



# AFRICA:

## *Growth Renewed, Hope Rekindled*



A Report on the Performance  
of the Development Fund for Africa  
1988 - 1992

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## About This Report

In fall 1987, the United States Congress, concerned about the future of development in Africa, provided a new assistance instrument to the United States Agency for International Development (USAID). This instrument, called the Development Fund for Africa (DFA), was the tangible result of a new compact between USAID and Congress on an approach to development in Africa. Three key elements of the compact were:

- **A Commitment to Secure Funding.** Congress and the President would agree to a fixed amount of development resources going to Africa, thus ensuring that these funds would not be a residual or a hostage to more pressing political issues. As a result, economic support funds virtually disappeared, and the importance of the U.S. Government's focus on development as its primary foreign policy interest in Africa was clarified.
- **Flexibility.** Congress abolished functional accounts, permitted, among other things, the use of DFA resources as nonproject assistance to promote economic policy reform and encouraged more flexibility in procurement.
- **Results Orientation.** USAID agreed to program its DFA resources so as to achieve strategic results. This involved concentrating resources in countries where the economic and political environment was conducive to success; focusing resources on fewer, but higher level objectives in each country; and developing a comprehensive monitoring, evaluation, and reporting system.

<sup>1</sup> This report summarizes the results of a larger study by USAID, entitled *Fresh Start in Africa*, which can be obtained from the Office of Development Planning Bureau for Africa United States Agency for International Development Washington, D.C. 20523 Additional copies of this summary report can be obtained from the same address.

Congress asked that USAID periodically report on its experiences, both positive and negative. **This report presents a frank appraisal of USAID successes and failures, and assesses the impact of USAID's use of about \$3.5 billion of DFA monies between fiscal years 1988 and 1992.**<sup>1</sup> Some programs have achieved negligible or limited results, but, overall, USAID programs are making a positive and substantive difference in the lives of the people of Africa.

This report is divided into three parts. The first section provides an overview of Africa's progress and USAID's programs. The second section looks at USAID's programs and impacts in three key areas: (1) investing in economic and political democracy, (2) investing in people (health, population and education), and (3) investing in agriculture (including natural resource management and the environment). The report concludes with a discussion of sustainable development in Africa.



Carolyn Watson



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## Dear Friends,



I am pleased to convey to you the 1993 Report of the Development Fund for Africa (DFA).

The end of the Cold War has given us the opportunity to view the challenge of development free from the distortions of superpower competition. The United States Agency for International Development (USAID) is reinventing itself to respond to these needs, and the well-being of the people of Africa figures prominently in our work.

Our emphasis is on sustainable development, and we will concentrate on the four elements that critically affect progress and change: broad-based economic growth; population and health; environment; and democracy. We believe that development can only be sustained if it involves and empowers individuals and communities. It must help even the poorest of the poor become active economic and political participants.

This report demonstrates that effective, focussed assistance, provided in partnership with committed national institutions, can make a measurable difference. Throughout Africa, improved health conditions, enhanced food security, and increased openness of markets attest to the value of the DFA. In the years ahead, transformation of African societies to more democratic, more market-friendly practices will continue to receive our support and commitment.

In particular, African societies will have to face two new challenges: (1) a more competitive international marketplace and (2) reduced reliance on foreign assistance as a source of new capital. To meet these challenges will require new investments in human resources, increased emphasis on making economies investor friendly, and the strengthening of political and economic structures to make them more open, more transparent and more predictable. USAID will continue to support programs aimed at increasing the participation of the people in the development process, at increasing African capacity to solve development problems and at ensuring African ownership of economic and political reform.

Africa's future holds both immense potential and enormous difficulties, and USAID will take an active role in supporting the people of Africa to shape their future.

Sincerely,

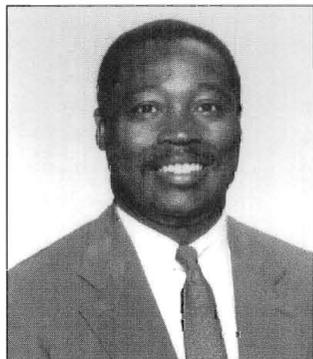
A handwritten signature in black ink that reads "J. Brian Atwood". The signature is written in a cursive, flowing style.

J. Brian Atwood



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## *Dear Friends of Africa,*



During my twenty years of working in African development, I have witnessed both progress and stagnation. I have watched the emergence of new nations. I have seen states undermined by political turmoil and economic mismanagement. I have witnessed human suffering caused by natural disaster and civil strife. Yet over the last decade, I also have seen renewed hope that the dreams of the founders of African independence might at last be realized.

Through the good years and the bad, the strength and resilience of Africa's people have remained constant. In every corner of Africa, in villages, towns, and cities, hope is being reborn. Africans everywhere want governments that are open and responsive, and institutions that are genuinely democratic. Entrepreneurs, farmers, and laborers have become participants in economic reform and in new opportunities to invest and produce. Children are living longer; parents are choosing to have fewer children; farmers are growing more food.

As Africa has changed, so has the assistance program of the United States. Under the pathbreaking legislation of the Development Fund for Africa (DFA), USAID was able to develop an assistance program that: (1) concentrated resources strategically in countries where we could develop an effective partnership with both national governments and local community organizations; (2) stressed African participation in the development process; (3) aimed at systemic change; (4) focused on results; (5) emphasized sustainability; and (6) ensured coordination with other donors.

It is with great pleasure that I introduce the story of rekindled hope that is presented in this report. I want to emphasize the contribution that USAID has made to that story. Our support of African development will continue. Future efforts under the Development Fund for Africa will give emphasis to African participation and ownership of the development process. If development efforts are to be sustained, Africans themselves must identify the problems and implement the solutions.

In this era of hope for democratic change and renewed growth, we look forward to forging a partnership towards sustainable development. Africa is on the move again. There is a new energy, a new enthusiasm. A rekindled hope.

Sincerely,

A handwritten signature in cursive script that reads "John F. Hicks".

John F. Hicks

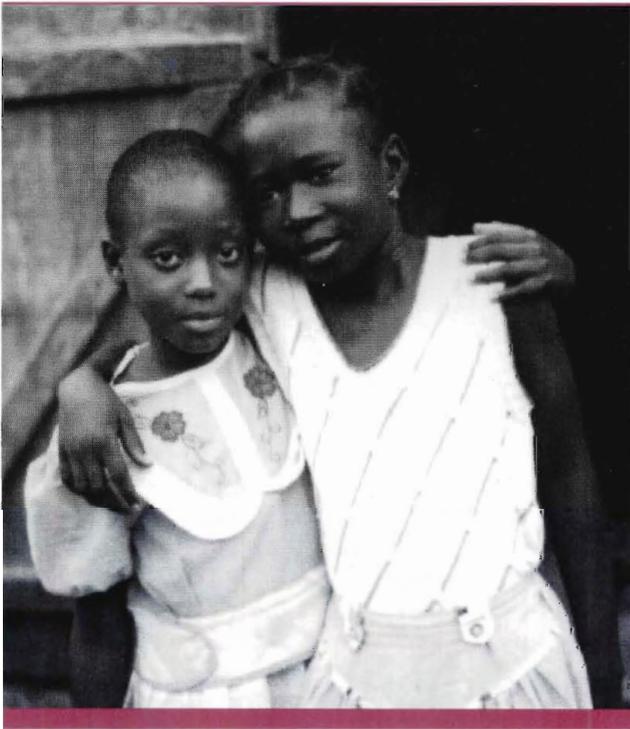


# Overview

SECTION

ONE





## *USAID's Major Accomplishments Under the DFA*

Africa's future lies largely in the hands of the African people and their leaders. Outside donors can only offer resources and advice. Although the United States is only the sixth largest donor in Africa, providing 6 percent of total development assistance, its role as a representative of the only remaining superpower, its presence in country, and its access to the intellectual resources of the United States make its advice extremely valuable. Moreover, USAID has concentrated its program in a few development areas and is now the lead donor in family planning, human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) prevention, participant training, and support for democracy and good governance. Also, USAID is an important and catalytic donor in the enabling environment for the private sector, natural resources management and biodiversity, agricultural technology development, market liberalization, child survival, and basic education (see Table I). In these areas, USAID can point to a number of major accomplishments.

Development is a long-term business. A growth rate of 3 percent per year in per capita income, if sustained, doubles the economic welfare of each generation. But, over a five-year period, progress is measured as much in the development of a capacity to change as it is in change itself. What changes, actual and in capacities, are taking place, in the countries in which USAID has concentrated its resources, in countries that USAID can rightfully claim to have assisted? Some of the changes are listed here by area:

### **Child Survival**

- Consistent and continuing increases in immunization and oral rehydration therapy coverage
- Continuing and consistent declines in child and infant mortality

### **HIV/AIDS**

- Shift in government policy in most AIDS endemic countries towards an active campaign against HIV/AIDS
- Increased awareness of the causes of HIV/AIDS and of the behavioral changes needed to prevent transmission
- The beginning of behavioral change among "high-risk" groups

### **Family Planning**

- Shift in policy from pro-natalist to neutral or pro-family spacing in most countries
- Increases in contraceptive prevalence in many countries
- Decreases in fertility in a few countries (Botswana, Zimbabwe, Rwanda, and Kenya)

### **Basic Education**

- Systemic changes in financing, allocation of resources, management, access, and efficiency in a number of USAID-assisted countries
- Increased primary school enrollments in a few countries



- Greater participation by parents in improving, especially for girls, the quality of their children's education

### Training and Capacity Building

- Improved technical and managerial skills of Africans who are promoting private-sector growth and productivity
- Strengthened capacity of government organizations to conduct analyses relevant to policy dialogue and economic management

### Democratic Governance

- The establishment of a number of real democracies and the growth of a number of democratic institutions such as a free press, an independent legislature, an independent judiciary, and a broad civil society, including indigenous nongovernmental organizations (NGOs)

### Agricultural Marketing and Agribusiness

- Liberalization of most key agricultural input and product markets, resulting in reduction in marketing margins, decreases in real food prices for consumers, increased market participation by farmers and traders, and improved incentives for farmers
- Rapid growth (more than 10 percent per year) in nontraditional exports in selected USAID-assisted countries, providing new sources of income for a substantial number of smallholders

### Agricultural Technology Development and Transfer

- Development and transfer of a number of technological improvements, particularly hybrid seeds for maize and improved varieties of millet, beans, and sorghum
- Substantial increases in smallholder's production and productivity as a result of these efforts

**Table I: Profile of DFA Assistance to Sub-Saharan Africa, 1988–92**  
(millions of U.S. dollars)

SECTOR	FY88	FY89	FY90	FY91	FY92	Total	%
<b>Child Survival</b>	\$33.9	\$54.9	\$42.7	\$54.4	\$62.1	\$248.0	7.2
<b>HIV/AIDS</b>	5.5	6.0	7.7	26.3	31.8	77.3	2.2
<b>Other Health</b>	13.2	47.7	21.7	37.2	30.3	150.0	4.4
<b>Population</b>	32.0	39.8	43.7	74.8	66.5	256.8	7.4
<b>Basic Education</b>	9.6	23.7	25.6	87.0	66.0	211.9	6.1
<b>Other Education and Training</b>	63.0	60.8	66.0	84.4	81.8	356.0	10.3
<b>Agriculture and Natural Resource Management</b>	245.8	209.6	199.8	204.5	255.8	1,115.5	32.3
• <b>Agriculture</b>	194.0	160.8	153.2	157.6	190.5	856.1	24.8
• <b>Natural Resource Management</b>	51.8	48.8	71.4	73.3	105.3	350.6	10.2
<b>Income and Employment Generation</b>	45.7	54.6	97.2	96.9	131.4	425.8	12.3
<b>Democracy/Governance/Human Rights</b>	0.5	3.3	4.7	20.6	41.8	70.9	2.1
<b>Other</b>	112.7	87.6	103.4	131.8	106.9	542.4	15.7
<b>TOTAL</b>	<b>\$561.9</b>	<b>\$588.0</b>	<b>\$612.5</b>	<b>\$817.9</b>	<b>\$874.4</b>	<b>\$3,454.7</b>	<b>100.0</b>

Notes:

Based on legislative definitions, agricultural and natural resource management activities can be legitimately counted toward either category; therefore, there is some ambiguity in these numbers, but no double counting.

"Income and employment generation" includes activities in financial management, business and trade promotion, microenterprise activities, and activities to improve the environment for private-sector-led growth.

"Other" includes infrastructure and public administration.

*These figures include only Africa Bureau resources; they do not include the important contribution of central bureaus, which in some cases, particularly population, have been substantial.*



Ron Borner / USAID



#### Natural Resource Management and Environment

- Development of policies, institutional capacity, and strategic plans in selected countries to manage the natural resource base with particular emphasis on biodiversity
- Successful demonstration in pilot activities that local management of natural resources is economically and environmentally sustainable

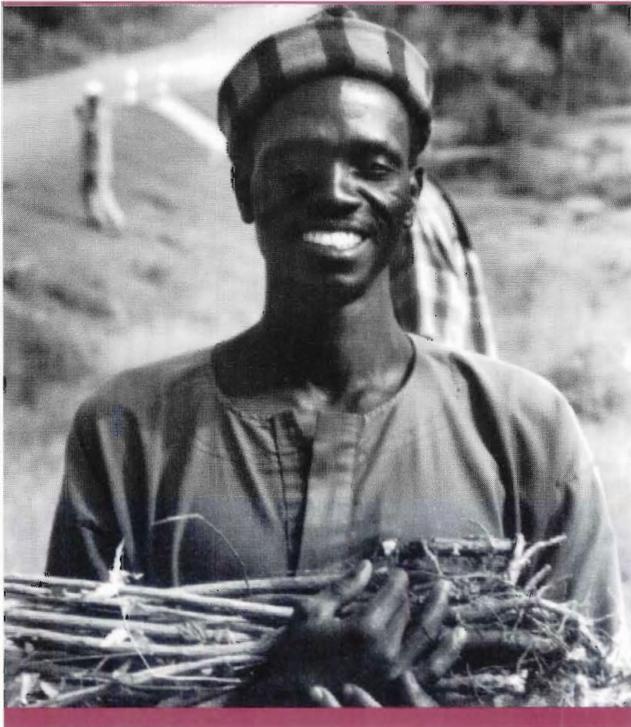
#### Economic Management

- Increased macroeconomic stability in a number of countries; a restructured role for the state and the private sector; reduction of bloated civil service roles; privatization of a number of government enterprises and functions; enhanced financial viability; increased responsiveness to articulated demands of the broadened civil society

#### Competitive Markets

- Substantial growth of employment and production in the informal economy, both agricultural and nonagricultural
- The early stages of the development of a set of institutions (private banking system, legislation protecting property rights and adjudicating disputes, market information systems, chambers of commerce, etc.) that will service the needs of entrepreneurs, both small and large





## *A New Way of Doing Business*

**A**ssociated with the DFA are seven management principles that guide USAID in budgeting, designing, and implementing projects and programs: (1) concentration of resources in countries with greater chance for success; (2) the participation of African people and organizations in developing strategies and designing programs and projects; (3) an emphasis on changes in systems; (4) development of an evaluation system to ensure a results orientation; (5) use of a multi-level approach; (6) support for donor coordination; and (7) attention to sustaining changes in the long run.

### **FOCUS AND CONCENTRATION**

Under the DFA, USAID developed a new programming process to focus and concentrate budgetary resources in countries where economic and political reforms are improving the chance for success. This budget allocation system, which allocates resources on the basis of need and potential for success has led to a dramatic shift in the countries where USAID has important development programs. For each program, USAID missions are asked to

develop strategies that focus on three or four strategic objectives. Missions are also asked to design evaluation, monitoring, and reporting systems to track the effectiveness of programs at the strategic level. With agreements between Washington and USAID field missions on development objectives and indicators in place, more and more programming decisions are being delegated to the field.

Developing the new programming process has been difficult. There is great resistance to the concentration of resources, particularly as the number of reforming countries increases. The development of program-level indicators, especially the measurement of impact on people, turned out to be much more complicated than expected. Some issues are still being resolved. Despite these problems, the new programming process is in place across the region, and is now being adopted by USAID as a whole. USAID's partners, both host governments and implementing institutions such as private voluntary organizations (PVOs), are thinking more carefully about managing for results.

### **AFRICAN PARTICIPATION**

The political and economic revolutions spreading through Africa today will only succeed as the development process becomes participatory. Africa is experiencing a mushrooming of voluntary organizations of all kinds. These organizations form the substance of "civil society." As democracy increases, and more political decisions are reached through a marketplace of ideas, these organizations become the building blocks of that political process. Similarly, in the economic realm, the development of effective spokespersons for various economic interests promotes sustainable economic change. USAID works with, learns from, and strengthens these organizations to help make the process of change participatory and responsive.



**An important principle of USAID's programming process is, to the extent possible, to include the participants in the development and design of new programs and projects.** A recent survey of USAID missions in Africa found that 93 percent routinely involve local people and organizations in the design of projects; however, only 29 percent engage the same groups in broad strategy formulation. A notable exception was Togo, where the Mission, as part of its strategy development process, carried out a series of field visits and interviews with rural and urban poor (including a high percentage of women), business people, local organizations, and host government agencies.

These consultations have been viewed by USAID missions as very important in improving the effectiveness of their programs. For example:

- In **Rwanda**, despite strong interest, extension efforts in fish culture were having little impact; discussions with farmers revealed that credit was a critical missing element. As a result, the project is being redesigned.
- In **Botswana**, consultations at the village level that were built into the natural resource management project have convinced both the Government of Botswana and local communities that the communities were able to manage wildlife resources in a sustainable way, resulting in devolution to local communities of the right to issue hunting licenses.
- In **South Africa**, USAID's collaborative style has established legitimacy and credibility for the USAID program. For example, the current design of the tertiary education program, involving all interested stakeholders, has given the project credibility and support among all members of the affected community.

## CHANGES IN SYSTEMS

**Africa's problems do not stem primarily from a shortage of resources or from technological backwardness. Rather the key problems stem from failed economic policies, weakened public-sector institutions, and bad governance.** Solutions to these problems require broad systemic change; for example, changes in policies such as setting agricultural prices, changes in institutions such as the primary school system, or changes in the political process such as transferring authority over forest resources to local communities.

Dealing with systems is risky, requires broad conceptual thinking, as well as political sensitivity, and usually involves the use of nonproject assistance. Moreover, systems change requires a longer term view and a willingness to accept medium-term impacts that are indirect and intermediate, rather than direct and at the household level. But when changes in systems are successful, they have the potential to transform society. **The bottom line remains that one cannot transform the village until the political and economic environment is restructured to encourage change.**

## A RESULTS ORIENTATION

All USAID missions in Africa are required to define their program in terms of a set of strategic objectives. The missions are then asked to develop indicators that measure progress in achieving these objectives and to report on progress annually. Typically, these indicators are expected to measure people level impact (PLI), factors that directly measure the welfare of the people USAID is trying to help. Thus, the measure of program effectiveness is achieving strategic results, not implementing projects with little difficulty.

## A MULTI-LEVEL APPROACH

Increasingly, USAID works with all levels of society, as appropriate, from village to capital, from nongovernmental organizations to business people, from local government to national government. The political face of



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sub-Saharan Africa has altered substantially since the enactment of the DFA. One of the principal reasons that the legislation emphasized consultation between USAID and the nongovernmental—for-profit and not-for-profit—organizations was the view that African governments were unrepresentative of their peoples. Thus, a government-to-government dialogue did not sufficiently include consideration of the desires of and impacts on the poorer segments of African societies. In a very short period of time, the situation has changed dramatically. Elected officials in many countries now recognize that they must be responsive to the electorate and that they must enlist the efforts of their own peoples to ensure sustainable progress.

USAID has used its policy-based assistance to help states redefine their roles toward a more supporting and collaborative role with citizen interests. For example, in most of USAID's reform activities in the basic education sector, parents of students associations have been formed or resuscitated at the local level. Parents are being consulted, often for the first time, on their expectations for their children's education. In the longer term, it is envisioned that parents' associations will demand accountability from the government, but in the near to medium term, USAID, by conditioning its assistance, will continue to work to influence African governments' education policy to make the sector more equitable and more efficient.

As governments increase their accountability and transparency and become more responsive to their peoples, the capacity of people to organize, to advocate and to take private action to further their own development must be enhanced. USAID has provided support to assist sectoral service delivery organizations to advocate effectively for their clientele. In some cases, USAID has supported organizations in their transition from political advocacy to service delivery when the host country has experienced a change of government that makes possible a new,

collaborative relationship between government and the nongovernmental sector, as in post-independence Namibia.

