

# USAID

*highlight*

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## THE PRESIDENT'S INITIATIVE TO END HUNGER IN AFRICA

### Breaking the Cycle of Famine

Today, most sub-Saharan Africans are no better off than their parents were. And, the next generation will be even worse off unless there is dramatic improvement in the region's economic outlook.

Sub-Saharan Africa captured the world's attention in 1984-85 when a devastating drought and poor government policies triggered a famine in the region that cost thousands of human lives and put 30 million others at imminent risk of starvation.

America's contribution to the international relief effort was second to none. The U.S. government provided \$2 billion in emergency assistance during 1984-86, including more than three million metric tons of food and other relief supplies; this accounted for roughly 40% of the worldwide effort. Private U.S. donations by individuals, voluntary organizations, churches, corporations and other groups totaled nearly \$170 million.

President Reagan shared the compassion of the American people when he directed the U.S. Agency for International Development (USAID) and other federal agencies to marshal U.S. resources in response to the crisis. And, he is committed to helping sub-Saharan Africa out of the depths of widespread poverty that is the root cause of hunger.



### The Challenge in Sub-Saharan Africa

- 46 nations with 450 million people from 1,000 ethnic groups who speak over 800 languages.
- At current population growth rates the highest in the world- the population will double in 23 years.
- Per capita food production has declined 14 of the past 15 years.
- Health and education standards are the poorest in the world.
- Only four out of five children reach their fifth birthday

### The Root Causes

To defeat hunger, the world must beat poverty. To fight famine, Africa must break the cycle of economic decline that has gripped that continent for many years.

The oil crisis of the 1970s sent the region's economy into a tailspin. While the cost of importing oil, manufactured goods and food went through the roof, a worldwide recession meant developing countries earned fewer dollars for their limited exports.

Today, the sub-Sahara is the poorest and least developed region of the world. Part of the problem is poor natural resources and an over-reliance on a few exports to generate foreign exchange—a trickle of income to keep the region's sluggish economy alive.

Another part of the problem has been government policies that have stifled individual initiative and economic growth. After independence, most African countries pursued centralist economic policies that distorted prices and markets and

provided little incentive for production. Prices for agricultural products were too low. Marketing boards did not work. And over-valued exchange rates discouraged trade.

All of these factors contributed to an overall economic decline in sub-Saharan Africa, punctuated by an ominous 20% drop in food production per person since 1972. In contrast, during the same period per capita food production increased by 7% and 10% in Asia and Latin America, respectively.

Last year, a major change oc-

curred in African economic thinking, presented at the U.N. Special Session on Africa. In a united position at that meeting, Africa's leaders acknowledged that they had made mistakes in the past and committed themselves to a new program of economic reform and market-oriented development, with special emphasis on the neglected agricultural sector.

This commitment creates hope for the future. For the first time it is possible to envision a turn-around in Africa's economies. But real progress will require determined follow-through by Africans themselves, as well as sustained support from the developed world.

