

USAID REPORTS: SMALL-SCALE ENTERPRISE

Presented below are abstracts of recent USAID reports on the subject of small-scale enterprise. Copies of these reports and other current research studies, sector analyses, special evaluations and state of the art reports describing a broad spectrum of international development experiences are available from USAID's Center for Development Information and Evaluation (CDIE). A complete listing of citations and abstracts of reports available from CDIE can be found in the quarterly CDIE journal, "AID Research and Development Abstracts" (ARDA). The goal of ARDA is to transfer development and technical information to active practitioners of development assistance. To obtain copies of the reports listed below or highlighted in a recent issue of ARDA, write to PPC/CDIE/DI, Attn: ARDA, room 209, SA-18, or call CDIE User Services at (301)951-9647.

Small-scale industries in developing countries: empirical evidence and policy implications

Liedholm, Carl; Mead, Donald
Michigan State University, Dept. of Agricultural Economics; East Lansing, Mich.
U.S. Agency for International Development, Bureau for Science and Technology, Office of Rural and Institutional Development (Sponsor)
MSU international development papers, No. 9, 1987, ix, 141p.
Document Number: PN-AAX-733

Although small industries play a large role in providing productive employment and income opportunities in developing countries, not a great deal is known about these firms. This paper, based on studies conducted in 12 countries of manufacturing and repair firms employing fewer than 50 persons, provides an overview of small firms (their magnitude, composition, input structure and growth) and examines the determinants of the demand for and supply of the goods and services they produce. Findings reveal that small firms that account for the vast bulk of industrial employment are most often located in rural areas and very often employ just one person, usually the owner, who in many cases is a woman. These one-person enterprises are usually a part-time activity financed almost wholly out of personal savings. Attempts to reach small firms through credit programs are more successful when loans are small, short-term, provided by local institutions, and supply working (rather than fixed) capital.

Effect of policy upon small-industry development in Honduras

Goldmark, Susan; Deschamps, Jean-Jacques; et al.
Development Alternatives, Inc., Washington, D.C.
Harvard University, Institute for International Development, Cambridge, Mass.
Michigan State University, East Lansing, Mich.
U.S. Agency for International Development, Bureau for Latin America and the Caribbean, Honduras, Tegucigalpa (Sponsor)

Bureau for Science and Technology, Office of Rural and Institutional Development (Sponsor)
Sept. 1987, xiv, 195p. + 6 annexes.
Document Number: PN-AAAY-183

Government economic policies affect far more business firms than single projects can and do in ways that differ significantly according to firm size. This study examines Honduran government policies and their effects on small and micro manufacturing enterprises (SME's). Following an overview of Honduran economic performance, industrial structure and economic policies, the study provides specific analyses of the financial, labor, fiscal and trade policies of the government, as well as of regulatory procedures and government red tape.

Evaluation of the impact of projects to promote small-scale industrialization

Young, Robert C.
U.S. Agency for International Development, Bureau for Science and Technology, Office of Rural and Institutional Development (Policy Workshop on Small-Scale Industrialization, The Hague, NL, 19 May 1987)
1987, 14p.
Document Number: PN-AAAY-257

This review of the Agency's experience in small-scale enterprise (SSE) development projects notes three lessons learned. (1) SSE interventions, while seldom meeting the traditional criterion of financial self-sustainability, generally prove cost-effective socially. (2) Greater income and employment effects are more likely if resources are made available to small- (but not new) or to medium-scale enterprises. Specifically, the more efficient small manufacturing firms seem to be those having between 10 and 50 workers; such enterprises are more likely to use carefully identified inputs and to fill strategic production gaps most efficiently. (3) Policy projects, especially trade policy projects, may prove more cost-effective than direct credit or technical assistance projects in promoting growth, employment and income generation in the SSE sector.

FRONT LINES

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

MAY 1988

"...the front lines' of a long twilight struggle for freedom..." John F. Kennedy

PN-ACZ-552



Conservation Vital for Sustainability

S&T Policy for Development Examined

Ethiopian Famine Relief Threatened

Agency Emphasizes Environmental Management

by Jim Pinkelman

Economic assistance that is insensitive to environmental factors undermines other development activities and ends up being irresponsible and unproductive, according to Administrator Alan Woods.

Speaking at an April 18 Environmental Forum sponsored by the International Institute for Environment and Development (IIED) in Washington, D.C., Woods said economic growth is possible only with proper environmental management and that ensuring a safe environment is an essential Agency goal.

"The Agency's central objectives of promoting economic expansion and improving human welfare in developing countries are critically dependent on the sustainable use of natural resources," he said. "USAID recognizes that the quality of life depends not only on economic and social development but on environmental factors."

In many developing countries,



USAID supports environmental projects for sustainable development in all countries in which it operates.

Woods noted, the natural resource base is deteriorating as resources are consumed at unsustainable

rates. "This is occurring as a result of extreme poverty, rapid population growth, short-sighted economic policies and political instability," he said.

Although USAID cannot address all the problems, he said, it can take a leadership role in working with other donors, host country governments and the public to improve environmental management.

The Agency has two distinct but complementary approaches to environmentally sustainable development, Woods said. "The first is to prevent negative environmental consequences of USAID projects," he said. "The second, which is more long term, is to support activities whose primary objective is environmental protection or the management of natural resources for sustainable yields."

The Agency is conducting environmental and natural resource projects in all 71 countries in which it operates. USAID's cumulative support for that activity was almost \$700 million in the last four years, said Woods, adding

that if Economic Support Funds are included, the figure is about \$1.5 billion.

"The range of our activities includes training developing country personnel in natural resource management, promoting reforestation and watershed management, improving water quality in urban and rural areas, increasing energy efficiency and conserving the diversity of biological species," he said.

The Agency is active in efforts to encourage sound land-use planning and to support proper application of chemicals, fertilizers and

(continued on page 2)

Study Details Need for Electricity

A USAID report released April 18 highlights the electric power problems faced by developing countries, where per capita electricity use is less than 1/20th that of the United States.

The report, released to Congress, the media and the public, calls for a three-pronged approach to improve the developing world's ability to meet its growing power needs and enhance the role of the U.S. private sector in contributing to that growth.

"The widening gap between demand and supply of electric power in developing countries is severely hampering the prospects for sustained economic growth and prosperity," said Administrator Alan Woods.

Increased demand for electric power in the Third World offers "enormous market opportunities for U.S. exporters of power-generation equipment and services," he said. The report estimates the size of that market to be between \$370 billion and \$900 billion over the next 20 years.

The report recommends that developing countries adopt programs that promote greater energy and management efficiency in their industrial, commercial and residential sectors. By doing so, developing countries could reduce capital requirements by up to 40%.

The report also calls for more realistic energy pricing policies among Third World countries. Most developing countries now provide power to residential and agricultural users at rates far below cost.

The report also recommends the involvement of the private sector in power development, suggesting that donors and international development banks work to remove barriers to private participation in the operation, ownership and financing of power in developing countries.

Famine Relief Operations Threatened

Ethiopian Decision Hinders Donor Efforts

by Jim Pinkelman

A recent decision by Ethiopia's Marxist government ordering non-Ethiopian famine relief workers to leave the northern provinces of Tigre and Eritrea may endanger the lives of 2 million people there, Administrator Alan Woods said at an April 14 press briefing at the State Department.

USAID is extremely concerned about the situation because many of the relief efforts in northern Ethiopia carried out under the direction of expatriate relief workers are now threatened. Further, the Ethiopian government has threatened to take over relief efforts, although it does not have staff or resources to do so and will not permit independent monitoring of its efforts.

USAID has urged the Ethiopian government to rescind that order, said Woods. "We are pursuing numerous diplomatic channels to obtain the full resumption of relief operations," he said. "To date, none of those has come to fruition."

The Ethiopian government announced April 6 its decision to halt relief activities by the Agency and other donors, saying full operations would be resumed only after peace returned to war-torn northern Ethiopia, where fighting has been going on for a quarter of a century. It further warned against any relief operations mounted from neighboring Sudan or other countries.

"The government's order will seriously restrict the movement of

food inland from the main ports of Assab and Massawa," said Woods. "We have considerable food supplies already there, ready to be delivered to people in need."

The Ethiopian government claims the restrictions are required because of intensified fighting between government troops and rebels in the two provinces who are fighting for independence.

The United States acknowledges the increased insecurity but notes that even with such problems, USAID, other donors and PVOs have offered to continue their famine-relief efforts. "These organizations have been able to do a reasonable job of getting a lot of food into the country," a State Department spokesman said.

Secretary of State George Shultz has raised the issue with Soviet Foreign Minister Eduard Shevardnadze during recent meetings. Shultz and Assistant Secretary Chester Crocker have tried to include Moscow in efforts to encourage the Ethiopian government to let full relief operations resume and to allow all food supplies to get through in the northern provinces.

Because of the Ethiopian government's action, Woods has decided that further deliveries of food will be subject to a shipment-by-shipment judgment, based on an assessment of the Ethiopian situation. "By that I mean whether relief supplies can be delivered to those in need," he said.

In the meantime, Woods said, 37,000 tons of food already scheduled for shipment would be

delivered during the last half of April. Those supplies will serve as a buffer stock in case relief efforts can be resumed at full speed.

The Agency has calculated that at least 2 million people in the two provinces may be endangered, a figure that could rise. "Since the beginning of this latest famine, the estimated number of people at risk has been between 5 million and 7 million," Woods noted. "We also have estimated that about 40% of those at risk live in Tigre and Eritrea."

Some relief efforts are continuing in the north, but the withdrawal of international organizations and the increased fighting have reduced coverage. Today, 1 million people who received aid before the Ethiopian government's announcement are without any aid, and another 1 million are at risk if food does not begin to move in the next two months.

Although the Agency remains firm in its commitment to help alleviate the famine, the Ethiopian government's actions are making the situation difficult, said Woods.

"Our objective is to see full relief operations resumed as soon as possible under the aegis of private voluntary organizations (PVOs)," he said. "This would require the Ethiopian government to rescind its order that expatriate PVO representatives leave the north and clarify its stated intention to take over relief operations."

Woods was critical of the government's intention to run relief efforts itself. "No matter what the

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Environment

From page 1, column 4

pesticides, said Woods. Other projects are designed to protect tropical forests.

"We are fully aware of the importance of tropical forests for the conservation of biological diversity," the administrator noted. "Thus, we must monitor losses of tropical forests, conduct land capability studies to assure use of only the most suitable lands, and eliminate inappropriate clearing."

The Agency is working with local organizations in countries such as Thailand, Sri Lanka and Ecuador to improve coastal land use. "Three-quarters of the world's people live in coastal areas," Woods observed. "At the same time, these regions contain some of the world's more productive ecosystems. The challenge is to balance population shifts, urban development, tourism, fishing, aquaculture and agriculture, and waste disposal in a way that does not degrade the environment. That is not an easy task."

Agency personnel are trained to watch for potential environmental problems, Woods said, adding that staff capabilities in that area are being strengthened.

"There is also an increased understanding in developing countries that sustainable resource use and long-term development are

linked," he said. "Leaders are coming to the realization that either they have to work to save their natural resources or face environmental chaos and eventual economic collapse."

The administrator noted that environmental constituencies are growing in developing countries. "We have seen this in the form of increased requests for technical and financial assistance to address environmental and natural resource management needs," he said.

Woods pointed to other signs of growing environmental awareness in developing countries, including a fourfold increase since 1972 in the number of countries with environmental agencies.

"Many developing countries are in the midst of or have completed country-wide conservation strategies, and some are implementing them," he said.

USAID has been expanding its focus on the environment and natural resources and will continue to take a leadership role in the area, Woods said. "The Agency also will continue to support indigenous and U.S. private voluntary organizations that help implement many projects," he said.

About 90 representatives from environmental and development organizations and the Hill attended the forum, which IIED sponsors several times a year.

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Cover Photo: Agency activities work to promote sustainable agriculture by incorporating environmental conservation techniques and promoting the sound use of natural resources. See lead story on page 1 and related feature on page 7.

IN MEMORIAM

BENJAMIN PAGE

Benjamin Page, deputy director of the executive management staff in the Bureau for Latin America and the Caribbean, died of a heart attack at Johns Hopkins Hospital in Baltimore April 27. He was 46.

Page joined the Agency in 1969 as a management analyst in the Office of Data Systems Management. He held a variety of administrative and management positions with the Agency, including administrative officer in the Bureau for Food for Peace and Voluntary Assistance. He assisted Ambassador Holly Coors in establishing the National Year of the Americas Program in 1987.

Page is survived by his wife, Janice, and one son. Condolences may be sent to Mrs. Page, 1504 Northgate Road, Baltimore 21218.