In terms of implementation, an average 17 percent of the DFA has been allocated to PVOs or NGOs each year for activities in almost all sectors. There is a widely shared conviction among field missions that PVOs and NGOs have a comparative advantage in providing assistance at the very local level and in reaching the poorer segments of society. Traditionally, this assistance has been aimed at improving well-being or at increasing income-generating opportunities. With the changes brought about by political and economic liberalization, building an indigenous voluntary sector that can conduct a dialogue with its own government, while still providing constituent services, takes on increasing importance. Similarly, trade and business associations will help to maintain a level playing field for profit-making individuals and organizations. USAID will be looking for new and creative ways to encourage the U.S. PVO sector to help African NGOs to formulate positions and engage their governments in policy discussions. At the same time, USAID will continue to rely on consultations with U.S. and other international PVOs as one source of information—with special reference to anticipated impact on the rural and urban poor—in shaping policy and programs at bilateral and regional levels.

## DONOR COORDINATION

USAID supports several donor coordination mechanisms to improve the ability of donors to work together. Of particular note is the Special Program of Assistance (SPA) to Africa.<sup>2</sup> Led by the World Bank, and including every major donor to Africa, the SPA coordinates structural adjustment assistance to (1) harmonize policy advice; (2) ensure sufficient funding, and (3) improve the quality of assistance by reducing the practice of tying aid and eliminating unnecessary and conflicting donor regulations.

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<sup>2</sup> In addition to the SPA, several other donor coordination mechanisms are worth noting: (1) The Special Program of Assistance to African Agriculture brings donors together to coordinate programs in agriculture, particularly agricultural research, while the Donors to African Education plays a similar role in the education arena. In addition many donors, including USAID, are jointly funding institutions that develop institutional capacity, such as The African Capacity Building Foundation.

By focusing on implementation, USAID has adopted a particular niche in sector reform programs. As a result, particularly in education and agriculture, USAID is joining forces with the World Bank and other bilateral donors to help in the comprehensive restructuring of key sectoral policies and institutions.

## **SUSTAINABILITY**

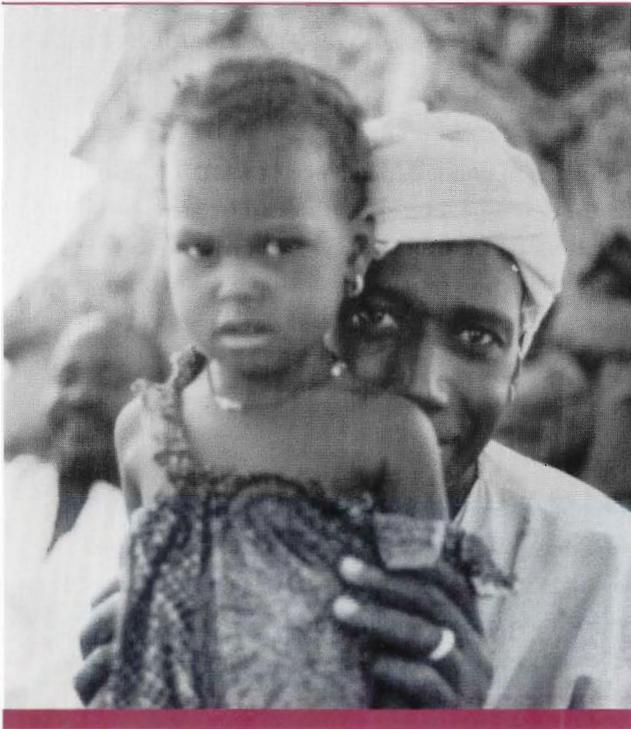
Development consists of making long-term changes, but much of the investment financed by USAID and other donors between 1960 and 1980 has disappeared without a trace, largely because of the inability of African governments to provide the financial resources to maintain the changes. All USAID programs grapple with the difficult issue of sustainability. Ultimately, since donor resources are unlikely to grow, economic growth will mean a

reduction in donor dependence.<sup>5</sup> **USAID's focus is on lasting change, changes that can be sustained financially, institutionally, and environmentally.** It is not enough to provide inoculations, or to train health workers, or to build cold chains to protect vaccines; the whole system of providing childhood inoculations must be made sustainable.

These seven principles enable USAID to make efficient use of financial and institutional resources by (1) using resources where they are likely to have the biggest impact; (2) using resources strategically; (3) using USAID's strength on the ground to work with local institutions at all levels; and (4) leveraging funds from other organizations where possible.

<sup>5</sup> If 10 percent of sub-Saharan African gross domestic product (GDP) is provided by official development assistance (ODA), and success means GDP growth of, say, 6 percent per year, and if reality argues for constant ODA levels, then in 10 years ODA as a percentage of GDP will fall to 5.5 percent. Governments must find other resources (both domestic and foreign private resources) to replace foreign aid.





## *African Diversities and Generalities*

### DIVERSITIES

There is a tendency to speak of Africa as if it were a homogeneous place. In many places, this report will be guilty of such oversimplification. In fact, however, it would be hard to find a more diverse continent. Sub-Saharan Africa includes 50 countries that range in population from the 88 million people in Nigeria to the 80,000 people of São Tomé and Príncipe. Sub-Saharan ecology varies from the dense forests of Zaire (which covers a larger area than Texas and Alaska combined) to the arid Cape Verde archipelago (with a land mass smaller than that of Delaware). Sub-Saharan Africa is three times the size of the continental United States and contains two huge deserts, volcanic mountains that are snowcapped year round, rain forests, highland savanna, littorals, and several of the largest lakes and river systems in the world. Its 500 million people speak over 800 languages; practice Christianity, Islam, and animist beliefs, and many have anglophone, francophone, and lusophone overlays on their traditional cultures.

Many of the images Americans have of Africa are either negative or romantic. In fact, for every Somalia struggling with anarchy and hunger, there is a counterpoint, such as Zambia, effectively feeding its people in the midst of an unprecedented drought. For every Daniel Arap Moi clinging to power through coercion and corruption, there is a Nicephore Soglo, an honest reformer, coming to power in Benin through a fair electoral process. For every Zaire seemingly hurtling toward economic and political chaos, there is a Ghana effectively combining political and economic reform, and experiencing its eighth straight year of positive per capita growth.

Signs are hopeful for lasting peace in Mozambique and Ethiopia, countries that have experienced war and its horrors for over a decade. But war continues in Angola and Liberia. A nonracial government seems likely in South Africa. The democratic process seems to be leading toward responsive government in Mali, Zambia, Benin, Niger, Madagascar, and, with less certainty, in Ghana, Tanzania, and Uganda. But democratic reform seems stymied in Nigeria, the Cameroon, Togo and Zaire. And in Madagascar and Niger, political change has pushed strong economic reform programs off track. However, even in the most recalcitrant political reformers, Kenya and Malawi, processes of change are in place; representative government may not appear in the short run, but rigid one-party regimes are hearing the death knell.

On the economic side, too, the picture is mixed. Drought or falling world commodity prices or both had large negative impacts on most economies in 1991 and 1992. Nevertheless, over 30 countries are still engaged in the economic liberalization process. **Under structural adjustment, economic performance has improved (see Box 1), but economic growth is still much too slow (given rapid population growth) to make much difference in people's lives.** For Africa to be transformed, growth rates need to average 6 percent per year, but most countries have growth rates that are substantially lower.



The statistics reflect surface phenomena. Beneath the surface, in the 250,000 villages, 1,000 towns, and 100 cities of sub-Saharan Africa, are resilient, dynamic, and energetic people. In many areas, life has been getting better as the influence and power of the state has eroded. That erosion began with the economic crisis of the early 1980s, which emasculated governmental institutions in many countries, continued as structural adjustment redefined what governments should and should not do, and accelerated as the political process became more democratic. Now, millions of African farmers and entrepreneurs make their own decisions about what to produce, what investments to make, and what to buy.

**GENERALITIES**

Several conditions tend to apply throughout Africa, in spite of the enormous diversity. Four of these generalities are:

- Poverty is endemic.
- Formal economies are stagnant and suffering severe financial distress, while rural, informal economies are complex, resilient, and dynamic.
- Population growth rates are very high.
- Environmental degradation is continuing.

These conditions are affecting African development today and they must be addressed if development is to take place on a sustainable basis.

**Box 1. African Economic Performance**

*Most USAID resources for Africa go to 27 predominantly low-income countries. All have economic policy regimes that are either reforming, were reforming in the recent past, or are fully reformed. As a result, economic performance in countries where USAID concentrates tends to be better than in Africa as a whole.*

*The growth rates of concentration countries are much higher than growth rates of nonconcentration countries, particularly in the later periods. Moreover, this growth has taken place at a time when commodity prices have been falling for most African exports (cocoa, coffee, groundnuts, and oil). These negative terms-of-trade impacts have cost the African countries more than \$8 billion a year (an amount equal to over half of all foreign assistance) and have meant reductions in overall growth rates. USAID estimates that the growth rate of concentration countries in the 1986-90 period would have been at least 0.5 percent higher each year if the terms of trade merely stayed constant.*

	Concentration Countries	Other Countries	All Countries
<i>Growth of GDP (mean values)</i>			
(1980-84)	1.8%	1.8%	1.8%
(1985-87)	3.8	2.9	3.3
(1988-91)	3.4	1.7	2.5
<i>Growth of GDP (median values)</i>			
(1980-84)	1.2	1.2	1.2
(1985-87)	3.1	2.6	3.0
(1988-91)	4.2	1.3	3.0
<i>Growth of Export Volumes</i>			
(1980-84)	0.2	1.0	0.2
(1985-87)	3.5	1.2	3.5
(1988-91)	4.7	1.0	2.8
<i>Government Budget Deficit (as % of GDP)</i>			
(1980-84)	5.2	6.7	5.9
(1985-87)	5.0	7.3	6.1
(1988-91)	4.0	10.7	6.9

*Concentration countries include Benin, Botswana, Burundi, Cameroon, Chad, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.*



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## Endemic Poverty

**Africa is the only region in the world where the number of poor is likely to increase over the next decade, according to the World Bank.** Approximately 180 million of sub-Saharan Africa's 500 million people can be classified as poor, of whom 66.7 percent, or 120 million, are desperately poor.<sup>4</sup> By every international measure, be it per capita income (\$330), life expectancy (51 years), or the United Nation's Index of Human Development (.255 compared to .317 for South Asia, the next poorest region), Africa is the poorest region in the world.

## Formal and Informal Economies

There are two African economies: a formal, foreground economy that is analyzed, counted, and measured, and an informal, background economy that receives little attention. The formal economy is visible and large scale. It encompasses the activities of government, the parastatals, and the relatively large private firms. The participants—government workers, wage earners, and business people—make up the upper and middle classes of African society. In contrast, the informal economy consists of millions of family farms and family firms operated by the working poor.

Recent economic history helps explain how formal economies declined and informal economies stagnated and then flourished. After the oil shocks of 1973–74 and 1979–80, real commodity prices fell (except for oil) and real interest rates rose. Governments borrowed to keep the inefficient parastatal sector afloat. Debt rose; public capacity to supply services plummeted. Deficits began to mount, and when sources of borrowing dried up, governments resorted to the printing press. Inflation spiraled. A rigid exchange rate became more and more overvalued, and foreign exchange more and more scarce, leading to rationing and corruption. Formal private investment fell as public investment fell, and output and income in the formal economy declined precipitously. Particularly hard hit were the families of civil servants who saw their real wages drop with inflation. These government employees

and their families began shifting their activities to the informal economy, where they earned more and more of their income.

The informal economy was also affected, but had more opportunities for adjustment. As overvaluation increased, exporters, such as coffee farmers, found the real value of what they produced declining, so they either cut down coffee trees and began producing food or sold their coffee to traders who smuggled it across the border. In the mid-1980s, an estimated two-thirds of Tanzania's exports (coffee, livestock products, and semiprecious gems) were smuggled out of the country. Where marketing boards could not provide acceptable prices, or consumer goods were unavailable at official prices, black markets abounded.

As a result, when the formal economy suffered a depression, with real incomes falling at 5 to 10 percent per year, the background economy suffered stagnation, with real incomes constant or falling at no more than 1 to 2 percent per year. The only area to which the background economy had difficulty in adjusting was the decline in the public sector's capacity to deliver key services, such as road maintenance, education and, to some extent, health care. Since effective government provision of services to the poor has always been problematic, the decline of the government had little impact on the lives of the poor. In many ways, the decline improved their lives. As governments became less able to tax them through the marketing system, farmers and traders developed effective black and gray markets. Throughout the period of economic crisis, food prices fell, as private markets developed and farmers shifted from export crops to food production and sale.

The economic crisis of the formal economy forced governments to turn to the International Monetary Fund (IMF) and donors for special financial assistance. That assistance, which came tied to policy conditions, was packaged in structural adjustment programs. Beginning in the mid-1980s, the structural adjustment process (1) stabilized the financial accounts of the formal economy,

<sup>4</sup> The World Bank. *World Development Report 1990*, p. 29 ff.



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thus reducing inflation; (2) legalized or formalized most black markets, thus reducing the substantial transactions costs of acting illegally; and (3) injected large amounts of untied foreign exchange into the economy.

As a result, the rapid decline of the formal economy was arrested and reversed. Nonfood agricultural production, particularly export volumes, showed substantial growth, even in the face of declining world prices. Food production increased dramatically. Financial imbalances were reduced; governments were restructured; and the foundation for sustained growth was put in place.

**Economic Reform.** The impact of economic reform on the informal economy was substantial. Work done for USAID by Michigan State University demonstrated the vitality of the background economy, in manufacturing as well as in services, and suggested rates of growth of employment well in excess of labor force growth.<sup>5</sup> Reduction of police harassment, deregulation, improved access to foreign exchange, and a revitalized agriculture have all been responsible for the growth of the nonagricultural informal economy.

At the village level, structural adjustment led to three important changes. First, the official legalization of private markets reduced the harassment and extortion of traders by government officials (the “economic police” in Mali, for example). That tended to expand markets and reduce the costs of marketing, helping both producers and consumers as traders were freed from the “taxes” they paid to keep the police and others off their backs.

Second, export crop producers were once again able to sell their goods for prices more reflective of their value. This large injection of cash into the system had ripple effects on all those who sold to

coffee, cotton, cocoa, and tea farmers.

Third, donor support for structural adjustment came in two forms: investment, particularly in rural infrastructure, and a flow of capital and intermediate foreign goods. The investments promised to link farmers to markets, to health centers, to schools, and to information, while the balance of payments support meant that items such as soap, clothes, tools, and matches could be bought rather cheaply.

The availability of foreign exchange also opened economic space for the informal producers of goods and services. In Senegal, for example, small-scale service firms, which could now buy spare parts, initiated repair businesses for automobiles and air conditioners, taking business away from inefficient formal firms.<sup>6</sup> Rural industries—beer making, auto repair, brickmaking, construction, tailoring, blacksmithing—all flourished.

**Political Reform.** With political liberalization, the reform process continues. Increasingly, villages are gaining control or influence over public services, including

<sup>5</sup> For example, the annual rate of growth of informal sector employment in Swaziland was estimated at 4.1 percent, in Malawi at 9.0 percent, in urban South Africa at 18.9 percent, in Botswana at 8.5 percent, in urban Kenya 17.4 percent, and in Zimbabwe 5.6 percent. See C. Leidholm and D. Meade, *The Structure and Growth of Microenterprises in Southern and Eastern Africa: Evidence from Recent Surveys* (Gemini Working Paper, no. 36), March 1992, p. A-6.

<sup>6</sup> *The A.I.D. Economic Policy Reform Program in Senegal*, USAID Impact Evaluation Report no. 77, PN-AAX-242, September 1990.



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schools, police forces, local public works construction, and natural resources management. This devolution of power from the central government to local levels tends to mean increased control by the people over institutions central to their welfare. In the long run, the process of political reform reinforces economic reform, decentralizes power and authority, and makes governmental institutions more responsive. The decline of the government in rural areas promotes the growth of civic society and the development of an array of rural institutions to provide functions unavailable from government.

The economic and political changes that have occurred in Africa are fragile. Many serious macroeconomic problems remain, particularly with respect to the formal economy. The debt overhang has not been reduced in any substantive way. Formal private investment has been sluggish. Privatization and civil service reform have proved very difficult. Nonetheless, available evidence shows that structural adjustment has had a positive impact on the formal economy. While the strength of the informal economy has sheltered most people from the economic crises of the 1980s, in the long run, economic welfare depends on a vibrant formal economy.

Political liberalization is even more uncertain. Some democratic movements will be stifled by repression, others may end in stalemate and be unable to develop legitimacy. Moreover, in the short term, political liberalization may make it more difficult to make hard economic choices. However, in most African societies, the past is irrevocably past. **What has fundamentally changed is the expectations of the people. They will no longer accept corrupt, authoritarian governments as the only model of political behavior. Increasingly, they will be demanding honesty of their leaders and increased freedom from repressive government.**

## Population Growth

Africa has experienced a growth of population unprecedented in human history. Its population has been doubling every 24 years. Thus, the population of most countries is approaching four times what it was at mid-century. This rapid population growth has profoundly changed agriculture from extensive, long fallow systems to intensive, short or no fallow systems. It has led to the denuding of forests and enormous threats to biodiversity. It has meant that the number of babies needing to be inoculated, the number of births to be midwifed, the number of new first-graders entering school, and the number of people entering the job force have also been doubling every 24 years; whereas, money to pay for clinics and schools and injections has not been growing nearly as fast. In some countries, such as Rwanda, population growth poses a Malthusian threat, as land holdings decrease below what is needed to meet minimum income levels for a rural family.

**Evidence suggests that the demographic transition, the beginning of a decline in birth rates, is reaching Africa, that Africans are choosing to have smaller, healthier families.** However, the underlying demographic momentum means that total population will triple in the next 40 years. Thus Africa faces two demographic challenges: (1) the challenge of reducing the rate of population growth to a level that is manageable in the long term; and (2) the challenge of improving the quality of the lives of the large numbers of people who will be born over the next four decades.

## Environmental Degradation

Between 1965 and 1990, per capita arable land declined from half a hectare to three-tenths of a hectare; at current rates of decline, by the year 2030, it will be one-tenth of a hectare.<sup>7</sup> This decline in arable land puts increasing pressure on marginal lands and tropical forests. A study in Tanzania revealed that soil erosion over the period

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<sup>7</sup> The World Bank, *The Population, Agriculture and Environmental Nexus in Sub-Saharan Africa* (Washington, D.C., 1992), p. 164.



1900–60 averaged 1.4 tons/hectare/year; over the 1960–80 period, it averaged 10.5 tons/hectare/year while, during the past decade, it increased to 22.4 tons/hectare/year.<sup>8</sup>

Investing in agriculture is fundamental to alleviating African poverty. A large part of that investment must be dedicated to turning around the unsustainable mining of soil, forest, water, and biological resources. African farmers are, by and large, eating up their capital. Already, the mineral resources that fueled commodity booms in Nigeria, Cameroon, and Zambia have been largely depleted with little tangible result in terms of growth and improved welfare. Mining its soils and forests as carelessly as Africa has mined its copper and oil would be a tragedy of great human dimensions.

The good news is that this decline is not inevitable. Studies have shown that where the environment is conducive to investing in the land, African farmers are willing and able to do so. A conducive environment includes, but is not limited to, good prices for agricultural products, a well working labor market, security of land tenure, and a legal and political environment that encourages people to get together in associations. For example, Machakos, Kenya, an area that was in environmental distress in the 1930s, now shows no signs of such distress and supports five times the population at over twice the per capita income.<sup>9</sup> **The key issue is to create the enabling environment that will encourage African farmers, foresters, and herders to invest in, rather than deplete, their natural resource base.**

<sup>8</sup> *Ibid.*, p. 12.

<sup>9</sup> M. Tiffen, M. Mortimore, and F. Gichuki, *More People, Less Erosion: Environmental Recovery in Kenya*. (Chichester, England: John Wiley). Forthcoming.

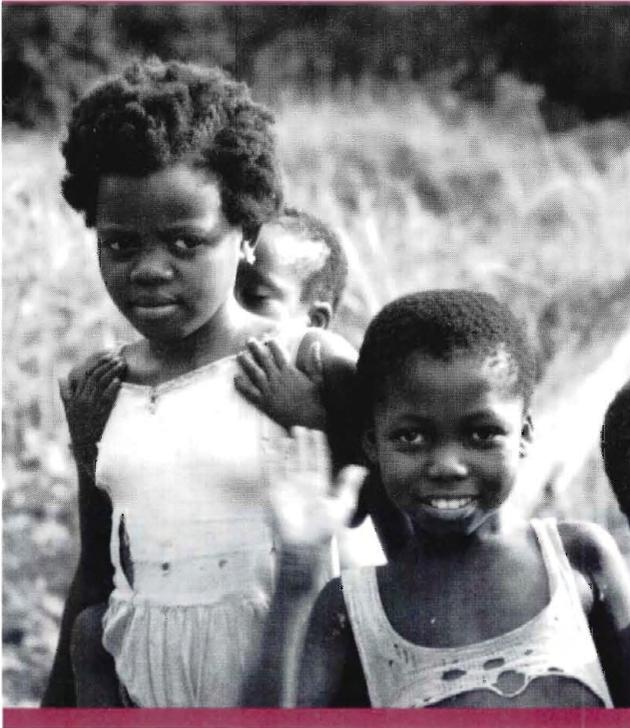


# The Impact of USAID's Programs Under the DFA

SECTION

TWO





## *A Poverty Alleviation Strategy*

**A** successful poverty alleviation strategy in Africa should have three elements: (1) investments in economic and political democracy, (2) investments in people, and (3) investments in agriculture.

