

PN ACC-075
96620

LYNN KEEYS *Comp*

***SOUTHERN AFRICA DEVELOPMENT
COMMUNITY***

CONSULTATIVE CONFERENCE



***February 2, 1995 - February 4, 1995
Lilongwe, Malawi***

COUNTRY AND BACKGROUND MATERIAL

**SADC CONSULTATIVE CONFERENCE
February 3-4, 1995**

Table of Contents

Background and Country Materials

1. SADC Sector Working Paper Executive Summaries
2. Country and USAID Program Materials (including information on SADC country delegations, when available)

**THEME DOCUMENT: SADC: RESOURCES, INSTITUTIONS,
AND CAPACITY SECTOR WORKING PAPER**

EXECUTIVE SUMMARY

The case for regional integration in Southern Africa has already been made, particularly in the seminal 1992 theme document, "SADC: Toward Regional Integration" and in the comprehensive study by the African Development Bank (ADB) entitled "Economic Integration in Southern Africa" which was released early in 1994. This theme document: "SADC: Resources, Institutions and Capacity for Integration" will focus on establishing the necessary conditions for the mobilisation of resources, particularly the region's own resources, institutions and capacity to support the integration process. Although the focus is on the mobilisation of the region's own resources, it is expected that these will be used to leverage the flow of international resources.

Certain basic principles and assumptions should be accepted in order to provide a point of departure for the analysis. These do not relate to the approaches to regional integration as such, but rather to the kind of organisation which could best enhance the prospects of the mobilisation of resources, capacity and institutions to support the integration process. These principles and assumptions are discussed in the background section of this document. Suffice at this stage to mention just a few for the purpose of illustration.

The document contends, that the existence of a competitive environment and a "free market" to allocate resources, among competing demands is basic to their most efficient use, which is in turn a necessary condition for the successful mobilisation of resources, capacity and institutions. It is also important to recognise that much of the resources, capacity and institutions are in the hands of individuals and private companies and hence the necessary conducive environment will have to be created for these resources to support regional integration.

Financial and capital resources.

For the mobilisation and efficient utilisation of resources at a regional level, there is need for macro-economic convergence. A first step towards macroeconomic convergence in the region is the co-ordination of monetary and fiscal policies to ensure the reduction and harmonisation of interest and inflation rates. The establishment of macroeconomic stability requires the constant monitoring of government deficits and a strategy for their reduction.

For the creation of a regional climate for investment and growth, there is a need to harmonise tax regimes and tariff rates. This is important because disparities in tax regimes and tariff rates, distorts intra-regional cost structures for the production of goods and services.

Standardisation of tax laws, incentives and concessions, coupled with low corporate tax rates, targeted concessions and transparency, will create an environment which will enhance cross-border investment, regional trade and development.

One of the most important pre-conditions for a positive outcome regarding the mobilisation of the resources is the legal existence of property rights and the inviolability of these rights. In much of the region title to land, patent and intellectual rights remain ill defined and the relevant legislation either unclear or non-existent. It is also necessary that a transparent legal framework for the emergence of money and capital markets be established. The money and capital market instruments are indispensable in the development of institutions for trade financing, investments and overdraft facilities for exporters.

Greater investment efficiency is a necessary condition for the mobilisation of resources. The restrictions on capital movements constrain investment and the more efficient use of resources. In virtually all member states there are controls on, at least the capital account. These controls should be reviewed particularly to facilitate cross-border investment. Since cross-border investment has the added advantage of countervailing trade imbalances, measures aimed at facilitating the flow of capital across borders should receive urgent attention.

Though there is heterogeneity in the financial structures of SADC member States, there are a number of common problems. The financial sector in most member States fail to deliver the much needed long-term finance for investment and often provide only a narrow range of financial products to the investor. These products normally include government bonds and treasury bills, bankers acceptance, debentures, commercial papers and other securities. Furthermore, the financial sector is not able to support small and medium scale enterprises and emerging indigenous businesses.

Negative interest rates and directed credit, has crippled the development of financial institutions and has often led to a massive problem of non-performing loans, particularly, to parastatals. Part of the regional strategy for mobilising resources, therefore, should be to restore the role of commercial banks as intermediaries which allocate resources in a competitive environment. It is also important to recognise that development banks, insurance companies, and provident funds are part of the strategy for the efficient mobilisation and utilisation of financial resources.

The creation of export guarantee schemes is necessary to promote trade, because the exporter won't lose money in case of unforeseen events, such as the insolvency of a trade partner or the shortage of foreign exchange. The guarantee is often used as security for bridging loans to maintain production. It is also used to raise loans in the commercial banks, thus obviating the need for the creation of specific facilities for export credit or a pre-shipment finance.

In order to bring about the necessary environment for the mobilisation of financial and capital resources the following measures are proposed:

- (a) A sector on finance and investment be created in order to focus on the following:
 - * the movement towards macroeconomic stability and convergence particularly the reduction of budgetary deficits, inflation rates, etc.
 - * the co-ordination of structural adjustment policies and programmes; and particularly as they affect exchange rates; and,
 - * to receive proposals from the central bankers on monetary and financial coordination and integration.
- (b) The present system of meetings of central bank governors and officials should be continued. However, the agenda for discussion should be more focused. The purpose should be to co-ordinate reforms, the development of commercial banking, monetary and capital markets; create instruments for long-term lending and credit guarantees, etc. and arranging assistance for member states that require such assistance.
- (c) One stop investment centres must be strengthened and established where they do not exist with the specific aim of facilitating cross border investments. Countries should simplify and standardise their requirements for cross border investment. The development of a common framework will greatly simplify implementation which is consistent throughout the region.
- (d) A regional development bank should be established to support the development of infrastructure in member States.

Capacity and Expertise

Clearly, there is an urgent need to improve the performance of the public services through better management and incentives, selection and promotions based on merit and more emphasis on professional standards. For the efficient delivery of services and in the light of the prevailing budgetary constraints SADC governments should consider trimming the size of the public service and privatising some of their operations. Concomitantly, the affected civil servants should be assisted to find alternative employment.

More skilled manpower should be trained, particularly in management, science and technology. Since few member States can afford the full range of educational and training facilities required in a modern state, arrangements should be made for the common use of available facilities. The same facilities should

be used to provide continuing life-long education and retraining to meet the requirements of a fast changing economic environment.

For this effort to succeed a number of constraints will have to be overcome; admission, certification, etc. will have to be harmonised and the academic years synchronised. The vice-chancellors and principals of the region's tertiary training institutions should work out the administration and certification standards that will be recognised throughout the region in order to facilitate the movement of students, staff and other professionals.

The SADC scholarship fund should be strengthened for the joint use by the tertiary level institutions. Increased resources for such a fund should be obtainable from governments, private sector and cooperating partners.

The centuries old system of migrant labour in Southern Africa poses serious policy challenges for the member States. The more recent movement of skilled manpower within the region has further exacerbated the problem. One of the practical ways of reducing the worsening problem of migrant workers and the "brain drain" within the region is to create the necessary conditions for growth across the whole region. To that end cross-border investment, particularly by member States in a structural trade surplus situation, should be facilitated.

Sporting and cultural exchanges should be actively promoted by removing visa and work permit requirements for cultural visits, the exchange of locally produced radio and television programmes, the use of books written by the regions authors in the school system, etc.

By speedily adopting the protocol on the free movement of people and border crossing procedures, the community spirit will be enhanced. The abolition of visas, the standardisation of customs and immigration formalities and the installation of a community spirit among officials charged with administering these procedures will all enhance community building. In addition, there is need to provide more capacity at certain border points in order to get rid of long queues which are costly to business and the ordinary traveller. Some border posts should be opened for 24 hours. Border crossing procedures touch on the lives of many SADC citizens and their simplification will demonstrate in a concrete way the benefits of regional integration and the community.

The protocol on trade should speedily be adopted to give priority to the phased reduction of import duties on goods originating from within the region. The consequences of the reduction of tariffs on the public revenues of the member states should be established and an appropriate compensatory mechanism worked out. The protocol should also provide for the establishment of a credit guarantee facility in each member State. In this connection the assistance of more established credit guarantee institutions in the region should be sought.

The
agr
be
mov
mov
for
tha
non

Ins

The
req
and
SAD
to
for
com
cap
nat

Inc
of
sho
app
Sta
to
and
hos
the
equ

The
fea
pro
to
est
The
arr
rel

Ind
bas
ins
ope
air
man.
Sta
goi
and
(SA

It
of
Com
the

There is consensus among all the member States of SACU that the agreement establishing the Southern African Customs Union (SACU) be renegotiated. In doing so, consideration should be given to moving the Union to the level of a common market with free movement of labour. This may, in fact, amount to mere formalisation of a de facto situation, as it is very doubtful that the current movement of labour within SACU and indeed, from non-SACU members can realistically be stemmed in the near future.

Institutions

The community building process is long, complex and difficult, requiring good and dedicated staff capacity. The current loose and often part-time staffing arrangements inherited from the old SADC is not adequate for the task at hand. Changes are required to give the Secretariat more capacity to undertake policy formulation, strategic planning and to monitor the progress of community building in member States. This will require a capacity in the Secretariat for data collection and to follow national policies.

Increased capacity is also required in the member States by way of full time staff. To this end, it is recommended that in the short-term full-time coordinators of Community affairs be appointed in each member State. In the long-term each member State should establish a ministry of Community affairs in order to give the integration process the necessary political status and profile. In addition the embassies of member States in the host country should be staffed by some officers trained to follow the Community building process. Such embassies should also be equipped to service the main Community meetings.

The SADC Consultative Conference has been one of the main features of the Organisation. The Conference is intended to provide the Organisation's cooperating partners the opportunity to engage in a dialogue with the member States in order to establish a policy framework for their assistance to the region. The time has come to translate the Conference into a more formal arrangement providing for contractual and mutually beneficial relations in such areas as investment and trade.

Independent Community institutions should be established on the basis of the agreements and protocols. In establishing these institutions every effort should be made to involve the operators, such as the power utilities, the railways, the airlines, etc. As far as possible these operators should pay and manage these regional structures with the coordinating member State only providing the policy oversight. To this end the on-going efforts to establish the Southern African Power Pool (SAPP) and the Southern African Regional Air Transport Authority (SARATA) should be expedited.

It would be ill-advised to create regional institutions for all of the Community's activities. Much of the work of building the Community should be left to national structures. Issues such as the supervision of financial regulations, and the enforcement of

Community regulations are best left to national jurisdictions. However, these would require agreement on standards, legal process, etc. A machinery should, therefore, be set up to harmonise legislation, regulations, etc. in areas of interest to the Community, e.g. in the area of exchange controls or bank supervision.

Many Community-wide institutions will emerge on their own depending on the creation of an enabling environment across the region. For instance the emergence of region-wide professional bodies such as for accountants, architects, medical practitioners, etc. can be relied upon to establish their own regulatory mechanisms, thus enhancing capacity and the movement of resources (expertise) within the region.

The SADC parliamentary forum which was established in 1993 should become a regular feature of the SADC calendar. This forum will bring the concerns of the ordinary people into the integration process and will serve as a barometer of the success of the process.

The integration process has to be informed by an on-going research effort. To this end a small body should be established to determine the agenda for research on issues of integration and to coordinate the networking of research by the regions' researchers in the universities and elsewhere. Such a body should be independent of the Secretariat to provide another source of opinion on matters of integration.

All these recommendations will require action by both regional and national institutions. In this regard, the Secretariat must play the role of initiator, facilitator and monitor.

AGRICULTURE, NATURAL RESOURCES, AND FOOD SECURITY
SECTOR WORKING PAPER

EXECUTIVE SUMMARY

1 MANDATE OF SACCAR

The Agricultural and Natural Resources Research and Training Sector continued during the year under review (1993-94) to pursue its objective of strengthening the National Agricultural Research Systems (NARS) of Member States so that they may develop a capacity to prioritise, implement, monitor, evaluate and assess impact of location specific research that is aimed at generating technologies and information that can be used in removing constraints to agricultural production. This objective is in line with the overall objective of SADC which calls for all the sectors in Food, Agriculture and Natural Resources to aim at enabling member states to achieve food security, agricultural development and sustainable utilisation of natural resources. Through the regular meetings of the Board of SACCAR which is made up of representatives of all the sectors of Food, Agriculture and Natural Resources and Faculties of Agriculture, and Natural Resources and Veterinary Medicine, status of the agricultural industries of member states, problems and constraints to increased agricultural productivity are discussed and possible solutions to solve them are identified. Projects or Programmes to generate improved germplasm, generate new technologies and information, train more professional staff and farmers are formulated and forwarded to higher organs of SADC for approval.

2 Sustainability of the Sorghum and Millet Improvement Programme (SMIP)

Research on Sorghum and Millet initiated in 1984 was going to improve food security in the marginal areas of SADC as well as build capacity in member states to undertake research in these two commodities. The project has produced hybrids and improved varieties of these two commodities. It has trained a total of about 110 research scientists and 230 research technicians. The funding from Cooperating Partners namely, USAID GTZ and CIDA has gone down from US\$20.4 million per phase during phases I and II to US\$11.2 million for phase III.

In view of the achievements the programme has made, and in view of the declining donor funding, both SADC and Cooperation Partners have requested SACCAR to come up with a sustainability plan for the programme. The main contributor, USAID (so far provided US\$38.00 million) wishes to see that SADC has a sustainability plan during 1994 otherwise the remaining part of US\$10.0 million for phases III and IV will not be disbursed.

Accordingly, SACCAR launched in 1993 a consultancy to address the issue. The report was prepared but one element of the cost implications was not completed. SACCAR, Department of Research and Specialist Services of Zimbabwe (DR&SS), ICRISAT and USAID personnel completed the study.

The Board of SACCAR examined the cost implications of the following alternatives:

1. Turning the Programme into a SADC Dry Land Research Institute, or
2. Turning it into a Network which continues to strengthen the working together of Sorghum and Millet Research Scientists from all SADC member states.

The Board selected alternative two above. Under this alternative there were two choices, either

- a. SADC through SACCAR funds fully a Programme Coordinator, support staff and running costs of the network including the maintenance of the existing facilities, or
- b. SADC requests the Government of Zimbabwe to authorise its Department of Research and Specialist Services (DR&SS) to move its Sorghum and Millet Research Team to Matopos, take over the running of the facilities including the research farm and designate the Team Leader as a Coordinator of the SADC Sorghum and Millet Improvement Programme. However, some funding for Network Coordination will be funded through SACCAR after the Work Programme and Budget has been approved by the Board of SACCAR as for the Bean Research Network.

The current Executing Agency ICRISAT would continue to post one or two breeders but pay for their salaries and use of facilities at Matopos.

Council at its meeting held in Gaborone, Botswana, in August 1994, approved alternative (b).

In terms of cost implications, this would mean;

- a. The Department of Research and Specialist Services of Zimbabwe moves its Sorghum and Millet Programme Team from Harare to Matopos during 1995-96.
- b. The Leader of this team is designated coordinator for the Network just as it has been done with the Bean Research Network based in Arusha, Tanzania.

- c. The Coordinator receives part of SACCAR's funds for research and training network coordination funds to distribute improved germplasm and information on these commodities to the region.
 - d. ICRISAT continues to post one or two researchers at Matopos to work with the region on breeding improved germplasm of sorghum and millet to back stop the Network.
 - e. ICRISAT and DR&SS share the cost of maintaining and running the facilities at Matopos.
 - f. DR&SS starts during 1995-96 to run the Sorghum and Millet Research Farms the Matopos.
 - g. SACCAR works jointly with the Coordinator to keep the network running.
- 1.3 A Memorandum of Understanding (MOU) on Student and Staff Exchange among Faculties of Agriculture, Forestry and Natural Resources of the Universities in SADC

In 1987, SADC approved the implementation of regional Master of Science Degree(M.Sc.) in animal science, agricultural economic, agricultural engineering, animal science and crop science. Already 42 students have graduated from these programmes. The Board of SACCAR initiated a consultancy in 1993 to draft a MOU to guide the universities in the exchange of students and staff. This matter was brought to the attention of the Regional Training Council(RTC), the Vice-Chancellors of the Universities in SADC and to the senior officials in the Ministries of Education and Human Resources Development at their meeting in Swaziland in March, 1994. The meeting approved the go ahead by SACCAR to finalise the MOU after noting that this will be an annex to the main protocol which is being developed by the Human Resources Development Sector on cooperation in education including student and staff exchange. The Committee of Deans of Faculties of Agriculture, Forestry and Veterinary Medicine discussed the Draft MOU in April, 1994 and recommended it to the Board of SACCAR for endorsement. At its meeting in Maseru, Lesotho from 23 to 26th May, 1994 the Board of SACCAR endorsed the MOU.

The Ministers of Agriculture and Natural Resources approved the MOU to guide the cooperation in existing regional training programmes and recommended it to Council for approval and for authorisation of the Vice-Chancellors to sign on behalf of the Council. Council has approved this decision.

1.4 Number of Projects and Programmes under Agricultural Research and Training in the SADC Programme of Action

Council has decided that all sectors should, from time to time, review their projects and programmes appearing under the SADC Programme of Action to see whether they are still relevant and whether or not they meet the criteria for regional relevance. The Board of SACCAR at its 25th Meeting held in Mbabane, Swaziland from 25-26 November, 1993 reviewed the list of projects and agreed to recommend to the Council through the sectoral Ministers of Agriculture and Natural Resources that the following projects be deleted from the Programme of Action:

I. Project AAA.3.14: Wool and Mohair Improvement in SADC

When the project was formulated between 1988 and 1989 it was anticipated that more countries in SADC in addition to Lesotho would embark on Wool and Mohair Production. It has been found, that up until 1993, only Lesotho continues to have industries in these two commodities. The project is therefore purely national and can be implemented bilaterally.

However, given the fact that the project might become important to two SADC states after South Africa joins SADC, Council decided that it should be retained in the SADC Programme of Action.

II. Project AAA.3.15: Research on the Ecology and Biology of the African Silkmoth (Gonometa) in SADC

The African Silk Moth (Gonometa spp.) produces cocoons under the Mopane and Acacia trees during some years and in Botswana an attempt was made to collect up to two hundred tonnes of these and a pilot silk industry was started. The quality of the silk cloth was very high and Europe was going to be a market for it. Research was needed to attempt to rear the moth and allow it to reproduce under laboratory conditions. The moth has been sighted in Angola, Botswana, Namibia, Malawi, Tanzania, Zambia and Zimbabwe. However, the ecological conditions which make it produce millions of cocoons in some years and very few in others are not known. When the Council of Ministers approved the project in 1991 it was expected that Department of Research would spearhead the research on the subject. It has been found that the research might take a long time to yield results and it has been decided that it be left to entomologists in the Universities to take it. In the meantime the above silk industry has closed down due to lack of cocoons. The departments of Research are more geared to working on adaptive research while universities are more suited to carrying out basic research. SACCAR will continue to encourage the entomologists in the Universities to implement the project on their own and in collaboration

with Universities in Europe under Lome Convention Treaty. Owing to the foregoing, Council approved the deletion of this project from the SADC Programme of Action.

1.5 Projects that are being reformulated

The pilot project of Land and Water Management Research Programme recommended that land and water management research issues are location specific and therefore that they be decentralised and carried out in component projects. One of the component projects is:

Project AAA.3.A1(1): Management of the Vertisols (Black Cotton Soils)

These soils occur in some proportions in each of the SADC member states. They are very difficult to manage when wet and during the dry season they produce very big cracks. Studies are needed on how to drain them and manage them before they can become productive. Again crops that thrive in them have to be specially adapted.

The Board of SACCAR felt that the project document be reformulated since new information has come light on the problems that need solving. The Steering Committee for the Land and Water Research Programme met in Gaborone, Botswana in March, 1994 to redesign the project. The finalised project will be resubmitted and will be made available for implementation once resources from local and external sources become available.

1.5.2 Project AAA.3.10: Livestock Improvement in SADC

In November, 1993 the Board of SACCAR received a component of the above project from SACCAR entitled: "Technology Development and Transfer and Policy Research for Market Oriented Smallholder Dairying in SADC", that had been developed by regional animal production specialists at two workshops convened jointly by SACCAR and the International Livestock Centre for Africa(ILCA). The Board found the project worthwhile. However, it recommended that an attempt be made to merge with similar projects appearing under the Livestock Production and Animal Disease Control Sector namely:

1. Project AAA.2.7. Study of the Production and Distribution of Pasture Seeds and Legumes to Smallholder Dairy Farmers in the SADC Region.
2. Project BOT.2.4. Dairy Heifer Multiplication Units.
3. Project ZIM.2.4. Support for The Establishment of a Regional Artificial Insemination Centre.

The Livestock Production and Animal Disease Control Sector agreed with the proposal. Council has approved the amalgamation of the four projects into one project.

1.6 The Memorandum of Understanding (MOU) Establishing the SADC Plant Genetic Resources Centre

The Memorandum was approved by the Ministers of Agriculture and Natural Resources in June, 1993. It was recommended that it be approved and signed by the Council of Ministers in August, 1993.

It was approved but signing was deferred until the Governments of member states had processed it through their Cabinets. It was expected to be signed at the meeting of Council in January, 1994. Because some Governments had not cleared it in their Cabinets it was decided that they be urged to do so and empower their Ministers of Agriculture and Natural Resources to sign it at their meeting in June, 1994. Botswana, as a coordinating country for Agricultural Research and Training sent circulars to the Permanent Secretaries of Agriculture in member states urging them to process the document. In June, 1994 the Sectoral Ministers of Agriculture and Natural Resources accepted an amendment to MOU and subsequently signed it at their special meeting held in Gaborone, Botswana, in August, 1994.

1.7 The Work Programme and Budget of SACCAR for 1995-96

The Board of SACCAR received and considered the Work Programme and Budget of SACCAR for 1995-96. It was satisfied that it had been prepared according to the requirements of the Finance Committee of the Council. The Board was happy to note that SACCAR has, after examining the trend of its expenditures in the past decided to reduce from the current year's total expenditure of US\$2,214,108.00 to US\$1,620,687.00 and a member contribution from US\$102,216.00 to US\$94,150.00.

The Board approved the budget and recommended it to the Sectoral Ministers of Agriculture and Natural Resources for approval. The latter approved the Work Programme and Budget of SACCAR at their meeting in June, 1994. This will be tabled for consideration by Council at its meeting in January, 1995.

1.8 Rationalisation of Mandates of Food, Agriculture and Natural Resources Institutions in SADC with those in South Africa once the latter joins SADC

The Committee of Deans of Faculties of Agriculture and Natural Resources and Veterinary Medicine recommended to the Board of SACCAR that rationalisation of mandates of SACCAR and that of SARCCUS (Southern African Commission for Conservation and Utilisation of the Soil) should take place once South Africa joins SADC. The Board of SACCAR is of the view that the mandate of SARCCUS is equivalent to the

combined mandates of the sectors of Food, Agriculture and Natural Resources and therefore rationalisation might not only involve SACCAR. SARCCUS members who come from nine of the ten SADC states were sensitized about the issue at their meeting in Kasane, Botswana from 10 to 12 May, 1994. Council has directed the SADC Secretariat to carefully examine this issue and to provide guidance for rationalizing the mandates of the two institutions.

1.9 Representation of South African faculties in the Committee of Deans once South Africa joins SADC

The Board of SACCAR has agreed with the Deans that a proportional representation of Deans from sister Universities in South Africa will have to be worked out now that South Africa has joined SADC.

10 A Protocol on Cooperation among SADC member states in Agricultural and Natural Resources Research and Training

There was a view that SADC member states might not require a separate protocol on cooperation in agricultural research and training but that each of the sectors in Food Security, Land, Agriculture, Natural Resources and Environment would contain sections on cooperation in research and training under their sectors.

At the Working Group on Food, Agriculture and Natural Resources of the Annual Consultative Conference held in January, 1994 in Gaborone, Botswana, delegates from FAO, Commonwealth Secretariat and the European Community advised SADC that they are areas in which member states would wish to corroborate such as:

- a. Exchange of plant and animal germplasm
- b. Establishment of cooperative regional crop and animal research networks.
- c. Establishment of collaborative procedures for germplasm collection, evaluation, storage and maintenance.
- d. Establishment of breeders' seed exchange procedures.
- e. Development and up-dating of phytosanitary procedures.

They, therefore, recommended that SADC member states should consider developing a separate protocol on agricultural and natural resources research and training. The Board of SACCAR agreed with this view and instructed SACCAR to inform the Food Security Sector Coordinator and the SADC Secretariat accordingly. The SADC Secretariat is of the view that this issue be deliberated upon during the FANR Omnibus Workshop planned for 1995.

1.11 Financial Status of SACCAR as on 20th May, 1994

The Council of Ministers of SADC noted that the arrears in contributions by member states as on 31st December, 1994 were as follows:

SADC Secretariat	US\$1,313 959
SACCAR	US\$ 839 068
SATCC	US\$ 386 893

These were figures before the 1994-95 contributions added at US\$107,446.0 per member state in the case of SACCAR. Council urged member states to settle their arrears. The Board of SACCAR noted in May, 1994 that arrears in contribution to SACCAR as on 20th May, 1994 had reached US\$1,722,125.31. It was agreed that SACCAR should bring the matter to the attention of Ministers of Agriculture and Natural Resources. The subject was noted by the sector Ministers and their Chairman implored his colleagues to take action and settle the arrears as a matter of urgency.

Council at its meeting held in Gaborone in August 1994, urged member states to make their contributions to SACCAR and other SADC institutions as soon as it is practically possible in order not to affect the smooth implementation of their planned activities.

1.12 The Work Programme and Budget of the SADC Plant Genetic Resources Centre for 1995/96

To show its long commitment to sustaining this long term project as agreed between SADC and the NORDIC member states in 1988, SADC agreed to start contributing to the budget of the project starting during the current year (1994-95) with a contribution of US\$5,200 per member states. Council approved the incremental figures for contributions for 1995-96 which will go up by 10% to US\$5,720 per member state.

1.13 Administrative Issues at SACCAR

After working at SACCAR for seven years the following staff left the organisation between January and February, 1994:

1. Dr. D.M. Wanchinga (Senior Programmes Officer - Training)
2. Mr. C.L. Kwalombota (Senior Administration Officer)
3. Mr. C.R. Namponya (Senior Programmes Officer - Information Sciences)

They were replaced, after using the SADC recruitment procedures, by

1. Dr. J.J. Woodend (Senior Programmes Officer - Training)
2. Mr. C. Madzorera (Senior Administration Officer)
3. Mr. C. Lungu (Senior Programmes Officer - Information Sciences)

A new Director of SACCAR was appointed with effect from 1st December 1994. The previous incumbent (Dr. M.L. Kyomo) has completed his third contract of three years and did not reapply.

In the meantime, the following posts have been advertised and SADC recruitment procedures will be applied in selecting candidates:

1. Senior Programmes Officer(Research) - a newly established post after the Ministers and the Council had agreed to its creation.
2. Senior Programmes Officer(Curator) - following the resignation of an officer (Ms. P. Mtambo) filling the post at the SADC Plant Genetic Resources Centre.

1.14 Progress Report on the Service(Core) Activities of SACCAR

a. Publications

The joint publications of the Zimbabwe Journal of Agricultural Research between the Department of Research and Specialist Services and SACCAR continued to be produced. Issues 1992(1) and 1992(2) have already come out of the press. Issues 1993(1) and Issues 1993(2) are in the page proof stage. The printing of the SACCAR Newsletter was delayed due to the departure in January, 1994 of the former Senior Programmes Officer(Information Sciences) Mr. C.R. Namponya and coming in of Mr. Christopher Lungu on 30th March, 1994. The Agricultural Research Resource Assessment (ARRA) study for Namibia was not completed due to similar staff changes. It is expected to be completed during 1994. SAREC of Sweden is willing to continue funding the Small Research Grant Awards.

b. Sources of Funding

During the year under review, CIDA granted SACCAR CAND 450,000 for 1993-94 and 1994-95 fiscal years. This agency has informed SACCAR that there will be no more funding after the end of June, 1994. SACCAR therefore will be relying on USAID, NORAD and SADC to fund its core and coordination functions. Since the coordination of research in natural resources sectors were added to SACCAR during 1993 and since strategic planning will need to be done after South Africa joins SADC, it is important that more donors be invited to support SACCAR. The organisation has been unique in Africa and its set up is being copied by other regions of the continent. SADC should be proud to have set it up and should continue to strongly support its existence.

c. The Role of International Agricultural and Natural Resources Research Centres in Strengthening National Research Systems(NARS)

It is quiet obvious to policy makers and researchers in developing countries that although contributions to research from worthy developed states is dwindling there is a proliferation of International Agricultural and Natural Resources Research Centre(IARCs). One of their mandates is to strengthen National Research Systems. The Board of SACCAR has already decided that cooperation with IARCs is on the basis of equal partnership right from planning to the publication of results. These International Agricultural and Natural Resources Research Centres cover fields from crop, livestock, irrigation, fisheries, forestry, soils, policy analysis to research management.

1.15 Land and Water Management Research Programme(L&WMRP)

The European Union(EU) which has been funding the phase one of the training component of the programme has been approached for funding phase II. The first phase will be ending in October, 1994, after a one year extension. Good progress has been made in finalising the drawings for the Training and Information Centre for the programme. It is expected that tenders will go to several ACP countries in SADC in June 1994 to invite bids for construction. Actual construction might begin at the end of 1994 or early 1995.

1.16 Bean Research Network

In November, 1993 the Board of SACCAR decided, after the stoppage of funding from a donor, that SACCAR should use its coordination budget to ensure that the essential activities of the network such as exchange of germplasm and research continue.

1.17 The Groundnut Research Project

The end of phase II has been undertaken and there was a strong recommendation that it be continued into phase III. The executing agency ICRISAT and the Steering Committee for the project are reformulating phase III.

1.18 The Cowpea Research Project

The Preparatory phase of the project came to an end on September, 1993. The Executing Agency maintained the Team Leader and the Breeder on the project until March, 1994. A request has been made to the European Union to continue to fund phase II. In the meantime the assets of the project acquired during the preparatory phase have been placed with the National Research System in Maputo, Mozambique where the project is located.

1.19 In-service Training in Research Management (or Agricultural Research Management Training - ARMT) Project

The project is located in the Eastern and Southern African Management Institute (ESAMI). Phase II will be ending in a year's time. The Board of SACCAR has observed that the project has contributed a lot to strengthening national research systems in management. Since young scientists will continue to join the research systems, it is being recommended that it be continued and be institutionalised at ESAMI.

1.20 Agroforestry Research Project

Donor funding is declining from CAN.D. 8 million to CAN.D 2.8 million during the current phase. The funds are likely to be used up in one year's time. SACCAR has included the project on the list of on-going projects that may benefit from EU

funding. There is need for Board members to contact donors for bilateral funding to augment the efforts of SACCAR.

1.21 The SADC Plant Genetic Resources Centre

There are two outstanding issues regarding this project namely:

I. Signing of the Memorandum of Understanding establishing the Centre by the SADC member states.

The MOU was signed by Food, Agriculture and Natural Resources Sector Ministers during their Special Meeting held in Gaborone, in August 1994.

II. Contributions to the running of the project by SADC Member states

The Council of Ministers approved that SADC member states start contributing to the running of the project in year 6 instead of year 10. The Council of Ministers agreed that during 1994-95 the contribution should be at US\$5,200 per member state. All member states have been requested to start contributing. At its meeting held in Gaborone in August, 1994, Council approved the Work Programme and Budget of SPGRS for 1995-96 it will go up by 10% and the contribution per member state will rise to US\$5,720.

1.22 The Maize and Wheat Research Network

The project has started after securing funding from the European Union. The two breeders for the respective crop commodities have been recruited. The Steering Committee for the Project has met twice.

1.23 The Professional Agricultural and Natural Resources Human Resources Development Programme

The coordination of the programme including the four existing regional Master of Science Degree Programmes by SACCAR will be strengthened when additional funding is released by Canada. The latter will provide SACCAR with CAND 5.0million for coordination and scholarships.

1.24 The Regional Vegetable Research Development Network

The GTZ is funding the training component and the five months training course started on 2nd May, 1994. Unfortunately, the research component has not been funded yet. SACCAR has forwarded a request to the SADC Secretariat for possible funding under the Lome Convention of this other component of the network.

1.25 The Southern African Root Crops Research Network(SARNET)

Funding for the network at US\$7.00 million for the first five years has been secured from USAID. Personnel for the network have been recruited and the first meeting of the Steering Committee for the project has taken place.

1.26 The Dairy Livestock Productivity Improvement in Large and Smallholder Farmers in Southern Africa

Project AAA.3.10 entitled: Livestock Improvement in SADC appearing under Agricultural Research and Training and those appearing under the Livestock Production and Animal Disease Control namely:

Project AAA.2.7: Studies of the Production and Distribution of Pasture Seeds and Legumes to Smallholder Dairy Farmers in the SADC Region;

Project BOT.2.4: Dairy Heifer Multiplication Units, and

Project ZIM.2.4: Support for Establishment of a Regional Artificial Insemination Centre

have, after approval by Council, been merged. The implementation will be jointly carried out between SACCAR and Livestock Production and Animal Disease Control Coordinating Unit.

1.27 Project AAA.3.15 AN AQUACULTURE RESEARCH AND DEVELOPMENT NETWORK IN SMALLHOLDER FARMS IN SOUTHERN AFRICA

This project aims at providing more data to the existing Development Project AAA.4.7(1) entitled "Aquaculture for Local Communities (ALCOM)" being implemented in Botswana, Lesotho, Malawi, Mozambique, Zambia, Tanzania and Zimbabwe. The data needed is on efficient use of water, nutrient

recycling, socio-economic data for policy makers on firmly establishing aquaculture in rural communities, and sustainable use of soils causing minimum erosion. The Ministers of Agriculture and Natural Resources approved the initiation of research to support the on-going developmental projects on aquaculture.

The Council has approved this project which is going to complement the projects that are on-going.

2. REVIEW OF REGIONAL SITUATION

2.1 The Food, Agriculture and Natural Resources sectors comprising Agricultural Research and Training, Food Security, Forestry, Inland Fisheries, Marine Fisheries, Environment and Land Management, Livestock Production and Animal Disease Control, and Wildlife continue to be among the priority areas for regional cooperation. Since agriculture continues to be the engine of economic development in the SADC region, well conceived and executed programmes by public and private sectors can lead to economic development of the member states.

2.2. During the year under review (1993-94 cropping season), the rainfall in the southern part of the region was nearly normal. Unfortunately, the northern part covering parts of Zambia, Malawi and Tanzania did not receive adequate rainfall. As a result, the Food Security sector predicts that affected countries will require to purchase up to two million tonnes of grain for their citizens. The influx of refugees from the conflict countries of Rwanda and Burundi into Tanzania would mean importation of more food.

Members states of SADC are being urged to invest more in water harvesting and conservation through dam construction so that the stored water may be used for irrigation during the years when rainfall is below normal. Several countries in the world that are located in arid areas produce surplus food because they have invested in water conservation.

2.3 The African Development Bank, with the assistance of the NORDIC countries, undertook a study which was completed in 1993 to explore the prospects and opportunities for economic integration in the Southern Africa Region. In agriculture, the study suggests that the potential for increased output in the region depends upon moving to a more intensive system in the smallholder sector, and on greater use of potentially cultivable land in the north of the region, partly on the basis of large-scale farming. The study point out that the total demand for maize, or maize equivalent, is likely to grow from about 27 million tonnes in 1987 to about 70 million tonnes in 2025. The urban proportion of this demand will grow from 9 million tonnes in 1989 to an estimated 34 million tonnes in 2025 - an increase of four-fold over the next 30 years - all of which has to be met from marketed rather than subsistence production. At realistic yield levels, the region will

REGIONAL TRANSPORT AND TELECOMMUNICATION
SECTOR WORKING PAPER

EXECUTIVE SUMMARY

1.1 Regional Transport and Communications Environment

In 1993, actions continued to be taken to further improve the environment for the development and more efficient operations of transport and communications in the SADC region and Southern Africa in general. In Mozambique, progress continued to be made in the peace process, making it possible to undertake an increased number of physical infrastructure projects as well as to improve the performance of transport corridors in that country. In South Africa, the process of democratisation culminated in the holding of the first non-racial elections in April 1994, and the installation of a transitional democratic government on 10th May, 1994. In addition, actions continued to be taken in all SADC member States and South Africa to restructure the organisation and management of government and institutional operations with a view to addressing the policy, structural, organisational and institutional weaknesses inhibiting the development and operation of an efficient transport and communications network in the region. The exception is Angola, where only very limited restructuring actions could be undertaken but without any notable implementation due to the war which, unfortunately, continues in spite of the protracted negotiations between the government and UNITA.

1.2 Performance of Regional Transport and Communications Systems

The operational performance results of the SADC transport and communications sectors in 1993 were mixed. In surface transport modes of railways, roads and ports and shipping, a total of 5.88 million tonnes of dry cargo imports and exports were handled by the SADC ports transport systems in 1993, an increase of 1.2% over the 5.81 million tonnes handled in the previous year. However, imports of bulk petroleum products declined by 1.4% from 3.23 million tonnes in 1992 to 3.19 million tonnes in 1993.

In air transport, the SADC airlines suffered a gradual reduction in passengers carried between 1985 and 1993, culminating in 2.243 million passengers carried in 1993, a decrease of 13.25% from the 2.666 million passengers carried in 1985. South African Airways, which carried almost twice as many passengers as all SADC airlines, suffered the same fate from 1989 onwards. On the other hand, freight carried by the SADC national airlines also decreased from the industry highest of 45.949 Ktons in 1991 to 41.572 Ktons in 1992 and 37.054 Ktons in 1993.

In telecommunications, there was about 2% growth in intra-SADC traffic to a total of 18.626 million paid minutes in 1993. However, this was still far less than the traffic between SADC and South Africa, which amounted to 96.541 million paid minutes in 1993. As regards the SADC postal sub-sector, the limited available data indicates that there was growth in the volume of mail handled, especially the EMS items. More information is expected soon to facilitate better reporting of the performance of this sub-sector in 1993.

The lack of adequate data continues to inhibit a comprehensive and exhaustive analysis and reporting of the level of quality of service provided as well as the relevant indicators for operational performance, productivity and utilisation of equipment and facilities of the Transport and Communications Sector. Nonetheless, the available data generally indicates that there was a slight improvement in all modes of transport, telecommunications and postal services in 1993 compared to the performance in 1992. However, the level of performance in this respect is still below the world or industry expected average levels.

1.3 Review of SATCC Programme of Action

Implementation of the physical capacity building and capital investment projects continued to address the existing bottlenecks and missing links in the regional transport and communications network. However, the activities of the SATCC/TU continued to emphasise on efficiency improvement, operational coordination and human resources development issues. Progress of implementation of SATCC projects in the SADC Programme of Action continued at a reasonable pace as indicated in the project briefs. However, the level of overall implementation of the SPA under SATCC corresponds to the level of funding of the programme. In this regard, there is still an overall funding gap of US\$3.91 billion, or 45%, when compared to the total cost of US\$6.874 billion for the 208 main projects in the programme.

A programme is underway to improve the database to enable better programme reporting as well as the analysis and reporting of the performance of the transport and communications sectors.

Cooperation among SADC member States continued in the implementation of projects and operational improvements. Sub-sectoral working groups and sub-committee meeting continued to be well attended and important fora for exchange of ideas, solving pertinent cooperation problems and agreeing upon measures for further deepening of cooperation. Cooperation between SADC member States and South Africa also continued to improve with the attendance of relevant South African institutions to all the technical meetings, especially the working group and sub-committee

ENERGY SECTOR WORKING PAPER

1. EXECUTIVE SUMMARY

- 1.1 The importance of the Energy Sector in the overall development of the national economies of SADC member States is widely recognized. But if the abundant energy resources existing in the region can be exploited, and developed for the benefit of all SADC countries it is extremely important to agree on regional plans and strategies which are consistent with those which are developed on a national basis.

Over the 14 years of SADC existence, experiences were gained showing clearly the real and potential benefits which can be derived from regional cooperation.

The most important event organized by the Sector, was the Energy Workshop, held in Windhoek from 11 to 15 April, 1994. The workshop was attended by various professionals from the different economic sectors, both public and private. Important conclusions and recommendations on the future regional cooperation in Southern Africa were reached by the participants. For example, in general terms, the workshop recognised the need for the existence of a regional Coordinating body for the SADC Energy Sector and identified in all sub-sectors, suitable areas for regional cooperation.

In this context, the workshop recommended that the Energy Sector Technical and Administrative Unit (TAU) be transformed into an Energy Commission, with properly staffed and financed divisions in the different energy sub-sectors is currently being developed.

- 1.2 Issues related to regionality, prioritisation, sharing of mutual benefits, least-cost alternatives and suitable internal resource mobilization have been some of the key issues involved in the development of the regional energy cooperation in SADC. Obstacles such as, lack of full trust in sharing regional benefits; lack of harmonization between national and regional plans and policies; insufficient resources to implement the various projects/programmes can be indicated as constraints which still need serious attention since they have hampered the smooth development of regional cooperation.
- 1.3 However, the Energy Sector is promoting some regional projects which show that regional cooperation can be achieved if joint efforts are actively pursued. Examples are: Projects AAA.3.8 and AAA.3.7 (in the Electricity Sub-Sector); Project AAA.1.5 (in the Petroleum Sub-Sector); Project AAA.5.15 and AAA.5.17 (in the Woodfuel Sub-Sector).
- 1.4 Power Cooperation has been the main issue for the Energy Sector over the last two years. The decision of the SADC Energy Ministers, ratified by the SADC Council of Ministers allowing the Sector to initiate contacts with non-SADC institutions, like ESKOM from South Africa and SNEL from Zaire, linked with the most recent developments in the Region, opened a new era of cooperation in the SADC Energy Sector's history. A TAU

delegation including some Chief Executives from SADC Power Utilities visited ESKOM in March 1994 to discuss opportunities for broader cooperation in Southern Africa.

The growing awareness, among the key-players in this sub-sector of the huge potential benefits arising from an extended cooperation made things to develop very quickly over the last year. The result of this is the preparation of a draft Power Pool Agreement under the initiative of four regional power utilities, including ESKOM, that when fully developed will constitute undoubtedly the ultimate objective and the most remarkable achievement of the Power Sub-Sector.

- 1.5 Another major concern of the Energy Sector continues to be the mobilization of suitable financial and human resources to support the implementation of the SADC Energy Programme of Action. The implementation of the various projects/programmes has been heavily reliant on external resources provided on a grant basis by the ICP. This has developed into a dependence syndrome which needs to be reversed. The present situation calls for a more conscious attitude and the need to seek new measures to ensure funding of future Energy Sector activities from sources within the SADC region.

Although a suitable financial strategy is required for the whole Organization to deal with this issue, one of the measures which can be already established is the application of a more severe prioritisation of the Sector's projects/programmes. This should obviously lead to a considerable reduction of the projects portfolio, as well as to the implementation of those unique projects which are really important and relevant for the region. The Energy Sector has initiated this exercise and even in future, there will be a periodical review of the programmes and activities.

- 1.6 The tables of funding status show that the current portfolio consists of 60 projects, with a total value of about USD 820 million. All in all funding has been secured amounting to USD 673 million, with USD 0.55 million under negotiation. Funding is sought for USD 146 million.

The sector has 6 completed project while 6 projects have been suspended. During the reporting period 18 projects have been withdrawn or transferred to other sectors. The energy sector's funding gap is at 18%.

- 1.7 Despite the difficulties previously referred to, some success can be reported as a result of the development of regional cooperation:

- 1.7.1 The crucial regional project AAA.3.8- *Coordinated Utilisation of Electricity Generation and Transmission Capacities, including Pricing Policies*, is moving ahead into its phase III and the most concrete result is the "Draft Power Pool Agreement, prepared under the initiative of four

regional power utilities including ESKOM. On the other hand, the ongoing preparations for the implementation of the regional project AAA.3.2 "Specialized Training in the Electricity Sub-Sector" will provide the basis for the minimization of the shortage of specialized staff in the Power Sub-Sector activities.

