked behind the formidable barriers of disease. The following represents an overview of the status of the health sector in Africa.

Overview of Health Status of Africa Population

- Short life span attributable to high childhood mortality and to premature death among adults, particularly due to undernutrition, complications of pregnancy, diseases and accidents.
- High disability rates in adults from malnutrition and communicable diseases.
- High infant mortality rates.
- Lack of cost-effective control programs for tropical diseases such as malaria, schistosomiasis, onchocerciasis.
- Low childhood immunization rates against common childhood diseases such as measles, polio, TBC, diphtheria, meningitis, whooping cough, and tetanus.
- High prevalence of malnutrition, especially in rural areas, which compounds the impact of infectious and parasitic diseases.
- Low general education levels.
- Inadequate access to preventive and curative health services.

The constraints to improving the health status of the general population include:

- low priority for health budgets,
- lack of financial resources,
- lack of adequately trained human resources
- low planning and management capability,
- lack of general infrastructure and lack of health infrastructure,
- maldistribution of resources to curative care in urban areas.

In Africa, "Illness is a way of life", and some describe the land as being "in torment." Many of the workers are disabled from river blindness (onchocerciasis) or polio, and cannot contribute to their communities' development. The normal mental and physical development of children is retarded by malnutrition, recurrent respiratory and intestinal diseases. Epidemics of measles and meningitis sweep Sahelian populations with death rates unknown in the developed countries. The survivors of these childhood diseases come into the labor force without their full potential.

AID believes Africa must raise several generations of national populations without the kind of deaths, disabilities and limitations now apparent, if the nations will have the human resources they need for successful socio-economic development. There are vast needs for technical solutions to the major diseases, since tropical diseases and the common respiratory, parasitic and diarrheal diseases represent the great neglected opportunities for biomedical research. But also we know that many of the current causes of death and disability should be easily preventable by currently available health technology.

It is now acknowledged that the health sector contributes to economic productivity as well as serving as an excellent indicator of the general well being of the population and as a test of whether equitable development is taking place. Our 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:

- providing preventive and curative services for a few selected communicable diseases, especially tropical diseases, diarrheal diseases and immunizable diseases, through disease surveillance, immunizations, presumptive treatment of malaria and oral rehydration;
- removing the manpower constraints to health development through health human resources development; and
- seeking solutions to the unanswered questions through biomedical and health services research.

Our projects assist Africa nations on a bilateral and a regional basis. The former are tactical activities in placing services and people where they are needed, while the regional programs provide strategic support such as training and research or are provided in conjunction with other regional programs such as the multi-country river basin development programs.

Donor coordination is a key objective in health and is considered, along with the policy framework, 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 involve World Health organization and 3-5 major American and European foreign assistance programs.

African nations lag behind in their ability to provide health and nutrition services to rural people to increase their productivity. Areas of support that we believe are most vital include undertaking epidemiological studies to determine the extent to which diseases or other conditions adversely affect the agricultural labor force. Particularly critical are studies of malaria, schistosomiasis, filariasis, respiratory diseases, impaired vision, anemia and undernutrition. A logical consequence of these studies are operational, and to the extent necessary, biomedical research to develop cost-effective measures for control of these diseases which impair the success of agricultural development. Health service support for the agricultural labor force, combined with the practice of having the health consumer share in the financing of health care, will enhance the performance of those people who are responsible for the success or failure of the agricultural development effort. Much of the Bureau's current efforts in health are related to rural water supply programs and sanitation since we recognize that safe drinking water and sanitary disposal systems are basic for reducing disease levels, especially diarrheal diseases. The Africa Bureau program priorities (per the Africa Bureau's draft Health Sector Strategy Statement) are to assist host governments to:

Develop primary health care systems which improve and expand cost-effective interventions for the control of common diseases, the improvement of nutritional status, and the effective practice of child spacing.

Assist in strengthening health planning and management capability.

Assist in developing human resources.

Assist in improving technology for the effective control of disease.

These are a number of areas which are critical to program progress and which represent areas in which the Bureau could benefit from common research activities. These include:

the development of new and improved cost effective technologies related to drugs, vaccines, epidemiological assessment, vector control, diagnoses and treatment of major health problems; and,

the testing of alternative cost-effective delivery systems for their sustained application.

Resources required to implement this strategy and benchmarks: In reviewing program trends we note that the funding level has remained constant but the percentage of our resources allocated to health has declined. We believe this trend should be reversed. 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 FY1989. We believe this would permit us to build on the activities in the on going CDA sponsored CCCD project (which has \$47 million in approved LOP) as well as to expand some of our promising primary health care programs such as the one in Niger. The CCCD project is highly restricted in the scope of its effort. Immunizations will be provided to protect children against six selected diseases: diphtheria, whooping cough, tetanus, measles, polio, and tuberculosis. Treatment of diarrheal disease with oral rehydration will be provided, and malaria treatment ill be given to pregnant women and the under five age group. The special initiative is based on an estimate that in about eight to ten of our countries a strong and effective performance in health would warrant substantial additional funds to promote follow up actions of ongoing regional and bilateral health projects.

<u>Funding</u> <u>Account</u>	\$	<u>80</u>	%	\$	<u>84</u>	%	\$	<u>85 (est)</u>	%
HE		30	15	30	12		50	13	

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 situation in Africa is beyond the ability of any single donor to reverse and expenditures by African governments on education are already high. (In a significant number of countries recurrent expenditures on education amount to between 25% and 35% of total recurrent expenditures.)

