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**STATEMENT OF JOHN F. HICKS
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before the
Subcommittee for Africa
Committee on Foreign Affairs
U.S. House of Representatives
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Mr. Chairman and members of the Committee, I am pleased to be back with you today to discuss our development program in Africa. In response to the issues identified in your invitation to testify, I would like to organize my comments around four themes:

- 1) humanitarian assistance -- crises and transitions;
- 2) the support we are providing to the democratic movement sweeping the continent;
- 3) our budget allocation process, including human rights considerations; and, finally,
- 4) program effectiveness and resource requirements.

Humanitarian Assistance: Crises and transitions

While the long-term objective of our assistance to Africa is sustainable development, we have painfully witnessed how civil disorder and natural disaster can wipe out years of socio-economic progress. The United States has a long tradition of responding generously to humanitarian crises and a reputation for delivering relief quickly and effectively to people in need, especially in Africa.

The Agency's newly articulated strategies clearly recognize the importance of crisis prevention and mitigation, providing humanitarian assistance, and aiding post-crisis transitions. Several lessons from our field experience guide our approach:

- humanitarian relief and disaster planning are integral to sustainable development;
- more attention must be given to disaster preparedness and to prevention and mitigation of the effects of disaster; and
- we must forge new partnerships and collaborate more closely in order to respond effectively to these challenges.

Our experience in Africa has clearly illustrated the importance of

a holistic approach:

-- we must help foster peaceful political transitions and democratization so as to avoid violent civil disorder -- such as we have seen in Angola, Mozambique, Burundi, Zaire and Liberia -- which tears at the very fabric of a society, destroys physical infrastructure and unravels development investments; and

-- we must stimulate broad-based economic growth, especially sustainable agriculture, to prevent and mitigate the effects of natural disasters -- such as those which have struck the Horn of Africa.

We have had some notable accomplishments in this area:

-- the establishment of a famine early warning system, combined with the development of drought resistant varieties of millet and sorghum and agriculture market liberalization, has helped prevent the recurrence of widespread drought devastation which plagued the Sahel;

-- massive starvation and suffering was averted in Southern Africa two years ago through a large-scale, coordinated response to the region's worst drought in a century; in addition, the development of high yielding maize varieties, combined with liberalization of produce prices and fertilizer distribution, enabled smallholders to rebound, with record harvests; and

-- after years of political turmoil, we have seen a peaceful transition in Namibia and diminishing conflict in Mozambique.

Serious challenges still remain. Let me turn to some of the countries you explicitly asked us to address, Mr. Chairman.

-- As a result of the four year civil war in Liberia and the conflict in neighboring Sierra Leone, there are an estimated 1.3 million displaced people who are dependent on support from international relief agencies and local organizations. Hostilities have interrupted relief supplies in many areas, increasing susceptibility to disease and malnutrition and decreasing the capacity of the local population to engage in agriculture. As many as 1.7 million people could require food aid this coming year. Since 1990, the U.S. has contributed over \$320 million in humanitarian assistance. This year, to date, we have provided \$58.0 million, including \$51.0 in food aid and over \$4 million for health services and agricultural inputs.

-- In Somalia, the number of people dependent on external food aid has dropped from 4.5 million to about 1 million. However, as security conditions in southern Somalia deteriorate, it is increasingly difficult to provide

humanitarian assistance. In FY 94, we have budgeted \$12 million in DFA, for a PVO umbrella grant and rebuilding the national judiciary; \$2 million of ESF to rebuild the national police force; \$15 million of OFDA funds for relief and rehabilitation; and 16,900 metric tons of emergency food aid.

-- The U.N. estimates that 2.5 million people in Sudan need some form of emergency relief assistance; about 1.5 million of these are in southern Sudan. Despite ten years of humanitarian assistance, a significant part of the population remains at risk and our aid helps reduce the possibility of mass starvation. In FY 94, we expect to provide \$55 million of food aid through WFP and \$30 million of non-food emergency relief. Eighty percent of this aid is directed towards the suffering in southern Sudan.

-- In Burundi, there is approximately one million internally displaced people requiring humanitarian aid; about 500,000 more Burundians have taken refuge in neighboring Rwanda, Tanzania and Zaire. The civil war, compounded by late rains, could cause a food production shortfall of 200,000 metric tons this year. The U.S. has already provided over \$17.5 million in aid in FY 94, including: \$3.5 million from OFDA for food, shelter and emergency medical services; \$9.0 million in emergency food aid; and \$5.5 million from State Department's Refugee Program. Most of this year's \$8 million development assistance budget will also be reprogrammed for humanitarian relief and reconstruction.

-- In Zaire, ethnic violence, human rights abuses by the military, and severe economic distress affect almost everyone. The U.S. has responded with growing levels of humanitarian assistance. In FY 92, we provided less than \$1.0 million; last year, humanitarian aid was increased to \$6.5 million; we expect the FY 94 level to be almost doubled, including about \$10 million of emergency aid and \$2 million of food aid.

