

Agency Performance Report 1997

Full Report

Center for Development Information and Evaluation
Bureau for Policy and Program Coordination

U.S. Agency for International Development

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Overview





Overview

In this report we review our performance and experience as an Agency in 1996. We share what we have learned about our contributions to development and assistance in humanitarian emergencies. And we take a look at our own continuing challenges as well as those we face with all those who hold a stake in our work. This report also responds to the Government Performance and Results Act, which requires federal agencies to report annually on performance.

Chapters 1 and 2 examine our contributions to development and protecting lives, how well we have learned from experience and managed for results, and our occasional failures to achieve what we would have liked. These chapters draw on our performance monitoring and evaluation systems, especially this year's review of 1996 program results and 1996 and 1997 evaluations. Chapter 3 reviews how we managed our operations. In that chapter, we look at how well we have designed and managed programs in keeping with our five core values—managing for results, empowerment and accountability, customer service, teamwork, and diversity. We also assess our efforts to reengineer our systems and procedures to achieve significant development results.

About USAID

USAID is that part of our government that provides assistance to other countries. We work hard to make USAID the premier development agency in the world. We help countries achieve sustainable development, and we help relieve suffering of people outside the United States who have survived disasters.


Our mission—promoting sustainable development and saving lives—is an essential component of our leadership role as a country. It also represents our commitment as a people to do our fair share in addressing world problems and helping others help themselves. Our work contributes directly to U.S. national interests by promoting global economic prosperity and democracy, helping those in crisis, and addressing global issues, such as environmental protection, population growth, and health.

An increasingly interdependent world poses both opportunities—of trade, investment, and communications exchange—and significant threats. Global warming, loss of biological diversity, overpopulation, narcotics, terrorism, arms proliferation, communicable diseases that cross borders, and unmanaged migration are threats that development addresses directly. We concen-

trate on programs that deal with the greatest threats to sustainable development and are the most transnational in scope. This includes humanitarian assistance, which is a vital part of sustainable development. Humanitarian assistance is essential to saving lives during crises and to enabling social and economic progress to resume once the crisis ends.

The people and governments of developing and transitional countries must address the challenges and create the conditions for sustainable development themselves. But even the best-intentioned countries cannot do their part to address international threats without strong institutions, capable people, and reasonably healthy economies.

Our resources, expertise, ideas, and values, along with those of other donors and U.S. and host-country partners, can bolster the efforts of these countries. An important part of the story we tell in this report is how USAID leverages and shares resources and talents through its partnerships with host-country governments, organizations, and citizens; other international donors; private organizations; U.S. agencies; and universities.



USAID had an important role in the results we report, but these results are not our doing only. They reflect the sustained effort of many agencies and organizations, and many more committed individuals. One of the most important lessons we have learned over the years is the value of local commitment. For development to be sustainable, it must be based on local needs, priorities, choices, and commitment; it must draw on and mobilize local resources; and it must involve a broad cross-section of the country's citizens, especially women and other disadvantaged groups.

We work in a variety of countries. In all cases our activities reflect host-country needs and priorities, as well as the work of other donors and partners. Often, countries are committed to achieving sustainable development but lack necessary technical skills or resources. In these countries we help in one or more of the goals essential to development—achieving broad-based economic growth, building sustainable democracies, stabilizing the world's population and protecting human health, managing the environment for long-term sustainability, and saving lives and reducing suffering. We also work in countries making the transition from centrally

planned to market-driven economies. In these countries, our programs seek to build essential human and institutional capacities to implement necessary reforms.

Increasingly, we are also working with countries emerging from conflict. Here, we emphasize restoring infrastructure—social, institutional, and physical—to reduce the risk of renewed conflict and to return the country to a path of sustainable development. We work with some of the world's poorest and least stable countries where living conditions are often harsh, and political and economic conditions uncertain. Our work is difficult, complex, and important for the lives of many. Because we work on tough issues where there are no guarantees of success, we do not always achieve all the development gains that we would like.

We are changing the way we work to be more effective, to operate with fewer resources, and to respond to changing world needs. We have changed our strategic approach, for example, to reflect new priorities and needs in the post-Cold War era. We have focused our goals and objectives on a limited number of high-priority development challenges. We are placing greater stress on programs that incorporate participation, partnership, and concern for gender. And we have made managing for results a part of the way we operate.

To do that, we have strengthened our monitoring and evaluating systems, and we are using more performance information in program, policy, and budget decisions. We now place greater emphasis on learning from experience. We have also made major organizational and management changes. We have reorganized and streamlined operational units, reduced the work force, closed overseas posts, reengineered our program operations and procedures, and reformed our systems for procurement, financial management, budget, personnel, and management information.

Our Strategy

We have set our goals in those areas where change must occur for development to succeed and be sustainable. During 1996 we had five goals: 1) achieving broad-based economic growth, 2) building sustainable democracies, 3) stabilizing the world's population and protecting human health, 4) managing the environment for long-term sustainability, and 5) saving lives and reducing suffering.



