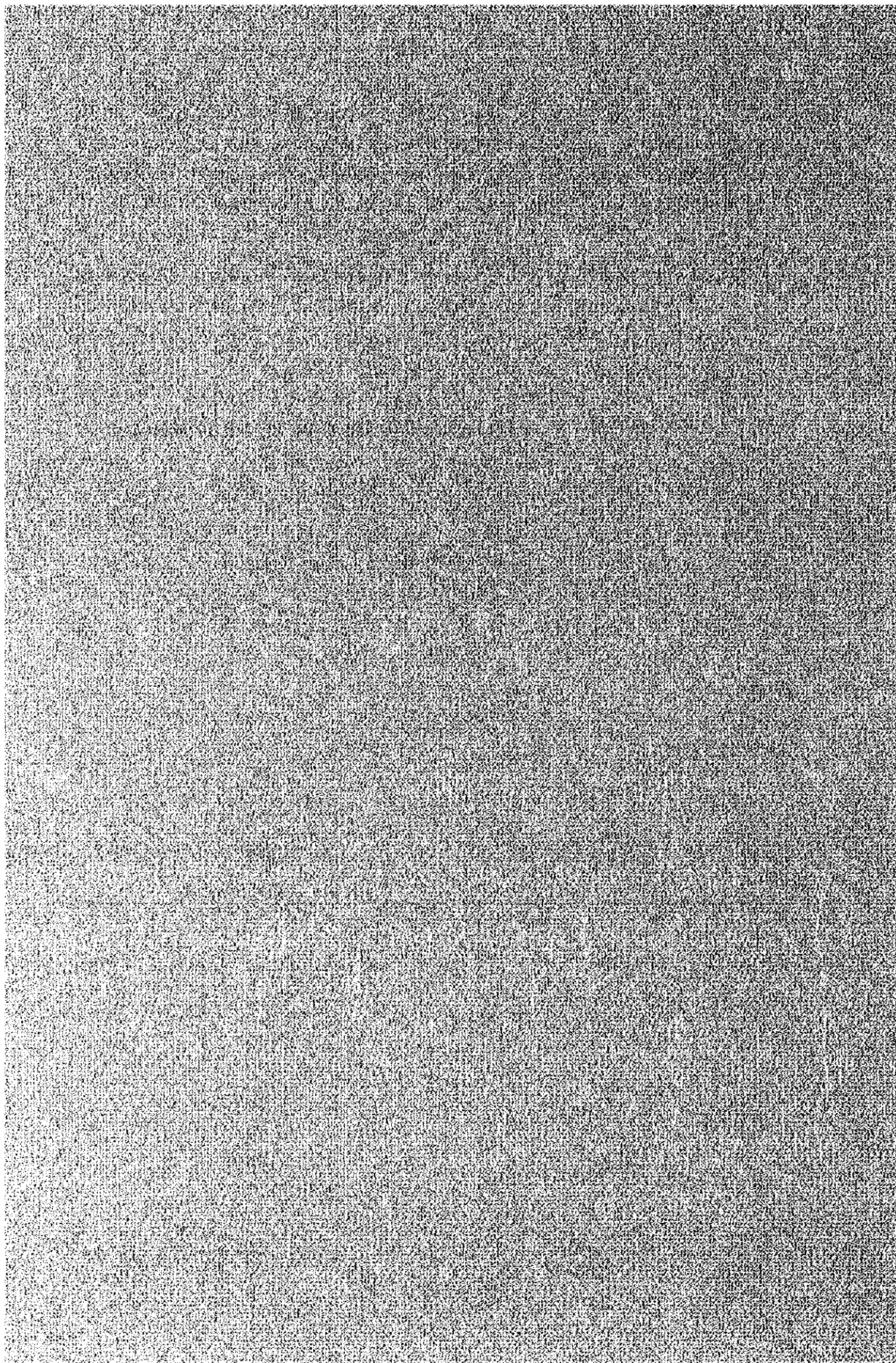


VI SESSION IV -DESIRABLE WAYS AND MEANS OF AID TO AFRICA

Discussions



Summary of Discussions

TODA:

Today we will discuss desirable ways and means of aid to Africa. So far there were several presentations with concrete examples.

Mr. Hattori presented an interesting example in Rwanda concerning how to increase productivity in agricultural sector. We, as donors, are going to discuss how to induce that kind of change. In this relation, Dr. Greene yesterday presented the World Bank's approach to those problems. And Dr. Horiuchi and Mr. Tomita also brought up some other important issues such as the problem of pastoral tribes. This morning we try to get some better scope in dealing with African countries. I would like to ask your opinions on how to redirect or improve our emergency aid to Africa.

OZAKI:

My statement is not concerned with ways and means of aid to African countries, but I think one of the most important factors related to agricultural development in Africa is its land tenure systems. While farmers have cultivation rights, they have no ownership of land. That is why many of them have no intention to invest in agricultural inputs. The land ownership is very important for the agricultural development in Africa.

DE LATRE:

Land tenure in Africa is a very complex issue. Patterns differ from place to place. Our general understanding is that someone in the community who has a right to allocate the land will give you some land which you may use as long as you cultivate it. But if you leave there, you lose your rights to the land.

But in fact someone other than the person who allocates the land has a title to it, while the farmer has to pay not only to the land allocator but also to the landowner. So it is a very complicated system. But whatever the system, there is no private land ownership. Somebody can come and take away your land or you yourself can move away and ask for some land elsewhere. There may be constraints to private property but also to shifting the land property. As we observe, when the land is no longer yielding the fruits that are expected, people abandon the land rather than improve it.

While there is no real ownership, people like civil servants who can afford to

pay have the titles to good land and use farmers on their land. The whole system is not so well-organized for the people to make the best of the land.

There are also other problems such as constant fights between agriculturalists and pastoralists for the use of land, population pressure, and overgrazing of livestock and so on.

As the present system certainly put constraints upon the improvement of land, the governments should really look at these questions and try to adopt more modern land tenure system.

HATTORI:

Land tenure in Rwanda is exactly what Mme. de Lattre said. It is a sensible system. The whole idea is that you are the owner of land so long as you use it. You can cultivate the land for all practical purposes.

When I built a warehouse on the land, which the government had owned and gave us for the warehouse, I was surprised to find that I had to pay compensation for its use to some farmers who had occupied that land and had planted things there. Therefore if you take the land which is not his own but where the farmer has planted something, you should compensate for the loss of what he has invested. This, I think, is a sensible system.

You cultivate land and in order to show that you have occupied the land, you build a hut and have a wife. If you cultivate another lot of land, you build another hut and have another wife. For this reason, they practice polygamy in Rwanda, which is considered a Catholic country. It is not recognized under the written law but accepted under the customary law. Although you don't have a land registration system, you do have the science of doing it, since you have the person who really works for land and occupies the land.

Has that been an obstacle to investment in land? Mme. de Lattre said that they hardly try to enrich the land. As a matter of fact, they don't put chemical fertilizer, but they plant bananas to enrich the soil. Is that not an investment? These traditional means make even marginal land enriched and barren land productive. It is also a way of increasing arable land.

Now I have heard that land tenure is constraint to development. I think it is a question of conflict with the native traditions. If a law is written, it is convenient, for it has wider acceptance. The real problem in Rwanda was that there was a double legal system before its independence; a traditional system which was

unwritten but widely accepted by the people, and the Belgian law which was enforced in the courts. Under the colonial system, foreigners came in and registered the land in their names. When there were disputes, they could go to the court and win, for it was the Belgian law that was written.

Now the fact that Rwanda was poor in natural resources was a blessing for her; as it was of little interest for foreigners, a lot of land was left unregistered. And after the independence, the government inherited the Belgian courts and started to use the written law which became an excuse to expropriate land that was left under the commune. Nobody dared to touch occupied land under the traditional system, but empty government land was registered in the name of civil servants and so forth. In the marshlands, however, new lands were registered under the name of each peasant who owned the lot. So here you had a sensible and modern way of doing things.

I think that is very hard to generalize and when we see something different from our own system, we tend to consider that difference a constraint to development. I oppose that view.

Looking at our own Japanese system, although its civil code was originally the translation of French civil code, we invented certain special rights such as "Iriaiken" that did not exist in France but were in practice in Japan. So we must look at the superimposition of two systems. I think Mme. de Lattre is not for the imposition of French land tenure system nor the British one.

When Japan colonized Taiwan, the Japanese civil code was not applied to her. Intensive research was made into the local legal system, and with the basis of local customs, the civil codes including land tenure system were written and applied in those territories. I think this is the approach to be taken. We should have enough patience and hope that the local governments find out and decide what kind of land tenure is best suited for their needs and traditions, and codify them.

GREENE:

In general, land tenure issue is not so important where there is settled agriculture. However, it becomes a problem in the more marginal, semi-arid area where there is a combination of farming and livestock culture, whereas farming rights are given to individuals but grazing rights remain communal. If you have a farm in a communal area, other ranchers have the right to allow their cattle to graze on your land after your crop has been harvested. It is a system that has less risk involved with the individuals. But when human as well as cattle population increases, nobody has specific responsibility for the condition of the grazing land.

Overgrazing can become a problem and certain improvements cannot be made in the farms because of the combination of farming and livestock raising. This is the areas where land tenure tends to be a very serious problem. I guess you have that in western Africa, particularly in Sahel, while in eastern Africa we have that problem in Botswana, parts of Zambia and even in Swaziland.