- 1.7.2 In the Petroleum and Gas Sub-Sector, the project AAA.1.5 "Joint SADC Petroleum Exploration Programme" is now in its implementation phase and will provide a broader and better knowledge of the common sedimentary basins of the region, as well as the evaluation of the regional petroleum commercial potential. In the downstream side, the Petroleum Down Stream Conference, took place in Maputo, August 1994. It provided the framework for the definition of least-cost supply systems for the region; possible joint procurement activities and required mechanisms for more efficient operations of the refining facilities. In the gas field, one important study has been initiated to assess the potential economic benefits of the natural gas utilization in Southern Africa.
- 1.7.3 A market study conducted to assess the applications and markets for solar photovoltaic systems in the SADC region proved to be feasible, particularly for the satisfaction of energy needs of the rural communities.
- 1.7.4 The implementation of the regional projects AAA.6.2 *Energy Savings in Industry* and AAA.6.5-*Energy Management in Industry* have contributed to a greater awareness and sensitivity of both producers and consumers on the need to adopt effective measures of saving and utilization of energy and for the establishment of a regional pool of experts in this field.
- 1.7.5 To tackle the problem of skilled manpower shortage to implement the regional programmes and activities, the Sector has succeeded in identifying a number of projects or activities to deal specially with the training component and capacity building. Some of these are to be initiated (AAA.0.8-in the energy planning; AAA.4.11 in the N.R.S.E; AAA.5.17-in the woodfuel sub-sector) and others are ongoing (AAA.1.2 in the petroleum sub-sector; AAA.3.2-in the electricity subsector).

HUMAN RESOURCES DEVELOPMENT
SECTOR WORKING PAPER

1. EXECUTIVE SUMMARY

- 1.1 During the period 1993-94, the Human Resources Development Sector sought to increase the general level of implementation of the projects in its Sectoral Programme. The theme for this Sector's Working Group Session at the 1994 SADC Annual Consultative Conference: "Consolidating the implementation of the Sectoral Programme," reflected this general thrust for the year.
- 1.2 During the 1994 Annual Consultative Conference, the Sector received encouraging support from a number of the major International Cooperating Partners who have shown long standing interest in education and training in Africa. Support was indicated especially for the new projects in the programme and also the other projects that had been in the programme for a long time without achieving much progress towards implementation.
- 1.3 While the pledges of support have subsequently been confirmed in later contacts with the International Cooperating Partners, the processes of consultation and negotiation have, in practice, taken much longer than was anticipated. As a result, progress towards the implementation of the Sector's Programme has been much slower. However, the spirit of enthusiasm and confidence to realise and consolidate practical implementation of the Sectoral programme remains high.
- 1.4 Notable achievements by the Sector for the year under review include the successful hosting of a Conference on Intra-regional Access and Entry to Tertiary and Higher Level Education Institutions in the SADC region. The Conference brought together senior education officials and Vice Chancellors of SADC Universities to examine the policy, administrative, financial and social factors that impede intra-regional exchange of students and staff in higher education. The dialogue and mutual exchange of ideas resulted in many practical recommendations which, when implemented, will go a long way in encouraging and facilitating student and staff exchange in the region.
- 1.5 In the same spirit of a practical approach to examining critical issues in human resources development, the Sector also convened a workshop of experts to consider the issue of the Long-Term Sustainability of the Regional Human Resources Development programmes, following a detailed study. Far reaching recommendations were made by the experts to guide project design, planning and management in the Sector for the future, in order to ensure the long-term sustainability of these initiatives.

- 1.6 Long-term sustainability of programmes is rapidly becoming a critical criterion for project choice in the face of the many failures of the past and the challenges that the SADC member States are confronted with, now and for the foreseeable future: namely, low rates of economic growth, high population growth rates, large external debt and difficulties associated with the implementation of the consequent structural adjustment programmes. Per capita expenditures on education and training continue to fall in the face of these adverse factors.
- 1.7 However, sustainable development, it is now recognised, can be achieved only through and by trained and skilled human resources. If there was any reason at all to justify the importance and the need for continued human resources development efforts and expenditures within the SADC region, the World now accepts this fact as an imperative rather than a matter of choice.

2. REVIEW OF THE REGIONAL SITUATION

- 2.1 The region continues to experience prospects of peace and stability through democratically elected governments. The Community congratulates Malawi on the successful elections which took place in May, 1994. In the same spirit the region welcomes the transformation of South Africa into a democratic elected government. We hope the peace talks and agreements in Mozambique and Angola will also bring about democratic systems of governments in those countries.'
- 2.2 The economies of Southern Africa are characterised by extreme and growing inequality in the distribution of incomes within and between the citizens and countries and by high rates of unemployment and inflation. In addition, some have low levels of real per capita income, low rates of economic growth and large external debts. The Southern African Development Community hopes to alleviate some of these by effecting policies and strategies that encourage investment and trade and thereby promoting economic growth and encourage regional integration.
- 2.3 For most SADC countries, the gains made in key social sectors since independence have been difficult to maintain in the 1980s due to deteriorating economic situations, heavy debt burdens, serious unemployment, persistent budget deficits and a general lowering of per capita incomes and standards of living. Consequently, as school enrolments have increased, per capita expenditure on education, training and social services have declined.
- 2.4 In response to the unfavourable economic environment and considerable reductions in public expenditure, education and training institutions have been forced to adopt austerity measures and the quality of education and training programmes has been seriously eroded.

- 2.5 The structural adjustment programmes that are currently being implemented by some member States are yielding some positive results in areas of trade. However, they continue to have adverse effects on the labour, social welfare, health, education and training sectors.
- 2.6 An enlarged regional market with freer movement of goods, capital and human resources could potentially spur growth and development throughout the sub-continent. It would allow certain economies of scale to be realised and for the development of new lines of production. Therefore the involvement of a democratic South Africa in a programme of closer cooperation and integration could bring such important benefits to the region as well as to itself.
- 2.7 The achievement of lasting and sustainable development, in the Southern African Development Community depends to a large extent on significantly increasing productivity through better education, skills development and management; promoting science and technology, and entrepreneurship; and inculcating a strong work ethic. At present, persistent shortages of highly trained professionals, managers, entrepreneurs and policy analysts, and the absence of an environment which is conducive to the application of skills, are among the most critical constraints to the development of the region.
- 2.8 Compounding all of these problems, in the cases of Angola and Mozambique, in particular, the impact of decades of war, will continue to be felt for some time to come, notwithstanding the peace agreements. Both countries suffered major damage and disruption as a result of internal and external aggression and the activities of armed bandits.
- 2.9 The insecurity created in the rural areas had a profound impact on both agricultural and mineral production. The disruption of transport and distribution systems both reduced revenue and foreign exchange earnings, particularly in the case of Mozambique, and adversely affected the delivery of agricultural implements and support to farmers and produce to markets. Another problem created by war, was the diversion of foreign exchange and budgetary resources to defence and the care of displaced persons.
- 2.10 To counteract this trend, SADC member States are faced with the need to re-order their expenditure and sectoral priorities, to significantly increase investment in human resources development and significantly improve the quality and management of their training and education programmes.

- 2.11 Given that needs are great and multi-faceted, collective action and coordinated initiatives by member States and cooperating partners alike are essential. Action is needed to develop capable regional institutions and promote networking and the sharing of existing limited institutional capacities.
- 2.12 Emphasis should be placed on building and developing existing national and regional capacity rather than creating new institutions. Through progressive interaction, student and staff exchanges, and joint programmes in high priority areas, better use is made of existing public and private institutions, capacity is strengthened and standards are upgraded. Areas where short-run benefits can be achieved are in the coordination and harmonisation of entry requirements, curricula, qualifications, accreditation and joint programmes for the training of teachers, production of teaching materials and providing for increased access to post-graduate students from other SADC countries.
- 2.13 The expense of providing world quality higher level education, training and research in all priority areas makes it difficult for any single member state to do so. The SADC region has reinforced the urgent need to collaborate around a division of labour based on a strategy of deliberately establishing centres of specialisation. This is a viable option for strengthening post-graduate education, particularly in programmes requiring large investments (e.g. science, research, engineering, management and accounting).
- 2.14 The transformation of SADCC into a Community has laid a foundation for regional integration. The Sector is yet to develop protocols and various institutions and other establishments which have a role to play in the development of human resources. The Sector held a Workshop in September to initiate the process of Community building.
- 2.15 It is critical that, in defining a role for the Sector in Community Building and integration, a partnership between the Sector, the Governments, the Private Sector and Trade Unions, is put in place, bringing together the major actors in the development of region's human resources, and the main users of the skills that will result from collective action.

TRADE AND INDUSTRY SECTOR WORKING PAPER

1.0 EXECUTIVE SUMMARY

- 1.1 The provisional data on the performance of the manufacturing sector already received from SADC member States indicate that, generally, growth of the manufacturing sector declined in 1993. Only three member States registered marginal growth of Manufacturing Value Added (MVA) in 1993 when compared with 1992.
- 1.2 The draft SADC trade development and promotion strategy suggests that, intra-SADC trade has regrettably remained low, i.e. at 5.1% (1988) of the total SADC Trade. However, the draft strategy also indicates the existence of considerable potential for intra-SADC trade growth. It thus envisages intra-SADC trade to increase to 12% by the year 2000. The existing informal trade across the borders of the member States is an obvious indication of this potential.
- 1.3 In order to respond to the challenges arising from the establishment of SADC and the expectations of SADC member States as indicated at the Seventh SADC Industry and Trade Ministers Committee meeting held in Arusha, Tanzania, on 28-29 June, 1993, a programme of action incorporating a plan for capacity building in SITCD has been prepared. The programme is designed to achieve the following:-
- to identify more focused sectoral programmes for promoting and sustaining the desired regional integration and structural transformation of the region's economies;
 - to enhance SITCD sustainability by strengthening its technical capacity especially in policy analysis and information development and dissemination;
 - to define the structure, institutional establishment instruments, management and operational systems for enhancing the regional status of SITCD as a basis for an effective implementation of the programme of action.
- 1.4 The Treaty establishing SADC provides for the preparation of protocols to spearhead regional integration in the specified areas of cooperation. For the Industry and Trade Sector, the following protocols have been drafted:-
- a) **Protocol on Finance and Investment**
- The objective of this protocol is to facilitate mobilisation of financial resources and cross-border investment through the creation of a common financial market focusing on:
- liberalization of capital markets and

financial services in SADC countries; and

- establishment of financial institutions and provision of financial services. ii)

b) **Protocol on Trade Cooperation**

The objective of this protocol is to facilitate, increase and promote intra SADC Trade through the elimination of tariffs and non-tariff barriers; and also to allow competition and free and fair trade amongst SADC countries.

- 1.5 Preparation of the draft Trade Strategy has been completed. It provides a framework for the development and promotion of both intra- and extra-SADC trade. Its objectives are:- iii)

- i) To facilitate the creation of a regional market and thus enhance the development of a strong regional community.
- ii) To enhance the establishment of export oriented investments by opening up opportunities for new products and markets.

- 1.6 The updating of investment policies and mechanisms of SADC countries compiled and published in 1991 has been completed and would be published after the approval by Council States. The publication will provide information to prospective investors on national laws, regulations, barriers, incentives and opportunities for investment and trade in the region. 1.9 The esta SADC unde infr SADC

- 1.7 The following studies were commissioned and implemented during the period under review:- 1.10 The out is g who cont.
- a) Review of the SADC programme on Standardization and Quality Assurance.
 - b) The development of a programme on the establishment of a comprehensive SADC Metrology System.

- 1.8 The findings arising from a review of the SADC programme on Standardization and Quality Assurance (SQA) suggest that the programme has generated considerable impact in the region especially with respect to the following areas:- 1.11 Betwe works and

- i) **quality testing and development through:**
 - the provision of technical advisory services and training in packaging and quality testing;
 - preparation of a hand book on procurement of packaging; and
 - establishment of a regional packaging testing
- 1.12 These machi. prepa:

laboratory at Malawi Bureau of Standards. (MBS)

ii) **Information exchange and training involving:**

- the periodic publication of a newsletter on export packaging and quality assurance for exporters, producers and traders in SADC countries;
- establishment of a regional data base on packaging and quality assurance at MBS.
- training on quality management and quality assurance for exporting enterprises.

iii) **Strengthening of existing National Standards Bodies (NSBs) and establishing new NSBs.**

This programme activity has contributed to the enhancement of national SQA programmes, especially in SADC countries without NSBs. Mozambique has already established her own NSB. It was established in May, 1993. The other countries without NSBs including Angola, Botswana, Lesotho, Swaziland and Namibia have made considerable progress towards establishing their NSBs.

The study on the development of a programme on the establishment of a comprehensive SADC metrology system in SADC countries has revealed that there is widespread underdevelopment or complete absence of basic infrastructure and manpower for metrology activities within SADC countries.

1.10 The third issue of the SADC Trade Directory (1994) is now out and is being marketed in all the member states. There is great demand for the directory by the business community who confirm its usefulness and are enthusiastic about its continuity as a source of information.

1.11 Between September and November 1993, the following workshops were jointly organised by the SADC Secretariat and SITCD:-

- workshop on resource mobilization and financial sector.
- workshop on customs and trade.
- workshop on the productive sectors.

2 These workshops were intended to provide an effective machinery of involving all interested groups in the preparation of protocols in this sector.

1.13 The Industry and Trade Sector programme consists of 11 projects. The total cost of the programme is USD 12.554 million of which USD 2.834 million has been secured and USD 5.38 is under negotiation. The summary of the implementation and funding status of projects is appended as annex 2.

1.14 The following programme activities could not be implemented for lack of funding which was expected to come mainly from donors:

- a) **Project AAA.15.3 study on comprehensive Export Financing Schemes.**

Revised terms of reference for a study have been approved. The study is estimated to cost US\$ 0.10 million. Funding is still under negotiation with USAID.

- b) **Project AAA. 12.6 Development of Small/Medium Scale Industries Technologies and Transfers.**

The Committee of Experts to coordinate implementation of a programme of action of small scale industry development and technology transfer was not established.

- c) **Project AAA. 12.9: Industrial Research and Development.**

The Committee of Experts to coordinate implementation of a programme of action of Industrial Research and Development was not established.

- d) **Project AAA. 12.11: Management and Skills Development.**

The Study on Industry and Trade Management and Skills Development requirement was not undertaken. The findings and proposals were intended to assist in drawing up a regional programme of action.

- e) **Project AAA. 12.1 (5) Standardization and Quality Assurance.**

- i) ISO/SIDA training programme on SOA at the institutional level.

The project which was under implementation had to terminate due to lack of funds despite strong desire to have the project continued.

- ii) RAF/37/06 Development of Effective Quality Control Standards and Testing Services for Export Products in the Region

Implementation of the project was being funded by the Government of Italy under the execution of ITC but was terminated in March, 1993 despite strong desire to have project the continued.

- iii) RAF/26/50. Direct assistance in Packaging to selected Enterprises in SADC member states.

Implementation of the project was being funded by the Government of Finland under the execution of ITC. The project terminated in March, 1994 despite strong desire to have the project continued.

- f) **Project AAA. 12.5 Establishment of Information Exchange Centre**

A project proposal has been prepared. EEC has been approached for funding.

- g) **Study on the Development of Fertilizer Industry in the SADC region**

No progress was made on the implementation of recommendations made by the workshop which was held in Harare 27-28 April, 1993 to discuss the above study. Consultations aimed at involving the African Centre for Fertilizers in undertaking follow up activities are in progress.

- h) **Study on the rehabilitation of Angola Industries**

No progress was made as EEC who were expected to finance the study have not changed their position. They maintain that the study being proposed could be handled bilaterally within the National Indicative Programme.

- i) **Technical assistance to Mozambique**

SITCD was directed to assist Mozambique in identifying needs for the rehabilitation of their industries.

TOURISM SECTOR WORKING PAPER

EXECUTIVE SUMMARY

- 1.1 The tourism industry has existed since the dawn of world civilisation. However, it is only in recent years that the industry's contribution to the national economies is being realised and appreciated.
- 1.2 The SADC region, as much as elsewhere, perceives tourism to be a significant productive industry that can, if well planned and managed, contribute immensely to the socio-economic well being of the region.
- 1.3 The SADC Tourism Sector is striving to ensure that the benefits that could be derived from tourism are reaped by employing appropriate implementation mechanisms. In pursuance of this goal, the Sector has completed the preparations of its five-year Strategy for the development of tourism industry in the SADC Region. The Strategy will guide the Sector in planning, implementing, monitoring, and evaluating the sectoral programme and projects thereof.
- 1.4 The finalisation of the Tourism Strategy has come at the opportune moment when SADC is focusing on regional integration and cooperation through Community Building. It is, therefore, envisaged that the Strategy will be instrumental in implementing the SADC policy of deeper economic integration.
- 1.5 During the 1992/93 period, the world tourism industry experienced a modest growth in both tourist arrivals and receipts. According to the World Tourism Organisation (WTO), the 1992 recovery of tourism gave rise to optimism for sustained growth of tourism activity in the following year. However, the economic recession in major source markets put a dent in the growth of 1993 international tourism, resulting in a growth of 3.4% compared to 5.9% realised in 1992.
- 1.6 Using WTO¹ statistics, it is estimated that tourist arrivals in the SADC region for 1993 rose to 2.2 million, an increase of 5.7% over the previous year. International receipts too are estimated to have increased to US\$543 in million, a growth of 9.9% over 1992 figures.

1

Tourism Market Trend: Africa 1993, World
Tourism Organisation, 1994

- 1.7 In 1993, Africa's share of the world's tourist arrivals was estimated at 3.6%, and 2.1% of receipts. While Africa's share of global arrivals remained unchanged at 3.6% in 1992, a slight increase of 0.1% from 2.0% in 1992 was recorded in the continent's share of receipts. SADC's share was 12.6% of Africa's arrivals and 8.5% of receipts in 1993. However, the SADC region experienced some slight increase of 0.4% in arrivals and 0.2% in receipts over its 1992 share of Africa's performance.
- 1.8 The Tourism Sector currently consists of eight core projects valued at US\$4.67 million, of which US\$ 1.96 million, or 42 per cent has been secured, leaving a financing gap of US\$ 2.46 million.
- 1.9 Funds for the implementation of Intra-Regional Market Research study, have been secured from the Commonwealth Secretariat and the study has commenced.
- 1.10 The Sector has completed the designing of a Brand for the SADC regional tourism product. The brand comprises a Logo and Theme that will give the region an identity in the marketing arena.
- 1.11 A programme to raise the level of tourism awareness in the SADC region is being adopted through the introduction of Tourism studies in member States.
- 1.12 As in previous years, SADC countries and the TCU participated at International Tourism Fairs, such as WTM-London, Vakantie-Utrecht the Zimbabwe Travel Expo, TUR-Gothenburg, the ITIX Milan and the ITB - Berlin.
- 1.13 The Sector participated in all SADC annual meetings, the 1993 briefing mission, and other fora, such as, the SADC women workshop held in Zimbabwe, the Air Zimbabwe Sales Conference, and the Management Information Systems workshop held in Malawi.
- 1.14 The Sector continued to explore ways and means to resuscitate the Southern African Federation of Travel and Tourism Association (SAFTTA), but no tangible results were achieved; especially given the fact that the SADC Business Council (SBC) was no longer functioning.
- 1.15 A workshop on SADC Women in Tourism was held in Lesotho during June, 1994. Resolutions arising, therefrom, have been incorporated into the Sector's development programme.
- 1.16 Country visits focusing primarily on harmonising data gathering methodologies are being conducted by the TCU in all the SADC member States.

- 1.17 A consultancy for SADC Tourism Coordinating Unit (TCU) and the Southern African Regional Tourism Council Secretariat (SARTOC) is due to be commissioned. The consultancy is aimed at determining and assessing areas of cooperation/collaboration between the two regional organisations.
- 1.18 The Sector attained its tenth Anniversary in February, 1994. Activities for the commemoration of the Anniversary will be undertaken by individual member States on September 28, 1994, that is, a day after the World Tourism Day.
- 1.19 The Sector is planning to hold a Sectoral workshop on Community Building in November this year.

2. REVIEW OF THE REGIONAL SITUATION

- 2.1 SADC countries offer, in the main, tourist attractions of the natural and cultural environment. Some of these come in the form of sunny beaches, wildlife and game viewing, the spectacular Mount Kilimanjaro and the Maluti Mountains, the Okavango Delta, Victoria Falls, scenery, the wilderness and tranquillity, historic monuments and cultural arts and crafts.
- 2.2 Tourist accommodation is, on the whole, adequate to meet present demand. The region's accommodation units are estimated at 992 with roughly 30,000 rooms, holding approximately 52,000 beds. The units cover hotels, lodges and chalets. Botswana, Namibia, Zimbabwe and Swaziland have adequate hotel capacity. Lesotho, Malawi, Tanzania and Zambia have reasonable capacity although they are concentrated in the capital cities. Most facilities in Mozambique and Angola need to be rehabilitated.
- 2.3 A hotel grading system for application throughout the SADC region has been put in place. However, most member States are only at the rudimentary stage of streamlining their legislation in this regard. Therefore, hotel standards still vary, with some member countries stipulating only minimum standards of hygiene and facilities, while others enforce international grading systems.
- 2.4 Surface transportation is available in all the SADC member States; road transport being the most commonly used. While rail services extend to about three quarters of the region, it is used mainly for cargo transportation. Some access roads to tourist attractions are in a very poor state, thus discouraging visits to these exotic areas.

CULTURE AND INFORMATION SECTOR WORKING PAPER

1. EXECUTIVE SUMMARY

- 1.1 Throughout the first decade of its existence, SADC's efforts were directed at putting in place, consolidating and implementing economic programmes through the economic sectors that had been established.
- 1.2 In the preparation for the next century and in the face of political changes emerging in Southern Africa, it has become essential to make adjustments in the mandate of the Organisation. In this context, and in order to meet new challenges, SADC has accepted that the Community's focus should, not only be the development of the member States economies but to inevitably give more emphasis on socio-cultural developments within and among countries of the region. To this end, the Treaty establishing the Community under Chapter 7 Article 21.4 recognises that additional areas of cooperation will be decided upon by Council.
- 1.3 Experience in the region and elsewhere has shown that sustainable development is only attained when economic growth does not leave aside socio-cultural interests; in other words there is a need to give consideration to the cultural and human dimensions of development. The process of development is primarily to meet the human needs. SADC has, therefore, decided to put people at the centre of its development strategy, by harnessing their energies and capacities.
- 4 Social sectors represent sectors which should progressively be taken into account by SADC, so as to ensure that the development process represents a harmonious instrument of bringing together experiences and knowledge, held by various cultural groups. To achieve this, old cultural and social barriers characterised by fear, suspicion and hatred of neighbours, must be broken and replaced by social and cultural arrangements that see the people of the region as one, bound by history and cultural affinities and sharing a common vision of their destiny.
- 1.5 In order for SADC to benefit from these varied experiences and capacities, it is important for the Sub-Sector on Information to be developed fully so that it can act as the main instrument of propagating ideas and information about the Community, the various development programmes and the role people at grassroots level are expected to play. In order to reach all the people of the region, it is important that all cultural languages are accorded similar recognition and used as effective instrument for communication.

- 1.6 The signing of the Treaty and Declaration establishing SADC has ushered in a new era of development for Southern Africa, characterised by the need to integrate the economies and societies of Southern Africa. To achieve this ambitious objective, SADC has accepted that cooperation cannot remain solely the preserve of governmental bodies. The people of the region in their various walks of life, and their institutions, have been called upon to get involved in the building of the Community. The Governments have accepted that the people of the region will determine the content, form and direction of the Community.
- 1.7 One of the main reasons for the region's weak economic performance has been the poor participation by the people in the shaping of policies and the designing of relevant development programmes, and lack of involvement in the political process of the region. This in turn has led to poor accountability, poor work ethics and productivity as well as a culture of dependence on outside support. Arrangements need to be made to create a popular constituency in support of the objectives and programmes of SADC involving the people of all sectors of society.
- 1.8 In mobilising people for Community building, a series of seminars and workshops have been started. A series of national seminars will be conducted aimed at mobilising people for Community building. It is expected that various cultural groups and artists will play a central role in mobilising people. In this respect, SADC organised a workshop in Harare, in July 1993, on the *Free Movement of Persons*, in order to find mechanisms for increasing people to people interaction, as they seek to cooperate with each other across national boundaries. A protocol is being developed to provide for the free movement of persons across national boundaries of the Community.
- 1.9 The SADC Sector for Culture and Information's aim is to ensure the peoples' involvement in the process of regional integration and development. The Sector will therefore develop activities that will enable continuous consideration of the cultural dimension of development.
- 1.10 The Sectoral Committee of Ministers as well as the different Sub-Committees have already started the debate on what content and structure the Sectoral programme that will emerge from the current work defining the policies and strategies of the Sector, will have. It is hoped that the strategy will confirm the centrality of information, as a tool for social communication, the development of the cultures of the region; the promotion of the Community's cultural languages and literature; the promotion of public education and sports; and the development of democratic values and a tradition of respect for human rights and democratic values; as the main areas to concentrate on. The SADC Council of Ministers has in this context, approved

the holding of a programme of SADC Festival of Arts and Culture, over a period of four years, to help bring the people of the region closer together and to mobilise them to get involved in the programme of the Community.

- 1.11 The Sector is still working on the development of the Sectoral Policies and Strategies. The Terms of Reference for the consultative mission which will prepare the study were approved by the Council at its meeting in Mbabane in September 1993. During the Annual Consultative Conference in Gaborone, in January, 1994, the EC agreed to finance the study.

2. REVIEW OF THE REGIONAL SITUATION

- 2.1 An analysis of the prevailing situation in the region shows that the cultural and information areas have been affected by changes underway, particularly in the political, diplomatic and economic spheres. The electoral process in South Africa and Malawi culminated with the victories of African National Congress (ANC) and United Democratic Front (UDF) respectively contributing to the creation of a democratic environment with wider links between the people of the region. The end of apartheid and the election of Mr. Nelson Mandela, as the first elected President by the majority of the people in the history of the Republic of South Africa, opened up the way for promoting the cultural and historical identities of the people in Southern Africa.
- 2.2 The peace keeping and building process taking place in the Republic of Mozambique also creates expectations that a culture of peace and democracy will supersede a culture of violence that, over the centuries, was imposed not only in the region but also in the world in general. With regard to the situation in Angola, it is hoped the Lusaka talks will come to an end successfully, thus bringing about peace and stability for that sister country.
- 2.3 At national level, the efforts regarding the recognition of basic rights of citizens have been notable. In this perspective, emphasis is given not only to the right to life, but likewise to ensuring freedom of expression and of the press.
- 2.4 In the field of culture, although some member States have made efforts to define their overall policies, the situation is still unsatisfactory. Most States have not published cultural policies.
- 2.5 Concerning cultural industries and copyright, the situation in the region shows that low priority was given to the development of cultural infrastructures for these industries. There is widespread under-utilization of existing facilities which could benefit the region. On the other hand, there is lack of recognition by the region's

financing institutions, of the economic dimension of cultural development as well as the absence of clearly articulated national programmes outlining the important role played by culture in regional economic development. Some countries like Malawi and Zimbabwe have already established national associations for copyrights. Other countries like Tanzania and Mozambique have started actions for the establishment of such associations.

2.6 Concerning the Sub-Sector of Information, member States have been putting in place policies enabling the free flow of information throughout the region. In this regard, the emergence of independent media as well as the promotion of pluralism among these organs and the public sector is noticeable. In addition, the majority of member States have press laws allowing for the freedom of the press. On the whole, the need for regional promotion of actions aimed at facilitating interaction among journalists, and other media institutions, would be a positive development in this sub-sector. In the meantime, the exchange of information between media institutions in this area, is still scarce. Little has been published about events in the region by the various media institutions existing in each SADC member State.

2.7 With regard to public education, a great deal of initiatives are being developed in the promotion of democratic and human rights values. Amidst these initiatives, seminars are being organised on key topical issues, and non-governmental organisations are taking up the challenge of educating the grassroots on issues of basic human rights and responsibilities of informed citizenship, gender and development, AIDS, empowerment of women and other socially disadvantaged groups, etc.. A Regional Conference on the Promotion of a Culture of Democracy and Human Rights in Southern Africa organized by the Sector, in cooperation with UNESCO and the International Commission of Jurists, in Maputo from 7 to 11 February, 1994 brought together a multidisciplinary group of researchers, policy-makers and the Non-Governmental Organisations to analyse the situation and priority needs for the creation of conditions for building up a culture of democracy, tolerance and respect for human rights in the region.

2.8 Physical Education and sport, in its broadest sense, can act as an instrument of bringing people closer together. Although many sporting activities between member States are taking place, the dominance of competitive sports such as football and tennis, to the neglect of traditional games, should be addressed in order to strike a balance between competitive and traditional Sports.

MINING SECTOR WORKING PAPER

1. **EXECUTIVE SUMMARY**

- 1.1 The importance of the Energy Sector in the overall development of the national economies of SADC member States is widely recognized. But if the abundant energy resources existing in the region can be exploited, and developed for the benefit of all SADC countries it is extremely important to agree on regional plans and strategies which are consistent with those which are developed on a national basis.

Over the 14 years of SADC existence, experiences were gained showing clearly the real and potential benefits which can be derived from regional cooperation.

The most important event organized by the Sector, was the Energy Workshop, held in Windhoek from 11 to 15 April, 1994. The workshop was attended by various professionals from the different economic sectors, both public and private. Important conclusions and recommendations on the future regional cooperation in Southern Africa were reached by the participants. For example, in general terms, the workshop recognised the need for the existence of a regional Coordinating body for the SADC Energy Sector and identified in all sub-sectors, suitable areas for regional cooperation.

In this context, the workshop recommended that the Energy Sector Technical and Administrative Unit (TAU) be transformed into an Energy Commission, with properly staffed and financed divisions in the different energy sub-sectors is currently being developed.

- 1.2 Issues related to regionality, prioritisation, sharing of mutual benefits, least-cost alternatives and suitable internal resource mobilization have been some of the key issues involved in the development of the regional energy cooperation in SADC. Obstacles such as, lack of full trust in sharing regional benefits; lack of harmonization between national and regional plans and policies; insufficient resources to implement the various projects/programmes can be indicated as constraints which still need serious attention since they have hampered the smooth development of regional cooperation.
- 1.3 However, the Energy Sector is promoting some regional projects which show that regional cooperation can be achieved if joint efforts are actively pursued. Examples are: Projects AAA.3.8 and AAA.3.7 (in the Electricity Sub-Sector); Project AAA.1.5 (in the Petroleum Sub-Sector); Project AAA.5.15 and AAA.5.17 (in the Woodfuel Sub-Sector).
- 1.4 Power Cooperation has been the main issue for the Energy Sector over the last two years. The decision of the SADC Energy Ministers, ratified by the SADC Council of Ministers allowing the Sector to initiate contacts with non-SADC institutions, like ESKOM from South Africa and SNEL from Zaire, linked with the most recent developments in the Region, opened a new era of cooperation in the SADC Energy Sector's history. A TAU

delegation including some Chief Executives from SADC Power Utilities visited ESKOM in March 1994 to discuss opportunities for broader cooperation in Southern Africa.

The growing awareness, among the key-players in this sub-sector of the huge potential benefits arising from an extended cooperation made things to develop very quickly over the last year. The result of this is the preparation of a draft Power Pool Agreement under the initiative of four regional power utilities, including ESKOM, that when fully developed will constitute undoubtedly the ultimate objective and the most remarkable achievement of the Power Sub-Sector.

- 1.5 Another major concern of the Energy Sector continues to be the mobilization of suitable financial and human resources to support the implementation of the SADC Energy Programme of Action. The implementation of the various projects/programmes has been heavily reliant on external resources provided on a grant basis by the ICP. This has developed into a dependence syndrome which needs to be reversed. The present situation calls for a more conscious attitude and the need to seek new measures to ensure funding of future Energy Sector activities from sources within the SADC region.

Although a suitable financial strategy is required for the whole Organization to deal with this issue, one of the measures which can be already established is the application of a more severe prioritisation of the Sector's projects/programmes. This should obviously lead to a considerable reduction of the projects portfolio, as well as to the implementation of those unique projects which are really important and relevant for the region. The Energy Sector has initiated this exercise and even in future, there will be a periodical review of the programmes and activities.

- 1.6 The tables of funding status show that the current portfolio consists of 60 projects, with a total value of about USD 820 million. All in all funding has been secured amounting to USD 673 million, with USD 0.55 million under negotiation. Funding is sought for USD 146 million.

The sector has 6 completed project while 6 projects have been suspended. During the reporting period 18 projects have been withdrawn or transferred to other sectors. The energy sector's funding gap is at 18%.

- 1.7 Despite the difficulties previously referred to, some success can be reported as a result of the development of regional cooperation:

- 1.7.1 The crucial regional project AAA.3.8- *Coordinated Utilisation of Electricity Generation and Transmission Capacities, including Pricing Policies*, is moving ahead into its phase III and the most concrete result is the "Draft Power Pool Agreement, prepared under the initiative of four

ower
ctor
nded
last
Pool
ies,
tute
able

regional power utilities including ESKOM. On the other hand, the ongoing preparations for the implementation of the regional project AAA.3.2 "Specialized Training in the Electricity Sub-Sector" will provide the basis for the minimization of the shortage of specialized staff in the Power Sub-Sector activities.

the
port
The
been
asis
ich
ore
sure
thin

1.7.2 In the Petroleum and Gas Sub-Sector, the project AAA.1.5" *Joint SADC Petroleum Exploration Programme*" is now in its implementation phase and will provide a broader and better knowledge of the common sedimentary basins of the region, as well as the evaluation of the regional petroleum commercial potential. In the downstream side, the Petroleum Down Stream Conference, took place in Maputo, August 1994. It provided the framework for the definition of least-cost supply systems for the region; possible joint procurement activities and required mechanisms for more efficient operations of the refining facilities. In the gas field, one important study has been initiated to assess the potential economic benefits of the natural gas utilization in Southern Africa.

ole
ich
e
que
on.
re,
and

1.7.3 A market study conducted to assess the applications and markets for solar photovoltaic systems in the SADC region proved to be feasible, particularly for the satisfaction of energy needs of the rural communities.

lio
320
USD
ing

1.7.4 The implementation of the regional projects AAA.6.2 *Energy Savings in Industry* and AAA.6.5-*Energy Management in Industry* have contributed to a greater awareness and sensitivity of both producers and consumers on the need to adopt effective measures of saving and utilization of energy and for the establishment of a regional pool of experts in this field.

een
een
s's

1.7.5 To tackle the problem of skilled manpower shortage to implement the regional programmes and activities, the Sector has succeeded in identifying a number of projects or activities to deal specially with the training component and capacity building. Some of these are to be initiated (AAA.0.8-in the energy planning; AAA.4.11 in the N.R.S.E; AAA.5.17-in the woodfuel sub-sector) and others are ongoing (AAA.1.2 in the petroleum sub-sector; AAA.3.2-in the electricity subsector).

ANGOLA

Background: Civil war aborted implementation of USAID's planned development program for Angola. Nevertheless, during a brief six-month implementation phase, USAID assisted the Angolan Government in conducting free and fair elections. USAID assistance also funded U.S. private voluntary organizations to carry out health, vaccination and feeding programs for displaced Angolans.

USAID's Office of Foreign Disaster Assistance (OFDA) is administering a major humanitarian assistance program involving vaccinations, food distribution, and the establishment of a country-wide health reporting system. OFDA has stationed an Emergency Disaster and Relief Coordinator in Angola since 1991.

In November 1994 the Government of the Republic of Angola and the National Union for Total Independence of Angola signed a peace accord. On the assumption that peace will prevail, a USAID/State Department Mission visited Angola in December 1994 to begin formulating an integrated strategy for future U.S. assistance to Angola. One of the team's conclusions is that emergency humanitarian programs will likely remain the primary element of U.S. to Angola during 1995.

Talking Points:

- The resumption of fighting in Angola in November 1992 resulted in over 100,000 deaths, an estimated three million persons displaced, and disrupted the efforts of USAID and other donors to develop a program to help Angola make the difficult transition to democracy and national reconstruction.
- Although the USAID development assistance program in Angola has been suspended since March 1993, USAID has continued to provide humanitarian assistance to Angola, in the form of food aid, grants to US PVOs for activities in immunizations, health and nutrition, and monetary support for the logistical and administrative needs of the World Food Program in Angola. U.S. Government assistance since October 1993 totals approximately \$107 million.
- USAID's Office of Transition Initiatives (OTI) is funding a U.S. firm to assist in designing and creating Angola's demobilization and reintegration program for former combatants.
- USAID is reviewing plans for a sustainable development program consisting of the following activities:
 - 1) An NGO umbrella program that encompasses

demobilization, reintegration and rehabilitation, in conjunction with a program for clearing minefields and rehabilitating roads and bridges. The program would also use grants to the same NGOs to implement agricultural programs and others designed to help restore essential health services. Initiating agricultural recovery would play a central role in helping move Angola along the road to rehabilitation and development.

2) An economic management support project to establish a medium-term partnership between the United States and Angola to conceive and promote an economic development strategy. The project would place senior economic advisors within the GOA ministries of Planning, Finance, Agriculture, Trade and the Central Bank to help formulate a realistic economic structural adjustment reform program to move Angola along the path from emergency relief to rehabilitation assistance to sustained growth. Training for Angolans would also be an important part of the program. To address the problem of the lack of a basic "core" of economic data/information for decision making, the project would fund statisticians and analysts to work with the GOA to develop the capacity and then proceed to gather economic data series as the initial step in the creation of an adequate data base. The project would also fund studies to provide the necessary information to help the GOA to assess the alternatives available for making the economic policy decisions that are required.

O:\SAPUB\DOCS\SADCCONF\ANGOLA2

ANGOLA

FY 1996 ECONOMIC SUPPORT FUNDS REQUEST (Country in Transition) \$ 10,000,000
FY 1996 P.L. 480 TITLE II REQUEST: \$ 0

Angola is a large, mineral rich country of approximately 10.5 million inhabitants strategically situated along the Atlantic coast in southwestern Africa. It is roughly the size of Texas, California and Florida combined. Under more normal circumstances, the country's mineral wealth, combined with foreign private investment and a modicum of development assistance from donors, would permit sufficient economic growth to generate a steady increase in the standard of living of its citizens. Unfortunately, circumstances have been far from normal. War has ravaged Angola since the mid 1960s. In September 1994 the United Nations estimated the total number of Angolans affected by civil unrest and drought at 3,664,000. In addition, there were over 300,000 Angolan refugees in neighboring countries.

It is in the national interest of the United States to support activities that will bring lasting peace and prosperity to Angola. Until a durable peace accord is implemented, the Government of Angola (GOA) will not be able to commit the energy and resources necessary to meet the massive humanitarian needs of its people, stimulate the national economy or develop fledgling democratic institutions. U.S. commercial opportunities will lag and the current security threat to existing U.S. petroleum facilities will continue. USAID's development assistance program to Angola began in 1992. It was suspended in 1993 due to a deterioration in security conditions and subsequently terminated in 1994. USAID continued to provide humanitarian and emergency relief to Angola on a major scale through its Office of Foreign Disaster Assistance. Last year alone, for example, the United States provided \$89.9 million in emergency relief assistance that was directly associated with the latest hostilities.

Despite the endemic warfare, U.S. oil companies have continued to invest in Angola's petroleum pumping, refining and storage facilities. Cumulative U.S. investments in oil extraction there are now estimated at about \$2.5 billion. Annual exports of Angolan petroleum products to the United States in recent years have ranged between \$1.7 billion and \$2.3 billion. Other valuable minerals available for commercial exploitation once civil strife ceases definitively include diamonds, iron ore, manganese and copper. In addition, Angola possesses large tracts of land suitable for agricultural and livestock production, vast forests, rich coastal fishing grounds and considerable hydroelectric energy potential.

The Development Challenge.

While oil exports currently generate sufficient revenues to provide the country with a per capita income of about \$600, most indicators of social and economic performance rank Angola among the poorest countries in the world. The relatively low performance ranking is largely explained by three factors: (a) incessant warfare, which has made life in the countryside too insecure for agricultural production and transport, required heavy military expenditures, and destroyed a substantial part of the economic and physical infrastructure; (b) severe human resources constraints, due to a massive exodus of Portuguese settlers at independence and resulting skill shortages that the country has not been able to replace; and (c) highly inefficient economic management with excessive reliance on central planning and pervasive administrative controls.

As a consequence of these factors, Angola, which was formerly an important net exporter of agricultural products, has become increasingly dependent on food imports (and food aid) to supply its urban markets and camps for the displaced. There are severe shortages of essential consumer goods and services throughout the country. Marketing infrastructure and rural trading systems have been devastated. There is a shortage of trained personnel in all sectors. The concentration of war-displaced populations in various rural and urban fringe areas is a contributing factor to environmental degradation.

As peace returns, economic policy management must move rapidly to the forefront of GOA priorities. Angola needs to recover not only from the war, but also from the paternalistic approach to economic management that was inherited from the colonial era. In order to jumpstart the economy and set it on the path to sustainable growth, it has to shift from state-controlled economic policies to an open market-oriented economy. After three decades of devastating war characterized by authoritarian regimes and statist economic policies, the road ahead is long. With an abundant natural resource base, however, Angola's long-term economic potential is promising. The extent to which the country succeeds will depend overwhelmingly on the nature of the economic policies that the GOA elects to pursue.

With the recent signing of the Lusaka Accords, peace seems to be possible. Until peace becomes a reality, however, the GOA will not be able to commit the energy and resources required to meet the massive needs of a citizenry too long deprived of the most basic necessities.

Strategic Objectives (SOs).

A USAID/State Department mission visited Angola in December 1994 to begin formulating an integrated strategy for future U.S. assistance to Angola. One of the team's conclusions is that emergency humanitarian programs will likely remain the primary element of U.S. assistance to Angola during 1995. Angola is one of three USAID country programs designated to support countries in transition. USAID is reviewing plans for a transition program consisting of the two activities described below. The basic approach will be one of "wait and see." As the Lusaka peace process advances, OFDA will initiate \$3 million to \$4 million in grants to NGOs for services to quartering areas for demobilized troops. In addition, the Office of Transition Initiatives (OTI) would be authorized to commit a total of \$3 million to \$4 million to technical support for the demobilization and reintegration process. Then, assuming continued progress in implementing the peace, the gradual introduction of a \$10 million to \$15 million/year DFA program, stretching over approximately five years.

BUILDING DEMOCRACY (\$5,000,000).

SO 1. Provide rehabilitation assistance, including demobilization of the warring factions and their reintegration in civil society, agricultural development and public health services (\$5,000,000).

Critical to the successful conclusion of the peace process is the successful demobilization and reintegration of the *National Union for Total Independence of Angola (UNITA)* and Angolan army combatants into civil society. There are an estimated 50,000 UNITA soldiers and up to 127,000 regular army troops, most of whom will need to be demobilized and reintegrated. Equal amounts of troops from both sides of an as yet to be determined peace time military force (currently estimated at about 50,000) will, of course, remain on duty following demobilization.

Activities. USAID is proposing to enlist the *non-governmental organizations*, or NGOs, currently implementing emergency programs in Angola to jointly implement the proposed rehabilitation assistance. For this purpose, USAID's Office of Transition Initiatives (OTI) is planning a focused grass roots program that encompasses demobilization, reintegration and rehabilitation, in conjunction with a program for clearing minefields and rehabilitating roads and bridges. The program would also use grants to the same NGOs to implement agricultural programs and others designed to help restore essential health services. Initiating agricultural recovery would play a central role in helping move Angola along the road to rehabilitation and development. A grant mechanism managed by a contractor would allow in-country program management with a no U.S. direct hire employees.

Indicators. As the proposed project has not yet been designed, indicators have not been developed. Illustrative examples of indicators would be the number of troops demobilized, resettled and provided with seeds and tools, selective indicators measuring the extent and speed of integration of the displaced and refugees into economic activities and selective measures of the extent to which health

and agricultural distribution and extension services had been restored.

Donors. The United Nations has established the Central Mine Action Office to oversee the clearing of the estimated 9 million to 20 million land mines still active in Angola. The U.N.'s International Children's Emergency Fund and High Commission for Refugees, together with NGOs from the United Kingdom (UK) and Norway, are actively supporting this program. PVOs from those countries, together with others from Italy, Portugal and the United States, would manage the programs designed to reintegrate the ex-combatants into society and rehabilitate the health and agricultural sectors.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$5,000,000).

SO 2. Assist with the stabilization and growth of the Angolan economy (\$5,000,000).