JAMES POLITTE

James Politte, a contracting officer, died April 21 at Arlington Hospital after a heart attack. He was 49.

Politte joined USAID in 1972. He served in Pakistan from 1983 to 1986 and later as a contract specialist in the Bureau for Management and as a financial analyst in the Bureau for Asia and Near East.

He is survived by his wife Shirley and three sons. Con-

dolences may be sent to Mrs. Politte at 6063 Tammy Drive, Alexandria, Va.

WESTEN DRAKE

Westen B. Drake, a USAID retiree, died of acute leukemia and lymphatic cancer at Strong Memorial Hospital, Rochester, N.Y., Feb. 27. He was 73.

Drake joined USAID as a foreign affairs officer in 1951 and was assigned to the Pakistan/Afghanistan desk in the Near East Bureau. He served as the assistant director for operations in Afghanistan and as a program officer in Jordan and Turkey. Later he served in the Bureau for Administration as an administrative officer before retiring in 1977.

Drake is survived by his wife, Delta, two sons and one daughter. Condolences may be sent to Mrs. Drake, 3528 Culvert Road, Medina, N.Y. 14103.

JUANITA HAZARD

Juanita Hazard, an Agency retiree, died of blood poisoning in Mount Dora, Fla., Jan. 5.

Hazard joined the Agency in 1959 as a foreign service secretary and was assigned to Tokyo, Yugoslavia and Ghana. She later served as a records supervisor in Ghana, Laos and Indonesia before her retirement in 1973.

S&T Role in Global Development Explored

by Jim Pinkelman

The United States has a comparative advantage to help people in developing countries gain the knowledge and skills they need to advance in areas such as science, medicine, agriculture and education, says Nyle Brady, senior assistant administrator for science and technology.

Brady spoke at the 1988 Global Development Conference, sponsored by the World Academy of Development and Cooperation and held April 15-16 in Washington, D.C. Brady received the third annual World Development Professional Service Award at the conference, whose theme this year was Science and Technology Policy for Third World Development.

Ken Prussner of the Africa Bureau and Gordon Johnson of the Center for Privatization, a USAID-supported organization, also spoke at seminars during the conference.

Although progress has been made in achieving prosperity and an improved quality of life in the developing world, "the path is long, and we have traveled only a short distance on the smoothest surface," said Brady. "The bumps and ruts ahead can be negotiated, but that will require increased application of the best that science and technology can offer."



Nyle Brady

People in developing countries, and particularly the poor, are not as well protected from life's hazards as are those in the industrial world, Brady pointed out. "Their health and longevity are threatened by lack of access to adequate nutrition, primary health care, clean water and sanitation," he said.

"Deterioration of soil and forests that results from inappropriate farming systems and poor forest conservation poses an enormous threat to the natural resource base on which they depend," he added.

The rate at which people in developing countries are achieving prosperity also is sluggish, said Brady. "Again, the problem is lack of access—to gainful employment, to education, to natural resources, including energy, to business opportunities and credit, and to a policy environment that promotes economic success."

Because agriculture dominates the economy of low-income countries, many people in those countries are particularly hard hit by the lack of access to improved agricultural technology, said Brady, who added, "In many areas, technology needed to increase food production in economically feasible ways is unavailable."

Other problems that Brady mentioned include lack of access to

family planning and the poor position of women in participating in and benefiting from development.

By taking advantage of American strengths, Brady indicated, developing countries can make more progress. For example, he said, "U.S. institutions of higher education are unrivaled in their ability to address the educational needs of students from other countries."

The United States also is in the forefront of technology such as soil classification, satellite imagery and biotechnology applications. "These methods are acknowledged as very important tools in development research," he said.

Noting that U.S. agriculture is the most advanced and productive in the world, which makes America a natural leader in agricultural development, Brady said, "Nowhere are scientific and technological innovations more effective than in agriculture."

In most developing countries, increased agricultural productivity contributes to safety and prosperity because 60% to 80% of the people in those countries live in rural areas and earn their living by producing food, Brady noted. "Technological improvement in agriculture increases farm incomes, which increases demand for farm and non-farm goods and services and ultimately leads to more jobs," he said.

Collaborative arrangements between U.S. and African universities were cited as an example of ways that institutions in developing countries can be strengthened.

"The path is long, and we have traveled only a short distance on the smoothest surface. The bumps and ruts ahead can be negotiated, but that will require increased application of the best that science and technology can offer."

Continued gains in agricultural research at universities are particularly important, he added.

The role of women in developing countries is increasing, Brady noted, and is a trend that USAID is encouraging. "Our efforts encompass the traditional food preparation and nutrition, maternal and child health care and family planning roles," he said, "but also give increased recognition to the contribution women are making in areas such as agricultural production and marketing and microenterprise generation."

USAID is working to improve health technology for people in the developing world and provide them with a broader array of family planning methods, said Brady. It also is stressing sustainable agriculture to ensure that land remains productive and the natural resource base in developing countries is stable.

The United States can help



Technological improvement in agriculture increases farm incomes, which, in turn, increases demand for farm and non-farm goods and services and ultimately leads to more jobs.

bolster the private sector in developing countries, which Brady said was vital. "For many aspects of a country's economy, private enterprises, large and small, can provide goods and services more cheaply and efficiently than the cumbersome systems of the public sector," said Brady.

Johnson, deputy director of the Center for Privatization, moderated a session on Privatization in Developing Countries. He stressed that privatization is a political process, not a series of individual events or transactions.

"Privatization needs a plan, with policies, and a committed staff

and Rural Development Division in the Bureau for Africa, spoke on Science and Technology Policy in African Development.

He noted that agricultural research in Africa had gone through three periods. The first was direct science and technology transfer from the United States and other industrialized countries, and the second involved transfers from countries in other parts of the world with similar ecological zones. "Neither approach worked," he said, "because Africa has its own unique issues."

Only in the last 10 years, said Prussner, has a third way been tried: an effort to build agricultural research capabilities among Africans and their institutions. In some cases, Africans already have performed significant agricultural research, he noted.

"That signifies the importance of having Africans who know their culture trained in their system to do research that will meet their countries' needs," he said.

Prussner noted the establishment in the early 1970s of an international agricultural research center in Nigeria, which is helping African scientists tie in with scientists in other parts of the world.

He also cited a plan approved in 1985 that promotes collaborative research efforts among African institutions and countries. "USAID developed the plan with U.S. and African scientists and other donors," he said. "We are reviewing the results now."

Science and technology is not just research, Prussner explained. "It involves overall policy questions as well. Donor collaboration, for example, is important in that projects and resources can be prioritized, as well as the ways in which scientific policies are implemented."

About 400 scientists, academicians, public policy officials and development professionals attended the conference.

with access to the top people in the host country," he said.

Because it is first and foremost a political process, Johnson said, any privatization program must build popular support. As the example of Great Britain has shown, "popular support is the most important factor in making privatization work," said Johnson, who added that the center encourages wider ownership of property as a way to build support.

Privatization problems in developing countries are different from those in developed countries, Johnson said. State enterprises are often a means to deal with unemployment, and their value based on original and accumulated costs often bears no relationship to market realities, he said. Also, the private sector in many developing countries is small and burdened by the government, and many countries have a shortage of managers and entrepreneurs," he said.

Prussner, chief of the Agriculture

Project Gives Boost To Honduran Business

by Judy Brace

The key to a successful project often is having the right people in the right place at the right time. This was the case with USAID/Honduras' GEMAH Institutional Strengthening project.

In 1982, a group of dynamic young businessmen eager to strengthen the role of private enterprise in the Honduran economy formed the Association of Honduran Managers and Businessmen (GEMAH) and approached USAID for financial and technical support.

"The interest, dedication and dynamism were there," says Marcia Bernbaum, former USAID/Honduras education officer. "What the group needed was a little direction and limited financial support to give them a solid start."

An Agency-sponsored GEMAH observation tour to the New York offices of the American Management Association (AMA) and a follow-up visit to Honduras by AMA Vice President John McArthur provided the organization with the direction it sought.

"We were very excited by our visit," says GEMAH Executive Director Teofilo Castillo. "These were people we could learn from." The AMA, with years of experience in providing management training, established an ongoing relationship with GEMAH and helped the new organization prepare a proposal for USAID funding.

"GEMAH saw that there was a lack of management training in Honduras and wanted to fill that gap with high quality management training services," says Henry Reynolds, chief of USAID/Honduras' Education Division. "Both USAID and GEMAH agreed that funding be limited and that GEMAH should shortly become a self-financing institution." A three-year, \$800,000 Operational Program Grant, with the dual objectives of quality and institutional sustainability, was signed in June 1984.

At the time of the proposal, the Honduran business environment was changing from one in which a few larger, established, conservative companies were dominant to one in which newer, smaller companies were aggressively seeking a share of the market. Managers would have to learn to compete if they were to take advantage of new economic opportunities; to be competitive, they would need access to modern management techniques. A USAID-financed survey of management training needs, carried out in 1984, assisted in identifying ways in which management training could assist in this process.

As the project got under way, the

AMA provided all course materials and trained the original eight volunteer part-time trainers.

GEMAH quickly began offering management courses in Honduras' largest industrial city, San Pedro Sula, and, by the end of the first year, had conducted 23 courses.

"The ability to implement the program quickly and the credibility afforded by the AMA got the new organization off to a fast start," says Reynolds.

Flexibility characterized GEMAH's approach from the beginning. GEMAH originally sought individual members. However, it soon became apparent that a stronger organization would be achieved through institutional members, and membership efforts now are concentrated on increasing private sector support.

Courses were initially offered to the general public through newspaper advertisements and brochure mailings. Experience soon showed that word-of-mouth and inexpensive flyers were more effective. And, it was through word-of-mouth that GEMAH began training in-company, where it has had the greatest impact.

"Changing a company's management style is far easier when the entire staff is part of the training process," observes Jose Urdaneta, AMA's long-term technical adviser. In-company services now provide a package consisting of diagnosis, course delivery, a day of follow-up and ongoing consultation support.

Although GEMAH offers 23 different management training courses, the most popular is the Participatory Management by Objectives (PMBO) course, which has been given 61 times since 1985 to industrial and commercial

organizations, public institutions and private voluntary organizations.

A visit to CEMCO, the Caterpillar Company of Honduras, where several in-company management courses have been given, illustrates the enthusiasm that this project has generated.

"The PMBO course changed the whole attitude of the company," says Arturo Arana, CEMCO's finance and credit manager. "Before the course, managers were concerned only with their own departments and competed against each other. Now we share decisions, information and problems as a team, and this has been financially beneficial to the company.



From left, GEMAH Executive Director Teofilo Castillo, AMA Advisor Jose Urdaneta, Richard Martin and Ned van Steenwyk of USAID, GEMAH President Rene Martinez and GEMAH's Tegucigalpa office director, Carlos Avila, congratulate newly certified GEMAH trainers.

"After the PMBO course, our new managerial team re-projected the year's budget that our general manager had done by himself. We doubled our projected sales and more than doubled our projected profits. What is extraordinary is that we are doing even better than our projections."

Over the life of the project, GEMAH has developed a cadre of 45 Honduran trainers, many of whom come from the business community and who bring their own experience and expertise. The program has sponsored more than 200 courses, trained over 3,500 people from the Honduran business community, built a membership of 170 young, enthusiastic entrepreneurs, become a member of the Latin American Association of Management Training Organizations, and opened a branch in Tegucigalpa, the country's capital.

The program's impact on Honduran business has been significant, says Felipe Arguello, presi-

return was 121%.

GEMAH's income comes from membership and course fees, and the training programs just about pay for themselves. What is needed is an increased institutional membership to stabilize the organization's budget, and plans have been developed to achieve the target of 200 members. Beyond these immediate goals, GEMAH is exploring a variety of new services that would increase its support to business and strengthen its financial base.

Mission Director John Sanbrailo notes that all of USAID's initiatives can be seen in microcosm in the GEMAH project. "They are demonstrating successful institution-building, technology transfer through the American Management Association and private-sector initiative," he says. "Over the long term, the results of better management training may include policy dialogue."

What is the secret of GEMAH's success? "We formed a team from the beginning," says Urdaneta, "composed of the board of directors who participate actively, General Manager Teofilo Castillo and his staff; John McArthur, vice president of AMA's International Division; myself; and, of course, USAID, which has provided constant motivation and financial support."

In addition, Urdaneta credits Honduran business receptivity to new ideas. "Honduran businessmen are eager to acquire new knowledge," he says.

In recent remarks to GEMAH's members, Executive Director Castillo emphasized: "We, the management community, must take responsibility for the future of Honduras. No one else will do it for us. We have the skills; we have the knowledge. Now we must put them at the service of our country."