We have been working with the Botswana government in an attempt to develop new forms of land tenure and to get them to designate certain areas as commercial ranching establishments while other area to have establishments where ranches are owned by groups of people so that there is more incentive for people to control the size of their cattle herds. But we have not been very successful in this because of communal land patterns, deep-rooted traditions and so forth. Moreover, the government has not been able to change its land tenure systems because of good connections between the owners of large herds and the political power. The failure of rather-efficient Botswana government is not a good sign for the rest of Africa.

DE LATTRE:

Land is not given. Among the oldest farming areas such as the one around the Mediterranean, land used to be very poor but for centuries people improved it because they had land tenure and its security.

And in some parts of Africa, for instance, in Mali, people have built agricultural land on the mountains out of nothing by bringing up good soil from the valley. They have security of tenure and land property. In Africa, especially in much of Sahel, it is possible to improve land by manure, vegetal fertilizer or anything although it may take years. It has been done in some parts but not very much. I am quite convinced this has a lot to do with land tenure. If you have to stay in some place, and if you have the ownership of your land, you are going to improve it, since it is possible.

TODA:

We had four speakers on this issue and still we haven't reached any agreement but we are perhaps talking at somewhat different levels. Relationship between productivity and land tenure system is one thing, while effectiveness and codifying is another.

KJELLBERG:

What we have learned from the discussions on the land tenure systems in Africa are

very illuminating. In Zimbabwe they also have problems of maintaining commercial firms under the political pressure of former freedom fighters. They are concerned with preserving these productive units, yet they have to develop the communal land so that they can provide the freedom fighters with a piece of land.

Now let me turn to population issue. In the case of Rwanda where they have very high density of population, the problem of land tenure systems seems to be getting gradually solved by itself. Because people simply have to cultivate a piece of land and there is not enough land for such activities as livestock raising or slash-and-burn agriculture.

I was encouraged by Dr. Greene's paper on the World Bank's approach to aid in Africa, focusing on agriculture. But I wondered to what extent the World Bank and other donors are concentrating on the post-harvest food system. If the food losses could be reduced, there would be enough food for people.

There is a point of intervention in the post-harvest food system which should not be overlooked. If you can develop viable food industries, service industries can act as a pull-factor of agriculture in diversifying agricultural products; not just food grains, but also oil seeds, animal products etc. It can also act as a push-factor of increase in employment, development of skills, industrialization and above all it can provide better, nutritious food.

Particularly in the urban area in Africa, they have become increasingly dependent on imported food over the years. But overnight shift to local produce will be a problem not only economically but also socially and culturally. So it is important to use that agricultural product and conserve or process it properly.

HOSOMI:

Yesterday Mr. Ota from the Ministry of Foreign Affairs mentioned that despite a lot of assistance to African countries, both from Japanese government and its people, things remain much to be improved, e.g. the lack of information about Africa and shortage of Japanese experience in Africa.

I know a case in Ghana that a certain British firm planned to build a cocoa plantation and although the project was completed, it failed because workers did not cooperate.

There are such failures on the part of Europe with a long history of association with Africa. My experience tells me that we could learn from our past failures, yet we, the Japanese do not have much experience to reflect upon, then we could

learn from the European experience in providing assistance. As we have learned from Europe for our modernization and economic development, it seems that we are applying the same European logic in dealing with African problems. Therefore we can fully learn from the past failures of Europe.

GREENE:

I think not only post-harvest activity but the whole marketing sector surrounding the agricultural sector is important. We have been active in this area in Africa and we have several grain marketing and storage projects that we finance to various countries. But one of the major obstacles is the government's attempt to monopolize grain marketing - a legacy of the colonial history in much of East Africa - by setting up its associations.

They are mainly to serve to the ease of colonial large farmers and to prevent the commercialization of agriculture by small farmers. These market structures which were originally established to inhibit the development of small farmer agriculture commercially have been taken over and become a main channel for marketing agricultural commodities in eastern Africa. And it was very difficult to break down the system, because another element entered into this, i.e. commercial activities, transportation, storage and handling of agricultural commodities as seen in most of eastern Africa. This is one of the reasons why it is so difficult to modernize marketing structure and making them more competitive.

As to the topic of learning from experiences, which is the point of this seminar, I think we have learned a lot from our failures, and the approach we have been taking over the last 3 or 4 years in Africa reflects that experience. I would like to see more interchange of this type, maybe less formal than this where we can discuss specific policy issues and problems.

OTA:

I think that the point raised by Mr. Kjellberg is a very important one. As I briefly touched upon one aspect of post-harvest system in the form of distribution, we should pay greater attention to its importance. But how we can contribute in improving the system does not seem to be an easy one to the extent that any loss in the post-harvest stage is caused by lack of physical facility, like means to transport food to points of consumption. Then our aid could be of direct contribution to improvement.

As Mr. Hattori pointed out, however, there are many historical, social, and

cultural factors in Africa that contribute to the present situation. And what we consider rational may not be considered so in various African countries, which making our task difficult. Knowing that the Japanese government is also trying to increase aid to African countries, we like to put a greater emphasis on this aspect through various trials and errors.

TODA:

We discussed three issues;

- 1) post-harvest system
- 2) land tenure system
- 3) lessons from European countries and the World Bank

In addition, Mr. Ota brought up the importance of feed-back, that is, trials and errors approach.

TOMITA:

I try to respond to the viewpoints put forward by Mr. Hosomi.

There were differences between East and West Africa in terms of maturity of respective society. When Britons and Germans came to eastern Africa, they found no tribes that were ready to work for them as workers. So the Britons had to import Indians as laborers when they wanted to build a railway in Kenya. And at that time the Chaga which is said to be advanced tribes today were not able to serve as laborers, again the Indians were brought up as laborers. It was only after then that the Chaga and other tribes staged up and improved their state of affairs. In western Africa, they had already tribal kingdoms with some plantations in place. And when the Britons came, the natives took their own initiatives in operating the projects. This, I think, should be something to do with its history.

HORIUCHI:

I would like to make a few comments on storage and post-harvest cooperation. As somebody mentioned, the cost of grain storage and its maintenance is very expensive. We know the importance of post-harvest activities, especially storage, but the question is who is going to take the burden of this storage cost. If we could develop some scheme for the small holders or for the small farmers with which they could keep their own grains for a few months or even a year, that system could be much less expensive. I wonder whether this kind of scheme is possible or not.

Another question is on animal husbandry. The fact-finding mission we sent last year to eastern Africa found very interesting facts that although the whole area suffered 2 or 3 years of continuous drought, some were not in bad shape, mainly because people sold their livestock. Although we have been discussing increase in agricultural production, I wonder whether there is a possibility of encouraging more of animal husbandry as a sort of measures or cushions in emergency case such as drought.

As for learning from experience, fortunately JICA hasn't suffered any great failure in Africa yet. I think the process of technical, economic cooperation cannot be judged in terms of failure or success, since it is a sort of continuous process.

TODA:

Dr. Horiuchi brought up two important issues: storage system and animal husbandry or livestock issues.

NAKAGAWA:

Dr. Greene mentioned the importance of learning each other about assistance. Concerning this issue, I would like to ask Mr. Toda who attended CDA (Cooperation for the Development of Africa) conference at Harare last November to give us some comments on coordination among DAC countries and international assistance organizations.

TODA:

As a matter of fact, people then discussed the importance of coordination among donors, and many people pointed out that we could have two types of coordinations - formal and informal. And there the tendency was more toward informal coordination. That is, we should have certain flexibility in coordinating activities, and if the two or three parties agree, they could set up coordinated efforts. That was my impression.

DE LATTE:

Over the years, we, the donor community and the Sahelians discussed issues related to food storage. But they didn't come to an agreement since the project proposed by FAO was extremely ambitious but costly. As sort of secondary outcomes of all these discussions, however, we did study post-harvest storage, especially on "on-farm storage." And what the experts found was that the on-farm storage was very

efficient and that the post-harvest losses were very low. Despite these facts, the governments have gone in for ambitious schemes of national storage, which proved to be very hard to manage and costly. So I think one of the lessons learned is that the Sahelians at least have a great deal to learn about the management of stocks.

With a new drought, we apparently have some 50% of the cattle again being destroyed. The Sahel at last is beginning to understand a need for more efficient way of managing resources, and there seem to be several new ideas arising.

One is that in the Sahelian area or proper, that is an area with very small rainfall, the cattle management is already extremely efficient, very productive and the carrying capacity of that area cannot be developed. It is already optimum. On the other hand, in the Sudanian areas, perhaps a little can be done, not very much. But their animal husbandry can probably be developed. The only way for livestock or animal husbandry to be improved is that the agriculture is to improve. I think these ideas that we have been pushing for several years, are beginning now to creep into the consciousness of the governments and the herders.

While the Sahelians looked upon it as a fund raising mechanism, the Club Sahel has been doing learning process operations. We have associated ourselves with the African regional institutions and we have worked on:

- 1) Regional strategy which has principles that the members of regional institutions should apply in their planning if they want to continue planning;
- 2) Policy dialogue which we, both donors and the Sahelians, discussed on questions of cereals policy - price, grade, allocation of food aid, input subsidies, and storage. Another policy issue was a recurrent cost.
- 3) Diagnosis and analysis of every important sectors such as rain-fed or irrigated agriculture, reforestation, fisheries, and hydraulics.