The GOA has recognized the seriousness of its economic problems for some time, but chose not to attempt sweeping reform in the midst of the civil war. Management of the economy was typically on a short-term emergency basis. The appointment of a market-oriented economic reform team by the GOA late in 1994 indicates an awareness of the need for reform.

While there is an awareness of the magnitude of the needed reform effort, the political challenge to sustain a long-term commitment to economic reform is daunting. In the short-term, Angola must address the problem of macroeconomic stabilization. Inflation is running at about 700%, and the fiscal deficit is estimated at 10% to 15% of the GDP. Longer-term structural reforms must address the distortions of a heavily-indebted, state-planned and directed economic system oriented toward victory on the battlefield. An immediate problem is servicing a \$9 billion foreign debt that is notable principally for the relative shortness of the lending terms and the high rates of interest charged. Angola is currently over \$1 billion in arrears.

The GOA is now working with the IMF in an effort to restructure the external debt and reduce borrowing costs. The GOA has proposed to use its 1995 budget as the basis for a "shadow" program. The IMF will monitor closely this program. If the key indicators remain roughly on track, they can be employed later as the basis upon which to negotiate a program with the Fund. Approval of an economic structural adjustment facility, or ESAF, by the IMF should lead in turn to concessional loans from the World Bank that will underwrite the GOA's structural adjustment program and to Paris Club and London Club agreements to reschedule official and private external debt respectively.

Approval by the World Bank of a structural adjustment program for Angola will almost certainly require a commitment on the part of the GOA to sustainable, broad-based, market-oriented economic development in which the private sector plays a key role. The program would require both the continuous support of the country's leading politicians together with the technical capacity to collect and analyze the necessary data and formulate appropriate economic policies. Such a capability currently does not exist in Angola. The country has neither the analytic capability nor the information base upon which to formulate the appropriate policy alternatives. Nonetheless, the economic reform process has begun already as demonstrated by the sharp reduction in inflation from 1,800% in 1993 to an estimated 700% in 1994.

Activities. For Angola to continue its reform effort and make up for the lack of indigenous capacity for economic analyses, USAID is proposing an economic management support project. The proposed project would establish a medium-term partnership between the United States and Angola to conceive and promote an economic development strategy. Economic management support activities have the potential to generate high rates of return, but usually require a substantial lag in time before long-term results become sizeable.

While the details of such a strategy need to be worked out, the basic program would be as follows. First, senior economic advisors would be placed within the GOA ministries of Planning, Finance,

Agriculture, Trade and the Central Bank to help formulate a realistic economic structural adjustment reform program to move Angola along the path from emergency relief to rehabilitation assistance to sustained growth. Training for Angolans would also be an important part of the program. Second, to address the problem of the lack of a basic "core" of economic data/information for decision making, the project would fund statisticians and analysts to work with the GOA to develop the capacity and then proceed to gather economic data series as the initial step in the creation of an adequate data base. Third, the project would also fund studies to provide the necessary information to help the GOA to assess the alternatives available for making the economic policy decisions that are required.

Indicators. As the proposed project has not yet been designed, indicators have not been developed. Illustrative examples of indicators are short and long-term training plans developed; participants selected and placed in training programs; seminars and workshops held; appropriately designated data series being collected and weighted/interpreted as required; number of policy studies conducted; and number of statisticians and analysts hired to work for various offices of the GOA. Ultimately, the quality and soundness of the GOA's economic policies and structural adjustment reforms adopted will depend directly upon the project's activities.

Related Activities. Throughout 1995, USAID's Office of Foreign Disaster Assistance (OFDA) overriding mission will be to address Angola's critical, life-threatening needs through its health and feeding programs. OFDA will also continue to play a leadership role in pressing for improved management of international resources, a reduction of dependency on emergency relief, and a conversion to rehabilitation and recovery activities as appropriate, based upon the timing and pace of implementation of economic stabilization and structural reforms once it is apparent that a lasting peace acceptable to all major warring factions is a reality.

It is proposed that a joint undertaking involving USAID's Office of Transition Initiatives, the State Department, and the Department of Defense be conducted to support NGO and United Nations (UN) programs for clearing minefields. Such an effort would build on recent progress achieved by three international NGOs in clearing minefields and a newly created UN agency in building indigenous capacity to clear the remaining minefields. This effort will allow donors to achieve a highly favorable economic impact in a relatively short period of time. Prompt clearance and destruction of the remaining mines will quickly alleviate the profound constraint that they impose on virtually all facets of life in Angola, including freedom of movement, trade, agricultural production, the delivery of humanitarian relief, and the deployment of UN observers and peacekeepers.

Feasibility and Cost-effectiveness. Angola has great economic potential derived from its natural comparative advantage in mineral resources and the significant potential of the agricultural sector. Both sectors have the capacity to finance and bring increased levels of economic activity to other productive sectors. A durable peace and a firm political commitment to economic reform, are required to stop the economic downtrend and permit Angola to fully exploit its comparative advantage in natural resources and agriculture. The U.S. and other donors are working with the GOA to bring this about.

The proposed approach is feasible and extremely cost-effective. The United States alone contributed almost \$89.9 million in humanitarian assistance to Angola in FY 1994. U.S. humanitarian assistance is expected to remain at this level during FY 1995. The proposed development program is estimated at \$10 million per year, or approximately half of the current assistance level. The U.S. and other donor programs have the potential to eventually eliminate the need for humanitarian assistance.

Progress in 1993-1994. N/A. No development assistance program was in place.

Donor Coordination. The UN has developed an ambitious demobilization and reintegration plan as part of a humanitarian relief program. Likewise, the UN, through the United Nations Development Program (UNDP), is developing with the GOA an 18-month rehabilitation program that is to be presented at a UNDP-organized donor round table that is scheduled to convene in Geneva in May 1995. The round

table will focus on rehabilitation programs directed toward the country's socio-economic development. The World Bank is also contemplating an emergency infrastructure rehabilitation project to be implemented over the 1995-1997 period.

Constraints. The success of a sustainable development program in Angola will depend upon a lasting peace, including a program of combatant demobilization and reintegration, a vigorous program of rehabilitation, and an economic environment conducive to economic recovery and growth.

Other Donor Resource Flows.

In 1993 the largest donors to Angola were the United Nations World Food Program (\$57.4 million), the European Development Fund (\$45.6 million), Italy (\$34.5 million), Portugal (\$23.9 million) and France (\$18.5 million). The U.S. contribution in 1993 was about \$54 million. While data on other donor contributions are not available for 1994, the U.S. contribution increased to \$89 million during FY 1994.

**ANGOLA
FY 1996 PROGRAM SUMMARY**

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Total
USAID Strategic Objectives					
1. Provide rehabilitation assistance, including demobilization and reintegration, agricultural development and health services. Economic Support Fund				5,000,000	5,000,000
2. Assist GOA with the stabilization of the economy. Economic Support Fund	5,000,000				5,000,000
Total	5,000,000			5,000,000	10,000,000

USAID Mission Director: Joseph Goodwin

SADC CONSULTATIVE CONFERENCE: BOTSWANA DELEGATION LIST

The Government of Botswana delegation to SADC Consultative Group in Lilongwe February 2-4, 1995 and preceding sectoral SADC meetings, is as follows:

Mr. A. V. Lionjanga
Permanent Secretary
Ministry of Works, Transport and Communications

Ms. T. C. Moremi
Ministry of Commerce of Industry

Ms. L. R. Mpotokwane
Ministry of Mineral Resources and Water Affairs

Dr. L. P. Gakale
Director
Agricultural Research and Chairman of SACCAR

Mr. H. K. Sigwele
Director
Agricultural Planning and Statistics
Ministry of Agriculture

Ms. S. Seisa
Director
Culture and Social Welfare
Ministry of Labor and Home Affairs

Mrs. N. Gatesewe
Principal Economist and SADC Desk Officer
Ministry of Finance and Development Planning

Dr. M. Fanikiso
Senior Veterinary Officer and SADC Desk Officer
Livestock Production and Animal Disease Control
Ministry of Agriculture

Mr. S. K. Silo
Senior Economist
Ministry of Works, Transport and Communications

Dr. B. Ndunguru
Director
SACCAR

Mr. C. Mazolera
Finance Officer
SACCAR

BOTSWANA

CLOSE-OUT DATE : 9/30/95

DATES OF APPROVAL OF CLOSE-OUT PLANS REVIEWS:

Program Plan: June 21, 1994

Operational Plan: Due

STATUS : On September 15, the DAA/AFR advised Mission Director to proceed with Operational Close-out Plan in relation to what Mission's needs are to effectively manage an orderly bilateral close-out and also received some preliminary guidance to allow Mission to proceed with decisions regarding phasedown of personnel.

FUNDING LEVELS : FY95 \$2,700 FY96 \$100

STAFFING : FY95 USDH 3, USPSC 3, FNDH 1, FN/TCNPSC 9
FY96 -0-

FOOD AID : No food aid is provided.

ACTIVITIES CONTINUING BEYOND CLOSE-OUT DATE:

<u>Activity</u>	<u>Completion Date</u>
- Botswana Population Sector Assistance	9/30/96
- Southern Africa Coordination Council for Agricultural Research (SACCAR)	4/1/97
- Botswana component, S.A. Reg. NRMP	8/31/97

ISSUES : How to interface with the Regional Center in terms of phasedown of OE/workforce; how to deal with FSN issues, disposal of property, need for additional property, etc.

COMMENTS : All physical assets held by the Mission will be transferred to the Regional Center if it is in Botswana.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

JUN 10 1994

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR
MANAGEMENT**

Assistant
Administrator
for Africa

FROM: AA/AFR, John F. Hicks *C. Peasley for*
SUBJECT: Approval of USAID/Botswana's Policy/Program Close-
out Plan
REF: Hicks/Byrne memorandum of April 14, 1994

ACTION: Your approval is requested for the decisions reached at the May 3, 1994 review of the referenced document, as described below.

BACKGROUND: On February 11, 1994, USAID/Botswana submitted its proposed Policy/Program Close-Out Plan (PPCP) for closing the Mission by the end of September 1995. The Africa Bureau (with the participation of the Department of State, and the Global and M Bureaus) reviewed and approved the document on February 17, 1994. On that basis, the Mission drafted an Action Memorandum to AA/M (see reference) with specific recommendations on the proposed termination or extension of selected bilateral, central and regionally-funded programs beyond the planned Mission closure.

The referenced memorandum called for continuing three bilateral and two regional activities funded under the Southern Africa Regional Program (SARP) beyond the close-out date of September 30, 1995. Specifically, the Mission recommended that implementation continue to September 1996 for three bilateral projects: Botswana Population Sector Assistance (BOTSPA); Botswana Private Enterprise Development (BPED); and Botswana Education Consolidation (BEC). It further recommended that implementation continue into 1997 for two SARP activities: the Natural Resources Management Program (NRMP) until August 1997; and the Agricultural Research Program (SACCAR) until April 1997.

Additionally, USAID/Botswana requested AA/M's approval for the continuation of ongoing and initiation of new regionally and centrally funded activities, stating that these activities serve broader agency purposes in addition to providing bilateral benefits and were initiated because the Agency desired to learn from Botswana's success.

DISCUSSION: At the outset of the May 3, 1994 review, it was questioned as to whether all of the proposed activities could be continued past the September 1995 close-out date, citing the Agency's agreement with the Congress to close twelve country programs (closure defined as all direct-hire and contract personnel having departed and programs/projects terminated) by the end of FY 1994. The review was conducted on that premise.

DAA/AFR Carol Peasley pointed out that Botswana was the only "graduating country" in Africa and that time was needed for an orderly wind-down and to truly "graduate" Botswana. She also noted that the Bureau had already trimmed back many activities that the Mission had wanted to continue beyond the close-out date.

Following is a brief review of the discussions held on specific activities (refer to referenced document for more in-depth information on the nature of individual activities):

A. Botswana Private Enterprise Development (BPED). The Africa Bureau argued that this project needed to be continued past September 1995 in order to institutionalize the private sector's capability to positively influence the trade and investment climate in Botswana. The Management Bureau indicated that terminating it early would not create a white elephant, that it was not meeting a clear global initiative in either population or environment (HAC Chairman Obey's criteria) and that the project was not critical to the Administrator's global priorities, therefore it should be terminated by Mission close-out, i.e. FY 1995.

B. Botswana Education Consolidation (BEC). The Africa Bureau pointed out that USAID was the lead donor in this sector, had a comparative advantage in basic education, and that curricula being developed would not be able to be tested if the activity concluded in 1995. The Bureau indicated that additional time was needed for institutional strengthening, so that the gains made under this activity would be sustainable. The State Desk pointed out that CODEL Johnston had discussions with the Government of Botswana (GOB) and the GOB was keen on continuing this activity. The Management Bureau nonetheless determined that this activity should be terminated by Mission close-out.

C. Botswana Population Sector Assistance (BOTSPA). The REDSO Health Advisor pointed out that this activity had been designed to combine family planning with work on STDs, and that two years were needed to develop the curriculum and training needed. The Africa Bureau pointed out that this activity was critical for Botswana, given that Botswana cannot support its rapidly increasing population. Also, it was pointed out that the GOB could likely assume responsibility for this activity in 1996, if the Mission was allowed to carry the program to a reasonable

conclusion. It was agreed to allow this activity to continue until September 30, 1996 with the caveat that regional population activities should not encompass residual bilateral population activities.

D. Botswana component of Africa Regional Natural Resources Management Project (NRMP). Despite the Africa Bureau's strong arguments that this activity was an important regional effort, that it helped with community management of resources and was biodiversity related, the Management Bureau questioned whether \$5.5 million should be added to an activity in a close-out country, especially an activity with such a large pipeline. The Management Bureau requested additional justification, including the details associated with the proposed amendment of this project. That justification follows.

The rationale for continuing this activity until 1997 is that it is a key component of a major, regional commitment to defining new economic and social relations that promote diversified rural economic development, strengthen democratic institutions and strive to ensure the sustainability of the natural resources upon which sound rural development is based. Wildlife in Botswana is essentially regional, with migrations of animals to and from Namibia, Zimbabwe and South Africa in the north and northeast, and South Africa and Namibia in the southwest. It will be patently impossible to maintain a regional NRM program incorporating wildlife if Botswana is excluded. The Okavango and Zambezi watersheds are also significant regional water courses, the management of which will require Botswana involvement.

The NRMP is the Botswana element of an innovative regional effort - the largest single environment investment USAID has in Africa - which has put us in the lead in promoting governance by local peoples of natural resources, particularly wildlife, as a strategy for sustainable development.

Of all of the component countries, Botswana has gone the farthest in promoting the decentralization of resource management, a model from which other countries are now learning. The accelerated dialogue between the southern African countries has been facilitated substantially by the Botswana component; we expect Botswana will play an even more important role in transferring these approaches to South Africa, which is far behind its neighbors in developing community-based NRM approaches.

The Botswana component has just begun to demonstrate that community-based natural resource management is economically viable and biologically sustainable. A senior USAID advisor on the environment has stated that the "project could provide a model for the integration of environmental protection, economic growth and democratic institution-building that we hope will increasingly characterize this Agency's work." Further, the

project will "provide compelling models for the region, and perhaps other regions as well." To terminate this project before its intended PACD would jeopardize the ability to transfer this experience to other parts of the region. Importantly, the Botswana component also includes the rehabilitation of the Botswana Wildlife Training Institute, which is to become a regional institution and thus eliminate the need for costly duplication of efforts for meeting regional training needs in wildlife and parks management.

The additional \$5.5 million funding will specifically support a number of new initiatives of regional relevance. First, technical assistance will be provided for supporting far-reaching government reforms in environmental policy and land use in buffer zone areas adjacent to parks, which may serve as models for replication in other countries. Second, the project will provide training and much-needed institutional strengthening for local NGOs. These are the partner organizations responsible for implementing community-based NRM projects, and through which long-term sustainability will be ensured. Finally, this additional funding will institutionalize ground-breaking, indigenous environmental education activities, from the grassroots level up through secondary, formal education.

USAID/Botswana and the Africa Bureau will review the need for a PSC to manage this activity by assessing whether the Chief and Deputy Chief of Party for this contract could assume all project management responsibilities for the NRMP, with the Regional Center providing oversight of the prime contractor's work.

E. Regional Agricultural Research Coordination Project (SACCAR). This project provides a focal point to facilitate cooperation and coordination in agricultural and natural resource research efforts among the ten Southern African Development Community (SADC) countries. It is an important initiative which provides SACCAR with the methodology and means to implement impact evaluations and agricultural assessments at both the national and regional levels. The decision reached at the review was that this activity may continue through its April 1, 1997 PACD.

There were no issues with the ongoing regional activities, since they are scheduled for completion in FY 1994. With respect to ongoing and proposed centrally-funded activities, the results reached are discussed below.

F. Alabama A & M University. This is a short-term activity which received initial funding in FY 1993. It is using remote sensing and Geographic Information Systems (GIS) technology to analyze and document land use issues in order to improve long-term use of resources. These new technologies can provide low cost information on the location, amount and type of resources available for development. In particular, remote sensing and GIS

can provide valuable information for mineral exploration, agricultural research, forestry, water management and land use planning. The specific objectives of the research are:

- a) to collect and analyze baseline resource data which is essential for planning and implementing sound, long-term natural resource development; and
- b) to use remote sensing and geographic information systems to document and analyze land use conflicts and resource problems.

The project brings together scientists from Alabama A&M University, Kansas State University and the University of Botswana in a collaborative undertaking to support natural resource management in Botswana. Importantly, the research fits in with Botswana's current natural resource conservation plans and activities. For many years, the Government of Botswana has been concerned about issues involving growth, development and the environment. Growing awareness of environmental problems and the desire to achieve sustainable development of the nation's resources were major factors in undertaking the development of a National Conservation Strategy Program.

This activity will be completed in advance of the Mission's closing, and does not require any involvement on the part of the Mission. All funding and management support for the project are handled by the Global Bureau.

G. Sorghum/Millet CRSP. The SADC Region has the third largest sorghum millet area of the three African regions where the Sorghum/Millet CRSP (INTSORMIL) is working. INTSORMIL has been conducting collaborative research in Botswana for eleven years, and has trained over 100 students from the region. Because of the trained scientists and the importance of drought-resistant sorghum to Botswana and the region, Botswana will continue to be an important collaborative site for the INTSORMIL. It is critical for the SADC region and other regions in Africa, that INTSORMIL be able to work with the genetic diversity of germ plasm existent in Botswana.

Continuation of the CRSP will enable the U.S. scientists and their Botswana collaborators to further study and exploit the diverse germplasm for improved plant characteristics for the benefit of Botswana and the region. Since severe moisture stress and cyclical droughts are common in the region, good collaborative research is essential to make sorghum production more reliable and sustainable. This type of research is an integral part of the INTSORMIL CRSP global plan and particularly key to the region's food production sustainability. SACCAR, the Southern Africa Center for Cooperation in Agricultural Research is located in Botswana. INTSORMIL intends to work more closely

with SACCAR in implementation and coordination of networking within the region for research and for development of mentor linkages with former students from the region trained under the SADC/ICRISAT/INTSORMIL long-term training program.

There are no long-term U.S. scientists in the country. All collaborative research is done under a short-term TDY arrangement, where U.S. scientists periodically visit the host country and vice-versa. This type of arrangement is not dependent on the presence of a mission in the host country. The planned completion date of this activity in country is FY 1999.

H. University Development Linkages Project. This project should end by September 30, 1995.

All other ongoing centrally-funded activities are scheduled for completion by September 30, 1995. On proposed centrally-funded activities, the decisions reached at the review were:

I. Activities under the Global Africa OR/TA project are to terminate by September 30, 1996. If Botswana-based data are required after that date, arrangements should be made with the appropriate Botswana institutions to secure such data at no cost to USAID.

J. BPED evaluation. This does not present an issue.

K. National Council of Negro Women. The Botswana portion of this new grant proposal should not be approved.

L. Both the World Resources Institute and Impact of Policy Change activities are short-term and may proceed as planned.

While not specifically addressed at the review, it is proposed that activities managed by the Embassy (including the Democracy and Human Rights Fund, Special Self-Help, Special Project Assistance (Peace Corps) and International Military Education and Training) be continued as categorical exclusions after bilateral closeout.

RECOMMENDATIONS:

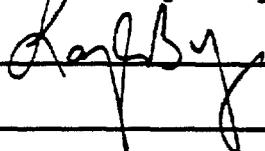
Based on the Botswana Policy/Program Closeout Plan review, held May 3, 1994, it is recommended the following actions be taken:

- A) the Botswana Private Enterprise Development (BPED) project be terminated by September 30, 1995;
- B) the Basic Education Consolidation (BEC) project be terminated by September 30, 1995, or earlier, if possible.

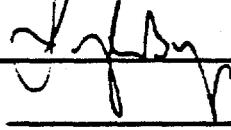
C) the Botswana Population Sector Assistance (BOTSPA) project continue until September 30, 1996, with no residual bilateral population activities being encompassed under the regional population activities.

Approved: 
Disapproved: _____
Date: 6-21-94

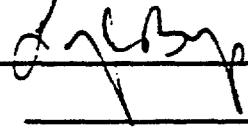
D) continuation of the Botswana component of the Southern Africa Regional Natural Resources Management Project (NRMP), including the \$5.5 million amendment, until August 1997, based on the rationale provided in this memorandum. USAID/Botswana and the Africa Bureau will assess whether a PSC is needed to manage this activity, or whether project management could be accomplished by the contractor. The findings of this review will be reported directly to you.

Approved: 
Disapproved: _____
Date: 6-21-94

E) continuation of the SARP Agricultural Research Project (SACCAR) until its current PACD of April 1, 1997.

Approved: 
Disapproved: _____
Date: 6-21-94

F) continuation of the Alabama A&M activity, based on the rationale provided by the Global Bureau, until its completion date, which is prior to the Mission's closure.

Approved: 
Disapproved: _____
Date: 6-21-94

G) continuation of the Sorghum/Millet CRSP (INTSORMIL) activity, based on the rationale provided by the Global Bureau, until its FY 1999 completion date.

Approved: *[Signature]*

Disapproved: _____

Date: 6-21-94

H) continuation of the following activities (the Democracy and Human Rights Fund, Special Self-Help, Special Project Assistance (Peace Corps) and International Military Education and Training), all managed by the Embassy, as categorical exclusions after bilateral close-out.

Approved: *[Signature]*

Disapproved: _____

Date: 6-21-94

Approval of USAID/Botswana's Policy/Program Close-out Plan

Clearances:

AFR/SA:KEBrown <i>KEB</i>	Date	<u>6/3/94</u>
AFR/DP:JGovan (draft)	Date	<u>5/26/94</u>
AFR/ARTS/HHR:MWarren (draft)	Date	<u>5/31/94</u>
AFR/ARTS/FARA:CREintsma (draft)	Date	<u>5/23/94</u>
DAA/AFR:CPeasley <i>CP</i>	Date	<u>6/10/94</u>
FA/B:CMcGraw	Date	<u> </u>
PPC/POL/PAR:MRugh (subs)	Date	<u>5/27/94</u>
AA/PPC:TBrown <i>TB</i>	Date	<u>6/9/94</u>
State/AF/S:RJackson (draft)	Date	<u>5/31/94</u>
DAA/G:AVandusen <i>AV</i>	Date	<u>5/20/94</u>

Drafted by AFR/SA:DMendelson 5/16/94:close2.dem

UNCLASSIFIED
U S AGENCY FOR INT'L DEV.
TELECOMMUNICATIONS CENTER

OUTGOING
TELEGRAM

PAGE 01 STATE 220351 1621022 2100 050317 AID9937
ORIGIN AID-00

STATE 220351 1621022 2100 050317 AID9937

ORIGIN OFFICE AFSA-03
INFO FAOD-01 POD-01 AFDP-06 BHR-01 PRAA-01 AFAR-05 PPOD-01
AFHS-03 GC-01 GCAF-01 FAOM-03 PREI-01 FVPP-01 AAG-01
ES-01 OFDA-01 AAID-01 AAM-01 YP1-03 POP-04 STAG-02
ENGY-02 ED-03 FAB-01 DRCO-02 FHAD-02 SEC-01 WOD-01
NEM-04 DAAM-01 AFFW-02 PPDC-01 /063 AG LW 17/1819Z

INFO LOG-00 AF-00 AGRE-00 TEDE-00 /002R

DRAFTED BY: AID/AFR/SA:DMENDELSON;DM:CLOSEOUT.CBL

APPROVED BY: AID/DAA/AFR:CPEASLEY

AFR/SA:JGOODWIN(DRAFT) AFR/SA:JNALE

-----58753F 1621032 /34

P 162103Z AUG 94

FM SECSTATE WASHDC

TO AMEMBASSY GABORONE PRIORITY

UNCLAS STATE 220351

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: APPROVAL OF USAID/BOTSWANA'S POLICY/PROGRAM
CLOSE-OUT PLAN

1. THIS CABLE SUMMARIZES DECISIONS APPROVED BY AA/M BYRNE
IN THE SUBJECT CLOSEOUT ACTION MEMORANDUM. MISSION SHOULD
BEGIN TO IMPLEMENT DECISIONS, INCLUDING ANY NEEDED
NOTIFICATION TO THE GOVERNMENT OF BOTSWANA.

2. BASED ON THE BOTSWANA POLICY/PROGRAM CLOSEOUT PLAN
REVIEW, HELD MAY 3, 1994 AND THE SUBSEQUENT ACTION

MEMORANDUM (DATED JUNE 10, 1994) WITH RECOMMENDATIONS
REGARDING CONTINUATION/TERMINATION OF PROGRAM ACTIVITIES,
AA/M BYRNE APPROVED THE FOLLOWING RECOMMENDATIONS ON JUNE
21, 1994:

A) THE TERMINATION OF THE BOTSWANA PRIVATE ENTERPRISE
DEVELOPMENT (PVED) PROJECT BY SEPTEMBER 30, 1995;

B) THE TERMINATION OF THE BASIC EDUCATION CONSOLIDATION
(BEC) PROJECT BY SEPTEMBER 30, 1995, OR EARLIER, IF
POSSIBLE; AND

C) THE CONTINUATION OF THE BOTSWANA POPULATION SECTOR

ASSISTANCE (BOTSPA) PROJECT UNTIL SEPTEMBER 30, 1996, WITH
NO RESIDUAL BILATERAL POPULATION ACTIVITIES BEING
ENCOMPASSED UNDER THE REGIONAL POPULATION ACTIVITIES.

D) THE CONTINUATION OF THE BOTSWANA COMPONENT OF THE
SOUTHERN AFRICA REGIONAL NATURAL RESOURCES MANAGEMENT
PROJECT (SRNP), INCLUDING THE DOLS. 5.5 MILLION AMENDMENT,
UNTIL AUGUST 1997, BASED ON THE RATIONALE PROVIDED IN THE
CLOSE-OUT MEMORANDUM.

E) THE CONTINUATION OF THE SARP AGRICULTURAL RESEARCH
PROJECT (SACCAR) UNTIL ITS CURRENT PACD OF APRIL 3, 1997.

F) THE CONTINUATION OF THE ALABAMA A&H ACTIVITY, BASED ON
THE RATIONALE PROVIDED BY THE GLOBAL BUREAU, UNTIL ITS
COMPLETION DATE, WHICH IS PRIOR TO THE MISSION'S CLOSURE.

G) THE CONTINUATION OF THE SORGHUM/MILLET CRSP (INTSORMIL)
ACTIVITY, BASED ON THE RATIONALE PROVIDED BY THE GLOBAL
BUREAU, UNTIL ITS FY 1999 COMPLETION DATE.

H) CONTINUATION OF THE FOLLOWING ACTIVITIES (THE DEMOCRACY
AND HUMAN RIGHTS FUND, SPECIAL SELF-HELP, SPECIAL PROJECT
ASSISTANCE (PEACE CORPS) AND INTERNATIONAL MILITARY
EDUCATION AND TRAINING), ALL MANAGED BY THE EMBASSY, AS
CATEGORICAL EXCLUSIONS AFTER BILATERAL CLOSE-OUT.

3. ALL ONGOING CENTRALLY-FUNDED ACTIVITIES ARE SCHEDULED
FOR COMPLETION BY SEPTEMBER 30, 1995, EXCEPT FOR THE
UNIVERSITY DEVELOPMENT LINKAGES PROJECT. THE DECISION
REACHED AT THE REVIEW WAS THAT THIS PROJECT SHOULD NOT
EXTEND BEYOND SEPTEMBER 30, 1995.

4. WITH RESPECT TO PROPOSED CENTRALLY-FUNDED ACTIVITIES,
THE DECISIONS REACHED AT THE REVIEW WERE:

A. ACTIVITIES UNDER THE GLOBAL AFRICA OR/TA PROJECT ARE
TO TERMINATE BY SEPTEMBER 30, 1996. IF BOTSWANA-BASED
DATA ARE REQUIRED AFTER THAT DATE, ARRANGEMENT SHOULD BE
MADE WITH THE APPROPRIATE BOTSWANA INSTITUTIONS TO SECURE
SUCH DATA AT NO COST TO USAID.

B. BPED EVALUATION. THIS DID NOT PRESENT AN ISSUE.

C. NATIONAL COUNCIL OF NEGRO WOMEN. THE BOTSWANA PORTION
OF THIS NEW GRANT PROPOSAL SHOULD NOT BE APPROVED.

D. BOTH THE WORLD RESOURCES INSTITUTE AND IMPACT OF

POLICY CHANGE ACTIVITIES ARE SHORT-TERM AND MAY PROCEED AS
PLANNED.

5. COPY OF SIGNED ACTION MEMORANDUM WAS FAXED TO MISSION
IN JUNE. ALSO, SEPTEL WILL FOLLOW RE DECISION ON LOCATION
OF REGIONAL CENTER. FOLLOWING RECEIPT OF THIS CABLE ON
THE REGIONAL CENTER, MISSION SHOULD PROCEED WITH
PREPARATION OF A DETAILED CLOSE-OUT PLAN.
CHRISTOPHER

BEST AVAILABLE COPY

UNCLASSIFIED

64

BOTSWANA

PROJECT NUMBER	PROJECT TITLE	FY 94 ACTUAL	FY 95 ESTIMATE	FY 96 *
DA/DFA				
633-0249	Botswana Population Assistance	1,427	1,000	
633-0250	PD&S	150	50	
633-0253	Botswana Priv. Enterprise Development	3,198	1,650	
633-0254	Botswana Education Consolidation Project	0	0	
	TOTAL DFA/DA	4,775	2,700	
	ESF	0	0	
	FOOD ASSISTANCE	0	0	
	DISASTER ASSISTANCE	0	0	
	<u>COUNTRY TOTAL</u>	<u>4,775</u>	<u>2,700</u>	

*Bilateral Mission will close September 30, 1995.

BEST AVAILABLE COPY

o:\sapub\docs\briefmat\projlist\projlist.bot

65

BOTSWANA

CLOSE-OUT DATE : 9/30/95

DATES OF APPROVAL OF CLOSE-OUT PLANS REVIEWS:

Program Plan: June 21, 1994

Operational Plan: Due

- **STATUS** : On September 15, the DAA/AFR advised Mission Director to proceed with Operational Close-out Plan in relation to what Mission's needs are to effectively manage an orderly bilateral close-out and also received some preliminary guidance to allow Mission to proceed with decisions regarding phasedown of personnel.

FUNDING LEVELS : FY95 \$2,700 FY96 \$100

STAFFING : FY95 USDH 3, USPSC 3, FNDH 1, FN/TCNPSC 9
FY96 -0-

FOOD AID : No food aid is provided.

ACTIVITIES CONTINUING BEYOND CLOSE-OUT DATE:

<u>Activity</u>	<u>Completion Date</u>
- Botswana Population Sector Assistance	9/30/96
- Southern Africa Coordination Council for Agricultural Research (SACCAR)	4/1/97
- Botswana component, S.A. Reg. NRMP	8/31/97

ISSUES : How to interface with the Regional Center in terms of phasedown of OE/workforce; how to deal with FSN issues, disposal of property, need for additional property, etc.

COMMENTS : All physical assets held by the Mission will be transferred to the Regional Center if it is in Botswana.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

JUN 10 1994

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR
MANAGEMENT**

Assistant
Administrator
for Africa

FROM: AA/AFR, John F. Hicks *C. Pearson for*
SUBJECT: Approval of USAID/Botswana's Policy/Program Close-out Plan
REF: Hicks/Byrne memorandum of April 14, 1994

ACTION: Your approval is requested for the decisions reached at the May 3, 1994 review of the referenced document, as described below.

BACKGROUND: On February 11, 1994, USAID/Botswana submitted its proposed Policy/Program Close-Out Plan (PPCP) for closing the Mission by the end of September 1995. The Africa Bureau (with the participation of the Department of State, and the Global and M Bureaus) reviewed and approved the document on February 17, 1994. On that basis, the Mission drafted an Action Memorandum to AA/M (see reference) with specific recommendations on the proposed termination or extension of selected bilateral, central and regionally-funded programs beyond the planned Mission closure.

The referenced memorandum called for continuing three bilateral and two regional activities funded under the Southern Africa Regional Program (SARP) beyond the close-out date of September 30, 1995. Specifically, the Mission recommended that implementation continue to September 1996 for three bilateral projects: Botswana Population Sector Assistance (BOTSPA); Botswana Private Enterprise Development (BPED); and Botswana Education Consolidation (BEC). It further recommended that implementation continue into 1997 for two SARP activities: the Natural Resources Management Program (NRMP) until August 1997; and the Agricultural Research Program (SACCAR) until April 1997.

Additionally, USAID/Botswana requested AA/M's approval for the continuation of ongoing and initiation of new regionally and centrally funded activities, stating that these activities serve broader agency purposes in addition to providing bilateral benefits and were initiated because the Agency desired to learn from Botswana's success.

DISCUSSION: At the outset of the May 3, 1994 review, it was questioned as to whether all of the proposed activities could be continued past the September 1995 close-out date, citing the Agency's agreement with the Congress to close twelve country programs (closure defined as all direct-hire and contract personnel having departed and programs/projects terminated) by the end of FY 1994. The review was conducted on that premise.

DAA/AFR Carol Peasley pointed out that Botswana was the only "graduating country" in Africa and that time was needed for an orderly wind-down and to truly "graduate" Botswana. She also noted that the Bureau had already trimmed back many activities that the Mission had wanted to continue beyond the close-out date.

Following is a brief review of the discussions held on specific activities (refer to referenced document for more in-depth information on the nature of individual activities):

A. Botswana Private Enterprise Development (BPED). The Africa Bureau argued that this project needed to be continued past September 1995 in order to institutionalize the private sector's capability to positively influence the trade and investment climate in Botswana. The Management Bureau indicated that terminating it early would not create a white elephant, that it was not meeting a clear global initiative in either population or environment (HAC Chairman Obey's criteria) and that the project was not critical to the Administrator's global priorities, therefore it should be terminated by Mission close-out, i.e. FY 1995.

B. Botswana Education Consolidation (BEC). The Africa Bureau pointed out that USAID was the lead donor in this sector, had a comparative advantage in basic education, and that curricula being developed would not be able to be tested if the activity concluded in 1995. The Bureau indicated that additional time was needed for institutional strengthening, so that the gains made under this activity would be sustainable. The State Desk pointed out that CODEL Johnston had discussions with the Government of Botswana (GOB) and the GOB was keen on continuing this activity. The Management Bureau nonetheless determined that this activity should be terminated by Mission close-out.

C. Botswana Population Sector Assistance (BOTSPA). The REDSO Health Advisor pointed out that this activity had been designed to combine family planning with work on STDs, and that two years were needed to develop the curriculum and training needed. The Africa Bureau pointed out that this activity was critical for Botswana, given that Botswana cannot support its rapidly increasing population. Also, it was pointed out that the GOB could likely assume responsibility for this activity in 1996, if the Mission was allowed to carry the program to a reasonable

conclusion. It was agreed to allow this activity to continue until September 30, 1996 with the caveat that regional population activities should not encompass residual bilateral population activities.

D. Botswana component of Africa Regional Natural Resources Management Project (NRMP). Despite the Africa Bureau's strong arguments that this activity was an important regional effort, that it helped with community management of resources and was biodiversity related, the Management Bureau questioned whether \$5.5 million should be added to an activity in a close-out country, especially an activity with such a large pipeline. The Management Bureau requested additional justification, including the details associated with the proposed amendment of this project. That justification follows.

The rationale for continuing this activity until 1997 is that it is a key component of a major, regional commitment to defining new economic and social relations that promote diversified rural economic development, strengthen democratic institutions and strive to ensure the sustainability of the natural resources upon which sound rural development is based. Wildlife in Botswana is essentially regional, with migrations of animals to and from Namibia, Zimbabwe and South Africa in the north and northeast, and South Africa and Namibia in the southwest. It will be patently impossible to maintain a regional NRM program incorporating wildlife if Botswana is excluded. The Okavango and Zambezi watersheds are also significant regional water courses, the management of which will require Botswana involvement.

The NRMP is the Botswana element of an innovative regional effort - the largest single environment investment USAID has in Africa - which has put us in the lead in promoting governance by local peoples of natural resources, particularly wildlife, as a strategy for sustainable development.

Of all of the component countries, Botswana has gone the farthest in promoting the decentralization of resource management, a model from which other countries are now learning. The accelerated dialogue between the southern African countries has been facilitated substantially by the Botswana component; we expect Botswana will play an even more important role in transferring these approaches to South Africa, which is far behind its neighbors in developing community-based NRM approaches.

The Botswana component has just begun to demonstrate that community-based natural resource management is economically viable and biologically sustainable. A senior USAID advisor on the environment has stated that the "project could provide a model for the integration of environmental protection, economic growth and democratic institution-building that we hope will increasingly characterize this Agency's work." Further, the

project will "provide compelling models for the region, and perhaps other regions as well." To terminate this project before its intended PACD would jeopardize the ability to transfer this experience to other parts of the region. Importantly, the Botswana component also includes the rehabilitation of the Botswana Wildlife Training Institute, which is to become a regional institution and thus eliminate the need for costly duplication of efforts for meeting regional training needs in wildlife and parks management.

The additional \$5.5 million funding will specifically support a number of new initiatives of regional relevance. First, technical assistance will be provided for supporting far-reaching government reforms in environmental policy and land use in buffer zone areas adjacent to parks, which may serve as models for replication in other countries. Second, the project will provide training and much-needed institutional strengthening for local NGOs. These are the partner organizations responsible for implementing community-based NRM projects, and through which long-term sustainability will be ensured. Finally, this additional funding will institutionalize ground-breaking, indigenous environmental education activities, from the grassroots level up through secondary, formal education.

USAID/Botswana and the Africa Bureau will review the need for a PSC to manage this activity by assessing whether the Chief and Deputy Chief of Party for this contract could assume all project management responsibilities for the NRMP, with the Regional Center providing oversight of the prime contractor's work.

E. Regional Agricultural Research Coordination Project (SACCAR). This project provides a focal point to facilitate cooperation and coordination in agricultural and natural resource research efforts among the ten Southern African Development Community (SADC) countries. It is an important initiative which provides SACCAR with the methodology and means to implement impact evaluations and agricultural assessments at both the national and regional levels. The decision reached at the review was that this activity may continue through its April 1, 1997 PACD.

There were no issues with the ongoing regional activities, since they are scheduled for completion in FY 1994. With respect to ongoing and proposed centrally-funded activities, the results reached are discussed below.

F. Alabama A & M University. This is a short-term activity which received initial funding in FY 1993. It is using remote sensing and Geographic Information Systems (GIS) technology to analyze and document land use issues in order to improve long-term use of resources. These new technologies can provide low cost information on the location, amount and type of resources available for development. In particular, remote sensing and GIS

can provide valuable information for mineral exploration, agricultural research, forestry, water management and land use planning. The specific objectives of the research are:

- a) to collect and analyze baseline resource data which is essential for planning and implementing sound, long-term natural resource development; and
- b) to use remote sensing and geographic information systems to document and analyze land use conflicts and resource problems.

The project brings together scientists from Alabama A&M University, Kansas State University and the University of Botswana in a collaborative undertaking to support natural resource management in Botswana. Importantly, the research fits in with Botswana's current natural resource conservation plans and activities. For many years, the Government of Botswana has been concerned about issues involving growth, development and the environment. Growing awareness of environmental problems and the desire to achieve sustainable development of the nation's resources were major factors in undertaking the development of a National Conservation Strategy Program.

This activity will be completed in advance of the Mission's closing, and does not require any involvement on the part of the Mission. All funding and management support for the project are handled by the Global Bureau.

G. Sorghum/Millet CRSP. The SADC Region has the third largest sorghum millet area of the three African regions where the Sorghum/Millet CRSP (INTSORMIL) is working. INTSORMIL has been conducting collaborative research in Botswana for eleven years, and has trained over 100 students from the region. Because of the trained scientists and the importance of drought-resistant sorghum to Botswana and the region, Botswana will continue to be an important collaborative site for the INTSORMIL. It is critical for the SADC region and other regions in Africa, that INTSORMIL be able to work with the genetic diversity of germ plasm existent in Botswana.

Continuation of the CRSP will enable the U.S. scientists and their Botswana collaborators to further study and exploit the diverse germplasm for improved plant characteristics for the benefit of Botswana and the region. Since severe moisture stress and cyclical droughts are common in the region, good collaborative research is essential to make sorghum production more reliable and sustainable. This type of research is an integral part of the INTSORMIL CRSP global plan and particularly key to the region's food production sustainability. SACCAR, the Southern Africa Center for Cooperation in Agricultural Research is located in Botswana. INTSORMIL intends to work more closely

with SACCAR in implementation and coordination of networking within the region for research and for development of mentor linkages with former students from the region trained under the SADC/ICRISAT/INTSORMIL long-term training program.

There are no long-term U.S. scientists in the country. All collaborative research is done under a short-term TDY arrangement, where U.S. scientists periodically visit the host country and vice-versa. This type of arrangement is not dependent on the presence of a mission in the host country. The planned completion date of this activity in country is FY 1999.

H. University Development Linkages Project. This project should end by September 30, 1995.

All other ongoing centrally-funded activities are scheduled for completion by September 30, 1995. On proposed centrally-funded activities, the decisions reached at the review were:

I. Activities under the Global Africa OR/TA project are to terminate by September 30, 1996. If Botswana-based data are required after that date, arrangements should be made with the appropriate Botswana institutions to secure such data at no cost to USAID.

J. BPED evaluation. This does not present an issue.

K. National Council of Negro Women. The Botswana portion of this new grant proposal should not be approved.

L. Both the World Resources Institute and Impact of Policy Change activities are short-term and may proceed as planned.

While not specifically addressed at the review, it is proposed that activities managed by the Embassy (including the Democracy and Human Rights Fund, Special Self-Help, Special Project Assistance (Peace Corps) and International Military Education and Training) be continued as categorical exclusions after bilateral closeout.

RECOMMENDATIONS:

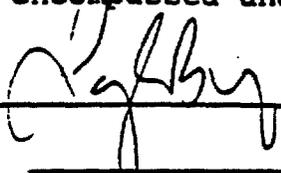
Based on the Botswana Policy/Program Closeout Plan review, held May 3, 1994, it is recommended the following actions be taken:

A) the Botswana Private Enterprise Development (BPED) project be terminated by September 30, 1995;

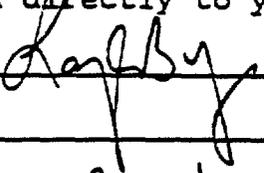
B) the Basic Education Consolidation (BEC) project be terminated by September 30, 1995, or earlier, if possible.

10

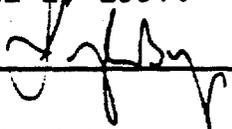
C) the Botswana Population Sector Assistance (BOTSPA) project continue until September 30, 1996, with no residual bilateral population activities being encompassed under the regional population activities.

Approved: 
Disapproved: _____
Date: 6-21-94

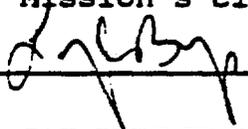
D) continuation of the Botswana component of the Southern Africa Regional Natural Resources Management Project (NRMP), including the \$5.5 million amendment, until August 1997, based on the rationale provided in this memorandum. USAID/Botswana and the Africa Bureau will assess whether a PSC is needed to manage this activity, or whether project management could be accomplished by the contractor. The findings of this review will be reported directly to you.