A variety of themes cut across all goal areas. One of the most important is the attention USAID pays to women. We work to ensure that women have full access to social benefits, such as health care, education, and financial markets; that their voice is heard in politics and governance; and that they and their children are protected in times of crisis.*

Goal 1: Broad-Based Economic Growth Achieved

We help developing and transitional countries achieve broad-based, rapid, and sustainable economic growth. Broad-based economic growth reduces poverty, increases household incomes, and improves food security. There is widespread evidence that economic growth is the single best way to reduce poverty. Economic growth creates jobs and provides the increased revenues governments need to expand and improve education, health, and other social services. Distributing a growing volume of resources helps the poor more than redistributing a stagnant pool of resources.

Economic growth in USAID-assisted countries also benefits the United States. Growth in recipient countries directly promotes trade and American foreign investment. Continuing a trend that began in the 1980s, U.S. exports to developing countries in the 1990s are expanding by 12 percent a year, more than double the export growth to industrial countries. Indirectly, broad-based economic growth reinforces other U.S. national interests and foreign policy goals, including democratic development, environmental sustainability, and more stable world social conditions.

We work to make economic growth broad based by pursuing three interrelated objectives:


- 1) strengthening markets,
- 2) expanding access and opportunity for the poor, and
- 3) expanding and improving basic education.

Goal 2: Sustainable Democracies Built

Anarchy, autocracy, oppression, and human rights abuses threaten global peace and prosperity. We work to help build democracies and improve governance. Democracy offers citizens advantages and opportunities that no other form of government can provide. It protects human rights, encourages informed participation, and promotes public-sector accountability. Growing popular demand for democracy is evidenced by a decade of dramatic transitions from dictatorship to democracy. We have provided timely and constructive support during these transitions.

We help citizens draft constitutions, protect human rights, hold free and fair elections, and enhance judicial independence. We support development of democratic institutions, an informed and educated populace, a vibrant civil society, and a relationship between the state and society that encourages pluralism, inclusion, and peaceful conflict resolution.

* In 1997 we modified our economic growth goal to place more explicit emphasis on agricultural development. We also added a sixth goal, building human capacity through education and training. These changes are the result of a year-long review and consultation we initiated to develop the Agency's 1997 Strategic Plan. This report covers 1996 performance, so it reports on goals for 1996 as articulated in the Agency 1995-96 Strategic Framework.



U.S. national interests shape our priorities in this area. By promoting democracy, the United States supports governments capable of maintaining peace and averting crises. This benefits U.S. economic interests as well. Democracies governed by the rule of law are more reliable trade partners. We believe promotion of democracy is essential for sustainable development. Accountable and transparent political institutions, representing and responding to citizens' needs, help consolidate the social and economic gains of development. Our work in democracy, therefore, reinforces our work toward the other four goals. As we discuss in chapter 1, there is considerable synergy among our goals.

We help build democracies in four ways: 1) strengthening rule of law and respect for human rights, 2) developing more genuine and competitive political processes, 3) increasing development of a politically active civil society, and 4) promoting more transparent and accountable government institutions.

Goal 3: World's Population Stabilized and Human Health Protected

Rapid and unsustainable population growth and poor health and nutrition (particularly of mothers and children) cause human suffering and impede development. When women are repeatedly pregnant and people suffer from malnutrition and infectious diseases, they are unable to contribute to their own economic and social progress. Activities in population, health, and nutrition have long been among the most important of USAID's work.


Stabilizing the world's population serves U.S. national interests because it contributes to global economic growth, a sustainable environment, and regional security. In countries where population growth is high, reducing population pressures lowers the risk of humanitarian crises, such as famine, and the need for U.S. humanitarian assistance. Protecting health and nutrition, including increasing child survival in developing and transitional countries directly affects public health in the United States. Unhealthful conditions elsewhere in the world increase disease and the threat of epidemic for U.S. citizens. Improved health and nutrition also contribute to economic development and lower the risk of humanitarian crises and the suffering that accompanies them.

We help stabilize world population and protect human health by supporting sustainable reductions in 1) unintended pregnancies, 2) child mortality, 3) maternal mortality, and 4) transmission of sexually transmitted infections, including the human immunodeficiency virus (HIV), believed to cause AIDS.

Goal 4: Environment Managed for Long-term Sustainability

Environmental degradation threatens human health, undermines long-term economic growth, and threatens ecological systems essential to sustainable development. The United States is affected directly by the loss of biological diversity, changes in global climate, the spread of pollutants, the use of toxic chemicals, and the decline of fish in the ocean. Furthermore, struggles over land, water, and other resources can lead to instability and conflict, which can directly threaten U.S. interests. U.S. leadership is essential to resolving global environmental problems and promoting environmentally sustainable economic growth in developing countries.

We promote better environmental management to sustain the world's natural resources. Our programs help people manage their activities in ways that enable the natural environment to continue to produce—now and in the future—the goods and services necessary for survival.



To achieve our goal in the environment, we pursue five objectives: 1) conserving biological diversity, 2) reducing the threat of global climate change, 3) promoting sustainable urbanization and increasing pollution management, 4) increasing provision of environmentally sound energy services, and 5) expanding sustainable natural resource management.