Brace is vice president for Telecommunications and Development Information Services at the Academy for Educational Development.

"We want to build a professional corps of businessmen, managers, employees and public servants, and GEMAH is the vehicle that can help us accomplish this goal."

dent of the San Pedro Sula Chamber of Commerce.

"GEMAH has become the national instructor and the training instrument for our business community," he says. "We want to build a professional corps of businessmen, managers, employees and public servants, and GEMAH is the vehicle that can help us accomplish this goal."

In just three years, the GEMAH project has exceeded its objectives, according to a recent project evaluation report. The evaluation team projected the economic returns for companies investing in GEMAH's training using seven different evaluation methods. Of these, the lowest average annual

Personality Focus

Duane Acker

by Roger Noriega

Two years in an Iowa 4-H club four decades ago paid off big for Duane Acker: that's where he met his wife, intensified his love for agriculture and began a distinguished career that led him to USAID. Today, as special assistant to the administrator for food and agriculture, Acker leads the Agency's effort to shape unified policies and objectives in this critical field.

Born on a farm in southwest Iowa that has been his family's homestead since 1871, Acker is the quintessential Midwesterner. Before coming to Washington, D.C., in July 1986 to head the Office of Food and Agriculture in the Bureau for Science and Technology, Acker and his wife hadn't strayed far from the five Midwestern states where he built a career in agriculture research and education.

Beginning as an instructor in animal science at Oklahoma State

a new experiment station in Pergamino, Argentina. From 1983 to 1986, he served on the Board for International Food and Agriculture Development. In addition, as president of Kansas State, he was familiar with USAID projects undertaken with the university.

Coming to metropolitan Washington was a big step for the Ackers; before moving here, the largest city they called home was Lincoln, Neb., population 170,000. "The major change is you don't meet people you can call by name—on the street, in the hallways or in church," says Acker.

Comfortable in the close-knit atmosphere of a university community, he and his wife find that it takes longer to develop acquaintances in the fast-paced capital. He compares this adjustment with Agency staff coming to Washington after working in the intimate environs of a USAID mission.

"At the end of the day, people

"U.S. producers can benefit their industry the most by helping to increase the purchasing power of the Third World."

University in 1955, where he had earned a doctorate in the subject, Acker rose through the ranks at Iowa State University (his *alma mater*), Kansas State University, South Dakota State University and the University of Nebraska, where he served as vice chancellor for agriculture and natural resources. He was chosen president of Kansas State in 1975, a position he held for more than a decade before coming to USAID.

"When I became a university president, I put a limit of 10 years on it," says Acker, framing his answer with the same order that typifies his career. "At the end of 10, my wife, Shirley, and I made a list of the communities in which we would enjoy living and of the kinds of work that we would feel comfortable doing. Washington was one of the communities, and international work was one of the areas that interested us.

"We also took a look at what our motivations were—what kinds of things we wanted to achieve," Acker explains. "I enjoy management and also was interested in export markets. I felt this was an area in which I could make some contribution to the long-term market potential for U.S. agriculture products."

Acker was no stranger to USAID and its world mission. In 1961, he worked with the International Cooperation Administration, the Agency's predecessor, in evaluating and designing agricultural education programs at

scatter to all corners of the metropolitan area," he says. "So you don't have as much social contact with your colleagues. You don't encounter them in the grocery store, for instance. On the other hand, the people you do encounter are in different lines of work—that is stimulating. There are pluses and minuses."

He is quick to express admiration for his colleagues at the Agency. "One of the major impressions is the very intense dedication of the people here. Many of the folks in the agriculture and natural resources areas are former Peace Corps volunteers. And, the dedication that prompted them to go into the Peace Corps is very evident."

That dedication is only a part of the positive message that USAID is trying to present to the American people, says Acker. "The U.S. public, including specific interest groups, doesn't know enough about what USAID is doing. And, they haven't had the opportunity to learn what our goals are.

"For instance, there are some U.S. agricultural commodity organizations that believe that USAID's work to help increase food production and availability in the Third World might unduly compete with U.S. farmers seeking to expand exports," Acker says. "The data show that those Third World countries that have developed their agriculture production and their income have tended to import more U.S. agriculture



Duane Acker, shown with his wife, Shirley, says, "One of the major impressions I have had at USAID is the very intense dedication of the people here."

commodities. In fact, we've had more growth in exports to the developing countries than we've had to developed countries."

Offering another example, Acker says some people interested in natural resources and the environment are concerned that some of the Agency's projects and activities aimed at increasing food production will harm the environment. "But, I see a deep concern by USAID staff that their projects and activities protect or enhance soil and water conditions," he insists.

Acker credits the Agency with working to do a better job of communicating with the public and interest groups. "USAID is doing things that U.S. interest groups want to see done. So, there is a tremendous opportunity for enhancing that communication," he says. "I think we've made headway in that education task."

The former head of a major agricultural university can speak with authority to U.S. farmers and commodity groups who might fault the Agency's efforts to improve farm productivity in the Third World. "The main reasons for the decline of exports that we've experienced in the 1980s," Acker tells audiences, "are the high value of the dollar, the 1981 Farm Bill, and increased production in China, Australia, Canada and the EEC [European Economic Community]."

"I've had farmers come up to me after speeches to say that they wouldn't have believed me if I hadn't been president of Kansas State," he notes.

Acker's message is typically straightforward: "U.S. producers and the organizations that represent them can benefit the industry the most in the next 20 years by doing everything they can to help increase the nutrition and purchasing power of the Third World, where 90% of the population growth is going to be."

Technically, Acker is on loan to

the Agency from Kansas State under the Interagency Personnel Act. He is allowed to serve from two to four years with USAID while retaining his position on the university faculty. The university is reimbursed for Acker's services. "This is a novel way to provide some interchange between the university community and USAID," he says.

The arrangement is ideal, considering Acker's first USAID assignment as director of Food and Agriculture. In that position he dealt with research, grants and contracts with universities and the international research centers.

The Ackers live in Vienna, and the commute carves two hours out of Acker's day. ("Time I otherwise could be working," says Acker.) But he enjoys the nearly two miles of walking between home, the Metro stations and his office at the State Department.

Acker spends some of his free time walking miles of the C&O paths that wind into northwest Washington. The solitude of wooded trails is a far cry from the furious pace of racquetball, another favorite activity. He's working his way back into the game after suffering a separated shoulder more than a year ago.

At the end of his service at USAID, Acker plans to accept an open invitation to return to Kansas State as a distinguished professor and president *emeritus*. He looks forward to getting back to the classroom where he can share the new perspectives on management and international agriculture that he has gained at USAID.

Eventually, the Ackers hope to return to their farm in the rolling hills of western Iowa that ancestors settled over a century ago. They visit the farm "often enough to keep my hands on a chainsaw and a tractor so I know what's going on," Acker says. Long weekends also are spent with their daughters, Diane, an

(continued on page 10)

by Arleen Richman

Edite Genegani, a 31-year-old housewife and mother, is grateful for her job packaging mushrooms in a rural area about a one-hour drive from Manila. Although Genegani is a high school graduate, the only work she could find before the mushroom enterprise came to Antipolo, the Philippines, was as a laundress.

Genegani is one of 19 full- and part-time employees of Valley High Inc., a small business that produces mushrooms and mushroom spawn on a substrate, a "seeded" medium for growing mushrooms. Working part-time, Genegani earns 200 pesos (\$10) a week, about two-thirds of her husband's full-time salary.

"The mushroom project is well-suited for duplication in other areas where proper temperature and moisture can be maintained at low cost."

"I am saving the money for the education of my children," she says. "The only wealth we poor people can give our children is education."

The Valley High mushroom enterprise is the first of 15 joint ventures undertaken by the Filipinas Foundation (FFI), supported by a grant from Appropriate Technology International (ATI). Funded by USAID's Office of Rural and Institutional Development in the Bureau for Science and Technology, ATI has contributed capital to an investment fund for the Filipinas Foundation's Rural Small-Scale Industries Program, which commercializes appropriate technologies to increase employment and income opportunities for the rural poor. Using an Agency-funded ATI grant, FFI contributed 70% of the \$55,000 investment required to finance the mushroom enterprise.

The balance of the initial equity investment came from FFI's joint venture partner, Chito Roque, on whose property the business is located. Roque was a contract grower for the foundation's pilot mushroom venture and designed and built the first building for mushroom production from locally available materials.

The mushroom project is well-suited for duplication in other areas of the Philippines and in other developing countries where the proper temperature and moisture can be maintained at relatively low cost. The FFI spawn-cultivation process does not require air conditioning or other expensive equipment. With the exception of yeast, the raw materials necessary to produce the spawn—sawdust, rice bran, lime, sugar and banana leaves—are available locally in Antipolo.

The growing houses are built of wood and nipa and are filled with rows of shelves to hold the spawn bags. The walls are lined with

Mushrooms Sprout New Jobs, Income

plastic and jute sacks to hold moisture and maintain the temperature. Mushroom production requires minimal land; one square meter can yield 192 kilograms of oyster mushrooms a year or 586 kilograms of a local mushroom variety.

Fe Guilatco, the plant supervisor who previously managed the laboratory at another mushroom farm, says the major problems are maintaining the correct temperature and humidity and guarding against contamination.

"To maintain the desired temperature of 25-28°C and a

relative humidity of 80-85% in the growing houses, water mist is sprayed as often as six times a day on the walls, floor, ceiling and shelves," he explains.

"Each spawn bag produces eight to 10 harvests over a four- to five-month period. Used spawn bags are dried and sold as fuel or potting soil since they are essentially humus."

Although the Antipolo plant began commercial production of spawn bags and mushrooms only recently, it already is showing a profit. Four months after commercial production began, the plant showed a positive cash flow, notes Mayette Cuano, manager of the Filipinas Foundation's Venture Capital Division.

"Spawn-bag production already exceeds our target of 660 kilograms a day," she says, and Valley High easily could increase its production of spawn bags by 33%. In addition, the enterprise is harvesting 100 kilograms of mushrooms a day. With a monthly harvest of 2,200 kilograms, the annual profit is expected to be \$12,000-15,000.

"We have only scratched the surface of the market," says Cuano.

Through two regular distributors, Valley High sells to 25 supermarket outlets and a few hotels and hospitals. Local demand for mushrooms has been growing at the rate of 10% a year for the last five years, and the trend is expected to continue because of population growth and an expected increase in the purchasing power of Filipino consumers.

"The trick lies in staggering production," adds the plant manager. "Spawn bags need to rest between harvests, and if you don't have the proper control in the growing houses, the humidity following a thunderstorm may cause all your mushrooms to sprout at once."

Dondi Castro is 19 and dreams of being a contract mushroom grower.

He completed elementary school and has been a production worker since the plant first began commercial operations. For a long time he could not find work because jobs are scarce.

"I didn't want to leave the Philippines, as my father and many of my friends have done, to find work overseas," says Castro. "But now that I have a job at the plant, I can contribute to the household so that my sister and four brothers can stay in school." Castro thinks he "can really make money" if he becomes a contract grower. The only problem he foresees is obtaining a loan to get started.

As stipulated in the business plan, a major effort will be made to involve contract growers in mushroom production.

"Right now, we are producing 740 kilograms a day of spawns and 100 of oyster mushrooms," Cuano explains. "We only have nine growing houses, and we need to involve the contract growers if we are going to achieve maximum mushroom production and maximum impact."

It costs about \$1,500 to build a growing house. Cuano emphasizes that FFI wants to help the contract growers succeed. "This is our first venture and if the contract growers fail, we fail," she says.

FFI will sell the contract growers the spawn-inoculated substrates (growing medium) for cultivation in their own growing houses and teach the growers how to tend the mushrooms at the fruiting stage and how to harvest them. FFI will buy the produce back at a guaranteed price on a 30-day credit term.

To comply with the project's objective to increase incomes of the rural poor, potential growers must have an annual income below the poverty level of \$1,300. FFI cur-

rently is working to identify contract growers and to find financing for them.

A contract grower can earn about \$390 a year by cultivating mushrooms in just one growing house. If contract growers are successful, they can expand to produce more profitable varieties of mushrooms that are harder to grow.

Because mushrooms have a relatively short shelf life, FFI is experimenting with different varieties of mushrooms and different mushroom products. Contract growers in the Antipolo area may help in raising straw mushrooms on a slightly different growing medium. Straw mushrooms sprout within two weeks of inoculation in the substrate, maturing faster than the oyster variety.

FFI is test-marketing tempura mushrooms—oyster mushrooms dipped in batter and then frozen—to be sold in supermarkets as convenience appetizers. In another Philippine province, the foundation plans to teach the members of a farmers' vegetable growing association to raise shiitake mushrooms, which retain their flavor when dried.