Approved: 
Disapproved: _____
Date: 6-21-94

E) continuation of the SARP Agricultural Research Project (SACCAR) until its current PACD of April 1, 1997.

Approved: 
Disapproved: _____
Date: 6-21-94

F) continuation of the Alabama A&M activity, based on the rationale provided by the Global Bureau, until its completion date, which is prior to the Mission's closure.

Approved: 
Disapproved: _____
Date: 6-21-94

G) continuation of the Sorghum/Millet CRSP (INTSORMIL) activity, based on the rationale provided by the Global Bureau, until its FY 1999 completion date.

Approved: *[Signature]*

Disapproved: _____

Date: 6-21-94

H) continuation of the following activities (the Democracy and Human Rights Fund, Special Self-Help, Special Project Assistance (Peace Corps) and International Military Education and Training), all managed by the Embassy, as categorical exclusions after bilateral close-out.

Approved: *[Signature]*

Disapproved: _____

Date: 6-21-94

Approval of USAID/Botswana's Policy/Program Close-out Plan

Clearances:

AFR/SA:KEBrown <i>KEB</i>	Date	<i>6/3/94</i>
AFR/DP:JGovan (draft)	Date	5/26/94
AFR/ARTS/HHR:MWarren (draft)	Date	5/31/94
AFR/ARTS/FARA:CREintsma (draft)	Date	5/23/94
DAA/AFR:CPeasley <i>CP</i>	Date	<i>6/10/94</i>
FA/B:CMcGraw	Date	
PPC/POL/PAR:MRugh (subs)	Date	5/27/94
AA/PPC:TBrown <i>TB</i>	Date	<i>6/9/94</i>
State/AF/S:RJackson (draft)	Date	5/31/94
DAA/G:AVanDusen <i>AV</i>	Date	<i>6/17/94</i>

Drafted by AFR/SA:DMendelson:5/16/94:close2.dem

UNCLASSIFIED
U S AGENCY FOR INT'L DEV.
TELECOMMUNICATIONS CENTER

OUTGOING
TELEGRAM

PAGE 01 STATE 220351 162102Z
ORIGIN AID-00

2100 #50317 AID9937

STATE 220351 162102Z

2100 #50317 AID9937

ORIGIN OFFICE AFSA-02

INFO FAOD-01 POD-01 AFD-06 BHR-01 PRAA-01 AFAR-05 PPOD-01
AFMS-03 GC-01 GCAF-01 FAOM-03 PRE1-01 FVPP-01 AAG-01
ES-01 OFDA-01 AAID-01 AAM-01 MPI-03 POP-04 STAG-02
ENGY-02 ED-03 FAB-01 DRCD-02 FMAD-02 SEC-01 NOD-01
NEM-04 DAAM-01 AFFV-02 PPOC-01 /063 A6 LW 17/1819Z

INFO LOG-00 AF-00 AGRE-00 TEDE-00 /002R

DRAFTED BY: AID/AFR/SA:DHENDELSON:DM:CLOSEOUT.CBL

APPROVED BY: AID/DAA/AFR:CPEASLEY

AFR/SA:JGOODWIN(DRAFT) AFR/SA:JHALE

-----68753F 162103Z /30

P 162103Z AUG 94
FM SECSTATE WASHDC
TO AMEMBASSY GABORONE PRIORITY

UNCLAS STATE 220351

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: APPROVAL OF USAID/BOTSWANA'S POLICY/PROGRAM
CLOSE-OUT PLAN

1. THIS CABLE SUMMARIZES DECISIONS APPROVED BY AA/M BYRNE
IN THE SUBJECT CLOSEOUT ACTION MEMORANDUM. MISSION SHOULD
BEGIN TO IMPLEMENT DECISIONS, INCLUDING ANY NEEDED
NOTIFICATION TO THE GOVERNMENT OF BOTSWANA.

2. BASED ON THE BOTSWANA POLICY/PROGRAM CLOSEOUT PLAN
REVIEW, HELD MAY 3, 1994 AND THE SUBSEQUENT ACTION

MEMORANDUM (DATED JUNE 10, 1994) WITH RECOMMENDATIONS
REGARDING CONTINUATION/TERMINATION OF PROGRAM ACTIVITIES,
AA/M BYRNE APPROVED THE FOLLOWING RECOMMENDATIONS ON JUNE
21, 1994:

A) THE TERMINATION OF THE BOTSWANA PRIVATE ENTERPRISE
DEVELOPMENT (BPED) PROJECT BY SEPTEMBER 30, 1995;

B) THE TERMINATION OF THE BASIC EDUCATION CONSOLIDATION
(BEC) PROJECT BY SEPTEMBER 30, 1995, OR EARLIER, IF
POSSIBLE; AND

C) THE CONTINUATION OF THE BOTSWANA POPULATION SECTOR

ASSISTANCE (BOTSPA) PROJECT UNTIL SEPTEMBER 30, 1996, WITH
NO RESIDUAL BILATERAL POPULATION ACTIVITIES BEING
ENCOMPASSED UNDER THE REGIONAL POPULATION ACTIVITIES.

D) THE CONTINUATION OF THE BOTSWANA COMPONENT OF THE
SOUTHERN AFRICA REGIONAL NATURAL RESOURCES MANAGEMENT
PROJECT (SRNP), INCLUDING THE DOLA 5.5 MILLION AMENDMENT,
UNTIL AUGUST 1997, BASED ON THE RATIONALE PROVIDED IN THE
CLOSE-OUT MEMORANDUM.

E) THE CONTINUATION OF THE SARP AGRICULTURAL RESEARCH
PROJECT (SACCAR) UNTIL ITS CURRENT PACD OF APRIL 1, 1997.

F) THE CONTINUATION OF THE ALABAMA A&M ACTIVITY, BASED ON
THE RATIONALE PROVIDED BY THE GLOBAL BUREAU, UNTIL ITS
COMPLETION DATE, WHICH IS PRIOR TO THE MISSION'S CLOSURE.

G) THE CONTINUATION OF THE SORGHUM/MILLET CRSP (INTSORMIL)
ACTIVITY, BASED ON THE RATIONALE PROVIDED BY THE GLOBAL
BUREAU, UNTIL ITS FY 1999 COMPLETION DATE.

H) CONTINUATION OF THE FOLLOWING ACTIVITIES (THE DEMOCRACY
AND HUMAN RIGHTS FUND, SPECIAL SELF-HELP, SPECIAL PROJECT
ASSISTANCE (PEACE CORPS) AND INTERNATIONAL MILITARY
EDUCATION AND TRAINING), ALL MANAGED BY THE EMBASSY, AS
CATEGORICAL EXCLUSIONS AFTER BILATERAL CLOSE-OUT.

3. ALL ONGOING CENTRALLY-FUNDED ACTIVITIES ARE SCHEDULED
FOR COMPLETION BY SEPTEMBER 30, 1995, EXCEPT FOR THE
UNIVERSITY DEVELOPMENT LINKAGES PROJECT. THE DECISION
REACHED AT THE REVIEW WAS THAT THIS PROJECT SHOULD NOT
EXTEND BEYOND SEPTEMBER 30, 1995.

4. WITH RESPECT TO PROPOSED CENTRALLY-FUNDED ACTIVITIES,
THE DECISIONS REACHED AT THE REVIEW WERE:

A. ACTIVITIES UNDER THE GLOBAL AFRICA OR/TA PROJECT ARE
TO TERMINATE BY SEPTEMBER 30, 1996. IF BOTSWANA-BASED
DATA ARE REQUIRED AFTER THAT DATE, ARRANGEMENT SHOULD BE
MADE WITH THE APPROPRIATE BOTSWANA INSTITUTIONS TO SECURE
SUCH DATA AT NO COST TO USAID.

B. BPED EVALUATION. THIS DID NOT PRESENT AN ISSUE.

C. NATIONAL COUNCIL OF NEGRO WOMEN. THE BOTSWANA PORTION
OF THIS NEW GRANT PROPOSAL SHOULD NOT BE APPROVED.

D. BOTH THE WORLD RESOURCES INSTITUTE AND IMPACT OF

POLICY CHANGE ACTIVITIES ARE SHORT-TERM AND MAY PROCEED AS
PLANNED.

5. COPY OF SIGNED ACTION MEMORANDUM WAS FAXED TO MISSION
IN JUNE. ALSO, SEPTEL WILL FOLLOW RE DECISION ON LOCATION
OF REGIONAL CENTER. FOLLOWING RECEIPT OF THIS CABLE ON
THE REGIONAL CENTER, MISSION SHOULD PROCEED WITH
PREPARATION OF A DETAILED CLOSE-OUT PLAN.
CHRISTOPHER

UNCLASSIFIED

76

LESOTHO DELEGATION TO THE
SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
CONSULTATIVE CONFERENCE

LILONGWE, MALAWI

FEB. 3 & 4 1995.

MINISTERS:

1. The Honorable Dr. Moeketsi Senoana, Minister of Finance & Planning and Leader of the Delegation.
2. The Honorable Shakhane Robong Mokhehle, Minister of Trade, Industry and Tourism.
3. The Honorable Ntsukunyane Mphanya, Minister of Agriculture & Marketing.

PRINCIPAL SECRETARIES:

1. Mr. Motlatsi Matekane, PS Planning and leader of officials. PS Planning is the SADC National Contact Point.
2. Mr. Pulumo Makhetha, PS Tourism. SADC Sectoral (Tourism) Contact Point.
3. Mr. Habofanoe Makhooane, PS Agriculture. SADC Sectoral (Environment & Land Management) Contact Point.

SADC COORDINATORS:

1. Ms. M. C. Mphutlane, Director of Economic Planning & SADC Desk Officer in the Ministry of Planning.
2. Mr. Bataung Leleka, Coordinator for Conservation, Environment and Land Management.
3. Mrs. M. Ntokoane, Coordinator for Tourism.

DELEGATES TO THE SECTORAL WORKING GROUPS:

1. Mrs. M. Rasethunts'a from Ministry of Natural Resources
2. Mrs. M. Molumeli from Ministry of Agriculture
3. Mrs. M. Matlanyane from Ministry of Trade, Industry & Tourism.
4. Mr. Makhetha from Ministry of Foreign Affairs.
5. Mrs. Makhera (tentative) from Ministry of Transport & Communications.

DELEGATE BIO-DATAS

Mission attempts to obtain bio-data information on the delegation members yielded limited information on some and no information on other delegates. Information that was obtained follows:

Minister of Finance and Planning, The Honorable Dr. Moeketsi Senacana:

- * Born May 2, 1952 at Ha Pa Thota-a-Moli, Maseru District;
- * 1971-1975, matriculated 'Mabathoana High School, Maseru;
- * 1975-1980, National University of Lesotho, Bachelor of Arts, Economics;
- * 1980-1988, University College, Dublin, Ireland, M.A. Economics;
- * 1992, University of Birmingham, United Kingdom, Ph.D. Economics, Thesis on the Economic and Social Evaluation of Multipurpose Water Project: The Case of Lesotho Highlands Water Project;
- * 1984-1988 and 1992-1993, Head of Economics Department, National University of Lesotho;
- * Dean of Faculty of Social Science prior to appointment as Minister of Finance and Planning.

Minister of Trade, Industry and Tourism, The Honorable Shakhane Robong Mokhehle:

- * 1948, obtained Cape Senior Certificate;
- * 1948-1955, held factory jobs in Cape Town, RSA;
- * 1962-1964, founder member and Secretary General of Basutoland Federation of Labour (BFL) and Executive Member of Basutoland Cooperative Banking Union;
- * Board member of the All African Trade Union Federation and BFL delegate to various conferences;
- * 1965-1969, Member of Parliament;
- * 1990-1992, Member of both the National Constituent Assembly and Constitutional Commission;

PS Tourism, Sports and Culture, Mr. Pulumo Makhetha:

- * Born April 7, 1945;
- * 1965, Peka High School, Cambridge Overseas School Certificate;
- * 1970, University of Botswana, Lesotho and Swaziland, B.A. Administration;
- * Special courses completed:
 - Employment Promotion Training, Turin, Italy, 1975;
 - Promotion of Small and Medium Scale Industries, West Berlin, Germany, April-June 1976;
 - Financial Management for non-accounting Managers, SADCON, Maseru;
 - Tourism Management, New Delhi, India, September, 1988;
- * 1973, joined Department of Commerce and Industry as Business Extension Officer responsible for trade licensing and organization and managing courses for local businessmen;
- * 1975-1977, promoted to Assistant Secretary (Industry Section) and worked with the development of industries relating to metal/steel processing, construction and licensing of industries under the Industrial Licensing Act.
- * 1977-1984, Secretary for Tourism, responsible for general administration of the department;
- * 1984-1992, Administration Manager of the Lesotho Tourist Board;
- * 1993 to present, PS, Ministry of Tourism, Sports and Culture

Minister of Agriculture and Marketing, The Honorable Ntsukunyane Mphanya:

- * 1955, matriculated Roma College (now Christ the King High School);
- * 1956, enrolled in the University of South Africa studying politics and economics;
- * Civil servant briefly and then became a businessman; he established a private trading company in Botswana that received the "Africa Award" in Paris, France.

PS Planning, Mr. Motlatsi Matekana:

- * Born September 28, 1945;
- * 1971, B.A. Economics and Accounting, University of Botswana, Lesotho, and Swaziland;
- * - Bureau of Statistics employment:
 - 1971, Statistical Officer;
 - 1975, Education Statistician responsible for Lesotho Educational Statistical Services;
 - 1978, Senior Statistician in charge of Foreign Trade, Prices and Industrial Production Statistics;
 - 1982, Principal Statistician, overall responsibility for economic statistics;
- * 1987, Senior Economist for Research Department of Central Bank of Lesotho, responsible for analysis of real sector accounts for Lesotho and supervised Research Economists in balance of payments, government finance and monetary and price developments.
- * 1990, Chief Economist, Department of the Central Bank of Lesotho, responsible for Principal Economists and deputise the Director of Research; represented Central Bank in the Technical Sub-Committee of the Task Force for the SAF-Supported Adjustment Programme;
- * Published occasional papers and annual reports including the Lesotho Education Statistics Bulletin; Statistical Developments, Priorities and Requirements in Lesotho; and Some Thoughts on the Enhanced Structural Adjustment Facility - The Case of Lesotho.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)
LESOTHO PROGRAM
BRIEFING PAPER

MISSION CLOSE-OUT

In FY 1993 USAID/Washington decided to close 21 Missions world-wide for management efficiency and to reduce Agency operation cost. Lesotho is one of nine countries in Africa to be affected by this decision. USAID/Lesotho will close September 30, 1995. All Mission programs, with the exception of the Primary Education Program (PEP), will close by September, 1995. USAID/Washington agreed to allow PEP one additional year and will close on September 30, 1996.

After USAID/Lesotho closes the management of PEP and all future U.S. Government economic and humanitarian assistance to Lesotho will be through the recently established USAID Regional Center in Gaborone, Botswana. This Regional Center will become operational early in 1995.

GENERAL PROGRAM BACKGROUND

USAID has worked in Lesotho since 1962, and has provided bilateral economic and humanitarian assistance totaling approximately \$268 million.

The USAID program has focused on two major areas: 1) increased agriculture production, diversification and marketing through the private sector, and 2) education and human resources development.

PRESENT AGRICULTURAL PROJECTS

The \$6.178 million Community Natural Resource Management (CNRM) project was initiated in 1991 and will terminate on September 30, 1995. The original Project Assistance Completion Date (PACD) was 2001, but with the closing of the bilateral USAID program the PACD was revised to September 1995. This project's purpose is to increase sustainable use of rangeland resources by working with the Ministry of Agriculture to establish community level grazing associations in designated Range Management Areas (RMAs) to manage rangelands at sustainable livestock carrying capacities.

The Small Scale Intensive Agricultural Project (SSIAP), implemented by Peace Corps, was initiated in June 1992 as a five-year \$1.0 million project. The project will end September 30, 1995, 18 months earlier than the project's planned completion date. The purpose of the project is to increase the production of fruits and vegetables for home consumption and to improve nutrition in remote mountain areas of Lesotho.

EDUCATION

The \$24.2 million Primary Education Program (PEP), scheduled for completion on September 30, 1996. The purpose of PEP is to improve the quality and efficiency of primary education by building upon the USAID funded \$24.9 million Basic and Non-formal Education Systems Project (BANFES) which was started in FY 1989 and completed in January 1992. PEP, initiated in 1991, is a collaborative effort with the World Bank which is providing an additional \$25 million in parallel funding.

HIV/AIDS AWARENESS AND PREVENTION:

USAID is supporting the Ministry of Health, AIDS Prevention and Control Program (NAPCP) by promoting private sector promotion and sales of condoms countrywide, strengthening STD services as a means of reducing the transmission of HIV/AIDS, and increasing AIDS awareness and behavior change through two non-government organization projects. USAID has a Buy-In to the centrally funded Family Health International (FHI) Worldwide HIV/AIDS Awareness and Prevention Project.

DROUGHT ASSISTANCE

Responding in 1992 to the GOL's call for drought assistance, USAID provided 5,000 Mts of maize, funded \$500,000 to the Emergency Drought Relief Project which was implemented by the U.S. Peace Corps (with the primary goal of installing water harvesting systems at primary and secondary schools throughout Lesotho), \$150,000 for UNICEF and \$130,000 for the Red Cross to implement food distribution activities, provided the services of a technical specialist in 1993 to help with drought relief monitoring and the American Embassy provided \$25,000 in Emergency Assistance to the GOL.

OTHER AREAS OF ASSISTANCE

USAID has provided assistance in the Ambassador Self Help Fund, Democratization, Human Rights, Training, and Private Sector Enhancement.

Talking Points:

1. USAID/Lesotho participated in the January 20-21, 1995 Lesotho Round Table Conference in Geneva. This conference provided an excellent opportunity for the Democratically elected Government of Lesotho (GOL) to review and refocus its national policies and share these with interested Governments and donors. USAID urged donors and the GOL to make a concerted, collaborative effort to resolve project implementation and policy guidance concerns and provide a more focused, effective and efficient framework for donor assistance development program.

2. The United States Government has been a friend and partner in the development of Lesotho for many years. In 1962 USAID established an office in Maseru to provide both economic and humanitarian assistance to the Lesotho people. Since the inception of the USAID/Maseru's office, the United States Government has provided approximately \$268,000,000 in assistance to Lesotho.

3. The USAID bilateral program to Lesotho will be terminated on September 30, 1995. As of this date all present USAID bilaterally funded projects and programs will be terminated with the exception of the Primary Education Program, commonly referred to as the PEP Program. The PEP Program will continue to be implemented until September 1996, being managed from the new USAID Regional Center in Gaborone, Botswana.

4. USAID's Regional Center will begin operations in March, 1995 and will design our new Initiative for Southern Africa. This initiative will fund regional activities in the eleven SADC countries in four general areas: Enterprise Development; Democracy; Environment, Natural Resources Management and Agriculture; and Infrastructure. We expect to allocate \$300 million over five years. Lesotho will be able to participate in the Center's new regional program along with other Southern African countries for these development resources.

5. Even though we will no longer have a resident Mission in Maseru, we will remain concerned about development in Lesotho. We are aware that the normal seasonal spring and summer rains have failed to come to Lesotho and that the GOL has officially declared a drought emergency. While we can not make any commitments regarding the availability of food aid, especially this year when the budget is exceptionally tight, we are closely monitoring the drought situation in Lesotho, and will collaborate with other donors on an appropriate response as the situation clarifies.

LESOTHO

PROJECT NUMBER	PROJECT TITLE	FY 93 ACTUAL	FY 94 ESTIMATE	FY 95 PLANNED
DA/DFA				
632-0225	Primary Education Program - PA	1,300	718	0
632-0228	Community Natural Resources Management	1,000	1,728	0
632-0230	Primary Education Program - NPA	5,100	4,137	2,881
632-0231	Small Scale Intensive Agricultural Production	250	344	0
632-0510	PD&S	50	0	0
Transfers to Regional/Central Projects				
936-5972	AIDSTECH	200	0	0
936-xxxx	Contraceptive Social Marketing	200		
	TOTAL DA/DFA	8,100	6,927	2,881
ESF		0	0	0
FOOD ASSISTANCE		5,454	5,223	0
DISASTER ASSISTANCE		25	0	0
MILITARY ASSISTANCE		100	100	100
<u>COUNTRY TOTAL</u>		<u>13,679</u>	<u>12,250</u>	<u>2,981</u>

O:\sapub\docs\briefmat\projlist.les

ISSUES/TALKING POINTS

Issue: One noteworthy recent development that concerns the U.S. was the arrest earlier this month of former president Banda (charged in absentia and now under house arrest) together with one of his favorites, one time heir apparent John Tembo, and a number of current and former high ranking police officers. The action was taken after receiving the *Mwanza Commission Report*, a special commission appointed by the new president to investigate the deaths under mysterious circumstances in 1983 of three members of the cabinet and one other high ranking official. The U.S. Embassy in Lilongwe considers the evidence against the four to be "weak at best" and has met with senior GOM officials, urging them to follow constitutional guidelines to ensure that the legal rights of the accused are respected.

Talking Points:

- ° Have high ranking officials of the GOM ceased making public statements that are prejudicial to those who have been charged thus far?
- ° When will those who have been arrested thus far be charged in Magistrate Court? Will they be permitted to post bail?
- ° What measures are being planned to ensure that the constitutional rights of those who are accused will be respected and safeguarded?

Issue: Malawi has just been through a second disastrous drought in three years. A "normal" harvest during the 1994/1995 crop season will depend upon the continuation of adequate rainfall into the March/April period. However, FEWS has issued a bulletin that warns that there is a "strong prospect of at least a moderate El Niño event" that would reduce crop production below average levels.

Talking Points:

- ° If production proves to be well below average once again, will food supplies be adequate?
- ° Will P.L. 480 Title II assistance be possible on an appropriate scale? Will it be possible to access U.S. donations to the World Food Program for the Southern Africa region?

Issue: Prior to the December Consultative Group meeting, the British raised concerns about official corruption in Malawi. British advisors to the Customs Department identified substantial

85

irregularities. The problem has been vetted in the press, and the Government of Malawi has taken strong corrective measures. The British High Commissioner in Malawi has been very vocal about the corruption issue, as has the British press. The U.S. Embassy and USAID Mission have put down strong markers on the need for GOM anti-corruption actions.

Talking Points:

- How can the object of reducing the corruption encountered by the British advisors best be addressed? Via the approach of open condemnation being pursued by the British, or via the more discrete approach of the USG and some other donors?
- Under what circumstances would the USAID considering conditioning further official development assistance on more vigorous measures to root out corruption?

Other Talking Point. The Mission's CPSP is due for submission to USAID/W on February 6th. Will the deadline be met? What changes/modifications in the current strategy are proposed? What is the rationale for the modifications?

NB The State Department here in Washington has not issued anything on these issues. A statement advising of Banda's arrest, setting forth nothing more than the circumstances, was drafted for press release but was never made public.

BRIEFING MEMORANDUM FOR THE ADMINISTRATOR

FROM: AFR/SA, Joseph Goodwin

SUBJECT: Visit with Sir David Steele II -- Notes on Malawi

Background: Sir David Steele is a member of the British Parliament. He is a Liberal Democrat, the 3rd largest political party in the UK. He is the spokesman for foreign affairs for his party. He was born in Africa. Spokesmen at the British Embassy were uncertain whether he was born in Kenya or Malawi, but believe that it was in one of the two. Inquiries concerning what he may wish to discuss with you yielded a telephone call from AmEmbassy, London with the news that he MAY wish to bring up the issue of forgiveness of official debt. If that is indeed his principal preoccupation, the USG and USAID are home free, because there is none. The small amount of official debt owed by the GOM to the USG was completely forgiven in the early nineties. Sir David has will also be meeting with AS/A George Moose late in the afternoon on January 25th.

Political Background and Recent Developments: In response to U.S. and other donor linkage of assistance levels to an improved human rights climate, the GOM instituted some reforms in 1991. These early efforts, however, fell far short of expectations. Consequently, the U.S. and other donors advised the GOM that it would have to make further improvements in human rights prior to the May 1992 Consultative Group meeting. When no significant steps were taken by the GOM prior to that meeting, all bilateral donors announced a dramatic reduction in non-humanitarian assistance.

President H. Kamuzu Banda agreed to a dialogue with the political opposition in late 1992. On June 14, 1993 Malawians voted overwhelmingly for a multi-party democracy in a nationwide referendum that was declared by all observers to have been an accurate reflection of the will of its citizens. The GOM reacted quickly, declaring an amnesty that allowed political refugees to return and freeing all remaining political prisoners. By June 29, 1993, Parliament had passed legislation recognizing the right of opposition political parties to operate. A free press developed during and after the referendum and has helped to keep the reform process on track.

The general elections held on May 17, 1994 were deemed free and fair by international observers and the new president, Bakili Muluzi of the United Democratic Front (UDF), was sworn in. Since the UDF did not win an absolute majority of the seats in

Parliament, it has sought to forge an alliance with the other opposition parties. In October 1994, Chakufwa Chihana, President of the Alliance for Democracy (AFORD) Party joined the UDF government as Second Vice President-designate and Minister of Irrigation and Water Development, bringing five AFORD members of Parliament with him.

Issue: One noteworthy recent development that concerns the U.S. was the arrest earlier this month of former president Banda (charged in absentia and now under house arrest) together with one of his favorites, one time heir apparent John Tembo, and two former high ranking police officers. The action was taken after receiving the *Mwanza Commission Report*, a special commission appointed by the new president to investigate the deaths under mysterious circumstances in 1983 of three members of the cabinet and one other high ranking official. The U.S. Embassy in Lilongwe considers the evidence against the four to be "weak at best" and is urging the GOM to follow constitutional guidelines to ensure that the legal rights of the accused are respected.

Economic Background and Recent Developments: Malawi is a Pennsylvania-sized landlocked country in Southern Africa with a population of approximately 10 million people. It has a narrow economic base, no significant mineral resources, and high population density relative to arable land. Given "normal" weather conditions, Malawi is self-sufficient in food production. Between independence in 1964 and 1979 Malawi registered an average rate of annual economic growth slightly in excess of five percent. The economy's performance was based largely on export-oriented agriculture. Malawi's major export crops are tobacco and tea.

Despite relatively sound macroeconomic policies and comparatively good economic growth performance, Malawi remains one of the world's poorest countries. It continues to rank comparatively low on nearly all indicators of socio-economic well being. In fact, on a per capita basis, most indicators have scarcely changed since 1964.

Agriculture is the primary source of income for most of the economically active population. Low smallholder productivity is the major constraint to the attainment of national and household food security as well as the reduction of poverty. Low levels of education and the precarious health status that existed among rural families also reduced farmers' productivity. The soils cultivated were also typically poor and there was an overwhelming dependence on annual rainfall. To move beyond subsistence agriculture, Malawi needs to both intensify food production and increase smallholder cash crop production. Suitable high yielding maize varieties, agroforestry practices, and alternative low input food crops are available and are gradually being adopted.

The GOM launched a series of economic reforms in the mid to late 1980s that resulted in a general improvement in macroeconomic performance until 1991. These positive trends were reversed in 1992 following Malawi's worst drought since independence, a huge

wage settlement bill, and the reduction in external aid by the donor community mentioned previously. Combined with the unprecedented crop production failure, these factors resulted in a real GDP growth decline of 7.9% in 1992.

During 1993 Malawi turned in a mixed performance as short-term progress on some macroeconomic indicators improved while others slipped. Real GDP grew by an impressive 11.1% in 1993, after declining by 7.9% in 1992, enabling real per capita income to resume positive growth. The reversal in real output was largely a reflection of the excellent recovery of the agricultural sector, particularly the small-scale agriculture.

In 1994, however, the rains also failed in many parts of the country. In the face of its second major drought in three years, growth in the real GDP for 1994 is estimated to have decrease by 9.2 percent. The sharp decline is largely attributable to lower agricultural production, particularly in the smallholder sub-sector. Production by this group is now estimated to have shrunk by 39.1 percent. The decline translates into a real per capita GDP reduction of 12.6 percent.

At the end of 1994 the sixth Consultative Group meeting of donors was held in Paris. The meeting noted that the GOM had inherited daunting economic and social problems including excessive government expenditures, rising inflation, exchange rate instability and widespread poverty. These problems were further compounded by the drought in 1994. The donors noted that in addition to taking steps to alleviate human suffering and maintain food security, the GOM had also undertaken several impressive measures to stabilize the economy. The meeting pledged continued support for the development program of the GOM. The total financing gap for the next two years was estimated before the CG to be \$192 million. New pledges at the CG totalled \$132 million, leaving an unfinanced gap of approximately \$57 million. Additional indicative announcements made by delegations that were awaiting completion of budget planning cycles suggest that this remaining gap will be filled.

Attachment: Lilongwe LOU 000004 Sixth Consultative Group Meeting.

MALAWI

FY 1996 Sustainable Development Request: \$ 31,600,000
FY 1996 P.L. 480 Title II Request: \$ 0

U.S. assistance to Malawi supports U.S. interests in a political and economically prosperous Southern Africa, by promoting Malawi's democratic system of governance, private sector-led free-market development, and USAID's global health, population and environmental objectives. In spite of severe development problems, there is hope and opportunity for the U.S. aid program to Malawi to provide the kind of assistance that will both strengthen the country's economic and political institutions and further broader U.S. foreign policy objectives associated with the advancement of a growing, politically open and prosperous Africa. The most significant recent event was the free and fair presidential and parliamentary elections in May 1994 following thirty years of authoritarian one-man, one-party rule. With political democracy a fragile, but real achievement, the new government realizes that public support will fade quickly without demonstrable economic progress. Consequently, it is aggressively dismantling and privatizing state-owned enterprises, as well as the policy apparatus and bureaucracy that stifled private enterprise development. Simultaneously, it is attacking rural poverty through self-help and policies that encourage income generation in rural communities. Failure to free the private sector and reduce rural poverty will undermine Malawi's fledgling democracy.

The Development Challenge.

Malawi is a small landlocked country with a narrow economic base and some 10 million people, 85% of whom live in rural areas and depend on agriculture. With over 60% of its people earning less than \$40 per year, Malawi is one of the world's poorest nations. Population growth (3.2%) and the infant mortality rate (134 per 1,000) are among the highest in Africa. High population density and traditional agricultural techniques lead to small land holdings, deforestation, overworked soils, and poor output. Education levels are low, particularly for women. They are improving rapidly, however, due largely to U.S. support for basic education. A low level of urbanization, small industrial sector, and transportation costs that are among the highest in the world combine to maintain agriculture as the primary sector of the economy, with maize and burley tobacco the principal crops. Agriculture, however, is highly dualistic, with a large subsistence sector and much smaller, but relatively well-developed estate sector. Malawi's macroeconomic economic policy priorities, as set forth in the recent *Growth through Poverty Reduction* initiative is sound. In addition, macroeconomic management is marked by aggressive and realistic fiscal management, good monetary policy, and market-determined exchange rates. Economic distortions, particularly in agricultural marketing, are being reduced significantly with USAID's help. Structural reform has begun in agriculture, with clear benefits accruing to the poor majority. Enrollment in primary education has increased markedly, again with financial support from USAID.

Strategic Objectives (SOs).

USAID is pursuing the following four strategic objectives in Malawi. In addition, the program consists of activities in training, transportation, and democratic participation that cut across sectoral boundaries, and are necessary to achieve these strategic objectives.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$21,667,000)

SO1. Increase agricultural productivity and production (\$8,330,000, of which \$5,267,000 is for economic growth and \$3,063,000 is for ensuring that the changes are brought about in an environmentally safe manner).

Agriculture is the largest income-producing sector in Malawi, with more than 85% of Malawians living and working in rural areas. Low smallholder productivity, and virtually no competition in input and output markets, are the major constraints to national and household food security and increasing incomes in rural Malawi. Therefore, by expanding production alternatives and market access in agriculture, USAID programs can directly impact on rural incomes while promoting environmentally sound policies. Increasing rural incomes is key to achieving USAID's other strategic objectives.

Activities. Agricultural sector activities seek to increase smallholder production and incomes by encouraging smallholders to grow crops of their own choice and to market those crops freely. This has allowed farmers to increase cash income. The Agricultural Sector Assistance Program (ASAP) uses policy dialogue and technical assistance to encourage continued liberalization in the agriculture sector, specifically in changing policies which have discriminated against smallholders. USAID-supported agricultural research is developing and disseminating technological innovations, such as agroforestry techniques that will increase crop production and reduce soil erosion. The program also is developing rural for-profit and non-profit organizations that deliver a variety of agricultural services. In addition, USAID's Southern Africa Regional transportation activities support the Mission's agricultural sector objectives by opening transport routes, increasing transport capacity and efficiency, and increasing Malawian control over transport facilities. The recently approved Malawi Railways Restructuring Program is aimed at achieving significant reduction in costs of agricultural inputs and increasing returns on agricultural exports by reducing Malawi's transportation cost margins, which are among the highest in the world. Other regionally funded activities operating in Malawi under the auspices of the 11-nation Southern African Development Community (SADC) include the Southern Africa Rootcrops Research Network (SARRNET). The purpose of SARRNET is to increase the productivity of cassava and sweet potato grown by smallholder farmers in the resource-poor areas of Southern Africa through the adoption of improved varieties and practices and the strengthening of national root crops research program capabilities.

Related Activities. Research has demonstrated strong links between investment in education and improved agricultural productivity, health and nutrition status and reduced fertility. Thus, activities in the education sector play a significant support role in all USAID strategic objectives in Malawi. Education activities have increased enrollment of girls, efficiency within the primary education sector, and investment in schools and teacher training facilities.

Indicators. The indicators for measuring progress toward achieving this objective are to: (1) increase gross food crop production from 1.6 million metric tons in 1985 to 2.6 million in 1995; and (2) increase average maize production from 1.2 tons per hectare in 1985 to 1.4 tons per hectare in 1995.

Feasibility and Cost-effectiveness. To move beyond low-level subsistence agriculture, Malawi needs to intensify food production and to increase smallholder cash crop productivity. Success in these areas will free-up land that can then be devoted to cash crops. Suitable high-yielding maize varieties, improved agroforestry practices, and alternative low-input food crops are available, and are gradually being adopted. Adoption rates can and must be accelerated. Reform of agricultural marketing arrangements will hasten the takeover by the private sector of seed and fertilizer marketing for small farms, which will increase competition and lower prices. Current technologies will allow a 50% increase in yield/area for the next decade, and thus permit a similar rate of increase in cash crop acreage. USAID-supported policy reforms are liberalizing cash and food crop marketing regulations and price controls, allowing smallholders to market larger quantities at higher prices.

Progress in 1993-1994. USAID's agriculture and drought relief activities contributed directly to a dramatic increase in use of high-yielding variety (HYV) maize in 1992/1993 and a tremendous increase in production of drought resistant crops. USAID provided, *inter alia*, seed and fertilizer packs to jump start food production for the most seriously affected. This resulted in a bumper crop 16% larger than the largest previous harvest. However, slippage in the 1993-1994 growing season occurred with renewed drought. Private sector distribution of seed and fertilizer increased from 25% to about 40%

of market share and prices fell due to increased competition. Cash crops produced by smallholders and sold at international auction increased from 31% to 83% of total smallholder production, indicating a massive move away from the monopolistic parastatal marketing company. Burley earnings are having positive effects on rural incomes directly through cash earnings and indirectly through increased purchases of agricultural inputs for food and cash crop production, increased demand for goods and services, increased demand for labor and certain types of land, and increased investment in rural microenterprises.

Donor Coordination. Both the World Bank and the European Union have programs that contribute to the achievement of this strategic objective. The World Bank funds an Agricultural Services Project that supports development and dissemination of productivity-increasing technologies. In addition, it also supports the Malawi Rural Financial Services Project, which seeks to transform rural and agricultural finance into a private sector operation. The European Union is helping Malawi to improve food security through expanded smallholder use of fertilizers, and the promotion of improved land husbandry techniques. USAID works closely with these and other donors in tracking developments in the agriculture sector as part of collaborative donor coordination across all sectors.

Constraints. Malawi risks repeated drought and other natural calamities, but expansion of drought resistant crops and soil protection technologies are having a positive impact. A conducive policy environment coupled with availability of technologies and competitive input and product prices will help the rebuilding of stocks. Over-reliance on tobacco as a cash crop puts the country at risk of unfavorable market trends. Instability in Mozambique has denied Malawi access to safe and economical transport to and from world markets.

In addition to addressing broad-based economic growth, this strategic objective will also address environmental and wider U.S. national interests goals by improving soil conservation, agroforestry, and environmental monitoring efforts. Two years ago, similar investments in drought resistant crop varieties, liberalization of markets, and famine early warning systems lessened the impact of Malawi's most serious drought in a century and enabled the country to rebound with record harvests when the rains resumed. Moreover, USAID plans training programs in the amount of \$900,000. These activities provide training and technical assistance to improve the institutional efficiency and planning capacity of both the private and public sectors in Malawi.

SO 2. Reduce infant and child morbidity and mortality (\$2,300,000).

Mortality data indicate a very serious child survival problem in Malawi. The 1992 demographic and health survey showed nearly half of all children under age 5 are stunted, and about half of these severely stunted. Low weight for height was found in 5% of these children, with over 1% severely wasted. Malaria, diarrhea, and acute respiratory infections are the principal causes of child deaths, and deaths from AIDS are becoming significant. Improved child survival is a USAID objective in itself and also contributes significantly to the fertility reduction objective, because an increase in children surviving leads to fewer births. In addition to the increased food security objective, fewer children mean fewer mouths to feed.

Activities. To reduce infant and child mortality, the program focuses on increasing clean water supplies in rural areas and the timely, accurate, and effective diagnosis and treatment of malaria. This includes training large numbers of new health workers, increasing health service delivery in rural areas, and improving the efficiency of decentralized health service delivery.

Indicators. The indicators for measuring progress toward achieving this objective are: (1) decrease infant mortality from 151.0 deaths per 1,000 in 1984 to 100.0 deaths per 1,000 in 1998; and (2) decrease under-5 mortality rates from 258.0 deaths per 1,000 in 1984 to 150.0 deaths per 1,000 in 1998.

98

Feasibility and cost-effectiveness. Increasing girls' enrollments and persistence in primary school has a strong positive correlation with reduced fertility and lower infant and child mortality. In addition to literacy and numeracy, basic education activities supported by USAID include AIDS education, instruction to enhance agricultural productivity, and a civic democracy curriculum, thus creating a set of basic education activities that are mutually reinforcing. Malaria treatment and prevention, increased access to safe water, and increased community-based strategies to promote better health and sanitation practices such as encouragement of breast feeding for longer periods and use of oral rehydration therapy are low cost, and easily sustainable actions that will have considerable impact in showing progress.

Progress in 1993-1994. Child morbidity rates dropped slightly. USAID-sponsored research resulted in making Fansidar (or sulfadoxine pyrimethamine) the recommended treatment for malaria, and it is available without prescription. However, the price is relatively high in relation to the per capita income in Malawi. The USAID program will develop less-expensive alternatives for distributing the drug, while it also accelerate income generating activities. The 1992 demographic and health survey reported that over half of children suffering from diarrhea were treated at home with some form of oral rehydration therapy. USAID assistance has enabled the Ministry of Health to provide training for community health assistants, and to deliver child survival services to underserved rural areas. The infant mortality rate is now 134 deaths per 1,000 live births, which exceeds USAID's planned reduction to 135.8 by 1995. The under five mortality rate reached 234 per 1,000 as compared to 246 per 1,000 five years ago.

Donor Coordination. USAID is a leader in the Health Donor Coordination Group, which meets regularly and holds coordination meetings with Ministry of Health officials. The World Bank finances a population/health/nutrition sector credit that finances infrastructure development conducive to greater decentralization and rationalization of health services. USAID jointly programs some resources with the *United Nations' International Children's Emergency Fund* (rural health delivery, diarrheal diseases and nutrition), Britain's *Office of Development Assistance* and the *United Nations' Family Planning Agency* (family planning and education).

Constraints. A shortage of health care workers, the high price of malaria and other basic drugs, and insufficient access to potable water are constraints to improving health status. Other constraints include a dearth of rural transport services to facilitate access to clinics. USAID is expanding its activities to include private health providers and *non-governmental organization's* (NGOs) in service delivery to accelerate an improvement in rural health status.

SO 3. Control the spread of AIDS (\$5,400,000).

AIDS is rapidly becoming a major cause of death in Malawi. Especially hard hit are children under five and young adults aged 20-35. Currently, an estimated 14% of the adult population tests positive for the human immunodeficiency virus (HIV), and projections are that 2 percent of adults are infected annually. Thirty percent of urban adults are infected and the spread of the disease in rural areas is currently the fastest known. An additional 555,000 deaths from AIDS are expected by the year 2005. Without AIDS, life expectancy would have reached 53 years by 2000-2005; with AIDS, life expectancy will be only 45.4 years. AIDS will have a devastating impact on development efforts, exacerbating an acutely short supply of trained human resources, straining health care resources, and reducing work-force productivity.

Activities. USAID's fertility reduction and AIDS prevention and control activities support government and private sector efforts. Programs in AIDS control support Malawian efforts to inform people about risks and transmission of the AIDS disease in order to change behavior. This includes increasing the supply and appropriate use of condoms, increasing access to education, counselling and AIDS prevention materials, and reducing the incidence and seroprevalence of related sexually transmitted diseases. By integrating AIDS control and family planning activities, USAID achieves economies of scale as multiple-service delivery channels are created.

Indicators. The indicators for achieving this objective are: (1) reduce the rate of increase in HIV seroprevalence among urban antenatal clients from 30% in 1993 to 27.4% in 1998; (2) reduce HIV seroprevalence among rural antenatal clients from 14.0% in 1993 to 8.0 percent in 1998; and (3) increase condom use among males age 15-24 from 7 percent in 1992 to 35% in 1998.

Feasibility and Cost-effectiveness. The feasibility of reversing infection rates depends on educating and mobilizing political, religious, and medical forces to recognize the severity and complicated social and medical nature of AIDS. USAID-financed, expert assistance and data analysis has enabled the Malawian government to aggressively attack the challenges of behavior change and disease control. Working with the National AIDS Control Program, USAID has mounted a new program to mobilize resources across sectors that will increase condom use and control the spread of other sexually transmitted diseases, the two areas to date which have shown to be most effective in combatting the transmission of AIDS.

Progress in 1993-1994. The number of AIDS victims and HIV-infected individuals continues to increase rapidly. HIV seropositivity among pregnant women at one clinic stood at 32% in early 1994. A 1993 survey of 12 rural districts found a 12% seropositivity rate, compared with eight percent a year earlier. New AIDS cases and annual deaths from AIDS are expected to rise steadily for the next 5-10 years. The 1992 demographic and health survey indicated that only 6.3% of currently married men report using condoms. However, more recently sales have reached 250,000 units per month, well above the target of 2.0 million annually. This is a result of progress in promoting behavioral messages in a variety of ways, including direct advertising for condoms.

Donor Coordination. Other donor support for this strategic objective is part of the agenda of the Health Donor Coordination Group, which is discussed under strategic objective number two.

Constraints. In spite of a dramatic increase in public awareness of AIDS, behavioral change occurs slowly. Positive impact from tomorrow's behavior change will take nearly a generation to register. As the health situation of those already infected deteriorates, Malawi will face the continued depletion of its most important human resources, men and women aged 20-40.

STABILIZING WORLD POPULATION GROWTH (\$12,900,000).

SO 4. Reduce fertility (\$12,900,000 of which \$7,000,000 is for Economic Growth and \$5,900,000 is for Stabilizing Population Growth).

Although the total fertility rate dropped from an estimated 7.2 children per woman in 1984 to 6.7 in 1992, overall fertility remains high, with pockets of very high fertility persisting in rural areas. As one of the world's poorest countries, Malawi can sustain neither a rapid population growth rate nor the debilitating effects on maternal and child health which result from such high fertility.

Activities. USAID's fertility reduction and AIDS prevention and control activities finance government and private sector efforts. By integrating AIDS control and family planning activities, economies of scale are realized and multiple-service delivery channels are created. USAID is implementing a major effort in child spacing to improve maternal and child survival. This includes supporting public and private family planning and girls education efforts, specifically increasing the knowledge, supply, and use of family planning and child spacing services. Training and activities to help institutions work more efficiently, enhance program sustainability.