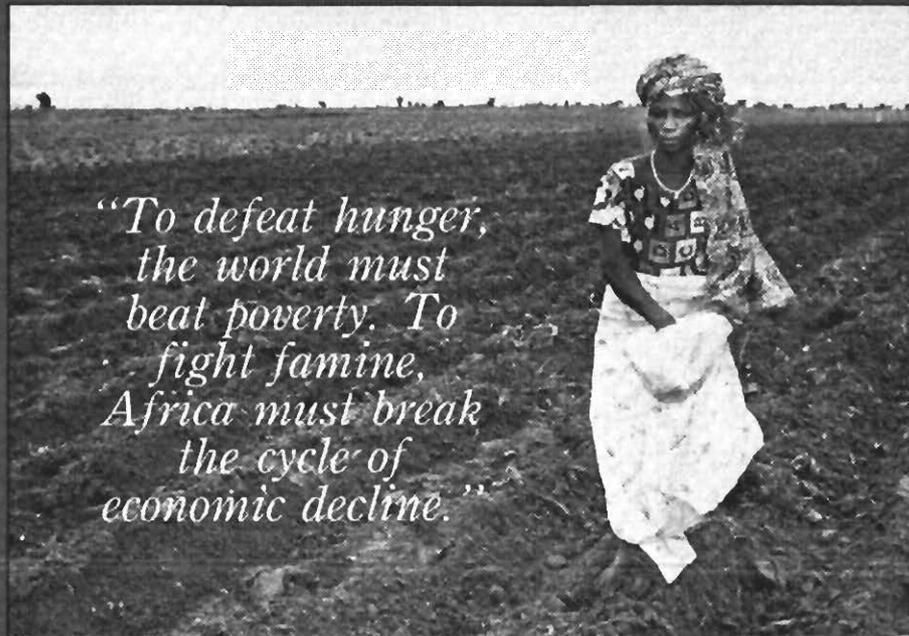
### 'A Policy Against Tragedy'

Recognizing the severity of Africa's problems and the new potential for economic reform and growth, President Reagan decided to make a special effort to help Africa. In September 1986, he directed a White House task force to develop a program for ending hunger in Africa through long-term economic growth. The resulting Initiative to End Hunger in Africa was established by Executive Order in June 1987.

"President Reagan has announced a policy against tragedy," former USAID Administrator Peter McPherson said of the End Hunger Initiative. "This policy against tragedy in Africa requires that we better manage and better focus our resources so that the face of famine is shrouded forever."

From the outset, President Reagan was committed to encouraging new, coordinated policies by African governments and donor nations aimed at fostering economic growth, stimulating food production and fighting poverty. The initiative is rooted in three original mandates:

- Commit all U.S. aid and trade programs in the region to the goal of ending hunger in sub-Saharan Africa by encouraging nations to adopt economic policies that promote private enterprise and fuel economic growth;
- Cooperate with other donor



nations and international groups in an intensive campaign to meet this goal; and,

- Channel the humanitarian concern of the American people and the U.S. private sector, which was evident during the famine relief effort, toward long-term development to head off future disasters.

### The Task at Hand

Earlier this year, the White House task force appointed by the President reported its ideas on how best to pursue his ambitious agenda for Africa. First and foremost, the group insisted that just giving sub-Saharan Africa more food and money without policy changes could cause more harm and human suffering.

"We believe that foreign assistance can and must be made more effective in stimulating economic growth," said the task force. The group's conclusions, summarized below, have shaped America's approach to the crisis in Africa.

**Unless governments adopt new economic policies, the economies of many African countries will continue to erode, increasing the risk of another famine.** The task force noted that government intrusion in the marketplace has stunted economic

growth. In the 1960s, before area governments adopted socialist policies, the region logged a growth rate of 3.6%. That rate slipped to 2.3% in the 1970s and 0.7% in the 1980s.

Bear in mind that economic stagnation means poverty, and poverty invites hunger. Even before the recent famine, the daily caloric supply in sub-Saharan Africa was 13% below that of all low-income countries. At the current 3.2% annual population growth rate, food supply for the region would have to double in less than 22 years and quadruple by the year 2025 just to maintain the current inadequate level of food availability and caloric supply.

**Offering sub-Saharan Africa a "blank check" of outside assistance would be counter-productive.** The task force warned that boosting food donations or monetary support without a coordinated strategy could take the pressure off governments to make badly needed reforms, create an unhealthy dependence on outside help and discourage a country's own agricultural production.

**One of the first tasks at hand is removing the barriers to investment, growth and regional trade.** "Many sub-Saharan govern-

ments adopted *centralist policies* in a misguided attempt to gain control of their economies and to redistribute income," the task force noted.

Another obstacle to growth has been a history of *political instability*. It is tough to convince leaders in these countries to carry out reforms that might have a political downside.