Auricularia mushrooms, a variety used in vegetable and soup dishes in Chinese and Filipino cuisine, also are being cultured in a separate FFI pilot project.

FFI plans to share the mushroom enterprise profit with Valley High employees, says Cuano. And, production workers are provided with free dormitory housing because mushrooms are harvested as early as 5:30 a.m.

"This is the best job I have ever had," says Celso Llanza, another production worker who previously did construction work for a slightly higher wage. "Here, I don't have to pay transportation costs, and in time, I may even become a contract grower."

Richman is assistant to the executive director, Appropriate Technology International.



Financed by the Agency and administered through Appropriate Technology International, a new mushroom enterprise project in the Philippines offers job and income opportunities for the rural poor.

Development Dialogue

Robert Blake

Ambassador Robert Blake, a 30-year veteran of the Foreign Service, is an expert on environmental policy in developing countries. Blake, a former deputy assistant secretary of state and ambassador to Mali, has been senior fellow at the International Institute for Environment and Development (IIED) for the last 10 years.

He is also chairman of the Committee on Agricultural Sustainability for Developing Countries, a coalition of 29 environmental organizations, development and policy institutes, and private voluntary organizations (PVOs) working with USAID, the World Bank and Congress in support of programs for agricultural sustainability.

IIED is an international, non-profit organization that promotes the sound use of natural resources. IIED's Washington office recently became a center within the World Research Institute.

Ambassador Blake was recently interviewed for Front Lines by Jim Pinkelman, senior writer-editor in the Bureau for External Affairs.

Front Lines: How do you define sustainable agriculture?

Ambassador Blake: I don't worry much about finding an exact definition. I'm more interested in a few basic ideas. We must ensure that food production can be sustained for the longer term and in the face of rapid population growth. We must ensure that agriculture produces enough to meet evolving human needs without destroying the natural resource base on which it must exist.

Beyond those general concepts, it's extremely important to recognize that sustainability has economic, cultural and political aspects that must be taken into account just as much as factors of environmental and natural resource protection.

Another aspect is institutional sustainability. When USAID or the World Bank or any other development agency supports a project, it has to be sure that institutions are put in place that will keep the tide of development moving after its support stops.

There are policy aspects, too. Farmers cannot hope to sustain production unless the country's pricing system provides them with sufficient incentive to produce goods. So my concept of sustainable agriculture would encompass a lot of factors, even though I tend to emphasize environmental sustainability as the element still most often neglected.

FL: What are the principal causes of environmental degradation in developing countries?

Blake: The one that comes quickest to mind and the one we are all seeing more of every year is the pressure of growing populations on natural resources, on fuelwood, on farmland, on water supplies. The cycle often starts with more people needing more farmland and with farmers then moving onto easily degradable marginal lands. Too often, this cycle continues in a self-generating downward spiral.

Pollution also causes degradation. For example, the chemical revolution has brought in its wake chemical fertilizers. Their use is necessary and profitable in many situations, but they can be over-used or used incorrectly. Similarly, there are problems with pesticide use and overuse in a number of countries. Chemicals can pollute water tables so that farm families cannot use the streams or wells on their land.

FL: Can you identify some countries or areas where the problems of environmental degradation are particularly acute?

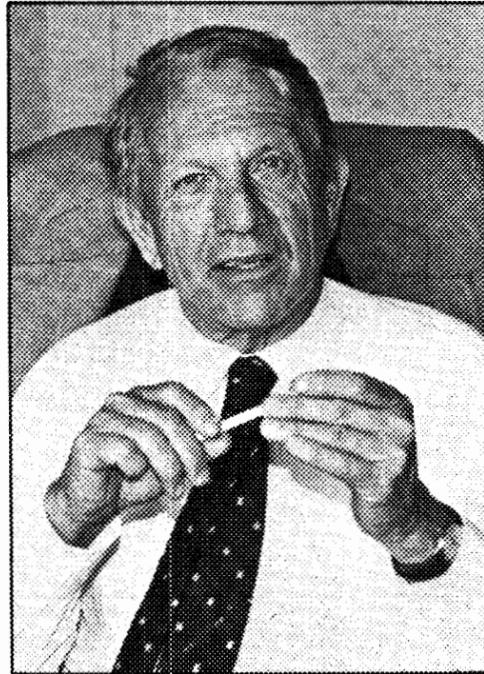
Blake: In several countries, environmental degradation is moving beyond the point of no return.

Haiti, for example, used to be covered with forests and now has nothing but barren soil and rocks in many places. Some countries in Africa, particularly in the Sahel but elsewhere as well, have experienced tremendous problems because of soil and water degradation. In Nepal, whole valleys of productive farms have been destroyed because of landslides caused by deforestation.

FL: What can the Agency do to better promote sustainable agriculture policies?

Blake: One of USAID's major goals should be to create models of sustainability that can be widely duplicated by organizations, governments or other economic assistance agencies. The U.S. government does not have and probably will not have the money to implement these models on a large scale, but the Agency has a leadership role in seeing that systems for agricultural sustainability that farmers will accept are devised and put into practice.

USAID and the United States have a comparative advantage in developing such systems and techniques. They have a sense of how to bring together technology and research from many sources and have a lot of experience working with American PVOs as much as with governments in bringing



Ambassador Robert Blake: "One of USAID's major goals should be to create models of sustainability that can be widely duplicated."

new technology to farmers in a way acceptable to them.

FL: In reviewing its efforts in sustainable agriculture, what criteria should USAID use?

Blake: USAID must first define what it means by sustainability, not only in a general way but for different kinds of agriculture and rural development—crops, fisheries, forestry and cattle-raising, for example.

Criteria for sustainability must then be applied to existing projects to determine whether they meet the goals of sustainable development. USAID must then adapt these broader concepts to new projects.

In general, USAID is beginning to put more effort into achieving these goals. But it can never let its guard down because once problems begin, it is very difficult to overcome them. When water tables are polluted, for example, they are polluted for centuries. When soil becomes salinized, the cost of desalinization can be prohibitive.

FL: Who are the target audiences in developing countries that USAID should try to reach in promoting sustainable agriculture?

Blake: It is important to remember that USAID has two targets: the host country government and the farmers themselves. If the Agency doesn't work with farmers directly, it won't get very far. So the closer USAID can get to the farm, the better it is.

If a farmer doesn't think that new technologies, new crops and new ways of conserving resources will offer an early payoff in terms of more income or less work, he's not going to pay much attention to them. Early means that year. So the Agency has a big selling job with farmers.

FL: What about at the government level?

Blake: At the government level, it

is vital that the Agency persuade officials to focus on the principles of sustainability, which I think are generally accepted in developing countries but not observed as much in practice. The total development strategy of countries must turn toward sustainability. USAID has an important role here, both a practical and an intellectual one, which requires contact with the policy-makers in a host country.

Contacts must involve more than the USAID director or the agriculture officer. Everyone in the mission must be involved, including the ambassador and his staff.

In dealing with governments, we need not present exact definitions of sustainability because I don't think of it as a separate topic or as something different from what USAID is already doing. Sustainability should be a unifying principle around which everything that USAID and a government does should be organized. That includes natural resources, energy and environmental programs.

Agriculture projects should be examined and evaluated from time to time to determine whether incremental changes are needed to achieve sustainability.

FL: What role does policy reform play in advancing sustainable agriculture concepts?

Blake: That differs from country to country. In some countries where agricultural pricing policies are bad and where land tenure policies and other factors provide no incentives for people to protect resources, reform is essential. All of those factors are important and should be considered in developing aid strategies for a given country.

At the same time, USAID doesn't have as many chips in the poker game, as much leverage as, say, the World Bank. If the Agency is going in with a \$100,000 program, the World Bank probably has a \$50 million program and will have more clout. In fact, in some cases, USAID might have more influence on the World Bank than on the countries themselves.

FL: What role do private voluntary organizations play, or what role should they play, in implementing sustainable agriculture projects?

Blake: A very important role. In countries with weak official extension systems, they may play the key role, particularly as USAID is less and less able to carry out activities directly. The best path to success may well be to work through PVOs, both American and indigenous.

By PVOs in this case I am also talking about local or regional farm organizations staffed by people who can talk to farmers credibly. They can help farmers define their problems and help overcome them.

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Slocum to be Representative in Mauritania

Glenn Slocum, who has almost two decades of experience in development work, has been sworn in as USAID representative to Mauritania.

Slocum, who joined the Agency in 1969, has held a number of positions in Africa, including deputy chief of the Sahel/West Africa Projects Division of the Agency's Bureau for Africa.

More recently, he has served as USAID's development coordination adviser at the Paris-based Club de Sahel, which is part of the Organization for International Cooperation and Development. The club is a multidonor coordinating unit that promotes improved development policies in the Sahel region.

Slocum, a Washington, D.C., native, has a bachelor's degree from Georgetown University.

Tunisia Gets Scholarships

The Agency has approved grants totaling \$8.6 million in scholarships and food assistance to Tunisia.

The grants, which Administrator Alan Woods announced March 26, include \$5.2 million in scholarships for 470 Tunisian students to study in more than 60 U.S. universities under the Technology Transfer Scholarship Project. The grants cover 80% of tuition and living expenses, with the Tunisian government providing the rest.

The Agency also allotted \$3.4 million to purchase about 20,000 metric tons of corn that is needed to alleviate shortages caused by drought and locust infestation.

The administrator also announced that \$15 million in concessional loans will be provided to Tunisia to finance the purchase of additional grains and a work program for the unemployed. The loan brings the total this year to \$20 million.

OSDBU Holds Conference

U.S. enterprises or private voluntary organizations owned or controlled by minorities and women or by Historically Black Colleges and Universities can learn how to obtain USAID contracts to provide services to developing countries at an Agency-sponsored conference on "Opportunities for International Business" to be held in Dallas on June 8.

For further information, call David Rybak or Rhoda Isaac, Office of Small and Disadvantaged Business Utilization, (703)875-1551.

USAID BRIEFS



Jan Barrow (center), associate director of Civil Service Personnel, introduces Antoinette Lee to Administrator Alan Woods during one of his "walk-around" visits to Agency offices to meet and talk with employees about their jobs. Woods initiated the periodic visits to underscore his interest in all facets of the Agency's work.



Mike Bengé (center), an agroforester in the Office of Environment, Forestry and Natural Resources in the Bureau for Science and Technology, receives the J. Sterling Morton award from the National Arbor Day Foundation.

The award, the highest individual honor presented during the National Arbor Day celebration, recognizes commitment to tree planting at the national and international level.

The awards ceremony took place April 23 in Nebraska City, Neb., where Arbor Day was founded 116 years ago.

The foundation is an educational organization with more than 500,000 members nationwide.

With Bengé are John Rosenow, executive director of the National Arbor Day Foundation, and Elsie Cunningham, chairman of the National Awards Committee.

Norris Named to Pakistan Post

Veteran foreign service officer James Norris has been named the Agency's mission director in Pakistan.

Norris has been deputy assistant administrator for the Bureau for Asia and Near East since June 1985. He also has served as counselor to the Agency, mission director in Bangladesh and director for the Office of Bangladesh and Indian Affairs.

Norris, a native of North Dakota, joined USAID in 1965. He holds a bachelor's degree and a master's degree from the Massachusetts Institute of Technology and a doctorate from the University of California at Berkeley.

Norris received the Presidential Meritorious Service Award in 1983 and 1987 for outstanding service with the Agency.

Study Focuses on Caribbean

The Virgin Islands-based Island Resources Foundation and the Barbados-based Caribbean Conservation Association, with funding from the Agency, are undertaking a 20-month project to examine the "State of the Environment" for four Eastern Caribbean countries.

The result will be a comprehensive study of the environment in St. Lucia, Dominica, Grenada and St. Kitts-Nevis to support development objectives in each country.

An eight-month pilot profile project will be launched in St. Lucia, followed by simultaneous initiatives in Dominica, Grenada and St. Kitts-Nevis. In all target islands, a national steering committee will be established.

The environment profile document to be published for each country is designed as a guide for future development planning and resource management decision making. A range of topics will be examined, including marine and terrestrial systems, parks and protected areas, land use planning, energy systems and the inter-relationship of resources, management and economic growth.

Symposium Set

Animal Agriculture: Development Priorities Toward the Year 2000 will be the topic of discussion at an upcoming symposium sponsored by the Bureau for Science and Technology.

The conference, which is intended to enhance the contribution of animal agriculture to sustainable economic and social development, will take place June 1-3 at the Marriott Hotel at Dulles Airport.

For additional information, contact Joyce Turk, S&T/AGR, room 420, SA-18, Washington, D.C. 20523, (703)875-4081.

