But there is another lesson to be drawn. Until the political earthquake of November 8, 1994, I served on the Senate Foreign Relations Committee and chaired the Subcommittee on African Affairs. I learned to my chagrin, a little more than a year ago, that only 1½ percent of American economic aid to sub-Sahara Africa goes for higher education.

In our aid programs we have to meet emergencies—and Africa has more than its share of emergencies—but we also have to be looking long-term, and one of the ways that we help Africa long-term is to see to it that they have leadership in the future. One of the most effective ways to see that they have good leadership in the future is to make an investment in higher education.

I hope we reflect on the Tom Friedman column.●

RICH NATIONS CRITICIZE UNITED STATES ON FOREIGN AID

● Mr. SIMON. Mr. President, recently, I read a New York Times article titled ''Rich Nations Criticize U.S. On Foreign Aid,'' by Steven Greenhouse. It referred to a report of the Organization for Economic Cooperation and Development [OECD], and I ask that the article be printed in the RECORD at this point.

The article follows:

RICH NATIONS CRITICIZE UNITED STATES ON FOREIGN AID

(By Steven Greenhouse)

WASHINGTON, April 7—An organization of wealthy industrial nations issued a stinging report today criticizing the United States for moving to cut foreign aid when it already gives a smaller share of its economic output to such assistance than any other industrial nation.

The Organization for Economic Cooperation and Development, a Paris-based group of 25 nations, said the United States, once far and away the world's leading donor, was setting a poor example by cutting its aid budget and warned that the move might prompt other countries to follow suit.

Using unusually blunt language, the report said that ''this seeming withdrawal from traditional leadership is so grave that it poses a risk of undermining political support for development cooperation'' by other donor countries.

The report said the United States had slipped to No. 2, well behind Japan, in the amount of foreign aid provided excluding military assistance. The United States provided $9.72 billion in 1993, compared with $11.3 billion for Japan.

It said the United States contributed 15-hundredths of one percent of its gross domestic product for economic aid, putting it last among the 25 industrial nations. The average among these nations was 30-hundredths of one percent, while Sweden, Denmark and Norway all give 1 percent of their overall output to foreign aid.

J. Brian Atwood, Administrator of the Agency for International Development, the Government's principal aid arm, welcomed the report, making clear that he intends to use it as ammunition in the Clinton Administration's fight to persuade Congress not to cut foreign aid. At a news briefing today, Mr. Atwood criticized Congressional committees for proposing to cut $3 billion from the $21 billion international affairs budget, which includes State Department spending as well as foreign aid.

The report was written by the O.E.C.D. Secretariat and was overseen by James H. Michel, the chairman of its development assistance committee. Mr. Michel was an assistant administrator of A.I.D. in the Bush Administration.

Mr. SIMON. After reading the article, I asked for a copy of the OECD report, and it is a somewhat technical but important insight into our deficiencies.

Let me give a few quotes from the report:

A perplexing feature of the US development assistance effort is that while public opinion responds readily to situations of acute needs in developing countries (contributions to private voluntary agencies are among the highest per capita among DAC Members), there is no strong public support for the Federal aid budget. This may be explained in part by the fact that the public greatly overestimates the share of foreign assistance in the US Federal budget. According to a recent poll, the majority of respondents believe it to be around 20 percent of total US Government spending. In fact, USAID spending represents only 0.5 percent of the Federal budget and the US has the lowest ODA/GNP ratio among DAC Members.

Two other important points are made:

There is considerable apprehension in the donor community that some proposals may be given voice in the new Congress which raise the possibility of major cut-backs in US aid and even a turning away by the US from the common effort for development which it inspired over 30 years ago.

The second important point:

The US has accumulated substantial arrears both to the U.N. system and to be the multilateral concessional financing facilities, due to Congressional reluctance to approve the necessary appropriations. Plans discussed with Congress in 1994 to eliminate these arrears over the next few years are welcome. At the same time these plans appear to imply a reduction in US contributions to future financing of these agencies and facilities. This would represent a shift in burden-sharing to other DAC Members, and might have serious consequences for upcoming replenishments of the International Development Association (IDA) and the soft windows of the regional development banks.

But perhaps more telling than anything else is the percentage of gross national product [GNP] that is used for foreign aid among the 21 wealthy nations.

I ask my colleagues to look at this table, and I do not believe we can look at it with pride.

Mr. President, we are shortly going to be making decisions on our budget, and one of the questions is: Are we going to be less sensitive to the needs of the poor, both within our country and beyond the borders of our country?

I hope we will provide a sensible and humanitarian answer, that suggests we should be helpful to those in need.