### **INVESTING IN ECONOMIC AND POLITICAL DEMOCRACY**

Governments need to be able to supply public services to their people fairly and effectively, while allowing individuals maximum scope and freedom in both the economic and noneconomic arenas. Effective economic management requires macroeconomic stability, an openness to the outside world, and a dependence on market-based solutions. Effective political management requires transparency, responsiveness, and pluralism. Public institutions must be responsive to their constituencies. Most important, governments must expand the political and economic space available in order to empower people, to allow them to make their own choices and control their own destinies, in both the economic and noneconomic spheres. Ultimately, a nation can only invest effectively in its people and in its agriculture if that nation is governed effectively.

### **INVESTING IN PEOPLE**

In the long term, the capacity of the poor to improve their lot is largely determined by the amount of human capital they possess—in particular, their education and health status. In the short run, improved access to education and health services is an important benefit, highly desired for its intrinsic value and for its association with increased income. In the long run, increased education, particularly of females, and reduced infant mortality are associated with reduced fertility and the demographic transition.

### **INVESTING IN AGRICULTURE**

Investing in agriculture provides two key benefits—cheaper food and higher incomes. First, in sub-Saharan Africa, reductions in the real price of food are essential to increase the purchasing power of the poor. Since food is such a major portion of the budget of poor households, the price of food is an important determinant of poor households' real income and their welfare. Investments in agriculture lead to lower food prices by (1) reducing production costs through technology development and transfer and (2) reducing marketing costs through increased competition and improved transport infrastructure. Second, agriculture and related sectors provide the main source of income for the poor, and labor productivity in agriculture tends to set the wage for unskilled labor throughout the economy. Most of the poor earn their income from agriculture or from agriculturally related fields such as trade and transport, rural manufacturing, forestry, livestock herding, and rural construction. Improving labor productivity in agriculture will tend to raise the wages of the poor economywide.





## Investing in Economic and Political Democracy

### THE PROBLEM

When the DFA was initiated, the political landscape in Africa was quite different from its current state. In December 1988, the vast majority of countries were characterized by one-party political structures in which party and state were virtually synonymous, and political opposition was suppressed. In most cases, the mass media acted as government mouthpieces, and the legislative branches were impotent. Over the last few years, unprecedented political change has occurred within Africa; some call it a “second liberation.” Nearly three-fourths of the countries in sub-Saharan Africa are in the process of changing their political systems. Fifteen countries have joined the ranks of full-fledged multi-party democracies (see Figure 1).

Although Africans have been influenced by changes in the world around them, the movement towards democratization in Africa is African led, not simply donor imposed. The events of the last four years demonstrate that the African people want change. Average citizens expect

governments to be accountable and transparent. They are demanding a role in shaping their political and economic destinies. Pressures are growing for free expression, the right to freely associate, the right to form political parties, honest and responsible leadership, the rule of law, and the consent of the governed. Significant challenges remain. Pursuit of democratic governance, always a difficult and lengthy process, is occurring against a backdrop of ethnic and other historical tensions, a difficult global economy, poor domestic economic performance, and unrealistic short-term expectations about what democracy can actually deliver.

Despite substantial challenges, Africans are committed to pushing for change. And international actors, including USAID, have roles to play in helping the committed to enhance the prospects for democracy and democratic governance in Africa.

### USAID'S PROGRAMS AND IMPACTS

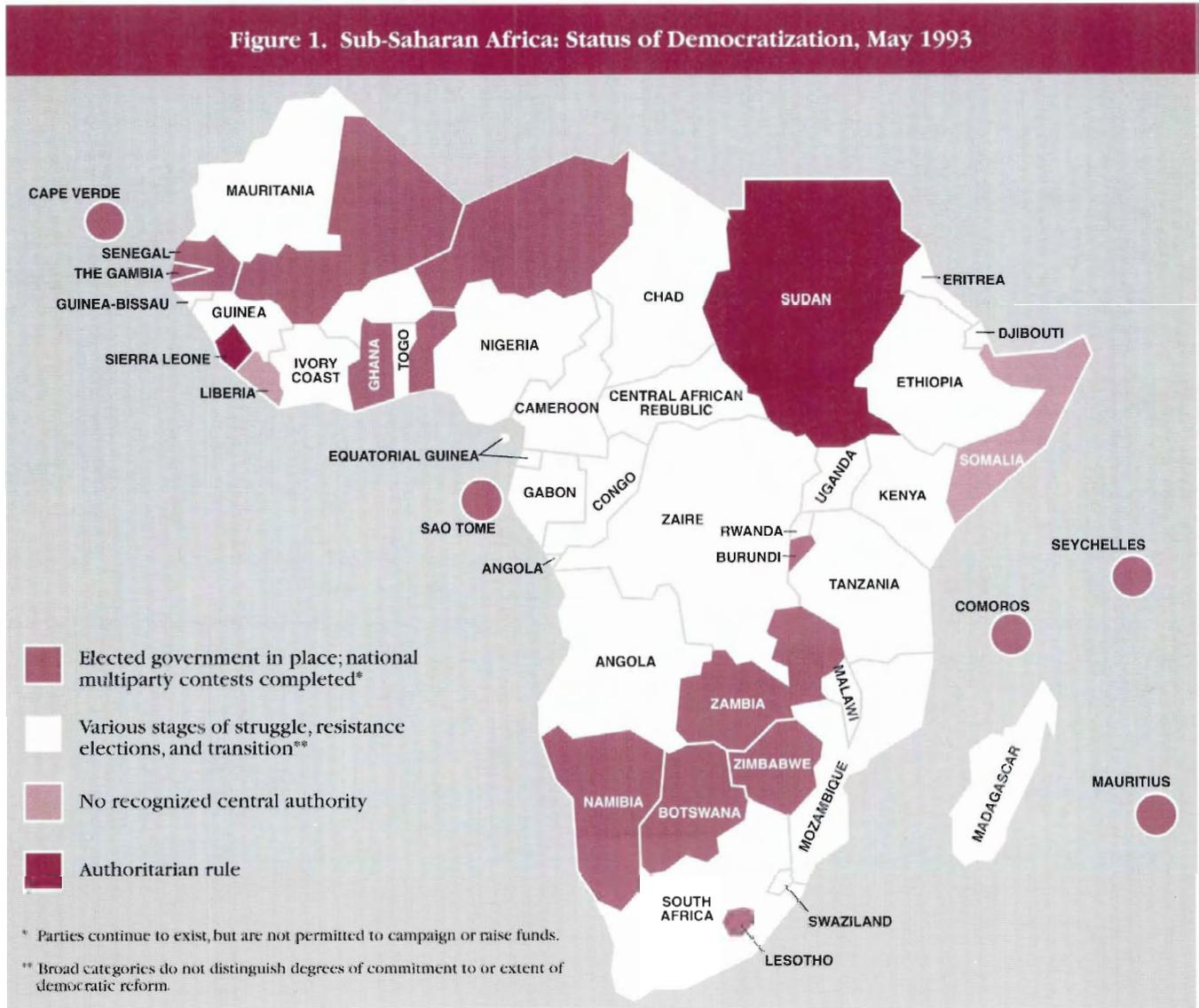
#### A Framework for Assistance

USAID's programs support the fundamentals of economic and political democracy—the convergence of good governance and democracy. Good governance means effective, honest, open, transparent, and participatory policy processes. It means a government that sees itself as the servant of the people, not their master. It means fairness in the allocation of public services. Democracy means accountability through competitive, regular, and open choice; pluralistic associations allowing citizens a role in the policy process through participation at various levels of the system; and an overall enabling context that offers a reasonable assurance of freedom from abuse by authorities.

Strengthening economic and political democracy is not only a U.S. foreign policy goal, but also a means to achieve the objectives of the DFA—participatory, broad-based, sustainable development that provides a significant role for private-sector actors. For any reform effort to be *sustained*, political systems have to allow for discussion and consensus building. Similarly, decentralizing and



Figure 1. Sub-Saharan Africa: Status of Democratization, May 1993



expanding the role of the private sector in social service delivery not only supports democratic governance, it makes USAID development programs more effective.

Economic and political democracy can thus be viewed as:

- **Political and economic policy to establish an enabling environment for full participation in development**—USAID programs stress improving the political and economic policy environment, emphasizing constitutional reforms and other legal review and

lawmaking processes that expand human, political, and economic rights. These activities aim at the design and implementation of reforms at the national and local levels and their applications affect both public- and private-sector actors.

- **The governmental effectiveness required for sustained market-oriented and competitive economic and political institutions**—USAID programs work in two ways: (1) directly by increasing the effectiveness and accountability of both national and local public institutions (executive, legislative and



judicial), and (2) indirectly by strengthening private institutions (media, civic and economic associations, policy institutes, etc.) that demand more effective and representative government.

- **The context and content of participatory development**—USAID encourages participatory development both through support for advocacy groups in civil society and through encouraging and supporting private-sector actors to become significantly and actively involved in sectors that have traditionally been dominated by the state.

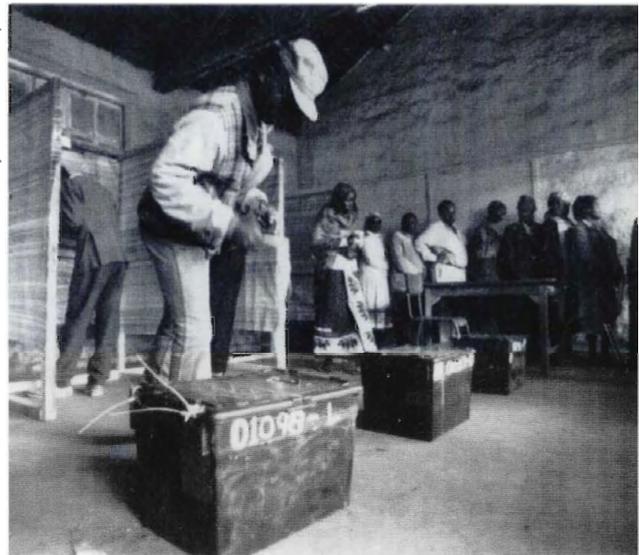
## PROGRAMS

Since FY 1991, USAID has established both country and regional democratic governance projects and has encouraged missions to integrate key democratic governance themes and activities into their overall development portfolio. Performance in democratic governance, including human rights, is an important criterion in the annual budget allocation process. During the fiscal years FY 91-92, \$62.4 million of DFA funds were committed for democratic governance projects.

Specific actions include:

- **Strengthening the enabling environment for development and rule of law** by (1) providing technical assistance and support for the redrafting of constitutions and key laws, and strengthening the independence of the judiciary in a number of countries including Uganda, Niger, Madagascar, Ethiopia, and Mozambique; (2) targeting efforts at reform of commercial laws in the Gambia and those relevant to fostering trade and investment in Guinea-Bissau; and (3) assessing the barriers to entering the economic and political marketplace.
- **Supporting efforts at decentralization**, thereby bringing government closer to the people and moving away from centralized national government structures. Decentralization involves increasing participation and expanding the scope of democratic governance at the local level. USAID is supporting decentralization programs in Chad, Mali, and Mozambique and contrib-

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uting to the Municipal Management Training Program in West Africa.

- **Providing training, international observers, and material assistance to support free and fair elections in Africa** in countries that include Angola, Cameroon, Congo, Eritrea, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Senegal, and Zambia.
- **Promoting the development of an effective civil society and encouraging the respect for civil and political rights within Africa** through small, country-level activities under the Democracy and Human Rights Fund, including support of numerous NGOs, such as women's rights projects in Zambia, Central African Republic, Rwanda, Togo, Benin, Zimbabwe, and Côte d'Ivoire and civic education and awareness efforts in countries including Benin, Burundi, Cameroon, Kenya, and Madagascar.
- **Strengthening the responsiveness and effectiveness of legislatures** in Rwanda and Zambia and supporting activities to train Namibian parliamentarians.
- **Strengthening the independence and effectiveness of the media** in Zambia and Rwanda and supporting numerous activities to train journalists from both print and electronic media in Côte d'Ivoire, Niger, Malawi, Togo, and Guinea.

Many of these programs are too new to measure their impact rigorously. This is particularly true of those programs designed to improve the effectiveness of governmental institutions. Nevertheless, a number of changes can be cited and they augur well for the future.

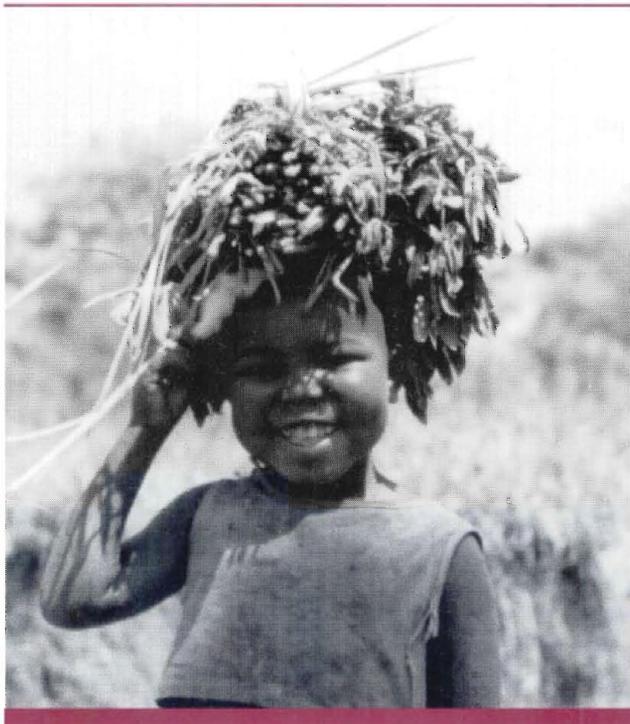
**Elections.** Increasingly, as the donor community learns more about how to assist African governments in conducting free and fair elections, more successes and fewer failures are resulting. In particular, the first six months of 1993 have seen successful elections in Madagascar, Burundi, and Malawi. In each of these countries, the ruling regime has accepted an unfavorable outcome and, in Burundi and Madagascar, has agreed to transfer power to the opposition. USAID, along with other donors and the United Nations, has provided both the expertise and the credibility to these elections. Even the failures of several elections, such as those in Cameroon, have had elements of success because they have undermined the credibility of the ruling party.

**Participation.** Other sections of this report will discuss increased participation of local communities and people, particularly in the areas of education and natural resource management. The increase in political and economic space has led to the spontaneous development of indigenous associations, particularly cooperatives. USAID is now supporting the credit union movement in Niger, where, by 1993, 12 societies had been created, where none existed in 1991. For several years, USAID has been supporting the strengthening of business associations, to improve the dialogue between government and business. The results can be quite striking. **In Côte d'Ivoire, an association of traders, using a study produced by USAID and the World Bank, was able to convince the government to break a transport monopoly in the livestock trade. The result was increased competition, lower meat prices for consumers, and higher prices for Sahelian herders.**

## THE FUTURE

Recent worldwide experience suggests that when a commitment to democratic and market reform is sustained through a national consensus process, measurable improvements in the growth of economic and political freedom can follow. When leaders move quickly to undertake fundamental institutional changes in the state society relationship, changes rooted in law, public confidence in the sustainability of the reform process is enhanced. This enhancement of the “enabling environment” is the minimum condition for progress in the democracy/governance realm. Many African nations are now beginning this process. Mindful that the liberalization process can be a fragile and reversible one, USAID’s program in democratic governance will continue to support those countries that have demonstrated a commitment to the process and to encourage those who are beginning to do so.





## Investing in People

### CHILD SURVIVAL AND HEALTH

#### The Problem

There are two stories to be told in the area of child survival and health, one of great success over the past decade, the other of great challenges ahead. While most measures of progress in Africa tended to retrogress during the 1980s, health indicators, particularly those relating to infant and child mortality, continued to improve. **In particular, infant mortality rates in sub-Saharan Africa fell from 157 per 1,000 births in 1965 to 107 per 1,000 births in 1990.** The improvement of African child health during this period is a unique and remarkable story, one that is linked to substantial donor investment in a fairly narrow and manageable set of programs—immunization, the treatment of diarrheal diseases, and the development of African technical and managerial capacity.

That success should not lead us to forget that health status in Africa remains well below acceptable standards, that one out of every ten infants and close to one out of every five children under age five will die. In fact, only twelve

African countries have been able to bring infant mortality rates below 100 per 1,000 infants. Moreover, the AIDS epidemic and resurgent malaria threaten to push back the gains that have already been made.

Furthermore, as donors expand their support to other areas of development, governments are finding it difficult to provide the financial resources to maintain the levels of impact achieved as of 1990. While there have been substantial improvements in the capacity of African public health ministries to manage these programs, initiatives to provide long-term indigenous financing are relatively recent.

Overcoming the inability of host countries to financially support these programs at their current levels, either through the public or private sectors, is the major challenge for the 1990s. Central to such an effort will be integrating vertical child survival programs<sup>10</sup> into broader government public health programs, as well as examining more carefully the issues of private financing and private provision of health care. Careful coordination in the donor community is essential to ensure that the child survival gains of the 1980s are maintained and to support the development of country policies and strategies to sustain these programs.

Since 1988, DFA-funded programs in child survival have contributed to both the regional effort and bilateral programs in over 20 countries.

#### USAID's Programs and Impacts

**Child Survival.** Selected impacts of USAID's child survival programs are presented in Table II and highlights are discussed below. Bilateral and centrally funded assistance for child survival from FY 88-92 totalled \$295 million.

**Immunizations.** Since 1980, USAID has been a leader and partner with African governments and donor countries in the Expanded Program on Immunization. Multi-donor funding has been instrumental in several accomplishments.

<sup>10</sup> Vertical programs are those designed to deliver a particular service (such as immunizations) through a special narrow institutional arrangement rather than through the existing health care system.



- Infant mortality rates for USAID-assisted countries in Africa have dropped from an average of 129 deaths per 1,000 live births to 102 deaths per 1,000 live births.
- In 1991, seven African countries, including Kenya, Botswana, and Zimbabwe, had infant mortality rates below the international target of 75 deaths per 1,000 live births. Within countries, several regions (including the heavily populated western region of Nigeria) achieved similar infant mortality rates.
- Estimates suggest that immunization programs in Africa prevented 675,000 deaths from measles, tetanus, and pertussis in 1991.
- In 1991, Africa was approaching 60 percent coverage for most vaccines, a remarkable achievement given that coverage was less than 20 percent in 1982<sup>13</sup> (see Figure 2).
- Countries in the Horn of Africa have sustained high coverage with polio vaccine; Lesotho, Rwanda, Swaziland, and Zimbabwe have consistently reported “zero incidence” of polio cases.
- Although measles vaccine coverage is 57 percent and epidemics continue to occur in most countries, trends in the annual incidence of measles continue downward, interepidemic periods are lengthening, and mortality rates from measles are declining (see Box 2).