Goal 5: Lives Saved, Suffering Reduced, and Development Potential Reinforced

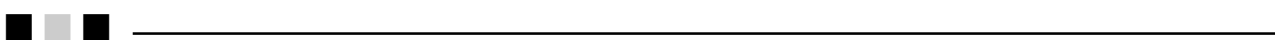
Natural disasters, war, famine, food shortages, destruction of infrastructure, man-made technological disasters—these are but a few of the humanitarian catastrophes we respond to. Our goal is to save lives, reduce suffering, and reinforce development potential. We also take preventive measures to reduce the impact of humanitarian crises by meeting urgent humanitarian needs, restoring law and order, and increasing the ability of institutions to meet basic needs and human rights.

We have traditionally responded to natural and relatively simple man-made disasters. Natural disasters include floods, tropical storms, cyclones, landslides, earthquakes, volcanoes, fires, droughts, pests, and disease outbreaks. Man-made disasters include the collapse of bridges and other infrastructure and industrial and technological accidents caused by human error in design, operation, and management. In recent years, we have had to respond to fewer natural and simple man-made disasters, largely because improvements we supported in preparedness, technology, and response systems have lessened the consequences of such disasters.

Increasingly, however, we are responding to more complex emergencies. These disasters are mostly political in origin and usually violent. They last longer and are more multifaceted than traditional natural and man-made disasters. The end of the Cold War created new challenges that test our capacity and that of our partners in the international community to provide humanitarian assistance. As superpower tensions

eased, religious and ethnic rivalries have sharpened. The demise of the Soviet bloc left many fragile states with internal conflicts. A number of profoundly weak nations, particularly in Africa, have reached the point of collapse. Other countries are struggling to settle protracted internal wars. Increasingly, tensions are exploding into armed conflict. Civilians have become primary targets: hundreds of thousands have been killed. Entire societies have been devastated. Millions of people have been internally displaced or turned into refugees, with scant means of earning a living and little hope of repatriation.

We provide humanitarian assistance to achieve our goal of saving lives, reducing suffering, and reinforcing development potential through three objectives: 1) reducing the potential impact of humanitarian crises, 2) meeting urgent needs in crises, and 3) establishing security and getting basic institutions functioning to meet essential needs and basic rights.



Our Performance Monitoring and Evaluation Systems

Our improved strategic planning and performance monitoring systems help us manage for results and learn from experience at every level. We are committed to using what we learn from monitoring and evaluating performance to improve program and management decisions, including decisions on resource allocation and program approaches.

About every five years, each USAID Mission and Washington-based office prepares a new multiyear strategic plan to guide its operations over the next planning period. The plan specifies the strategic objectives for which the unit will be accountable. These objectives must contribute directly to the Agency's goals and objectives. Each year, the Missions and Washington offices and centers report on performance toward achievement of their objectives. They use evaluations to examine their approaches and assess in particular how or why results are or are not being achieved.

In addition to Missions' evaluations, USAID/Washington bureaus and offices conduct evaluations each year. Central evaluations conducted by the Center for Development Information and Evaluation address strategic program and policy concerns of USAID/Washington's senior managers. These studies generally assess a specific Agency objective or program across a variety of countries. Each year we develop an agenda for Agencywide evaluations. The results of these evaluations, including their findings and lessons learned, are widely disseminated through formal reports, briefings, and electronic distribution. They substantially influence our program and policy decisions. The technical centers in USAID's Global Bureau also conduct evaluations that examine the way programs are implemented in the field. In addition, regional bureaus evaluate region-specific issues.

This Year's Report

This year's report draws on performance information from all Agency sources. Performance monitoring data from Mission and office annual performance reports (R4s) and the Agency reviews of these reports are summarized in chapter 1. Key findings and lessons from 1996 and 1997 evaluations, including those conducted by Missions and by USAID/Washington offices, are presented in chapter 2.

Chapter 1: Results Highlights provides a comprehensive overview and systematic review of our 1996 programs and results for all our goals and objectives. In writing this chapter, we have drawn on data reported by operating units in their annual reports on performance and on USAID/Washington reviews of that performance. We have assessed operating units' performance against their stated objectives and included information on programs that achieved expected results as well as those that did not.

We are particularly proud of our work in

■ **Economic growth.** During 1992–1996 ten of the countries we helped—Bangladesh, the Dominican Republic, El Salvador, Ethiopia, India, Indonesia, Mozambique, Peru, Sri Lanka, and Uganda—achieved very rapid average annual growth in per capita income (3.4 percent to 7 percent). Our economic growth assistance expanded opportunities for the poor worldwide. More than a million USAID clients, two thirds of whom were women, received small loans for microenterprises.

■ **Democracy and governance.** USAID assistance in legal reform and institution building in 1996 contributed to new constitutions in Eritrea, South Africa, and Uganda; constitutional forums and new laws in Croatia, Georgia, and Ukraine; and free and fair elections in Bangladesh, Benin, Bulgaria, the Dominican Republic, Ghana, Lithuania, Mongolia, Nicaragua, Paraguay, Peru, Romania, Russia, Senegal, and Uganda.

■ **Population and health.** We helped save the lives of five million children in 33 countries and enabled more than eight million couples in 36 countries to adopt family planning in 1996. Our programs educated many millions more to continue family planning.