Indicators. The following indicators measure achievement of this objective: (1) reduce total fertility from 7.2 in 1984 to 6.0 in 1998; (2) increase contraceptive prevalence rate from 1.0% in 1984 to 20% in 1998; and (3) increase girls' gross enrollment rate in primary schools from 74% in 1984 to 125% in 1998.

Feasibility and Cost-effectiveness. Achieving this objective, together with the child survival objective, will move Malawi into a demographic transition. The registered rates of change in total fertility, contraceptive prevalence, and child mortality are consistent with one another and are moderately encouraging given the low income of Malawi and the social repression of the recent past. The costs of putting in place contraceptive delivery, child spacing, and child survival services in Malawi are small in relation to the benefits of future reduced costs in health and education services. Fertility reduction also increases the potential for cash crop production given reduced subsistence food requirements due to smaller family size.

Progress in 1993-1994. The total fertility rate declined from 7.2 in 1984 to 6.7 in 1992, and the contraceptive prevalence rate increased to 7.4%. Knowledge of modern contraceptive methods increased to 92% among married women, with surveys indicating a large unmet demand for contraception. The new Malawian government liberalized health services, child-spacing policies, and contraceptive guidelines to provide easy access to child-spacing services. The female primary school enrollment rate rose dramatically, from 74% of the girls in a given age cohort enrolled in primary school in 1984 to over 125% in 1994, exceeding the 1998 target. This is attributable to USAID activities directed at girls' education. The 1992 demographic and health survey documented that better educated women have fewer children than less educated ones.

Donor Coordination. Other donor support for this strategic objective is part of the agenda of the Health donor coordination group that was discussed under strategic objective number two. As a result of its related work in primary and girls' education, USAID/Malawi chairs the donor coordination group on education.

Constraints. While it is believed that Malawians are ready for rapid cultural change after years of repression, the rate of reproductive behavioral change is harder to predict. Moreover, there are still strong social and religious elements which resist the use of modern contraceptive methods for population control.

CROSS-CUTTING ISSUES AND ACTIVITIES (\$2,670,000).

1. Building Democracy (\$870,000).

Because of the interrelationship between political and economic democratization, USAID focuses resources throughout its portfolio on increasing the participation of Malawians in both transparent and accountable political institutions and economic opportunities. In addition, USAID plans to continue providing assistance for democracy and governance activities to help consolidate Malawi's fragile democracy. Since the successful outcomes of the 1993 referendum and 1994 multiparty elections, USAID assistance has moved beyond electoral support into judicial and constitutional reform, political party development, and fostering of civic and human rights educational organizations. These activities are aimed at empowering Malawians to assert and realize their new freedoms and opportunities in the economic, political and human rights spheres.

2. Other (\$1,800,000).

USAID plans to obligate \$700,000 to training programs--discussed under economic growth--and will obligate \$1,000,000 to support activities to strengthen indigenous NGOs. USAID also plans to obligate \$100,000 to support its analytical and research agenda.

Other Donor Resource Flows.

In FY 1994, the United States provided about 10% of all donor assistance to Malawi, making it the largest bilateral donor. Other major donors are: the World Bank, the International Monetary Fund, the European Union, the United Kingdom, Germany, and Japan.

25

**MALAWI
FY 1996 PROGRAM SUMMARY**

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Total
USAID Strategic Objectives					
1. Increase Agricultural Productivity and Production	5,267,000		3,063,000		8,330,000
2. Reduce Fertility	7,000,000	5,900,000			12,900,000
3. Reduce Infant and Child Mortality and Morbidity	2,300,000				2,300,000
4. Control the Spread of AIDS	5,400,000				5,400,000
Cross-cutting Issues:					
Democracy/Governance				870,000	870,000
Training	700,000				700,000
NGO support	1,000,000				1,000,000
Other			50,000	50,000	100,000
Total	21,667,000	5,900,000	3,113,000	920,000	31,600,000

USAID Mission Director: Cynthia F. Rozell

**MALAWI
(\$000)**

PROJECT NUMBER	PROJECT TITLE	FY 93 ACTUAL	FY 94 ESTIMATE	FY 95 PLANNED
DA/DFA				
612-0230	Human Resources and Institutional Development	0	0	0
612-0231	Promoting Health Interventions	0	1,500	3,000
612-0232	Services for Ag and Rural Enterprises	5,028	0	0
612-0233	Malawi Enterprise Development	0	0	0
612-0234	PD&S	340	600	400
612-0235	Ag Sector Assistance Program (PA)	5,332	0	2,000
612-0237	Girls' Literacy (PA)	0	0	1,200
612-0238	Support to AIDS and Family Health	3,800	3,590	3,500
612-0239	Ag Sector Assistance Program (NPA)	0	8,000	6,000
612-0240	Girls' Literacy (NPA)	0	6,500	6,500
612-0242	WOCCU Grant	0	0	0
612-0243	Democratic and Civic Insti- tution Development	500	3,000	1,200
612-HRDA	Human Resources Dev Assistance	0	400	300
Transfers to Regional/Central Projects				
612-ATLAS	ATLAS	0	500	400
612-CPSD	Condom Procurement	0	910	500
TOTAL DFA/DA		15,000	25,000	25,000
ESF		0	0	0
FOOD ASSISTANCE		60,986	8,800	0
DISASTER ASSISTANCE		1,514	0	0
MILITARY ASSISTANCE		200	200	200
<u>COUNTRY TOTAL</u>		<u>77,700</u>	<u>34,000</u>	<u>25,200</u>

Delegation from Mozambique
to the SADC Consultative Conference

H.E. Leonardo Simao, Minister of Foreign Affairs and
International Cooperation, Leader

H.E. Paulo Muxanga, Minister of Transportation and
Communications

Agostinho Mondlane, Vice Minister of Public Works and Housing

Alexander Zandamela, National Director, Ministry of Foreign
Affairs

Alfredo Nhamitete, Chairman of the Coordinating Committee for
SATCC and National Director, Ministry of
Transportation and Communications

Antonio Pinto, Deputy Director, International Relations,
Ministry of Transportation and
Communications

Iolanda Mussa, Coordinator for SADC Affairs, Ministry of
Culture and Information

Noemia Simbine, Chief, International Department, Ministry of
Commerce, Industry and Tourism

Cerina Bandu, International Cooperation, Ministry of Commerce,
Industry and Tourism

Maria Khan, Chief, International Department, Ministry of
Culture and Information

Maria Fume, SADC Desk Officer, Ministry of Foreign Affairs and
International Cooperation

Manuel Paulo, SADC Desk Officer, Ministry of Finance and Plan

Talking Points:

◆ AA/AFR should compliment Their Excellencies the Ministers of Foreign Affairs and International Cooperation and of Transport and Communications on the successful completion of the elections and the Rome Accords.

◆ AA/AFR should also compliment the excellent start made by the Minister and Vice Minister of Finance and Plan in preparing for the Consultative Group meeting. USAID particularly appreciates the openness with which they are approaching these preparations, including revitalizing the Joint Working Groups on Budget and Governance.

◆ AA/AFR should emphasize that in view of the changes in the Congressional environment, it is essential that the GRM come to the CG prepared to propose significant changes in the program for which financing is requested.

◆ USAID recommends GRM announce the following at the CG:

○ A significant and sharp decline in allocations to the Defense budget beginning in 1995.

○ An increase in allocation of expenditures on health and education in real terms as a percent of GDP; and a significant shift of expenditures (10% in 1995) from tertiary levels to primary levels in both sectors.

○ The establishment of national commissions to analyze constraints, hold public hearings, and make specific recommendations on implementing necessary changes in four key areas:

- Tax and Customs
- Investment and Regulatory Environment
- Civil Service Reform and Decentralization
- Land Issues

○ These commissions will report to the Prime Minister and publish recommendations for policy reforms prior to the next CG and in time for implementation in the 1996 budget document.

◆ In addition to the above, we hope the GRM can commit itself to an open and transparent budget process to include Working Group discussions with donors on key issues, presentation of a draft 1995 budget to the donors prior to the CG, release of the budget as a public document when it is submitted to the National Assembly for debate, and publication annually of expenditure reports on the executed budget not later than six months following the end of the budget year.

◆ Should questions about USAID's program in regional transport

and communications be raised by the Mozambicans:

○ USAID is committed to continuing assistance to improved management of CFM, particularly completing our financial management program scheduled for termination in June 1996.

○ USAID is discussing at staff levels with CFM management a revised program in asset redeployment and implement staff reductions.

○ USAID has no plans to initiate additional rolling stock procurement under the existing project.

○ USAID will continue assistance to improve diesel maintenance capabilities.

○ USAID has offered assistance in the past to improve management of freight operations on the Northern Corridor (Nacala line) in conjunction with the Malawi rail improvement program. Such an offer would be conditional on a careful review of management options and commitments by the GRM to significant reform of management on that line. To date, discussions on these points have not been fruitful, and USAID is, therefore, confining assistance to the areas mentioned above.

◆ USAID/Maputo continues to manage the SADC Transport Efficiency Project with SATCC.

Drafted:CMcCarthy:1/23/95

BRIEFING MEMORANDUM FOR THE BILATERAL MEETING WITH THE MOZAMBICAN DELEGATION TO THE SADC ANNUAL CONFERENCE

Purpose: To meet the new Minister of Foreign Affairs and International Cooperation and discuss the upcoming Consultative Group Meeting.

Background: On October 26, 27 and 28, 1994, Mozambique held its first ever, national, universal suffrage, elections. President Chissano was sworn in on December 9 and announced the first members of his new Cabinet on December 15. H.E. Simao was one of the first appointed. Prior to this post he was the Minister of Health. Minister Muxanga (mushanga) was named December 30. Prior to this post, he was Vice Minister of Transportation and Communications.

USAID/Maputo has no issues related to our SADC program. A brief summary of the SARP projects we manage is attached. We would appreciate, however, if Assistant Administrator Hicks would discuss with Minister Simao the Mission's issues related to the Consultative Group Meeting, currently scheduled for March. The CG was delayed from the normal schedule of early December in order to give the newly elected government time to review the country's budget and programs and prepare the government's presentation.

Discussion: Because of the importance the donors are giving this CG, the donors and World Bank convinced the new government to delay the CG until sometime in the new year. This would give the new government time to meet with the Budget and Governance Working Groups, examine the 1994 budget, and prepare a 1995 budget which would reflect the new government's priorities. The donors tried to communicate clearly to the new government the importance of significant changes in the program to be presented to the donors during the CG.

After the expected slow down due to the change in government and the annual holiday season (December and January), the new government is beginning to establish its operations. To contribute to the Government of the Republic of Mozambique's (GRM) preparation, USAID/Maputo has had a series of meetings with the Minister and Vice Minister of Finance and Plan, other donors and other USG agencies. We have developed an agenda about which, broadly, there is some consensus. We would like the Assistant Administrator to take the opportunity to discuss this agenda with Minister Simao.

Regional Railways Services Support Project

Project Description:

--Part of regional umbrella project

Goal: To support the development of a stronger economic foundation for growth in Southern Africa

Purpose: To strengthen and enhance the capacity and operational efficiency of regional rail transport systems

Mozambique Importance to Regional Rail Transport: Mozambique's national railroad, the Caminhos de Ferro de Moçambique (CFM), provides the shortest routes to the Indian Ocean from Zimbabwe, Malawi, Swaziland, Zambia and South Africa's Northern Transvaal. Transport through Mozambique represents millions of dollars in savings for each country over alternative routes

Authorization: August 16, 1988
Authorized Funding: \$80.5 million
Obligations: \$70.5 million (\$15 million to be deobligate this FY)
PACD: December 31, 1996

Project Activities:

Original Focus: Increasing freight carrying capacity through provision of new and rehabilitation of existing equipment and upgrading of workshops

Current Focus: Increasing management capabilities

Areas of Concentration:

1. **Engineering/Equipment:** Provision and maintenance of locomotives; rehabilitation and construction of facilities; provision of parts, equipment and materials; technical assistance
2. **Financial Systems:** Provision of technical assistance and equipment to develop an integrated, computerized accounting system
3. **Labor and Assets Redeployment to Increase Organization Efficiency:** Technical assistance to support the redeployment of redundant personnel and surplus assets; payment of severance payments

SADC Transport Efficiency Project--Policy Analysis Assistance for SATCC (STEP/PAAS)

Goal: To enhance the enabling environment for increased trade competitiveness and increased private sector investment in the SADC regions

Purpose: To increase the efficiency, reliability and competitiveness of the SADC surface transport systems

STEP is composed of two main components:

- The detailed design of a rolling stock information system with commensurate training and backup support (managed by USAID/Harare)
- The provision of technical expertise to SATCC to support the process of policy reform focused on improving regional transport efficiency (managed by USAID/Maputo)

Authorization: September 13, 1993

Authorized Funding: \$11.2 million

Obligations: \$4.5 million

PACD: September 30, 1998

Status: Preparation for the framework for specific protocols in SATCC's seven sectors has begun. The Implementing Policy Change Project is providing the technical assistance to SATCC to organize a series of workshops in each country and regionally. SATCC and the project have almost completed the formulation of a surface transport policy agenda for SADC. SATCC may present the proposed agenda during the Working Group meetings.

o:\sapub\docs\sadcmoz.brf

MOZAMBIQUE

FY 1996 Sustainable Development Request: \$60,000,000
FY 1996 P.L. 480 Title II Request: \$10,627,000
FY 1996 P.L. 480 Title III Request: \$9,000,000

In October 1994, Mozambique's first multiparty, universal suffrage, national elections signaled the beginning of a new future for the Mozambican people. After 16 years of a devastating civil war and two years of a fitful transition to peace, Mozambique may now be ready to turn its attention to economic development within a more democratic political framework. In addition to the immediate benefits to Mozambique, the peaceful resolution of almost 30 years of war and conflict (counting the war for independence), a significant regional destabilizing factor, offers southern Africa an unprecedented opportunity for economic and social development. Nonetheless, daunting obstacles confront Mozambique's recovery from its conflict-ravaged economic, social and civil past. Mozambique is one of the poorest countries in the world and its stability depends on economic growth, particularly income growth at the household level, and successful maturation of its fledgling democracy. Since 1988, the Government of the Republic of Mozambique (GRM) has demonstrated a commitment to economic reform and political liberalization.

U.S. assistance has been instrumental in recent years in saving the lives and livelihood of many Mozambicans, particularly during the devastating regional drought in 1991/92. U.S. support was key in allowing a free and fair election, and will remain vital to the stability of the new democratically-elected government that assumed office in December 1994. With the conclusion of the election process and the end of United Nations peacekeeping operations, U.S. support will bolster Mozambique as its nascent democracy takes root, thus increasing the stability of the whole southern Africa region. It is strategically located on the Indian Ocean and bordering six countries in the region, including South Africa. Mozambique also has, and may again, play a key role in facilitating inter-regional transport, especially from the interior, landlocked countries, thus helping to reduce transport costs for these countries.

The Development Challenge.

Mozambique's capacity and ability to realize the benefits of a market-based economy and improved governance are compromised by a number of deep-rooted constraints. These include: an exceptionally narrowly based economy constricted by the war to basically the capital city and the Beira corridor; largely destroyed infrastructure which denied the majority of Mozambicans access to markets and services; a resource-poor population, nearly half of whom were displaced internally or as refugees; a four-hundred year history of intensive and encompassing state intervention and control of the economy and political, social and civic life; absence of a tradition of citizen participation and assumption of civic responsibility; one of the world's weakest human resource capacity bases; and the highest under-five child mortality rate in the world.

Mozambique is successfully completing its transition from war to peace. Among the more significant impacts of the U.S. contribution to this effort are: 90% of the registered voters going to the polls; 90,000 former soldiers being demobilized; death from famine and drought being avoided and acute malnutrition rates being brought down significantly; 75% of the internally displaced and almost all of the 1.5 million refugees returning home; 1,200 kilometers of roads cleared of landmines; 2,000 kilometers of roads rehabilitated; and seeds and tools distributed to over 2.5 million beneficiaries. Besides transport of demobilized soldiers, USAID has supported reintegration of the ex-combatants into civilian life through an Information and Referral Service, to deal with the demobilized on a day-to-day basis and help them solve problems related to their demobilization. USAID is also supporting a Provincial Fund which makes available quick-disbursing financing for small projects to promote the social and economic reintegration of the demobilized by supporting apprenticeships with local businesses, rehabilitating local infrastructure, and on-the-job training opportunities.

By FY 1996, USAID will have shifted its strategy and resources from emergency relief toward a longer-term development program. Central to this new strategy is recognition that people need to take some control and responsibility over their lives through increasing participation in the governance process, increasing their household income, and developing innovative, cost-effective, sustainable social service delivery systems. This strategy will complement other U.S. initiatives. Because of the depth and breadth of the problems, the strategy further focuses its interventions geographically and sub-sectorally.

Strategic Objectives (SOs).

USAID will pursue three strategic objectives in Mozambique. Several cross-cutting activities, including support to private voluntary organizations (PVOs) and training, will contribute to all three. Because of endemic droughts and the adverse conditions under which the returnees are attempting to resettle and begin a better future, USAID will also continue to maintain an emergency/relief response capability, particularly during the more vulnerable years of FY 1995 and FY 1996.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$55,635,000).

SO 1. Increased rural household income in specific geographical areas and commodity groups (\$59,448,000 of which \$46,840,000 is for economic growth and \$3,608,000 is for providing Humanitarian Assistance via P.L. 480 Titles II; and \$9,000,000 is for PL 480 Title III).

In an economy that is operating far below the subsistence level, the need to increase household income is paramount, if sustainable reduction of poverty, enhanced food security, improvements in the basic standard of living, and maintained improvement in democracy and governance policies are the medium-term objectives. To achieve measurable increases in household income, this SO will address critical constraints in selected geographic areas and for commodities that can be profitably produced by private enterprises, as well as broader national-level policy constraints.

Activities. Activities will include addressing marketing access constraints, including destroyed market infrastructure, policy and regulatory obstacles, and weak capacity in the micro, small and medium-sized private enterprises. This will be complemented by more direct support to recovery, expansion and productivity improvements of household income sources from off-farm employment, rural financial intermediation, grassroots organizations, and training. Because of Mozambique's large geographic size and extraordinary challenges, USAID is focusing its interventions on specific geographic areas and commodity groups. Geographic areas are being selected based upon need, productive potential, and potential synergy with other strategic objectives. Commodity groups are being selected for their importance in household income and potential comparative advantages.

Related Activities. Broad-based economic growth, good governance and democratic practices are inextricably linked. Efforts in promoting civil society and responsive government improve the opportunity for smallholders to increase income and for the private sector to expand its role and business activities. The synergies gained through the mutual support of these related activities provides added incentives for foreign investment, including from U.S. businesses. Improvements in the delivery and quality of child survival and corollary activities affect the productivity increases necessary for this strategic objective. The PL 480 Title III program has been a significant factor in providing incentives to market development and local production, while assuring that 90% of the destitute in Maputo and Beira had access to a stable, affordable dietary staple.

Indicators. Development of indicators for this strategy is scheduled for early 1995.

Feasibility and Cost-effectiveness. Given the low household income levels and lack of means to produce, returns to investments in infrastructure, market development and basic technology improvements are exceptionally high and rapid. In 1993, just with the cessation of war and the limited mine clearance and road rehabilitation, agriculture led a 19% growth in gross domestic product.

USAID has conducted an emergency relief program as well as a significant development program over the past ten years. Since 1988, USAID's development program has been very successfully focused on market liberalization and recovery and private sector development. Activities have included a mix of policy reform, commodity import support, selected technical assistance, problem-focused research, and landmine clearance on and rehabilitation of roads and bridges critical to the return of the internally displaced and refugees and for restoration of producing and marketing networks. This strategic objective builds on the successes of prior USAID programs.

Progress in 1993-1994. During the FY 1993-1995 Transition Program and the ongoing core development program (from the FY 1990-1992 strategy), USAID continued modest efforts which laid the groundwork for this new strategic objective. The P.L. 480 Title III program continued to deepen and broaden private sector maize markets supplying Maputo, while at the same time ensuring basic food security for those in absolute poverty in Maputo. With complementary Office of Foreign Disaster Assistance funds, P.L. 480 Title II, and sustainable development resources; rural households in seven provinces were provided with the basic seeds, tools and technology to begin recovery from the 1992 drought and the devastation of the war. Over 2.5 million beneficiaries received seeds and tools. Within hours of completion of mine clearance, trucks and buses were moving goods and delivering services to areas that had been isolated for 6-15 years. The remaining price liberalization policy reforms under the Private Sector Support Program were completed. Restructuring of the petroleum industry, with a significant increase in the role of the private sector, led to subsequent stabilization of fuel supply for emergency relief, the peace process and market expansion. PVO activities shifted from relief to development, assisting agriculture production, extension, improved seeds, markets, and agriculturally-related microenterprises. The commodity import program increased investment as well as consumption.

Donor Coordination. The World Bank, the European Union, Sweden, the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Program (UNDP) have programs that contribute to this strategic objective. Under the Roads and Coastal Shipping Project, an \$800 million sector program led by the World Bank, the donors coordinate closely, ensuring that critical, priority infrastructure is rationally and cost effectively rehabilitated. The World Bank, UNDP, Sweden, FAO, the Netherlands, Germany, Norway, Switzerland, and Italy all have a number of small agriculture and/or rural development programs. USAID is the major donor in private sector-led, market-based agricultural and rural income development. Infrastructure and sites for interventions have been chosen in close consultation with the GRM, PVOs, and other donors as are criteria for economic impact on rural household incomes, market network rehabilitation/recovery, and potential economic growth. Donor coordination is very good.

Constraints. Endemic, recurrent droughts will continue to constrain the rate at which Mozambicans recover from the war. While activities under this strategic objective will provide some assistance, continued USAID relief activities are intended to complement this strategic objective, particularly for more seriously affected areas. Sporadic, unfocused civil unrest as development lags behind the expectations of demobilized soldiers and returned refugees is expected to occasionally arise, but is not expected to be a long-term constraint. As the human resource skill base in the private sector, non-governmental organizations, and government institutions is a constraint, training will be an integral part of all activities financed under this strategic objective, including a proportion of the Human Resource Development Assistance Project and African Training for Leadership and Skills that are directly attributed to this SO.

SO 2. Increased use of child health and reproductive services in focus areas (\$15,759,000 of which \$8,740,000 is for Economic Growth and \$7,019,000 is for providing Humanitarian Assistance via P.L. 480 Title II).

Fifty percent of the deaths in Mozambique are children under the age of five, which according to the 1994 World Bank Development Report, is the world's highest under-five child mortality rate. Reports indicate an under-five child mortality rate of 270/1000 live births, an infant mortality rate between

140/1000 and 173/1000, and a maternal mortality rate of 260-300/100,000 in health facilities. Modern contraceptive use is less than 5%. Access to safe water is 30% (rural) and 40% (urban). Only 30% of people in rural areas have access to health facilities.

Activities. To improve child survival, beginning in FY 1997, the program will improve the quality and cost-effectiveness of appropriate health services. Specific attention will be given to improving access to, quality of, and management of child survival and family planning services and on increasing demand for such services. This will involve forging new partnerships between communities, the GRM, non-governmental organizations (NGOs) and private providers of health services. In addition, a small, targeted HIV/AIDS activity will be supported.

Related Activities. The PVO/NGO Support Project, the Rural Access Project, the Market Efficiency and Rural Income Program and Project, and the training projects all provide complementary and supplementary support for this strategic objective. The Humanitarian Assistance component of the strategy will carefully target areas of serious food insecurity.

Feasibility and cost-effectiveness. The need for child survival programs is greater than Mozambique will be able to meet with its own, and donor, resources for a long time. For measurable impact, USAID is concentrating in three provinces. The strategy builds on the existing Primary Health Care Support Project's and USAID's partner PVOs decentralization, planning, child survival, family planning, HIV/AIDS, safe water and sanitation, and policy reform interventions. Public sector provision of the whole range of child survival activities is neither feasible nor cost-effective. Central to the strategy, therefore, is the forging of GRM partnerships with PVOs and other NGOs and with private providers of health services. During project design, USAID will continue to lay the necessary foundations through the Primary Health Care Support Project and support to PVOs active in child survival. PVOs are currently delivering cost-effective health services, but need to forge better partnerships with communities, private providers of health services and the GRM to assure sustainability.

Progress in 1993-1994. USAID had implemented child survival activities through the Primary Health Care Support Project since FY 1991 and the PVO Support Project since FY 1990. Under the Demobilization and Reintegration Support Project, primary health care was provided in the Mozambican National Resistance (RENAMO) assembly areas for area residents as well as demobilizing soldiers. Successes in reducing malnutrition have already been mentioned. Increases in malnutrition rates were common in areas that received large numbers of refugees and internally displaced. PVO and GRM actions have largely been successful in bringing them back down. Over 1,500,000 people have benefitted from the essential drug program component of the Primary Health Care Project; over 400,000 from the safe water component. Under the PVO Support Project, in addition to the drop in acute malnutrition, over 53,000 children were immunized, over 5,000 latrines built and over 96,000 families (about 480,000 people) gained access to safe water. Under the Demobilization and Reintegration Support Project, 200,000 people were able, many for the first time in 10-15 years, to access health care through USAID-financed health services for the RENAMO assembly areas.

Donor Coordination. Donors involved in the health sector include the World Bank (\$120 million in new project funds scheduled for FY 1996), Switzerland, the United Nations International Children's Emergency Fund (UNICEF), Norway, Denmark, the World Health Organization (WHO), the Netherlands, and Italy. The donor working group has been effective in coordinating the multiplicity of donor projects in the health sector. In child survival, UNICEF is the lead donor, assisting the GRM to develop its five-year Plan of Action for Children, the sector program for coordinating assistance. In family planning, there are a few small projects, but a lead donor has not been identified.

Constraints. Neither income growth nor increased participation in governance will happen in an environment in which people are more concerned for their survival, due to lack of food, poor health, and poor security. Given that between 60% and 80% of the rural health infrastructure was destroyed during the war, both the lack of facilities and trained personnel are major constraints. The strategy does not propose to construct facilities, although a modest amount will be available for minor

rehabilitation. An integral, and major, part of the strategy deals with the training and capacity building of the whole gamut of health personnel in the GRM, private sector and PVO community, to improve quality and availability of services. Another constraint is the current expenditures gap for the health sector. The program will address this through policy reform and local currency budget support from the P.L. 480 Title III program. The lack of any real discretionary income (60%-80% of the rural population live in absolute poverty) is a constraint to private provision of health services and sustainability of PVO/community partnerships.

BUILDING DEMOCRACY (\$4,200,000).

SO 3. Sustainable citizen participation (\$4,200,000).

The primary constraint to development of democracy and improved governance in Mozambique is the lack of public participation in the governance process. The successful completion of the first universal suffrage multiparty national election in October 1994 was the first step toward a true democracy. While USAID played a major role in supporting that election (nearly one-third of foreign assistance pledged), the challenge now is to assist Mozambique beyond that important first step toward full democracy. The majority of Mozambican citizens have been isolated from government and from each other for 18 years. Sustainable democracy requires a government that is more responsive to citizen participation and a citizenry that is aware of opportunities for participation and understands its role and responsibilities in a democracy. In addition, mechanisms and opportunities for participation also have to be recognized and/or created.

Activities. The principal activities under this SO are support for GRM decentralization initiatives, such as the municipal elections scheduled for 1996, providing more focused technical assistance to the Ministry of State Administration, and strengthening voluntary associations (including independent media) for self-governance and citizen advocacy.

Related Activities. Sustainable growth of household incomes (and general economic growth) and improvements in child survival are dependent on a more participatory governance system that enables individuals and groups to take charge of their lives and influence decisions being made. Thus, in addition to the activities undertaken by the Democratic Initiatives II Project, activities under SO 1 and SO 2 directly and indirectly contribute toward achievement of this SO. Under SO 1, a critical activity will be the development of associations (for technology transfer, input supply, marketing power, capital for enterprise development, policy dialogue, etc.) and support for decentralization of government authority and increased transparency and accountability. Under the child survival program, USAID will provide support for decentralization and increased citizen participation (through community associations and NGOs, possibly business associations).

Feasibility and Cost-effectiveness. The October 1994 presidential and national assembly elections established a precedent for popular participation in the selection of national leaders and established the concept of alternatives to a single party for citizen representation. While it is premature to talk about broader expectations for greater participation, the election results did show that the Mozambican electorate can and will make choices when given the opportunity. This strategy builds on the successful elements of the elections and upon Mozambican initiatives toward significant decentralization of authority to provincial and local government. Prior to the election it was clear that frequently, provincial and district officials felt a stronger sense of accountability to local residents, even though they were appointed, not elected, officials. This strategy supports activities to strengthen that sense of accountability and will assist local initiatives to more actively participate in local decision-making. The strategy will rely heavily on PVOs and NGOs for implementation. Support at the national level will be relatively modest, focusing on a few key policy matters and targeting support to the national assembly.

Progress in 1993-1994. During this period, USAID provided critical assistance to the successful elections, the GRM's thinking about the role of traditional authorities (and, consequently, to the role

of local authorities), and decentralization. Because of the overwhelming importance of free and fair elections for the president and national assembly, the vast majority of resources intended for democratic initiatives were devoted to that process. The major impact was that the elections were free and fair, with 90% of the registered voters going to the polls and 80% of the estimated eligible voters being registered. This was remarkable, given significant constraints such as the state of the roads, no food and no transport.

Donor Coordination. Donor coordination is exceptionally good. Donors recognized early in the peace process that the elections would require extraordinary coordination. The success of the effort has left a strong legacy and expectations of continued coordination. UNDP, the European Union, Italy, United Kingdom, Denmark, Norway, Sweden, and the Netherlands were important in ensuring the success of the elections. The World Bank, Sweden, Norway, Germany, the European Union, Denmark, and Italy all have activities in decentralization and voluntary associations. The United Kingdom is providing assistance for members of the national assembly.

Constraints. As in all aspects of development in Mozambique, human resource capacity remains a serious constraint. The GRM is exceptionally thin, and quality at the provincial and district levels is erratic at best. As the GRM continues to decentralize, and recognition increases as to the implications for power bases, its political will can be expected to fluctuate frequently. Until local revenue policies, laws and regulations are promulgated, recurrent expenditures gaps will also constrain the rate and extent of decentralization. The exigencies of dealing with endemic drought, particularly one that is severe and widespread, may overwhelm the relatively weak and/or new local government initiatives and voluntary associations.

PROVIDING HUMANITARIAN ASSISTANCE (\$19,627,000 from P.L. 480 Title II resources previously attributed to Strategic Objectives 1 and 2).

While USAID shifts its strategy and resources toward economic development, both Mozambique's recent history of massive population movements and long history of localized and nation-wide droughts require that USAID maintain an emergency response capability. With 10%-20% of the population destitute and an additional 40% in absolute poverty in the near- and medium-term, assuring minimal food security is an essential part of the program. The interventions to address these problems, however, will vary over the strategy period, with increased effective demand through income growth and government-financed narrow safety nets being the goal. In FY 1996, a combination of P.L. 480 Title II PVO activities, and P.L. 480 Title III is required to prevent serious malnutrition and death and ensure basic food security for the 50% to 60% of Maputo's population that is destitute.

The P.L. 480 Title II program provides critical humanitarian relief to millions of people, while at the same time providing assistance to both basic household economic growth and child survival. Implementing agencies, such as PVOs, are encouraged to provide emergency/humanitarian relief in the most developmentally-sound way possible.

CROSS-CUTTING ISSUES AND ACTIVITIES (\$220,000).

Most of the capacity building provided under this program is directly attributed to specific strategic objectives. However, because of the extraordinary lack of human resource capacity in Mozambique, USAID provides limited training in areas which contribute to the Agency's goals, and which indirectly contribute to USAID's country strategy. Training support is provided equally to USAID's four goals. Encouraging Economic Growth (\$55,000), Stabilizing Population Growth (\$55,000), Protecting the Environment (\$55,000) and Providing Humanitarian Assistance (\$55,000).

Other Donor Resource Flows.

The United States is among the largest donors in Mozambique. The other major donors include the European Union, Sweden, Portugal, Italy and the World Bank.

**MOZAMBIQUE
FY 1996 PROGRAM SUMMARY**

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Providing Humanitarian Assistance	Total
USAID Strategic Objective						
1. Increase rural household income in specific geographical areas and commodities	46,840,000					46,840,000
PL 480 Title II					3,608,000	3,608,000
PL 480 Title III	9,000,000					9,000,000
2. Increased use of child health and reproductive services in focus areas	8,740,000					8,740,000
PL 480 Title II					7,019,000	7,019,000
3. Sustain- able citizen participation				4,200,000		4,200,000
Cross-cutting issues:						
Capacity- building	55,000	55,000	55,000		55,000	220,000
Total	64,635,000	55,000	55,000	4,200,000	10,682,000	79,627,000

USAID Mission Director: Roger D. Carlson

MOZAMBIQUE

PROJECT NUMBER	PROJECT TITLE	FY 94 ACTUAL	FY 95 ESTIMATE	FY 96 PROJECTED
DA/DFA/ADA				
656-0208	Private Sector Support	0	5,000	0
656-0217	PVO Support	18,341	8,800	0
656-0218	Priv. Sector Spt (TA)	0	1,800	
656-0223	Mkt. Recovery/Dev (NPA)	0	0	6,000
656-0224	Mkt. Recovery/Dev (PA)	0	0	2,000
656-0227	Democratic Initiatives	5,000	3,200	0
656-0229	PVO Support II	0	5,000	9,000
656-0230	Democratic Initiatives II	0	0	2,600
656-0232	Rural Access Project	0	8,100	11,600
656-0235	Demobilization	8,600	5,000	2,000
656-0237	Rural Access Activity	6,159	600	0
656-PDS	Program Dev/Support	200	500	400
Transfers to Regional/Central Projects				
656-HRDA	HRDA	500	500	500
656-ATLAS	ATLAS	698	800	800
-TOTAL DFA/DA/ADA		39,498	39,300	34,900
ESF				
656-0227	Democratic Init.	2,100	0	0
656-0239	Pol. Party Support	1,000	0	0
	TOTAL ESF	3,100	0	0
FOOD ASSISTANCE		41,883	23,600	23,600
DISASTER ASSISTANCE		3,000	0	0
<u>COUNTRY TOTAL</u>		<u>87,481</u>	<u>62,900</u>	<u>58,500</u>

o:\sapub\docs\briefmat\projlist\projlist.moz

Delegation from Namibia
to the SADC Consultative Conference

Hon. H. Hamutenya, Minister of Trade and Industry, Leader

Hon. J. Nyamo, Deputy Minister of Mines and Energy

Hon H. Hishongwa, Deputy Minister of Labour and Human Resources
Development

Dr. L. S. Hangala, Permanent Secretary, Ministry of Mines and
Energy

Mr. P. A. Ndishishi, Director, Human Resources Development,
Ministry of Labour and Human Resources
Development

Mr. N. Kanhalelo, Chief Economist, Ministry of Labour and Human
Resources Development

Dr. E. M. Amuguiko, Chief, Multilateral Development Cooperation,
National Planning Commission

Mr. H. Roesner, SADC Coordinator, Ministry of Mines and Energy

Mr. K. Staber, SWAWEK

Dr. F-N Williams, Permanent Secretary, Ministry of Works,
Transport and Communications

Mr. E. A. M. de Paauw, Deputy Director, Ministry of Works,
Transport and Communications

Mr. T. M. Nghiyoonanya, Senior Education Officer, Ministry of
Education and Culture

Ms. P. Elago, Chief, Trade Policy, Ministry of Trade and Industry

Mr. B. Tshikesho, Chief: Agricultural Extension, Ministry of
Agriculture, Water and Rural Development

Mr. O. Einarsson, Advisor, Ministry of Fisheries and Marine
Resources

Mr. A. Hashishana, Chief Control Officer, Ministry of Fisheries
and Marine Resources

Mrs. E. Tjihuike, Marine biologist, Ministry of Fisheries and
Marine Resources

Mr. A. Guibeb, Permanent Secretary, Ministry of Foreign Affairs

Ms. A. N. Mutelo, SADC Desk Officer, Ministry of Foreign Affairs

Hidipo HAMUTENYA
(Phonetic: hamaTENya)

Minister of Trade and Industry
(since April 1993)

Addressed as: Mr. Minister

Hidipo Hamutenya is responsible for creating the right environment for industrial development. The government's hope is that manufacturing will create much-needed jobs and will reduce the vast economic inequalities among Namibians.

Hamutenya, who was born on 17 June 1939, attended missionary schools as a youth. As a member of the South-West Africa People's Organization (SWAPO), which led the effort for Namibia's independence (Namibia became independent in 1990), he worked in its offices throughout Africa before traveling to the United States to continue his studies. He holds a B.A. from Lincoln University in Pennsylvania and an M.A. from McGill University in Canada. Hamutenya returned to Africa to serve as assistant director of the UN Institute for Namibia. In 1981 he was

NAMIBIA



©

named SWAPO secretary for information and publicity, a position he held until his country gained independence; he was subsequently given the same portfolio in the new Cabinet and served in that capacity until accepting his current assignment.

10 June 1993

NAMIBIA

FY 1996 Sustainable Development Request: \$ 12,400,000
FY 1996 P.L. 480 Title II Request: \$ 0

Namibia is a newly-emerging democracy engaged in a multiracial effort to remove vestiges of a century of German-colonial rule and South African apartheid, which resulted in vast socioeconomic disparities. USAID assistance focuses on education and training to address historical, race-based inequities and help Namibia provide opportunities for all its people in a peaceful and democratic environment. It is in the U.S. Government's interest that the Government of the Republic of Namibia (GRN) succeed in its efforts to maintain a viable democracy able to provide equal economic and social benefits to all of its 1.4 million people, most of whom have suffered under a century of German colonialism followed by decades under the Republic of South Africa's apartheid system. Namibia is in a strategic area of southern Africa and its capacity to make a peaceful transition from minority domination -- politically and economically -- to majority rule and empowerment provides stability in a potentially unstable, ethnically-charged region. The U.S. Government is supporting this smooth transition by providing resources to improve and increase access to basic and adult literacy education, skills development and the protection of its fragile natural resource base.

The Development Challenge.

The distribution of income in Namibia is highly skewed. The minority 5% white population receives 70% of the Gross Domestic Product (GDP), enjoys incomes on a par with those found in developed countries, and has almost exclusive access to quality education and social services. By contrast, the lowest 55% of income recipients, overwhelmingly from the majority black population, are primarily rural and shares 3% of the GDP, with a per capita income of less than \$100 per year. Environmentally, Namibia has a fragile ecological base, scarce surface water and arid land, and suffers from drought. Since independence, the GRN has undertaken an ambitious development program to eliminate the extreme economic and social disparities between the two populations, allocating up to 27% of its annual budget to education and another 17% to health and social services, initiating major education reforms and starting adult literacy programs. Namibia will require moderate, well-placed assistance on a sustainable basis for the next ten years to enable it to meet its development challenges.

Strategic Objectives (SOs).

USAID is pursuing two interrelated strategic objectives in Namibia which address increased participation by formerly disadvantaged Namibians in economic activity and democratic institutions encompassing all levels of civil society. A third strategic objective supports sustainable use of Namibia's scarce natural resources, particularly its wildlife.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$7,900,000).

SO 1. Increase participation of formerly disadvantaged Namibians in the economic, social and political development of Namibia through education and training (\$7,900,000).

Education and human resources development in the formal, non-formal and private sector are recognized as primary vehicles for overcoming the legacy of apartheid among the formerly-disadvantaged Namibians. Lack of skills and professional qualifications together with illiteracy are the major causes of high unemployment. USAID focuses on increasing human capacity and improving access for all, with emphasis on those most adversely affected by apartheid.

Activities. In basic education, USAID supports the GRN in dismantling apartheid-based education and in moving toward a more equitable and accessible system capable of meeting the educational needs of all Namibians. The Basic Education Support (BES) Project is rebuilding lower-primary education in Namibia, the system's foundation, by developing a new curriculum and training teachers in its use. Under this project, USAID is providing technical assistance, commodities and training to design a national lower primary curriculum (grades 1 to 4) and a Participating Agency Support Agreement (PASA) with Peace Corps (\$4.2 million). Funding of workshops, seminars, specially designed training manuals and short-term technical assistance under the Reaching Out with Education to Adults in Development (READ) Project is strengthening the capacity of local non-governmental organizations (NGOs) to deliver improved literacy education, marketable skills training and other non-formal education programs reaching up to 40,000 beneficiaries. Under READ, five GRN officials are enrolled in Masters degree programs in the United States in non-formal education. Degree-level training in the United States (Bachelor and Masters) under the African Training for Leadership and Advanced Skills (ATLAS) Program is funding critical skills e.g., disaster management, public health, education, natural resources management, public administration and finance, and democracy and governance. A Human Resources Development Program, scheduled to begin in FY 1995, will provide short-term training to increase the number of black Namibians capable of filling private-sector management positions.

Indicators. The teacher-training component of BES will produce 1,500 teachers with upgraded skills better prepared to implement the new curriculum and bring about improved learner outcomes. Increased access to quality education will reduce repetition, failure and drop-out rates from 31% to an average of 17% (comparable with the more affluent urban centers). A tertiary degree-level scholarship program and short-term management training will produce a cadre of well trained Namibians with critical skills who will lead their country into the next century. Returning graduates will fill critical skill positions in both the private and public sectors. Through non-formal, NGO-based education programs, another 40,000 adults will receive tangible benefits, which will be passed on to family and community members.

Feasibility and Cost-effectiveness. At the lower primary level, a combination of large numbers of over-aged learners, high rate of repetition and under-qualified teachers are believed to be the root causes of problems in the education system. One third of all Grade 1 students in Namibia are repeaters; 70% of the teachers at the lower primary school level have less than a high school education. Qualitative improvements through in-service training of the least qualified teachers will reduce primary school cycle time, without increasing the volume of resources required to sustain the education program. Education expenditure currently represents 10.3% of the gross national product. Quantitatively, a reduction in primary cycle time for Grades 1-4 by 50% in the target areas will translate into a minimum savings to the GRN of \$2.5 million per year and \$72.6 million by the year 2010 and reduce some of the worst disparities in the education system.

Progress in FY 1993-1994. USAID negotiated an agreement with the GRN to focus Ministry of Education and U.S. resources on the previously-neglected, lower-primary level, the foundation of the education system. Twenty Namibians are now enrolled in advanced degree training under the ATLAS program at various universities throughout the United States. A human resources development assessment, undertaken in May 1994, identified private sector companies and candidates for short-term management training. An action plan for implementation of this assessment is being developed in consultation with the GRN and Chamber of Commerce. Under the READ health component, USAID has expanded its assistance to include adult education pertaining to HIV/AIDS.

Donor Coordination. Major education donors are Sweden, Denmark, the United Kingdom and the United States. In FY 1994, at USAID's request, the Ministry of Education and Culture (MEC) convened a major meeting of donors involved in the education sector for the purpose of exchanging information with subsequent meetings held on specific topics (teacher training, curriculum development). The United Kingdom and the United States are major donors of degree level scholarships.

Constraints. There is a lack of trained teachers and educators to carry out the necessary basic education reforms in a timely manner. There is a need for strengthening the capacity of the newly created MEC to enable it to carry out its national goal of education for all by the year 2000. There is a dearth of critical skills among the formerly disadvantaged Namibians at all levels of the economy. There is only a small black middle class and very few black managers who possess the requisite skills for business ownership.

PROTECTING THE ENVIRONMENT (\$3,500,000).

SO 2. Assist the GRN and its population to protect its fragile environment and endangered wildlife through working with communities and NGOs (\$3,000,000 from regional source funds under the SARP/ISA and another \$500,000 from Global Bureau).

Namibia supports a variety of wildlife species and domestic livestock as well as a population consisting mainly of subsistence farmers. There needs to be an enhanced awareness of sustainable alternatives to raising livestock and farming in traditional patterns. The country is faced with a growing population and competition for limited water and valuable land. Increased eco-tourism and wildlife "farming" could be a source of increased income for marginalized communities if they can gain the right to accrue benefits derived from consumptive and non-consumptive (e.g., tourist) use of wildlife. Namibia would benefit from increased income and the rest of the world would benefit from preservation of large range species such as elephants.