-- In Angola, the on-going conflict has had a devastating impact: estimated 50,000 dead since the fighting resumed after the 1992 election, over 2 million displaced, and some 3.2 million people needing some kind of humanitarian assistance due to the fighting and drought. Food security has plummeted and malnutrition rates have skyrocketed, reaching as high as 50 percent among children under five in the most severely affected areas. The U.S. has already provided over \$40 million in emergency relief to Angola this fiscal year, including over \$37 million in food aid, as well as funding for epidemiological surveys and grants to PVOs for health services and agricultural inputs. We are also prepared to provide development assistance to Angola if a peace agreement is signed. Currently, we have reserved \$5.0 million to begin the process of rehabilitation and reconstruction; a team is currently in Angola assessing the needs which our non-emergency funds could begin to redress.

Support for Democratic Transitions

I would like to turn to a priority area we touched on at the last hearing - that of USAID's support for democracy and governance. As I then stated, we are committed to expanding our support for strengthening democratic governance and broader social and economic participation at all levels in Africa. Our democracy activities address the opportunities and needs defined by the African countries -- by their governments and by their citizens. Our approach and interventions vary according to a country's progress and commitment to democratization. We have a wide range of resources available to be responsive, including 116(e) activities, the African Regional Electoral Assistance Fund (AREAF), and bilateral programs to build civil society and direct democracy/governance interventions.

Let me highlight some of our activities and accomplishments in several of the countries you noted in your letter, Mr. Chairman:

-- In **Namibia**, the U.S. supported democratization and governance activities both before and after the country's first free elections in 1990. This has included: training of parliamentarians and staff; electoral and civic education; training of judicial and court officials; and provision of legal reference material. The Namibians have identified these interventions as critical to strengthening their fledgling democracy. We plan to deepen this assistance through: voter education in preparation for the 1995 general elections; promoting civic education through NGOs; and strengthening the rural court system, as well as other organs of a democratic system and civic society.

-- **South Africa** is undergoing a historic democratic transition and a fundamental economic and social transformation which must succeed. For nearly a decade, the U.S. has supported the fight against apartheid in South Africa through assistance to the non-governmental sector. It has been our largest DFA program the past several years, receiving \$80 million annually. We have just committed an additional \$13 million for election support in FY 94. We are currently assessing ways in which our development program to South Africa could be reoriented and augmented after the elections to stimulate broad-based economic growth and strengthen the country's new democracy.

-- In **Ethiopia**, USAID has initiated a new project which supports: the organization and execution of open national and regional elections; drafting a new national constitution; judicial reforms for the protection of human rights and the institutionalization of the rule of law; promotion of an independent press; increased capacity for regional self-government; and strengthening civil society.

-- USAID has been heavily involved in the democratization

process in Ghana. We trained monitors and provided observers for the November 1992 presidential election, and funded a parallel vote tabulation for the December 1992 legislative elections. We have provided training for parliamentarians and journalists, and strengthened local human rights "watchdog" groups. Currently, funds are being provided to update and modernize the national voter registration rolls. These interventions are important to consolidate progress achieved to date in democratization and human rights.

-- In Uganda, USAID is playing a critical role in developing democracy, through: assisting the electoral process, including support for the election commission, civic education, and training of pollwatchers and candidates; supporting the legislative process; and helping revitalize the judicial system, including assistance in drafting the new constitution.

The establishment of viable pluralistic systems and civic society is a major undertaking, but it is critical to empowering the African people and achieving sustainable development.

The Budget Allocation Process for Africa

USAID has used the flexibility of the DFA to program resources systematically to support sustainable development programs in Africa. For some years now the Africa Bureau has used a performance-based budget (PBB) allocation system to guide the setting of aid levels for individual countries. We are endeavoring to target our development resources -- both staff and financial -- where they will make the biggest difference in African lives. This means concentrating our assistance in those countries where the need is greatest and where countries themselves are willing to make the hard economic and political choices, in order to enhance our impact on economic growth and poverty alleviation.

Performance-based budgeting has two main elements. The **first step** is **choosing the "focus" countries** where the major share of our discretionary resources are allocated. Focus countries must meet minimum qualifications regarding need, economic policy performance, and democracy and governance practices. The **second step** for focus countries is to **determine indicative budget levels** using a mathematical formula, based on country-level data concerning poverty and policy performance. In addition to economic policies and democracy/governance practices, we also consider social policies to determine a government's commitment to reduce poverty, and environmental policy. Besides the major country programs, several small countries, which are deemed sustainable development countries because of their good performance records, receive their allocations from the same formula as the focus countries.

Countries that do not meet the threshold tests for focus countries are placed on a "**watch-list**" and their budgets are administratively

set. This serves notice to a country that its aid level will be reduced in the near future if performance does not improve.

We also have major programs in Ethiopia, Nigeria and South Africa where our allocations are administratively set. In these countries, special factors make it impractical to apply the performance criteria or allocation formula.

Six small country programs, managed from AID/Washington, receive small, administratively-determined budgets for training, Peace Corps, human rights programs, special self-help, short-term democracy and governance programs, as well as, in some cases, emergency food aid or PVO-implemented grants in a single sector.

Finally, a few countries, generally in crisis or transitional situations, receive humanitarian or disaster relief, or limited amounts of development assistance (DFA).