The table follows:

Net ODA from DAC countries in 1993

[As percent of GNP]

Denmark	1.03
Norway	1.01
Sweden	0.98
Netherlands	0.82
France	0.63
Canada	0.45
Finland	0.45
Belgium	0.39
Germany	0.37
Australia	0.35
Luxembourg	0.35
Switzerland	0.33
Italy	0.31
United Kingdom	0.31
Austria	0.30
Portugal	0.29
Japan	0.26
New Zealand	0.25
Spain	0.25
Ireland	0.20
United States	0.15
Total DAC	0.30

●

AFRICA

● Mr. SIMON. Mr. President, the World Bank issues an annual report on regional perspectives.

Because I formerly chaired the Subcommittee on Africa for the Senate Foreign Relations Committee and have a continuing interest in that continent, I read their report on Africa with special interest.

There are some things that are worth noting.

One is that, excluding South Africa, the gross domestic product [GDP]—national income—grew by just 1.4 percent. That is a low growth rate for an area with a high population growth rate. Fundamentally, it means there is a continuing decline in the standard of living that should concern all of us.

The high debt burden they mention is also something to be concerned about.

They did note ''the political transition sweeping the continent, noting that a few years ago there were only six democracies in Africa and the number had reached 29 by the end of June 1994.'' But they also note in the story that while in general democracies fare better, some of them are having a difficult time, and there are exceptions to democracies faring better, including the repressive Government of Sudan.

Mr. President, I ask that the article be printed in the RECORD.

The article follows:

AFRICA

The year 1993, on the whole, was a difficult one for the countries of the Africa region, as gross domestic product (GDP), excluding South Africa, grew by just 1.4 percent. Although this represents an improvement over 1992, it is nevertheless disappointing, considering the region's high rate of population growth and the level needed for development. As in previous years, the countries implementing major reforms, and therefore benefiting from the Special Program of Assistance (SPA), saw their aggregate output increase by 2.1 percent, or more than the average for the region.[1] The sixteen core (or steady) reformers did still better, as their GDP rose by 2.8 percent; the countries comprising the CFA Zone, however, saw their economies contract for a third consecutive year.[2] A positive development in 1993 was that, on average, the low-income countries performed better than the middle-income

Footnotes at end of article.

ones, although neither group recorded an increase in per capita terms.

TABLE 5–1.—AFRICA: 1992 POPULATION AND PER CAPITA GNP OF COUNTRIES THAT BORROWED DURING FISCAL YEARS 1992–94

Country	Population [1] (millions)	Per capita GNP [2] (U.S. dollars)
Angola [3]	9.7	NA
Benin	5.0	410
Burkina Faso	9.5	300
Burundi	5.8	210
Cameroon	12.2	820
Cape Verde	0.4	850
Central African Republic	3.2	410
Chad	6.0	220
Comoros	0.5	510
Congo	2.4	1,030
Côte d'Ivoire	12.9	670
Equatorial Guinea	0.4	330
Ethiopia	54.8	110
Gabon	1.2	4,450
Gambia, The	1.0	370
Ghana	15.8	450
Guinea	6.1	510
Guinea-Bissau	1.0	220
Kenya	25.7	310
Lesotho	1.9	590
Madagascar	12.4	230
Malawi	9.1	210
Mali	9.0	310
Mauritania	2.1	530
Mauritius	1.1	2,700
Mozambique	16.5	60
Niger	8.2	280
Nigeria	101.9	320
Rwanda	7.3	250
São Tomé and Principe	0.1	360
Senegal	7.8	780

TABLE 5–1.—AFRICA: 1992 POPULATION AND PER CAPITA GNP OF COUNTRIES THAT BORROWED DURING FISCAL YEARS 1992–94—Continued

Country	Population [1] (millions)	Per capita GNP [2] (U.S. dollars)
Seychelles	0.1	5,460
Sierra Leone	4.4	170
Sudan [4]	26.5	NA
Tanzania	25.9	110
Togo	3.9	390
Uganda	17.5	170
Zaire [4]	39.8	NA
Zambia [4]	8.3	NA
Zimbabwe	10.4	570

[1] Estimates for mid 1992.
[2] "World Bank Atlas" methodology, 1990–92 base period.
[3] Estimated as lower-middle-income ($676–$2,695).
[4] Estimated as low-income ($675 or less).

Note: The 1992 estimates of GNP per capita presented above are from the "World Development Indicators" section of World Development Report 1994.

Some of the highest growth rates were achieved by those countries, such as Lesotho, Malawi, Mozambique, and Zambia that were recovering from the severe drought of 1991–92. The rather quick recovery of these and other countries from the effects of the drought is testimony to the relative resilience of their economies and to the effectiveness of collaboration among their public administrations, donors, and nongovernmental organizations (NGOs). The improvement in weather conditions was not generalized, however. Drought persisted in some areas, posing a serious threat in parts of Ethiopia and Kenya, and the countries of the western Sahel experienced poor rainfall. In addition, in these and other countries growth was held back by political transition, a high debt burden (despite debt forgiveness and reschedulings), a deterioration in the terms of trade, and weak policy implementation.