On the basis of experience we acquired, we organized regional seminars where we discussed all those things extensively, and now we are going to organize this year with our associates - the regional African institutions - a small sector meeting in every Sahel country, beginning with reforestation and probably going into livestock and irrigation in 1986. We are going to bring the donors together, i.e. the project directors, the people who lived the lives of those projects and the national authorities to look at what these experience has been on projects in that particular sector and find out how the projects in the future can probably be more efficiently managed and improved.

GREENE:

I think what Madam de Lattre was saying is very important. I know that the Japanese government wants to aid Africa, that the situation in Africa is desperate and she wants to be able to make input into the solutions of the problems and probably doesn't want to get deeply involved in the matter of policy and dialogue on such with the governments.

Although one lesson we have learned in Africa is that every project is complex. There is no way you can insulate your project from the sectoral environments, from basic constraints that affect the country, and even from more macro-economic policy considerations. There is not any way that you could avoid them and have successful projects.

FUJIMURA:

In response to Dr. Greene's opinion, I would like to ask about the donors' dilemma in such a difficult situation as in Africa. We have two choices;

- 1) either to continue seemingly endless game of which goal is unforeseen or at least very difficult to foresee,
- 2) or to withdraw by leaving the monument of failures.

Perhaps the most rational option is something that everybody would agree. While we have to increase aid to Africa, many projects seem unfeasible or difficult to be feasible. Then how could we be rational to get involved in such a difficult aid programs?

GREENE:

I wish I had a good answer. All I can say is that there are lots of experiences on Africa and that you should try and learn from these experiences as much as you can before making your own mistakes. The best we can hope is over time we get better at what we are doing, as we are learning and that we are at the same time convincing governments that they should re-examine the problems and look for new solutions. But I can't give you any assurance that there is any short-cut way of assuring that you have a successful aid program in Africa.

WATANABE:

As JICA is now going to start forestry activities for the first time in Africa, I had a chance to learn from various agencies of the successes and failures. Let me summarize here.

- 1) Large sectoral projects mostly failed. One example is in establishing green-belts in the south of Sahara. They told us that although they tried to take account of various socio-economic factors and local needs, those large projects didn't work. And the project which succeeded to some extent are many of those taken by NGOs or the part of these large projects survived when their activities could penetrate into the community level.
- 2) Although this is a global trend that the forestry activities undertaken are to support agriculture, this should be more so in Africa where the natural conditions are much more severe than other regions.

As Dr. Greene said that in some other regions, sectoral projects, e.g. purely forestry projects can take place, while in Africa it is almost impossible. In all forestry activities, the tree planting for land conservation should be the type of forestry activities in Africa.

TODA:

We seem to have agreed on the importance of feed-back and of learning lessons from the past experiences, e.g. in the forestry area, from the sectoral approach to more multi-sectoral one. We have discussed five topics;

- 1) land tenure system
- 2) storage issues
- 3) livestock
- 4) importance of learning process

But we haven't yet discussed much on policy dialogues nor on the bilateral agency as to what extent we could do on policy dialogues.

TOMITA:

Yesterday I talked about an A-bomb and distinguished technology from science. The heart of the issues is not how much money or equipments we extend to Africa, but how its transformation through development should take place. As Africans are the ones that are living on that continent and continue to live there, the question would be those of esthetics - how we help them build the African nations. And from these viewpoints, we must have specific esthetics based on which the nations could be built.

In Japan, we have traditional forms of art, and Haiku is one of them. It is a 17-syllable poem in a traditional form. " We have a spring of which essence we could transfer to other countries."

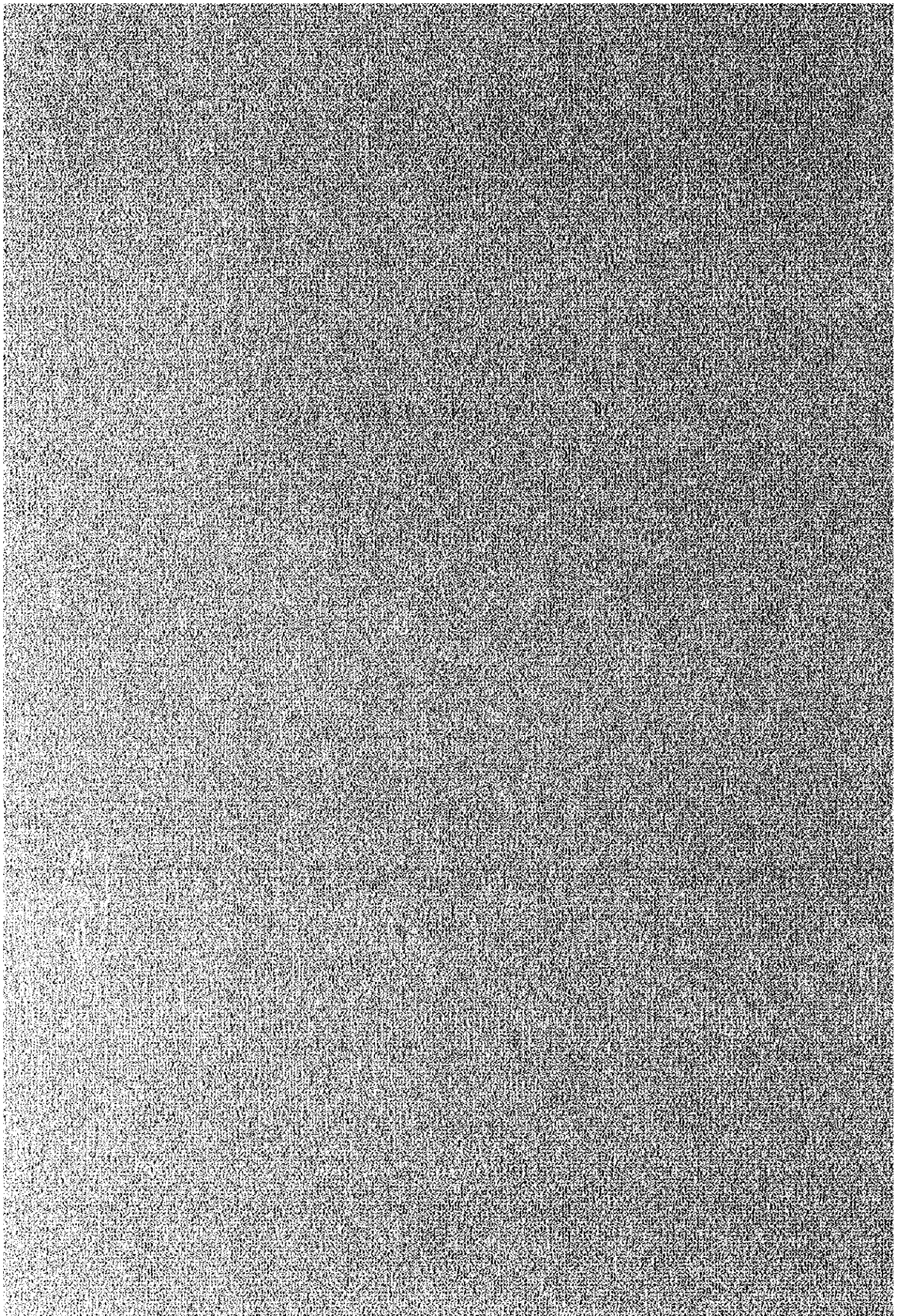
TODA:

As I said two days ago, this seminar is not intended to come up with some kind of conclusions. We would like to leave everything open-ended so that we can have a wider scope of views and better ideas as to what we should do in and with Africa.

(Session IV ends)

VI CLOSING REMARKS

Dr. Shinsuke Horiuchi



Closing Remarks

Shinsuke Horiuchi

On behalf of President Arita of JICA and Director Hasegawa of this institute, I would like to express our sincere appreciation for your very active participation in this study seminar. Especially I would like to thank for the most valuable contribution made by Mme. de Lattre of OECD, and Dr. Greene of the World Bank and also for the participation by U.N. University which opened a new channel of communications between JICA and UNU.

Africa is going to occupy for some time to come an important place in our thought and in our formulating and implementing various co-operation projects. This study seminar is expected to build common understanding on very complex African issues and approaches among people and organizations whose works are related to economic cooperation in that region. I believe that the past three days provided ample opportunities to re-examine issues technically, academically, and even philosophically. We now come to know much better about what our colleagues across the Pacific or across the Siberia contemplating and doing.

Economic cooperation by JICA has to be supported by as many people as possible. And this seminar, I believe, marked a great step toward building an effective approach to the African issues, not only by JICA but also by many participating ministries and organizations in Japan. Their approach can be expected to recruit a strong support by Japanese people as well as the international community.

Lastly, I would like to thank the Ministry of Foreign Affairs and the Ministry of Agriculture and all the other organizations for their active and effective participation as well as their assistance in organizing this seminar.

Last but not least, I thank Mr. Toda for his excellent chairmanship which made this seminar so much lively and productive.