Activities. Under the Southern Africa Regional Program (SARP), USAID has received \$7.5 million of \$10.5 million for a five year Living in a Finite Environment (LIFE) project being implemented by the World Wildlife Fund (WWF). The project funds biodiversity and applied research, workshops, long and short-term technical assistance, evaluation and monitoring to improve the management and protection of the natural resource base of Namibia for purposes of sustainable social and economic development as well as protection of biodiversity. NGOs are being strengthened to assist local communities living in and around parks to better protect wildlife resources and legal assistance is being provided to change legislation to allow indigenous people to benefit from natural resources management and tourism.

Related Activities. In addition to community-based natural resources management, USAID is also funding environmental education activities.

Indicators. Establishment of demonstration "conservancies" involving sustainable use of wildlife and income generation, tourism, and establishment of a national environmental education network. Namibians trained to teach environmental skills. Non-formal materials developed for use in marginalized, non-literate communities.

Feasibility and Cost-effectiveness. Tourism currently provides 20% of GDP and there is potential for much more. To achieve Namibia's full potential from tourism, however, wildlife must be protected and communities living near wildlife must have incentives to manage wildlife resources effectively. The legal and regulatory framework will be established through the project to permit a system of natural resource accounting that calculates benefits from sustainable utilization of natural resources.

Progress in FY 1993-1994. Sub-grants strengthen four local NGOs. Economic and social assessments are being finalized for three major ecological regions. Passage by the legislature of policy on the utilization of game preserves is in progress. Formation of a community game guard program has occurred in two major nature reserves. Environmental education activities are underway. The first review of the proposed new legislation on the environment and income generation will be held in early 1995.

Donor Coordination. Major donors in the environment and natural resources sector are Norway, which is supporting the environmental legislation rewrite; Sweden, which is supporting a Desert

Environmental Research Unit; Germany, which is providing assistance to the Ministry of Agriculture, Water and Rural Development; Netherlands, which is providing technical assistance to Ministry of Environment and Tourism to support land use planning and Denmark, which is supporting planning, infrastructure and training for tourism.

Constraints. Land tenure issues and potential delays regarding the return of benefits to local communities from direct wildlife utilization may occur due to the fact that Government has not passed legislation allowing this practice. Legislation to permit the return of income to the communities in which it is generated and clarification on the rights and responsibilities of these communities regarding animals are urgently needed and are in the process of being developed.

BUILDING DEMOCRACY (\$1,000,000).

SO 3. Expand participation of Namibians in human rights, democracy and governance activities (\$1,000,000).

Namibia's democratic institutions are new and weak, and it will take several years before a popular culture of democracy and advocacy can be firmly rooted. USAID plans to begin a bilateral democracy activity in mid-FY 1995 to assist the Namibian population to understand the full meaning of democracy, e.g., what it means to exercise one's rights and how to hold government accountable to the citizenry. Prompted by requests from the GRN for training of Parliamentarians, USAID funded a Democracy assessment in July 1994 and found little connection between the people and their representatives. An additional problem is the potential trend toward a one-party state. In the December 1994 election, the governing South West African Peoples Organization Party (SWAPO) received more than 70% of the vote, compared to 59% in 1989, but there was little involvement of grass roots organizations in the democratic process.

Activities. USAID will fund workshops, seminars, and other training in order to (a) enhance the transparency and accountability of Parliament and its communication with the citizenry by improving its capacity to conduct research and policy analyses and to strengthen linkages to constituents through systematic and effective communication; (b) build upon the capacity of existing political parties to become a loyal opposition and active participants in the democratic process in the period leading up to the 1999 national elections; and (c) strengthen the capacity of local NGOs to advocate for policies and programs on behalf of their members and beneficiaries.

Indicators. An informed population better able to express their views as exhibited by increased advocacy on key economic and development issues; an increase in the number of groups and communities represented at various fora; and increased contacts between communities and Parliament at all levels of society. Evidence of a strong civil society characterized by 25% increase in the number of organizations and/or groups and fuller participation of women.

Feasibility and Cost-effectiveness. Economic growth is directly linked to establishing a climate in which there is transparency and confidence in both the public and private sectors. Critical to having a democratically-oriented society is a political climate conducive to private sector growth, investment and attraction of foreign investment.

Progress in FY 1993-1994. In support of the December 1994 election, USAID grants provided voter education for communities and funded political party training for the seven participating political parties and equal access to TV and radio for all. Support is being provided to educate the public about women's rights as contained in the newly drafted legislation on the marital law, which would change the status of women from minors along with children and the insane to equal partners with equal rights. USAID undertook a Democracy and Governance Assessment in July 1994 to identify possible areas for a bilateral democracy activity. A FY 1994 workshop funded by a 116(e) grant brought

together representatives of public, private and NGO organizations resulted in a bill on the protection of children's rights which is now before parliament.

Donor Coordination. Sweden, Norway, Germany, the United Kingdom, and the United States have been in the forefront of democracy and human rights issues, organizing civic education and training on women's and children's legal rights and legislative reform activities. The Ford Foundation is providing annual grants in support of the Justice Training Center and to local private institutions. A newly formed group of donor organizations active in democracy and human rights issues meets quarterly to exchange information and coordinate donor support in these areas. Membership include representatives from the countries named above.

Constraints. Parliament lacks the capacity to conduct research, assess policy issues, and prepare legislative summaries necessary to formulate and enact legislation. There are insufficient linkages and means to facilitate communication between the people and members of parliament. There is a severe shortage of trained, experienced, and skilled personnel to become agents of change for democracy and a shortage of the kinds of information and reference material needed to strengthen and maintain a democracy. Although Namibia has been judged to have had two national free and fair elections, worldwide experience indicates that a ruling party without significant political opposition can become complacent, corrupt, or (even worse) dictatorial in practice.

Other Donor Resource Flows.

The largest bilateral donors are Germany, Sweden, and the United Kingdom, with the United States approximately fourth. Major multilateral donors in Namibia are the UNDP and its affiliate organizations, the European Union, and the African Development Bank. A round table of donors is planned for May 1995.

NAMIBIA
FY 1996 Program Summary

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Total
USAID Strategic Objectives					
1. Increase participation of formerly disadvantaged Namibians	7,900,000				7,900,000
2. Assist GRN to protect its fragile environment & wildlife			3,500,000*		3,500,000*
3. Expand participation of Namibians in human rights, democracy and governance activities				1,000,000	1,000,000
Total	7,900,000		3,500,000*	1,000,000	12,400,000

*Regional Funds from SARP/ISA (\$3 million) and Global funds (\$500,000).

USAID Representative: Edward J. Spriggs

USAID STRATEGY AND ASSISTANCE - NAMIBIA PROGRAM

USAID is pursuing two interrelated strategic objectives in Namibia, which address increased participation by formerly disadvantaged Namibians in economic activity and democratic institutions encompassing all levels of civil society and a third strategic objective in support of sustainable use of Namibia's scarce natural resources, particularly its wildlife. USAID is developing a new strategy, that will cover the period from 1995 to 1999 to be submitted in FY 1995.

The Basic Education Support (BES) Project funds long and short-term technical assistance, commodities and training to develop and design a national lower primary curriculum (grades 1 to 4) and a Participating Agency Support Agreement (PASA) with Peace Corps (\$4.2 million). Funding of workshops, seminars, specially designed training manuals and short-term technical assistance under the Reaching Out with Education to Adults in Development (READ) project is strengthening the capacity of local non governmental organizations (NGOs) to deliver improved literacy education, marketable skills training and other non-formal education programs reaching up to 40,000 beneficiaries. Under READ, five GRN officials are enrolled in M.A. degree programs in the United States in non-formal education. A degree-level training in the United States (Bachelor and Masters) under the African Training for Leadership and Advanced Skills (ATLAS) Program is funding critical skills e.g., disaster management, public health, education, natural resources, private sector, public administration and finance, and democracy and governance. A Human Resources Development Program, scheduled to begin in FY 1995, will provide short-term training in management linked to private sector promotion of affirmative action goals.

Under the Southern Africa Regional Program (SARP), USAID has received \$7.5 million of \$10.5 million for a five year Living in a Finite Environment (LIFE) project being implemented by the World Wildlife Fund (WWF). The project funds biodiversity and applied research, workshops, long and short-term technical assistance, evaluation and monitoring to improve the management and protection of the natural resource base of Namibia for purposes of sustainable social and economic development as well as protection of biodiversity. NGOs are being strengthened to assist local communities living in and around parks to better protect wildlife resources and legal assistance is being provided to change legislation to allow traditional peoples to benefit from natural resources management and tourism.

Namibia's democratic institutions are new and weak, and it will take several years before a popular culture of democracy and advocacy can be firmly rooted. USAID plans to begin a bilateral democracy activity in mid-FY 1995 to assist the Namibian population to understand the full meaning of democracy, e.g., what it means to exercise one's rights and how to hold government accountable to the citizenry.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT: NAMIBIAN PROGRAM
DETAILED PROJECT AND PROGRAM DESCRIPTIONS**

EDUCATION

1. The Basic Education Support Project (BES) was developed in early 1994 to focus U.S. and Namibian Government efforts in the education field on education reforms needed at the primary school level -- the most neglected part of Namibia's education system in the past, and the foundation for system-wide improvements. This project provides \$18.5 million in technical assistance, training and commodities to the Ministry of Education and Culture (MEC) to support curriculum design and development, and for teacher training in 500 of the most disadvantaged lower primary schools. The latter element will be implemented by Peace Corps, using volunteer teacher trainers over a seven year period to substantially upgrade the skills of at least 1500 underqualified primary school teachers.

2. Reaching out with Education for Adults in Development (READ), is a \$13.5 million project being implemented by World Education, Inc. (WEI), primarily to strengthen the capacity of local NGOs to carry out national development goals. Although its primary focus is on adult skills development, the project supports health activities (including AIDS/HIV), nation building, literacy education and varied skills training. Since beginning in 1992, a network of NGOs has been established, with an expected outreach of at least 40,000 beneficiaries, and in June 1994, a unique urban center, the Environmental Education Resource Center, was opened.

3. Human Resources Development. Short-term and degree level education and skills upgrading objectives will be achieved through two regional programs: (A) The African Training for Leadership and Advanced Skills (ATLAS) Project, will provide U.S.-based degree training for up to twenty selected Namibians at the M.A. level, and 5 female undergraduates in critical skill study areas at a cost of up to \$1 million per year, funded under USAID/Namibia's bilateral program. (B) To address Namibia's lack of well-trained managers, a legacy of apartheid that limits Namibia's growth potential, USAID/Namibia will soon initiate a Human Resources Development Assistance (HRDA) project which will provide short-term and skills training (locally, regionally and U.S.-based) for up to one year, as well as internships with U.S. companies, in order to facilitate the hiring and promotion of non-white (historically disadvantaged) Namibians into managerial and professional positions in the mainstream private sector (where non-white Namibians are grossly under represented). USAID obligated \$100,000 in FY 94 to plan for this activity and plans to provide up to \$1 million to HRDA this FY.

ATLAS and HRDA will further expand the pool skill and educational opportunities for Namibians; thus providing increased job opportunities, in both the private and public sector for historically disadvantaged Namibians. The development impact of our combined education and human resources development approaches (formal, non-formal and degree/short-term training) will be to produce a cadre of historically disadvantaged Namibians with improved educational backgrounds, upgraded skills and mainstream corporate and governmental experience who will be empowered to make a greater contribution to their country's economic growth, democratic development and general progress.

ENVIRONMENT and NATURAL RESOURCES MANAGEMENT

In-country environmental and natural resources objectives are being funded through a \$13 million regional project, Living in a Finite Environment (LIFE), implemented by a USAID grant to the U.S.-based World Wildlife Fund (WWF). WWF, working with the Ministry of Environment and Tourism (MET) and local NGOs, is increasing the capacity of rural communities living in or near national parks and protected areas to manage, and derive revenue from, wildlife resources, thus giving people in the "communal areas" a stake in preserving the country's natural resource heritage for future generations. Four NGOs have received institution-building subgrants to implement community-level natural resource management activities in buffer zones near national parks and protected areas.

DEMOCRACY AND GOVERNANCE

Until now democracy and human rights activities in Namibia have been initiated ad hoc based upon applications from NGOs and short-term funding from the Human Rights Fund in Washington. Approximately \$700,000 has been provided to date to U.S.-based and Namibian democracy institutions and NGOs (National Democratic Institute, et al) for training (including Parliamentarians) workshops, attendance at conferences and procurement of equipment/materials for associations and organizations active in paralegal activities, democracy and civic education.

Beginning in late FY 95 or early FY 96, USAID/N, in collaboration with the U.S. Embassy, plans to implement a comprehensive Democracy and Governance (DG) assistance package within our bilateral portfolio aimed at increasing Namibians' participation in the democratic and electoral processes. Possible areas of assistance include developing transparency, accountability, and capacity to address public policy issues in the Parliament, and political party training. USAID will provide \$750,000 the first year of implementation and up to \$2 million over a three year period. This DG activity will likely be implemented through one or more U.S. PVOs.

HUMANITARIAN AND DROUGHT RELATED ASSISTANCE

1. P. L. 480 Food-aid, valued at \$2.6 million, was provided in 1993 through the World Food Program.
2. Disaster Assistance for the 1992-1993 drought in the form of well drilling and bore holes was provided through the Office of Foreign Disaster Assistance under a grant to the International Medical Corps, a U.S. PVO.
3. Africa Regional funds were provided to AFRICARE, a U.S.-based PVO, for bore hole maintenance training for communities affected by the drought in Kunene Province.

P:\docs\brf3.nam
Revised 12/12/94

NAMIBIA

PROJECT NUMBER	PROJECT TITLE	FY 94 ACTUAL	FY 95 ESTIMATE	FY 96 PLANNED
DA/DFA				
673-0002	PD&S	500	800	500
673-0004	Reaching Out With Education to Adults	1,550	2,000	3,000
673-0006	Basic Education Support Project	11,000	2,500	2,000
673-0007	Democracy/Governance	0	1,500	1,000
 TRANSFERS TO REGIONAL/CENTRAL PROJECTS				
673-0475	ATLAS	1,000	1,000	1,000
698-0463	HRDA	750	1,000	1,400
698-0541.73	Human Rights	300	200	0
698-9901.73	Self-Help	200	200	0
690-0251.73	Living in a Finite Environment	<u>3,000</u>	<u>3,500</u>	<u>0</u>
TOTAL DFA/DA		17,300	12,700	8,900

South Africa Delegation to the SADC Consultative Conference

1. Mr. Aziz Pahad, Deputy Minister of Foreign Affairs
2. Mr. Alex Erwin, Deputy Minister of Finance

Aziz PAHAD
(Phonetic: paHAHD)

SOUTH AFRICA

*Deputy Minister of Foreign Affairs
(since 10 May 1994)*

Addressed as: Mr. Pahad

Aziz Pahad has prior diplomatic experience. In addition to serving as one of the ANC's representative in London during 1964-1990, he served as deputy under now First Vice President Thabo Mbeki in the ANC's Department of International Affairs. Pahad was also a member of the Transitional Executive Council's Subcouncil on Foreign Affairs. Pahad, a member of the ANC's policymaking National Executive Council since 1985, was active in drafting the National Peace Accord and served on the National Peace Committee Preparatory Committee.

Pahad was born on 25 December 1940 in Western Transvaal. He graduated from the University of Witwatersrand with degrees in sociology and Afrikaans. While in the UK, he obtained a masters degree in international relations at the University of Sussex. Divorced, he has at least one son. He speaks English.

25 May 1994

Alec ERWIN
(Phonetic: EHRwin)

Deputy Minister of Finance
(since May 1994)

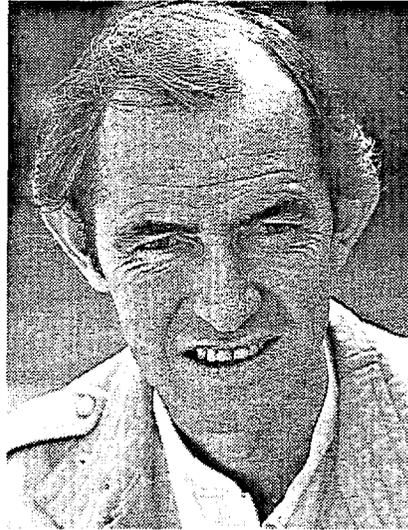
Addressed as: Mr. Erwin

Alec Erwin, a longtime leader in the trade union movement, is second in command under Derek Keys at the Finance Ministry. Erwin is a member of the South African Communist Party, and he helped form several of South Africa's most powerful trade unions, most notably the Congress of South African Trade Unions (COSATU), which was launched in 1985.

Erwin has been politically active since the early 1970s. He helped found the Institute for Industrial Education, an organization that helped train workers and shop stewards. His work there led him—and other leftist white intellectuals—to get involved in Durban-based strikes in 1973, the press reports. At this time he was a lecturer at the University of Natal as well. He took a yearlong sabbatical in 1974 to study at the Center for Southern African Studies at York University. He returned to the University of Natal, where he was a full-time lecturer (1975-78) until joining the black trade union movement.

Erwin was instrumental in rebuilding the trade union movement after Pretoria banned COSATU in the early 1970s. His first major leadership role was in the Trade Union Advisory and Coordinating Council, which helped direct the actions of Natal Province's five trade unions as well as two in the Transvaal. At the same time, he was involved in discussions, beginning in 1977, that led to the formation of the Federation of South African Trade Unions (FOSATU), which was founded in 1979. Erwin was serving as its general secretary (1979-81) when, according to his official biography, he resigned to return to grassroots organizing. He served as branch secretary in the Pinetown area of Natal Province for the National Union of Textile Workers (now the South African Clothing and

SOUTH AFRICA



© (1987)

Textile Workers Union, known by its acronym, SACTWU). In 1981, Erwin again was involved in talks toward establishing a larger trade union federation. When COSATU replaced FOSATU in 1985, he became its education officer. In 1987 he shifted to the role of national education officer of the National Union of Metalworkers of South Africa—one of COSATU's largest constituent parts—a post he held until joining the government.

Erwin has also served in a number of negotiating roles. He was COSATU's primary negotiator on controlling political violence in Natal Province, facing off with leaders of Mangosuthu Buthelezi's Inkatha Freedom Party, according to press reports. He held this post until around 1990, when the ANC was unbanned. He also helped establish various opposition economic research think tanks and forums to discuss economic policy.

Erwin was born on 17 January 1948 in Cape Town. His father was a concert violinist, farmer, and businessman. Erwin lived in a variety of southern African cities in his youth and graduated from a high school in Durban, the commercial capital of the KwaZulu-Natal region.

25 May 1994

**Talking Points for Discussions Between
AA/AFR Hicks and the Government of South Africa**
(during the SADC Conference and during Hicks' visit to South Africa)
February 1995

1. The South African Delegation is likely to express concern regarding the continuity of USAID assistance to South Africa in light of the dramatic changes in Congress, including calls for abolition of USAID as an agency and reduction in assistance to Africa, in general.

Background: USAID/South Africa and the Embassy/Pretoria have worked to assure our counterparts that assistance levels through FY 96 are unlikely to change with the recent changes in Congress. We have noted, however, that assistance levels beyond FY 96 might be affected not only by the recent changes in Congress, but more so by the results of the U.S. presidential election next year.

Discussion: Provide members of the Delegation your perspective on how changes in Congress will likely affect the continued existence of USAID, assistance to Africa and to South Africa, in particular. Put the USAID/South Africa program in perspective of overall USAID assistance to Sub-Saharan Africa--both now and what you see as future scenarios.

2. The Delegation may seek to put in proper perspective President Mandela's published comments citing USAID assistance as "peanuts," and may request your opinion as to whether this comment may negatively affect Congressional attitudes toward economic assistance to Africa, in general, and to South Africa, in particular.

Background: President Mandela is reported to have cited our program as amounting to "peanuts," signaling a strong expectation for substantially higher assistance levels--reportedly along the lines of our assistance to the former Soviet States. During meetings with the Ambassador, the President noted that his comments were taken out of context. His comment was in context of a statement praising the U.S. for its overall support (economic and political) to South Africa. Senior members of the South African Government (SAG) have on numerous occasions publicly and privately cited USAID assistance as being properly focused on the country's development priorities and among the largest announced aid packages to South Africa--indeed, the largest in terms of grant aid. Embassy/Pretoria has underscored the fact that the announced \$600+ million assistance package did not include an estimated value of the considerable trade concessions which the U.S. has announced, as did the Japanese aid package.

Discussion: Provide your judgment as to how President Mandela's comment may have been interpreted on the Hill. Comment on the continued strong support for South Africa among the Congressional Black Caucus and the stabilizing effect that such is likely to have in Congressional debates on aid levels for Africa. Underscore the need for broad, positive support in future public comments on U.S. foreign assistance as we all work towards a continuation of substantial assistance to South Africa and the region.

3. The Delegation may express South Africa's appreciation for the role that the U.S. plays in SADC, and have indicated their intent to ask your perspectives on South Africa's role in SADC as well as other multi-lateral financing agencies--IMF, ADB and IDA.

Background: SADC and South Africa find themselves in a very unique and unanticipated situation, that is, examining and debating the role of South Africa in SADC, which was created expressly "against" South Africa. We understand that a draft protocol may have been drafted proposing a role for South Africa as "facilitator" of trade or investment (each SADC country reportedly serves as facilitator of some sectoral interest).

In many respects, South Africa "has its hands full" addressing a myriad of domestic problems, not the least being maintenance of the Government of National Unity (given the recent rift between the ANC and NP over the question of indemnity for crimes of the past) and launching a massive Reconstruction and Development Program. Perhaps defining its role in a host of multi-lateral organizations has not received sufficient priority. Based on experience to date, we have found the SAG to be very open to the USAID's perspectives and particularly to "lessons learned" in addressing thorny economic development issues. This has been particularly true for those members of the GNU who have for many years been our partners in development through our extensive NGO support programs. They value the deep and abiding relationships that have been developed with the U.S. Government, and are likely to seek out our perspectives on their country's role in many of the organizations in which we plan a key role.

NB: We are sensitive to the fact that this is very much a State Department issue, and do not want to signal an intention for USAID to overstep our boundaries; however a key Ministry of Finance representative has indicated his interest in raising this subject with you.

Discussion: Indicate your willingness to share USAID's and the Department of State's perspectives on South Africa's membership in multi-lateral organizations within the proper contexts. As appropriate, emphasize, in general, the importance of South Africa to favorably consider membership in a timely manner, and to examine its membership in context of South Africa's potential leadership role in African economic affairs.

4. You may wish to advise the Delegation of USAID's intention to mount a substantive bilateral program with the GNU in support of the RDP.

Background: The SAG has signaled its expectation that donors directly support the RDP, while RDP officials have been careful to avoid a push for donors to dump their programs with the NGO sector. There has been some evidence of debate within the SAG of just how much detail information and involvement the SAG should have vis-à-vis donors' programs with the NGO sector. The official position is that the SAG wants to be broadly informed how donor-NGO programs support the RDP, but that the detail is "none of our business." This notwithstanding, many donors are reportedly rapidly decreasing their direct assistance to the NGO community in favor of bilateral programs.

Discussion: USAID has announced and evidenced our intention to maintain a substantial NGO program while launching a bilateral assistance program. Within 4-5 months of the election, we signed two bilateral agreements in FY 94 (Administration of Justice for \$1.5 million; TA to the Ministry of Housing for \$500,000). Further, preliminary plans for FY 95 are to sign bilateral agreements for over \$50 million (incremental funding from our FY 95 OYB) in support of programs whose life-of-project USAID contributions may amount to just under \$200 million. The largest of these are a new health project and two HIGs. This notwithstanding, USAID/South Africa is very sensitive to maintaining effective relationships and programs with the NGO community, particularly in light of its considerable delivery capacity and credibility with the black community and the role that this community must plan in RDP implementation. We are seeking to support the establishment of appropriate bridges between the SAG and the NGO community in this regard.

(NB: We will do additional talking points for your meeting in Pretoria when the schedule is firm.)

SOUTH AFRICA

FY 1996 Sustainable Development Request: \$ 120,000,000
FY 1996 P.L. 480 Title II Request: \$ 0

The Republic of South Africa is strategically located at a critical point on the sea lanes and contains deposits of many minerals and strategic materials. It has the most developed and diversified economy in Africa and possesses the continent's most modern and efficient road, rail and telecommunications networks. The 1993 Gross Domestic Product (GDP) of more than \$117 billion is more than four times larger than the rest of the Southern Africa region combined. South Africa is the United States's largest trading partner in Africa, with bilateral trade about \$4 billion in 1993. U.S. private sector investment in the country exceeds \$1 billion. Given the strategic and economic importance of a stable and prosperous South Africa, it is in the national interest of the United States to ensure that all of the country's citizens are permitted to achieve the economic benefits of their new-found political freedoms.

The Development Challenge.

One year ago the majority of South Africans were without voting rights and severely limited in their access to basic economic and social benefits. Following the remarkable success of the non-racial, multi-party national elections and the transition to a majority government, the reconstruction and development of the new South Africa is now underway. Today, through a triumph of democratic will, the system of apartheid, with all of its injustice, is history. The world has witnessed the birth of a new South Africa, one that merits the full support of the world community. The potential for success is great and with it comes the African continent's best example for democracy and an "economic engine" that could eventually benefit the entire continent. The newly-elected South African government is moving ahead with trade liberalization and strict budget discipline. Privatization and further deregulation of the economy also are targets for policy reform. Barriers to foreign investment are limited and most businesses can be started with a minimum of formalities. The new government is well aware that economic and political freedom go hand in hand. USAID/South Africa's post-election goal is "to increase the majority population's political, economic and social empowerment." A key priority under this strategy is to assist the new democratic government to restructure and unify formerly apartheid institutions and achieve greater equity in social and economic opportunities.

In April 1994, landmark multi-racial elections resulted in the election of a new President and the creation of a Government of National Unity (GNU) - composed of Ministers from the three major parties. Shortly thereafter, President Mandela announced the GNU's ambitious Reconstruction and Development Program (RDP). The RDP identifies four broad areas of emphasis: Meeting Basic Human Needs, Developing Human Resources, Building the Economy, and Democratizing the State and Society. The United States is supporting the reconstruction and development process through a three year \$600 million commitment. The new government has an enormous task ahead of it, including: the reform of all Ministries and the civil service; establishment of a Constitutional Court; the reorganization of the country from a system of four provinces and ten "homelands" to nine provinces; the transformation of the health and education systems; and, the integration of millions of formerly disenfranchised citizens into the economic and social fabric of the nation. A well-functioning democracy and dramatic and sustained economic growth are key to meeting many of these challenges. Although South Africa has the largest economy in the region, it is just emerging from a recession and the effects of a prolonged struggle against apartheid. GDP growth is expected to be around 2-3% in 1995 and could reach higher levels in future years if political stability is maintained and renewed foreign investment is forthcoming. Growth, investment and economic assistance are needed to reduce the alarming poverty in South Africa. At present, approximately 40% of all South African households lack adequate housing, an estimated 49% lack safe water and 25% lack adequate sanitation. More than one third of the adult workforce is jobless, and more than 50% is functionally illiterate. If South Africa is to

serve as a model for successful conflict resolution and reconciliation in the region, as well as an engine for rapid economic growth, these conditions must be improved.

Strategic Objectives (SOs).

USAID is pursuing three Strategic Objectives in South Africa. A fourth, encompassing a growing need for assistance in the health sector, is under consideration.

BUILDING DEMOCRACY (\$74,100,000).

SO 1. Disadvantaged population participates more fully in the political development and governance of a democratic, human rights-based South Africa (\$24,000,000).

The basic structures needed to broaden and sustain a democratic political order in post-apartheid South Africa are an informed electorate; strong local governments; a just, accessible and transparent legal system; sustained respect for human rights; a civil society based on tolerance and acceptance of cultural diversity; institutionalized checks and balances, including alternative non-governmental mechanisms for articulating and promoting diverse points of view; accountability and transparency in public decision making; and representative, responsive, and effective governmental structures at national, provincial and local levels. SO 1 addresses these basic underpinnings of democracy, without which sustainable development in South Africa will not be realized.

Activities. The USAID program emphasizes helping the new government cope with these governance problems. Through the Transition Support Fund and the Community Outreach and Leadership Development (COLD) Projects, immediate and extensive support is being provided to national, regional and local governments in the form of technical assistance, training and observational tours in support of policy analysis, formulation and implementation. Specific support is also being provided in the area of administration of justice through the first bilateral project signed with the government. This program is unique in that it also involves non-government organizations (NGOs) as partners in an effort to overhaul the system. Throughout the period prior to the election, USAID developed a strong partnership with the South African and U.S. NGO community. USAID will continue to work with these groups and community-based organizations in areas of institutional development, civic education, mitigation of violence, conflict resolution and human rights. Putting democratic organizational practices into action, the Self-Help Support Project annually provides \$500,000 to small community organizations to address agreed-upon community development needs. USAID will also continue to work with the African American Labor Center to provide technical assistance and training for black South African trade unions in areas such as union organization and management, grievance processing, labor policy, collective bargaining, health and occupational safety.

Related Activities. Both the Governance Support Program and the Disenfranchised Youth Program are supported under the COLD Project in addition to other projects throughout the portfolio. These activities cut across the entire South Africa program, providing linkages between SOs. All housing and urban development projects have significant technical assistance components that focus on strengthening local government capacity to provide housing and urban services in collaboration with community-based organizations. Currently 63 community organizations are participating in the Shelter and Urban Development Support Project.

Indicators. Indicators measuring progress include: the percent of registered voters exercising that right and the number of NGOs working with USAID in the area of political development. By all accounts, the April national election was substantially free and fair with voter participation estimated at 86.5%. USAID has provided support under this strategic objective to over 300 NGOs, of which 10 are directly working in the area of political development.

Feasibility and Cost-effectiveness. The successful free and democratic national election of April 1994 attests to the feasibility of this strategic objective. Previously disenfranchised South Africans had less than four months to become familiar with the principles and operational details of elections and representative government. USAID supported a massive effort to help educate the millions of new voters as to their responsibilities and rights prior to the elections. USAID has been a key player in the promotion of political and social change in South Africa since 1986 and has been in the forefront of empowering disadvantaged communities by supporting activities that promote democratic processes and provide assistance for leadership development to facilitate democracy. Many of the newly-elected leaders of South Africa have benefitted directly and indirectly from USAID's past investments in these activities. The costs of leadership development and promoting "voice and choice" for the disadvantaged communities (\$120 million over the past seven years) are small in relation to the benefits of having the majority community actively participate in a democratic political system.

Progress in 1993-1994. Over 150 grants to indigenous and U.S. NGOs have helped to establish a strong civil society and culture of accountability. They have also contributed to the quality of governance in the new South Africa. The persons and organizations who participated in the liberation and democratization movement regarded our programs as safe vehicles to express their opinions and catalyze wide-spread community action towards the realization of a free, democratic South Africa. About 50 former participants are now in responsible positions within the new government and will undoubtedly use their USAID-supported training to have substantial and broad influence on the development and implementation of the government's RDP.

Mission programs strengthened South Africa's first non-racial election by providing voter education through over 100 organizations that reached over 4 million disadvantaged South Africans and supported the coordination and deployment of over 30,000 local election observers and over 500 international observers. In addition, the Independent Electoral Commission (IEC) was given institutional strengthening technical assistance and an estimated 50 NGO leaders participated in the IEC and other transitional structures to successfully carry out a substantially free and fair national election. The result has been an unprecedented turnout of voters (19.6 million) with fewer than one percent of the votes invalid.

Mission programs have helped to create and strengthen a truly national network of human, civil and legal rights and democratic institutions. The Mission has helped assure fundamental civil and political rights by enabling NGOs to be directly involved with the restructuring of the South African judicial system, and by supporting a wide range of efforts to help create a culture of tolerance in the country, thereby helping to diminish the level of political violence. In 1993-1994, Mission programs supported more than 60 grassroots advice centers, civic organizations and others offering paralegal/defense representation, legal education and training, and community law centers.

In order to build the policy foundations for the new democracy, the Mission supported the establishment of policy-based think-tanks, conferences, workshops and fora to build economic, public administration and oversight capacity in the disadvantaged majority community in support of the RDP. USAID has also funded various workshops, observation tours and training courses for new national and provincial officials to facilitate effective governance.

Donor Coordination. USAID/South Africa has an excellent record of coordinating with other donors and has emerged as the leader of many coordination efforts. Related to this SO, particular attention has been given to donor coordination in the areas of Community Development and Land Tenure programs and the Strengthening of the Independent Electoral Systems. While the Canadians chair the donor coordination group in Public Administration and the British are increasing their involvement in Civil Service Training, USAID has been the most active donor in support of Public Administration and Governance and will play a leading role in the future in donor coordination.

Constraints. The new government faces major challenges during the first years of the new democracy. At the national level, a thin layer of new political leadership directs an entrenched, carry-over bureaucracy and presides over an extensive network of laws inherited from the apartheid regime. At the new provincial level, new structures must be organized and institutionalized from a near zero base in some provinces. Policies, structures, institutions, laws and procedures governing fundamental social service delivery across the spectrum must be revamped, rationalized or established.

SO 2. Help establish a more equitable and effective education system (\$44,500,000).

Of all of the injustices of apartheid, none is more profound than the deliberate restriction of educational opportunities for the majority of South Africans, including black, colored and Indian. The inequalities resulting from years of inferior education will take decades to overcome. Democratic development requires an educated citizenry to direct and manage private and public institutions within a civil society.

Activities. This Strategic Objective is supported by four principal projects: South African Basic Education and Reconstruction (SABER), Education Support and Training (ESAT), Support to Tertiary Education (STEP) and Tertiary Education Linkages (TELP). Through these activities the Mission has assisted in developing a democratic, non-racial, compulsory, unitary education system in South Africa by developing and disseminating innovative educational models and policy systems which improve the quality of pre-primary and primary education for historically disadvantaged South Africans. Over 100 NGOs have been assisted in their efforts to support these programs. Specifically, the SABER Project is supporting the increased development and use of innovative educational models and policy systems that improve the quality of primary education through technical assistance to the government and support for NGOs working in primary education. The ESAT project supports indigenous non-governmental education providers in the development and testing of improved educational models, curriculum development and educational planning. Through STEP, human resources development is focused on immediate occupational needs. The emphasis is placed on professional and technical fields where members of the majority population are severely underrepresented. Finally, TELP is intended to assist in the transformation of historically disadvantaged universities and technical schools through targeted assistance in strategic planning and policy analysis, institutional capacity building and developing linkages with other South African and U.S. institutions of higher education.

Related Activities. It has been shown that the level of education has a direct link with several development indicators - economic prosperity, employment, family planning and infant mortality. Reflecting this, the activities under this Strategic Objective are related across the board to USAID objectives, for example, training for civil servants, legislators, managers, civic and business leaders. Training is also provided to complement other efforts under the Disenfranchised Youth Program.

Indicators. Impact indicators for this SO aim at improving the statistics for non-white students and include the per capita governmental spending on white and black children, the white to black ratio for numbers of students per teacher and the percent of enrolled black children completing high school. South Africa allocated 21.4% of the national budget for education. Although this level of funding for education is within the acceptable upper range, the allocation of funding by race and ethnicity were not equitable. Manifestations of this inequity result in statistics such as the majority population having matric (high school proficiency exam) pass rates of 44% compared to 98% for whites. Overall, 14% of public education teachers did not have teaching qualifications, and 57% were under-qualified (i.e., did not have a matric with three or more years of teaching training). The vast majority of un- and under-qualified teachers are assigned to rural areas and previously designated homelands. However, reforms are moving apace. The new government has established policies to transform the educational system at all levels and has developed an action plan to implement this policy.

Feasibility and Cost-effectiveness. South Africa's educational system has traditionally been race and gender biased. This bias is gradually changing due, in no small part, to USAID's investment of approximately \$180 million in education over the past decade. USAID has provided disadvantaged

South Africans with access to a quality education through scholarships. There are several hundred students studying in the U.S. or at South African institutions. This massive training program has provided the new government with a significantly expanded pool of qualified leaders. Through a combination of projects, USAID has also assisted South African private and community-based organizations to develop improved models for basic education, strengthen the capabilities of black education NGOs, upgrade the qualifications of black teachers and school administrators, improve school management systems, reform educational curricula, and provide a better quality education for the disadvantaged majority of South Africans. This will complement the new government's emphasis on education and training for employment and alleviate somewhat the overall dearth of trained and qualified teachers, instructional facilities, textbooks and learning materials.

Progress in 1993-1994. USAID has funded the development of innovative curriculum design, educational materials, and other teacher training models in mathematics and science education, preschool and primary education, and innovative uses of technology in delivering instruction; some of these are now being used. The program laid an important foundation towards building a single assessment and accreditation system for South Africa through the Independent Examination Board and established a national forum for the nine historically black South African universities, identifying common problems and formulating a program for their development. A national forum for career counselling has also begun to address the lack of career counselling within the disadvantaged community. In the non-formal sector, USAID has developed post-secondary remediation, applied adult training models and techniques, and developed preschool preparation programs. Also, USAID provided short-term and long-term academic degree training, and career development fellowships to over 1,200 disadvantaged South Africans during this period.

Donor Coordination. Norway serves as the chair of the Human Resources Development donor coordination group. With USAID's considerable investment in this sector, it expects to play a key role in identifying strategic areas of cooperation within the donor community. USAID conducts periodic consultations with counterparts from various other donor agencies in order to compare assessments of funding proposals under consideration and to consider co-funding possibilities.

Constraints. The highly fragmented and wasteful educational system organized on racial lines which was imposed by the apartheid regime in South Africa will require years to transform. Changes will be needed at all levels, from basic education to post-graduate studies, resulting in the reform of the educational system itself and a more equitable distribution of educational resources. Tension exists between the need to increase access and at the same time enhance quality.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$36,375,000).

SO 3. Increase opportunities for asset ownership and economic integration for the historically disadvantaged (\$39,000,000, of which \$5,400,000 is for Protecting the Environment and \$5,600,000 is for Building Democracy).

The disparities in access to economic resources in South Africa are numbing. Average white incomes are six times that of blacks, three times that of coloreds and twice that of Indians. More than half of the majority population lives below the official poverty line. It will be impossible to establish and sustain a stable, democratic, post-apartheid South Africa if the majority population has so little stake in the country's economy.

Activities. Activities under this strategic objective focus on overcoming those legacies of apartheid which have barred South Africa's majority population from fully participating in the country's economy, especially private enterprise and home ownership. The program endeavors to creatively leverage local and international capital through loan guarantee arrangements, strengthen the indigenous business development organization sector and provide selective technical assistance and training. Efforts are focussed on developing replicable models for South Africans to emulate. In the post-apartheid era,

there is now an opportunity to work with the South African Government (SAG) to ameliorate policies that have historically disadvantaged large segments of the population. To address private sector development, a three tier approach is being used that utilizes resources from bilateral, regional and global sources. USAID/South Africa's Black Private Enterprise Development Project is providing technical assistance, training, credit and equity for micro/small and medium-sized enterprises, and on-the-job skills training for unemployed and marginalized members of the majority population. The project also is working in the formal economy to mainstream high potential black business, in the financial sector to encourage linkages between South Africa and the United States, and in the policy arena to strengthen the black private sector voice in national and regional economic policy formulation and implementation. The Small Business Loan Portfolio Guaranty Program (funded by the Global Bureau) provides a 50% guarantee through six privately-owned South African banks for small and micro-enterprise loans. Moreover, training is provided to banks and borrowers to introduce them to non-collateral based lending techniques. Finally, the regional Southern Africa Enterprise Development Fund, in which South Africa participates, will provide term debt and equity funds, as well as technical assistance and training to small and medium size firms.

The Shelter and Urban Development Support Project is increasing the role of community-based organizations in local shelter planning and development, strengthening black construction enterprises, increasing the supply of private sector financing for low cost housing and infrastructure and assisting in the development of affordable shelter solutions. This project complements three Housing Guarantee programs - the Private Sector Housing Guarantee Project, the Basic Shelter and Environment Housing Guarantee Project and the Municipal Infrastructure Project. The first of these projects is with private sector credit facilities. The second two will be with the SAG at the national and municipal levels.

Related Activities. Related to this SO is the Disenfranchised Youth Program carried out under the Community Outreach and Leadership Development project within SO 1. The program provides job skills training, social services, internships and business-oriented training as part of a secondary school curriculum. Under SO 2, 327 scholarships were provided for business/management training in the U.S.

Indicators. Indicators for measuring increased opportunities for asset ownership and economic integration at the strategic objective level are: increased access to financial resources as measured by the number of banks making small business loans under the Small Business Loan Portfolio Guarantee (LPG) program and the numbers of mortgages issued to disadvantaged applicants. In FY 1994, two banks were added to the LPG program bringing the total to six. Over 4,800 mortgages were issued in FY 1994 under the Private Sector Housing Guaranty. USAID will also be monitoring improvements in the policy environment. In FY 1994 the SAG named a Standing Committee for Small- and Micro-Enterprise and various local authorities simplified licensing requirements, to name a few changes. In the housing sector, the Ministry of Housing issued a White Paper outlining its strategy for reconstruction and development and the National Housing Finance Corporation finalized its business plan. In both of these instances USAID provided technical assistance.

Feasibility and Cost-effectiveness. USAID's Black Private Enterprise Development Project has provided \$40 million over the past six years to assist historically disadvantaged South Africans to overcome the political, regulatory, social and attitudinal constraints that have stemmed from apartheid and serving to prevent their equitable participation in the South African economy as owners and managers of private enterprises. In part, as a result of USAID-funded interventions, the majority population's stake in the new economy is increasing, as was recently illustrated when a majority-owned firm made its debut on the Johannesburg Stock Exchange. The new government has made the mobilization of local resources for assistance to the historically disadvantaged segment of the private sector one of its priority objectives, and particularly targets financial institutions, directing them to provide their services to small and medium-scale, black producers, especially in the housing sector. USAID's investment of \$30 million since 1992 in support of the improvement, production and ownership of affordable shelter is expected to play a role in "kick-starting" the economy. Pent-up demand for housing is huge. Domestic financial resources exist for redressing the deficit in housing and improving the quality of

existing shelter. USAID's Housing Guarantee programs are designed to direct domestic resources towards these ends, by leveraging South African capital in a 2:1 ratio to provide construction and mortgage finance and to develop models for future lending programs.

Progress in 1993-1994. In FYs 1993 and 1994, some 9,445 microenterprises received loans from local organizations; providing added growth and increased employment many small majority-owned firms were assisted to expand their role in the mainstream economy; majority-owned construction firms were helped to expand their operations and assist in meeting the critical shortage of affordable housing in South Africa; more than 4,800 low income families obtained access to private sector financing for low-cost mortgages for basic shelter; and over 23,000 serviced sites were financed at locations throughout South Africa for purchase by the disadvantaged majority. The Mission recently conducted a financial sector analysis which is helping determine how to address the financial and capital needs of the disadvantaged business sector. A private sector strategy and a set of tactics to guide future programming are being prepared.

Donor Coordination. USAID chairs both the Private Sector and Housing donor coordination groups. Other key participants are the World Bank, the European Union and the British Overseas Development Administration, all of whom are providing assistance in this sector.

Constraints. Business success hinges on the extent to which a favorable business climate can be created. Black businesses have been historically discriminated against on five counts: Regulations prohibited or hindered the development of non-white businesses; the educational system was premised on inferior education for blacks; lack of proper skills limited access to and appreciation of new technologies; the formal banking system ignored the majority population; and the concept of capitalism was equated with apartheid. All of these factors must be addressed to effect long-lasting, economic empowerment of the disadvantaged majority in South Africa.

STABILIZING WORLD POPULATION GROWTH (\$4,125,000).

This is a new strategic area for USAID/South Africa. The new South African government is committed to the resolution of long-standing inequities in the delivery of health care to the disadvantaged population, including access to family planning. In FY 1995, in consultation with the government and NGO community, USAID designed a new project which will begin in early FY 1996. The project is intended to support the government's efforts to restructure the health system (focusing on "test" provinces) to be more efficient and effective, and better able to provide essential, equitable, quality health services to the entire population. Performance indicators will include: sites with integrated packages of services (including family planning), clients using those services, referral systems developed and implemented, clients referred, and training curricula designed and implemented.

PROTECTING THE ENVIRONMENT (\$5,400,000).