The political transition sweeping the continent has resulted in increasing multiparty democracies; whereas there were just six democracies a few years ago, the number had reached twenty-nine by the end of June 1994. The transition, however, has not been easy, without cost, or uniformly smooth. Where transition governments are in place, power sharing has proven difficult to achieve, and opposing groups still vie for power in many places. On the economic front, the transition has sometimes disrupted production and commerce, affected the mobilization and allocation of resources, and diverted attention away from needed policy reforms. Yet the transition continues nearly everywhere.

There were sharp contrasts on the African scene in 1993/94. The installation of democratically elected governments in Malawi and South Africa stand in sharp contrast to the mass killings in Rwanda. There were a variety of outcomes in the economic sphere, too, due to the contradictory forces at play not just across countries, but within them and even

TABLE 5–2.—LENDING TO BORROWERS IN AFRICA, BY SECTOR, 1985–94

[Millions of U.S. dollars; fiscal years]

Sector	Annual average, 1985–89	1990	1991	1992	1993	1994
Agriculture	533.9	997.4	504.9	707.4	318.3	152.6
Energy:						
Oil and gas	20.6	....	300.0	48.5	2.4	186.2
Power	113.9	230.0	155.0	86.0	356.0	90.0
Environment	....	....	....	....	....	2.6
Human resources:						
Education	122.8	350.7	265.9	402.9	417.4	325.5
Population, health, and nutrition	75.7	232.7	432.8	100.3	131.2	161.6
Social sector	....	....	....	....	....	....
Industry and finance:						
Industry	124.6	180.1	11.0	200.0	83.5	29.6
Finance	241.3	193.6	138.8	619.9	252.3	400.1
Infrastructure and urban development:						
Telecommunications	50.0	225.0	12.8	....	89.1	....
Transportation	339.4	543.6	309.5	242.8	483.0	515.0
Urban development	177.2	360.4	98.3	233.8	61.2	111.4
Water supply and sewerage	102.9	257.2	256.0	297.4	67.2	74.1
Mining and other extractive	31.5	....	21.0	6.0	....	....
Multisector	504.0	285.6	861.0	895.0	434.2	711.0
Public sector management	81.0	76.6	27.2	133.6	121.5	48.2
Tourism	....	....	....	....	....	....
Total	2,519.0	3,932.9	3,394.2	3,973.6	2,817.3	2,807.9
Of which:						
IBRD	909.3	1,147.0	662.9	738.4	47.0	127.7
IDA	1,609.7	2,785.9	2,731.3	3,235.2	2,770.3	2,680.0
Number of operations	80	86	77	77	75	60

Note: Details may not add to totals because of rounding.

within sectors. Some countries (such as The Gambia, Sierra Leone, and Zimbabwe), where the implementation of reform programs is on track, nonetheless experienced low GDP growth rates due the deterioration of their terms of trade, weather conditions, the lingering effects of the 1991–92 drought, or the disruptions caused by rebel activity and political transition. In contrast, other countries (such as Equatorial Guinea and Sudan, for example), where reform programs were lacking or off-track, registered growth of 6 percent to 7 percent, helped by oil exports or favorable agricultural conditions. In yet other countries, results were uneven, with agricultural growth coinciding with a decline in industrial production and services, or a decline in overall exports accompanied nevertheless by an expansion of nontraditional exports. Contrasts also marked the implementation of policies. While the countries of the CFA Zone as a group failed to take the necessary measures to restore their competitiveness in 1993, many of them implemented significant structural reforms in the fiscal, financial, trade, and other areas. In several of the good performers, the improvements that took place were still inadequate, however; savings rates, for example, remained too low to support rapid, sustained growth, and social conditions continued unsatisfactory.

Despite this panoply of variations, the events of the past twelve months have some common elements that provide encouraging signs for the future. Despite delays and costs in terms of lives and physical assets, the democratization process is moving ahead. Despite economic and political hardships, reform programs have survived in most countries and have even been strengthened in some. Several countries improved their performance in the course of the past year, and the members of the CFA Zone have taken an historic, bold step to improve their competitiveness. While much remains to be done, more countries are embarked on reform programs and face better prospects than compared with a year ago.

VARYING POLICIES, VARYING PERFORMANCE

Another common thread of Africa's experience, despite the contrasts noted, is that African countries that have sustained adjustment policies generally have performed better than those countries that have not. This observation, made in a recently released staff study that covered the adjustment experience in sub-Saharan Africa from 1981 through 1991 (see Box 5–1), is complemented by comparing the more recent experience of a country where policy reform has been seriously interrupted (Nigeria) with a country that strayed from, but reembarked on, policy reform (Kenya) and with one that has remained steadily on the reform path (Uganda).