IX SEMINAR FOR THE GENERAL PUBLIC

1. Starvation in Africa and Ways of Aid

"Problems and Potential of Africa"

— South of the Sahara —

Mme. Anne de Lattre

2. The World Bank's Aid Policy to Africa

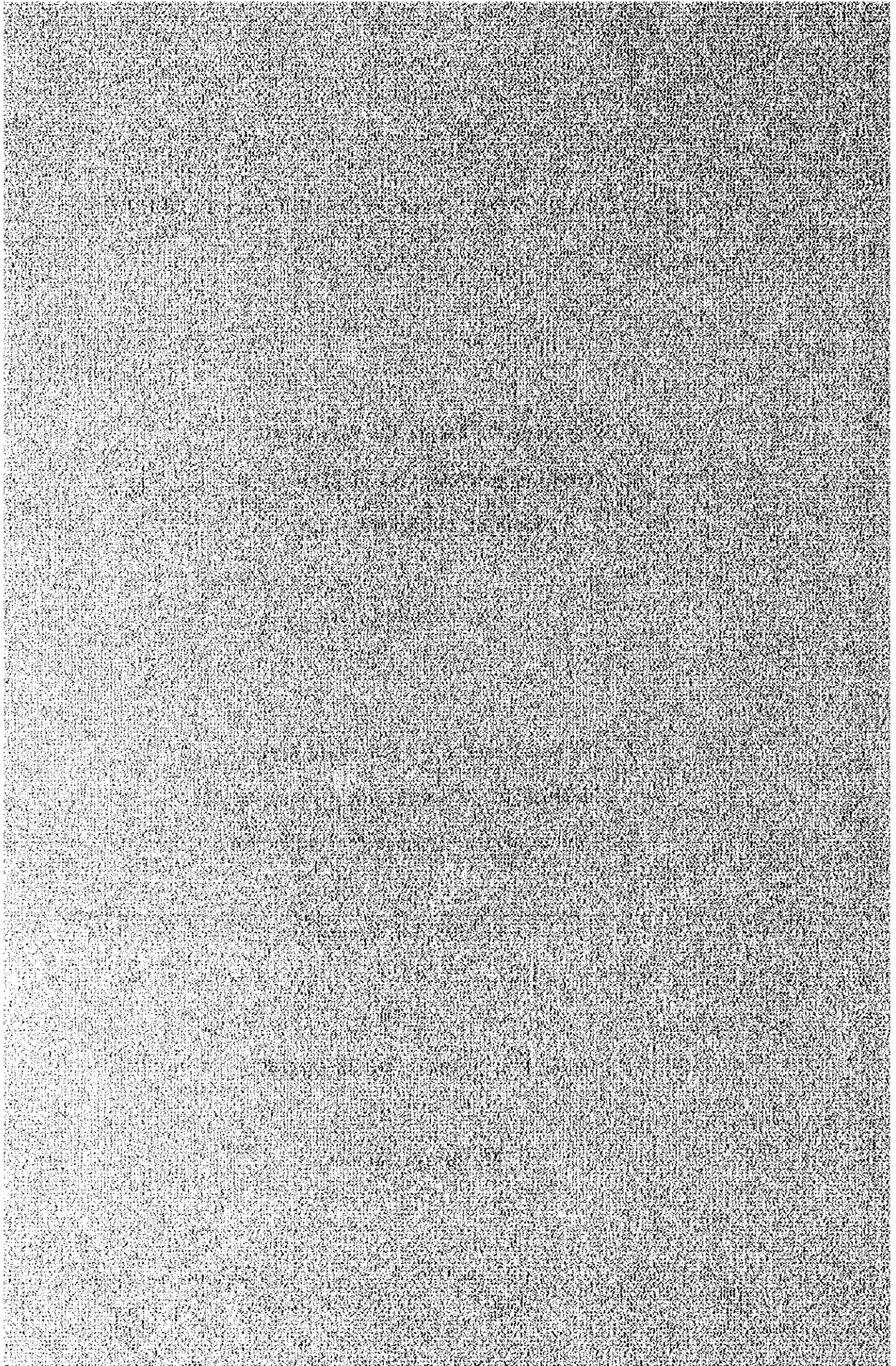
"Introductory Remarks: The African Crisis"

"Aid to Africa: Lessons for the Future"

Dr. David G. Greene

3. Approach of Japanese Aid to Africa

Mr. Masaya Hattori



PROBLEMS AND POTENTIAL OF AFRICA

South of the Sahara

Anne de Lattre

Thank you for coming here today for a discussion of the problems and the potential of Africa South of the Sahara. It is a pleasure to be with you and I wish to express my grateful regards to the Japanese authorities for making this occasion possible.

As one of the distinguished Japanese speakers noted during our meeting, this week, "Africa is in every Japanese home" today. Newspaper articles and television screens have shown ghastly pictures of starving children and mother, in the Horn of Africa, principally Ethiopia and they have shown famine struck refugees in Chad or other parts of the Sahel. Substantial amounts of money have been raised to feed and clothe people and to provide them with flimsy shelter. Government have been pressed to act more speedily and more generously with emergency assistance.

No one can or should be indifferent to human suffering and the death of people from starvation; malnutrition is a scandal in our prosperous times. But as responsible citizens, as informed people having an interest in the development process, we must try and understand the causes of the African crisis and we must find reasons to sustain the interest of public opinion - beyond the present crisis. Governments must have the public support which they need to pursue a development effort in Africa which will be difficult and will be a long-term undertaking.

To illustrate the point which I would like to make, I shall deal with the situation in the West African Sahel, ie: eight countries which include the Cape Verde Islands, Chad, Senegal, Mauritania, the Gambia, Mali, Niger

and Burrkina-Faso. These eight countries are included in a permanent consultative group, the Club du Sahel, created under the aegis of the OECD which also includes all the large donor agencies having programmes in this region, a consultative group of which Japan has recently become an active member. Many of the characteristics which apply to the countries of the West African Sahel can be extended to the East African Sahel (Sudan, Ethiopia, Somalia, Djibouti) with, in these particular cases, the additional problem of war, and to some other countries of Africa.

Famine situations in Africa - and especially the Sahel

Sahel is an Arab word which means border of the desert, a place where life becomes again possible for man, beyond the sterile sands of the Sahara. Countries having a Sahelian territory have always been submitted to cyclical droughts and as far as we know, these droughts will always take place from time to time.

There was a major drought in the West African Sahel between 1968 and 1972 which deeply perturbed the whole area. Subsequently, the rains came back but rainfall was never very abundant or well distributed between 1973 and 1983 although there were, of course, wide variations between countries, regions and years. In 1984, there was again a major rain shortfall especially in Niger, Chad and Mauritania. In those three countries as well as Northern Mali and Northern Burkina, there are serious situations of famine and malnutrition.

During the past 10 years, however, we have been able to delve quite deeply into the economic and social situation of the West African Sahel and we have come to understand the causes of the recurring crisis - which does not imply that we can solve them over the short or even the medium term.

Does famine occur because of insufficient resources ?

One of the first questions which occurs to observers in respect of the West African Sahel is: does famine occur because there are insufficient resources to support the population? The answer is negative. The Sahel has land, water and an active population which could, as has been done elsewhere, be trained to exploit and manage the existing resources.

There is a fair abundance of land for rainfed agriculture which can be put into production either around existing villages especially in the better watered areas of the south. There are untouched new lands which can be developed for instance in Burkina-Faso, in Eastern Senegal and in some parts of Mali. Furthermore, techniques of production, farm systems are so traditional that a great deal is possible to increase productivity.

There are enormous quantities of land available for irrigation in the Senegal and Niger river valleys, in the Gambia and in other areas. Irrigable lands have been estimated at 2 million hectares, the greatest expanses being in Mali. Yet, at the present time only about 100,000 hectares are cultivated under total water control and about 150,000 hectares under partial water control. Small irrigated gardens can be created around wells on a very large scale. The productivity of irrigated agriculture could be increased many fold with improved management and maintenance.

There is a great deal of livestock in the Sahel which represents a potential resource for local consumption and for export to the coastal countries in Africa. The management of livestock is still very traditional: animals tend to be decimated in times of drought, re-stocked in times of better rainfall and destroyed again if rain does not come, but this pattern could also be changed.

Fisheries are a potential resource especially in Senegal and Mauritania and indeed are being developed to a certain extent in Senegal. But coastal countries have tended to sell their fishing rights at low prices to foreign companies and have not yet taken adequate advantage of that important possible contribution to feeding their population.

The ground cover, the forests in the south, the brush in the north used to be a major resource for construction wood, firewood, food for animals, house cover and for soil fertility but, in many areas, desertification is spreading fast. Desertification is not, as many people believe, the Sahara spreading southwards. It is a much more complex process involving poor management of agriculture, of livestock, of water, of energy as well as poor education and information of the people and poorly conceived government policy. Desertification is a very complex system which cannot be changed easily.

If the Sahel has resources which can be put to good use, why do we have recurrent or endemic situations of malnutrition and famine? Why is economic and social progress so slow? Why is the Sahel becoming more and more dependent on imported food - a fact which stretches much beyond the Sahel, extending into most of Africa? Is drought the principal factor of the present situation? This would be much too simple an answer. Drought is a factor but only one among many and it is a factor which could be overcome.

The population factor

One factor which stands out among the many factors causing slow progress and rising dependancy on food aid from outside is the growth of population and its poor distribution.

Demographic data are unreliable in Africa but in the West African Sahel population growth has probably exceeded 2.7% per year over the last decade.

The distribution of population over the Sahel is quite uneven mainly due to climatic constraints. The density of population is almost nil in the desert and sub-desert zones and increases on average as one moves south to increasingly watered regions. However, neither climatic data nor agricultural resources alone explain the present distribution pattern. In Burkina, the Mossi Plateau is more densely populated than the South West of the country which is better endowed by nature. The eastern part of Senegal is almost empty, whereas the groundnut basin which is dryer is heavily populated. There is constant movement and internal migrations in the Sahel and the map of the population undergoes perpetual change.