Ann Jimerson / AED



**Table II: Selected Impacts of Combatting Childhood Communicable Diseases Project**

Country	Impact
BURUNDI	<ul style="list-style-type: none"> <li>• Measles incidence dropped from 1,600 cases per 100,000 population in 1977 to 200 per 100,000 in 1991.</li> <li>• Immunization coverage in 1991 was double that of 1984 for DPT3 and more than triple for polio and measles.</li> </ul>
CENTRAL AFRICAN REPUBLIC	<ul style="list-style-type: none"> <li>• Fixed health facilities providing immunizations increased by 25% in 1990.</li> <li>• Immunization coverage with all antigens increased from approximately 30% in 1989 to 77% in 1991.</li> </ul>
CÔTE D'IVOIRE	<ul style="list-style-type: none"> <li>• Reported cases of measles in children under one year of age dropped 97% between 1987 and 1990 during the peak measles transmission season.</li> <li>• Measles coverage has decreased from the 1987 epidemic period peak of 59% to 53% nationwide in 1991.</li> </ul>
GUINEA	<ul style="list-style-type: none"> <li>• Access to immunizations has increased by 25% nationwide and 55% in CCCD project areas since 1987.</li> <li>• The general trend in disease incidence is down.</li> </ul>
LESOTHO	<ul style="list-style-type: none"> <li>• Average annual diarrheal disease case fatality rate at Queen Elizabeth II Hospital decreased from 7.1% (1983–85) to 4.3% (1986–90).</li> <li>• The overall percentage of last reported diarrheal cases that received ORS rose from 42% in 1987 to 69% in 1990.</li> </ul>
NIGERIA	<ul style="list-style-type: none"> <li>• Reported cases of measles decreased from 183,000 cases in 1984 to 44,000 in 1991.</li> </ul>
SWAZILAND	<ul style="list-style-type: none"> <li>• Incidence of measles has dropped from 375 cases per 100,000 population in 1986 to 54 cases per 100,000 in 1991.</li> <li>• Measles immunization coverage has increased from 55% in 1984 to 85% in 1990.</li> </ul>
TOGO	<ul style="list-style-type: none"> <li>• Reported cases of tetanus in children under one year of age have decreased from 140 in 1987 to 25 in 1990.</li> <li>• Immunization coverage of women with at least two doses of tetanus toxoid increased from 62% in 1987 to 89% in 1990.</li> </ul>
ZAIRE	<ul style="list-style-type: none"> <li>• Results from a 1989 survey of mortality and utilization of health services showed a reduction in child mortality of about 15%.</li> </ul>

<sup>13</sup> These vaccines include the Bacillus of Calmette and Guérin (BCG), vaccine for tuberculosis; Diphtheria, Pertussis, and Tetanus (DPT3); and Oral Polio Vaccine (OPV3).

## Box 2. Impact of Measles on Child Survival

*A review of research conducted in Senegal and other African countries concluded that the value of measles vaccination programs has been underestimated. Studies demonstrate that the mortality of immunized children was 1.8 to 2.5 times lower than among non-immunized children (a 45 percent to 60 percent reduction in mortality). The beneficial impact of measles vaccination was found both in urban and rural areas.*

Source: P. Aaby et al., "Child Mortality Related to Seroconversion or Lack of Seroconversion after Measles Vaccination," *Pediatric Infectious Disease Journal*, 8(4): 197-200.

**Control of Diarrheal Diseases and Oral Rehydration Therapy.** USAID has been a significant leader—and partner with the World Health Organization (WHO) and other donors—in support of the Program for the Control of Diarrheal Diseases. In Côte d'Ivoire, Lesotho, and Swaziland, reported cases of diarrheal diseases declined in 1990. In Africa, the rate of access to oral rehydration salts (ORS) has increased from 22 percent in 1985 to 57 percent in 1991 (see Figure 3). The rate of oral rehydration therapy (ORT) use increased from 8 percent in 1985 to 40 percent in 1991.

**Malaria and Respiratory Diseases.** Malaria and pneumonia are two significant causes of morbidity and mortality in African children. To reduce mortality, ill children must be identified and treated promptly.

In Kenya, Lesotho, Swaziland, and Nigeria, USAID is supporting operations research efforts and program implementation in acute respiratory infections (ARI).

In many developing countries, ARIs (especially pneumonia) are the leading cause of childhood death and the

reason for at least 40 percent of clinic and hospital visits. Activities to prevent ARIs include immunization against measles and pertussis, breastfeeding, and improved infant nutrition. To reduce deaths, improved case management (getting the right antibiotic to the right child at the right time) has been shown to be effective. Competency-based training of health workers and careful, frequent supervision are critical to the effectiveness of this approach.

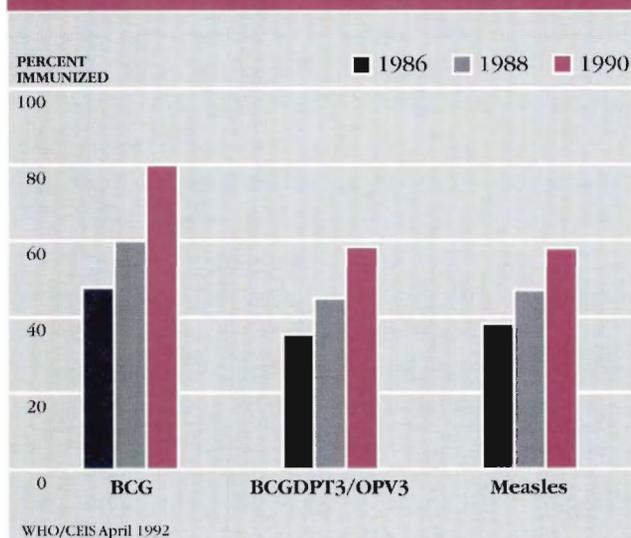
Experience in Lesotho illustrates USAID efforts. Beginning in 1988, USAID provided technical assistance that included conducting three operations research studies. Results were used to formulate strategies and a plan for a comprehensive ARI control program. After the plan was developed, the Combatting Communicable Childhood Diseases (CCCCD) Project provided assistance with the training, health education, and disease surveillance. An assessment of the activity in 1991 showed that over 90 percent of children who presented with pneumonia were correctly assessed for danger signs, were correctly classified, and were correctly treated. At the end of 1992, 41 nurses (21 percent) in 31 health facilities (86 percent) in five regions had been trained in standard ARI case management. Approximately 40 percent of children under five years of age had access to standard ARI case management.

**Health Sector Reform.** Several USAID missions in Africa are assisting in the strengthening of health delivery systems and the improvement of services through training and technical assistance. In several countries (Niger, Nigeria, Kenya, Ghana, Botswana, and Togo), assistance has contributed to major reforms in health sector policies and organizations. In several countries, USAID is supporting activities to expand the role of the private sector in health services. In countries such as Nigeria, Chad, Mali, Kenya, Malawi, Senegal, Mozambique, and Zaire, USAID supports a number of health activities that are being implemented by U.S. PVOs or local NGOs.

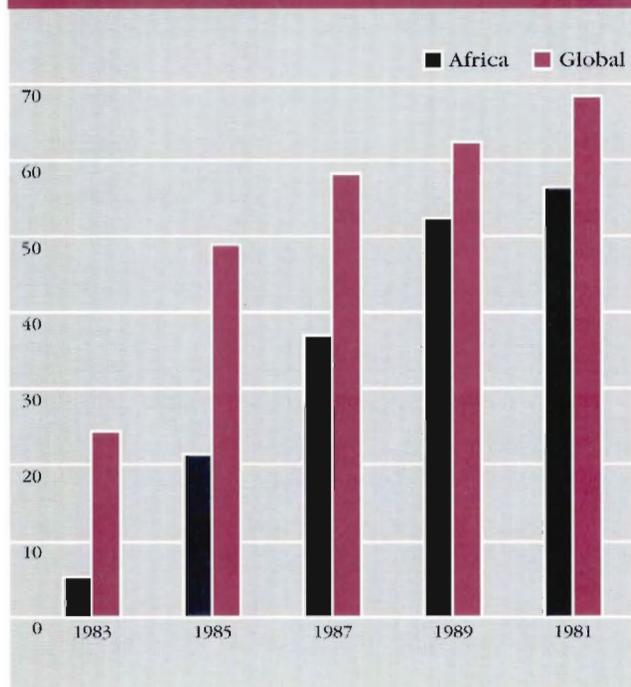
**Niger.** USAID and the Government of Niger initiated a health sector policy grant agreement in 1986 to implement policy reform in six areas: cost recovery, cost



**Figure 2. Childhood Immunization Coverage: Africa 1986–90**



**Figure 3. Estimated ORS Access in Children 0–4 Years**



containment, resource allocation, personnel, health sector planning, and population and family planning. Between 1986 and 1991, however, reforms were implemented in only two areas: the family planning/population policy component and laying the groundwork for hospital cost recovery. In family planning, the government adopted a law in 1986 permitting the sale of contraceptives and promulgated a population policy in 1990. In developing hospital cost recovery systems, there has been improvement in the accounting system at Niamey Hospital and in adoption of a list of essential medications to be sold at reduced prices. This limited progress re-emphasizes how difficult it is to make fundamental changes in health systems.

*Nigeria.* In Nigeria, USAID is assisting the government to reform three areas of primary health care: (1) to shift responsibility for public-sector primary health services from federal and state authorities to local government authorities; (2) to shift the emphasis of care from curative to preventive; and (3) to promote privatization of health services. Although somewhat behind schedule, all policy changes were met within the overall time frame. This reform program, which was developed in close collaboration with the Ministry of Health, advanced and facilitated the shift in the government's health budget from favoring curative over preventive health activities, as well as promoting greater decentralization through providing funds to the Local Government Areas of Nigeria.

*Kenya.* USAID/Kenya, through the Health Care Financing Sector Grant, supports policy and structural changes in the health sector of Kenya. In 1989, results from a series of USAID-financed studies led the Ministry of Health to initiate a countrywide cost recovery policy that includes user charges and service fees at university hospitals. The new policy represents a dramatic shift from the government's previous responsibility for all health care costs. The government of Kenya also set up institutional arrangements for implementing privatization and parastatal reform, and is currently initiating some partial parastatal divestiture, including privatizing certain functions that used to be government controlled. These



efforts, although for the most part successful, have been met with periodic policy reversals and lapses in government support.

### The Future

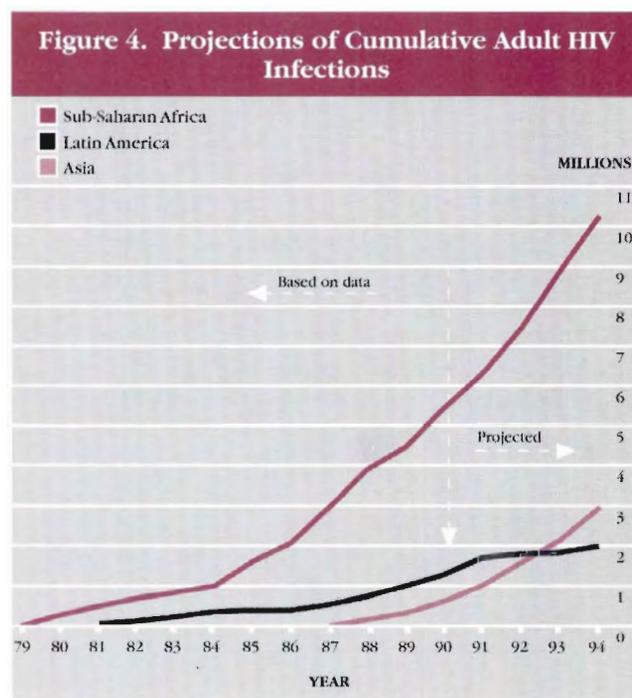
As noted, significant progress has been achieved in child survival and health during the last decade. **The challenge for the 1990s is to sustain these achievements at a time of diminishing financial resources of the sub-Saharan countries and dwindling donor support for discrete, vertical child survival activities.** In addition, as immunization levels and oral rehydration access expands, emphasis must shift to dealing with problems that are somewhat less tractable—AIDS, malaria, and nutrition. When AIDS was first observed in Africa, almost no effect of HIV/AIDS on infant or child mortality was noticeable. But by the mid-1990s, infant mortality in Africa is expected to be 4 percent higher than it would have been in the absence of AIDS, and the probability of dying before age five is expected to increase by 7.6 percent as a consequence of AIDS. WHO projects that the expected infant and child deaths due to AIDS in Africa may increase child mortality by as much as 50 percent. The net result is that by the mid-1990s, the painstaking gains made in child mortality through child survival programs over the past two decades will be reversed. None of these threats to child survival have easy technical remedies. Most require changes in behavior (for example, increased breastfeeding) or complicated interventions. Nevertheless, there are countries in Africa (such as Kenya) that have half the child mortality of other countries (for example, Senegal), so given will and leadership and resources, such changes are possible.

## HIV/AIDS CONTROL PROGRAMS

### The Problem

It is difficult to fully appreciate the scope or the consequences of the phenomenon of HIV/AIDS in Africa. Consider the following:

**Infection Rates.** In sub-Saharan Africa, between 8 million and 12 million persons (one of every 25 African adults) are infected with HIV.<sup>12</sup> About two-thirds of the estimated global total of infected persons reside in Africa, including approximately 80 percent of the global total of infected women and more than 40 percent of the global total of infected men (see Figure 4).



HIV infection levels continue to increase rapidly throughout Africa. In many African capital cities, infection rates of 25 to 30 percent of adults are common. In rural areas of several countries, adult infection rates are 10 to 15 percent and rising.

<sup>12</sup> The lower figure comes from the World Health Organization Global Programme on AIDS (1993), *The HIV/AIDS Pandemic: 1993 Overview*, pp. 9–10. The higher figure comes from J. M. Mann et al., (eds.), *Confronting AIDS in the World*. Global AIDS Policy Coalition (Cambridge, Mass: Harvard University Press, 1992), p. 9.



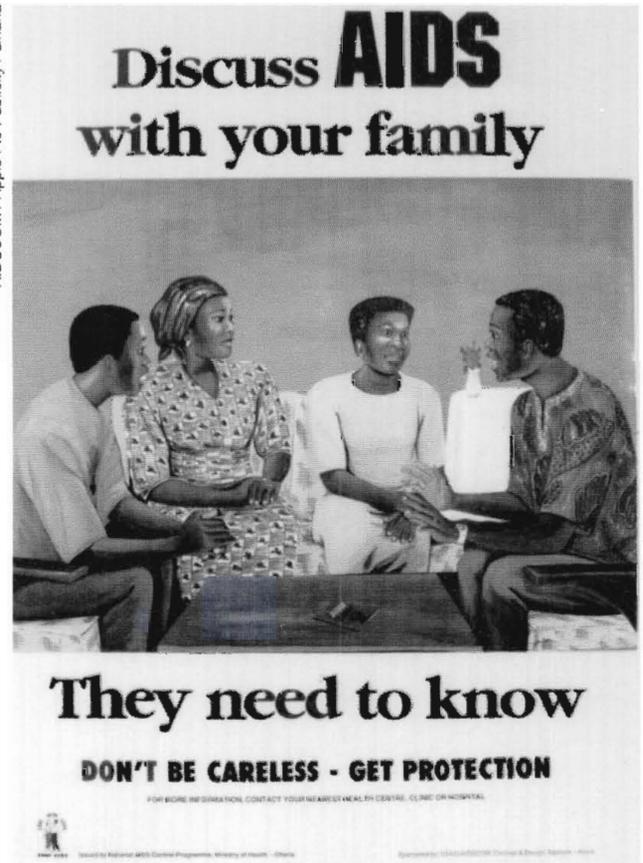
**Spread of Disease.** The HIV/AIDS problem exists throughout Africa. It has expanded beyond the countries in eastern, central, and southern Africa that were severely affected initially. Despite earlier data that suggested West Africa was relatively free of HIV infection, recent studies by the U.S. Centers for Disease Control and Prevention (CDC) established that in Abidjan, Côte d'Ivoire, AIDS is the number one cause of death in adult males and the number two cause of death in adult females (second only to maternal deaths).

**Mortality Rates.** According to WHO, between 1985-90, AIDS added an average of 10 percent to the annual death rate for Africans ages 15 to 49; by the mid-1990s, AIDS is expected to add more than 40 percent to that rate, reversing the declining trend in adult mortality rates. The adult mortality rate could triple by the end of the decade, especially in many urban areas.

**Transmission.** Heterosexual transmission of HIV continues to predominate in sub-Saharan Africa, accounting for 80 to 85 percent of all HIV transmission. Roughly equal numbers of men and women are affected. Most infected women are of childbearing age. As a result, perinatal HIV transmission from the infected mother to her child is becoming an increasing problem. Although some babies born to infected women are free of the infection, about 500,000 HIV-infected infants have already been born in Africa and the number is expected to reach 8 million to 10 million by the end of the decade.

Recent data indicate that the pandemic has continued to evolve, particularly in western and southern Africa. In Zimbabwe alone, for example, it is estimated that 600,000 people have been infected. HIV prevalence rates of 18 percent have been observed among adults in major urban areas of Botswana. Of particular concern is the spread of HIV infection among Nigeria's 88 million people. While levels are still well below those of east and central Africa, HIV prevalence among pregnant women attending clinics has reached as high as 5.8 percent in selected Nigerian states.

AIDSCOM / Apple Pie Publicity / Ghana



**Development Issues.** HIV/AIDS is a devastating development problem because it strikes people in their most productive years. Data from some African countries demonstrate that the more educated, better trained, and wealthier segments of society tended to be hardest hit by HIV/AIDS. (In contrast, other endemic diseases such as schistosomiasis, guinea worm, onchocerciasis, tuberculosis, and even malaria are most prevalent among poor people in rural areas.)

The increasing prevalence of HIV/AIDS-related adult mortality means that millions of African children will be orphaned because of the premature death of one or both parents. During the 1990s, an estimated 10 percent of the population under 15 years old in many African countries will be orphaned. In the hardest hit countries, as many as 25 percent of all children will become AIDS orphans.



Consider the following:

- In Zambia, firms have had to reduce or eliminate the practice of granting leave to attend funerals because the number of funeral leaves had grown to such a degree that absenteeism was hurting productivity.
- In Zimbabwe, banks hire three people for two jobs, expecting one person to die of AIDS in the next five years.
- In the hard hit Tanzanian villages along Lake Victoria, the social structure has been tossed topsy turvy as grandparents, expecting to be taken care of by their children, are forced instead to care for their grandchildren orphaned by AIDS.

HIV/AIDS threatens to halt or reverse the social and economic gains (including child survival and human resource development) made in many African countries. Other infectious diseases, such as tuberculosis, are becoming active in persons with weakened immune systems and are reaching epidemic levels. Enormous health care costs and escalating demands on health care infrastructure are only beginning to be felt.

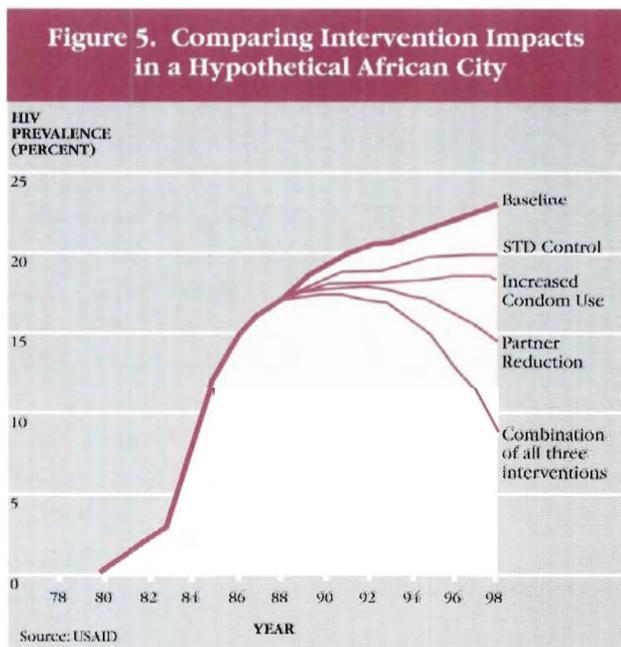
### USAID's Programs and Impacts

USAID has been active in HIV/AIDS programs since 1986, committing more than \$100 million through fiscal year 1992 in bilateral and centrally funded assistance programs as well as being a leading financial supporter of WHO's Global Program on AIDS, providing approximately \$117 million between 1986 and 1992. USAID funding is assisting in monitoring HIV/AIDS prevalence, increasing government and public awareness, assisting African countries with the development and implementation of AIDS prevention programs, and conducting applied research aimed at improving preventive measures. Investments in HIV/AIDS control are limited by the interests and policies of African governments, by competing public health priorities, and by government absorptive capacities for preventive health. Therefore, USAID has tailored its response to specific country situations, emphasizing interventions that range from heightening the awareness and commitment of governments to combat HIV/AIDS to increasing the use of condoms and

changing sexual behavior. USAID project activities have emphasized community-based education programs focused on changing attitudes and behavior.

While in many cases it is much too early to observe impact in terms of even HIV transmission, simulation studies have shown that (1) sexually transmitted disease (STD) control, (2) increased condom use, and (3) partner reduction can work to reduce transmission and even prevalence (see Figure 5). Subsequent paragraphs describe the impact of USAID programs in several countries.

*Burkina Faso.* A condom social marketing program, supported by USAID, uses inspired promotional techniques, a high-visibility sales force and a multi-media campaign to reach diverse audiences across Burkina Faso. The program's solid sales and distribution network is composed of 91 wholesalers and 1,000 retailers operating in 20 of the country's 30 provinces. In its first six months, the program reported sales of more than 3.3 million condoms and an average sales level of one condom per capita, which exceeds the per capita sales levels of all other condom social marketing efforts worldwide.