Nigeria went through a tumultuous period in both 1992 and 1993. The planned democratic transition was protracted and, in the end, did not establish civilian rule. The process generated considerable uncertainty, economic disruptions, and social unrest. Budgetary control deteriorated, leading to fiscal deficits, which exceeded 10 percent of GDP. Inflation rose to 40 percent in 1992 and 58 percent in 1993. The official exchange rate was pegged below market rates, with the spread reaching 100 percent by late 1993. The external balance deteriorated significantly, with reserves dwindling and arrears to external creditors rising to more than $6 billion, or one fifth of outstanding debt. Meanwhile, the economy grew by only 4.1 percent in 1992 and 1.9 percent in 1993, compared with an average 5 percent in the preceding six years. The economic policies announced in the 1994 budget abolished free transactions in the foreign exchange and credit markets, thereby removing the remaining core pillars of the structural adjustment program adopted in 1986.

In 1990–92, Kenya witnessed a sharp decline in all major macroeconomic performance indicators. However, in early 1993, the Kenya authorities signalled an interest in restarting the reform process, and, as a result, the conditions for strong medium-term growth in Kenya have improved significantly. Implementation of stabilization policies and more effective enforcement of financial sector regulations have sharply reduced runaway inflation (falling to an annual rate of around 15 percent during the last quarter of 1993 after peaking at around 100 percent during the second quarter). Important steps towards structural reform, particularly in the area of external trade, have begun to gradually restore domestic and international confidence in the government's commitment to reform. With the elimination of all but a short list of import licenses and the introduction of a unified and stabilized market-determined exchange rate (the Kenya shilling becoming fully convertible in May 1994), the stage has been set for the private, and especially the export, sector to lead the recovery. By the end of 1993, monetary control had been tightened, discipline had been reintroduced in the financial sector, the maize market had been fully liberalized, and foreign-exchange reserves had recovered to comfortable levels. These improvements facilitated the approval by the International Monetary Fund (IMF) of a one-year Enhanced Structural Adjustment Facility arrangement during the fourth quarter of 1993, as well as the successful rescheduling of external arrears with the Paris Club in January 1994.

Uganda has gone quite far in creating a free enterprise economy. At the same time, the government has stabilized the economy through tight fiscal and monetary programs. Inflation was reduced to around 4 percent in 1993, down from 45 percent in 1992 and 240 percent in 1987, the year in which the present adjustment program was initiated. Uganda has in place a program of comprehensive structural reforms covering the civil service, public enterprises, and major financial institutions, and is undertaking a large reduction in military forces to release resources for priority spending programs. These reforms have had a positive effect on the economy: Real GDP growth is estimated to have reached 6 percent in 1993, enabling per capita consumption to rise by about 2.5 percent. The lowered inflation has contributed to a stable exchange rate and renewed confidence in the country's currency. In addition, the downward slide in coffee production, the country's main export, has been halted. There are also signs that nontraditional exports are growing rapidly; that the public's willingness to hold financial assets in the form of savings and time deposits, which have increased fourfold in the past two years, is increasing; that the inflow of private capital has been substantial; and that investment, including rehabilitation and reconstruction work on properties of returning entrepreneurs, is on the rise. All of these gains, together with the increased focus of government spending on basic social services, are expected to have a positive impact on poverty reduction.

IMPROVED COMPETITIVENESS

The countries of the CFA Zone have faced major economic, financial, and social difficulties since 1986. These difficulties were caused by a downward deflationary spiral of production, incomes, and expenditures that cut average real per capita income by 40 percent, reduced the capacity of governments to provide basic social services, increased the incidence of poverty, and undermined the Zone's financial institutions. The spiral, in turn, was caused by a massive loss of competitiveness that resulted from a combination of the inflated cost structure existing in the mid 1980's and the major external shocks suffered since then. The prices of the Zone's major exports (coffee, cocoa, cotton, phosphate, uranium, and oil) dropped sharply in the second half of the 1980s, causing its terms of trade to fall by 40 percent between 1985 and 1992. The Zone's real effective exchange rate (REER) appreciated by 39 percent over the same period. That movement was the result of the depreciation, since 1985, of the United States dollar and the large depreciation achieved by many competing developing countries of their own REERs through nominal devaluations in the context of economic reforms. The internal adjustment programs and structural reforms pursued by various CFA countries in the period 1986–93 were able neither to correct this massive loss of competitiveness nor halt the ongoing downward spiral.

Recission and financial crisis in the CFA Zone continued throughout 1993. Moreover, as it became increasingly clear that internal adjustment programs were not working, external financing for them dried up. For 1993 as a whole, per capita real income declined by 4.5 percent, exports fell by 3.9 percent in volume. and investment further contracted to 13.8 percent of GDP.