■ **Environment.** USAID helped local communities in countries such as Guinea, Malawi, Namibia, Nepal, Niger, the Philippines, and Tanzania take responsibility for managing their forest resources for long-term use. In 1996, we helped 12 countries protect more than 5.5 million hectares (21,000 square miles) of land important for preserving biodiversity.

■ **Humanitarian assistance.** Our disaster relief programs provided food and other assistance to more than 28 million disaster victims in 1996. In country after country, we ensured that humanitarian assistance was provided rapidly and appropriately. Moreover, by providing preparedness planning and setting up early warning systems, we helped countries avert the need for emergency assistance. Thanks to our training and help with preparedness planning, for example, 13 at-risk Latin American countries are far less dependent on external emergency assistance. Famine early warning systems in Africa averted serious food shortfalls in Chad, Ethiopia, Kenya, Mauritania, Niger, Rwanda, and Somalia.

Chapter 2: Evaluation Findings and Lessons draws on 1996 and 1997 evaluations to add context and analytical depth to our understanding of the Agency’s performance in selected goals and objectives. This information enables us to provide a more in-depth look at performance over the longer term for programs and countries where recent evaluation data and findings on performance were available. Examples from Bangladesh, Costa Rica, the Dominican Republic, Ghana, Indonesia, and Kenya show the cumulative impact of USAID assistance over time. In addition to examining results, we looked at complementary performance issues, such as why and how results were achieved (or not achieved), what our contribution to results was, whether results were sustainable, and what lessons were learned and how these were applied in subsequent program decisions.

Examples of this are our analyses of USAID experience in helping with

■ **Privatizing fertilizer distribution in Bangladesh.** During the past two decades, we have worked to help the government disengage from the market, allowing fertilizer distribution and sales networks to expand and farmers’ costs to drop. Over time, our efforts have helped

increase the country's self-sufficiency in grain and create more than 1.7 million jobs. In addition, as the price of rice has dropped, the nutritional status of adults and children has improved. Some of Bangladesh's poorest citizens can now have a more adequate daily diet.

■ **Rebuilding Uganda's primary education system.** USAID support over the past seven years has helped the government make the management and policy reforms necessary to revitalize a system that had collapsed during prolonged civil conflict. Changes in government hiring and procurement policies have freed up monies to make it possible to attract and retain qualified teachers and increase the supply of textbooks and other educational materials. Decentralization and other support for community participation resulted in local communities building 1,000 new classrooms in 1995.

■ **Strengthening parliaments in central and Eastern Europe.** We worked with the U.S. Congress to help new parliamentarians become more effective by increasing their capacity to access, disseminate, and use information. We worked with the U.S. Library of Congress and the U.S. House Information Systems Office to strengthen information systems and research capacities for the parliaments in Albania, Bulgaria, the Czech Republic,

Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia.

In particular, chapter 2 seeks to shed light on the question of how we influence development. We also examine our performance as a learning organization by looking at examples of how evaluation lessons are applied—both Agencywide and on a smaller scale. This includes how we learned from both success and failure. Two examples of how we work as a learning organization are the changes we have made in our assistance with

■ **Capital markets.** When support for venture capital did not result in sustainable profit-making enterprises, we changed our approach with Enterprise Funds to ensure better management and broader investment choices.

■ **HIV and AIDS.** We were the first donor to define and implement a cohesive strategy for preventing and controlling HIV and AIDS. Later, working with donor, host-country, and NGO partners, we helped countries respond to the crisis and develop effective interventions. Those interventions are changing behavior among groups at risk and lowering infection rates demonstrably in a few countries.

Chapter 3: Managing for Results — Reform, Perform, Achieve

looks at another dimension of our performance—the way we have changed values, systems, and procedures to manage better. We look at our progress in 1996 in reengineering the way we do business. This year, we worked in particular to make reengineered approaches to program planning, implementation, monitoring, and evaluation a routine part of operations. This chapter reports on our progress in implementing our core values (managing for results, teamwork, customer service, empowerment, accountability, and diversity) and strengthening performance in various business areas (including operations, procurement, organizational management, human resource development, budget, information management, financial management, and administrative services).

1996 was both an important and difficult year for USAID. Just as we were changing our strategy to respond to the challenges of the post-Cold War era and our operations to implement reengineering, we faced major funding cuts. These forced us to reduce our overseas presence, cut back on programs in a number of countries, and fire valuable staff. The budget-driven reduction in force cut 200 U.S. staff—8 percent of our U.S. work force and 484 foreign service nationals—10.2 percent of that part of our staff.



Annex A: Managing for Results reviews 1996 experience in strengthening performance review and reporting and using that information for program and management decisions at all levels—operations, bureaus, and the Agency.

Annex B: Country Development Trends provides annual time-series country data for each of the (30+) performance goals and indicators for countries in each of the five Agency

goals. Data are from secondary sources that are relatively comparable across countries. Performance goals are of two types: targets (explicit levels of results to be achieved in a 10-year time frame) and trends (the directional changes USAID seeks to influence).