One of the most disturbing factors in population distribution is the growth of cities. In 1960, urban population in the Sahel was about 7% of the total; today, almost 20% of the population lives in urban areas. A simple extrapolation of present trends gives a 30% urbanized population by year 2000 about one person out of three will live in a town.

At the end of 1984, the population of the Sahel was estimated at some 35 million. If current trends continue, the population will reach 54 million in 2000 and 70 million in 2010 of which 40% in cities. During the first decade of the next century, the population might increase by 16 million: this increase would represent the equivalent of the total population of the region at the end of the 1950s, in the period preceding national independence.

An accelerating population growth rate is a unique feature of the Sahel and other countries south of the Sahara. Elsewhere, in the Third World, starting at the end of the 1960s and the beginning of the 1970s, high growth rate trends slowed or were even reversed.

Today each farmer must feed 3 persons. In year 2000, each farmer will have to feed four persons.

The population growth rate has had a tremendous influence on economic and social trends, on the destruction of traditional social patterns, on the departure of young people to cities and abroad, leaving farming to older men and women. It has had a tremendous influence on the consumption of energy which, in the Sahel, is represented by firewood for between 80% and 90% of total needs. It has also influenced consumption patterns: city people want bread (while wheat cannot be produced in West Africa) and rice which is mostly imported from abroad.

Insufficient priority for the agricultural sector

Another cause of famine and malnutrition and of growing food dependency in the Sahel - and elsewhere in Africa has been the insufficient attention given by governments to the progress of the agricultural sector.

It is difficult to find reliable statistics for quantities of cereals produced in the West African Sahel: Production may amount to 4 to 5 million tons, depending on the year, but the most important factor is that productivity is increasing at a much slower pace than population growth. Food imports, either through direct purchase or food aid offer dramatic proof of growing food dependence. At the beginning of the 1960s, no more than 200,000 tons of grain per year entered the region. Towards 1970, this volume amounted to around 400,000 tons with a peak of 1 million during the drought. In more recent years, food imports have amounted to over 800,000 tons - probably 1.3 million tons in 1984 and 1.5 million will be imported in 1985. There have been major fluctuations from year to year but the trend has been on the increase so that in the period 1983-85, the Sahelians' daily food supply will have depended upon foreign farmers - mainly American and European - for close to three months out of the year, yet foreign contributions have not prevented occasional acute shortages.

Why has this happened?

Drought has been a factor but only one among others, perhaps not the most important. What other factors can we identify?

Firstly, insufficient interest on the part of governments for the agriculture and for the restoration of the ecological balance, although about 80% of the people still live in the agricultural sector.

Agricultural policies which represent a complex system involving prices, trade in cereals, storage, input prices and distribution systems, articulation of the system with food aid, training and research systems etc. provide evidence that policies in the Sahel and often elsewhere in Africa have not been geared to increasing food production and productivity.

Although some significant and positive changes are taking place, food prices are still too low to provide incentives to farmers; trading systems, up to very recent times, have been the monopoly of inefficient government cereal boards, on-farm storage has not been encouraged. Large parastatals which were set up to manage major projects have not been in a position to deliver inputs to farmers who have not received seeds, fertilizers, tools, pesticides in sufficient quantities or at appropriate periods of the year. As a consequence, farmers have tended to keep to their traditions, avoiding undue risks and have produced essentially for their own consumption. They have not responded to opening and growing markets in the cities whose needs, as a rule, have been met with food aid and commercial imports.

I would like to say a special word about research, particularly on farming systems and on locally produced food crops such as sorghum, millet and corn. There is growing evidence that a dominant cause of lack of agricultural progress is the fact that 60 to 80% of the agricultural labour force works at very low levels of productivity. While yields in Asia and Latin America have increased since 1965, those of Africa have remained stagnant. The Green Revolution Technology has hardly touched Africa. For example, hybrid sorghum varieties from India have not been successful in

Burkina, Niger and Mali because of unforeseen problems such as disease, variability of rainfall and poor soils. Knowledgeable observers now agree that African farming systems are very complex and that the development of suitable technical packages requires location-specific research by multi-disciplinary research teams which should be supported by strong national research programmes on the staple food of each country but much of this effort is yet to come.

Insufficient interest in ecology and reforestation

Another major factor in the endemic and sometimes acute situations of malnutrition and famine is the degradation of the environment: soil degradation, cutting of trees and of the vegetation cover, over-grazing of livestock, disappearance of traditional fallow-land practices, etc. As one observer has put it: the Sahelians live on their land - and this feature extends throughout Africa - as if space and resources were forever renewable and infinite which, because of rapid population growth, is no longer the case.

The biological equilibrium that existed between man and nature in the Sahel is no more than a memory. A host of indicators show that stability no longer exists and that the environment is deteriorating under the pressure of irregular rainfall, deteriorated pastureland, impoverished soil and accelerated deforestation.

All indicators point to a single problem: the extraction of natural resources from the environment by herds, crops and woodcutting, in order to satisfy the needs of a growing population, have outstripped replenishment. Furthermore in the regions with the most delicate balance, the water deficit is an added impediment to the rehabilitation of the natural environment. Every year, the Sahel and many other African countries consume part of their natural patrimony for subsistence, although in order to support a growing

population, the region should consolidate its natural resources, as is being done in other parts of the world.

Ecological degradation contributes considerably to malnutrition and famine. Populations can no longer use plants, leaves, fauna which improved their diets. Animals are without fodder, soil fertility which is closely linked to the presence of trees, declines and populations flee to cities where they swell the shanty towns on the outskirts.

What can be done?

I have painted a bleak picture yet I would not like to leave you with the impression that nothing can be done; that the Sahel of West Africa and of East Africa and many parts of Africa are condemned to food dependence, to deforestation, with deteriorated farm and pasture land, with vast semi-desertic zones which will be less hospitable to man than ever before. This vision of the future is not acceptable. So what can be done?

Firstly, we must understand that Africa's current food and ecological crisis is long term in nature. It has been building up for two decades and it will take two decades or perhaps longer to be reversed. We must understand that the causes of this situation are complex and inter-related and that they cannot be attributed to either one factor or a set of factors. The present crisis cannot be solved by crash food aid programmes, crash food production or reforestation projects or a doubling of foreign aid. Since the food and hunger crisis has been in the making for 10 to 20 years, viable solutions to the crisis cannot be found without facing up to a number of difficult political, structural and technical problems over the next several decades. These difficult problems must be faced by the Africans themselves and by the donor community who must act together to correct them.

A new African strategy

African leaders have reflected on the strategies which they should adopt to reverse the present unfavourable development trends and are much more conscious today of the policies which they should implement.

The first goal of a new African strategy should be to ensure that the men and women regain control of their own growth and land use and, once again, play an active role in their own development.

Population increase which is such a disrupting factor should gradually be controlled but that can only be done over the long-term although some governments are becoming more open to change in population policies. But other measures could be introduced more quickly. Populations must be much more intimately connected and involved in their own development as central administrations and technicians gradually divest themselves of many development functions. Henceforth, African governments should provide leadership and promote more individual initiative. They should help populations exercise responsibility and develop their capacity for service. Providing information to people, providing training to change production systems, improving living conditions particularly health care, water supply and housing should become clear priorities for African leaders.

The second goal of a new African strategy should be to rebuild a sound economic base which will make it possible to reverse current trends towards a deteriorating food situation and increased dependence. I am alluding specifically to correcting the growing trade imbalance, reducing the growing cost of financing the public sector and stimulating national saving.

A sound economic base is absolutely necessary to the progress of the agricultural sector but there are also many specific measures which can accelerate such progress: creating good socio-economic conditions which

will help farmers sell their production and acquire the necessary inputs, supporting farmer organizations, research policies and credit policies.

The third goal of a new African strategy should be priority to restoration of the ecological balance.

Neither governments nor foreign aid can unilaterally develop a new ecological balance. Only the herder can save his pasture land, only the farmer can save his field and they alone can save the trees that produce wood. Rural populations must receive the support of national authorities to protect their environment.

Encouraging and helping rural populations should be couple with many other measures some of which will be measures of protection which have to be understood and enforced, others of research, of saving resources particularly conventional energy sources, of creating an appropriate economic and legal framework, particularly a new land tenure system, and all those policies should, of course, have a long-term horizon.

If these strategic guidelines are implemented gradually, if government administrations begin to regard their role more as one of soliciting individual initiative, and supplying useful models and frameworks, rather than participating directly in development, the relative size of national structures will decrease. Slowed growth in public spending (which had become disproportionate with respect to the productive base) and development of domestic savings, in order to obtain a higher ratio of investment to national production are conditions for reestablishing a sound economic base.

A new donor strategy

Given the long-term nature of African problems and the mixed records of aid programmes, the African present willingness and capacity to change should be accompanied by simultaneous changes in donor policies. I shall limit my remarks to four changes which I consider most important.

It is likely that Africa, and the West African Sahel in particular, will need food aid for a considerable period of time not only because of natural or man made disasters but because agricultural progress is slow. The donor community should make a concerted and coordinated effort to use food aid constructively: negative effects must be minimized and positive effects maximized. The knowledge is available to emphasise food for work, to foster south-south trade in cereals and to use the counterpart fund, generated by food aid sales for development objectives. The constructive use of food aid is a matter of organization and coordination.