Against this backdrop, in early January 1994 the heads of state of the CFA countries met in Dakar to discuss ways to end the economic crisis. The meeting resulted in the historic decision to change the parity of the CFA franc from 50 per French franc, a level at which at had been fixed in 1948, to 100 per French franc.[3] At the Dakar meeting, another important, although less publicized, step was taken: the signing of a treaty transforming the West African Monetary Union into a full economic union. A common approach to the implementation of economic reforms that were needed to accompany the parity change was also discussed.

The decisions made at the Dakar meeting have provided a unique opportunity to restart the stalled structural adjustment process in the fourteen countries, restore growth, and reduce poverty. Indeed, since January, nearly all countries have adopted reform programs that are being supported by the World Bank and the IMF. All postdevaluation programs give priority to restraining inflation to ensure that the nominal parity change actually leads to a substantial depreciation of the real exchange rate. Hence, public sector wage increases have generally been limited to 10 percent to 15 percent to prevent a wage-price spiral. To allow some time for urban wage earners to adjust to the higher cost of imported items, increases in the prices of selected imported goods (petroleum products, rice, sugar, edible oils, medicines, and school books, for instance) are being curtailed through temporary tax reductions and direct subsidies. Fiscal reform—reduction of deficits to sustainable levels, tax reform, and restructuring of expenditures—also figures prominently as an objective of the reform programs. Priority, however, has been given to protecting vulnerable groups and relaunching proverty-reduction programs by increasing public expenditures on basic education and health services, developing and implementing social funds targeted at the poorest groups, and expanding labor-intensive public works programs.

REGIONAL COOPERATION EFFORTS

The recent events in the CFA Zone and the new challenges facing South Africa and its neighbors call for strengthened regional cooperation. Various actions have already been taken in this direction, and others are under consideration. In the CFA Zone, the member countries of the new West African Economic and Monetary Union (UEMOA) and the Central African Monetary Union have decided to form economic—as well as monetary—links. In Western Africa, the signing of the treaty for the new union by the six member states was accompanied by further efforts to render budgetary policies coherent, harmonize tariffs and indirect taxes, and develop a regional financial market. In Central Africa, the six member states of the Central African Customs and Economic Union have taken advantage of their increased competitiveness to accelerate the implementation of a new common external tariff. Nontariff barriers have been removed, and rates have been lowered.

These efforts are being supported by the Bank, together with the IMF, the European Union, and other interested donors.

At the level of the entire CFA Zone, progress was made during the fiscal year in the areas of social-security provision and collection of statistics. With a view to providing a positive environment for private sector-led growth, a treaty has been signed that will put into place a common framework for business law.

The World Bank, together with the IMF, the European Commission for the European Union, and the African Development Bank, is cosponsoring an initiative to facilitate private investment, trade, and payments in Eastern and Southern Africa and in the Indian Ocean countries—the cross-border initiative (CBI).

The CBI is based on a new integration concept that promotes mobility of factors, goods, and services across national boundaries among participating countries while minimizing chances for diversion of trade and investment. It involves voluntary participation by countries that are ready to accelerate the reform effort, and is based on the principle of reciprocity among the participating countries. The proposed reform measures are in the areas of trade liberalization, liberalization of the exchange system, deregulation of cross-border investment, strengthening of financial intermediation, and the movement of goods and persons among the participating countries. The reform agenda supported under the CBI has been developed through a two-year process of discussion by public and private sector representatives of the participating countries, as well as consultations with regional institutions.

The CBI endorsed by thirteen countries at a meeting in Kampala, Uganda, in August 1993. To date, nine countries (Kenya, Malawi, Mauritius, Namibia, Rwanda, Swaziland, Uganda, Zambia, and Zimbabwe) have confirmed their intention to participate and have established mechanisms to prepare country-specific proposals for implementing the CBI-supported reform agenda.

In addition the heads of state of Kenya, Tanzania, and Uganda (the members of the former East African Community) recently met in Arusha, Tanzania, to reaffirm their commitment to strengthened cooperation. There is a consensus that this cooperation should be based on practical improvements in investment incentives and tax regimes, and streamlined border formalities.

THE BANK'S ASSISTANCE STRATEGY

The priorities for the Bank in Africa are poverty reduction through environmentally sustainable development; human resources development—not just through lending but also by defining frameworks for effective interventions by governments and donors, as in a recent staff study on health in Africa (see Box 5–2); providing an exceptional response, already in progress, to the situation and events in the CFA Zone; working with major partners to fulfill the objectives and the priorities of the SPA; and ''getting results in the field'' through the improved quality of projects and their implementation, especially through strong capacity-building efforts.

Poverty reduction through environmentally sustainable development. The need and urgency to reduce poverty in the region is evident; however, progress has been limited in Africa as a whole, despite success in some countries. Achieving a high rate of economic growth, combined with a pattern of growth favoring increases in incomes in the poorest sections of society, is central to the Bank's poverty-reduction strategy. The Bank's two-pronged strategy, as elaborated in ''World Development Report 1990,'' acts as a guide to the institution's economic and sector work, as well as to its lending operations.