'Lucky' Project Reviving Lesotho Agriculture

by Betty Tonsing

Although Lesotho is a poor country, it also is a country of spectacular beauty, rich in legends and folklore.

Many traditions deal with rain, the source of life to village farmers. If it rains soon after a stranger arrives, he is regarded as having brought luck to the village.

For several years, Lesotho was plagued by drought that devastated livestock and crops throughout the region. But, as USAID/Maseru's Lesotho Agricultural Production and Institutional Support Project (LAPIS) began widespread operations in mid-1986, the rain began to fall—slow, steady rainfalls, more rain than had been seen in Lesotho for years.

"LAPIS is very lucky," says Thesele Michael Motsoene, chief of field services, Lesotho Ministry of Agriculture. "The project started out with good rains. For Lesotho—and this project—there could be no better sign."

In a collaborative effort led by the Basotho themselves, USAID is supporting an effort aimed at recapturing the country's declining share of its own agricultural sector and increasing domestic employment now "exported" to the South African mines.

Completely surrounded by the Republic of South Africa, Lesotho has become dependent on South Africa for food, energy and jobs for more than 50% of Lesotho's male work force. The mines of South Africa provide employment for 120,000 Basotho men between the ages of 18 to 45. The wages they

bring home represent 54% of Lesotho's gross national product.

Over the last 40 years, this massive labor drain, the highest in southern Africa, has led to a substantial decrease in Lesotho's agricultural development.

Although the largest domestic activity, agriculture accounts for less than 23% of the country's GNP. The majority of the population is engaged in subsistence farming, growing food for personal consumption or to use as barter and trade. In 1928, Lesotho was able to export surplus grain. Today, the nation imports more than 90% of its food products, mostly from South Africa.

Lesotho is taking aggressive steps such as the LAPIS effort to restructure its agricultural policies and turn around the basic problem it now faces: how to produce more and better livestock and crops and identify potential markets.

Working with Lesotho's Ministry of Agriculture, USAID has committed \$26.1 million through LAPIS over five years in direct support of the country's agricultural goals. LAPIS represents the first time that all USAID-funded agricultural projects have been integrated under one umbrella activity. The project is designed to respond to strategies developed over a seven-year period by Lesotho's Ministry of Agriculture.

"Agricultural studies leading to LAPIS began in 1974," says Motsoene. "Every aspect of Lesotho's agricultural economy was evaluated, including livestock, crop and range patterns. We studied the human factors as well, such as the lifestyles and eating habits of



Through LAPIS, 2,000 Basotho will receive training in farm and range management, including equipment repair, to help them become more productive farmers.

the Basotho."

The Ministry of Agriculture engaged in intensive data collection and statistical analyses associated with agricultural production and capability, culminating in a comprehensive document, "Toward the Year 2000: Strategies for Lesotho's Agriculture."

The study outlined Lesotho's agricultural problems, compiled existing information and spelled out a number of key policy recommendations to improve Lesotho's agricultural economy.

"USAID provided critical support to the Ministry of Agriculture in the development of the study," says Motsoene. "Together we identified Lesotho's agricultural problems, and we asked the Agency to assist us in solving them."

The study uncovered a range of agricultural constraints. During the 1970s, cropland decreased by 34%. Currently, 16% of the Basotho have no land, and this percentage is expected to increase to 38% by the year 2000.

Farmers have little access to improved methods of technology that could result in higher yields and increased incomes. Lack of appropriate farm production, range management and marketing techniques, skilled agricultural specialists, research on what can best grow and sell, combined with an impeded flow of information to rural farmers, make it difficult for Lesotho to compete agriculturally on even a small scale within its own borders.

The program designed to tackle Lesotho's agricultural problems is a complex undertaking. Marketing and production are the key elements, both linked to educational training and research. Every component of LAPIS is interrelated and integrated toward a production-oriented, farm-centered program.

"We have learned a great deal from experience," says Reid Ntokoane, principal secretary for the Ministry of Agriculture. "Decisions must be complementary so that all components of the project work in unison toward the same goal. This is perhaps LAPIS' most outstanding feature."

LAPIS will build on the success and strengths established in previous agricultural projects funded by the Agency. USAID's farming systems program helped develop an agricultural research infrastructure, and the Agency's Land Conservation and Range Development (LCRD) program successfully demonstrated how Lesotho could fight against further soil erosion, replenish damaged land, increase crop production and improve livestock and range management.

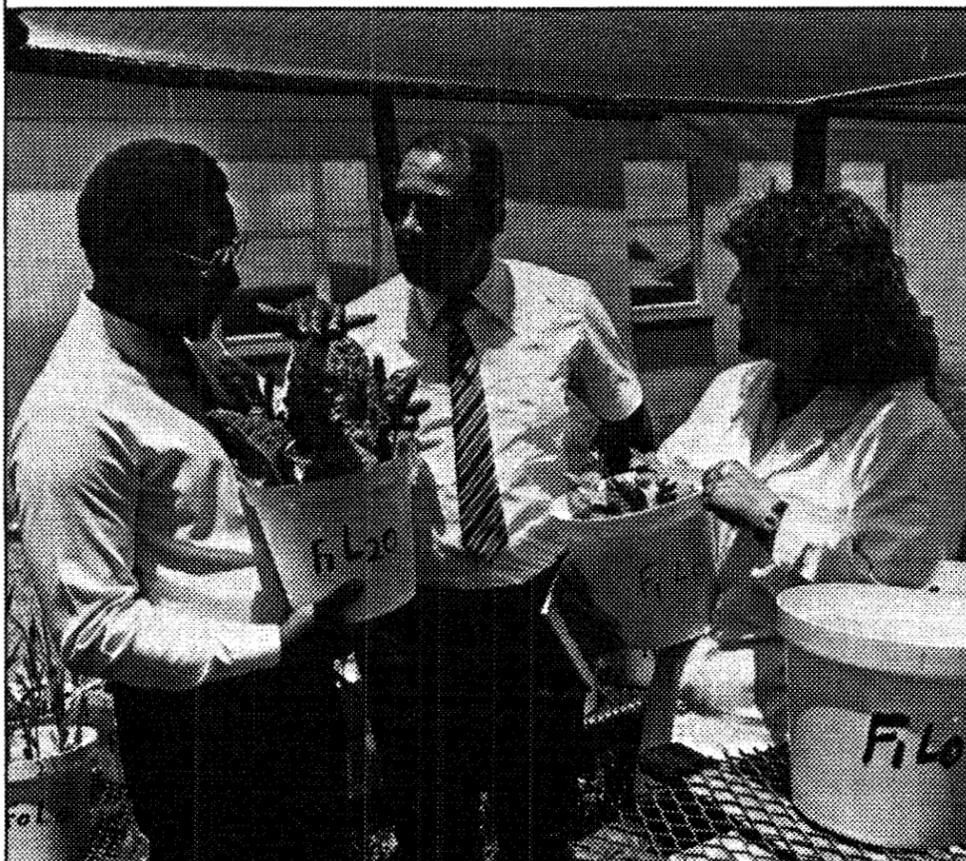
Livestock owners involved with the LCRD project have now formed two grazing associations and have learned how these associations can help them improve their rangeland and livestock as well as developing new market opportunities.

"We have an excellent foundation for our LAPIS activities based on previous agricultural projects," says Barry Hill, USAID agriculture development officer in Lesotho. "We also are able to take our direction from well-articulated government of Lesotho policies, which strongly support USAID goals of increasing farmer incomes and generating employment."

"The production/marketing component is the cutting edge of LAPIS," says John Lepele, chief of the conservation division for the Ministry of Agriculture.

Marketing local products has long been viewed as a basic problem in Lesotho's agricultural economy because farmers view marketing as long-distance business transactions. For farmers

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Trower Namane (left), acting director of research in Lesotho's Ministry of Agriculture, shows Abdel Moustafa (center), USAID agriculture development officer, and Behi Roovani, a researcher, how various amounts of fertilizer and additives affect plant and crop production.

Lesotho

From page 9, column 4

buy their products. Or, farmers may travel from Thaba Tseka to Maseru to purchase products that could be produced locally.

"For example, we are attempting to show farmers that rather than depending on Maseru for eggs, they can produce eggs in their own districts. A poultry association can be formed to link poultry producers, creating a distribution chain," says Lepele.

Lepele points out that an association could establish a local credit union league. The members would have access to credit for purchase of more chickens and feed, training and assistance with product processing and marketing.

"Through LAPIS, these same techniques are being applied to a wide range of financially viable crops and livestock, providing an incentive that could lead to a better life for Basotho families and communities," says Lepele.

The project does not ignore the larger markets or even the possibility of an export market. But Lepele asserts that concentrating on local market development will help people begin to solve their own problems of supply and demand.

Project researchers are trying to improve Lesotho's livestock and crop production by identifying better methods of farm management and agricultural technology. In doing so, they work closely with the production/marketing staff.

"We will find out whether crops grown at a substation can be grown successfully by farmers in the region, using their resources," says Trower Namane, acting director for the Ministry's Agricultural Research Division. "If the conditions must be altered, we will determine whether it is the equipment, lack of proper fertilizers or the soil."

Livestock owners are participating as well in field tests to

improve livestock nutrition and range management and will learn how traditional grazing can be done without harming the range.

"As a result, in half of the households where research will be conducted, crop yields are expected to increase by 50% and incomes by 75%," says Namane. The overall benefits will not be limited to those farmers or livestock owners whose fields and animals are used for research.

Informal meetings are held to discuss the changes for improving crop and livestock production in the community, allowing more farmers to apply the same methods of improved farm and range technologies.

The LAPIS training component is designed to provide a sufficient number of trained staff and agricultural extension workers to continue activities after the USAID technical assistants finish their contracts.

"This has always been a serious problem for us in the past," says Motsoene. "There never seemed to be enough trained staff to carry out all the necessary groundwork."

The project provides support to farmer training centers to train Ministry of Agriculture district extension workers in basic horticultural extension services. In addition, more than 2,000 farmers will receive practical training in plant production, livestock nutrition, equipment repair, marketing techniques and farm management. More than 2,000 livestock owners will also participate in range management courses.

Throughout the life of the project, the Lesotho agricultural college will have enrolled its entire staff—along with 500 "master" farmers who view their holdings as an enterprising business—in periodic, intensive farm management training courses. The college also will identify potential candidates for bachelor's and master's degree programs in agricultural communications. An additional 68 Basotho are receiving long-term academic and technical training in the United States.

LAPIS also encourages private enterprise among farmers. In addition to developing market systems for local farmers and export markets, five nurseries have been established to sell fruit trees, fuelwood trees and fodder, with about 5,000 households supplying the nursery with trees and seeds. In addition to creating 50 full-time jobs at the nurseries, the trees planted will help combat further soil erosion.

"Overall, 15,000 farming households will receive technical services generated by LAPIS," says Hill. "And, we anticipate that this initiative will result in the development of new rural agricultural industries offering new employment opportunities to people now without land."

LAPIS also is expected to affect other areas of Lesotho's economy, stimulating private business opportunities in food processing,

distribution and marketing.

"The students at the Lesotho Agricultural College are the future leaders of the country's agricultural industries," says Motsoene. "These students will learn a great deal from hands-on experience by working on projects ranging from agricultural production to management, emphasizing sound business practices.

"In the past, it was expected that the college's graduates would work for the Ministry of Agriculture," says Motsoene. "Now these students will be prepared to develop new agricultural industries and businesses.

"In addition, half of the students are women, and the cottage industries they may develop with their new knowledge could mean a great deal in terms of their income potential. As women are heads of households for many of Lesotho's families, their participation is critical to Lesotho's economy."

When Lesotho begins to demonstrate its capability as an agricultural-producing nation where people can make a viable living as farmers, it is hoped that the flow of Lesotho's labor drain to

South Africa will be stemmed. In a 1984 survey conducted among a select group of Basotho farmers, 83.9% of the men said that they would be willing to take a pay cut if they could work in Lesotho.

Meeting the goals set forth in LAPIS will take time. "This is a flexible program designed to meet changing conditions. We are prepared to adapt technologies and approaches to better achieve the project's objectives," says Hill.

The project management team, based in the Ministry of Agriculture, works directly with the farmers and the ministry's district agricultural personnel, he says.

"As problems arise, or as conditions change, the management team, by virtue of being in the field, will be aware immediately of the need to sharpen the focus of project activities in key areas."

Jess Snyder, mission director in Maseru, is optimistic. "We think LAPIS is a landmark effort, not only in Lesotho, but as a model for other agricultural projects in Africa."

Tonsing is a local contractor in Lesotho.