Aid should be redirected towards, the priority sectors of development. In the West African Sahel, the amounts granted to the agricultural sector still represent too small a share of official development assistance; four percent for rainfed agriculture, eight percent for irrigated agriculture and less than two percent for ecology and reforestation. Granted that projects and programmes for agricultural development are difficult and cannot succeed without appropriate domestic policies but this is not a sufficient reason to select easier projects.

African and donors should act as equal partners with a much clearer understanding of their respective responsibilities. The analysis undertaken in the Club du Sahel framework have shown that common action, are required to correct present economic and social problems in Africa:

- action by the Africans, the farmers, the herders, the villegers who

are directly concerned and ready to change if they have the right environment and incentives;

- action by the African governments as they alone have the capacity to create a sound environment through appropriate policies,

- action by donors to guarantee an adequate volume of good quality assistance and to respond flexibly to changing need, and opportunities.

Lastly, coordination of aid policies should be put into practice so that efforts converge in the direction of agreed objectives.

Japan has a great deal to offer to Africa due to its own remarkable development record and its experience in other parts of the developing world. Africa and the international community look forward to the growing interest of Japan in a major but a very constructive challenge.

INTRODUCTORY REMARKS: THE AFRICAN CRISIS

DAVID G. GREENE

I am very pleased to be here with you and would like to thank the Japan International Cooperation Agency and the Institute for International Cooperation for the kind invitation. I believe that this seminar is particularly opportune, in view of the decision by the Government of Japan to increase its assistance to Africa. It is very important that Japan, which is now a major source of assistance to developing countries, also increase its understanding of the problems faced by the nations of the African continent, in order that the aid so generously offered have the maximum possible positive impact. In recent months there has been increasing attention worldwide to Africa because of the human suffering resulting from the famine in Ethiopia. This tragic situation has brought forth a massive program to provide immediate relief.

This emergency aid is vitally important in the short term in order to save lives. However, Sub-Saharan Africa is in the midst of a long-term crisis, of which the tragedy in Ethiopia is only one very visible symptom. Urgent action is needed to meet this long-term crisis if future tragedies are to be forestalled. Africa needs the support of the international community on a long-term action program to revive growth of per capita income and eliminate poverty. In this respect, it was very gratifying to hear of the success of the Paris conference in establishing a special Fund for Africa.

Let me now say a few words about the dimensions of Africa's problems and their causes, as we in the World Bank see them.

Africa's Long-term Economic Crisis

Africa's economic situation and social indicators began to deteriorate in the 1970's and continue to do so. Only in Africa has there been a generation of declining per capita income. The average annual rate of growth of domestic product for all of Africa was 3.6% between 1970 and 1980, but domestic product has declined every year since then. With population growing at about 3% per year, per capita income in 1984 was below its 1970 level. Agricultural output per capita has continued to decline and food imports have increased. Food imports now provide about a fifth of the region's cereal requirements. This means that the equivalent of the entire urban population of the region is being fed by imports. Today, even if all the food available in Africa, including imports, were divided equally, it would not be enough to meet minimum per capita caloric requirements. Much of industrial capacity lies idle because of falling domestic demand, poor investment choices and inadequate foreign exchange for materials and spare parts. Much of the continent's economic and social infrastructure is deteriorating and the efficiency of key institutions is being undermined.

Causes for worry show up in virtually all major economic data: per capita incomes continue to decline; fiscal and balance of payments positions continue to weaken; debt, low by comparison to some countries in Latin America, has become unsustainable by many poor African nations, as

evidenced by the large-scale rescheduling of recent months; foreign exchange reserves are dwindling and import of materials to maintain food production and complete projects, necessary for generating the capital needed to revitalize the economies, are in short supply.

Putting all this in more human terms, the average per capita income of about US\$400 for Sub-Saharan Africa translates into one-half to three-fourths of the population living in absolute poverty, that is too poor to obtain a calorie-adequate diet. Death rates are the highest in the world and life expectancy at birth is 49 years, compared to 75 years in the world's industrial countries. There is only one nurse for every 3,000 Africans and one doctor for every 21,000, compared to one nurse for every 140 people and one doctor for every 520 people in the United States. Fifteen to twenty per cent of the children die before their first birthday. Children under 15 already constitute almost 50% of the total population, placing tremendous pressures on educational facilities and future employment creation. Yet, twenty percent of school age children in Africa are not enrolled in school.

Causes of Economic Deterioration

Now let me say a few words about the causes of these problems. Let me start by saying that they are a complex combination of basic constraints which existed at the time of independence, external factors and

problems of economic policy and development administration. Let me also remind you that Africa is not homogeneous. The approximately 380 million people of Sub-Saharan Africa live in 45 countries ranging in size from fewer than a million inhabitants, to about 91 million in Nigeria and, in size, from 2000 square kilometres (Mauritius) to 2.5 million (Sudan). Some are oil and mineral rich, some entirely agricultural. Some have dense rain forests, others are semi-arid; some are landlocked, others coastal. They encompass a wide variety of political and economic systems.

Nevertheless, they share some important characteristics. Their economies are small, specialized and open. Usually 70% of the population is engaged in land intensive agriculture. They are diverse ethnically. They have become independent fairly recently. They have very high rates of population growth and they share certain common policy problems, especially those concerning rural development, industrialization and trade.

Looking at the basic constraints to development, we find: first, a weak human resource base, lack of technical, managerial and entrepreneurial skills, due to neglect of education during colonial times; second, political fragility resulting from newness of independence and diverse cultures and languages and a lack of national integration; third, a heritage of uneven, dualistic development, weak infrastructure and subsistence agriculture; fourth, generally unfavorable climate and

geographical factors (tropical soils which are fragile and deficient in organic materials, only one fourth is well watered); finally, a problem about which I will have more to say later, extremely rapid population growth.

The external economic and financial environment has been, and remains, hostile. Beginning in 1973, African oil importing countries experienced a pronounced worsening of their balance of payments. The situation worsened with the second oil price shock and the ensuing economic recession in industrialized countries. This recession resulted in declines for the demand for and prices of Africa's exports, especially minerals and primary products. Between 1973 and 1982 low-income Africa lost as much as 21% of the purchasing power of its exports. Access to credit and private investment was reduced and that which was available was short-term and high real interest rates. Debt and debt service has mounted. At the same time, the available volume of concessional aid has fallen, partly as a response to unemployment and budgetary problems in the donor countries and partly as a result of growing dissatisfaction with the results that aid has achieved - so-called aid fatigue. On a net basis the fall in aid has been greater, as repayments have increased. Moreover, as recovery began to get underway in industrialized countries, the benefits have eluded most African countries. Demand for their products has not picked up significantly, prices remain low, interest rates remain high and aid continues to stagnate.

There is a growing realization that domestic policy deficiencies have been important factors in Africa's slow growth. In general, inadequate attention has been paid to efficiency of resource use. Policies have not provided producers with incentives for efficiency; they have eroded incentives for agriculture; they have encouraged building of inefficient and import-dependent industry; they have made exporting much less profitable than producing for the domestic market; they have allowed public enterprises to grow irrespective of their ability to manage effectively or make good use of the scarce resources entrusted. Public investment programs have been allowed to grow too large and investments have been poorly screened and monitored. Maintenance has been neglected and there has been a reluctance to stimulate traditional community activities (small farming, informal production and trade) and the private sector. Most important is inattention to agriculture as a primary sector for growth.

Hope for the Future

What are the prospects? Without a more supportive external environment, including increased concessional assistance, and domestic policy change, Africa's future is bleak. The World Bank's recent World Development Report projected scenarios which showed continued declines in per capita income through 1995. By 1995 the average African would be poorer than he was at the time of independence. Yet this is not the

essential message I want to convey. While Africa is undoubtedly in a crisis, it would be wrong to conclude that today's problems are also tomorrow's prospects. We must not lose perspective. We must remember how recent the development process is to Africa, how young the states, how fragile the institutional structure and how limited.

In some respects, the prospects for much Asia, viewed from the end of the 1950's, were as bleak as those of Africa. In the 1960's, India and its neighbors were forced to import massive amounts of food. There was every reason to believe that population growth would continue to outstrip food production. Yet most of South Asia has achieved food security. Economic growth has at least kept pace with population growth and many cases far exceeded it. Many countries have been able to expand exports and establish strong industrial sectors. A combination of strong policy reform programs and appropriate external support has turned the situation around. It can also in Africa, although the difference between the two situations is large and our expectations as to the time required must be more modest.

The economic performance of Africa has been poor, but not uniformly so. There have been bright spots. Many countries, both middle-income (e.g. Ivory Coast, Cameroon, Botswana) as well as some of the poorest (Rwanda and Malawi) have performed well for some time, achieving real average annual growth rates ranging from about 5% to over 12% between 1970 and 1982. This success has been achieved by a combination of factors,

including implementation of sound investment programs, maintenance of appropriate economic incentives and timely corrective action when economies are subjected to external shocks.

The promising performance of countries such as these serves to illustrate that in spite of daunting external and domestic constraints, marked progress can be achieved when sound domestic policies are supported by a timely supply of coordinated external assistance.

The question in Africa is how this pragmatic approach to development - the flexible management of the economy, the realistic alignment of objectives with available resources can become the hallmark of more governments. There is some reason to be optimistic about this; country after country is trying to implement programs of adjustment and recovery. A consensus on the nature of the problems and the essence of solutions is emerging. We in the World Bank are grateful to find that our analysis and call for action toward sustained growth in Sub-Saharan Africa finds itself in an emerging mainstream of African thinking.