Fighting land degradation and desertification have been key objectives of the Bank in its environmental program for the region. This program has been addressed primarily through the elaboration and implementation of national environmental action plans (NEAPs) and through the Bank's lending program. NEAPs—which provide a basis for the Bank's dialogue with borrowers on environmental issues, describe a country's major environmental problems and concerns, and formulate actions to address whatever problems are identified—have systematically paid attention to arresting land degradation through better natural resource management. The Bank's regional portfolio includes more than $500 million in environmental projects, some of which can be directly linked to the NEAP process. The Bank has also been involved in the preparation of a new international convention on desertification that is currently being negotiated and is prepared to be a partner in its implementation when it enters into effect.

TABLE 5–3.—WORLD BANK COMMITMENTS, DISBURSEMENTS, AND NET TRANSFERS IN AFRICA, 1990–94

[Millions of U.S. dollars; fiscal years]

Item	Nigeria			Côte d'Ivoire			Sudan			Total region		
	Start 1994	1994	1990–94	Start 1994	1994	1990–94	Start 1994	1994	1990–94	Start 1994	1994	1990–94
Undisbursed commitments	2,461			423			181			13,118		
Commitments		—	1,954		376	1,365		—	98		2,808	16,953
Gross disbursements		353	1,646		306	1,073		48	378		3,195	14,002
Repayments		348	1,402		183	769		3	49		1,116	4,678
Net disbursements		5	243		123	304		45	329		2,079	9,324
Interest and charges		270	1,325		149	767		4	36		868	4,221
Net transfer		−265	−1,082		−26	−463		41	293		1,211	5,103

Note: Disbursements from the IDA Special Fund are included. The countries shown in the table are those with the largest amounts of public or publicly guaranteed long-term debt. Details may not add to totals because of rounding.

Assistance to CFA countries. Since the parity change and as of June 30, 1994, IDA has provided approximately $1 billion in quick-disbursing credits and adjustment operations to the CFA countries. For the short term, the Bank-supported postdevaluation programs include, in addition to steps to limit the price increases of essential goods, (a) a draw-down of reserve stocks and additional imports of essential foodstuffs to counter speculative commercial practices, (b) increased budgetary appropriations for education and health, and (c) steps to assure adequate supplies of essential drugs in public health facilities and of low-cost generic drugs in private pharmacies. For the longer term, expenditures on labor-intensive civil works programs, rural infrastructure, education, and health will be increased, as will special programs (nutrition in particular) that target the poorest groups and that will be implemented by NGOs and community associations.

SPA—phase three. The third phase of the Special Program of Assistance (SPA–3), launched by the program's donors in October 1993, will cover the three calendar years 1994–96. Since the CFA Zone countries instituted a parity change in their currency and launched comprehensive economic reforms, two additional countries, Comoros and Côte de'Ivoire, have met SPA eligibility requirements, bringing the total of eligible countries to twenty-nine. The estimated requirements of donor adjustment assistance for these countries is $12 billion over the three-year period. The SPA donors have met twice since the parity change to discuss financing requirements. Total donor pledges have increased, and some disbursements will be accelerated in response to these needs. In addition to mobilizing additional resources, SPA donors have stressed the need to pursue greater selectivity in allocating resources to ensure that countries with strong reform programs are adequately funded and that scarce resources are used efficiently. As of June 30, 1994, the donor community had pledged $6.6 billion in quick-disbursing balance-of-payments assistance, and further efforts are continuing to close the remaining gap.

The priorities and objectives of SPA–3 are achieving higher growth rates and alleviating poverty; supplementing policy-reform programs with more investment in human resources and infrastructure; raising the level of domestic savings and private investment; placing greater emphasis on ensuring that the benefits of growth are directed at reducing poverty; and strengthening local economic management and institutional capacity. The SPA's primary objective continues to be to assist countries to strengthen their policy-reform programs and structural reform efforts. However, to accelerate growth, reduce poverty, and realize the full benefits of policy reforms, the efficiency of public investment financing by donors, which still accounts for about 80 percent of total donor financing, must be improved substantially. Discussion is continuing on sectorwide approaches to donor financing aimed at improving aid coordination and effectiveness. The SPA's role would be to serve as a catalyst to encourage donor support for such integrated sector programs, to monitor outcomes, and promote the harmonization of donor procedures. Mobilization of resources and coordination of specific sector-investment programs will continue at the country level through mechanisms such as consultative groups, roundtables, and country-based local aid-coordination groups.