**Tanzania.** A survey of high-risk individuals in Tanzania (truck drivers and prostitutes) shows a marked increase in condom use from 1990 to 1992. For both males and females, the percentage who ever used a condom increased dramatically between 1990 and 1992 (from 50 percent to 91 percent for females and from 54 percent to 74 percent for males). Similar increases were recorded in the use of condoms both with commercial partners and with regular partners.

**Zimbabwe.** USAID has supported a very successful grass roots effort in Zimbabwe's second largest city, where the Bulawayo City Council mobilized the community to institute a multi-faceted HIV/AIDS prevention program. The Bulawayo project is serving as a prototype in two other cities in Zimbabwe, and already those cities have begun reporting impressive initial successes in recruiting peer educators, holding education sessions, and distributing condoms. **Approximately 53,000 women and 230,000 men have been reached with information and education in Bulawayo; condom use has increased from 18 percent to 84 percent among high-risk groups, and 3 million condoms are being distributed annually.**

**Uganda.** Impacts from a USAID supported counselling program are being measured for the first time. More than 3000 adults sought counselling at the AIDS information center in Kampala, Uganda's capital. About one-third proved to be carrying HIV. In follow up interviews, conducted six months later, both groups (HIV positive and HIV negative) reported substantial behavioral change: (1) decreases in non steady partners (from 7 percent to 1 percent), increased use of condoms with steady partners (from 10 percent to 89 percent for the HIV positive group and from 15 percent to 26 percent for the HIV negative group) and increased use of condoms with non steady partners (from 28 percent to 100 percent for both groups).

### The Future

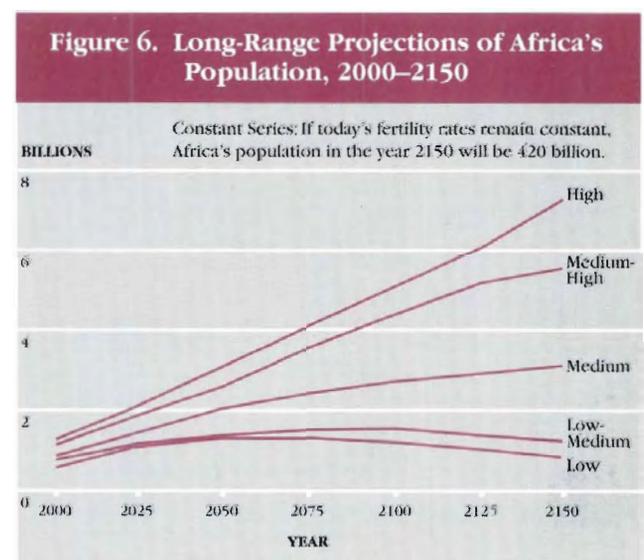
For the foreseeable future, HIV/AIDS will remain a major problem in Africa. Given the long periods of latency, the problem's full impact will not be felt for several more years. Many African countries face a social and economic

time bomb in the large number of HIV-positive individuals who have yet to develop AIDS. Political leadership and governments in most of Africa now recognize the dimensions of the HIV/AIDS pandemic and its growing adverse impact on development, and are organizing efforts toward prevention and control. Increasingly, successful programs are being developed, albeit on a small scale. The challenge is to build on these successes so as to have appreciable impact on the community at large. USAID will continue to work with WHO's Global Program on AIDS, CDC, and with African governments and other donors to promote the behavioral changes that are needed.

## POPULATION AND FAMILY PLANNING

### The Problem

Sub-Saharan Africa has the fastest growing population of any region of the world at any time in history (see Figure 6). Although large reaches of the continent are underpopulated, other areas such as the Kenya Highlands, the Mossi Plateau in Burkina Faso, and the Rift Valley areas of Rwanda, Burundi, and Malawi are experiencing serious population pressure on land holdings. However, there is growing evidence that Africa is on the brink of a demographic transition. All over the continent, contraceptive prevalence rates are on the rise, and there is evidence that many more women would be using contraceptives if they were available.



## USAID's Programs and Impacts

**USAID is the largest bilateral donor in the population field.** During the past five years, USAID has programmed \$257 million of DFA funds on population programs, representing 7.7 percent of total DFA commitments in sub-Saharan Africa. An additional \$185 million has been programmed through central bureau activities. These funds support major programs in more than 20 countries.

USAID programs have focused in four areas:

- The use of computer modeling (the RAPID model) to demonstrate to senior policymakers in African countries the impacts of unrestricted population growth in order to change policies from pro-natalist to pro-family planning;<sup>13</sup>
- Support for voluntary family planning programs;
- Support for education, information, and communication; and

- Development of channels for distributing contraceptives.

During the last decade, many changes have occurred in the attitudes of policymakers and of women of reproductive age. Many countries in Africa are beginning to enter the second stage of the demographic transition. Some are progressing more rapidly than others (see Box 3 for highlights of Kenya's success). For decades, child mortality rates have been declining, while birth rates have stayed at a very high level. While large families remain the norm and the ideal in much of Africa, with average fertility rates (the number of children a woman will bear in her lifetime) of eight children, rural-urban migration, increased female education and participation in the labor force, and increased survival rates of children are changing the calculus by which families determine how many children to have.

### Box 3. Kenya: A Family Planning Success Story

*Since 1972, USAID has been supporting and promoting voluntary family planning programs in Kenya (providing more than \$53 million since 1983 in bilateral assistance). During the first 10 years of USAID assistance, little change in either contraceptive prevalence or fertility could be perceived. Kenya had one of the highest population growth rates in the world—nearly 4.0 percent per year.*

*USAID focused on expanding family planning services and improving their quality. Activities included:*

- **Fertility surveys** that drew attention to the magnitude of the problem and also monitored progress;
- **Family planning training** for health workers;
- **Community-based family planning**;
- **Businesses** adding family planning to health services for their employees;
- **Introduction and wide acceptance of voluntary surgical contraception**;
- **Better contraceptives logistics management**;
- **Improved management** of NGOs.

***The result of this multi-faceted program has been a change in family planning behavior unprecedented in Africa:***

- *The use of contraception has almost quintupled over the past decade. In 1978, 7 percent of married couples of reproductive age used family planning. By 1993, the figure had jumped to 33 percent.*
- *The fertility rate dropped from about 8 children per woman in 1979 to about 5.4 in 1993.*

<sup>13</sup> These computer models have also been useful in exposing policy makers to the impact of AIDS and natural resource degradation, as well as in providing policy makers with tools for policy analysis in the area of education and health.



Table III: Effectiveness of Selected USAID Family Planning Programs

Country	Change in Couple Years of Protection (CYP)	Change in Service Delivery Points	Change in Contraceptive Prevalence Rate (CPR)	Change in Total Fertility Rate (TFR)
Cameroon (1990-91)	from 30,000 to 33,000	from 21 to 30	n.a.	n.a.
Ghana (1988-92)	n.a.	n.a.	from 12.8% to 18.0%	n.a.
Guinea (1988-92)	from 0 to 18,745	from 0 to 340	n.a.	n.a.
Kenya (1984-93)	from 564,998 (in 1991) to 638,302	from 762 to 1832	from 9% to 33% (1978-89)	from 7.7 to 5.4
Malawi (1984-92)	n.a.	from 3 to 230	from 1.0% to 5.5%	7.6 (no change)
Mali (1987-92)	n.a.	n.a.	from 1.3% to 3.5%	n.a.
Niger (1990-91)	from 29,948 to 52,533	from 114 to 201	n.a.	n.a.
Rwanda (1983-93)	n.a.	n.a.	less than 1% to 21%	from 8.5 to 6.2
Senegal (1988-91)	from 54,400 to 101,000	n.a.	urban from 6.7% in 1986 to 10.4% in 1991	n.a.
Uganda (1990-92)	n.a.	from 152 to 1566	n.a.	n.a.

n.a.: not available  
CYP: the quantities of contraceptives (varying by method) needed to protect a woman from pregnancy for one year  
CPR: percentage of fertile women (age 15 to 49) using any form of contraception, traditional or modern  
TFR: average number of children a woman will bear during her lifetime

USAID has contributed to four major changes over the past decade. Each change is outlined below with examples of USAID's contributions. A summary of selected impacts of USAID's family planning programs can be found in Table III.

**African Government Support.** Since 1985, USAID has demonstrated through computer modeling (RAPID) the impacts of unrestricted population growth on economic well being, education, health care, and agriculture to policymakers in 28 countries. Today, most African governments have changed from pro-natalist positions to

positions that support birth spacing and, in some cases, smaller families. Much of the change in attitudes among senior policymakers can be attributed to these RAPID demonstrations.

**Lower Fertility Rates.** USAID has supported voluntary family planning programs in 38 countries. In Kenya, USAID has promoted family planning since 1972; in Zimbabwe, since 1983; and in Botswana, since 1973. In each of these countries, USAID is the largest population donor. Fertility rates have actually dropped in these countries. **USAID's newest success comes from**





and Health Surveys, the demand for contraceptive services has increased. **On average, about one-quarter of the married women in Botswana, Burundi, Ghana, Kenya, Liberia, Mali, Togo, Uganda, and Zimbabwe would like to have access to family planning services, but currently do not** (see Figure 7). About 80 percent of these women would like to put off their next pregnancy, and 20 percent would like to limit the size of their families.<sup>14</sup>

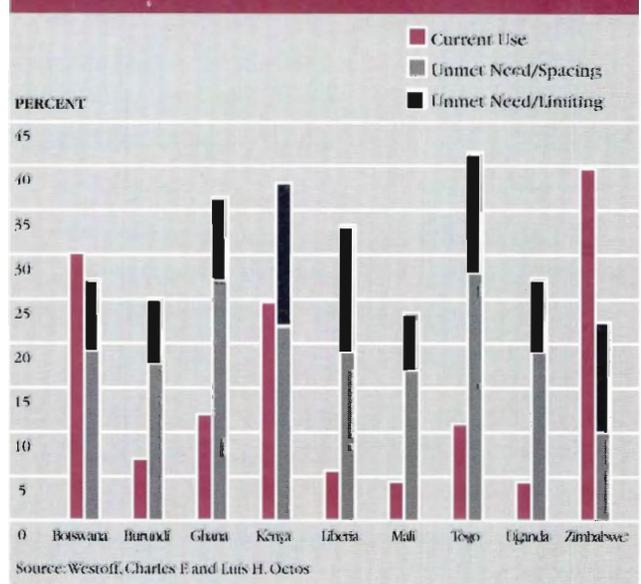
**Development of Service Delivery Infrastructure.** USAID continues to develop and strengthen the service delivery infrastructure. Three channels for distributing contraceptives have been created or supported. First, USAID has

pioneered social marketing—the provision of contraceptives through private sector outlets at subsidized rates.

**Rwanda, where preliminary results from the Demographic and Health Surveys suggest a dramatic 25 percent decline in total fertility rates.** According to best estimates, the total fertility rate in 1983, 8.5 children, was among the highest in the world that year. In 1993, preliminary estimates show the fertility rate has declined to 6.2 children. Rwanda has long been characterized as having a Malthusian population problem. Undoubtedly, the growing realization by farm families that landholdings can be subdivided no longer, coupled with improved child health and an aggressive family planning program have all contributed to this remarkable success.

**Increased Demand for Contraceptive Services.** USAID-financed information, education, and communications programs have heightened the awareness of parents (particularly mothers) to the need to space births for the welfare of the children. Experience in Africa as well as in other parts of the world has demonstrated that the first step in changes in fertility is heightened awareness that fertility control is possible and desirable. The second step is to make people aware of the availability of modern contraceptive methods. According to recent Demographic

**Figure 7. Current Use and Unmet Need for Family Planning Services, Selected African Countries, 1985-1990**



<sup>14</sup> *Population Reference Bureau Chartbook* (Washington, D.C.: Population Reference Bureau, 1992), Chart 8, p. 15.



Second, USAID provides contraceptives for distribution through the public health system. Third, USAID supports the use of local communities and non governmental organizations to deliver contraceptive services. As a result, more Africans have access to family planning services than ever before.

### The Future

The policy environment is right. The incentive structure for large families is changing. Information on limiting family size is now broadly available. Thus, USAID believes that substantial progress can be achieved during the next decade.

Three key constraints remain:

- **Male Attitudes.** Many women are ready to practice birth control and limit family size, but many men still subscribe to the cultural norm of large families as both a social security network and a sign of virility. Without changes in male attitudes, the decline in fertility rates will soon plateau.
- **Slow Economic Growth.** Everywhere in the world where the demographic transition has occurred, the transition has been accompanied by economic growth and urbanization, or major increases in the provision of social services, particularly female education and maternal and child health. These changes are occurring very slowly.
- **Weak Delivery Systems.** The institutional base for contraceptive delivery in most African countries is very weak. There is a need to more effectively integrate family planning services into the basic primary health infrastructure.

USAID can work with African governments and NGOs directly to strengthen weak delivery systems. Male attitudes will change as (1) women become empowered politically and socially, and (2) economic growth makes investing in the quality of children more important than investing in the quantity of children.

## BASIC EDUCATION

### The Problem

#### Education: An Essential Condition for Progress.

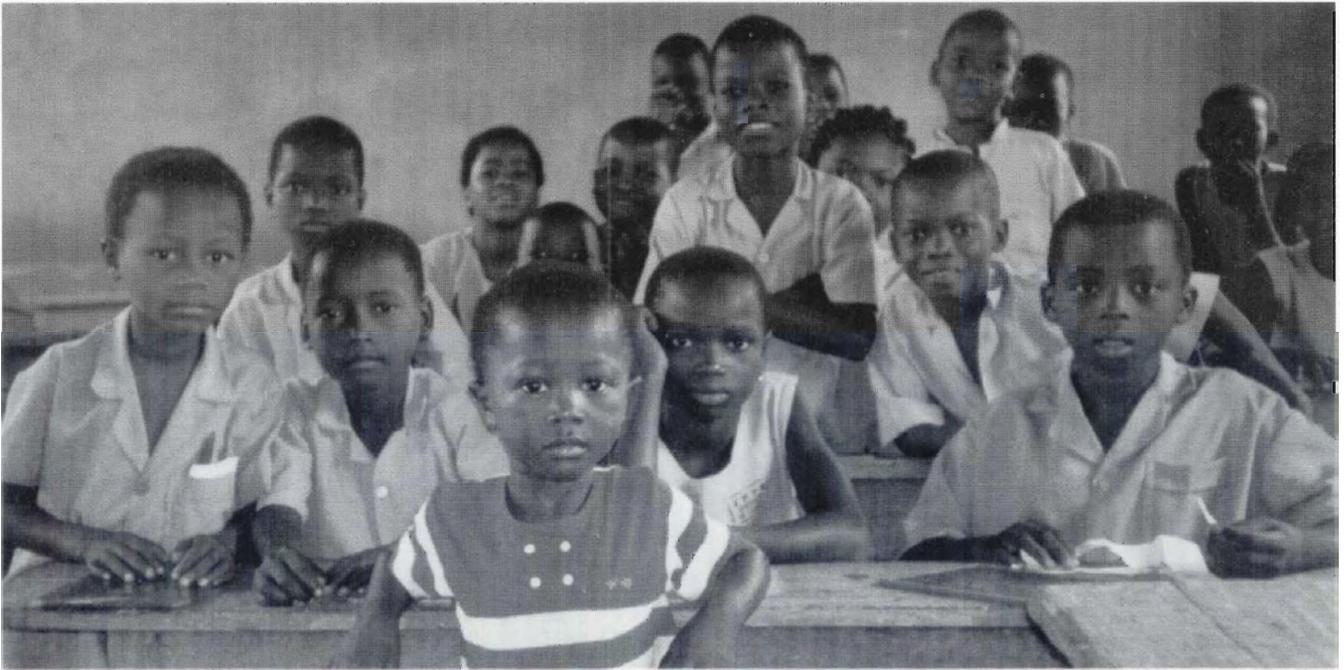
Economic development in simple terms means improving people's lives. A more developed country has a more literate, healthier, more productive, and wealthier population. Education contributes to development in two essential ways. More educated people are, in general, more productive, have greater access to wage employment, and earn higher incomes. They have also been shown to live longer, healthier lives and to have lower rates of fertility and infant mortality. It has also been demonstrated that a society reaps even greater economic and social returns if girls and women are educated.

**Basic Education in Africa.** At independence, most African countries inherited education systems that offered schooling to a small percentage of the population and primarily served the narrow objective of training low- and middle-level civil servants for the colonial administration. The post-independence development of education attempted to redress the former limitation of these systems. Newly independent African governments made a concerted effort to expand formal education through an increasing allocation of government resources to education. As a result, the 1960s and the early 1970s witnessed remarkable growth in the percentage of eligible children enrolled in school. **Between 1960 and 1983, the primary enrollment rate for sub-Saharan**

**Africa as a whole increased from 36 percent of the age-eligible population to 75 percent. Similarly, for secondary education, the overall enrollment rate increased from 3 to 20 percent (see Figure 8).<sup>15</sup>**



<sup>15</sup> *Education in Sub-Saharan Africa: Policy for Adjustment, Revitalization and Expansion*, World Bank, 1988, p. 12.

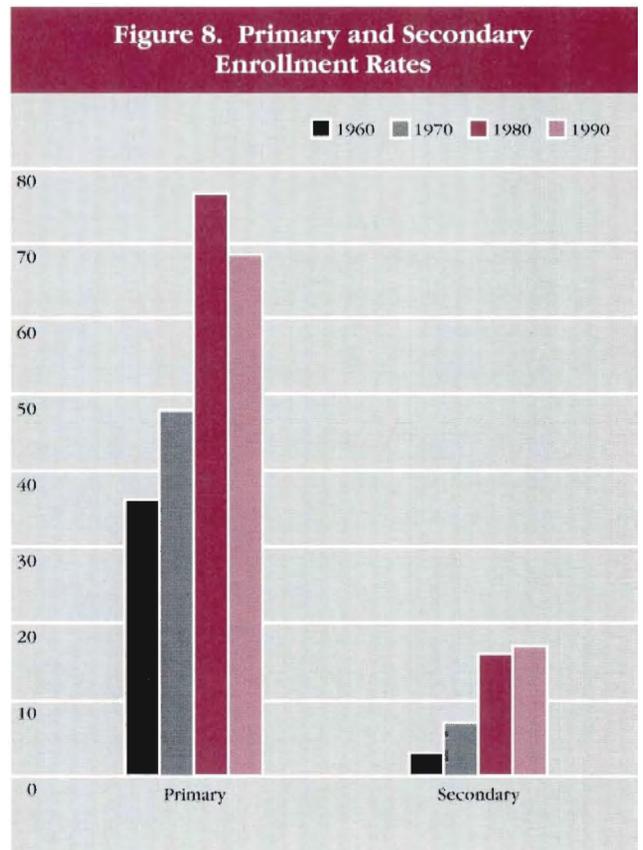


While the educational accomplishments during the first 15 to 20 years of independence were astounding, further development of education in most of Africa has been hampered by the continent's high rate of population growth and by its persistently low (in some cases, negative) rates of economic growth. As a result, recent experience in basic education in many African countries can be summarized by two general trends: a stagnation of enrollment rates and a decline in the quality of education delivered to those children who are enrolled.

**USAID's Programs and Impacts**

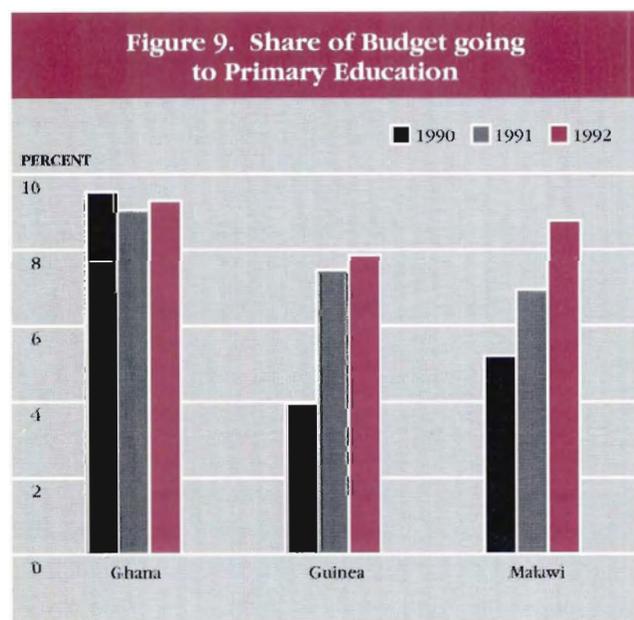
USAID currently has education programs in 11 countries of sub-Saharan Africa with a total funding obligation of \$212 million. Each program aims to promote increased and equitable access to better quality basic education.

In keeping with DFA management principles, USAID-financed improvements in primary education generally promote (1) African ownership of the reform process and improved indigenous management; (2) advocacy of systemwide reforms; (3) government commitment of increased nonsalary inputs, such as paper, books, and



chalk; (4) donor coordination; and (5) decentralization of authority and more equitable participation. This strategy is particularly well suited to support the current trend towards political liberalization found in many African countries.