USAID will also be carrying out a number of environmental activities under the aegis of its housing and urban development sector projects. Given the urban setting, these activities will address pollution and overuse as opposed to "green" environmental issues. Relevant project components include: provision of potable water; sewerage and storm water drainage; supply of electricity for heating and light; and road paving. These activities will contribute significantly to lowering air and water pollution levels, decreasing erosion, helping preserve forests and improving the health and wellbeing of occupants in low-income urban areas.

OTHER DONOR RESOURCE FLOWS.

In FY 1993, the United States, providing 19% of total Official Development Assistance (ODA) disbursements and 24% of total ODA commitments, was the largest bilateral donor and the second largest donor overall. Other major donors are the European Union, Sweden, the United Kingdom, Germany and Denmark.

**SOUTH AFRICA
FY 1996 PROGRAM SUMMARY**

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Total
USAID Strategic Objectives					
1. Majority population participates more fully in the political development and governance of a democratic, human rights based South Africa				24,000,000	24,000,000
2. Help establish a more equitable and effective education system				44,500,000	44,500,000
3. Increased opportunities for asset ownership and economic integration for the historically disadvantaged	28,000,000		5,400,000	5,600,000	39,000,000
4. Other (Health)	8,375,000	4,125,000			12,500,000
Cross-cutting Issues:					
Total	36,375,000	4,125,000	5,400,000	74,100,000	120,000,00

USAID Mission Director: Leslie A. Dean

S O U T H A F R I C A

Project Number	Project Title	FY 94 Actual	FY 95 Estimate	FY 96 Planned
DA/DFA				
647-0223	Labor Union Training	2,500	2,000	2,000
647-0301	Community Outreach & Leadership Development	51,500	19,500	18,500
647-0302	Eduation Support & Training	5,500	3,000	5,000
647-0303	Black Private Enterprise Development	14,900	15,000	15,000
647-0304	Self-Help	500	500	500
647-0309	Support for Tertiary Education	24,300	15,500	16,500
647-0312	Shelter and Urban Development Support	15,200	7,500	14,000
647-0314	South Africa Basic Education Reconstruction	9,100	10,000	14,500
647-0315	Tertiary Education Linkages	300	10,000	8,500
647-0318	Transition Support Fund	8,995	8,000	3,000
647-0320	Equity in Integrated Primary Health Care	0	9,000	12,500
		-----	-----	-----
	Total DA/DFA	132,990	100,000	110,000
ESF		0	0	0
Food Assistance		0	0	0
Disaster Assistance		0	0	0
Military Assistance		0	0	0
<u>Country Total</u>		<u>132,990</u>	<u>100,000</u>	<u>110,000</u> *

* DOES NOT INCLUDE \$10 MILLION SAEDF

BIOGRAPHIC DATA
GOVERNMENT OF SWAZILAND'S 1995 SADC CONFERENCE DELEGATION

1. SOLOMON M. DLAMINI

MINISTER FOR FOREIGN AFFAIRS

Dlamini has held the post of Ministry for Foreign Affairs since the advent of the new government. In the previous government, he was a senator, and the Minister of Economic Planning. He attended teacher training college and taught at various schools from 1967 to 1976. He then studied business management, and worked for a number of years as the general manager of the Central Co-operative Union, and at Farm Chemicals as senior field sales administrator. He entered politics in 1987, winning a seat as a senator. He is married and has five children. He is unsure of his true age, as his birth date was "given" to him by teachers when he was young.

2. MDUDUZI MAGONGO

P.S. FOREIGN AFFAIRS

Magongo, age 44, became P.S. of Foreign Affairs in August of 1994. His background is in journalism and tourism. He obtained a two year diploma in journalism in Ghana, and a six month course in government information services in Britain in the 1970s. He joined the Ministry of Broadcast, Information and Tourism in 1972. Following his educational stints overseas, he returned to the information service of the SBIS (Swaziland Broadcast and Information Service) in 1977. In 1983 he transferred to the tourism department of the Ministry. Immediately prior to his elevation to the Principal Secretary position at Foreign Affairs, he was head of tourism. The step to Foreign Affairs was a major promotion, and in news reports Magongo described himself as "shocked" by his elevation. During his time at the SBIS Mr. Magongo hosted a "Saturday club" music program, under the name of "Sweet Mdu."

3. FUTHI KUHLASE

P.S. TRANSPORT AND COMMUNICATIONS

Kuhlase attended University of Botswana and Swaziland (UBS) receiving a BSC. She received her Masters from the University of Southern California in Public Administration. She has also been to the USA on a USIS program. She became P.S. of Transport and Communications with the advent of the new government (Transport is a new ministry). Prior to that she was the Under Secretary for the Ministry of Labor. She held the post of Acting P.S. in Labor for some time, but did not succeed to the post of Principal Secretary. During her stint as under secretary in Labor, she filled in a under secretary in the Ministry of Education. Mrs. Kuhlase is 45, and a widow.

4. ISABELLE B. (BELA) KATAMZI

UNDER SECRETARY ECONOMIC PLANNING

Katamzi is in her 50s. She has been a member of the Ministry's staff for over ten years and has a good understanding of the USAID portfolio. Ms. Katamzi also is leading the GOS' work on the development of their National Development Strategy. She obtained a BSC from the University of Botswana, Lesotho and Swaziland (UBLS) in Lesotho and a Master's degree in education in the United Kingdom. She did advance study in planning in France. She was also a participant in a short study program to the United States sponsored by USAID in public budgeting and financial management. She enjoys running her farm in her spare time. She is widowed.

5. ENNET S. NKAMBULE

UNDER SECRETARY ECONOMIC PLANNING

Director of the Regional Training Council (RTC). Nkambule obtained a bachelor's degree in public administration from UBS, and a Master's in administration from the University of Southern California. She later attended a certificate program in administration in Connecticut. Her hobby is gardening.

6. JOYCE DLAMINI

UNDER SECRETARY FINANCE

Dlamini, 43 years old, holds a bachelor's degree from UNISWA.

7. HUGH MAGAGULA

UNDER SECRETARY LABOR

Magagula holds a BSC in education from UBLS and obtained his Masters through a USAID sponsored program at the University of Penn. He is the head of Manpower Development in the Ministry and in this capacity is a key member of the steering committee for one of USAID's human resource development projects, Swaziland Training and Institutional Development (STRIDE). Previously he was a senior inspector for science in the Ministry of Education for ten years, and spent a total of twenty years working in education. In 1989 he served as clerk of Parliament. He is the choir master for a well known Swazi choir, "ASIHLEBELELE." He is married and has two adult children. He is 49.

8. STEPHEN MOTSA

PLANNING OFFICER COMMERCE

Motsa is about 40. He attended Waterford school in Mbabane and attended university at UNISWA

9. LOMTHANAZO MAVIMBELA

ASST PLANNING OFFICER ECO PLANNING

Mavimbela is about 30.

10. MAGALELA NGWENYA
AGRICULTURE

EXTERNAL PROJECTS COORDINATOR AT

Ngwenya is 46 he received a BSC in soil science from California State University through a USAID program. He received his Masters from the University of Penn. in agronomy, also funded through a USAID project.

Clearances:

A/Dir:Jack Royer _____



USAID

1128

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

'95 JAN 24 P12:08500948

Yes
C

'95 JAN 19 P2:23

January 17, 1995

Orig to OIS.
Dist To:

S
TD
D
P The Administrator *420 HRL*

E
T
M
G

S/P ACTION MEMORANDUM

S/S TO: The Secretary

S/S-S AF, A FROM: A/AID - J. Brian Atwood *JA*

DRL EB SUBJECT: Approval to Phase-Down USAID/Swaziland

USAID
WITS/shm

1995 JAN 24 P 2:53
ENCLOSURE
INITIATIVE FOR SOUTHERN AFRICA

SUMMARY: I am seeking your concurrence on a plan to eliminate the bilateral USAID program and direct-hire presence in Swaziland by the end of FY 1996. In the future, Swaziland will be eligible to benefit from the new Initiative for Southern Africa (ISA) and other USG developmental/emergency assistance.

DISCUSSION: Some time ago, I sought your guidance and concurrence to eliminate USAID presence in 22 countries in order to concentrate our development efforts where we can have an identifiable impact and to live within the budget constraints on our management resources. For similar reasons, we now want to add Swaziland to the list.

Swaziland has a population of roughly one million and has made substantial progress in its economic and social development. In August 1992, the Africa Bureau commissioned the "Transition Management Study" (TMS) to identify more cost effective ways of delivering assistance to small country programs in southern Africa such as Swaziland. A key recommendation of the study was the reduction and eventual phase out of USAID's presence in Swaziland, with future assistance to Swaziland channeled through the new regional center which will manage the Initiative for Africa.

We propose that USAID bilateral presence in Swaziland phase down over FY 1995 and FY 1996. In the future, Swaziland will be eligible to participate in the Initiative for Southern Africa (ISA) which includes activities in agriculture and resource

142

Drafters:AFR/SA:Welliott/Blane:Swaziland\docs\phaseou2.Fct

Clearances:

AFR/SA:Jhale	(draft)	Date	10/25/94
AFR/SA:Jgoodwin	(draft)	Date	9/28/94
AFR/DP:Jgovan	(draft)	Date	9/28/94
AA/M:Lbyrne	<i>MS</i>	Date	10/31/94
DAA/AFR:Cpeasley	<i>CH</i>	Date	11/10
AA/AFR:Jhicks	<i>CH</i>	Date	1/10/95
ES:Awilliams	<i>CH</i>	Date	1/13
DA/AID:Clancaster		Date	
AF/S:Aglaspie	<i>CH</i>	Date	1/21/95
AF:Gmoose	<i>CH</i>	Date	1/21/95

ES/CONTROL NUMBER - #95001945

AFR/SA:WELLIOTT/BLANE:SWAZILAND\DOCS\PHASEOU2.FCT

1995 JAN 12 P 11

Talking Points:

Close-Out of USAID/Swaziland: On January 24, 1995 the Administrator signed the action memorandum approving the Close-Out of USAID/Swaziland by FY 1996. Management and oversight of ISA activities will be provided by staff at the new regional center in Gaborone, Botswana. Swaziland also will be eligible for other USG developmental/emergency assistance, including the Peace Corps, disaster assistance, the Ambassador's Self-Help Fund, the Department of State's 116(e) human rights program, and the African Regional Economic Assistance Fund.

Initiative for Southern Africa:

Swaziland will be eligible to participate in the Initiative for Southern Africa (ISA) which includes activities in agriculture and resource management, democracy and governance, business development and telecommunications. The ISA has been authorized and operations are scheduled to begin March 1995 in Gaborone.

The Southern Africa Enterprise Fund:

Swaziland is eligible to participate in the Fund along with the other SADAC countries, and that investment decisions will be made by the Fund's Board.

Swaziland Business Trust Endowment (SBGT):

The Africa Bureau approved the SBGT for \$5.3 million at the January 9, 1995 ECPR. The SBGT authorization package is being processed and obligation is planned for March, 1995.

SWAZILAND

Rationale for Closure

In order to realize OE and staff savings, USAID plans to concentrate management of assistance to Swaziland in a regional center in Gaborone, Botswana.

Current Program

Strategic Objectives include the following: (1) increase the number of Swazis who direct, manage and participate in national development; (2) increase the number and size of viable Swazi-owned businesses; (3) stabilize population growth; and (4) prevention of HIV/AIDS transmission. The DA level in FY 1995 is \$5.7 million.

The Mission has seven ongoing projects, one of which will terminate in FY 1995, and five in FY 1996. The remaining project will closeout in FY 1997.

Plan and Schedule for Phase Down

With the exception of a possible \$5 million endowment to the Swazi Business and Growth Trust to assist micro and small enterprises, no new projects are being considered in Swaziland. No new bilateral funding will be obligated in FY 1995 and 1996 except that which facilitates the phase down.

At present, the Mission has 10 FTEs. By the end of FY 95, four will remain to manage final implementation of projects and disposal of USG assets through FY 1996.

USDH presence will not be required for the residual activities. For instance, there are a few USAID-sponsored Swazi students who will return to Swaziland from their studies in the United States during FY 1997. A \$500,000 Loan Portfolio Guarantee Program for Swaziland which was recently approved by USAID's Global Bureau will be jointly managed by USAID/W and the regional center in Gaborone once the bilateral mission closes.

USAID/SWAZILAND PROGRAM

SWAZILAND PROGRAM SUMMARY DESCRIPTION

The approved Country Development Strategy for FY91 -FY95 included 3 Strategic Objectives: 1) Reduce the Population Growth Rate, 2) Increase the number who effectively direct, manage and participate in national development, and 3) Increase the number and size of viable, Swazi owned businesses.

There are currently six active projects in the portfolio. All projects will receive their final funding in FY 1995. Four of the projects will end by Dec. 1995; a fifth will end in May 1996 and the final project will extend into FY 1997, beyond the September 1996 closing of the bilateral mission, but the only activity will be completion of training for long term participants already in the U.S.

A \$5 million endowment is planned in FY 1995 to allow the very successful Swazi Business Growth Trust (SBGT) to continue its program of assistance to small businesses beyond the termination of bilateral assistance. Continued operation of SBGT as an IFI will also allow Swaziland to participate in the SAEDF.

The only significant Swaziland benefit from the SARP program was a successful management program for Swaziland Railways which ended in 1994.

Swaziland is designated as the SADC coordinator for Human Resources Development.

BRIEFING MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

FROM: AFR/SA, Joseph Goodwin
SUBJECT: SADC Conference Briefing Material

Date: February 3 OR 4, 1995

Time: To be determined

Place: Lilongwe, Malawi

I. Participants:

Zambia Government Representatives:

1. Hon. Remmy Mushota, Minister, Foreign Affairs and International Relations
2. Hon. Paul Tembo, Deputy Minister, National Commission for Development Planning
3. Hon. Gilbert Mululu, Deputy Minister, Communication and Transport
4. Mrs. Irene Kamanga, Permanent Secretary for Economic and Technical Cooperation, National Commission for Development Planning
5. Mr. James Lungu, Economist, National Commission for Development Planning
6. Mr. W. R. Sweta, Chief Mining Engineer and SADC Mining coordinator, Ministry of Mines.

U. S. Government Representatives:

1. Mr. John Hicks, Assistant Administrator, Bureau for Africa
2. Ms. Regina Brown, DAS, State Department
3. Ms. Valerie Dickson-Horton, Designated Director, Regional Center for Southern Africa
4. Wilbur Thomas, Designated Director, AFR/SA
5. Ms. Cynthia Rozell, Director, USAID/Malawi
6. Lynn Keeys, Country Development Officer for ISA

II. **Purpose:** Meet with Zambian Delegation at the SADC Consultative Conference to discuss areas of mutual interest.

III. **Background:** USAID/Zambia Country Program Summary

The goal of USAID's bilateral economic assistance program is to help Zambia achieve a more socially stable, economically productive, and politically active population.

USAID supports political reform programs targeted at both the general population and the government sector. Specifically, USAID seeks to make public decision-making more accessible and effective by increasing citizen awareness of their rights and responsibilities, improving the skills of independent journalists, enhancing legislative performance, and improving public policy implementation.

USAID is assisting the Government of Zambia in reforming economic policies and removing the state from the production of goods and services. USAID is assisting in the divestiture of state-owned enterprises and the establishment of an enabling environment to attract private investment and revive economic growth, with particular emphasis on agriculture.

In addition to political and economic reform activities, USAID is helping Zambia improve its health status. The USAID program is focussed on reducing HIV/AIDS transmission rates, reducing infant and child mortality rates, and the reducing population growth rate.

USAID is also promoting regional linkages and cooperation through the Southern Africa Development Community (SADC). Under its regional program, USAID is rehabilitating a portion of the major road linking Lusaka and Harare. It is also encouraging wildlife conservation and more sustainable use of natural resources. Assistance for the restructuring of the national telecommunications system will be initiated in FY 1995.

Since 1977 USAID has delivered more than \$700 million in economic development project and non-project grants, loans and food commodity assistance to Zambia. USAID expects to obligate \$20.7 Million through the bilateral program and \$800,000 through the regional program in FY 1995. The current estimate for FY 1996 includes an additional \$20 million for regional programs in telecommunication and railway rehabilitation.

IV. Talking Points

- We should compliment the GRZ on the substantial progress it has made in stabilizing the economy over the past three years. We should particularly note positive steps taken, including removal of price controls, liberalization of foreign exchange, sharp reduction of inflation and interest rates, and the implementation a "cash" budget policy.
- We should compliment the GRZ on taking the difficult and courageous steps to close Zambia Airways and its bankrupt national parastatal bus company. We should urge the Government to avoid future financial arrangements that would divert scarce Government resources to support a replacement air carrier.
- We should urge the Government to stay the course in implementing its Structural Adjustment Program. As agreed at the December 1994 CG, the GRZ should follow through with its commitment to close ZIMCO, its parastatal holding company, by March 31, 1995. The Government should also move forward on the reform and privatization of ZCCM, Zambia's huge copper producing parastatal.
- We should indicate our strong support for Zambia's recent decisions to establish an independent telecom regulatory authority and to arrange privatization of ZAMTEL as soon as practical.
- The GRZ should be encouraged to approve call-back telephone services and the much delayed cellular services. These approvals would significantly increase access telecommunication services and reduce the cost of doing business in Zambia.

- The Zambia Railroad is in dire need of top-to-bottom restructuring. It is questionable whether the current poor facilities can be privatized without substantial investments and it is also unclear that rehabilitation of the railroad would provide a viable alternative to road freight. These concerns have to be addressed prior to a USAID commitment.
- Coordination, cost-sharing, and national management differences plague the Zambian-Tanzanian relationship in the Tanzanian-Zambian-Railroad. These have to be addressed as part of an integrated regional rail system.

Bio-data for the Zambian Delegation

1. Hon. Remmy Mushota, PhD, Minister, Ministry of Foreign Affairs and International Relations, Head of the SADC delegation, Chairman of the MMD Land and Natural Resources Committee and member of parliament for Pambashe (Luapula).

- Hon. Mushota is believed to be in his early 40s and is a Bemba from Luapula, Zambia. He studied law at the University of Zambia from 1971 to 1974. He gained national recognition by defending persons accused of treason in connection with a 1980 coup attempt.

- Hon. Mushota's first appointment in the Chiluba government was that of Deputy Minister of Foreign Affairs. In August 1992 he was appointed Minister of Science, Technology, and Vocational Training. He became Minister of Information and Broadcasting and the chief government spokesman in April 1993. He assumed his current ministerial position in January 1994.

2. Hon. Paul Tembo, Deputy Minister, National Commission for Development Planning (NCDP).

- Hon. Tembo (35) has a BSc.Ed. Degree with a major in mathematics and management information systems. He worked as a high school/college teacher before beginning his political career. Prior to his current appointment, he held positions as Deputy Minister for Commerce, Trade and Industry, and Deputy Minister of Finance.

3. Hon. Gilbert Mululu, Deputy Minister, Ministry of Communication and Transport.

- Hon. Mululu (46) is a transport specialist with an MA in urban transport planning from the University of Manchester. Prior to his appointment as Deputy Minister of Communications and Transport in 1991, he was group Chairman for Gilbwest Holdings Group of Companies, a company involved in pharmaceutical distribution farming, and insurance.

4. Mrs. Irene Kamanga, Permanent Secretary for Economic and Technical Cooperation, National Commission for Development Planning.

- Mrs Kamanga (49) has a BA. Degree from the University of Zambia. Her current duties include the coordination and monitoring of donor assistance. Prior to her current appointment, she served as Permanent Secretary, Ministry of Commerce, Trade, and Industry and Permanent Secretary and Director of Budget for the Ministry of Finance.

5. Mr. James Lungu, economist, National Commission for Development Planning (NCDP).

- Mr. Lungu (30) has a BA degree in economics and is a SDAC Desk Officer.

6. **Mr. W.R. Sweta, Chief Mining Engineer, Ministry of Mines and SADC Mining Sector Coordinator.**

- Mr. Sweta is responsible for the promotion of small scale mining, administering the mines and minerals act and providing leadership and technical services for the advancement of the SADC mining sector program of action.

ZAMBIA

FY 1996 Sustainable Development Request: \$ 21,700,000
FY 1996 P.L. 480 Title II Request: \$ 0

Despite a promising start at independence in 1964 Zambia has become one of Africa's poorest and most indebted countries, with a per capita income of about \$430 and outstanding per capita debt of about \$700. The poor and deteriorating economic and social environment resulted from ill-conceived policies introduced shortly after independence and continued until the election of a new government in October 1991. The present government is committed to democracy and the re-establishment of a free-market economy, and the country is working to overcome the legacy of more than two decades of socialist rule. Macroeconomic stability has been achieved in the past two years. The Government is now moving to fulfill its commitment to restructure itself, privatize the economy more fully, and institute critical social programs. Zambia is currently in the vanguard of African countries implementing political and economic reforms, and it is in the United States Government's interest to assist the Government of the Republic of Zambia (GRZ) in shaping and implementing these reforms. It is important that the succeed in its efforts to stabilize its economy, consolidate democratic processes, and open investment opportunity for Zambians, regional and other foreign investors. Renewed growth will lead to individual well-being and general prosperity in this agriculturally rich, and relatively highly urbanized country. A strong and successful Zambia can contribute to a strong, successful and fully democratic southern Africa region.

The Development Challenge.

The USAID Zambia Program supports the GRZ's efforts to re-establish democracy and reopen markets. To be sustainable, the newly announced policies must result in expanded political and economic opportunities for Zambia's 9.4 million people. Unemployment is high, per capita income is half its 1960s level, and social indicators show sharp declines. HIV/AIDS is sweeping the country at epidemic levels. Economic infrastructure has been allowed to deteriorate severely. Until recently, 80% of economic activity was controlled by parastatals.

Strategic Objectives (SOs).

USAID strategy for Zambia during FYs 1993 through 1997 is focused on creating a climate within which a free-market economy can develop and prosper and on improving access to health services. In the first area, USAID is providing assistance for privatizing parastatal companies; establishing and enforcing appropriate policies, laws and regulations conducive to private-sector operations; and strengthening governmental, nongovernmental, and multi-party institutions for political and economic participation and improved governance. More accessible and higher quality health services are being provided through a Ministry of Health-led program of decentralized health services for child survival, family planning and HIV/AIDS/STD education and prevention.

To contribute to an environment that fosters rapid and equitable economic growth and to speed access to opportunities for Zambians, USAID proposes \$21.7 million in bilateral funding for FY 1996 and approximately \$10 million in centrally and regionally-funded technical assistance. USAID is working with 12 U.S. contractors and grantees to help implement the current portfolio of projects. Bilateral official debt has been forgiven to the extent possible under existing legislation.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$13,900,000).

SO 1. The state removed from the provision of private goods and services (\$4,100,000 of which \$3,500,000 is for Economic Growth and \$600,000 is for Protecting the Environment).

In line with the GRZ's desire to decrease the size of government, USAID's first Strategic Objective focuses on parastatal privatization. USAID is providing \$18 million over five years to finance the sale of 170 public companies, including the copper mines, utilities, and other strategic firms.

Activities. USAID is funding technical services to support the preparation and sale of public companies, which will free public resources and talent for social programs and open market opportunities for local and international business. A total of \$2.5 million is proposed for this purpose in FY 1996. A grant to International Executive Service Corps (IESC) provides retired U.S. executives to help strengthen performance of newly-privatized and other small-to-medium sized enterprises. IESC executives typically provide advice on business planning and financing, product marketing, and available technological improvements to make client businesses more competitive in this newly-opened marketplace. Under regional financing, \$1.7 million have been committed to help privatize the Zambian telecommunications industry and facilitate entry by new firms. An industry licensing and monitoring authority will be established. Technical assistance will be provided to help develop the Zambian capacity to make informed decisions on modernizing local telecommunications, e.g., new services such as callback, cellular phones, radio-telephones, and other long-distance phone services.

Related Activities. Privatization is integral to economic restructuring, and related key issues identified at a recent Consultative Group meeting are being monitored. Privatization of the GRZ's parastatal holding company in 1995 is an important benchmark to be met, and divestiture of GRZ holdings in the all important mining sector is being planned.

USAID is directly sponsoring and coordinating donor support for environmental reviews of parastatals to help ensure environmental clean-up prior to sale. The GRZ has recently requested USAID assistance in liquidating land and other assets under Ministry of Agriculture control. In regionally-funded activities, it is proposed that the Southern Africa Enterprise Development Fund with assist with small- and medium-sized business investments.

Indicators. The indicator for measuring progress of this objective will be the sale of approximately 33 parastatal companies during 1995, which will have a beneficial impact on the economy.

Feasibility and Cost-effectiveness. Privatization is essential for growth of the Zambian economy. The expected sale of over \$600 million in assets in 1995 will encourage new investment through the private-sector purchase of parastatals and perceived new market opportunities from decreased government intervention. There is little capacity in Zambia to implement this GRZ commitment. Thus, the GRZ has requested USAID leadership and support for a distinguished team of consultants to speed the privatization process.

Progress in 1993-1994. The Zambian Privatization Agency, an independent, time-limited body created to divest parastatals, has been established and 16 companies or major units worth over \$60 million (including the national airline, cement plants and a brewery) have been sold or closed.

Donor Coordination. USAID is the leading bilateral donor supporting privatization. The World Bank is also conditioning balance of payments support on progress in this area. The Norwegians, Germans and British are other major bilateral donors. The GRZ remains committed to privatization but donor support hastens the process.

Constraints. The closure of the national parastatal holding company, and copper mine divestitures are controversial. The public is highly resistant to anticipated retrenchments as parastatals are divested.

SO 2. Appropriate policies, laws and regulations promulgated and enforced to increase agricultural production and marketing (\$3,900,000 of which \$3,400,000 is for Economic Growth and \$500,000 is for Protecting the Environment).

For agricultural production to increase, the incentive structure must change. USAID is supporting a GRZ initiative for the liberalization of policies, laws and regulations governing agricultural inputs, products and land to provide for the efficient allocation of resources. Given Zambia's comparative advantage in the region for agricultural production, such measures are expected to result in new investment in Zambian agriculture and improved well-being for producers. Several changes are needed: state-owned firms must be privatized, subsidies eliminated, and markets liberalized. With respect to land, new legislation is required to permit the sale or transfer of leasehold titles, protect smallholders' rights, and expand the right of women to acquire land, e.g., through inheritance.

Activities. USAID's sectoral program supports a GRZ agricultural strategy that identifies the steps to be taken to increase private agricultural investment, and improve programs and infrastructure needed to improve smallholder access to markets. USAID is focusing on participatory dialogue to build consensus on policies and implementation practices; capacity building in the Policy and Planning Department of the Ministry of Agriculture; and establishment of a Policy and Planning Unit in the Ministry of Land. Pilot activities to investigate means for facilitating the smallholder supply-side response to an improved investment climate are also being sponsored. Farmer group business development, agricultural credit and food security analyses are under way. USAID dialogue stresses that the success of the GRZ agricultural sector liberalization process is dependent upon the full involvement of private sector interests, including the Non-Government Organizations (NGO) community.

Related Activities. Regionally, USAID supports Famine Early Warning System linkages. Through the regional Natural Resource Management Program, judicious, locally-based natural resource management systems encourage conservation, local participation, and increased sustainable yield from the wildlife estate.

Indicators. Agricultural input and output price variations by region and over time illustrate the impact of market liberalization on investment. The analysis of regional and temporal price movements, and the relation price movements have to transport and storage costs (for example), will indicate market efficiency. Rural input and output prices will in turn enable USAID to assess the impact of liberalization on farm profitability. Once investors gain confidence and markets are working, some 300,000 smallholders will plant and market crops in line with market signals and their comparative advantages.

Feasibility and Cost-effectiveness. USAID is working with the private sector, NGOs and the GRZ to explore more cost-effective, sustainable approaches to reach smallholders, who are typically disadvantaged in accessing crop inputs and commodity markets. The socialistic approaches of the former one-party state failed and resulted in over-dependence on maize. Crop diversification in response to market signals is already evident.

Progress in 1993-1994. The GRZ's maize marketing policy for the 1994/95 marketing season removes virtually all interference with the market: Agricultural prices are now market-determined; there are no restrictions on international trade and commodities are moving freely across borders; and, commodity traders are no longer administratively selected by the Government. The Government is providing liquidity to commercial banks for lending to traders based on the bank's assessment of the loan request. The Ministry of Agriculture facilitates trading by routinely announcing market price and condition information through newspapers and radio.

Donor Coordination. USAID is coordinating its efforts with the World Bank-led sectoral approach. Further discussions aimed at enhancing private and NGO contributions are envisioned.

Constraints. Most smallholders live in traditional land areas that lack basic public services such as

155

roads, schools, and communications. This effectively limits smallholder access to inputs and commodity markets.

SO 3. Increased use of modern contraceptives (\$2,600,000).

Zambia's population has risen from 4.1 million in 1969 to 5.7 million in 1980 and to 9.4 million in 1994. Zambia can neither sustain rapid population growth nor the debilitating effect on maternal and child health resulting from it. To address this, the use of modern contraceptives will have to increase.

Activities. USAID is subsidizing the sale of oral contraceptives through retail outlets and improving contraceptive service delivery at select clinics. Additional activities are increasing public awareness of the correct usage and benefits of contraception by sponsoring a mass media campaign giving the benefits of smaller families, the physiological affects of modern contraceptives, and gender responsibilities for reproductive behavior. USAID is also advising on national policy and legislative developments.

Indicators. USAID is seeking to help the GRZ to reduce the total fertility rate from 6.5 in 1992 to 6.0 in 2000, and to increase contraceptive prevalence (use) from 8.9% in 1994 to 20% in 1998.

Progress in 1993-1994. The GRZ has met conditions essential to the success of USAID's planned efforts, and USAID-sponsored activities are just getting started. Importantly, the GRZ has recognized the negative impact of rapid population growth on socio-economic development and the consequent need to systematically integrate population issues into the nation's development planning and implementation process.

Donor Coordination. USAID, the British Overseas Development Agency, and the United Nations Fund for Population Activities meet regularly on population matters. The World Bank has been instrumental in ensuring that donors coordinate efforts in the health and population sector.

Constraints. The delivery of quality family planning services is limited by the lack of trained health personnel, the limited hours of operation for public-health clinics, the theoretical and actual limits of the contraceptive method mix, and the operational problems of the logistical management system for contraceptives.

SO 4. Improved HIV/AIDS/STD control practices by high risk individuals (\$2,500,000).

At an estimated 24% overall, Zambia's human immunodeficiency virus (HIV) sero-prevalence rate ranks among the highest in the world, adding to the difficulties of a health-care system that is already deficient. The loss of trained manpower is proving a major constraint to overall economic development prospects. The requested FY 1996 funding provides for USAID-sponsored activities that are being implemented by the Morehouse School of Medicine under a Cooperative Agreement with USAID.

Activities. USAID is a major donor for the GRZ's progressive and comprehensive program for the prevention, monitoring, and care of HIV/AIDS-related diseases. USAID is supporting public health education for high risk target groups, increasing the availability of condoms on the commercial market, and improving counseling/testing services. In addition, USAID is improving the availability of medications to reduce sexually transmitted diseases (STDs) and thus the heterosexual transmission of the HIV virus.

Indicators. To indicate the effectiveness of current activities, USAID is measuring the increase in condom sales.

Feasibility and cost-effectiveness. Given the lack of a cure for AIDS, the best way to mitigate the burgeoning AIDS epidemic in Zambia is to effect behavioral modification through

promotion/maintenance of safe sexual practices. If the HIV/AIDS pandemic can be reduced to a point where the relationship between long-term behavioral change and improved health is apparent, the changes in attitudes and behavior should continue with minimal external resources.

Progress in 1993/94. USAID project performance in subsidized condom sales and distribution exceeded projections by more than one half, up to 7 million annually.

Donor Coordination. USAID-sponsored activities are implemented under the monitoring and supervision of the GRZ's National AIDS Prevention and Control Program. USAID is the major donor assisting in this area.

Constraints. The GRZ health sector is under-funded and in many instances short of the experienced technical skills required to implement the necessary programs. Elements of the USAID program are not yet national in scope. Current sexual practices facilitate HIV transmission and cultural changes are often slow in coming.

Target of Opportunity: Improved Child Survival (\$4,500,000).

A seven year, \$20,000,000 integrated child survival program is being designed for FY 1995 authorization and initial funding. The purpose is to improve decentralized access to key child survival services, including those delivered at home. FY 1996 funding will provide second year financing for this incrementally funded program.

Activities. USAID-supported activities will concentrate on strengthening capacity at the district level to carry out specific child survival activities - such as the treatment of diarrhea and acute respiratory infections and prevention and treatment of malaria - through training and the development of health management systems. USAID will further improve health care in the home and community through information, education and communication activities. USAID support to national policy development will be limited to the GRZ health care decentralization and implementation strategy.

Indicators. The primary indicator is a 20% reduction in under-five child mortality from the current level of 191/1,000 per year over a seven year period.

Feasibility and cost-effectiveness. USAID is promoting integrated case management of childhood diseases such as diarrhea, pneumonia and malaria. Worldwide, this approach has proven to be one of the most cost-effective public health interventions.

Progress in 1993-1994. In the face of Zambia's daunting economic problems and the threat posed to the existing health care system, the GRZ has adopted a program of extensive reform designed to provide more effective health care in an equitable manner using a decentralized management and delivery structure. This vision, as promulgated by effective leadership, has convinced donors over the past two years that returns on investment in the sector are promising.

Donor Coordination. USAID assistance for the Ministry of Health is being designed in close collaboration with the broad based programs of UNICEF, WHO, Danish aid, and Swedish aid.

Constraints. A shortage of qualified and adequately compensated health care workers, and Zambia's fiscal constraints, are two major factors limiting health care reform.

BUILDING DEMOCRACY (\$4,100,000).

Target of Opportunity: Democratic governance (\$4,100,000).

The institutions and habits of one-party rule are deeply embedded in the Zambian political culture. In the wake of a rapid political transition, Zambia lacks a full range of civic and governmental institutions to consolidate and sustain democracy. USAID plans to commit \$15,000,000 over a five year period to make the Zambian Government more accountable to its citizens.

Activities. USAID is supporting activities to make public decision-making more accessible and effective by increasing citizen awareness of rights and responsibilities, enabling independent journalism, enhancing legislative performance, and improving public policy implementation. The National Democratic Institute is working, under USAID grant, to strengthen political parties in anticipation of national elections scheduled for October 1996.

Indicators. USAID is monitoring the following: constraints on an independent media; executive and legislative capacity to assess policy options and respond to citizen requirements; citizen voting enrollment processes and assertiveness of basic human rights; and, prevalence of an informed and free political process.

Progress in 1993-1994. The legislature passed an ethics code for elected officials that offers greater discipline and transparency; constitutional review is well underway; legislation has been changed to permit private electronic media, and the first privately owned radio station is broadcasting; civic education NGOs are proliferating and flourishing with donor assistance; the Cabinet is functioning more efficiently; and political parties and appointed officials have welcomed and utilized USAID programs to strengthen their competence in representing their constituencies and articulating policy positions.

Donor Coordination. Recognizing that democracy and governance are essential components of sustainable and equitable economic development, donors have moved swiftly to establish programs of assistance. Among the most active are the UNDP and World Bank in the area of public service and judiciary reform; the British with special interests in governmental decentralization and fiscal responsibility; Ireland in the training of senior civil servants; and the Nordic countries in civic education, election monitoring, electoral reform, and constitutional reform. Donors are organized informally for activity coordination purposes, and the World Bank Consultative Group meetings provide the fora for addressing higher level concerns to the GRZ .

Constraints. A lack of government ownership to agreed bilateral initiatives has developed with Ministerial shifts; and, the leadership's pre-occupation with political survival at the expense of attention to good governance and democratic goals is perceptible as the 1996 general elections approach.

Other Donor Resource Flows.

At the December 1994 Consultative Group meeting the major donors and the International Financial Institutions pledged \$2.1 billion in support of Zambia's development. This is composed of a bridge loan to eliminate International Monetary Fund debt payment arrearages (\$1.2 billion); debt relief of \$154 million; balance of payments assistance of \$440 million; and, project and commodity assistance of \$347 million.

ZAMBIA

FY 1996 PROGRAM SUMMARY

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Total
USAID Strategic Objectives					
1. The State Removed from the Provision of Private Goods and Services	3,500,000		600,000		4,100,000
2. Appropriate Policies, Laws and Regulations Promulgated and Enforced to Increase Agricultural Production and Marketing	3,400,000		500,000		3,900,000
3. Increased Use of Modern Contraceptives		2,600,000			2,600,000
4. Improved HIV/AIDS/STD Control Practices by High Risk Individuals	2,500,000				2,500,000
Targets of Opportunity:					
- Democratic Governance				4,100,000	4,100,000
- Improved Child Survival	4,500,000				4,500,000
Total	13,900,000	2,600,000	1,100,000	4,100,000	21,700,000

USAID Mission Director: Joseph F. Stepanek

ZAMBIA

PROJECT NUMBER	PROJECT TITLE	FY 94 ACTUAL	FY 95 ESTIMATE	FY 96 PLANNED
DA/DFA				
611-0218	PD&S	500	500	500
611-0220	PRIVATE ENTERPRISE SUPPORT	500	1,000	0
611-0221	AIDS PREVENTION	3,750	1,850	2,400
611-0225	MULTI-PARTY DEMOCRACY	500	0	0
611-0226	DEMOCRATIC GOVERNANCE	3,000	3,489	4,000
611-0230	ZAMBIA PRIVATIZATION	4,000	2,500	2,500
611-0231	AGRICULTURE SECTOR LIBERALIZATION	2,480	2,700	7,300
611-0234	COMMUNITY FAMILY PLANNING	2,420	0	0
611-0235	FAMILY PLANNING SERVICES	1,700	3,550	2,500
611-0237	INTEGRATED CHILD SURVIVAL	0	4,200	2,500
TRANSFERS TO REGIONAL AND CENTRAL PROJECTS				
611 HRDA	HRDA	1,300	0	0
611-CPSD	CONDOM PROCUREMENT (AIDS)	250	450	0
611-CPSD	CONTRACEPTIVE PROCUREMENT (FPS)	<u>300</u>	<u>450</u>	<u>0</u>
TOTAL DA/DFA		20,700	20,689	21,700
OTHER		<u>0</u>	<u>11*</u>	<u>0</u>
TOTAL		20,700	20,700	21,700

*This amount was for DC parking tickets.

ZIMBABWE PROGRAM, SADC ISSUES AND TALKING POINTS

USAID/Zimbabwe Program. USAID/Zimbabwe's strategy supports the economic structural adjustment program, increased economic growth that is participatory and equitable, and creation of a de-controlled, enabling environment conducive to investment by addressing the problem of economic growth for the country overall while simultaneously focusing on the plight of the "poorest of the poor." In support of these broad goals, USAID/Zimbabwe's strategic objectives are 1) increased household food security in the communal areas of Natural Regions IV and V (Zimbabwe's most "marginal" land), 2) increased black ownership and investment at all levels of Zimbabwe's economy, and 3) a sustainable decrease in fertility. The target of opportunity is decreased HIV risk behavior by selected occupational groups.

Major Current Issues:

- **Drought Situation.** USAID/Washington and USAID/Zimbabwe are watching the rainfall and crop forecast situation closely to see whether extraordinary food assistance will be required this year. A drought monitoring system has been set up and USAID has already assumed a leadership role vis-a-vis other donors and organizations in the region. With nearly 1 million MT of maize stocks on hand, the GOZ is much better prepared to deal with the problem in comparison with the 1991-92 drought. USAID does not anticipate a major hunger problem but is prepared to assist, as necessary.
- **Economic Structural Adjustment Program.** Positive actions by the GOZ this past month (continued investment liberalization, cutting subsidies to the Grain Marketing Board, announcing further parastatal restructuring and privatization) are leading the IMF to the likely approval in the weeks ahead of the release of additional funding tranches. This is good news for the GOZ, its ESAP and the investment climate in general. This week, the U.S. Embassy/Harare is expected to send in reporting cables, based on recent meetings with the World Bank resident team, which reflect this positive current environment.
- **New Black Equity Development Project Design.** One of USAID/Zimbabwe's major program thrusts is increasing the amount of black ownership and investment in the economy. A team is presently in Zimbabwe designing the new project, the Black Equity Development (BED) Project (\$18.6 million), which is to be obligated later this fiscal year. The project will focus on employee stock ownership plans (ESOPs), employee buy-out schemes, and improved access to finance for small businesses, with emphasis on (but not limited to) black-owned businesses. The Mission is very interested in collaborating with ISA/SAEDF, keenly aware of

potential synergies between BED and the Fund. This new project's timing is perfect given the GOZ's new receptivity to, and dialogue about, privatization.

- **Elections.** Parliamentary elections are still planned for March of this year. ZANU-PF is expected to dominate in the results. But the United States is looking to the GOZ to ensure that the election environment remains stable and the voting and tabulating free and fair.

Related, the rhetoric of indigenization has heated up dramatically in the last six months, while the GOZ has come a long way in defining its position on the subject. The GOZ seems determined to not let the advocacy of black empowerment groups get out of hand or allow its critics to go unchallenged. The GOZ and many black Zimbabweans seem genuinely offended by the explicit racist content of some black empowerment groups and fear that it will defeat the GOZ's efforts to improve Zimbabwe's investment climate. It is taking direct actions to counter the inflammatory rhetoric.

- **Encouraging Impact Data on the Demographic Transition.** Preliminary analysis of the 1994 Demographic and Health Survey data shows that the contraceptive prevalence rate has increased from 42% in 1988 to 48% in 1994. The total fertility rate has decreased dramatically: from 6.5 in 1984 to 5.5 in 1988 and, finally, to 4.4 in 1994. This is evidence of a sustained, positive long-term trend and is a strong argument for continued USG development assistance to Zimbabwe as USAID is the largest donor in the population sector.

SUGGESTED TALKING POINTS

- 1) USAID/Zimbabwe and USAID/Washington are monitoring the drought and requirements for assistance with great care and concern. It is fortunate and a tribute to ever-improving drought and food security preparedness that grain stocks in Zimbabwe are high right now. Despite decreasing budgets we hope to assist where we can should outside assistance be required.
- 2) We are aware of the important steps that Zimbabwe is taking to follow ESAP and improve Zimbabwe's investment climate while continuing to liberalize the economy. These are difficult steps. But we urge you to stay the course by continuing to reduce government budget deficits which threaten fiscal targets. Recent steps to remove subsidies to the Grain Marketing Board and call for greater privatization of GOZ parastatals are excellent moves in the

right direction.

- 3) USAID/Zimbabwe is designing a \$18.6 million Black Equity Development Project which will complement Zimbabwean private sector participation in the Southern Africa Enterprise Development Fund of the Initiative for Southern Africa. The project will commence in 1995 and we are optimistic that it will bring the training, technical know-how and access to credit that Zimbabwe's small and medium enterprises desperately need.
- 4) We are counting on Zimbabwe's 1995 elections to be a model for Africa's emerging democracies. Since ZANU-PF is assured of victory, we are confident that Zimbabwe's leadership can keep the campaign free of divisive rhetoric.
- 5) As noted at the recent Cairo Population Conference, Zimbabwe has made great strides in its family planning program and in decreasing the fertility rate. Recent data show more very encouraging progress that depicts Zimbabwe's demographic portrait in an ever-increasingly favorable light. We applaud your commitment to family planning programming and assure you of continued support in this important domain.
- 6) We praise Zimbabwe's role in regional conflict resolution in Somalia, Mozambique, Lesotho and Angola. Zimbabwe is to be held up as a role model for Africa in promoting peace, stability and prosperity.
- 7) You may want to share your views on Ambassador-designate Johnnie Carson as his presence appears to bode very well for not only the development assistance program but for increased U.S. private investment in Zimbabwe as well--an effort that current Ambassador Lanpher has advanced significantly. His confirmation date (and, thus, his arrival date) are as yet unknown.