Project quality and implementation. Despite the difficulties faced by the region, portfolio performance was relatively stable in 1993. Differences among countries were caused, in part, by variation in macroeconomic performance. Overall, adjusting countries had a better record of project performance than the nonadjusting ones, and operations in the particularly difficult areas of agriculture and adjustment lending improved their implementation records. The most serious general constraints to effective implementation are uncertain borrower ownership and limited local capacity. To increase ownership, the Bank is making a concerted effort to involve stakeholders (governments, beneficiaries, the private sector) in project preparation and implementation. The use of participatory approaches—beneficiary assessments, participatory rural assessments, and participatory workshops—is steadily increasing. In many cases, stakeholders participate not just in project design and preparation but also in economic and sector work (ESW). Several actions are under way to improve project quality at entry such as preparation of ''letters of sector policy,'' avoiding unnecessary complexity in project design (through participatory approaches to project preparation and greater involvement to project preparation and greater involvement by resident missions in the process, for example), testing new or complex approaches in small pilot operations, and identifying project-monitoring indicators that reflect both output and impact. In fiscal 1993, the most recent year for which numbers are available, the amount of loan cancellations expected to result from completed or planned restructurings of problem projects totaled about $500 million.

The need for capacity buildings in Africa cuts across all sectors, and, in all cases the need is urgent and acute. The challenge involves both making greater use of existing local capacity and helping to build such capacity where it does not exist. The Bank's approach recognizes that capacity-building issues need to be addressed at an early stage in the project cycle and that the effort cannot succeed without improving the performance and productivity of the civil service. This concern has led the Bank to appoint a Capacity Building Committee to make recommendations on the most effective ways to advance toward this goal. The committee's recommendations (which highlight ''best practices'' to follow and cover a broad spectrum, from ESW and lending to the role of resident missions) have been approved and are being carried out.

Capacity building—as well as dialogue with the intended beneficiaries of development—

continued to be the focus of the Bank's work in South Africa during the past year. In that country, the Bank's informal work has dealt with the entire political spectrum, including nongovernmental organizations, the private sector, teachers, and trade unions. Dozens of South Africans have been trained in economics, and relationships have been built up with many of the country's economic and political actors. In April 1994, the Bank opened up a resident mission, following a request from the multiparty South African transitional council.

FOOTNOTES

[1] The SPA for low-income, debt-distressed sub-Saharan African countries provides quick-disbursing balance-of-payments assistance to twenty-nine eligible countries (as of the end of June 1994) in support of reform programs developed in conjunction with the Bank and the International Monetary Fund (IMF).

[2] The countries are Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Gabon, Mali, Mauritania, Niger, Senegal, and Togo.

[3] The parity of Comoros' currency was changed to 75 per French franc.

BOX 5–2. TOWARD BETTER HEALTH IN AFRICA

Health issues are assuming an increasingly important place in the Bank's assistance strategy in Africa. Reflecting this trend, a major sector study was completed in 1993 in close cooperation with the World Health Organization, the United Nations Children's Fund, and other partners. The study, ''Better Health In Africa,'' aimed at building consensus on future health strategies in Africa among the many stakeholders.[1] It found that while dramatic improvements had taken place since independence, most African countries lagged well behind other developing countries in health status. At fifty-one years in 1991, life expectancy at birth in Africa is eleven years less than in the low-income countries as a group, and Africa's infant mortality rate, at over 100 deaths per 1,000 live births, is about one third higher on average than for the universe of low-income countries. New health problems, such as AIDS, and new strains of well-known diseases such as malaria, threaten the important health gains made in Africa over the past generation.

The report discussed ''best practices'' for health improvement by African governments and their external partners in three areas. First, as did ''World Development Report 1993—Investing in Health,'' the report emphasized the importance of strengthening the capacity of households and communities to recognize and respond to health problems. This requires health and development strategies that increase the access of the poor to income and opportunity, pay special attention to female education and literacy, provide for community monitoring and management of health services, and furnish information to the public and health-care providers on health conditions and services. Second, the report called for reform of African health-care systems, and especially for making a basic package of cost-effective health services available to Africans near where they live and work through health centers and first-referral hospitals. Third, the report underscored the need for more efficient allocation and management of public financial and human resources devoted to health improvement, and for their progressive reallocation away from less cost-effective interventions (largely provided through tertiary facilities) to a basic package. It found substantial room for increases in technical efficiency.[2]

The report concluded that substantial health improvement in Africa is feasible, despite the severe financial constraints facing most African countries. The will to reform and to provide a limited package of quality, low-cost, and highly cost-effective health services to the vast majority of the population is central to success. The study found that higher-income and middle-income African countries, in due course, should be able to finance a basic package of health services for their people from public and nongovernmental resources, without substantial external support. However, the low-income countries are likely to need donor assistance in support of health for an extended period. These countries now spend about $8 per capita annually on health from all sources—public, nongovernmental, and external—compared with the indicative estimate for the basic package in the study of about $13. The transition from the current to the indicative level of spending will have to be implemented flexibly, on a country-by-country basis, with provisions put in place of interim targets to be met along the way.