USAID efforts in support of education reform programs have shown results at the policy, institutional, and administrative levels, in addition to the classroom level. It is still early in the process of educational “systems” investment to expect measurable outcomes, such as improved student achievement and higher rates of primary school completion. Anticipated impact from improved or expanded education, such as increased productivity or reduced fertility, will take many years of sustained change to become evident. Education remains an inherently long-term investment whose returns are only appreciable after many years of effort.



Nevertheless, we can reach some conclusions about the effect of USAID’s assistance based on early assessments. It is apparent that USAID’s budgetary support can serve as a mechanism not only for infusing the education sector with additional resources, but also as an incentive for rationalizing budget preparation and expenditure control

(see Figure 9). Moreover, this mechanism allows USAID to engage other donors in an effort to coordinate financial support to the education sector, thus improving the impact of all donor programs. These innovations in resource management represent bargaining tools that ministries of education can employ to leverage increased allocations from ministries of finance. This process shows promise of creating capacity for sustaining the required flow of resources to education. However, whether African governments will be able to maintain the level of funding achieved during the years of external budgetary support has yet to be ascertained.

For example, despite its many successes, the Basic Education Expansion Program in Mali has had difficulty in creating a fundamental shift in resources from tertiary education to primary education. In fact, the Government of Mali’s current budget calls for the opposite, an increase in funding of tertiary education at the expense of primary. The reasons are understandable. Mali’s new democracy was founded, in part, on protests by university students, and they remain a potent political force, demanding the maintenance of scholarships and living allowances for university students. While continuing to support primary education, USAID has had to suspend disbursement of the last tranche of nonproject assistance to make the Government of Mali aware that while we support the primary education sector, we will not do so in such a way that substitutes USAID money for the contribution Mali should be making.

In addition to improved budgeting and expenditure management capacity, USAID-supported reform programs in the 11 countries are bringing about other institutional changes. USAID has fostered the adoption of policies addressing equitable provision of schooling in Ghana, Mali, Guinea, Benin, and Malawi, and is helping put in place-specific programs to promote the enrollment of girls and redress regional, ethnic, and racial imbalances (see Box 4). Efforts to develop education management information systems are helping governments to rationalize educational planning and improving policy formulation in Lesotho, Guinea, Mali, and Malawi. Furthermore, simula-



#### Box 4. USAID Programs to Improve Equity

*In Ghana, USAID has eight pilot activities to overcome gender and regional disparities, including a scholarship program for girls and a remote areas incentive that supplies motor-bikes and bicycles to qualified teachers working in isolated teaching posts. In participating schools, females as a percentage of attendees increased in the first year of the program from 33 to 34 percent in the northern district, from 35 to 38 percent in the upper east region, and from 39 to 41 percent in the upper west.*

*With USAID assistance, the Government of Malawi designed a program to get more girls in school and make sure they complete the primary grades. The program includes the introduction of a gender-appropriate curriculum and fee waivers for girls who pass on to the next grade.*

*In both Guinea and Mali, public awareness programs have been implemented to increase girls' participation and completion rates in primary schools by persuading parents of the value of educating girls. The programs include activities such as mass*

*media programs, theatrical troupes and school competitions. In Mali, in the first year of the program, girls' completion rates rose from 25.2 to 27.2 percent.*

*In South Africa, USAID is working through nongovernmental community-based organizations to redress racially based educational inequality. USAID-financed technical assistance has provided policy analysis tools to key organizations working on South Africa's future education system. This assistance has had the effect of raising the level of policy dialogue beyond the exchange of political slogans to well-reasoned strategies for achieving sustainable equity-enhancing objectives.*

*In Namibia, USAID is helping the government to revise the curriculum and develop a more relevant program of studies. Included is a shift from instruction in Afrikaans to instruction in English. This shift in language will give all Namibian children greater access to employment opportunities and is an important mechanism for eliminating the last vestiges of apartheid.*

tion modeling for planning purposes is being introduced in Swaziland, Mali, Botswana, and Uganda, and is playing an important role in the policy debate on education in post-apartheid South Africa.<sup>16</sup>

Qualitative improvements in African classrooms are another early result of USAID assistance. Some of the changes at the classroom level include:

- Construction of new and rehabilitation of old schools,
- Provision of furniture for students and teachers,

- Delivery of pedagogical supplies such as textbooks or teachers' kits, and
- Upgrading of teachers' skills through in service training.

Specific examples of impacts resulting from USAID assistance are described below.

*Guinea.* In Guinea, the education system is plagued by severe underfinancing of nonsalary components of the

<sup>16</sup>South Africa currently has an apartheid education system in which the per pupil expenditures in white schools exceed by many times the per pupil expenditures in black or colored schools. The new nonracial South Africa will have to develop a fairer system that (1) improves quality in black schools without substantially reducing quality in white schools and (2) does not break the budget. USAID's work in simulation modeling has allowed all the parties to debate policy issues realistically as the price tag of more radical solutions is clearly shown to be too high. As a result, the debate is proceeding carefully and the resulting policy is likely to be financially and politically sustainable.

education budget. **USAID-financed budgetary support has helped increase primary education's share of the sectoral budget from 30 percent to 35 percent, while achieving a 300 percent increase in nonsalary recurrent expenditures on pre-university education.**

As a result, primary per pupil expenditure on classroom-level inputs went from less than US\$0.20 to more than US\$6.00. This increase covered the cost of urgent repairs to classrooms, purchases of furniture and supplies, and the distribution of 400,000 textbooks.

*Malawi.* Under the conditions of the Girls' Attainment of Basic Literacy and Education Program, the Government of Malawi increased its allocation to the education sector from 11 percent to 13.5 percent of the overall government budget.

*Benin.* In Benin, USAID assistance helped the government increase the education budget by 4 percent in one year. Additional funds are being used for nonsalary reforms, for example, the purchase and distribution of pedagogical kits for all primary teachers and the training of instructional counselors.

*Ghana.* In Ghana, USAID's Primary Education Program is helping maintain the government's level of financing for primary education and providing resources for improvements. With USAID support, primary education's share of the total education budget increased from approximately 38 percent in 1990 to 43 percent in 1991. Improvements include the purchase and distribution of textbooks and school supplies, teacher training, and the launching of pilot programs for equity improvement.

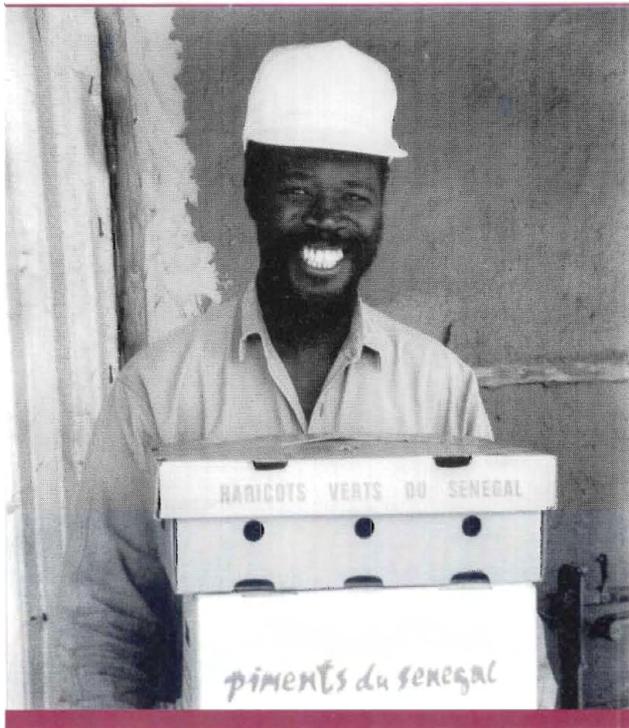
## The Future

USAID is committed to long-term involvement in basic education in Africa. In looking to the future implementation of these programs and to what USAID should be able to report on in its efforts to assist education in Africa, USAID will need to address some important issues. These include:

- How can basic education best help meet the skill (e.g., literacy) as well as survival (e.g., self-protection against AIDS, environmental degradation) needs of a traditional as well as newly forming modern labor force?
- How can USAID help ensure the sustainability of increases in nonsalary recurrent financing and the continuation of institutional change?
- How can African governments cope with daunting problems of access that result from high population growth?

Helping Africa achieve sustainable, equitable, quality education for all is a complex task. USAID's basic education efforts are yielding positive results, but they are small in relation to the challenges remaining. Education statistics remain grim, but the human potential in African classrooms confirms the value of forging ahead.





## Investing in Agriculture

### PERFORMANCE OF THE AGRICULTURAL SECTOR

To achieve broad-based, sustainable growth in Africa, growth within the agricultural sector is essential. Most African households, especially the poorest households, earn a large share of their incomes from agriculture, either directly or indirectly. Traditionally, agriculture in Africa has been viewed as a brake on development, and African people have been viewed as increasingly unable to feed themselves. Most academic and institutional writing supports the view that agricultural output has been growing more slowly than the population as a whole.<sup>17</sup>

But that pessimistic picture may be inaccurate. **Recent studies conducted by USAID suggest that African agriculture has been vibrant in the face of declines in public-sector services. The studies suggest that policy reform and the revitalization of the public service are leading to a rapidly growing agricultural sector, which will fuel both greater economic growth and an**

**increased alleviation of poverty.** Malawi's experience demonstrates the effect on food security of positive government policy and productive technology (see Box 5).

USAID studies of agricultural productivity have been conducted at both the macro and micro levels with attention given to food prices and the growth of the nonagricultural informal economy. Several conclusions emerged:

- Econometric analysis of Food and Agriculture Organization (FAO) data shows that for the 1983–88 period, agriculture in sub-Saharan Africa grew at 3.2 percent per year and that productivity (output per unit land and labor) grew at 1.5 percent per year.<sup>18</sup>
- Evidence suggests that the adoption of new technologies and the increased efficiencies in marketing are increasing productivity.
- Real food prices have fallen in numerous African countries. These price changes are only explicable in the face of substantial increases in production.
- Micro-level studies suggest that farm families are releasing substantial amounts of labor to nonfarm activities and that farm labor is not increasing nearly as fast as the population; in other words, labor productivity is increasing.
- Data from nutrition studies indicate no generalized decrease in nutritional status across Africa and no worsening of food security. Although limited in scope, the studies show that nutritional status has improved in Cameroon (between 1978 and 1992), Kenya (between 1977 and 1987), Zimbabwe (between 1984 and 1988), and Ghana (between 1986 and 1988). Nutritional status seems to have worsened in Ethiopia (between 1982 and 1992), Togo (between 1977 and 1988), and Zambia (between 1985 and 1988). Declines in Ethiopia are associated with agricultural policy failures and civil war. Declines in Zambia are linked to the economic crisis that gripped that country over most of the 1980s. Presently, there are no explanations for the declines in Togo.

<sup>17</sup> The basic argument is presented in *The Population, Agriculture and Environmental Nexus in Sub-Saharan Africa*, op. cit., in which the following is a typical quote, "Over the past twenty-five years agricultural production in sub-Saharan Africa rose by only 2 percent a year, while aggregate population growth averaged 2.8 percent per year...average food consumption per capita has declined during the 1970s and 1980s in 17 of the 36 sub-Saharan African countries for which data is available." p. 8.

<sup>18</sup> Steve Block, *The Agricultural Transformation in Sub-Saharan Africa, A Progress Report*, USAID, APAP Collaborative Research Report no. 342, chapter 5.

- Small-scale, nonfarm, rural employment has been growing rapidly.<sup>19</sup> This sector is largely demand driven; that is, it grows as rural incomes grow, and rural incomes are largely determined by agriculture. It is difficult to associate a rapidly growing rural nonfarm economy with a stagnant farm economy.

Thus, it appears that agriculture has been growing at a level closer to 4 percent than 2 percent. Also, agriculture has been growing faster than the agricultural labor force, with the result that real wages have increased in the rural economy, a major determinant of welfare for poor households. At the same time, food prices have been

### Box 5. Technology Development, Policy Reform, and Food Security in Malawi

*Malawi is one of the poorest countries in Africa, with rapid population growth and limited land resources. Technologies in use support very low productivity per unit of land. The policy environment separates smallholders from the most lucrative production possibilities and keeps agricultural wages low.*

*Scientists have been searching for a hybrid maize seed that will increase yields, but at the same time produce a variety of maize that will store well, mill easily in the villages, and have satisfactory taste. USAID assistance to the Malawi Research Institute contributed to the breeding of a new high-yielding variety. The development of the new variety was coupled with privatization of hybrid seed production and liberalization of maize marketing.*

*Despite drought conditions, in 1992, purchases of high-yielding maize varieties increased by 22 percent, fertilizer use increased 16 percent, and credit used in real terms increased by 7 percent. Smallholder purchases of hybrid seed increased by 250 percent between 1985 and 1992; fertilizer use doubled over the same period.*

*USAID has also supported smallholder production of burley tobacco, a crop that the government had previously reserved for the estate sector. Since burley is especially productive in Malawi, the exclusion of smallholders has reduced their ability to earn cash and forced them to become tenants or agricultural laborers.*

*With assistance from USAID, the government has slowly been allowing smallholders to grow and market burley. Approximately 7,200 smallholders registered to grow burley last year (of which 10 percent were women and 54 percent had less than 1.5 hectares of land). Smallholders produced 2.6 million kilograms of burley with (contrary to government expectations) the average price of smallholder burley equal to or greater than that of the estates. As a result of this success, over 22,000 smallholders (of whom 14 percent are women and 67 percent own less than 1.5 hectares of land) have registered for next year.*

*Key to participating in the burley program is access to credit. Through USAID's Malawi Agricultural Research and Extension Project, the Ministry of Agriculture has been integrating women into credit clubs, with women's participation growing from 8 percent in 1989 to 34 percent in 1991. Many of the women participating in the burley tobacco program reported spending their profits on loan repayment, buying fertilizer and maize seed, school fees, and food.*

*The success of the policy reform program in burley has brought over \$4.4 million of cash income to the rural economy. The income came directly through sales and indirectly through increased prices. The increased cash helped some smallholders weather the effects of the drought.*

<sup>19</sup> C. Leidholm and D. Meade, op. cit., p. 18.



declining. Since both the rural and urban poor must purchase food, these trends suggest some reduction in poverty.

### USAID Approach

USAID investments in agriculture focus on sustainable increases in agricultural productivity. Promoting increased agricultural productivity is essential for broad-based economic growth and food security. To achieve the objective of sustainable increases in agricultural productivity, USAID investments fall within three areas of concentration:

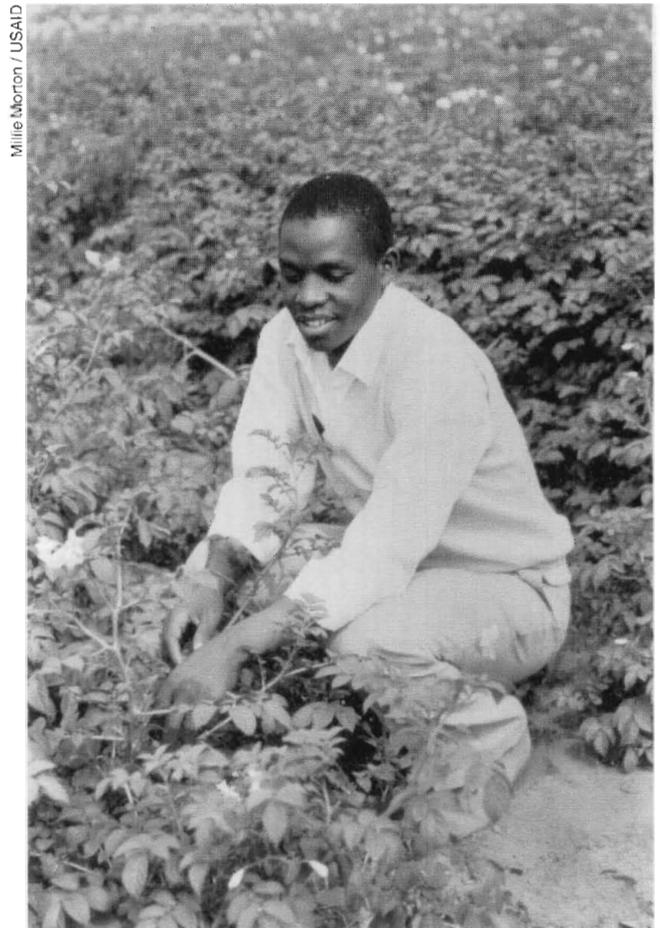
- Agricultural marketing and agribusiness (including physical and institutional infrastructure),
- Technology development and transfer, and
- Natural resources management.

### AGRICULTURAL MARKETING AND AGRIBUSINESS

#### The Problem

Africa's economic development requires a vibrant private sector. Although African governments have viewed the private sector with distrust, and profits as a sign of corrupt behavior, that attitude is changing. A majority of Africans are entrepreneurs, running small farms or small firms, employing one or two workers at the most, and depending on markets for customers and suppliers. Historically, these entrepreneurs have been put at a disadvantage by the penchant of African governments to control markets. Government waste and corruption restricted their options and opportunities, even though the controls were intended to protect them.

At the farm level, African agriculture is competitive on world markets even with its low level of technology and capital.<sup>20</sup> However, when agricultural products are transported, stored, processed and marketed, the costs escalate, driving a deep wedge between the farmer and the ultimate consumer. **This wedge lowers income for**



Millie Morton / USAID

**farmers, raises prices to consumers, and is an important bottleneck to agricultural and overall development in Africa.** Government policy, financial systems and markets, the lack of marketing information and skills and infrastructure deficiencies are all part of the problem.

#### USAID's Programs and Impacts

USAID has supported the efforts of African governments to make markets more competitive and efficient by:

- Improving the enabling environment through privatization and decontrol;
- Improving the working of financial markets to increase savings and make credit more available; and,

<sup>20</sup> See P. Kristjanson et al., *Export Crop Competitiveness: Strategies for Sub-Saharan Africa*, APAP Technical Report no. 109, USAID, (July 1990), pp. 145-148.



- Improving infrastructure, particularly transportation infrastructure in a sustainable way.

**The Enabling Environment** USAID has supported policy reform programs designed to open agricultural marketing to competitive forces by allowing private firms to compete with state-owned enterprises. In addition, USAID has supported the privatization of many state-owned enterprises and their functions (see Table IV).

In **Uganda**, USAID's five-year \$38 million Agricultural Nontraditional Export Promotion has helped the country to diversify its source of foreign exchange earnings from its high dependence on coffee. USAID assistance included support for policy and regulatory changes in liberalizing both the foreign exchange system and the agricultural marketing system; institutional strengthening; and direct technical assistance to and training for export-oriented agribusiness firms and associations. **This assistance helped increase the real value of agricultural nontraditional exports from a level of just \$8.1 million in 1987 to an estimated \$61.4 million in 1992 (see Box 6).** Many of the beneficiaries of this program are female farmers. For example, one crop that has done well is vanilla; 75 percent of vanilla producers are women.

Policy reforms in **Mali** have increased marketing efficiency. For example, in the Haute Vallée, district agricultural transport was privatized. By 1989–90, all cotton and tobacco were being hauled by private trucking firms at a cost about 45 percent below that of the parastatal trucking company. This increase in efficiency enabled cotton and tobacco buyers to raise the price they paid farmers for their produce.

Another change in **Mali's** enabling environment is the government's reform of the cereals marketing system. USAID provided long-term support and assisted with the creation of a cereals market information system that

#### Box 6. Uganda's Navga

*A group of progressive Ugandan farmers formed the Ntangauzi and Vegetable Growers Association (NAVGA) in 1985 to reduce their dependence on coffee sales. In 1988, this group of 500 men and women farmers began receiving technical assistance through the USAID program.*

*In 1989, NAVGA began exporting ntangauzi or ginger (24 metric tons by sea to the Middle East and 2.5 metric tons by air to Europe). Working directly with their own members, NAVGA exported red chili peppers, passion fruit, pineapples, okra, green beans, and bananas. NAVGA established a vegetable and spice processing facility at an abandoned coffee factory and plans to secure financing to increase their processing capacity.*

*David Lule, the association's chairman, stated that "with USAID assistance, we have been able to raise the incomes and the standards of living of our members, more than 500 families."*

complements the reform effort. Under the Program to Restructure Cereals Marketing, the Mali Government legally recognized private cereal trade and now allows private agribusinesses to engage in cereal marketing across all domestic regions. The state-owned enterprise has been restructured to facilitate (rather than monopolize) cereal marketing. Also, a grain market information system has been established to disseminate information about consumer prices in key national grain markets. As a result, the price paid by traders to farmers increased slightly. The efficiency of private marketing and the good fortune of plentiful rain contributed to bountiful harvests and led to lower food prices for rural households.<sup>21</sup> As a

<sup>21</sup> J.M. Staatz and N.N. Dembele, "Has A.I.D.'s Investment in Marketing-Facilitating Services in Mali had an Impact?" (mimeo), Michigan State University Agricultural Economics Staff Paper no. 92-93, p. 6. The authors, using econometric analysis, claim that the marketing margins along two major routes (Bamako-Sirakola and Bamako-Zangasso) have declined by 21 percent and 17 percent, respectively, over the 1986 to 1992 period. This translates into a saving of \$20 to be divided between the families of millet/sorghum producers and millet/sorghum consumers. This could mean an increase of 10 percent in real income for poor urban consumers.