AID TO AFRICA: LESSONS FOR THE FUTURE

DAVID G. GREENE

To change the current dim prospects for Africa is a long-term task. It requires a better policy framework, a heavy investment in human resources, and much greater emphasis on technology development and its application. There are no magic solutions nor will there be instant results. It will have to be a pragmatic, step-by-step approach to build on existing strengths and to eliminate the distortions of the past. The first such step is to assist those countries which are ready to implement realistic and efficient programs of reforms.

Within the donor community too there also is need and hope for change - for a more supportive, disciplined approach. We have also recognized our failures and deficiencies. These have not been minor and they have contributed to Africa's problems.

Most of the new investment in Africa over the past two decades has taken place with the participation of the donor community. The pressures donors have put on governments to accept projects in which they have commercial interest, the inappropriate designs, the lack of coordination among them and the disregard for national priorities and comparative advantage have contributed to low rates of return. Too often projects have been financed without adequate regard to long-term priorities or the ability to operate them efficiently. And it is no satisfaction that some of these activities were financed by exports credits rather than aid funds. Donors have continued to prefer new investments long after it

became clear that budget revenues would be inadequate even to maintain past investments. Donors have in pursuance of the preferences of aid agencies or commercial interest of export credit agencies, undermined the authority of core ministries, rather than strengthening their discipline.

Africa has received many advisors and consultants, but who can claim that these have been the best and the brightest. Too many have technical knowledge which is outdated and their contribution is minimal. African Governments and agencies were not in a position to demand quality and too often donors permitted their second and third best to make their careers in Africa.

The design of projects too often ignored the fragility of African institutions and the scarcity of skilled manpower. And too often, projects have reflected the perceived priorities of many donors rather than being formulated within a coherent national strategy. And, perhaps most important of all, African countries have not been held to the standards of performance common elsewhere in the world, including other low-income countries.

So it is time for us - as well as for African Governments - to undertake necessary reforms.

The prospects for growth in Africa are considerable. The

opportunities of present technologies are far from exhausted and much can be done to expand the knowledge base. The problems of the past are behind us. There is little purpose to be served in assigning blame. The important thing is that the lessons have been learned.

A Program for Action

The Bank has outlined a program of action. The substantive essence of this is, by now, widely shared. It involves a focus on agriculture because of the scope for increased yields with present technologies and because it is by increasing productivity in this sector that the lives of most people can be affected most directly.

It suggests a policy framework which stresses efficiency of investment and private innovation through prices which reflect production costs, and through reductions of bureaucratic controls which benefit the rich rather than protect the poor.

It emphasizes the practical limitations on the management capacity of governmental institutions and the need to tap and foster the ingenuity and drive of the private individual, be he farmer, in services or in industry.

But above all, the Joint Program for Action is an

approach to be applied at the country level. It involves the careful definition of a realistic set of country investment and expenditure priorities and a reorientation of the incentive framework. If this process is started it can yield substantial change - and a resumption of growth. To be successful it will require the collaboration of all participants.

The Joint Program for Action requires action by both the African Governments and by donors.

The Role of Government

African Governments are called upon to prepare national programs of rehabilitation and development, which specify priorities and corresponding policy reform. This is no easy task and not all governments have the capacity to do this independently. Nor should the exercise degenerate into endless studies and long-term preparatory work. In most countries the more obvious distortions are well documented; the direction of change is clear. Fine tuning can come later. And in countries where capacity is limited, one can start with a single important sector, such as agriculture. The objective is not comprehensiveness, or intellectually polished five-year plans, but to begin to infuse a new approach into the political and administrative decision making process, to begin to change the incentive structure, to begin to make more effective use of existing resources.

An essential element of such programs of rehabilitation and development is the review of the public investment and expenditure programs. They must be realigned with a realistic assessment of resource availabilities and with revised development priorities.

The Role of Donors

Donors, to support this restructuring in Africa will need to take several important steps. They should gear themselves up to have the resources and quick response time to support Governments undertaking painful policy reforms, by providing timely assistance - including assistance which is not linked to specific identifiable projects.

They must recognize the need to emphasize maintenance and rehabilitation of existing investments for several years. New investment opportunities will be limited.

Donors should support, on a long-term basis expanding programs in health, family planning, education and agricultural research and help formulate efficient, low-cost programs in these areas.

Donors must help to coordinate aid activities better to ensure that scarce external capital supports national priorities and policy change.

More than this, the donor community is beginning to see the need for a changed approach in supporting Africa's development efforts. In financing projects, greater attention needs to be paid to long-term priorities and operational and financial viability, rather than to the preferences of aid agencies or the commercial interests of export credit agencies. Projects must reflect national priorities rather than donor priorities and must take into account the scarcity of skilled manpower and limited budgetary resources of African countries.

We believe that this is essentially a realistic program, based on improved performance of countries and improvement in quality of aid rather than massive expansion of capital flows. But expanding aid programs are necessary simply to maintain the 1980-82 level of net capital flows in real terms. Structural change and policy reform holds out the prospects for increased production and reduced dependence on aid. But it would be dishonest to believe that such changes can be accomplished with declining capital inflows now.

Many countries are working to elaborate a well-defined development strategy, including adopting policies for profound structural adjustment. We expect many others to follow this route.

Given urgent need for action and resource scarcity, concentrated efforts should necessarily focus on countries, sectors and individual

lending operations which promise the greatest returns. This implies three things: One a reorientation of routine aid programming, a programming which in the past has failed to take account of performance. It requires a willingness to consider a reallocation of resources between countries, to increase the support for those undertaking reform, and a greater flexibility to reflect the priorities between new investment and maintenance; Second, it requires meaningful coordination; Third, it requires an internationally administered fund, as we have suggested, to provide a quick response capacity based on a professional assessment of structural adjustment efforts. This fund should supplement, not substitute for, increased bilateral assistance for Africa, in support of policy reform.

Meaningful coordination must include: (a) a mechanism to systematically evaluate the priority development needs identified by the borrowers; (b) a mechanism where donors make monitorable commitments in support of specified priority development needs over a 'reasonable planning horizon' (I should note here that what we mean by 'monitorable commitments' is that the borrower has a right and need to know what the availability of external resources will be.); (c) willingness to adjust policies and procedures to enable donors to reallocate resources in support of redefined priorities when necessary, to provide financial support for rehabilitation of existing facilities, operation and maintenance, and to provide increased program assistance in support of agreed economic reform programs. Participation in local aid coordination groups can focus on sectoral investment and

policy issues, linking assistance to the country in the formulation of its sectoral programs to decisions by donors at Round Tables or Consultative Groups for support of the overall country program. Finally, officially supported technical assistance and export credit programs must increasingly be placed in the context of a coordinated priority oriented development plan. Beside support for policy reform, greater flexibility in forms of aid and better coordination of aid, more aid is necessary.

The World Bank has requested that a special fund of US\$1 billion be established. This amount is based on our estimate of the minimum necessary to support structural change. Factors which drive up external capital requirements, particularly in countries with structural adjustment programs in place, outweigh the factors which will reduce these requirements. Obviously, specific aid programs need to be developed for each country. This requires careful consultation with the country concerned and can best be done in the framework of Consultative Groups and Round Tables.

The financing required can be met in several ways. Although much has been done in the way of debt rescheduling, there is room for some additional measures as the numbers indicate. It is a matter of urgency that bilateral assistance programs increase resources to the low-income countries of Africa as rapidly as possible and particularly to those which

have agreed to, and are now undertaking, effective policy reform measures. Additional resources can be provided both efficiently and quickly through use of existing multilateral channels. These have the capacity to provide financing in support of monitorable medium-term adjustment programs.

What the Bank is doing

In order to put in place the framework to support African countries to continue the movement for policy change and to help organize a coordinated response, a budget supplement has been approved by our Board. It will increase our missions in Africa to better assist countries in national economic management and the reformulation of policies and investment programs. It will allow an increase the size of field offices, to better support local aid coordination efforts. It will increase our funded technical assistance. It will enable us to increase the efficiency of Consultative Groups and Round Tables. These fora have the same objective and we are working to ensure that they are equally efficient and policy oriented. It will enable the bank to expand our analytical support for Africa, including addressing the long-term issues of desertification, population growth and institutional development: It will provide for expansion of agricultural research (ICRPE) at regional and subregional level. It contains a Special Project Preparation Facility, providing funding on a grant basis to supply preparatory work for projects to be financed by the Bank and other donors. This facility is also open to other donor contributions.

To sum up, within Africa , serious efforts at structural change must be continued. They must be supported and rewarded. To treat good and poor performers alike does not recognize the scarcity of resources and devalues the process.

Bilateral aid programs for low-income Africa must be increased beyond what is now envisaged.

Aid programs must recognize that for the next several years new investment projects will be few. The emphasis must be on maintaining present infrastructure, developing human resources and improving the efficiency of the existing investments.

To assure the effectiveness of aid we must make aid coordination a practical reality.

And finally, to supplement bilateral efforts, a multilateral fund is necessary to underpin a disciplined approach to policy change, and to provide the necessary capacity to respond.

APPROACH OF JAPANESE AID TO AFRICA

MASAYA HATTORI

My subject today is the approach of Japanese aid to Africa. I shall speak on the approach necessitated by the decision to grant additional Japanese aid directly, rather than through international financial institutions. I shall cover three topics:

The basic attitude toward development that we should adopt;

The attitude we should adopt toward the beneficiaries; and

The importance of policies of the recipient governments.