Respect for human rights is a very important criteria in the Africa Bureau's performance-based budget allocation system. As part of the democratic governance assessments, we consider both the host country's legal framework and actual practices in determining its human rights "performance." We use several sources, principally the Department of State's annual Human Rights Report, but also assessments by Freedom House, Amnesty International, Africa Watch and Reporters Sans Frontiers.

The PBB system recognizes that the development of open political systems and respect for the integrity of life are progressive; trends in performance are as important as the absolute level of performance in this domain. This means that our assessment of democratic governance performance must consider the starting point in a particular country, as well as the rate of change, direction of change, and the current level of practice in the country.

Section 116a of the Foreign Assistance Act bars aid to the government of "any country which engages in a consistent pattern of gross violations of internationally recognized human rights." While few countries are categorically excluded by the legislation, the Africa Bureau's PBB system extends this concern in allocating resources to all other countries. Those countries which do not meet a "threshold" standard of human rights are placed on the "watch list"; they may either have their funding levels cut immediately if practices are deemed egregious (as was done earlier with Malawi and Rwanda) or they will be "served notice" that aid will be cut if performance does not improve in the short-run. Also, the democratic governance and human rights criteria of the PBB were used in determining which African Missions should be closed-out as part of the recent rightsizing exercise; these were significant factors in the closure of our bilateral development programs in Togo, Zaire and Cameroon.

Program Effectiveness and Resource Requirements

Mr. Chairman, the Development Fund for Africa (DFA) legislation both enabled us and forced us to "do business" differently. We have developed new programming, budgeting and evaluation systems in order to enhance the effectiveness of our aid programs; we have been managing for results.

Several weeks ago, Mr. Chairman, I had the privilege to join the USAID Administrator, Brian Atwood, in presenting to you and Chairman Simon our five year retrospective report on performance under the DFA. I believe that document tells a powerful success story of "growth renewed, hope rekindled" that has received little press. Our mutual efforts have had a positive impact on the lives of many Africans. For example:

- Child survival - consistent and continuing increases in immunization and oral rehydration therapy coverage have saved the lives of about 800,000 African children each year.
- HIV/AIDS - important shifts have occurred in government policy towards actively campaigning against the disease, in awareness of the causes of HIV/AIDS and of the behavioral changes needed to prevent transmission. HIV/AIDS will remain a major problem in Africa, however, for the foreseeable future.
- Family planning - decreases in fertility have occurred in Botswana, Zimbabwe, Rwanda and Kenya. Many governments have shifted policies from pro-natalist to neutral or pro-family spacing, and contraceptive prevalence has increased.
- Basic education - more children, especially girls, are attending school. Primary education is receiving a larger share of the sectoral budget in Guinea, Malawi, Benin and Ghana. Parents are participating in improving the quality of their children's education.
- Democratic Governance - a number of democracies have been established. There has been growth of democratic institutions such as a free press, an independent legislature, an independent judiciary, and a broad civil society, including indigenous nongovernmental organizations.
- Agricultural marketing and agribusiness - liberalization of agricultural markets raised incomes for farmers and lowered prices for consumers. Growth in nontraditional exports in Uganda increased from \$8.1 million in 1987 to \$61.4 million in 1992. Many beneficiaries are female farmers.

- **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 helped countries in southern Africa survive after the greatest drought in a century during 1991-92.
- **Natural Resource Management and Environment** - new policies, building institutional capacity, and developing strategic plans to manage the natural resource base are taking root.
- **Economic Management** - increased macroeconomic stability; a restructured role for the state and the private sector; reduction of bloated civil service roles; privatization of a number of governmental enterprises and functions.
- **Competitive Markets** - substantial growth of employment and production in the informal economy.

Finally, Mr. Chairman, in your letter you asked if we are satisfied with the levels of U.S. assistance to Africa. The development challenges are immense--sometimes overwhelming. However, I firmly believe that the impact of our program is more a consequence of the effective utilization of our resources than of the actual aid levels. At the current time, development assistance resources in the range of \$800 million are appropriate, in light of our national budget constraints, and given the need to focus strategically our investments, USDH staff availabilities to oversee our programs, and host country management and absorptive capacities.

I would like to add, however, that disaster relief funds and PL 480 resources are critical complements to development assistance funding. In the past several years, \$300-400 million of food aid has been provided annually to Africa. Title II resources are important both in terms of humanitarian assistance and our long-term development efforts; Title III food has been an integral part of our country program strategies to redress policy and institutional constraints to sustainable development and to enhance national and household food security. I sincerely hope that these resources will continue to be available to meet the needs of Africa, Mr. Chairman, and that the Congress will favorably consider the Administration's FY 95 request for \$160 million in P.L. 480 Title III, including \$58 million for Africa.

In closing, Mr. Chairman, let me reassure you that we are committed to improving the lives of the African people -- we will continue to use our resources to meet short-term humanitarian needs and assist countries in crisis or transition, while maintaining our long-term vision of broad-based sustainable development. At the same time, we will support Africans' desire for open political systems and respect for human rights. And, as I have expressed to you before, the African people and their leaders will be our partners in all these endeavors.