The task force also cited *financial barriers*. Even if a government is willing to adopt reforms, it might not have the hard currency to follow through because of huge foreign debts.

**On the bright side, governments in sub-Saharan Africa are becoming increasingly convinced that fundamental economic reforms are essential to bring about the new growth needed to fight famine.**

At the U.N. Special Session, many of the region's leaders acknowledged failures of past policies and committed their countries to economic reforms designed to invigorate the free market.

But now the Africans are calling our bet to see if the United States and others will live up to their commitments to back these efforts, the report said.

**Economic assistance from Western countries must be coordinated to support growth in the region.** Although levels of assistance to the region have increased considerably over recent decades, some programs are not designed and coordinated to encourage meaningful, long-term progress, the task force criticized.

**To win the lasting commitment of African governments, the new economic growth strategy must be sustainable and move at a careful pace.** The task force said the new economic strategy should support countries that adopt reforms and penalize those that don't pull their weight.

In addition, the group applauded USAID's emphasis on the private sector and the drive for liberalizing economies in the region, which already have produced hopeful results.

**Despite these major challenges, the task force concluded that "a bold and concerted international effort" is needed to end hunger in sub-Saharan Africa through "economic growth and the development of private enterprise."** The group said that the region's economy must be shaped and strengthened to bolster local food production and support the purchase of food on the world market.

### **A Coordinated U.S. Effort**

A high-level Coordinating Committee for Sub-Saharan Africa has been formed by President Reagan to see to it that all U.S. policies toward that region contribute to the goal of economic growth.

"This initiative grew out of our successful famine relief and our ongoing dialogue to promote policy reforms that unleash the private sector," said McPherson, who, as head of USAID, was designated chairman of the committee by the President. The Treasury Department's Assistant Secretary for International Affairs, David Mulford, is co-chairman of the committee.

### **A Firm Foundation**

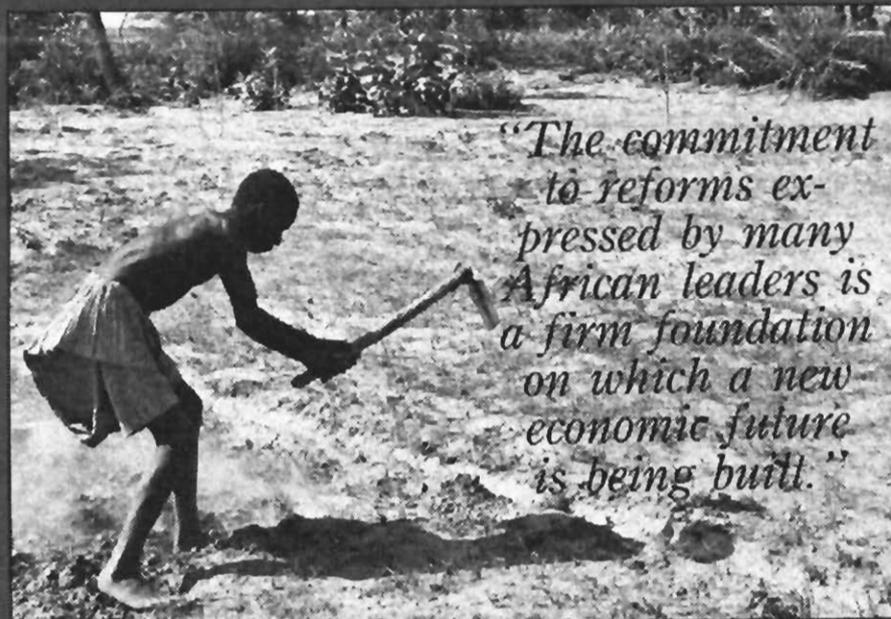
No matter what the United States and other well-intentioned

donors set out to do, growth will not come without change, and change will not come without a homegrown faith in a freer marketplace. The *commitment to reforms* expressed by many African leaders for the first time at the U.N. meeting a year ago is a firm foundation on which a new economic future for the sub-Sahara can be built.