Ethiopia

From page 1, column 3

government's purpose behind the decision, it raises important managerial, legal and diplomatic issues," the administrator added.

The government's decision raises the potential of government expropriation of USAID's relief food, as well as vehicles and other supplies, said Woods, who called on the government to certify that no expropriation had occurred or was contemplated.

Food provided by USAID and other donors is distributed by voluntary organizations that are requesting a return to an "open roads, open risk" policy with no army escort or other government involvement. "If the activities of those organizations are taken over by the government, they lose what protection they have had under U.N. auspices and could come under attack by the rebels," he noted.

The Agency also is disturbed by reports indicating that the govern-

ment will not distribute relief supplies to certain displaced people outside of Makelle and Asmara, the capitals of Tigre and Eritrea, respectively, said Woods. Reports indicate that only party members, civil servants and their families, and other loyal cadre may be allowed to receive supplies from the distribution centers in those cities.

"We have information from a high-ranking diplomat in Addis Ababa on what the government is doing," said Woods.

USAID already has committed 268,000 tons of food to alleviate famine conditions in Ethiopia. Total aid so far is valued at \$112 million.

Woods also expressed hope that media scrutiny would help focus world attention on the Ethiopian government and produce change in its policies. "In 1984-85, world outrage over forced resettlement produced modifications in that policy," he noted. "Perhaps a similar occurrence is possible today."

Blake

From page 7, column 4

PVOs are often very close to the situation and have a better feel for local conditions than anyone else. Thus, they can often be very effective.

FL: How can USAID continue to advance the idea of sustainable agriculture?

Blake: Key aspects are training and education. USAID is doing very well in that regard. Sustainability is such a wonderful organizing focus for what the Agency is trying to do in agriculture. It could well be the focus of all its training. People in developing countries should be helped to think about and analyze their problems much more in terms of sustainability.

Acker

From page 5, column 4

attorney in Kansas City, and LuAnn, a physical therapist in Nashville.

After about 40 years in agriculture, Acker says his experience at USAID is teaching him even more lessons about the importance of food and farming to the development of the Third World. He cites Food for Work programs as examples where food is used not only as a source of protein and calories, but can be used to pay

wages or generate capital for credit programs. "All of these projects illustrate the extent to which food aid is a resource that can have very broad and multiple functions," says Acker.

The Third World is a long way from the 4-H fairgrounds of Duane Acker's high school days. But the people of developing countries who hope to make farming their first step toward advancement are being helped by the down-to-earth efforts of an Iowa farmboy.

Noriega is a public affairs specialist in the Bureau for External Affairs.

Planning May Reduce Earthquake Effects



As the Agency's first step toward achieving the goals of the International Decade of Natural Hazard Reduction, the Office of U.S. Foreign Disaster Assistance (OFDA) and the U.S. Geological Survey recently sponsored an Executive Briefing at the National Academy of Sciences on "Strategic Planning to Reduce the Potential Economic Impacts of Earthquake Hazards Throughout the World."

"We have set into motion a major initiative that will assist worldwide financial firms and concerned U.S. and international agencies having investments in earthquake-prone regions of the world in their strategic planning and risk management," says OFDA Director Julia Taft. "We also hope to assist foreign countries develop the self-reliance to deal with earthquake-related problems on their own."

Representatives from the United Nations, the National Academy of Sciences, the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration and the insurance industry were among those attending the briefing.

An important aspect of hazard mitigation involves disaster earthquake insurance. In Whittier, Calif., the site of one of the West Coast's more recent quakes, only 20% of the damage was paid for by the insurance industry, an increase of 10% over a few years ago.

When assessing the need for earthquake insurance, there are a number of considerations such as underwriting concepts, site and building factors, damage potential, premium rates and possible maximum losses. Insurance representatives attending the briefing expressed their interest in working with scientists to transfer existing knowledge in order to assist insurers in their assessments in areas where earthquake insurance may be needed.

Recognizing the positive impact that past hazard mitigation strategies have had throughout the world, the National Research Council, an investigative unit of the National Academy of Sciences, called for the establishment of an International Decade of Natural Hazard Reduction by 1990.

Because of the universal benefits of hazard mitigation, the United Nations will launch the decade and ensure that an appropriate plan of action is developed and accepted internationally. Activities during the decade will focus on the mitigation of rapid-onset natural disasters through land-use management, engineering solutions and early-warning systems.

Natural disasters have killed and endangered people of every nation

on earth. In the last 20 years alone, rapid-onset natural hazards have claimed more than 2.8 million lives worldwide and affected 820 million people. Such disasters recognize no political boundaries.

Despite the advances in understanding natural hazards and how to mitigate their effects, loss of life from these events rises each year. The most severe effects are in developing nations where the death toll is high and economic loss great. Although natural hazards cannot be prevented, the disasters they can cause may often be avoided through hazard-reduction techniques. These procedures can reduce death, injury, property damage and the destruction of the social and economic fabric of affected communities.

USAID's program in the 1980s has applied remote sensing, satellite communications, volcanology, seismology, weather impact forecasting, landslide analysis, early warning and earthquake engineering in preparation for and mitigation of disasters and in assessment of potential loss of life and damage in their aftermath.

For several years, OFDA has applied science and technology to enhance the U.S. response to the immediate needs of disaster victims.

"Project THRUST, which was funded by OFDA and implemented by the National Oceanic and Atmospheric Administration, is an example of existing hazard mitigation technology developed for tsunami-prone regions," says Paul



During an Executive Briefing on earthquake hazards, Fred Cole (left), deputy director of OFDA, and Riley Chung, director of Hazard Mitigation for the National Research Council of the National Academy of Sciences, look over some of the materials presented at the briefing.

Krumpe, OFDA science advisor. "The methods used in this low-cost, early-warning program can be applied to the warning systems for other rapid-onset natural disasters."

Since the mid-1970s, OFDA has actively supported vulnerability-reduction measures through technology transfer, training and technical assistance in all aspects of disaster preparedness, prediction and mitigation.

In addition, the Bureau for Science and Technology has been instrumental in applying remote sensing technology to longer-term trends such as deforestation and

desertification affecting the environment and natural resource base that can precipitate or exacerbate the impact of natural disasters.

"You can be assured that much of the pioneering work that this Agency has pursued in foreign disaster early warning, preparedness and mitigation will be continued," said Administrator Alan Woods. "We look forward to working closely with scientists and international donors to help advance the International Decade of Natural Hazard Reduction."

—Renee Bafalis

Employees Eligible for Savings Plan



Beginning May 15, many employees will be eligible to participate in the Thrift Savings Plan (TSP). The open season for civil service and foreign service employees hired before Jan. 1, 1988, on a non-temporary appointment will run through July 31.

TSP is a tax-deferred savings plan similar to an Individual Retirement Account (IRA), said James Hampton of the Office of Personnel Management. TSP lets employees defer federal and, in most cases, state income tax on TSP contributions until the money is withdrawn.

Tax-law changes enacted in 1986 eliminated the IRA tax advantage for most employees, he noted.

In its second year of existence, TSP has surpassed the \$1 billion mark. "More than 1 million federal employees have TSP accounts, making it the largest tax-deferred savings plan of its

kind in the country," said Hampton.

Employees covered under the Civil Service Retirement System (CSRS) or the Foreign Service Retirement and Disability System (FSRDS) can contribute up to a maximum of 5% of their biweekly base pay to TSP.

Those covered under the Federal Employees Retirement System (FERS) or Foreign Service Pension System (FSPS) can contribute a maximum of 10%. FERS and FSPS employees also receive automatic matching funds from the Agency.

The Agency will contribute 1% of biweekly base pay to the TSP account of an eligible FERS or FSPS employee, even if the employee contributes nothing.

The first 3% of pay an FERS or FSPS employee contributes will be matched dollar for dollar by the Agency. For the next 2% of pay, the Agency will match 50 cents to the dollar.

No Agency contributions are made for CSRS or FSRDS employees, said Hampton. FERS and FSPS employees will receive no matching funds for contributions above 5%.

"The Office of Personnel Management will distribute TSP booklets and election forms," he said. "Employees are urged to read the booklet before making a decision."

For additional information, civil service employees should call James Hampton, (202)663-1412. Foreign service employees should call Marlene Cox, (202)663-1464.

Help combat fraud, waste and abuse. Use the USAID Inspector General hotline to report theft or misuse of Agency resources: (703)875-4999 or P.O. Box 9664, Arlington Post Office, Rosslyn Station, Va. 22209.

IIDI Program Nurtures Small Enterprises



A dairy farm in Bangalore, India, has only two cows, but it has created two new jobs and has brought a measure of economic freedom and personal dignity to a young couple and their two children.

Working as a milkman for 400 rupees (\$31.25) a month, A.P. John could hardly feed and clothe his family. He longed to own his own business. With a small loan under a USAID-sponsored program developed by the Institute for International Development Inc. (IIDI), his dream was realized. John bought the cows, built a shed and had working capital.

"We had to work very hard," he says. "But now I am my own master, and I am able to pay my debts."

The Office of Private and Voluntary Cooperation in the Bureau for Food for Peace and Voluntary Assistance (FVA/PVC) is helping to spawn successful small businesses and microenterprises such as John's in developing countries. A good example is PVC support of IIDI's programs, which nurture enterprises from seed loan to operational autonomy in five stages.

Since 1972, IIDI has received \$4.5 million from USAID to create indigenous organizations and help low-income entrepreneurs expand their businesses by providing credit. In the last seven years, IIDI has produced eight independent agencies and has 12 others in

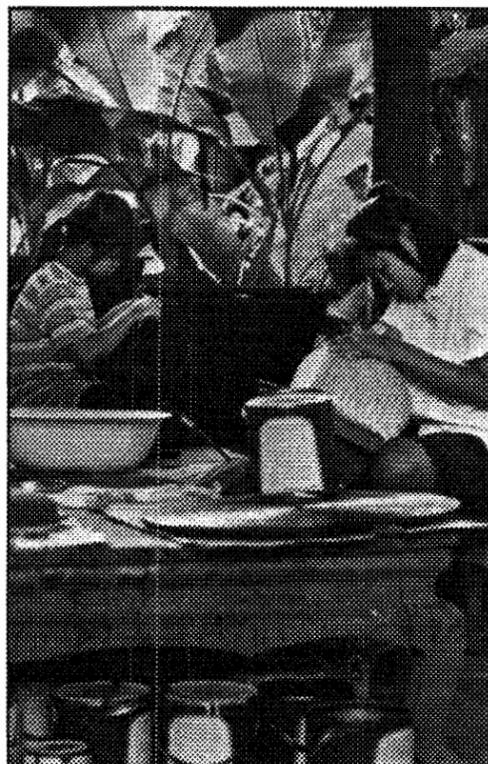
developmental stages. In six years (1981-1987), the partner agencies have loaned \$8.2 million to more than 5,600 small businesses, creating 16,000 new jobs and achieving loan repayment rates of over 90%.

IIDI's goal for the next five years is to start 25 new partner agencies, each in itself a small enterprise development institution, and, in the process, create 40,000 new jobs.

"With the focus on intensifying small enterprise development, interested agencies might find it worthwhile to examine the credit program model and partner development methods developed by IIDI over the last 15 years," says Andrea Baumann, a project officer in FVA.

Among the efforts IIDI has supported:

- In Honduras, the Instituto para el Desarrollo Hondureño administers a revolving credit fund of \$1 million. It operates out of four offices and provides 50% of its loans to rural projects and 30% to women;
- In Bali, Indonesia, Maha Bhoga Marga (MBM) provides an enterprise development program that includes livestock credit, a grain bank, credit societies, microenterprise loans, small business loans, an entrepreneur training center and a resort complex. The program provides income to the agency and teaches tourist trade skills. MBM provides 700 loans and creates 1,500 new jobs a year;



The Office of Private and Voluntary Cooperation is helping to spawn successful small businesses and microenterprises in developing countries.

- In Guatemala, the Fundacion de Asistencia para la Pequena Empresa (FAPE), founded in 1984, has just signed an agreement with the government of Guatemala providing the organization with \$800,000 in revolving loan funds over the next two years and bringing its total capital pool to more than \$1 million. FAPE has been able to create a new job for every \$800 it lends and maintains a balance between loans in Guatemala City and loans to native Indians in the outlying communities; and,
- In the Philippines, Tulay Sa Pag-Unlad, Inc. (TSPI) has em-

barked on a plan to develop 15 new small business development agencies in the country over the next five years. At the end of seven years, these agencies will have loaned \$26 million to 16,000 small businesses, creating 30,000 new jobs and benefiting 200,000 people.