The tables, by providing baselines and historical trends, are a first step toward future monitoring, analysis, and reporting on progress toward these goals. While we cannot

achieve country-level goals independently, through our relationships with host governments and other donors, we seek to influence or contribute significantly to their accomplishments. Moreover, these goals are consistent with development targets established by the Development Advisory Committee, the consortium of donors that works to maximize the impact of industrial country assistance to developing countries.





Results Highlights





Results Highlights

The Agency for International Development promotes sustainable development in five goal areas: achieving broad-based economic growth, building democracy and governance, stabilizing world population and protecting human health, protecting the environment, and providing humanitarian assistance.

Many Agency activities relate to two or more goals. Because of this, synergistic effects abound. For example, promoting community management of natural resources often enhances democracy by allowing citizens to exercise more control over their livelihood and destiny. Increasing economic opportunity for the poor typically enhances their sense of participatory democracy and the potential for good, local government.

Likewise, USAID has found that as people become better educated, birth rates and child mortality drop, and nutrition improves. When girls are able to get a basic education, they raise healthier children. Improving education also encourages rule of law and helps develop an active and open civil society. Reduction in population pressures through voluntary family planning programs facilitates economic growth. Good gover-

nance, especially a reduction in overregulation and illicit enrichment, promotes microenterprise development. USAID is increasingly planning activities to benefit from such natural synergies, so these efforts will likely become more widespread.

In all its activities, the Agency collaborates closely with host country partners, nongovernmental organizations, international financial institutions, and other donors. These partnerships are essential to USAID's work; they both increase program effectiveness and promote sustainability.

This chapter reviews results the overseas Missions and operating units achieved during fiscal year 1996. Data come primarily from the operating units' performance monitoring systems. For each of the five goals, the chapter 1) presents an overview of recent trends, 2) outlines the strategy, 3) presents the distribution of programs by objective, 4) provides an overall assessment of performance by region, and 5) summarizes conclusions.

Achieving Broad-Based Economic Growth

The developing world is making significant economic progress, despite some perceptions to the contrary. Data for 62 developing countries representing more than 2.4 billion people reveal the trends.

Overview

More than half of USAID-recipient developing countries, with 1.8 billion people, achieved at least moderate economic growth during 1992–96.

■ Ten countries—with almost 1.5 billion people—achieved very rapid average annual growth in per capita income (3.4 percent to more than 7 percent). USAID supported economic growth programs in the following countries in this group: Bangladesh, the Dominican Republic, El Salvador, Ethiopia, India, Indonesia, Mozambique, Peru, Sri Lanka, and Uganda.

■ Seven countries, accounting for 100 million people, grew 2 to 3 percent. This is faster growth than most countries in the Organization for Economic Cooperation and Development achieve. In this group, USAID had economic growth programs in Cambodia, Jordan, and Nepal.

■ Fourteen countries, with more than 300 million people, achieved growth of 1 to 2 percent. That put them about on a par with most OECD countries. Growth in this range contributes to meaningful reductions in poverty. Countries with USAID economic growth programs in this category include Benin, Bolivia, Ghana, Guatemala, Guinea, Malawi, the Philippines, and Tanzania.

■ In 11 other countries (240 million people) growth was weak or negligible (0 to 1 percent). In this group, USAID had economic growth programs in Ecuador, Egypt, Honduras, Mexico, Morocco, Senegal, and Zambia.

■ In 15 countries (300 million people) per capita income clearly declined. Many USAID-assisted countries in this group experienced considerable political turmoil, including Burundi, Haiti, Liberia, Rwanda, and South Africa.

Countries making the transition from planned to free-market economies in central and Eastern Europe and central Asia must be considered separately. Their transition inevitably began with an economic decline as central planning ended. Of the 24 countries USAID assisted during 1992–96, only Poland achieved economic growth in 1992. By 1994 growth was rapid in four countries (Albania, Armenia, Poland, and the Slovak Republic). It was low to moderate in seven others, among them the Czech Republic, Hungary, Latvia, and Romania. By 1996 growth was rapid in nine countries, and low to moderate in nine others.

Future economic growth will benefit from recent progress in promoting basic education. Basic education improves people's prospects for escaping poverty and leading productive lives. The Agency has promoted universal primary education in all regions where it supports this objective.

Sub-Saharan Africa has made enormous progress. In Benin, Ghana, Guinea, Malawi, Mali, Namibia, and Uganda enrollment has increased 34–71 percent in six years. Even so, half the primary school-age children are still not in school. Less than half of those entering

first grade will complete their primary education. Many will drop out before they acquire minimal levels of literacy and numeracy. In most countries, far fewer girls enroll and stay in primary school than boys. Few sub-Saharan countries have higher than 60 percent enrollment. In Ethiopia and Mali enrollment is below 30 percent.

In Asia and the Near East, many countries, including Indonesia, the Philippines, and Sri Lanka, have made strides in increasing enrollment and completion rates. But Bangladesh, India, and Nepal have major problems, with enrollment below 70 percent. Yet worse off are Morocco (56 percent) and Pakistan (30 percent). In South Asia and the Middle East, girls are far less likely to attend school and complete a primary education.