Tangible progress toward changing the approach to Africa's problems is being recorded. For instance, roughly one-third of all U.S. government-to-government aid in 1987 will go to support policy reform programs in more than 20 countries in Africa.

Among some of the steps being taken are devaluing currencies to promote trade, allowing food producers to charge fair prices and eliminating government subsidies to consumers, reducing government payrolls and promoting private jobs, reforming tax policies and managing government assets more effectively.

Recent studies bear out the fact that progress is being made toward economic growth and development through reforms of this kind. For instance, gross national products are increasing, fueled by new vigor in the agricultural sector; incomes of small farmers are rising, buoyed by fairer prices; balance-of-payments deficits are falling as stabilization



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policies take hold; and new job and investment opportunities in the private sector are beginning to blossom.

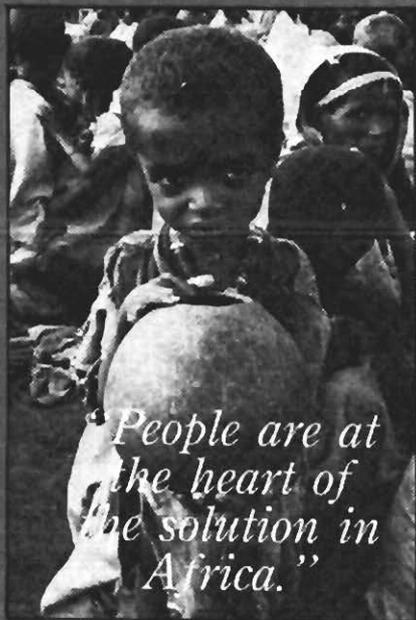
USAID already is mapping a strategy to build on these early advances. The cornerstone of the Agency's package for the region in the upcoming year is the proposed \$500 million *Development Fund for Africa*. The fund is intended to provide greater flexibility in U.S. programs to meet the goals of the President's End Hunger Initiative.

The fund would be composed of Africa's share of Development Assistance and funds for the Sahel. However, the difference is that these monies wouldn't have to be spent on specific types of programs earmarked by Congress. This new flexibility would make it easier for USAID to target funds to countries and programs that are working toward the long-term goal of economic growth through a dynamic private sector.

The all-important *debt* issue also is receiving earnest attention. Cooperating with other bilateral creditors, the United States has supported the idea of extending grace periods and repayment periods for African countries faced with heavy foreign debts. All U.S. development assistance funds have been converted to grants, to avoid saddling these countries with more obligations.

Of course, where hunger is a problem, *food assistance* plays an important role. The United States plans to provide Africa with about \$300 million in food aid during 1987—about 40% of all U.S. support set aside for the region.

Food assistance serves several purposes. USAID recognizes that a



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well-coordinated food aid program can be effective in encouraging and accommodating badly needed policy reforms in Africa.

Food aid also provides relief to the poorest of the poor who are hardest hit by structural reforms,

such as removal of food subsidies or freeing of food prices. In some countries today, the Food for Work program creates jobs for people who earn food for their services.

### **Open Hearts and Private Hands**

People are at the heart of the solution in Africa. Getting capital and control of the economy into private hands appears to be the best way for Africa to pull its own weight in the long run.

In the United States, too, it is vital for people and organizations outside the government to get involved. At the heart of the President's End Hunger Initiative is an effort to mobilize the American people behind this momentous endeavor. The goal is to turn the humanitarian spirit demonstrated during the famine crisis into a force for the long-term rehabilitation of the African economy.

The U.S. Agency for International Development has taken a lead role in America's effort to help Africans help themselves. However, no government agency—or entire government—can on its own win the battle against poverty and want being waged in Africa today. People—in Africa and around the world, acting freely in a free marketplace—will make the difference.

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