**Table IV: USAID Programs to Liberalize Agricultural Markets**

Countries	Commodities	Status
<b>CAMEROON</b>	Fertilizer Coffee	Farm-level impacts for fertilizer; limited impact for coffee (arabica only)
<b>CHAD</b>	Transport	Beginning in 1992 (delayed by political instability)
<b>GHANA</b>	Feeder Roads	Reduction in storage losses of 75 percent leads to increase in farmer incomes of 53 percent in selected areas
<b>GUINEA</b>	Fertilizer Horticulture	Limited impact among private firms and farmers (due to macroeconomic problems)
<b>GUINEA-BISSAU</b>	Cashews	Limited impact to date
<b>KENYA</b>	Fertilizer Maize	Private firm and farmer impact is significant: higher prices paid to farmers increased production of maize
<b>LESOTHO</b>	Agricultural Inputs	New private agribusiness firms and jobs are created
<b>MALAWI</b>	Fertilizer Tobacco	Increased use of fertilizer leads to increased production and higher farmer incomes
<b>MALI</b>	Cereals Transport	Significant impacts among private firms and farmers: producer prices rise as marketing margins decrease
<b>MOZAMBIQUE</b>	Cereals Privatize Farms	State-owned farms taken over by private entrepreneurs; limited market impact because of security situation
<b>NIGER</b>	Coarse Grains Cowpeas Livestock	Favorable impact on growth of private agribusiness firms; limited cowpea impact because of Nigerian ban on imports
<b>SENEGAL</b>	Rice	Increase in private agribusiness buying and processing domestic rice and importing rice; farmers benefit from higher prices
<b>TANZANIA</b>	Road Rehabilitation & Maintenance	Increased volume of marketing of agricultural commodities (31 percent between 1989 and 1991); rise in farmer incomes
<b>UGANDA</b>	All Agricultural Commodities	Significant macroeconomic, agribusiness, and farmer-level impacts across commodity systems
<b>ZIMBABWE</b>	Maize	Private agribusiness firms handle maize marketing despite shortages created by drought

result, poor households, which tend to buy 30 percent of their food from the market, were able to eat better, meet other pressing needs, or invest in their productive activities.

In **Cameroon**, USAID supported the privatization of fertilizer distribution. As a result, order and delivery time

fell from 10 months to 4 months, making fertilizer available at a time when it was most needed. Despite reduction of the government subsidy, fertilizer prices to farmers only increased by 30 percent, because the parastatal system was costing the Cameroon Government and the farmers over \$5 million a year in waste and fraud.



**Financial Systems and Markets.** To enhance employment generation and income earning opportunities in both the foreground and background economies, USAID has worked to strengthen financial institutions in several African countries, focusing more on the local than the national level. In Cameroon, Malawi and Togo, USAID programs have supported the development of credit unions. In Kenya, Chad, Mali, and Niger, USAID has strengthened the capacity of NGOs to provide credit to small and medium-sized enterprises. These efforts have had favorable impacts on financial market development, institutional development, and rural household welfare.

In **Cameroon**, USAID supported a credit union project that has had a strong, positive impact on rural financial market development. Its success is attributable to the fact that the credit unions affiliated with the Cameroon Cooperative Credit Union League (CamCCUL) effectively bridged the gap between rural informal financial markets and urban formal financial markets.

CamCCUL built upon the indigenous informal savings and credit associations that existed in rural areas. By creating and operating rural savings and credit facilities, CamCCUL met the demand of rural savers for safe depositories and the demand of borrowers for credit and liquidity (see Box 7). Indeed, one indication of the degree of CamCCUL's success is that it was able to continue to provide financial services when the formal financial market was experiencing a severe liquidity crisis during the late 1980s.

In **Niger**, USAID is working through PVOs such as the Cooperative League of U.S.A. (CLUSA), to encourage financial intermediation that will promote savings and increase access to, and lower costs of, credit. The focus is on small producers and micro enterprises. CARE's second phase of its Maradi Microenterprise Development Project aims to establish a fully autonomous and sustainable rural bank in Maradi to support enterprises. Loans are made to creditworthy rural people in all sectors. Since the start of Phase II in 1991, 534 private businesses have been started, 683 jobs created, and 3,086 loans disbursed at the prevailing market rate. At the same time, the project has been able to maintain a 91 percent repayment rate as well

### Box 7. Suffer Man

*The sign said "Suffer Man's Bar." On its way to meet with the Azire Credit Union staff, the Cameroon evaluation team stopped along the road to Bamenda. The bar owner indicated that his membership in the union enabled him to acquire the bar. Suffer Man joined the Azire Credit Union when he was working as a truck driver. Gradually he built up enough savings and, with a loan from the union to supplement his savings, he bought his own truck. Transporting agricultural produce between Bamenda, Nigeria, and Yaounde, Suffer Man accumulated enough savings to build a large home for his family. He then took another loan and bought three more vehicles, which he used to carry passengers and produce to Yaounde. After repaying that loan, he took another loan and bought a knitting machine for his wife who began making sweaters, which were sold in Yaounde. Finally, he bought a small shop to sell drinks and, with the money he saved at the union, he eventually expanded it into a dance hall.*

as a 17 percent profitability rate. USAID believes that such an approach, intensively managed and with a medium- to long-term institutional perspective, can have a major impact in urban and rural enterprise development in Niger.

In **Mali**, USAID has worked with CLUSA to strengthen the capacity of villages to manage their own financial institutions. By March 1992, the USAID Mali project had achieved its target of creating 228 village associations and training them to operate within modern banking institutions. Nearly all credit to the village associations came from commercial banks at competitive interest rates.



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Between 1988 and 1991, commercial credit increased by 140 million CFA (about \$400,000), from 231 million CFA. By March 1992, more than 100 village associations were dealing directly with private banks without assistance from the USAID-funded project. Village association loan reimbursement rates were over 95 percent.

The increase in commercial activity in villages where associations have been developed has had a number of spinoffs:

- Agricultural input suppliers now regularly visit the village associations to sell their products (one fertilizer merchant offered village association representatives a free trip to Senegal to visit his fertilizer plant);
- One private commercial bank has set up a branch office to be closer to several of its more important cooperative clients; and
- One bank set a goal for 1992 of lending \$700,000 to the cooperatives.

**Infrastructure.** Because of the high cost, USAID has tended to leave large-scale infrastructure development to the multilateral banks. USAID's focus in infrastructure has been in rural feeder roads, with special emphasis on the issues of rehabilitation capacity, financial sustainability, and privatization of actual construction.

In **Ghana**, USAID has been supporting the rehabilitation of feeder roads, using PL480 Title III and DFA program-funded local currency resources. USAID has also been supporting the training of private Ghanaian contractors (trained contractors have increased from virtually none before the program to 55 in 1992).

Programs of this sort have very broad impacts. The rehabilitation of roads increases vehicle traffic, enabling timely transportation of crops to market. Reduced transport costs increase farm gate prices and allow farmers to sell to traders who have efficient storage capacity, thus reducing crop losses. **In one region of Ghana, 120 vehicles use rehabilitated roads daily,**

**compared to 4 vehicles on roads that have not been rehabilitated. In this same region, maize crop losses have fallen from 35 percent to 15 percent and cassava crop losses have fallen from 32 percent to zero.** In another region, rehabilitation of feeder roads resulted in a 61 percent decline in transportation costs. Estimates suggest that total benefits per household served were 126,000 cedis (\$210) per year in an area where average household income is 80,000 cedis (\$133) per year.<sup>22</sup>

In **Tanzania**, USAID has been involved in a major restructuring of the way in which Tanzania approaches rural road maintenance. Major changes resulting from the Agricultural Transport Assistance Program (ATAP), a \$40 million dollar investment, include:

- A dramatic shift in road rehabilitation from using moribund governmental capacity to reliance on private contractors;
- A plan drawn up by the Government of Tanzania prioritizing maintenance on the basis of economic criteria; and
- An agreement that the Government of Tanzania will assume full financial responsibility for rural road maintenance by 1995.

In 1988, at the beginning of ATAP, there was no private contracting for road rehabilitation; by 1990, private contractors represented 30 percent of the total number of contractors engaged in road rehabilitation in the five ATAP core regions. By 1992, that level had reached 80 percent.

A study of the impact of ATAP in one region, Shinyanga, showed the following:

- An increase in tonnage hauled between 1989 and 1991 of 31 percent,
- An increase in the value of goods hauled in the same period from \$417,000 to \$1.1 million,
- A decline in vehicle operating costs of 37 percent,
- A decline in passenger fares of 18 percent, and

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<sup>22</sup> USAID, Ghana Assessment of Program Impact, October 1992, p. 12.



Carolyn Watson



In the area of **financial systems and markets**, USAID is gaining experience in what works and what does not. USAID will continue to link village-based organizations and private commercial banks and will continue to support market information systems. Market information helps to ensure that markets are competitive and efficient, and expands opportunities for farmers and exporters. With the decline in top-down, government-run cooperative systems, space has been made for the development of local, participatory credit unions and cooperatives. All over Africa (Burundi, Niger, and Uganda, for example) these new local

- Estimated rate of return to the road rehabilitation of 35 percent.

Sustaining these impacts is a problem. The budget calls for the government to pay two-thirds of the routine maintenance costs, but a tight budgetary situation exists and shortfalls have occurred in the amounts allocated. As in Ghana, USAID efforts have resulted in strong, positive impacts; however, sustained financing remains a problem.

### **The Future**

Of the three areas discussed above, USAID has made the most progress in promoting **an enabling environment** through the liberalization and privatization of agricultural marketing. Across the continent, competitive agricultural marketing systems have promoted increased efficiencies in agriculture. In particular, liberalization has reduced taxes on farmers, most of whom are poor, and increased their incomes. USAID will continue to support this process.

institutions are seeking help in getting organized. USAID will be in the forefront of donors supporting these institutions.

**Rural infrastructure** development has been proceeding in many African countries. Since investment requirements are high (certainly over \$30 billion), USAID's involvement in this sector will largely focus on feeder roads and especially on the institutional framework for long-term sustainability of infrastructure investment. In some countries, USAID may invest in other aspects of rural infrastructure, particularly rural telecommunications.

USAID believes strongly that a private enterprise-led market-based strategy provides the best framework for long-term, broad-based growth in the productivity of African agriculture.



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## TECHNOLOGY DEVELOPMENT AND TRANSFER

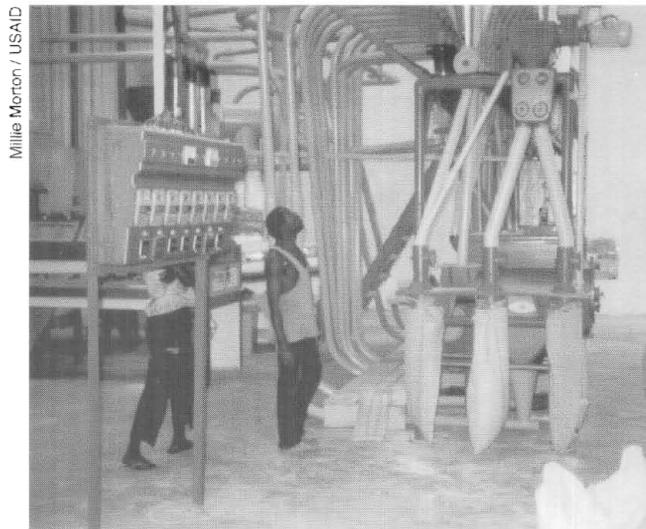
### The Problem

Sub-Saharan Africa has not had a “green revolution” comparable to the rapid increases in rice and wheat production that occurred in Asia. And, for a variety of reasons, experts do not expect new technologies to solve production problems rapidly in Africa. Unlike Asian agriculture, African agriculture involves multi-cropping (not monoculture), rainfed production (not irrigated production), and extensive (not intensive) cultivation. In addition, difficulties related to government macroeconomic and sectoral policy and deteriorating public-sector institutions hamper the application of achievements in agricultural research.

Over the years, USAID has supported a range of research institutions serving Africa: national agricultural research systems (NARS); collaborative research support programs (CRSPs) that link U.S. universities and African institutions; selected regional research networks; and international agricultural research centers (IARCs). Numerous examples of progress exist, especially among CRSPs, regional networks, and IARCs, but NARS have often been unable to respond to major developments. Like other African public-sector institutions, NARS suffer from:

- Limited capacity to plan, leading to unfocused efforts and inadequate priority setting;
- Lack of recurrent financial resources, leading to overdependence on donors for financial support;
- A proliferation of donor projects that make coherence very difficult;
- Lack of attention to the demand for research products;
- Limited collaboration between public and private sectors;
- Brain drain; and
- Weakness of supporting agricultural institutions in the areas of policy, marketing, input supply, credit, and infrastructure.

These problems have undermined donor and African government support for agricultural research.



Millie Morron / USAID

### USAID's Programs and Impacts

**Institutional Development.** USAID programs invest in institutional development, mechanisms to improve sustainability, private-sector development, and post-harvest and processing technology. USAID is supporting reforms in NARS in several countries, including Kenya, Uganda, and Mali. Reforms include greater accountability to clients, demand-driven research agendas, broader institutional participation in research, and a range of collaborative arrangements involving NARS, IARCs, regional organizations, NGOs, input companies, and organizations in donor countries. USAID will continue to support these reforms and to apply lessons learned to other countries where reforms are being instituted. The key issue here is to build on the comparative advantages of the different parts of the system—IARC provide basic research, NARS are the key link between farmers and researchers, networks link the two together, and private firms develop and disseminate those research outputs that are easily sold, such as hybrid seeds.

**Role of the Private Sector.** Until recently, local and international private-sector involvement in technology development and transfer has been given inadequate attention in much of sub-Saharan Africa. Government monopolies in research, input manufacturing, input distribution, and licensing of technologies have restricted private-sector interest and participation. However,



significant progress has been made in opening the technology systems. These developments and an increased awareness of market opportunities for U.S. technology in Africa have led to greater interest among U.S. industries in investing and trading with Africa. USAID is still developing strategies to help African research institutions work in harmony with private seed companies, private agricultural processing firms, and private research institutions.

**Impacts.** Agricultural research is an area of clear comparative advantage for USAID. Americans, American institutions, and especially Africans trained in U.S. universities have long histories of involvement in research institutions in the region. Research offers considerable potential. By generating sustainable and resource-conserving practices, technology development works hand-in-hand with initiatives in areas such as policy reform and natural resources management to increase agricultural productivity. USAID has not only contributed to the products of research, i.e., new plant varieties, but also has helped improve the performance and capabilities of national, regional, and international institutions so as to sustain the process of research as well.

Recent studies conducted by Michigan State University of the returns to investment in technology development and transfer (TDT) in several countries indicated that USAID investments have had substantial positive impacts on farm incomes and productivity (see Table V).<sup>23</sup> This has been particularly true in maize research as well as in cowpeas. Positive results occurred in virtually all the countries included in the study.

Positive rates of return indicate that the benefits generated by technology development and transfer activities (as measured by increased production of specific commodities) more than cover the costs of research, extension, and additional resource use by farmers. The rate of return is used both to assess the effectiveness of past investments and to guide future choices. The rates calculated by the Michigan State University study exceed prevailing

market interest rates by substantial margins in nearly all cases, indicating that investments in this area compare very favorably with possible alternative uses of capital.

In many ways, these results are remarkable given the weaknesses both of research systems and of agricultural marketing institutions and policies. High rates of return despite these obstacles imply that agricultural research is a particularly worthwhile investment. USAID's investments in technology development and transfer activities have led to major measurable improvements in agricultural productivity across a range of countries, commodities, farming systems, and socioeconomic groupings in Africa. **In conjunction with other DFA activities, these innovations are being used by large numbers of farm families to improve their well-being, release resources from agriculture for manufacturing and other nonagricultural activities, generate food sufficient to feed the growing population at prices they can afford, and enhance their purchasing power.** Nowhere is this clearer than in Malawi, where new maize varieties may make a major breakthrough in

Table V: Rates of Return to TDT Activities

Country	Commodity	Rate of Return
Nigeria	Cocoa	42%
Kenya	Maize	50-60%
Kenya	Maize	58-60%
Kenya	Wheat	33%
Africa	Maize and Staple Crops	30-40%
Senegal	Cowpea	33-92%
Mali	Maize	135%
Africa	Cassava	149%
Niger	Cowpea, Millet, and Sorghum	<0 7-21%
Sudan	Sorghum	22-39%
Cameroon	Cowpea	15%

<sup>23</sup> J. Oemke, "The Impact of Agricultural Technology in Sub-Saharan Africa," Technical Paper no. 3. USAID, Office of Analysis, Research, and Technical Support, Bureau for Africa.)



solving the serious food security problems faced by Malawi farm families.

A recent regional study of USAID investments in maize research in Africa indicated that technological innovations, including improved seeds, have improved the productivity of land and labor across a range of countries and agroecological conditions. The study indicated that innovations produced by research have resulted in significant improvements in maize production and land and labor productivity in sub-Saharan Africa.<sup>24</sup> These improvements are associated with a major expansion in maize production since the 1960s (an average increase of 2.6 percent annually).

In **Kenya**, the rates of return to technology development have been calculated to be in the neighborhood of 50 percent. Kenya is unusual in Africa in having been able to sustain yield increases averaging nearly 3 percent per annum during the 1970s and 1980s. **Without that growth, in fact, Kenya's maize production would be half its current level (roughly 1.5 million metric tons rather than the 3 million tons in an average year), and rural incomes and nutrition would be much lower as well.**

### The Future

USAID's experiences with technology development and transfer offer several important lessons that can enhance results in the future:

- **Reassess approaches to strengthening NARS, giving special attention to improving their performance in the face of adversity.** Conventional approaches routinely seem to require better political and socioeconomic contexts than much of Africa is likely to offer before the end of the century. Rates of research failure can be reduced through more attention to avoiding debilitating interruptions in staffing and resources for high-priority activities.
- **Define and support the roles that the private**

**sector can play in research as well as linking research institutions and technology users.**

Strengthening collaboration of organizations capable of commercializing technology development and transfer can serve to increase greatly the speed of dissemination of innovations and further improve rates of return dramatically.

- **Link the agendas of research systems to market opportunities.** This means research efforts must shift from being supply oriented (i.e., assuming that a binding constraint to development is the supply of goods and that if goods are available they will be consumed) to becoming demand oriented. Much more attention and focus is needed to ensure that investments are concentrated in areas (both in terms of crops and issues) that are responsive to client needs.
- **Expand research agendas beyond on-farm constraints to off-farm constraints, such as policy, processing, storage, markets, and the limited adoption of technology.**
- **Emphasize human resource management systems that are guided by accountability, stewardship of innovations, performance, and above all, creativity.** National and external research institutions can collectively produce the innovations that will move Africa forward. Towards this end, ways must be found to open more windows for the best of Africa's researchers to be creative and accelerate the flow of innovations required for development.

## NATURAL RESOURCES MANAGEMENT AND THE ENVIRONMENT

### The Problem

Sustained and broad-based economic growth for most African countries is inextricably linked to responsible stewardship over the natural resources base. The following statistics suggest the dimensions of the problem:

- Per capita arable land is declining by 2.5 percent per year. In 1965, arable land amounted to one-half hectare per capita; by the year 2000, it is expected to be less

<sup>24</sup> Eighteen case studies of the impacts of maize research were carried out in Senegal, Nigeria, Zaire, Kenya, and Malawi.



than one-quarter of a hectare; and by 2030, if present trends continue, it will be no more than one-tenth of a hectare per capita.

- A major study, undertaken in the late 1970s, estimated that with no change in farming practices, the productivity of land in Africa would decline by 1 percent per year between 1975 and 2000.
- Data suggest that Africa is losing 3.8 million hectares per year of forests to logging and farming. While this means it will be 178 years until the last tree is cut down, there are several regions and countries where the danger is much nearer. By the year 2000, all but small remnants of the tropical forests of Nigeria, Côte d'Ivoire, Rwanda, and Burundi may be lost.
- In Madagascar, 53 out of 105 known mammal species and 28 of the 250 known bird species are threatened. And, the gene pool of flora and fauna that potentially holds cures for dread diseases or characteristics for improved food crops shrinks daily, never to be replaced.
- Pests (insects, plant diseases and weeds, grain eating birds, rodents) are a major constraint to high productivity of crops. Annual pre-harvest losses are estimated at 10 to 25 percent of potential yield due to chronic pest problems. Pest outbreaks cause, on average, additional losses of 15 to 20 percent.