ZIMBABWE

FY 1996 Sustainable Development Request: \$ 17,700,000
FY 1996 P.L. 480 Title II Request \$ 0

The United States continues to assist Zimbabwe for two important reasons: Zimbabwe is an excellent future market for U.S. goods and services and plays a strong leadership role in conflict resolution and regional stability in the Southern Africa region. With a four billion dollar GDP, Zimbabwe possesses one of the largest economies in the region, after the Republic of South Africa, and continues to grow. Recent moves to liberalize foreign exchange controls, reform repatriation of profits and capital, and sell off unprofitable parastatals have opened the door for increased U.S. investment. With this growing market economy comes the expansion and demand for higher value U.S. imports. Zimbabwe has also taken a firm stance in resolving conflict in the region, from easing disputes prior to the recent election in Mozambique to committing troops for Somalia. Zimbabwe stands out as one of the leaders in sub-Saharan Africa in the promotion of peace and stability, bringing relief to U.S. efforts in both financial and human terms. Ensuring that Zimbabwe continues to play this stabilizing regional role falls directly within U.S. national interests.

The Development Challenge.

The results of U.S. assistance in recent years, together with the Government of Zimbabwe's (GOZ) own efforts and those of other donors, have been nothing short of remarkable. In the ten years following independence, the health and education of the Zimbabwean population improved markedly and the rate of population growth slowed measurably. In addition, the participation of smallholder farmers in the cash economy has increased dramatically. Production of maize and cotton by nominally subsistence farmers on communal lands increased from 10% at independence to 60% of total production by the end of the 1980s. More recently, USAID-supported pricing and marketing reforms led to a near-total liberalization of the maize market, resulting in lower prices and greater food security. A USAID-led effort during the drought of 1992-1993 (the worst in a century) is credited with averting widespread hunger and possibly even starvation just as a major economic reform program was getting off the ground.

Although Zimbabweans today are healthier and better educated than they were ten years ago, past economic policies, rapid population growth and, more recently, the scourge of HIV/AIDS, combined with exogenous factors such as the 1992/93 drought and depressed commodity prices for most of the 1980s, have retarded Zimbabwe's development in recent years. USAID assistance in Zimbabwe focuses on the poor majority while simultaneously providing strong support to the national, macro-level economic reform program undertaken by the GOZ under joint International Monetary Fund/International Bank for Reconstruction and Development (IMF/IBRD) auspices. Three strategic objectives have been identified, all of which contribute to the overall goal of equitable, participatory economic growth. A strong cross-cutting theme is improved governance and participation at all levels of Zimbabwean society.

Strategic Objectives (SOs).

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$9,700,000).

- SO 1. Increased household food security in communal areas of Natural Regions IV and V (\$1,000,000).

The first strategic objective focuses on the poor of Zimbabwe's communal lands, that 35% of the population (of 10.4 million) who, by virtue of unequal access, subsist on marginal lands in Zimbabwe's Natural Regions IV and V. USAID's historic involvement in addressing agricultural and food security challenges around the world and in Zimbabwe holds promise for these people. Opportunities exist for increasing the productivity of their land, identifying alternative income sources (like village-level wildlife management schemes), and ensuring that rural people in these areas have sufficient purchasing power to procure marketed food.

Activities. Major activities include fundamental pricing and marketing reforms in the Zimbabwean maize sector under the Grain Marketing Reform and Grain Marketing Reform Research Projects and research and technology transfer of promising new sorghum and millet varieties under the Regional Sorghum and Millet Research Project. The latter is a multi-country activity based in Bulawayo, Zimbabwe's second city, and carried out under the auspices of the 11-nation Southern African Development Community (SADC). Wildlife management activities carried out through the Natural Resources Management Project, which also fall under this SO, are discussed in the section below on *Protecting the Environment*.

Related Activities. The Zimbabwe Manpower Development II Project (ZIMMAN II) has been a regular supplier of management and technical training for the ever-increasing number of medium-sized maize millers resulting from project-supported reforms (see section below on progress in 1993-1994). The Consumer Council of Zimbabwe has also used funds from the ZIMMAN Project to help disseminate information to the general public on the content and significance of reforms in the grain marketing sector.

Indicators. Progress under this SO is being measured through increases in average household foodgrain availability, the amount of domestic food production retained for household consumption, and estimated actual foodgrain/meal purchases, all in terms of kilograms per household per year.

Feasibility and Cost-effectiveness. The key problems needed to address food security revolve around production, income, and access to food. USAID programs address each of these constraints. Research results leading to improved production techniques and varieties will be better disseminated, while off-farm income opportunities are increased through community based programs in resource management. Access to food and markets is being achieved through liberalization of marketing and deregulation to allow free movement of goods. USAID's investment under this SO will improve the lives of the 716,000 households comprising 3.9 million people in the target areas.

Progress in 1993-1994. In 1993, significant liberalization of the grain market removed subsidies to commercial millers and lifted all restrictions on the transport, purchase, and sale of maize. Consumers now have a broader choice of outlets and types of grain at lower prices and can make choices based on their economic situation and market availability, and sellers can operate without restriction. These changes have resulted in a dramatic increase in the number of rural enterprises as new opportunities have arisen in marketing, milling and transporting of grain. Where only very recently all grain marketing activities were controlled by a central Grain Marketing Board, there are now approximately 20 milling companies scattered throughout the country. Simultaneously, the number of small scale "service" millers has increased to over 15,000, predominantly in the rural areas. Removal of the maize subsidy is already saving the GOZ nearly \$5 million *per month* in budgetary outlays. In sorghum and millet research, the transition was recently made from applied research to full-fledged technology transfer. The SADC Secretariat also recently approved a sustainability plan committing SADC countries to finance, from their own funds, a long-term investment program beginning as early as 1996.

Donor Coordination. USAID coordinates closely with other donors under the grain marketing reform program, particularly with the World Bank. Areas of coordination include joint identification of needed policy reforms and assessments of reform impacts. For the sorghum and millet research activity, coordination is assured through a semi-annual steering committee meeting in which all donors

participate with heads of the program from each of the 11 SADC countries, in addition to the annual SADC Coordinating Committee for Agricultural Research.

Constraints. Effective dissemination of information on the policy changes and further efforts to increase liberalization will be needed to ensure that changes made to date are sustainable. In addition, coordination among governmental and non-governmental groups and agencies is essential for maintaining achievements. USAID is presently considering refocusing its efforts under this SO to place greater proportional emphasis on decentralization, increased local incomes and participation, and preservation of the natural resource base in Natural Regions IV and V (see also, section on Protecting the Environment, below). In sorghum and millet research, the principal constraint revolves around demonstrating that the potential for increased yields of these two subsistence crops far outweighs the added cost of the new genetic materials and technologies developed under the project. Accordingly, demonstration plots and on-farm trials will play a major role under the technology transfer phase.

SO 2. Increased black ownership and investment at all levels of Zimbabwe's economy (\$6,300,000)

This strategic objective is borne from the recognition that access to economic assets and empowerment has been disproportionately vested in the white population (one percent of the total) and the central government. By broadening access to economic assets, opportunities for increased competition and improved efficiency are created. Perhaps more significant and politically imperative is the need for the GOZ to foster creation of a decontrolled, market-led enabling environment that is conducive to investment, economic growth, and increased employment and ownership opportunities for all Zimbabweans, both black and white.

Activities. Activities presently underway in Zimbabwe under this SO include Zimbabwe Business Development, Zimbabwe Manpower Development II, Private Sector Housing, and the Zimbabwe component of the Regional Transportation Development II Project. A FY 1995 start--Black Equity Development--will focus on increasing employee ownership, increasing access to financial resources by micro and small enterprises (businesses with 1-100 employees), and strengthening the programs of business and trade associations.

Related Activities. Continuing policy dialogue with the GOZ in the context of the economic structural adjustment program is an important element of USAID's efforts to increase black ownership and investment in the economy, including reforms that facilitate black Zimbabweans becoming homeowners for the first time. In its reform discussions with the GOZ, USAID is giving particular emphasis to the need for deliberate speed in selling off government assets and giving more of a leadership role to the private sector. Using targeted, tailor-made programs, USAID is also bringing critical issues in privatization and financial reform to the forefront with key sectoral decision makers.

Indicators. Principal indicators of success under this SO include the percentage and number of homes and small- and medium-sized enterprises owned by black Zimbabweans, disaggregated by gender to measure the percentage and number owned by black Zimbabwean women.

Feasibility and Cost-effectiveness. USAID's investments will not only result in improved access to capital and the provision of shelter solutions to 44,000 families but will also (and, in the long run, more importantly) spur market changes resulting in increased efficiencies for all business operations as communications and transport facilities become more widely available and responsive to customer needs. Increased business ownership and investment will result in increased employment opportunities, foreign exchange earnings, and, ultimately, greater black participation in the economy.

Progress in 1993-1994. Through the Private Sector Housing Program, the GOZ has revised housing and infrastructure standards to increase affordability such that a new minimum housing unit is affordable to 70% of the urban population, up from 23% previously. USAID has also leveraged an unprecedented increase in the availability of private sector mortgage financing for low-income families

(\$16.5 million for 1994). It is estimated that over 19,000 low-income families will benefit from mortgage loans under the initial disbursement, thereby increasing black ownership and creating a pool of assets that can be used as collateral for business investments. Additional USAID assistance in the private sector has supported strategic interventions that have leveraged important reforms and a general opening of markets and government re-orientation. Work with the Zimbabwe Investment Center not only provided the analytic rationale for striking investment reforms early in 1994, but also will facilitate improved operations and implementation of the new policies in the future leading to increased investment from both domestic and foreign sources. USAID also assisted in the review and drafting of revised legislation regarding restrictive business practices. The measure, which is now being vetted by Parliament, will provide increased opportunities for new business development and market entry, particularly by indigenous (black) entrepreneurs. Direct firm-level assistance has also resulted in improved profits and employment opportunities, with an emphasis on small and medium size firms with black or women owners. Finally, assistance to the National Railways of Zimbabwe (NRZ) has resulted in improved operating efficiency and the spinning off of a number of non-core services to the private sector.

Donor Coordination. USAID is the largest donor in the low-income shelter sector in Zimbabwe, and the World Bank is the only other donor of significance. USAID and the Bank coordinate their activities closely, with the Bank focusing on off-site infrastructure development and USAID concentrating on increased availability of private sector financing for the low-income shelter sector. Donor coordination for private sector development activities on deregulation, small enterprise development and the financial sector is also fairly well developed. The Small Scale Enterprise Advisory Development Group, which has been operational since the early 1990s, serves as a clearinghouse to coordinate donor, GOZ, and private sector programs for small enterprise activities. This is the most active forum for donor coordination and exchange of ideas. In addition, specific issues relating to private sector development, e.g., investment policy and development of trade policies, arise periodically and are instrumental in bringing together various donors with an interest in the particular topic. Donor coordination under NRZ is practically a given, as the effort is part of a multi-donor activity involving the World Bank, African Development Bank, and other bilateral donors.

Constraints. Implementation of the low-income shelter program is complicated by the number of disparate players, on the one hand, and the complex, disjointed nature of the Zimbabwean housing delivery system on the other. Under the NRZ activity, a recent project evaluation showed that bloated staff levels were a major constraint to the improved operating efficiency of the organization. Accordingly, a recent project amendment included provisions for one-time assistance to a voluntary early retirement scheme (VERS).

Target of Opportunity. Decreased HIV high risk behavior by selected occupational groups (\$3,700,000)

The Government estimates that there are 800,000 HIV positive Zimbabweans out of a total population of 10.4 million, for a national infection rate of approximately eight percent. Some prenatal surveys, however, indicate that as many as 25% of pregnant women are HIV positive, and most doctors and insurers believe that this figure is a more accurate indicator of the effective rate among the sexually active population. Hardest hit are those in the age groups of 15-49 years, who account for 75% of all cases in the country. Thousands of children are left orphaned by AIDS annually; it is estimated that there will be 500,000 orphans by the year 2000. Given the potentially staggering economic and social impact of this phenomenon, USAID has chosen decreased HIV/AIDS high risk behavior as a "target of opportunity" for specific intervention under its overall assistance program.

Activities. Under the Zimbabwe AIDS Prevention and Control activity (ZAPAC), USAID is assisting GOZ efforts to change high risk behavior by selected occupational groups, i.e., transportation workers and members of the uniformed services. USAID is providing support to the GOZ, the National AIDS Coordination Program (NACP), appropriate local businesses, and non-governmental organizations to

strengthen HIV-prevention activities aimed at high risk populations. The project is being implemented over a five-year period (FY 1993-98) at a total cost of \$14.4 million.

Related Activities. The ZIMMAN II Project has supported activities under the Target of Opportunity in this area through the provision of practical management training for local non-governmental organizations managing or coordinating HIV/AIDS projects.

Indicators. Progress is measured through survey data on condom use in most recent sexual intercourse and the number of sexual partners in the previous month (percent/number of respondents).

Feasibility and Cost-effectiveness. Without USAID and other donor investment in the prevention and control of the HIV/AIDS epidemic, the economy of Zimbabwe will suffer considerable damage. Projections indicate that reductions in GDP (as high as six to seven percent) will occur due to reductions in the size of the labor force as a result of the epidemic. The emphasis on AIDS prevention in the workplace is expected to have high economic payoffs since it will avert deaths in the labor force and reduce re-training costs. Furthermore, savings in medical costs and social services (for AIDS orphans and other dependents of AIDS victims) are expected as a result of successful prevention among high-risk working age populations.

Progress in 1993-1994. The project began implementation in mid-1994. By December, a \$1.0 million grant had been issued to the United Nations Children's Fund (UNICEF) for information, education and communication (IEC) activities in tertiary educational institutions (universities, technicians, vocational training institutes, professional colleges, etc) and funds provided to Family Health International/AIDS Control and Prevention Project (FHI/AIDSCAP), the major contract group under this project that recently established offices in Harare.

Donor Coordination. Many donors (Sweden, UNICEF, the European Union, Denmark, the World Health Organization, Great Britain, the Netherlands, etc.) are involved in HIV/AIDS related activities in Zimbabwe. These activities are coordinated through the National AIDS Coordination Program.

Constraints. There is a general lack of appreciation by employers of the benefits relative to the costs of conducting AIDS awareness and prevention activities in the workplace. Since employers bear a significant portion of the costs of these activities, it is essential that these benefits (e.g., increased productivity and reduced downtime due to absences and employee deaths) be demonstrated conclusively. In addition, a great deal more work must be done to actually identify appropriate incentives to modify actual behavior among participants.

STABILIZING WORLD POPULATION GROWTH (\$6,000,000)

SO 3. Sustainable decrease in fertility (\$6,000,000)

Despite significant progress in the difficult demographic transition, population growth in Zimbabwe is a persistent problem that continues to undermine economic growth and personal family goals, erodes the natural resource base, and limits the potential household and individual benefits of economic growth. With USAID assistance, modern contraceptive prevalence rates are increasing and fertility is decreasing but the annual population growth continues to be high at about 3.1%. Accordingly, the Mission has identified a sustainable decrease in fertility as its third strategic objective.

Activities. Designed in 1990, the Zimbabwe Family Planning (ZFP) Project aims at diversifying the contraceptive method mix. The project supports the GOZ's efforts to increase availability of and access to a greater range of modern family planning methods, particularly longer-term and permanent methods, as well as research and training to improve contraceptive use and prevent contraceptive failure. The project is moving the Zimbabwean family planning program in the direction of financial sustainability by shifting a portion of the cost burden from the GOZ to the private sector and making

the public sector program more cost efficient. The project is also strengthening non-financial aspects of the public sector family planning program to make it more effective, cost-efficient, and sustainable.

Related Activities. USAID regularly uses a portion of its annual operating year budget to purchase contraceptives for distribution in Zimbabwe from the centrally-managed Central Contraceptive Procurement Project.

Indicators. Progress is measured by monitoring changes in the country's total fertility rate and the contraceptive prevalence rate, currently about 5.5 and 34%, respectively.

Feasibility and Cost-effectiveness. USAID funds will support increased use of long-term contraceptive methods--from 3.9% to 12% of prevalence--by 1998, sustainable public sector provision of family planning services, and an increased role for the private sector in the delivery of family planning services. Indications to date are that these are the key areas required to achieve the required decrease in total fertility. With an ever increasing health burden, further complicated by the advent of HIV/AIDS and reduced public sector budget resources, achievement of the targets for this strategic objective in a timely manner become essential.

Progress in 1993-1994. Family planning efforts continue to achieve significant results--building upon increased contraceptive prevalence rate and decreased fertility rate successes that USAID helped the GOZ obtain. The introduction of Depo-provera has been particularly successful, with 50,000 acceptors by the second year of its introduction. The family planning program has also made a number of accomplishments in the area of increased sustainability, especially with regard to sustainable public sector financing as the GOZ has begun to procure its own oral contraceptives thereby reducing reliance on donors. In FY 93 it purchased 21% of its needs at a cost of \$365,000 and in FY 1994 set aside approximately \$600,000 to purchase 25% of its needs. The program has also made significant strides in cost recovery, recuperating up to 56% of contraceptive costs through user fees in 1993.

Donor Coordination. The World Bank's Family Health Planning II and UNFPA activities, developed concurrently with the ZFP Project, support USAID's strategy in this sector.

Constraints. Despite impressive gains, the family planning program faces daunting challenges. One is that the population growth rate and the total fertility rate (TFR), though declining, remain high. The 1992 census found that between 1982 and 1992 the population had grown from 7.6 million to 10.4 million, for an inter-censal growth rate of 3.13 percent per year. The census also found that the TFR had fallen little in the four years since 1988. The second major challenge is in the area of health finance. In the first decade of independence the health budget grew steadily. In the last four years, however, real per capita expenditure by the Ministry of Health and Child Welfare (MOHCW) has fallen by 34 percent. The Reproductive Health Finance Project--currently in the design stage--will address health financing issues beginning in FY 1996, with particular emphasis on ensuring continued, sustainable financing for family planning and HIV/AIDS prevention services.

PROTECTING THE ENVIRONMENT (\$2,000,000)

SO 1. Increased household food security in communal areas of Natural Regions IV and V (\$2,000,000).

Along with grain marketing reform and agricultural research on millet and sorghum (discussed above in the section on Encouraging Broad-Based Economic Growth), the other major aspect of USAID's work under SO 1 is a dual-purpose effort to increase rural incomes and protect Zimbabwe's natural resource base. USAID is proud of its effort in this domain which now serves as a model for other country programs. The program is carried out under the initiative known as CAMPFIRE (Communal Areas Management Program for Indigenous Resources), which is world-renowned for its decentralized, village-based approach to wildlife preservation. In conjunction with the National Parks Department, CAMPFIRE

determines the wildlife carrying capacity of villagers' land and then helps them auction off hunting licenses, the proceeds of which for the most part flow directly back to the villagers themselves. The result is better wildlife management and increased incomes at the local level. The program has been so successful in establishing and strengthening local institutions and enhancing their capacity to manage and exploit resources on behalf of resident communities that USAID funded the expansion of the program to nationwide coverage in FY 1994.

Activities. Activities under this portion of SO 1 are carried out through the \$28.1 million Natural Resources Management Program (NRMP), which began in 1989 under regional funding auspices and is now being funded as a purely bilateral activity.

Related Activities. CAMPFIRE is set within a larger context of the theory and practice of common property management, community development, and environmental conservation. As such, the spectrum of activities that can conceivably be carried out under the program's flexible design is really quite wide. Examples might include policy reforms aimed at strengthening local control over non-renewable resources and support for the development of eco-tourism.

Indicators. Progress in this sector is being measured through average household cash income from participation (and the number of households actually participating in) community-based natural resource management activities.

Feasibility and Cost-effectiveness. The protection, conservation, and sound management of renewable natural resources through indigenous government and non-government organizations yields both monetary and non-monetary benefits. Well-developed management institutions function at the community level to ensure sustainable local development, while the preservation of biological diversity ensures the continued richness of our planet's natural legacy.

Progress in 1993-1994. In 1993-94 six new districts were incorporated within the CAMPFIRE program, bringing the total number of participating district councils to 24. CAMPFIRE currently covers 18% of Zimbabwe's communal lands and touches the lives of nearly a million people every day. In 1993 the program generated cash revenues in excess of about US\$ 1.25 million, the bulk of which was plowed back into community-based conservation and development activities.

Donor Coordination. While USAID is the single largest external donor supporting CAMPFIRE, many others are also involved, including Great Britain, Germany and the Ford Foundation. These donors meet on a monthly basis to coordinate their programs and discuss progress toward mutually agreed-upon objectives.

Constraints. CAMPFIRE implementation is constrained by two factors: (1) continuing debate among competing entities over the level and extent of "appropriate authority" that has been delegated to the district councils; and (2) budgetary constraints that result in an inability on the part of the Ministry of Environment to fully finance and support the operations of the Department of National Parks and Wildlife Management.

Other Donor Resource Flows. According to the United Nations Development Program, the United States presently provides nearly 12% of external donor assistance to Zimbabwe. Other major donors and international financial institutions include the World Bank, the International Monetary Fund, the African Development Bank, the European Union, the United Kingdom, Germany, Japan, Sweden, Denmark and Canada.

**ZIMBABWE
FY 1996 PROGRAM SUMMARY**

	Encouraging Economic Growth	Stabilizing Population Growth	Protecting the Environment	Building Democracy	Total
USAID Strategic Objectives					
1. Increased household food security in communal areas of Natural Regions IV and V	1,000,000		2,000,000		3,000,000
2. Increased black ownership and investment at all levels of Zimbabwe's economy	4,500,000				4,500,000
3. Sustainable decrease in fertility		6,000,000			6,000,000
4. Decreased HIV high risk behavior by selected occupational groups	3,700,000				3,700,000
Cross-Cutting Issues: Program development and support (training, project design, evaluation)	500,000				500,000
Total	9,700,000	6,000,000	2,000,000		17,700,000

USAID Mission Director: Peter Benedict

ZIMBABWE

PROJECT NUMBER	PROJECT TITLE	FY 94 ACTUAL	FY 95 ESTIMATE	FY 96 PLANNED
DA/DFA				
613-0229	Manpower Development II	0	1,000	1,000
613-0230	Family Planning	3,962	651	1,000
613-0233	Grain Marketing Reform/NPA	0	*5,000	0
613-0234	Grain Marketing Reform/PA	0	0	1,000
613-0236	Private Sector Housing/NPA	10,000	5,000	0
613-0237	AIDS Prevention and Control	500	1,000	900
613-0238	Reproductive Health Financing	0	0	5,000
613-0239	Black Equity Development	0	2,000	3,500
936-3048	Family Planning Service Support	123	0	0
936-5972	AIDS Prevention and Control	3,438	1,062	2,800
936-3057	Central Contraceptive Procurement	0	787	0
613-0240	PD&S	185	500	500
613-0241	Natural Resources Management	1,100	2,500	2,000
	TOTAL DFA/DA	19,308	19,500	17,700
	TOTAL ESF	0	0	0
	FOOD ASSISTANCE	0	0	0
	DISASTER ASSISTANCE	0	0	0
	MILITARY ASSISTANCE	300	300	300
	<u>COUNTRY TOTAL</u>	<u>19,608</u>	<u>19,800</u>	<u>18,000</u>

* Per Harare 00547. Not yet approved by AFR.

o:\sapub\docs\briefmat\projlist\projlst2.zim

INITIATIVE FOR SOUTHERN AFRICA

FY 1996 Sustainable Development Request: \$ 38,700,000
FY 1996 P.L. 480 Title II Request \$ 0

The southern Africa region is very important to the United States. It is strategically situated between the southern Atlantic Ocean and the Indian Ocean. The 11 countries included in the region have a combined land area well over half the size of the entire United States, including Alaska. The region is rich in strategic minerals, including petroleum, gold, diamonds, cobalt and copper. The region has a population about 105 million and a gross domestic product of about \$140 billion. Exports from the region to the United States, about half of which consists of crude oil from Angola, are valued at \$4.4 billion. Imports from the United States are valued at \$3.1 billion, or the equivalent of 60,000 U.S. jobs. With the Republic of South Africa (RSA) as a potential engine of growth, the region will become an even more important trading partner for the United States. The coincidence of these interests with those of the southern Africans has provided the impetus for the new U.S. Initiative for Southern Africa (ISA).

The southern Africa region is undergoing a major transition. Long civil wars have ceased recently. Racial apartheid has ended. Authoritarian regimes have given way to fledgling democracies. Highly statist command economies are being transformed into open, free market economies in which resources are allocated increasingly through the "invisible hand" of the private sector. These dramatic developments offer a unique opportunity to advance U.S. interests by supporting and strengthening the newly established democracies, stimulating economic growth, reducing the need for costly humanitarian assistance.

The Development Challenge.

Recent economic growth in the southern Africa region has been highly uneven, with annual gross domestic product (GDP) growth rates ranging from +9.3% in Botswana in 1991 to -10.6% in Malawi in 1994. Since South Africa accounts for roughly three quarters of the region's GDP, its revitalization is expected to be the largest single factor influencing economic growth in the region. Virtually all of the nations of the region are being severely tested by structural adjustment programs that are designed to open their markets, improve their international competitiveness and reverse the declines in their economic growth rates. However, the World Bank recently reached the conclusion that the reforms are incomplete. Additional efforts will be required to accelerate the region's aggregate economic growth. The new reforms that will be required include reduction and rationalization of central government expenditures in order to lower fiscal deficits to sustainable levels, deregulation of the private sector, improving investment policies, accelerating the expansion and diversification of exports, and improving the efficiency of the infrastructural base, especially through policy reform in the telecommunications and transportation sectors. As the southeast Asia experience in the second half of the twentieth century has shown, rapid growth in developing areas provides markets for U.S. products and jobs for Americans as well as the reduction, if not outright elimination, of the need for official development assistance from the United States.

As the countries in the region open politically and economically, they are experiencing greater pressure to meet the needs of rapidly growing populations that are beginning to participate more fully in the economic and political activities affecting their lives. HIV/AIDS is rapidly becoming endemic and must be addressed. Droughts in 1992 and again in 1994 have inhibited efforts to increase agricultural productivity, and have required large infusions of food aid. Environmental degradation has increased, and the maintenance of biodiversity is threatened by the encroachment of human populations on wildlife habitats. Many of the problems are regional by nature and must be dealt with in a coordinated fashion. ISA provides resources that will complement bilateral programs in the region by helping to design and implement programs that address these regional problems from a regional perspective,

where appropriate.

To sustain the hope generated by the end of more than twenty years of civil war in Mozambique and Angola, the demise of apartheid in South Africa, and the recent emergence of democratic governments in Zambia, Namibia, Malawi and Mozambique; major efforts are required to continue the democratic transition in the region's fledgling democracies and to promote continued peaceful resolution of subregional conflicts.

Strategic Objectives (SOs).

The four strategic objectives outlined below represent an interim framework for the Initiative for Southern Africa through FY 1996. A longer-term strategy will be developed by the new Regional Center for Southern Africa that will be established in Gaborone, Botswana in early 1995.

BUILDING DEMOCRACY (\$2,800,000).

SO 1 (proposed). Enhance the skills, knowledge and capacity of individuals and organizations working to strengthen democratic values and processes in the region (\$2,500,000).

Democracy has made significant gains in southern Africa over the past few years, as authoritarian regimes have given way to democratically-elected governments, and nations at war are making the transition to peace under new democratic arrangements. USAID assistance has been instrumental in a number of these transitions. However, the nascent democracies have shallow roots, and southern Africans fear that they may topple in the face of ethnic tensions and economic pressures. There is an urgent need to reinforce non-governmental organizations and civil institutions that are aggressively promoting and defending democratic values, and processes, and ensuring that all segments of society are able to participate in decisions that affect their lives.

Activities. Through the creation of a Democracy Fund in 1995, USAID seeks to support the initiatives of indigenous civil and governmental organizations which are working to ensure (1) that citizens understand how democracies function and their rights and responsibilities under their democratic systems, (2) that women's political participation increases, and (3) that legislators have the knowledge and skills needed to effectively manage the legislative process, including an ability to build coalitions and resolve political disputes. The Democracy Fund will provide grants to organizations such as women's legal rights, media, and educational institutions undertaking regional training or other capacity-building, networking, information-sharing, research and/or collaboration on joint approaches for resolving regional problems in the three subject areas outlined above. Activities must involve at least two of the countries in the region.

Related Activities. Approaches which encourage broad participation of concerned individuals and groups will be utilized in all components of the Initiative for Southern Africa, which is mandated to be African-led and stakeholder-driven.

Indicators. Although not yet formalized, indicators may include: (1) increased number of individuals and organizations with the capacity to provide accurate information to citizens on their rights and responsibilities in a democracy, including how they may engage the government on issues of concern and hold elected officials accountable, (2) increased number of women's advocacy organizations with capacity to represent women's issues in political fora, (3) more effective and efficient legislative processes, and (4) greater citizen understanding of democratic values and processes.

Feasibility and Cost Effectiveness. Many groups throughout southern Africa have expressed the need for assistance in building their own capacities, and a desire to share information and learn from the experiences of others within the region. A number of successful regional workshops and exchanges have been undertaken by non-governmental organizations (NGOs), proving the feasibility of these

approaches. The estimated demand for training and technical assistance in some subject areas by several countries in the region indicates that regionally administered programs would be more cost effective and efficient than organizing them on a country-by-country basis.

Progress in 1993-1994. The Democracy Fund will begin operation in FY 1995.

Donor Coordination. Aid from other donors flows through a number of unconnected channels, e.g., official donors, both bilateral and multilateral, parliamentary groups, international organizations, quasi-NGOs, independent NGOs, churches and academic institutions. Efforts to coordinate donor assistance at the national level have met with varying degrees of success. ISA envisions building upon networks previously established through the Southern Africa Regional Program (SARP) and convening a conference under the auspices of the Development Assistance Committee with other donors, NGOs, and southern African governments to share information on programs and to coordinate activities.

Constraints. The success of democracy activities will depend on the willingness of nations in the region to continue their open, tolerant political environments.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH (\$24,350,000).

SO 2. Increased indigenous business development and ownership (\$12,200,000).

The small and medium-sized enterprise (SME) sector, comprised primarily of indigenously-owned enterprises, will play a major role in creating employment opportunities and improving incomes in the southern Africa region. Although recent political and economic changes have led to an increase in the number and scope of indigenous entrepreneurial activities, the SME sector historically has lacked access to financial and technical services or was underserved, and has thus experienced other problems such as insufficient working capital, bad debt or cash flow problems. USAID believes that these constraints to SME development and ownership must be addressed for indigenous SMEs to meet the growing need in the region for jobs, and to assure that people at the lower and middle levels of society secure a stake in and share the benefits of economic growth.

Activities. To provide increased jobs and income earning opportunities to the poor in southern Africa, USAID is financing the establishment of the Southern Africa Enterprise Development Fund (SAEDF). SAEDF will provide financial services such as debt, equity, guarantee financing and related technical and managerial services to SMEs. The fund will operate as an independent non-profit corporation but is expected to focus investments to ensure financial sustainability in order to continue to service the financial needs of SMEs. The SAEDF will be complemented by a technical assistance project to improve the institutional capability of intermediary financial institutions in the region to service the technical, managerial and investment needs of the lower end of the SME sector. USAID will undertake analysis in support of this strategic objective and engage in policy dialogue with regional institutions, the private sector and governments.

Related Activities. A positive correlation exists between the growth of SMEs and the existence and accessibility of reliable and efficient infrastructure. Thus, the improvement of the regional transportation and telecommunications network will assist the development and expansion of SMEs as well as provide conditions to enable these firms to become competitive in the national, regional and international markets.

Indicators. The primary indicator for measuring impact is the number of small and medium-sized indigenously owned businesses (disaggregated by sex of business owners).

Feasibility and Effectiveness. Experience in the United States and elsewhere has shown that small and medium sized enterprises contribute significantly to the job and income growth. These firms in the southern African region have the same potential. Capital for start-up and expansion and related

175

managerial and technical support have been identified as the primary constraint. USAID's experience with enterprise funds in eastern Europe have demonstrated that capital can be made accessible to small and medium enterprises on a sustainable basis. Analysis conducted for the Southern Africa Enterprise Fund indicates that even with a moderate return on investment, the Fund can become a financially sustainable mechanism for reaching SMEs. Additionally, as the Fund will demonstrate the growth potential of SMEs in the region, the Fund will be able to leverage its resources to stimulate greater mobilization of funds for investment in this growth potential sector.

Progress in 1993-1994. SAEDF will become operational in 1995.

Donor Coordination. Since SAEDF is not expected to meet the total annual investment needs of the SME sector annually (estimated between \$800 million and \$1 billion), USAID intends to leverage its funds by inviting other donors to participate in the fund directly or on a parallel or co-financing basis in SAEDF projects. Major donors to the southern Africa region include the European Union, Japan, and the Nordic Countries.

Constraints. The lack of risk capital is the major constraint shared by indigenous SMEs in the region. The relatively high cost to financial institutions of working with SMEs that in many cases do not keep good financial records and may not wish to disclose their earnings to financial institutions.

PROTECTING THE ENVIRONMENT (\$11,550,000)

SO 3 (proposed). Establish key regional conditions for sustainable increases of agricultural and natural resources productivity by smallholders (\$10,750,000 for Protecting the Environment, of which \$9,000,000 involves community-based natural resources management which also contributes to economic growth and \$4,750,000 million for Economic Growth).

Despite the diversity and richness of its natural resource base -- including large reserves of such minerals as diamonds, uranium, and oil, as well as considerable renewable resources of land, wildlife, and fisheries, and the 15% of the land base set aside as conservation areas -- southern Africa faces growing threats of food insecurity and environmental degradation. Less than 8% of the land is arable, and the remaining areas of rangeland and forests are being degraded by overstocking, overgrazing and overharvesting. More than two-thirds of the population depend on agriculture for employment and income, yet productivity and production per capita have declined in virtually all countries of the region during the period from 1979-92 in the face of a population growth rate that exceeds the growth rate for agricultural production, and recurring drought.

Activities. Activities begun under the Southern Africa Regional Program (SARP) support efforts to increase food security in drought-prone areas, and to reduce threats to the environment. In food security, the emphasis is on dissemination and utilization of technologies developed to assist small farmers raising basic food crops. In pursuit of this objective, USAID has financed activities to strengthen the capacity of regional and national agricultural research institutions, through development of regional research plans, human resources development, and improved coordination mechanisms. To protect the environment and increase rural incomes, USAID has supported community-based natural resources management initiatives which demonstrate that sustainable utilization of wildlife and indigenous plant species can be a viable alternative to traditional agriculture on marginal lands. Future activities under the ISA will support efforts to harmonize trade policies for agricultural and wildlife products in the region, improve planning for the utilization of transnational resources such as water and wildlife, and enhance the sustainability of regional agricultural research activities.

Indicators. Illustrative indicators include: (1) improved coordination of agricultural research programs on a regional basis as evidenced by prioritized plans and investments, (2) improved dissemination of technologies developed in regional programs to intended users, (3) an improved data base on the region's natural resource endowment upon which to base regional planning, and (4) appropriate

institutional models developed for sustainable community-based management of natural resources.

Feasibility and Cost Effectiveness. Experience under the regional agricultural research programs for sorghum and millet, and roots and tubers has demonstrated that investments in research have achieved a high rate of economic return. The benefits of past investment in the sector will be magnified by the emphasis under the ongoing "Phase II" programs to disseminate already proven successful technologies. Coordinating agricultural research and pilot community-based natural resources management programs on a regional basis offers a cost-effective way to bring knowledge to bear on problems that constrain increased productivity in the region.

Progress in 1993 and 1994. Despite the overall long-term trend of declining agricultural production per capita in the region, in 1993-94 there were a number of positive signs of progress in the sector. Governments accelerated efforts to disseminate improved varieties of sorghum and millet, with the result that over 40 of the approximately 300 varieties and hybrids developed with USAID support had been released and adopted, with 50% of the small farmers in Namibia utilizing a short-season hybrid millet that reduces risk in a region plagued by drought. Pilot programs demonstrated the economic value of sustainably managing wild animals and plants, leading an increasing number of communities to protect these income-generating resources. The capacity of both national and regional agricultural research institutions was significantly strengthened, leading to improved management of research programs. In addition, successful research in Zimbabwe on the tick-borne "heartwater disease" that afflicts livestock now promises to benefit the United States, where livestock have no resistance and are threatened by the presence of the disease in some Caribbean nations.

Donor Coordination. Numerous bilateral and multilateral donors, as well as private and public foundations and private voluntary agencies have provided assistance to the agricultural and natural resources sector over the past ten years. USAID has been the largest bilateral donor to the sector and has played a leadership role in regional programs for food security, agricultural research, community-based natural resources management, human resources development, and institutional capacity building. Through its support to regional agricultural research institutions, and national and regional environmental planning activities, USAID has also contributed significantly to donor collaboration and improving the accountability and development impact of research investments.

Constraints. Recurring drought, insufficient knowledge about the resource base, lack of research on natural resource management issues from which to draw appropriate solutions, lack of linkages between research and extension, and weak coordination mechanisms among the countries of the region all complicate efforts to increase the productivity of agriculture and the natural resource base.

SO 4. Increased efficiency, reliability, and competitiveness of regional transport and telecommunication infrastructure (\$7,400,000 for Economic Growth).

Sustainable economic growth, fueled by increased trade and investment and regional cooperation, requires efficient transport and telecommunications infrastructure. Although the physical capacity of transport and telecommunications is now in place, government monopolies through state-owned enterprises, restrictive policies, and intrusive economic regulations have lowered the efficiency of these sectors, thus discouraging investment and increasing cost, especially to small farm holders and small business operators.

Activities. Activities seek to restructure regional transport and telecommunications through policy and technical improvements which increase efficiency and encourage investment. Activities in the transport sector build upon a decade of USAID investment in the overall physical capacity of the railway corridors. Transport activities support the formulation of regional transport sector policy agenda for the Southern African Transport and Communications Commission (SATCC); analysis and promotion of harmonized transport policies to encourage competition and improve efficiency; the

enhancement of SATCC's institutional capacity to conduct policy research, formulation and promotion, and the establishment of a regional transport data base. Additionally, USAID will finance the installation of a rolling stock information system which will improve the operational efficiency of rail car deployment and utilization. Efficiency gains are expected in the railway sector as well as in overall intermodal transportation. In the telecommunications area, USAID is financing activities to improve SATCC's capacity to assist southern African countries to formulate policies in support of restructuring and privatization to develop linkages between the United States and southern African telecommunications industries through an investment information clearinghouse. Both the transport and telecommunications programs will be supported by analysis and will benefit from ongoing policy dialogue with regional institutions, government and private sector.

Related Activities. A clear link exists between the development of SMEs and small holder production and the availability of reliable and efficient transportation and telecommunications infrastructure. Thus activities in the transportation and telecommunications areas will have an impact on the achievement of strategic objectives two and three. Also related this strategic objective are the transport restructuring activities being implemented in Malawi and the telecommunications restructuring program in Tanzania with ISA funding. Activities are anticipated in other southern African countries with funding from ISA. The success of these activities will be influenced by the effectiveness of the regional program's efforts in improving the overall policy environment for improved infrastructure.

Indicators. (1) reduced surface transport costs on selected farm inputs and export crops; (2) improved regional railway record on meeting projected traffic demand; (3) annual net tons carried per kilometer; (4) return on capital employed; (5) increased price competitiveness with international rates (telecommunications measure); (6) increased local, regional, and international call completion rates in the region (relative to international standards); and (7) efficiency gains in telecommunications dependent businesses.

Feasibility and Cost-effectiveness. In the transport sector, feasibility and cost-effectiveness have been assessed by the expected reasonable economic return on investment, the reduced cost of moving traffic, and the distributional aspects of benefits in terms of impact groups, such as small farmers and entrepreneurs who will face reduced costs for fertilizer and other inputs. Restructuring and privatization of the telecommunications sector is expected to lower communications cost related to the operation of business and attract greater investment in the region through a more reliable and competitive telecommunications network. By working through SATCC to strengthen a policy analysis and policy change advocacy center, USAID is ensuring regional support and ownership of change in the telecommunication, as well as transport, sectors, which is the most effective way to overcome policy constraints. The potential savings from unified, simplified policies are substantial even when the indirect benefits to the economies of the countries involved are not considered.

Progress in 1993 and 1994. In the rail sector, institutional reforms were initiated to improve utilization of railway rolling stock and to enhance marketing. However, efficiency improvements have not yet taken hold and additional improvements are needed in locomotive maintenance and cross-border traffic connections. Flexible tariff arrangements and contract rates are being introduced to meet projected traffic demand and annual net ton per kilometer targets so that rail transportation becomes more competitive and demand responsive with road transport. The preparation of regional transport protocols began in September 1994. No progress can be reported for telecommunications since activities just began at the end of FY 1994.

Donor Coordination. The United States is the major donor in the transportation sector in southern Africa. In carrying out its assistance in the transport and telecommunications sector, USAID is working with SATCC which facilitates coordination among donors. USAID has participated in joint financed programs with the World Bank for structuring and privatization activities in Malawi and Mozambique. USAID also coordinates its policy/regulatory reform program with the Canadian International Development Agency which is implementing national capacity building programs to enable the rail

sector to carry out needed reforms. The French aid agencies have focused assistance on institutional reform of the rail sector, while the principal German aid agency, GTZ, has provided training modules for national level road and rail operators. USAID also coordinates its design for transport projects with the Overseas Development Agency of the United Kingdom. The World Bank is the primary donor in the telecommunications field, financing restructuring activities in Tanzania and Zambia and a study of telecommunications in Zimbabwe. USAID coordinates closely with the International Finance Corporation which has goals congruent with those of USAID. The Swedish International Development Agency has been active in providing assistance in Zimbabwe, Angola, Mozambique, and Tanzania. The Japanese and French have some activities in the region but have not coordinated with the United States.

Constraints. The primary constraints addressed are the intrusive economic regulations and restrictive policies of the national governments in the region and the monopolistic control of the state-run railways and telecommunications agencies. These constraints have led to inefficiently-run transport and telecommunications systems and the discouragement of private investment in these sectors. The program activities address both of these constraints.

**INITIATIVE FOR SOUTHERN AFRICA
FY 1996 PROGRAM SUMMARY**

	Encouraging Economic Growth	Building Democracy	Protecting the Environment	Total
USAID Strategic Objectives				
1. Enhance the skills, knowledge, and capacity of individuals and groups working to strengthen democratic values and processes in the region		2,800		2,800
2. Increased indigenous business development and ownership	12,700			12,700
3. Establish key regional conditions for sustainable increases of agricultural and natural resources productivity by smallholders	4,750		11,550	16,300
4. Increased efficiency, reliability and competitiveness of regional transport and telecommunications infrastructure	7,400			7,400
Total	24,350	2,800	11,550	38,700

Valerie Dickson Horton
Mission Director

To: Lynn Keeys@AFR.SA@AIDW, Stephen Pulaski@AFR.EA@AIDW
Jacob Carroll@AFR.EA@AIDW
Cc: Mark Wentling@DIR@DAR ES SALAAM
Bcc:
From: Patrick Fleuret@PDO@DAR ES SALAAM
Subject: SADC Mtg
Date: Tuesday, January 24, 1995 23:46:55 EST
Attach: U:\pdopub\docs\sadc
Certify: Y
Forwarded by:

The attachment is the cable we sent as requested by Lynn.

It gives all the information requested, and I don't have time to redo it in a different format, but here are our main talking points for John Hicks (these mirror our ongoing dialogue with the GOT and reflect Embassy perspectives as well).

1. SADC cannot be a strong effective regional organization if the member states are not also strong and effective. Hence it is appropriate to consider Tanzania's current and near-term development prospects within the context of regional economic and social development.

2. Tanzania has a very important role to play in SADC: based on major transportation routes that run through the country, based on Tanzania's relatively high and reliable degree of food security, and based on Tanzania's historical role as an island of stability and a place of refuge for displaced persons elsewhere in the region.

3. USAID is concerned that current GOT policies threaten Tanzania's ability to fulfill this important regional role by undermining economic and possibly even political stability.

4. Our principal concerns are:

-- Is the GOT committed to sound fiscal management, in particular to ending import tax and duty evasions, recovering the funds owed to government from past scandals, and bringing charges against those who have been involved in both high and low places?

-- Is the GOT committed to bringing inflation under control by stopping excessive government borrowing and controlling expenditures?

-- Is the GOT committed to meeting the IMF/WB macroeconomic targets so that the February CG meeting will be productive, leading to consolidation and deepening of economic reforms?

-- Does the GOT recognize that current policies are rapidly eroding the economic strength Tanzania has built during the structural adjustment process since 1986?

-- Is the GOT committed to supporting free and fair multiparty elections in October 1995, with adequate logistical support and public preparation to ensure effective citizen participation?

This should give enough to work with; see the cable for names of delegates.