The picture is much better in Latin America. In many countries 90 percent of school-age children attend school, and with the exception of a few countries, girls are going to school and completing their education at close to the rate of boys. However, these statistics mask poor quality and unequal access. Although enrollment is high, about 45 percent (the figure is based on a weighted average by population) complete primary school, and repetition rates are very high.

There are large pockets of underserved children—schools are very poor and not serving students’ needs—especially in Guatemala and Haiti.*

USAID Economic Growth Strategy

USAID helps developing and transitional economies achieve broad-based, rapid, and sustainable growth by promoting 1) strengthened markets, 2) expanded access and opportunity for the poor, and 3) expanded and improved basic education to increase productivity.† (See figure 1.1.)

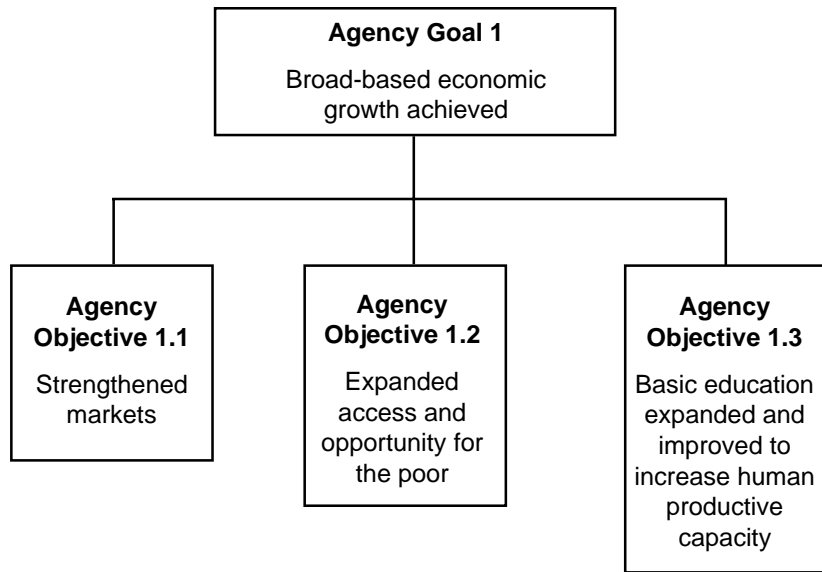
Strengthening Markets

Strong markets for inputs (such as capital, labor, and equipment) and for goods and services sustain broad-based economic growth. Vigorous competition and widespread participation help markets become more efficient and reflect human wants and productive capacities. They also provide higher quality goods and services at lower prices.

Expanding Access and Opportunity for the Poor

Strengthened markets contribute to economic growth. That in turn leads to increased employment and higher incomes. But the benefits of economic growth may not be widely shared, at

Figure 1.1. Economic Growth Strategic Framework, 1995–96



least at the outset. Progress in reducing poverty and food insecurity may be slow because of market imperfections and unequal opportunities. These inequalities are a problem especially for women and ethnic minorities, who predominate among the poor. Economic growth is required for a sustainable reduction in poverty. Policies and institutions that increase access and opportunity for the poor accelerate the reduction of poverty.

Expanding and Improving Basic Education

Economic growth that is driven by both markets and opportunity will be sustainable when most of the people have the skills and education to participate in the economy. Experience shows that with a basic education—basic literacy, numeracy, and problem-solving skills—people have a much better chance of escaping poverty and leading productive lives. Basic education also provides the foundation for further education and training, enabling people to acquire new skills required for a changing economy.

* Additional information on country trends related to USAID’s goals can be found in annex B.

† In 1997 education became one of USAID’s primary goals. It is included here under economic growth because this report covers performance under the 1996 strategic framework.

Distribution of Agency Economic Growth Programs

Table 1.2.1 presents, by objective, the distribution of USAID programs supporting broad-based economic growth. Worldwide, 72 Agency programs—87 percent of the total—contribute to broad-based economic growth. Most of these programs promote strengthened markets. Almost half expand access and opportunity for the poor. About a third expand and improve basic education.

Programs that strengthen markets outnumber the other two objectives (access and education) in every region except Latin America and the Caribbean. All the economic growth programs in Asia and the Near East seek to strengthen markets. So do those for Eastern Europe and the new independent states. *Almost* all economic growth programs in Africa have this objective.

Economic growth programs in Latin America and the Caribbean contribute almost equally to the objectives of strengthened markets, access and opportunity, and education. Substantial progress has already been made in strengthening Latin American markets. Consequently, the Agency is able to direct its efforts at improving access and opportunity for the poor and improving basic education. Two thirds of all economic growth programs in the region promote expanded access and opportu-

nity for the poor, compared with a global average of just under 50 percent.

By contrast, no programs in Europe and the new independent states have yet begun to expand access and opportunity or improve basic education. Many of these programs are relatively new, however, and all emphasize strengthened markets. It's a first-things-first approach that reflects the importance of completing the transition from planned to market-driven economies.

1996 Economic Growth Program Results And Highlights

Strengthening Markets

USAID works with both governments and private sector participants to make market transactions more efficient by reducing their costs and to make it easier for people to start and expand economic activity.