IIDI partner agencies provide two kinds of loans: the more traditional microenterprise loan (a few hundred dollars to a microentrepreneur to increase income) and the fixed-asset, medium-term loan up to \$10,000 to a small manufacturing enterprise for the purpose of creating new jobs.

IIDI programs its partner agency development in five stages. The first includes creating a voluntary board of directors able to provide long-term leadership. Under the second, the board hires an executive director and staff and begins a one-year pilot program. During that period, either party is free to bow out if dissatisfied.

In the third stage, funding begins for the new agency, with the goal of achieving autonomy in three to four years. It also includes continued technical assistance by IIDI's regional staff.

The fourth stage includes an agency's transition from financial dependence on IIDI to a more autonomous operating position.

In the fifth and last stage, the agency becomes financially and operationally autonomous. The local agency reports annually to IIDI and assists in training staff and boards of new agencies nearby. IIDI provides a small operations grant and subsidizes workshops for all agencies and an annual regional conference.

With the help of an FVA/PVC \$2.25 million matching grant, IIDI over the next five years will devote more attention to small enterprise development agencies in Africa. The new grant also will enable IIDI to consolidate its network of agencies and create new partner agencies in Latin America and Asia.

The key lesson from IIDI's experience is that time and effort must be invested in developing local institutions for continued growth. An agency begins on a small scale, building its credit-delivery and training skills before taking on more clients. The result is an agency able to sustain itself and grow over time.

Commenting on the diverse backgrounds of local board members selected by IIDI, a recent official evaluation noted: "When one sees successful examples of this—for example, a millionaire Filipino businessman tramping through the mud to consult with a small shoe manufacturer about cash flow and credit policies—the authenticity of agency ownership and commitment to the socioeconomic development of small, struggling producers is dazzling."

This article was written by Larry Reed, director of programs for IIDI, and edited by Loreta Williams, FVA/PVC.

—Irene Ricks

ANE Promotes Private Sector Initiatives



USAID not only has private sector initiatives but program officers who promote them, says Julia Chang Bloch, assistant administrator for Asia and Near East.

Speaking at the 39th biannual meeting of the Asian Pacific Council of the American Chambers of Commerce (APCAC), Bloch focused on the Agency's "product line," which she described as a series of ways in which USAID can help American businessmen.

"In ANE, this product line includes not only the long-term creation of a 'level playing field' on which to conduct business but also a number of specific short-term offerings," she said.

Bloch was responding to an earlier statement by APCAC President Harvey Goldstein, who said many American businesses would be surprised to hear that USAID has a private sector initiative.

Bloch, the first person from the Agency to address the APCAC forum in its 25-year history, noted several ways that the Agency can

help business. Those include:

- Local access and expertise backed by the influence of the U.S. government. USAID works closely with the ministries and officers who directly affect American business' ability to operate in most developing countries.
- Information. "It may seem to you that we analyze things to death," said Bloch, "but out of that analysis comes information critical to your business decisions." She cited USAID/Pakistan's early warning system, which was based on a thorough analysis of the government's five-year plan. "From that, we know what service and equipment procurement needs are upcoming," she said. "And, in most missions, we have comprehensive information on studies, legislation and trends that may affect your business operations."
- Explicit brokering functions. "In some cases, our missions match American business with local needs and opportunities," said Bloch.
- Financing. "We provide balance

of payments and trade financing to alleviate foreign exchange constraints, making the purchase of American goods and services possible," she noted.

Bloch challenged American business to be ready to play on a level field.

"Once markets are opened for international trade, they are open to everyone, not just Americans," she noted. "Is American business ready to be competitive and forward-thinking in the long term?"

ANE's immediate challenge, said Bloch, is to tap the enthusiasm and interest generated at the APCAC meeting and establish better lines of communication between American business and the field missions.

USAID's efforts over the short and the long term will help American business in developing countries, she said, adding, "That's why American business should be interested in the Agency for International Development."

Lack of Small Business May Hinder Growth



The absence of progressive small and medium-size businesses in developing countries has been identified as a serious obstacle to efficient broad-based economic growth in a recent USAID-funded Harvard University review of Philippine employment and private enterprise.

The study further found that while small and microenterprises are critical to the employment and survival of many people in developing countries, policy reform could help expand the number of growth-oriented, small- and medium-scale enterprises. The analysis, which is continuing, included data from 85 less-industrialized countries, including major studies of the Philippines, South Korea and Taiwan.

This extension of the Agency's concern for employment and enterprise development was highlighted at the mid-project review of the Employment and Enterprise Policy Analysis (EEPA) project, which is funded through the Bureau for Science and Technology's Office of Rural and Institutional Development (S&TRD).

Some of the leading analysts in the field of small-scale enterprise promotion and policy reform gathered to review the progress and future directions of the six-year EEPA project. Among the participants were the EEPA coordinator, Donald Snodgrass of the Harvard Institute for International Development; Carl Liedholm of Michigan State University and a member of USAID's Research Advisory Committee; and Brian Levy of Williams College, who played a key role in the three-country, in-depth comparative analysis.

Michael Farbman, chief of S&TRD's Employment and Enterprise Development Division, outlined the three areas of EEPA endeavor: short-term technical assistance to USAID missions and host countries requiring help with employment or enterprise development; use of long-term advisers to assist host countries improve their internal capacity to analyze critical policies; and policy dialogue as a complement to related basic and applied research.

"Research such as EEPA's will increase the Agency's ability to help developing countries plan and implement improved policies that can enhance economic growth," said Farbman.

Agency interest in promoting small- and medium-scale businesses stems, in large measure, from the key role such firms play in generating income, employment and growth.

Increasingly, evidence indicates that even though small and medium-size firms contribute disproportionately to growth, typical developing country policy is hostile to the small-scale enterprise sector. The existence of this paradox is the reason donor input

into policy reform issues is needed, particularly in relation to agricultural, trade and capital-markets policies.

Levy and Tyler Biggs, also of Harvard, contrasted the industrial development successes of Taiwan and South Korea with the lesser performance of countries such as the Philippines. Their review of data from 85 countries stressed the importance of industrial product mix and production technology on the distribution of enterprises by scale.

The most appropriate model for the Philippines was Taiwan, where economic growth has been driven by an interdependent network of entrepreneurial small and medium-size firms. Two factors characterize the Taiwanese experience: innovation and efficiency are stimulated by competition in a fairly open economy, and a profusion of subcontracting relationships between small firms fosters a healthy competitive atmosphere.

Small-scale traders also can act as intermediaries, identifying

market opportunities and providing marketing skills lacking within the manufacturing sector. The Korean experience contrasts markedly with Taiwan's in that Korea has more government intervention and enterprises that are generally larger and more capital-intensive.

The project review stressed the importance of a "missing middle," a dynamic set of medium-scale enterprises that would make a major contribution to economic growth and employment.

"Policies that particularly inhibit the development of that sector include excessive trade protection and high marginal tax rates that reduce potential profits from economies of scale, thus discouraging small entrepreneurs from growing into more efficient medium- and large-scale firms," says Biggs.

Liedholm's EEPA work on the role of non-farm activities in rural-based economies demonstrated that "important linkages exist between farm and non-farm small enter-

prise activities, and that these linkages support an agriculture-led growth strategy."

He also found that small rural enterprises demonstrate a capacity for technological adaptation that enables them to meet demands for increasingly sophisticated products.

Discussing financial policies, Jean-Jacques Deschamps of Development Alternatives noted that "where governments reserve access to credit facilities for larger firms, determine interest rates and impose non-market-oriented exchange-rate controls, resource misallocations lead to general economic deterioration."

Other policies affecting labor regulations, import tariffs and investment incentives also can discriminate against smaller firms, which have neither the political lobbying ability nor the organizational structures to participate in the policy-making process.

For further information on EEPA, call Robert Young, S&TRD/EEPA, (703)875-4528.

Study Reveals Climatic Cycles in Africa



The severe drought and famine experienced in Ethiopia in 1985 and during the last year are only two of many that have occurred over the last four millenia, according to a study conducted by John Halfman of Duke University's Marine Laboratory and funded through USAID's Office of the Science Advisor (SCI).

The project is unique to the SCI portfolio in its emphasis on paleoclimatology—the study of ancient changes in climate.

"The results reveal cyclic climatic fluctuations for sub-Saharan East Africa on a time scale ranging from decades to centuries," noted Halfman in a recent report of his findings. "The implications of this discovery of cyclic climatic change for better management of land use, agricultural and fisheries activities in East Africa are extremely important."

Halfman's job was to read the climatology of the region by analyzing 10 35-foot-long core samples from the bottom of Lake Turkana, the largest body of water in the East African Rift System.

Lake Turkana, with a surface area of 7,500 square kilometers, reaches a depth of 80 meters in its north basin and 115 meters in the south basin. The level of the lake responds dramatically to changes in climate, fluctuating up to one meter annually as a result of seasonal flooding and evaporation. Between 1896 and 1970, the lake's depth varied by 20 meters, with a net drop of 15 meters.

Evidence of levels 80 meters above the current surface is visible around the lake, and Halfman sug-

gests the level may have dropped 60 meters in the past, separating Turkana into two lakes. The water budget of the lake is dominated by the Omo River, which flows in from the north.

Halfman studied sediments from the bottom of the lake, which included silt washed into the lake, detritus from the ecological community in the lake and materials from the surrounding land that are blown into the lake. Thus, the sediments reflect the history of the lake and, most importantly, the flow of fresh water into the lake.

Halfman found that the sediments were visibly layered and was able to study the individual layers in detail. The sediment rate appeared to be about .5 centimeters a year, so that his core samples represented thousands of years of climatic history.

Large areas of the core appeared laminated with light and dark stripes. Although such stripes might appear to reflect the alternation of wet and dry periods within a year, Halfman determined that the average cycle length was about four years. But, some cycles appeared as long as 10 years and others as short as two years.

Halfman suggests that the water balance of the lake is related to the so-called ENSO phenomenon. ENSO, the El Nino-Southern Oscillation, is a system that involves changes in ocean surface and wind behavior over the whole Pacific Ocean. Thus, there is one more piece of evidence that seemingly diverse phenomenon such as the fishing off the coast of South America, the monsoon in

Asia and the level of Lake Turkana are all related to a single vast pattern of ocean and atmospheric behavior.

Longer cycles of relative dry and wet periods also are represented in the data. Subjecting the samples to a number of physical and chemical measurements and using sophisticated time-series analysis techniques on the results, Halfman concluded that in the history of the lake, there were cycle lengths of 270, 200, 165, 100, 75, 44, 31, 25 and possibly 20 years. In short, over a period of millenia, there are irregular cycles, decades or more in length, of relatively dry or wet periods, adding to the growing body of evidence that long-term dry spells are characteristic of the East African climate.

In light of the recurring droughts in East Africa, the threatening drop in the level of Lake Nasser and the danger to the Nile in Egypt, Halfman's warning is especially timely.

This project once again illustrates the need to plan agricultural strategies to deal with the risks of dry years as well as the potential in years of normal rainfall. More important, it indicates that the climate and weather experiences of the last generation in Africa are not necessarily the same that will be faced by the next and that development planning must take the long view.

Halfman's report, "High Resolution Sedimentology and Paleoclimatology of Lake Turkana, Kenya," is available through PPC/CDIE, (301)951-7191.

—John A. Daly



In conjunction with the Department of State and the U.S. Information Agency (USIA), the Agency recently commemorated National Women's History Month during March with a series of noon-time programs. An exhibit featuring benchmarks achieved by women in American history and major milestones for women in the three participating agencies also was displayed throughout the month at the main State Department building.

Among the participants at a seminar held at USIA March 8 was Dorothy Nelms, a former federal employee and now attorney and human rights advocate. Nelms focused on "How to Move Up in the System" in today's complex society.

"You must look at yourself and what you want to accomplish," said Nelms, who suggested that women need to create a plan; organize resources such as mentors, support and finances; learn to delegate; and periodically evaluate their plan and be flexible in adjusting it to current conditions.

"Women especially need to work together in order to make the system work for them," she said.

Nelms, who started her career in an entry-level position at the Government Printing Office, retired from federal service in 1978 as a GS-15 director of executive resources for the Department of Housing and Urban Development. She received a law degree from George Washington University in 1981 and is a trial lawyer specializing in criminal and sex discrimination cases.

A panel discussion on "Women in Leadership Roles" by senior foreign service and civil service women from the three participating agencies explored risk taking, goal setting, teamwork, competition, communication and the successful marketing of one's knowledge, skills and abilities.

Among the panelists were USAID's Jan Barrow, associate director of Civil Service Personnel, and Carol Peasley, director of the Bureau for Africa's Office of Project Development.