The existing educational systems are marked by the following characteristics:

- extremely low literacy rates among adults.
- inefficiencies, i.e. high drop out and repetition rates, in formal education systems.
- shortages of qualified teachers
- lack of management and administration skills.
- inappropriate educational technology for the African environment.
- lack of equitable access for predominantly rural and wide-spread populations and for women in general.
- high recurrent costs due to inefficiencies.
- insufficient emphasis on skills training and non-formal education for income generation.
- plethora of ethno-linguistic and geopolitical differences.
- low absorptive capacities of most educational systems.
- rapid population growth producing millions of preschool and school-age children.

In the past US assistance in the area of formal education was limited both by ideological conflicts with classical European orientations and by intense efforts by African governments in the post independence era to use the school system for nation building. There were also many cases in which there was a strong preference

for and dependence upon former colonial powers for technical support and assistance to the new African systems. Many of the African countries were committed to concepts of European socialism and saw education as a universal free right. The US did become involved in educational curriculum reform in some countries, vocational technical training in others, and teacher training in many.

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) - Liberia, Gambia, Somalia, Senegal, Mali, Upper Volta, Kenya, Tanzania, Rwanda, Niger.
- Literacy and numeracy programs with special emphasis on rural women - Sahelian, Coastal/Western, Eastern and Southern Africa Regions.--
- 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.
- Non-formal assistance to rural preschool self-help initiatives through NGO support - in planning stages.
- Transfer of technology through radio broadcasting and mass communication training - Liberia, Zimbabwe, Swaziland.
- Higher education and post-secondary institutional development in Cameroon, Botswana, Kenya, Lesotho and Malawi.

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. 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 surveys, which will be available in FY1985 and would begin to influence our programs in FY1986 and FY1987, will provide us with the data base and the policy framework within which a tighter strategy may be developed.

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. We believe we do have some preliminary ideas on the directions our program might take. These include:

- Future focus on improvement of educational efficiency
- Resolving qualitative issues related to rapid expansion.
- Close current gaps in education related to increases in preschool population and high adult illiteracy.
- Create employment and entrepreneurial opportunities for young school leavers through support to nongovernmental enterprise.
- Develop capacities for research, planning and management basic to food productivity increases.

The field of education and human resources is definitely one in which 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%)

In education and human resources, program priorities (per the recent Africa Bureau Education and Human Resources Development Workshop) are:

Assist host countries to improve internal and external efficiencies of basic education systems for rural producers and their families by furthering (a) cost-effective programs, and (b) improvements between what is being taught, or trained for, and available employment opportunities, public or private.

Provide development administration assistance in support of African institutions with emphasis on those focusing most directly in agricultural development.

To provide services to project identification and design in other sectors.

To explore the possibility of supporting the development of regional centers of excellence in up to five countries to provide specialized training and research facilities for key problem areas, e.g. agriculture, health, engineering, science and math training, and/or other sectors.

Resources required to implement this strategy and benchmarks: We are most uncertain in this area because, unlike agriculture or health where we have on-going broad regional initiatives under the CDA umbrella, our past activities have been very country specific.

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.

We have reviewed past program trends and believe that the percentage of resources being allocated to this area is about right; however, we would also cite this area as a major potential recipient of additional funds if they become available. Tentatively, we would project a major involvement with up to five countries in establishing regional centers of excellence at an estimated cost of \$50 million for each center during the planning period.

<u>Funding Account</u>	\$ <u>80</u>	%	\$ <u>84</u>	%	\$ <u>85</u> (est)	%
EHR	30	15	33	13	50	13

C. Funding Projections

In projecting total Africa Bureau programs we have assumed that there will be a nominal increase per year of 15%. This means that total resources will be about two billion dollars by FY1989 as opposed to the AAPL projection of about seven hundred thousand. In preparing the illustrative funding chart below, we have assumed that the DA account will increase to about one billion which would include funds during the planning period for the several new initiatives included in the sector discussions. The new initiatives would include :

Agricultural Research Centers	5 zones x \$50 million	\$250 m
Centers of Excellence	5 good performance x \$50	\$250 m
Internal Market Improvements8 good performance x \$10	\$80 m
Pop/Health	8 good performance x \$10	\$80 m
Non-project aid		\$500 m

AFRICA BUREAU

FUNDING-	FY80		FY84		FY85		FY89	REV
	\$	%	\$	%	\$	%	AAPL	REQ
ARDN	103	53	150	60	168	60	216	420
Pop	3	1	11	4	14	5	18	35
HE	30	15	30	12	36	13	47	91
EHR	30	15	33	13	36	13	47	91
SDP	<u>26</u>	13	<u>24</u>	9	<u>25</u>	9	<u>32</u>	<u>63</u>
DA	<u>192</u>		<u>247</u>		<u>280</u>		<u>360</u>	<u>700</u>
Sahel	<u>75</u>	28	<u>103</u>	29	<u>103</u>		<u>135</u>	<u>300</u>
Total	<u>267</u>		<u>350</u>		<u>383</u>		<u>495</u>	<u>1000</u>
ESF	<u>133</u>	33	<u>409</u>	53	<u>346</u>		<u>126</u>	<u>850</u>
Total	<u>400</u>		<u>759</u>		<u>729</u>		<u>621</u>	<u>1850</u>
PL480	<u>290</u>		<u>175</u>		<u>157</u>		<u>150</u>	<u>150</u>
<u>TOTAL</u>	<u>690</u>		<u>934</u>		<u>886</u>		<u>771</u>	<u>2000</u>

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