### USAID's Programs and Impacts

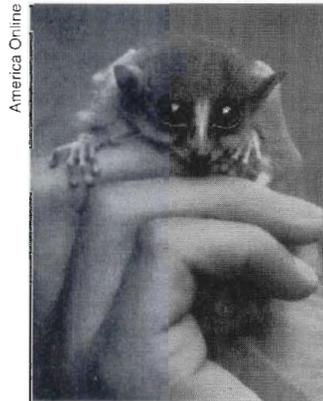
USAID's approach to natural resource management emphasizes the following themes:

- Sustainable agricultural practices,
- Vegetation and tropical forestry preservation, and
- Conservation of biological diversity.

Despite the gloomy statistics cited above, there are other examples, particularly those of Machakos, Kenya, and Kano, Nigeria, where the incentive structure, the degree of local control of natural resources, and the energy of the local peoples have combined to preserve (as in Nigeria) or to improve (as in Kenya) the natural resource base despite increased population levels<sup>25</sup>

Assistance in natural resources management must be offered at all levels—national (particularly with respect to economic and natural resources policy), community (with respect to community management of common resources), and at the household or farm (with respect to adapting better management practices). This involves working with governments, local communities, NGOs and various associations interested in promoting sustainable development.

For example, in **Madagascar**, USAID's strategy is to develop better natural resources management and to improve the economic incentives affecting the sustained



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use of wood resources. USAID's program in biodiversity and improved natural resources management totals over \$100 million and incorporates grants to PVOs for park development and integrated conservation and development projects, a national geographic information

system, policy reform, support in the development and implementation of the National Environmental Action Plan, and endowment of a local foundation.

The program involves three interventions targeted at three areas to address key constraints to establishing sustainable human and natural ecosystems, namely:

- Strengthening the capacity of the National Office of the Environment to develop environmental policy and to translate policy into action;
- Facilitating local-level natural resources management initiatives; and
- Providing guidance on natural resources revenue generation, expenditure, and resource pricing.

<sup>25</sup> M. Tiffen et al., op. cit.





The following are examples of impacts at the level of the rural producer achieved by USAID programs:

- In **Lesotho**, herder associations increased productivity of the range lands and livestock husbandry by placing a substantial area of the range land under management plans.
- In **Niger**, hundreds of woodcutters have increased their incomes from woodcutting enterprises that depend upon improved management of marginal forest lands.
- In **Malawi**, farmers complement their intensive farming practices with agroforestry practices that increase the prospects of sustaining productivity gains.
- In **The Gambia**, because of better soil management practices, producers converted hundreds of salt-laden hectares to productive rice lands.

In **Mali**, under the USAID Development of the Investing in Agriculture (DHV) Project, an economic transformation is taking place that affects thousands of farmers. The DHV provides support to farmers in the zone of the *Office de la Haute Vallée du Niger* through strengthening of agricultural extension and natural resources management services, development of self-managed village associations and cooperatives, construction and maintenance of farm

access roads, functional literacy training, and enhanced involvement of the private sector in the provision of agricultural inputs and credit and in the transportation of agricultural produce.

The transformation is manifest in farmers adopting natural resources management technologies that increase productivity and protect the productive capacity of soils, forests, and range lands. **Since its inception in 1988, the DHV project has introduced 16 technologies; approximately 8,000 farmers adopted the technologies (see Box 8). The diffusion of these technologies is a result of the DHV project's emphasis on building the capacity of village associations to manage natural resources management-based enterprises.**

Some of the benefits of the DHV project are less tangible, but not necessarily less important. For example, in 1992 12 village associations negotiated protocols with the Malian Government that turned management of village forest lands over to the associations. These protocols are, in essence, the associations' response to the rapid degradation of forest lands resulting from increased commercial woodcutting by Bamako-based merchants. Most protocols include an informal management plan



aimed at sustaining the productive capacity of forest resources. The development of these protocols, unthinkable a few years ago when all ideas and rules came from the central authorities, is now possible because of the capacity of the village associations to negotiate with outside interests. This capacity has been substantially strengthened through the DHV project.

In Zimbabwe, land is roughly categorized as either communal (42 percent), commercial farm (42 percent), or state-owned parks and forests (16 percent). Game remains state property. The Department of Parks and Wildlife Management set wildlife harvest quotas but landowners were encouraged to use and profit from the wildlife on their lands. As landowners allocated more land and more resources to conserve “their” game, wildlife populations grew. By the mid 1980s, landowners ranching with

wildlife and cattle found that the sustainable harvesting of game was more dependable and profitable than cattle. Thus, the previous encroachment of cattle into wildlife habitats is being reversed.

The Zimbabwe Natural Resources Act ceded control to local institutions, such as district councils. The Zimbabwe USAID Mission is assisting in the above efforts through the USAID regional Southern Africa Natural Resources Management Project. This project is being implemented in a number of areas and is leading to substantial increases in rural incomes (see Box 9). The project has promoted the replication of the success of the first pilots around the country through workshops and publicity. This has led to the devolution of authority for wildlife management in nine new districts and the identification of 26 potential new management authorities.

#### Box 8. François Coulibali

*During the past 12 years, François Coulibali, a farmer in Mali, has benefited from several USAID projects and transformed his farm from a subsistence to a commercial operation. He began by agreeing to be a pilot farmer, a status that enabled him to receive special training, gain access to new technologies, and receive on-farm help in trying new practices. Today, he regularly shares what he has learned and inspires other farmers to make similar changes to increase yields while maintaining the productive capacity of the land.*

*Since 1980, yields on Coulibali’s farm have increased dramatically. Average yields for millet are now 1,400 kilogram/hectare (kg/ha) (up from 400 kg/ha); yields for sorghum are 1,500 kg/ha (up from 600 kg/ha). In his diversified operation, he also grows maize, cotton, groundnut, forage legumes, cowpea, and pigeon pea—and he maintains a wood pole plantation, harvesting poles at regular intervals and selling them for use in construction.*

*Coulibali’s farm is surrounded by a woody*

*savanna, but he has cleared little new land in the last 10 years. This is in clear divergence from slash and burn methods that characterize conventional farming. He maintains soil fertility by using substantial amounts of compost, applying judicious doses of mineral fertilizer, and rotating crops regularly to incorporate nitrogen-fixing legumes. He plows under crop residue (instead of burning it), uses contour dikes and windbreaks to reduce erosion, and maintains field trees to provide wood, soil enrichment, fodder, oil, and cooking condiments.*

*The advances on Coulibali’s farm are directly attributable to the USAID Mission’s Development of the Haute Vallée Project. Even though Coulibali is typically ahead of his neighbors in incorporating new ideas, he and others like him have played a catalyzing role in the diffusion of new ideas. Estimates suggest that 8,000 farmers out of the 10,000 in the Haute Vallée region have improved productivity by adopting appropriate practices.*



## Box 9. The Masoka Plan for Wildlife Management

*In the Zambezi valley area in Zimbabwe, Masoka is the only village in the 400-square-kilometer Ward of Kanyurira of the Guruve District. Before 1989, the people of Masoka survived by subsistence agriculture and supplementary hunting. Cotton production provided cash income. Wildlife damaged crops and was locally considered more of a cost than an asset.*

*In 1975, Zimbabwe's Parks and Wildlife Act gave individual landowners the responsibility for wildlife management on their lands. The implementation of this act resulted in a safari hunting enterprise being developed in Zimbabwe. Until 1988, the act was only implemented on private individual land holdings. In 1988, this act was used to transfer authority for wildlife management to communal lands. Assisted by the Zimbabwe Center for Applied Social Sciences, the people of Masoka brought together the relevant parties and negotiated their right to manage the wildlife on their lands. The District Council, supported by the Department of National Parks and Wildlife Management, requested an NGO, Zimtrust, to*

*finance the first community-owned safari.*

*The extensive safari hunting at Masoka provides additional cash income while still representing conservationally appropriate land use. Hunting leaves the habitat intact and, when properly managed, does not negatively affect wildlife populations. In 1989, the following key species were hunted at Masoka: elephant (4), lion (1), leopard (6), buffalo (6), sable (3), and several other antelope species.*

*The revenue generated dramatically changed the perception of the people of Masoka toward their resource base. The first year of international sport hunting earned Masoka \$32,400 net. The village had \$5,000 distributed equally as a cash dividend among its 60 households and \$15,000 was earmarked for the building of a health clinic and improvement of the school. The remaining \$12,400 was, by agreement, held at the district level as a management fund for wildlife losses with the funds to be administered by the ward.*

### The Future

USAID's experience in promoting local-level change is encouraging. In some cases, local changes are leading to national change. But on the whole, the rural economies of most African countries where USAID works continue to deteriorate. Can USAID assist in transforming localized victories into widespread change? Can hundreds of thousands or even millions of African farmers, herders, woodcutters, fishermen, and hunters be measurably better off because they are helping themselves in the same way that producers in the above examples helped themselves?

The simple answer is yes. USAID is confident that the diffusion of impact-producing natural resources management practices will be significantly accelerated over the

next five years. Under the DFA, considerable progress has been achieved in knowledge and understanding about:

- Fundamental barriers to greater diffusion of appropriate natural resources management practices—those that increase productivity while safeguarding the natural resources base;
- Programmatic options for overcoming the barriers;
- Mechanisms for changing policies so as to promote local control of natural resources;
- Conditions leading to broad-based change.

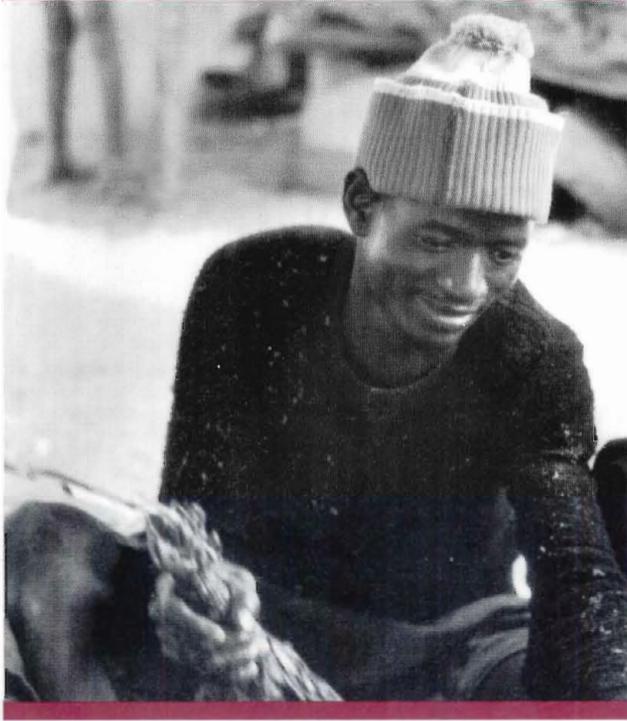
This progress leads USAID to be confident that impacts from the DFA-funded natural resources programs will expand exponentially and sustainably.



# Conclusions

SECTION

THREE



## *The Virtuous Spiral to Sustainable Development*

### THE THEORY AND PRACTICE OF DEVELOPMENT: THE ECLECTIC CONSENSUS

It has been said that “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”<sup>26</sup> Central to the needs of the present in Africa is broad-based growth of at least 3 percent per capita per annum. Only at that rate of growth can the worst ramifications of Africa’s poverty be eliminated in 35 years and the basis for long-term sustained development be established. Such growth rates are unprecedented in African economic history. But there is no reason to believe that if such rates are achievable in countries once considered hopeless basket cases—South Korea, China, and large parts of India, for example—that they cannot be achieved in Africa if the commitment and vision are present.

Through the work of USAID, the World Bank, and other donors, and through much academic research, an eclectic consensus has emerged on effective strategies for development (where development is defined as broad based,

poverty alleviating growth). The *World Development Report 1991* of the World Bank captured much of the eclectic consensus in five key elements:

- **Good Government.** The state must nurture economic development through a partnership with the private sector. The state must provide political stability, a rule of law, a stable and transparent set of rules for economic behavior, a reasonably level playing field, and a sufficient supply of key public services, such as infrastructure and public education.
- **Macroeconomic Stability.** Development requires economic predictability. Development cannot take place in a time of high inflation or when macroeconomic mismanagement leads to frequent interference in the economy or frequent changes in the rules of the game (for example, imposition of tax surcharges or quotas).
- **Investing in People.** Development is primarily a process in which human beings become healthier, better educated, and more productive. It is the acquisition of human skills that make the rock that is Singapore infinitely more productive than the lush forests of Zaire. Equally important, investing in people is the best way of eradicating poverty.
- **Emphasis on Private Entrepreneurs and Private Markets.** Growth and development take part largely through the hard work, saving, and risk taking of millions of private citizens. The competitive market channels these millions of daily decisions into choices that are in the interest of the economy at large.
- **Openness to the World.** The world economy offers numerous opportunities for growth. World trade is growing much faster than world output, and the world economy is now more integrated in terms of trade, capital flows, and transfer of technology than it ever has been. Economic openness encourages economies to concentrate on activities that use their most abundant resources (for Africa, labor). Thus, in Africa, economic openness increases employment and the returns to labor. Finally, openness means competing with the best, thus leading to investment, technological change and increases in efficiency.

<sup>26</sup> I. Scrageldin, “Agriculture and Environmentally Sustainable Development,” keynote address to the 13th Agricultural Symposium, The World Bank, January 1993.



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This eclectic consensus guides all donor assistance to Africa, including USAID's assistance. African governments are accepting the consensus, too, and emphasizing good government, macroeconomic stability, investments in people, market-led growth, and openness. These actions have resulted, when implemented, in a political and economic revolution, as governments turn away from closed, state-run economies, the hallmarks of which have been macroeconomic instability, government corruption, and waste.

## SUSTAINABILITY IN AFRICA

However, implementing the eclectic consensus is only half the story. The second half is doing so on a sustainable basis. There are four critical issues with respect to sustaining development in Africa: (1) environmental sustainability, (2) political sustainability, (3) financial sustainability, and (4) managerial sustainability.

### Environmental Sustainability

This report has already discussed the threat to Africa's fragile natural resource base.<sup>27</sup> There is little doubt that this resource base is going to be called upon to more than double its productivity in the next 25 years. Some critical areas will undoubtedly be lost. Yet if anything has been learned in the last decade, it is that both human systems and ecological systems can adjust to stress. Already, the decline in population growth rates that is absolutely necessary for environmental sustainability is beginning;<sup>28</sup> however, the real impact of this decline will be felt in the second half of the next century. The existing momentum of growing population means that sub-Saharan Africa will have to support a population of between 1.5 billion and 2.0 billion people, and hopefully support those people at a standard of living at least twice the present level.

The majority of those people will be living in cities (and there is at present no institutional structure to deal with the urban environmental problems of the next century). Agriculture will need to be at least three times as productive as it is now. This will require substantial investments

in technology development and transfer, particularly in labor-saving technologies that will enable increased output per hectare and land-saving technology that will make investments in soil fertility worthwhile. Africa has examples, albeit few, of rapidly increasing populations and increasing production in environmentally friendly ways. These examples must be examined in depth so that the basic elements can be reproduced elsewhere. What is clear is that without economic growth, existing land will be unable to continue to feed the growing population and that land pressure will push farming into pasture land, livestock into fragile semi-arid areas, and both into existing forests and areas of biological diversity.

### Political Sustainability

There are few successful examples of countries that have undertaken a political and economic revolution at the same time. Economically, structural adjustment is very painful, particularly to a number of politically powerful groups—politicians, skilled workers, government employees, university students. The democratic transition in Africa has not always resulted in a political process that broadly involves all elements of the population. In many ways, the new democracies remain controlled by the urban elites. Therefore, what is necessary is to build local institutions which are capable of representing the interests of the poor majority—farmers and informal sector entrepreneurs, especially women. These people are the main beneficiaries of structural adjustment, and unless they are given effective political voice, it is only a matter of time until the political structures return to past practices of taxing farmers to subsidize urban elites.

That is true not only with respect to the economy as a whole, but also with respect to a large number of institutions, be they health care systems, agricultural research systems, or natural resources management systems. **Sustainability means responsiveness to clients and stakeholders. Every development institution must become more participatory and more client focused.**

<sup>27</sup> See pp. 58–62.

<sup>28</sup> See pp. 39–43.



### Financial Sustainability

In the end, the simple arithmetic of growth means that economies must invest 25 to 30 percent of their output. However, few African countries approach this level. More important, few have savings rates that exceed 10 percent. As a result, their investment portfolio is totally driven by donors. Fundamental to sustainable development is shifting the burden of saving from foreigners to indigenous sources. In most cases this means fundamental structural change in almost every development institution, most of which are too large and not viable. In education, this means a commitment to quality over quantity; in agricultural research, this means doing fewer things and doing them better; in health care, this means focusing on inoculations rather than liver transplants.

It is widely accepted that donor flows to Africa will decline, perhaps drastically, over the coming years. Whether African governments and societies are ready or not, they are going to be cut free from donor safety nets. If donors reduce their role in a responsible way, the results will be salutary; if, however, donors leave Africa precipitously, the results will be disastrous.

### Managerial Sustainability

Finally, African institutions must have the capacity to design and implement development policy and programs. For too long, development in Africa has been controlled by donors, both financially and intellectually. Sustainable development means the creation of an indigenous capacity to manage the development process in all its facets. This, too, is basically a beneficial process; the time is long overdue for Africans to “own” the development process. Much of the \$4 billion to \$5 billion spent annually on technical assistance could be put to better use in training. But, here again, donor disengagement must be done carefully and sensitively.

### THE ROLE OF USAID

**USAID intends to maintain its commitment to Africa. This is the development challenge of the next 50 years.** The ideologies of the Independence movements have been discarded, and in their place is a new pragmatism and a new commitment to the rights of the individual. Africa stands at a crossroad. We are committed to support development in a way that (1) is environmentally sustainable, (2) politically sustainable, (3) financially sustainable, and (4) managerially sustainable.

We will do this by supporting programs that concentrate in four areas:

- **Democracy and Governance.** USAID will continue to support the development of democratic institutions and civil society in Africa. We will provide support to elections, to nascent legislatures, to an emerging free press, and to an independent judiciary. We will help improve accountability and transparency in government operations. We will support the development of local, indigenous groups across a broad spectrum—cooperatives, women’s groups, business associations, human rights groups, environmental groups, village associations, etc. We will also continue to broaden participation of beneficiaries in program and project design. The ultimate goal is to turn over the responsibility for African development to the African people.
- **The Environment.** USAID will continue its support to both African governments and African NGOs working to improve the use of Africa’s resource base in a sustainable way. We will emphasize policy change (eliminating policies that lead to overuse of soils, forests, and water), local control of natural resources, institutional development, and the development of technologies that make sustainable use of natural resources profitable to herders, farmers, and foresters.
- **Population and Health.** USAID will continue to be the number one donor supporting family planning programs in Africa. USAID will continue to be the leading bilateral donor in AIDS prevention. USAID will



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continue its support of child survival programs and programs that improve the status of women (especially education for girls) because all of these activities are not only important in their own right, but they also are absolutely necessary to reduce the rate of population growth and thus ensure that development is sustainable both financially and environmentally.

- **Economic Growth.** USAID will continue to support broad-based economic growth as absolutely necessary for success in all the other areas of our program. USAID will:

- (1) continue to support the development of indigenous technical and managerial capacity to manage the development process;
- (2) support reforms that make government more effective, more efficient, and more equitable;
- (3) support reforms that make markets more open and competitive;
- (4) support the development of human capacity, particularly in the area of basic education; and
- (5) make investments that improve agricultural productivity, particularly investments in agricultural technology.

In the end however, the future of Africa lies in the hands of Africans. It is they who will have to create democratic and effective governments. Not all African countries will be able to engage in the structural changes that sustainable development requires. Continuing along the lines of the past will lead to a vicious spiral of economic stagnation, further poverty, political turmoil, wars, and ultimately starvation—a Somalia multiplied many fold. Some countries seem headed in that direction.

But the good news is that there is a virtuous spiral as well, one that leads to economic growth, the alleviation of poverty, and political stability. Many African countries are haltingly embarking on that path. It is a difficult road to walk; one that requires vision and decisive leadership. It also requires continued support from Africa's partners.

Undoubtedly, the United States will be there whichever path is taken, but how much better to be there as a partner in growth than as a policeman or a dispenser of charity.



Carolyn Watson