Together these groups develop strong markets by promoting sound policies and institutions, supportive private and public infrastructure, new technologies (especially in agriculture and finance), and well-developed managerial skills and entrepreneurial talent (see figure 1.2.2). With these approaches, poverty decreases; food security improves; production, trade, and investment increase; and per capita incomes and standards of living rise.

Essential for economic growth is an enabling policy, legal, regulatory, and institutional environment. Such an environment creates markets where none existed previously. It legalizes formerly parallel (“black”) markets. It also strengthens emerging and long-established markets. Sound fiscal, monetary, and exchange rate policies and institutions promote economic stability, which is essential for private markets to function efficiently. Economic growth also depends on well-functioning labor, financial, and land markets, and on dynamic agricultural, industrial, and service sectors.

Creating efficient markets in a global economy goes beyond strengthening domestic markets and boosting productivity. Domestic markets must also be competitive internationally. They are, after all, linked through international trade and investment.

New export opportunities for developing countries mean an increase in incomes and wealth for the exporting country. This income growth, in turn, creates demand for imports. In fact, for developing countries some estimates indicate that a dollar in additional exports leads to a dollar of increased imports.

USAID helps develop private sector ability to take advantage of international opportunities. It also helps build stronger markets by promoting public and private investment in infrastructure. That includes the

Table 1.1. USAID Operating Units With Economic Growth Objectives in 1996

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Total number of operating units	30	13	22	18	83
Number with economic growth objectives	23 (77%)	12 (92%)	22 (100%)	15 (83%)	72 (87%)
Objective 1.1: Strengthened markets	Angola, Ethiopia, Ghana, Guinea, Guinea-Bissau, Kenya, Madagascar, Malawi, Mali, Mozambique, RCSA, REDSO/ESA, Sahel regional, Senegal, Somalia, South Africa, Tanzania, Uganda, Zambia, Zimbabwe (20)	Bangladesh, Cambodia, Egypt, India, Indonesia, Jordan, Mongolia, Morocco, Nepal, Philippines, Sri Lanka, West Bank–Gaza (12)	Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Central Asia regional, Croatia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan (22)	Bolivia, Central American regional, Ecuador, Guatemala, Guyana, Haiti, Honduras, Jamaica, LAC regional, Mexico, Nicaragua, Panama, Peru (13)	67 (81%)
Objective 1.2: Expanded access and opportunity for the poor	Eritrea, Ethiopia, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Namibia, Somalia, South Africa, Tanzania, Uganda, Zambia, Zimbabwe (15)	Bangladesh, Cambodia, India, Indonesia, Jordan, Morocco, Nepal, Philippines, Sri Lanka, West Bank–Gaza (10)		Bolivia, Dominican Republic, Ecuador, El Salvador, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Peru (10)	35 (42%)
Objective 1.3: Basic education expanded and improved to increase human productive capacity	Benin, Ethiopia, Ghana, Guinea, Malawi, Mali, Namibia, South Africa, Uganda (9)	Cambodia, Egypt, India, Morocco, Nepal (5)		Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, LAC regional, Nicaragua (10)	24 (29%)

Note: Table excludes programs in economic growth, microenterprise support, and human capacity development funded through USAID's Global Bureau.

Key: RCSA = Regional Center for Southern Africa; REDSO/ESA = Regional Economic Development Office/East and Southern Africa.

Figure 1.1.1. USAID Objective 1.1 and Approaches



basic installations and services that integrate markets and connect buyers with sellers through improved communications. Infrastructure improvements also support affordable and durable housing with greater access to water and sanitation. And they reduce physical barriers to economic activity through such investments as feeder roads, reform of national railways, and the like.

Agriculture plays a key role in developing and transitional economies. This sector can help generate employment and income, reduce poverty, and

enhance food security. The Agency encourages the establishment of flourishing agricultural sectors by addressing policy issues, marketing constraints and opportunities, and production and marketing technologies. USAID programs emphasize factors critical for success in agriculture. These include market-oriented pricing and trading policies; access to agricultural inputs, such as seeds, fertilizer, credit, new technologies, and land; access to domestic and export markets; and crop production and marketing choices.

The broad range of USAID programs that strengthen markets makes reporting on aggregated results difficult. It is possible, though, to report on performance results in two areas: privatization and promotion of nontraditional exports. Programs in more than a dozen countries in Africa, Asia, the Near East, and Eastern Europe and the new independent states helped privatize 26,000 state-owned enterprises during 1996. Of those, 23,000 were enterprises in the transitional economies of Eastern Europe and the new independent states.

In 1996, programs in 14 countries contributed to a more than \$300 million increase in nontraditional exports to nearly \$1.8 billion. In sub-Saharan Africa, USAID promoted growth in agricultural production and nontraditional exports. The Agency strengthened the private sector by providing support for policy and regulatory reforms, increasing market access, and promoting investments in agriculture. Programs in **Ghana, Madagascar, Senegal, Tanzania, Uganda, and Zambia** recorded significant results by supporting policy, legal, and regulatory reform. USAID made good progress in increasing market efficiency and access in many countries in sub-Saharan Africa, particularly **Kenya, Malawi, and Zimbabwe**.