Barrow, who joined the Agency in 1954 as a GS-4 clerk steno, outlined the steps she took to advance her career, including correcting personal and professional weaknesses, making a good impression and doing the best job possible to move up the career ladder.

"The career opportunities for civil service women at USAID are increasing," said Barrow. "For those who believe in the Agency's mandate, work to achieve those goals and are willing to take advantage of the many training options available, USAID offers a bright future."

Panelists representing the State Department were Frances Cook, director of the Office of West Africa Affairs, and Martha Mautner, deputy director of

Programs Mark Role Of Women in History



Carol Peasley (right), director of the Bureau for Africa's Office of Project Development, makes a point at a panel discussion on "Women in Leadership Roles" as panel member Jan Barrow, associate director of Civil Service Personnel, listens.

Analysis for the Soviet Union and Eastern Europe, as well as Eileen Binns, chief of Management, Plans and Analysis Staff, and Donna Oglesby, a public affairs officer, both with USIA.

Pauline Lyttle, owner of the Gender Corporation Training firm and co-author of "Why Jenny Can't Lead: Understanding the Male Dominant System," addressed "Women on the Team—Politics and Ethics of Team Play" at her March 15 appearance at the State Department.

Women lack the political savvy and risk-taking ability to reach the top of their professions, said Lyttle, noting that women must set aside personal differences and work together toward mutual goals and also support women in leadership positions.

AGENCY PARTICIPATES IN NAFEO CONFERENCE

USAID was among the 150 corporations, federal agencies and educational institutions to exhibit at the 13th National Conference on Blacks in Higher Education recently held in Washington, D.C.

The Office of Equal Opportunity Programs (EOP) coordinated the Agency's participation in the four-day conference sponsored by the National Association for Equal Opportunity in Higher Education (NAFEO), whose membership includes 117 historically and predominantly black colleges and universities across the country.

Ten Agency employees representing the bureaus for Asia and Near East, Africa, Management and the offices of Small and Disadvantaged Business Utilization and Equal Opportunity Programs attended the conference and answered questions about USAID programs and career

opportunities.

The Agency also participated in NAFEO's Minority Employment Opportunity Center, submitting job announcements for the International Development Intern Program (IDI).

About 60 people expressed an interest in participating in the IDI program, and about 40 additional requests were received for information on civil service employment, contracting opportunities and other information about the Agency.

REGULATIONS AMENDED

In a recent action, the Equal Employment Opportunity Com-

mission (EEOC) amended the regulations governing the processing of discrimination complaints in the federal government. The new provisions, which took effect last November, cover every stage of the Equal Employment Opportunity (EEO) complaint process, from initial counseling to the filing of a civil action in a U.S. district court.

Among the major revisions:

- The Agency can dismiss a complaint if the complainant refuses to accept official offers of full remedial relief during any stage of the process;
- The complainant can appeal to EEOC's Office of Review and Appeals if the Agency fails to implement an agreed upon settlement;
- If an employee or applicant for employment is discriminated against during consideration for a position, the Agency must unconditionally offer the employee or applicant the position he or she applied for—even if it requires removing the incumbent from the position—or an equivalent position; and,
- The administrative processing of a complaint will be terminated if the complainant files a civil action.

The new regulations also include specific guidelines on the hearing procedures and the powers of the EEOC administrative judge (previously called the complaints or hearing examiner). The administrative judge now is allowed to issue a decision without a hearing in cases where there are no disputed facts.

The Office of Equal Opportunity Programs is incorporating the revisions into Chapter 5 of USAID Handbook 24. The EEOC regulations are printed in the Code of Federal Regulations, 29 CFR 1613. Inquiries regarding these changes can be directed to Leticia Peoples, (202)663-1340.

—Voncile Willingham

Environmental Series to Air

The Public Broadcasting Service will present several programs in May and June that may be of interest to development professionals.

A series of programs produced by the British Broadcasting Corporation will report on development and on efforts to enhance the world's environment. The programs are 30 minutes.

"City in the Sand" looks at a shantytown in Peru where the government has planned sites for health clinics, community centers and schools. The program will be shown at 7:30 p.m. on May 16 and repeated at 9:30 a.m. on May 21.

"People of the Desert" will review successful efforts to restore the fragile desert environment in northern Kenya. The program will be televised May 23 at 7:30 p.m. and repeated at 9:30 a.m. on May 28.

"The Monk, the Village and the Bo Tree" describes how a young Buddhist monk decided against building a temple in an impoverished village in Sri Lanka and instead worked to help the villagers overcome environmental problems that contributed to their plight. The program will be televised June 6 at 7:30 p.m. and repeated at 9:30 a.m. on June 11.

"The Water of Ayole" will look at new water systems in developing countries that are breaking down within a few years after installation. The program also will describe successful water pumps used in the village of Ayole in Togo. The 30-minute program will be shown at 10:30 p.m. on June 7.

Also, "Africa's Killing Fields" will describe the upheavals in Uganda in the last two decades. The hour-long show will air at 10 p.m. on June 14.

MOVED ON

Tonja Bailey, IG/RIG/AW
 Maria Bell, OFDA/AE
 Michele Briscoe, M/PM/PCF/FN
 Margaret Chapman, M/PM/
 FSP/RSS
 Kwan-Hwa Chen, S&T/POP/CPS
 Chevette Davis, COMP/CS/R
 Marilyn Frazier, M/PM/EPM
 Anthony Hawkins, COMP/CS/R
 Marcia Hough, COMP/CS/R
 B. Melvin Hurwitz, LEG/CL
 Pamela Ingram, ANE/DP
 Angela Jackson, COMP/CS/R
 Rosa Johnson, S&T/FNR
 Trina Sharnitta Johnson, ANE/
 PD/PCS
 Stephen Lintner, ANE/PD
 Wandra Mitchell, REDSO
 Thomasine Page, IG/RIG/I/W
 Evelyn Rumph, LAC/CEN
 Wilma Smith, IG/SEC/PS
 Lisa Spriggs, M/FM/BUD
 Victoria Anne Traut, COMP/
 CS/R
 Tonya Williams, COMP/CS/R
 Marquita Woodberry, ANE/EMS

REASSIGNED

Ivan Ashley, EOP/OD, equal opportunity officer, to deputy director, M/SER/IRM
 Dorothy Cunningham, LAC/CEN, secretary typing, to administrative operations assistant, M/PM/TD
 Lorie Doheny, M/SER/OP/W, procurement assistant, to contract specialist, M/SER/OP/W/CO

WHERE? IN THE WORLD ARE USAID EMPLOYEES

Debi Mukherjee, M/FM/
 WAOD/FS, voucher examiner, to secretary typing, M/FM/WAOD
 Jose Rivera, AFR/EA/UTIOS, program officer, to supervisory program officer, Honduras
 Stephen Ryner, LAC/PSA, trade development officer, to supervisory project development officer, M/PM/FSP/CO

PROMOTED

Virginia Ann Ballengee, M/PM/TD/AST, employee development specialist
 Linda Bolton, M/FM/PAFD, clerk typist
 John Bowman, M/SER/MO/
 RM/PPM, general supply specialist
 Robin Brinkley, AA/LAC, administrative operations assistant
 Phyllis Church, AA/LAC, secretary stenographer
 Gaylen Cooper, ANE/EMS, administrative assistant
 John Daigle, M/FM/CAD/FA, operating accountant

Yolanda Indora Hagler, PRE/I, clerk typist
 Terri Harrison, M/FM/LMD/AR, clerk typist
 Dora Jackson, S&T/RUR, administrative operations assistant
 Melissa Ann Jackson, TDP/OD, clerk typist
 Carole Jones, M/PM/FSP/CD, employee relations specialist
 Alberteene Leach, ANE/TR, secretary typist
 Susan Maitese, M/PM/PCF/PP, policy analyst
 Martha Erin McDavid, SAA/S&T, administrative operations assistant typist
 Melanie Millhauser, S&T/AGR/RNRM, secretary typist
 Thomas Mundell, M/FM/ASD, systems accountant
 Tonya Prophet, AFR/MGT, secretary typist
 Kyle Schooler, M/FM/ASD, systems accountant
 Shirley Mae Shaffer, M/SER/
 PPE, secretary typist
 Samuel Suber, M/SER/MO/

RM/AP, purchasing agent
 India Thomas, COMP/CS/R, clerk typist
 Michael Unger, PRE/PR, supervisory program analyst
 Lisa Welch, M/PM/TD/PMT, clerk typist
 Linda White, S&T/ED, program analyst
 Kim Wilkey, S&T/AGR/CGIAR, clerk typist
 Elizabeth Williams, M/SER/OP/O, secretary typist
 Alfred Woodson, M/SER/MO/
 CPM/T, computer equipment operator

RETIRED

Ursula Dorge, LAC/CAR, clerk stenographer, after 9 years
 Norman Garner, COMP/FS/R/
 AIDW, agricultural development officer, after 25 years
 John Lundgren, Djibouti, USAID representative, after 19 years
 William McCluskey, COMP/FS/
 MEDL, supervisory agricultural development officer, after 21 years
 Lucille McIntyre, ANE/TR/PHN, program operations assistant, after 12 years
 Ida Singleton, M/SER/MO/
 CPM/M, support services supervisor, after 26 years
 Charles Ward, BIFAD/S/ED, deputy executive director BIFAD, after 27 years
Years indicate USAID service only.

FS Teens Endure Islamabad Explosion

This article was written by Richard M. Weintraub, a writer for The Washington Post. It first appeared in the Post's "Foreign Journal" section April 18 and is reprinted here in edited form.

Sunday, April 10, Megan Peterson, daughter of Pat Peterson, chief of the Agency's Agriculture Office in Islamabad, was sitting in a sociology class thinking about ways to get out of gym.

Brock Obee and his sister, Kiran, were in the band room, plugging in electric guitars and tuning up for practice.

All across the International School of Islamabad, some 550 youngsters, about one-third of them American, were starting another school week.

Daughters and sons of diplomats, business executives and journalists, they are used to leading lives vastly different from their contemporaries in Washington, Cleveland or San Diego. Some have lived most of their lives in countries as far from the United States as Tanzania, Nepal and Indonesia.

For parents and educators alike, there is a delicate balance between making the most of the exposure to different cultures and trying to keep links to American society. There are times, however, when

the dangers and uncertainties break through even the stoutest of barriers.

This was one of those times, when scores of children might have been killed but for a few inches in the trajectory of a shell. In an hour of terror and courage, the masks of teen life were stripped away. All learned in minutes aspects of life that most American children, fortunately, never have to experience.

At 9:55 a.m., Brock Obee, a 16-year-old junior, remembers an

"All learned in minutes aspects of life that most American children never have to experience."

explosion and the wall in the band room bulging and debris filling the room.

No one at the school knew it at the time, but a giant ammunition dump about a mile and a half away had exploded. Within minutes, rockets and shells, many of them intended for guerrillas battling Soviet forces in Afghanistan, began raining down across Islamabad and the school.

"Everyone began to panic, but band teacher Mrs. Nelson was great," Brock's sister, Kiran, 14, recalled a few days later. "She kept us playing. She told us to

play Covington Square (a march). She just kept making us play. Pretty soon some Honor Society kids came and told us to go to the auditorium."

At the Islamabad school, the auditorium is the "safe haven" in an emergency situation. As the youngsters from kindergarten through high school gathered, there were rumors everywhere—the Russians had attacked from Afghanistan, or India was attacking, or a nearby industrial plant had blown up. No one knew, and

with the uncertainty came greater fear.

"The power went off in the auditorium and you could hear (shells) whistling over and exploding. People got more and more nervous," recalled Megan Peterson, 15.

In the darkened auditorium, John Gates, the high school principal, asked seniors to come down to the front of the room and sit with the first, second and third graders. The youngest ones were assigned to sit on the stage and were grouped on an extension that had been built for a school

musical.

That stage extension saved lives. "I was with the second and third grades, and we were trying to calm some of the kids who were crying," said David Spielman, a senior at the school. "We just held them."

"Suddenly it looked like the back wall just came forward. There was a flash, and the back of the stage just lit up. All the kids started screaming and running. We didn't have time to get scared. We just started grabbing kids to slow them down so no one would get trampled."

The shell that hit the school auditorium entered the outer wall, exploded inside and tore through a small storage room and the girls' dressing room, bursting doors and sending flames onto the rear stage.

Had it hit a couple of feet over or had its velocity been just a bit greater, it would have landed in the packed auditorium. Similarly, had the stage not been extended, the youngest children would have been sitting back on the original stage, which was engulfed in the first flash of the explosion.

Once outside, Megan said, "we started playing word games with the little kids. They were still scared, but they calmed down. Then Mr. Gates finally was able to explain what had happened. That calmed things down. We knew we weren't under attack."