FOOTNOTES

[1] World Bank. 1994. ''Better Health in Africa.'' Washington, D.C.

[2] For example, poor drug selection, procurement, distribution, and prescription practices are responsible, together with other factors, for an effective consumption of only about $12 on drugs for every $100 in public spending on pharmaceuticals in many African countries.

Footnotes at end of article.

AMENDMENT TIME

● Mr. SIMON. Mr. President, recently, I came across an article by John G. Kester, a Washington attorney. It is a commonsense article about our Constitution and amending the Constitution.

I have great reverence for the Constitution, but I also know that the Constitution was written to meet problems that existed more than two centuries ago.

On the matter of a balanced budget amendment, the author writes:

Congress, for instance, has demonstrated for decades that institutionally it cannot muster the discipline to restrain excessive spending. Lately, ashamed to speak the name, it even pretends that most expenditures are something else, labeling them entitlements. Presidents no longer refuse to spend excessive appropriations. A balanced-budget amendment may be a challenge to express in words, but it is not impossible, and it is certainly not, as Senator Chris Dodd asserts, very irresponsible. It imposes a new constitutional obligation on Congress without micromanaging the policy choices for achieving it. It is not likely to make the situation worse, even if courts will be invited to construe it. And if experience suggests improvements, those can be added.

John Kester brings both scholarship and common sense to this discussion.

At this point, I ask that his article be printed in the RECORD.

The article follows:

[From the Washingtonian, March 1995]

AMENDMENT TIME

(By John G. Kester)

If the people really are serious about taking back their government, they can start by amending the Constitution. There have been a few lurches in that direction—like the balanced-budget amendment that was part of the Republicans' Contract With America, and some talk about amendments that would ban unfunded federal mandates or set uniform term limits for Congress.

That's a beginning, but a modest one. The current state legislatures are in a receptive mood. If Speaker Gingrich and the new tribunes of the people really want permanent change in the way Washington and its federal judges run the country, then this spring constitutional amendments ought to be blossoming like azaleas.

But don't count on it. The op-ed pages already have begun to darken with warnings from learned scholars, politicians, and columnists that to lay hands on the Constitution would be impractical, even dangerous, downright unpatriotic. The Constitution, they suggest, is so nearly perfect that to revise it would be like altering the formula of mother's milk—nothing else could be healthful, and any variation might make you sick.

Is the Constitution too flawless and sacred a document to violate with alterations? Most of the Cassandras stop short of suggesting it was divinely inspired, but even that has been claimed. The less devout shake their heads and say that adding amendments just isn't practical—that it can never work, that even figuring out the right words is too hard, that the only way to fit the Constitution to the times is to leave all corrections to the courts.

Even aesthetics is invoked. To add amendments, it has been said, would make our classically crisp federal Constitution resemble those ungainly creations of the 50 states. State constitutions are longer, often loaded with dozens of amendments, and deal with such mundane affairs as off-street parking in Baltimore (Maryland Constitution Article XI–C) or preserving natural oyster beds (Virginia Constitution Article XI, section 3).

But no one has shown that state constitutions do not work—or, indeed, that lengthy and detailed constitutions don't work better because they leave less room for doubt. Automobile engines, reliably move your car without being engineered to win beauty contests. If the purpose of the Constitution is to model 18th-century elegance, perhaps the parchment should be moved from the Archives to the National Gallery.

The Constitution exists to be applied, not adored. A politically rare opportunity will be lost if the hand-wringing about constitutional purity succeeds in scaring off reformers. Of course not every popular idea belongs in the Constitution, and not every proposed policy change would be a good one. But (dare one say if?) there is room for improvement.

No one should take all the warnings against amendments seriously. The authors of the Constitution certainly wouldn't have.

The men who spent the summer of 1787 holding secret meetings in a room in Philadelphia did not think they were Moses, chiseling stones with dictation from a Higher Source. Their un-air-conditioned days passed in disagreements, endless compromises, and perspiration. The product was simply a well-organized document that most could accept, although with varying degrees of reluctance.

The 13-state ratification process that followed was even more contentious, and nearly failed. To obtain agreement from the minimum nine states took nine months, and the votes in key ratifying conventions were too close for comfort: Virginia 89 to 79, Massachusetts 187 to 168, New York 30 to 27. No one arguing for ratification ever gave a speech claiming the document was perfect; the authors more humbly expressed hope and said they had done the best they could.

All recognized that, as Virginia's George Mason observed at the beginning, ''The plan now to be formed will certainly be defective.'' (So defective he finally concluded, particularly in its treatment of slavery, that in the end he refused to sign it.) For that reason, the Constitution was written with one article of its seven devoted entirely to