Originally I was of the opinion that the additional aid to Africa should be channelled through international financial institutions, such as the World Bank and the African Development Bank. Yesterday, an official of the Ministry of Foreign Affairs stated that direct aid to Africa would be difficult because we have very little knowledge of Africa, we have very little experience in aid to Africa, and finally because Africa is not a continent where Japan has vital political or economic interests. I agree with all of these points. In view of those difficulties, direct Japanese aid to Africa is likely to be inefficient and even ineffective. I have two additional reasons for preferring the channelling of the additional aid through international financial institutions.

The first and principal reason is that the international financial institutions are the pillars of the present international economic system of free economic exchange and interdependence. As the second economic power of the world, and as the nation that has benefitted most from this system, it is Japan's responsibility to contribute her share towards maintaining and strengthening the system and its institutions. Support of the African nations is an action of international interdependency; the international financial institutions have aided African countries and are planning to reinforce their

action there. It seems logical and more efficient for Japan to channel its financial resources for additional aid to Africa through those institutions.

The second reason is that Japanese, when dealing with the outside world, tend to see it as if it consisted only of Europe and America. They seem even to forget they are Japanese. So, if that is the case, there would be no special merit for the recipient countries for Japan to give its aid directly, since it would be a poor imitation of past European or American aid.

However, it is not my intention to criticise the decision. If the Japanese could adopt a proper attitude and take proper action, the decision could result in much benefits to the recipients. I shall therefore ask you to see the decision as the great challenge it is, and discuss how we should approach direct aid to Africa to respond to the challenge.

My first broad topic will be the attitude toward development in general.

First of all, I wish to say that a strict line should be drawn between international charity and international economic cooperation. This distinction is important today because of the intense attention attracted by the drought and starvation problem in Africa. Emergency food grants are required to alleviate immediate hunger. However, that is charity, not aid. Aid as international economic cooperation seeks to help promote development in the recipient countries, so that hunger will not occur in the future. Charity, if overdone, can be harmful, in that it can create charity dependency. Indeed, there are many cases where food aid has hindered the development of local food production. The Japanese additional aid to Africa must have as its objective, the self-sustained development of African nations in the framework of international interdependency.

Secondly, there must be a belief in the commonality of the development value system. Too often we hear the difficulties arising from differences in the value systems. I doubt very much whether the basic value systems relevant to development are different among nations. If the objective of development aid

is defined as closing the gap between the North and South, I would agree that that value is unlikely to be shared by all people. I would even say that this philosophy has distorted economic cooperation. However, if development is defined as a better tomorrow than yesterday, and a better life for your children than for yourself, that objective is certainly shared by almost all mankind. Development aid should be based upon the belief in this commonality of development value or objective. Too often difference in values are cited as an alibi for inaction, or an excuse for failure. In most cases, the failure is due to inappropriate planning or action.

It is true that there are differences in cultures, economic behavior and social customs, due to the nation's history, geography, climate and other conditions. These differences need not be absolute obstacles to development. On the contrary, once the conditions for economic development are in place, the native customs often provide a viable base for development.

The third thing necessary is the faith in the universality of human rationality. As mentioned before, the differences in the particular environment of each culture gives rise to different behavior patterns. The unprepared foreigner will find the different behavior strange, and when he is not fully guarded against the prejudices that all human beings are susceptible to, he will judge them irrational. Too often the apparent irrationality will be explained as due to the Africans being different from us. Since this explains anything, it solves nothing. Actually, when studied closely, the apparent irrational behavior will be found to be very rational behavior in the local conditions. What is needed is the faith that African are rational, and the persistence and patience in finding out the local conditions, which make people acting rationally, behave differently.

The fourth thing is that learning from mistakes in development aid is not sufficient; we must learn also from successes. Yesterday, in the seminar, it was suggested that we could benefit by studying the failures of the colonial experience. It is true that we can learn a lot from failures, and as you all

know, in the military services, it is the standard learning method. I would however add that this is a useful way, but not a sufficient way to learn how to succeed in development aid. In the military, the object of the study is war or combat, where one side won and the other side lost. Studying why one failed inevitably entails studying why the other side won. In development aid however, there is no other side. Study of failure does not entail the study of success. It is therefore necessary to study the success stories as well, no matter how small the country or project.

As study material, I would suggest that, rather than going through the trouble of digging into archives, we study a more contemporary source, the project evaluation reports of the World Bank. These reports are prepared by an independent department of the Bank, and the borrower's views are sought and included. Further, they not only contain factual information, but also an evaluation as well. One word of caution. These evaluations depend upon the evaluator's background and standpoint. Do not swallow everything said in those reports, try to form your own judgment. The reports were written by human beings with all the human shortcomings.

Lastly, remember that development is change. Although the past formed the present, and the present is the starting point for the future, the future is not the linear extension of the past. Do not fall into the mind frame that development is simply a question of doing yesterday's production tomorrow in a more efficient way. African nations, like all other countries, must adjust to the changes in the world environment, and even preempt them. For this aspect of development, the Japanese should be eminently suited, since they have adjusted and preempted better than many countries. For that, however, it is essential that we stay truly Japanese when we execute our aid to Africa, not imitating Europeans or Americans.

The second broad topic is the attitude toward the recipients of our aid.

In the first place, it should be remembered that the beneficiaries of our

aid must be the people of the country. While the negotiations must be between governments, and the execution through the receiving government, our aid must be for the development of the people of the country. The receiving government is nothing but the channel for this aid. Therefore, it is not sufficient that the government request we finance a certain project. We must be satisfied that the project will be of benefit to the people. Otherwise, the goodwill of the Japanese taxpayer will be wasted. Not infrequently, foreign aid projects that served only to further the interests of the ruling powers, have become, after the government has changed, symbols of foreign collusion with a non-popular government. On the other hand, there have been cases where projects have been saved in the midst of rioting, because even the mob saw that they were beneficial to the masses.

The second thing is that the most important part of the development process is the formation of productive capital, which can only take place through profits. In many African countries there is a mentality that regards profits with suspicion, if not outright enmity. This is quite often shared by the foreigner who is confronted by the poverty surrounding him, and usually is there for humanitarian motives. He should remember that he is there to promote development, and that development cannot take place without profits. He should go even farther to discover that the profit motive is the most efficient way to mobilize the masses to the development process. In most of Africa, the disparity of incomes is much less than elsewhere. Further, the African nations, in spite of their poverty, have in general, one big advantage, namely the absence of rural indebtedness. This allows the profit mechanism to work without pushing the poor into desperate conditions.

The third thing is to have the persistence and patience to discover the rationality of local practices. This was mentioned before, but needs repeating because it is the basis for any dialogue. In this connection, be Japanese and do not swallow what other foreigners tell you. They are Europeans or Americans, or other nationalities, many have long experience in the countries. Yet, that

does not make them knowledgeable of local customs and practices. Above all, they usually have not made the effort to discover the rationality of the local populace. Here again I repeat: be Japanese.

The fourth thing is that we should not fall into the trap of over-classification. Somehow, there is the tendency to look at a farmer as the producer of crops alone. Train the farmer to make hoes, and immediately he is classified as being engaged in industry, and is expected to specialize in making hoes. Farmers should be seen as enterprise owners, principally engaged in farming, but capable of doing other things as well. The reason there were no smiths before may be the lack of skills. It may well be that independent smiths were not viable economically. They could be viable as a non-farming activity of a farmer.

Just after I joined the World Bank, I was given an assignment to design a small business financing scheme. I proposed using the commercial banks. I was overruled, and a specialized institution was set up instead. This was foolish, because the reason there was no small business financing was the great risks and high costs involved. However, the activity could be viable if handled by the commercial banks, since the risks and costs would be spread over its large traditional banking business. This is an example of the errors we can commit by the over-classification or over-specialization trap.

The third broad topic is the importance of government policies.

In many countries, not all of which are African, development is hindered by state action. Although the motivation was well-intended, many of the new African governments tried to correct what they saw as the evils of colonialism by installing a state managed economy. The results have been almost uniformly disappointing. State-run enterprises have been a failure over most of Africa.

State marketing has been inefficient, a drain on the Treasury, causing lower prices to the producers and higher prices to the consumers. More importantly, it has hindered the development of private trade, and discouraged producers.

Donor governments have the responsibility to persuade recipient governments to abolish inappropriate policies and to adopt appropriate ones. This is necessary, not only for accountability towards their own taxpayers, but also to ensure that the recipient countries derive the maximum benefit out of limited aid resources. It is difficult for the donor countries to do this individually. Sovereignty questions arise. Donor governments can be played against each other. It is therefore important that international financial institutions, with their credibility, play an important role in this policy dialogue. The World Bank is already active in this domain. Japan should coordinate its aid effort with the international financial institutions in this respect. Above all nothing should be done that may undercut the international institutions' efforts in this domain.

This does not mean that the international institutions have a monopoly on development wisdom. As with all things human, they have their normal share of faults, perhaps even more. It is Japan's responsibility to actively participate in the operations of the international institutions, so that they would continue to improve. Cooperation is not only a question of contributing money; it is also, and perhaps more importantly, contributing wisdom. For this, the Japanese should be eminently qualified to offer different viewpoints being neither European nor American. Further, if, as stated before, development is change, the Japanese certainly should know how to adapt to changes and to preempt them.

END