Almost three fourths of all the market-strengthening programs improve policies, laws, and regulations governing markets. About the same number strengthen institutions that reinforce and support competitive markets. One fourth promote growth in agriculture. Fewer than 10 percent invest in infrastructure.

■ In **Ghana** the Agency supported government reforms to increase nontraditional exports under the Trade and Investment Program. The value of nontraditional exports increased from \$180 million in 1995 to more than \$220 million in 1996. That boosted nontraditionals' share of total exports to 15 percent, exceeding program expectations.

■ USAID supported a successful privatization program in **Zambia**. In 1996 the government divested 84 state-owned enterprises, exceeding the 50 originally targeted. Zambians acquired three fourths of the assets.

USAID activities supporting the transfer of improved agricultural technology in sub-Saharan Africa contributed to increased production of staples and nontraditional crops in **Malawi, Mozambique, and Uganda**.

■ In **Uganda** production of maize, vanilla, flowers, and other nontraditional crops rose in value by nearly 8 percent during 1995–96, to \$140 million.

■ In **Malawi** the area devoted to nontraditional crops rose by 9 percent during 1996, exceeding program targets. As these become established, selected crop exports should increase.

■ More than 160,000 farmers in **Mozambique** adopted new technologies for cashew production under USAID's strategy for promoting food security by increasing agricultural production and incomes among the poor. Cashew exports jumped by 75 percent during 1996.

■ In **Ethiopia** the USAID program for increasing the availability of selected domestically produced grains achieved mixed results in 1996. Under the Title III Food Security Program, agricultural inputs and cereal markets became more competitive and accessible. Discussions with the Ethiopian government on appropriate policies are ongoing. Without improving the policy environment for competitive markets, paying more attention to natural resources management, and developing greater government commitment, recent agricultural production increases will not be sustainable.

In Asia and the Near East, policy reform continues to be a key element in the strongest performing programs. USAID contributed to the development and consolidation of liberalized economic policy environments in a number of countries including **Egypt, India, Indonesia, the Philippines, and Sri**

Lanka. In these countries, programs targeted trade and investment policies for reform.

■ In **Sri Lanka**, USAID assistance to the private sector resulted in nearly \$6 million in investments in new technologies. That exceeded program expectations for 1996 and generated more than \$89 million in exports, almost twice the value of program-supported exports for 1995.

In Asia and the Near East, USAID helped enhance market access by increasing exports of nontraditional products. Agribusiness and high-value agricultural production programs performed well and achieved significant results.

■ A USAID-funded program in **Nepal** contributed to an increase in sales of high-value agricultural commodities from \$8 million in 1995 to more than \$15 million in 1996, exceeding the program target.

■ In **India's** agricultural sector, USAID promoted improved policies and infrastructure to increase investment and exports. These efforts contributed to a 30 percent increase in horticultural exports in 1996.

Internal political pressures in **Bangladesh, Egypt, and Sri Lanka** contributed to delays in policy reforms in those countries.

■ In **Sri Lanka**, for example, USAID-supported programs promoting privatization of enterprises and rural irrigation systems fell short of their 1996 targets. Domestic opposition to public enterprise reform and a drought that diverted the government's attention from irrigation reform led to delay. The ongoing civil war also presents challenges to development.

In Eastern Europe and the new independent states, USAID helped develop enabling environments in 1996. Programs ranged from accelerating privatization and improving the soundness of fiscal policies and management practices, to improving the legal and regulatory environment for the private sector. In **Kazakhstan, Lithuania, Poland, Russia, and Ukraine**, the Agency aided in the adoption of policies, regulations, and laws that contributed to the transition to a market economy.

■ USAID programs in **Ukraine** accounted for more than a third of the more than 16,000 small enterprises privatized in that country during 1996. They also helped develop policies that aided all small-scale privatizations. USAID was also instrumental in privatizing agricultural land held by collective farms. Land rights for more than six million hectares of land (five million more than were targeted) were transferred to farmers through the issuance of land certificates. (One hectare equals about 2¹/₂ acres.)

■ In 1996, USAID's program in Russia contributed to the adoption of an additional 15 percent of the laws identified by USAID and its partners as necessary for private sector development. By the end of the year, 72 percent of USAID-supported policy reforms for private sector development had been passed by the parliament and enacted into law.

USAID activities in Eastern Europe and the new independent states contributed significantly to reinforcing and supporting competitive markets. Programs recorded good results in promoting market-responsive private financial markets in **Armenia, Georgia, Hungary, Kazakhstan, Moldova, Poland, and Uzbekistan**. Programs in **Hungary, Poland, and Russia** fostered greater competition in markets by strengthening the capacities of small and medium enterprises to respond to market opportunities.

■ USAID's program in **Russia** contributed to further private sector development in 1996. Approximately 1,200 private enterprises adopted USAID-developed private ownership and management training materials, exceeding expectations. In addition, more than 2,700 paying clients used the training, advisory services, and business contacts provided by the Agency-assisted Business Support Institutions. Again, the program exceeded targets.

■ In **Ukraine**, USAID assistance in 1996 contributed to a 7 percent growth in legally registered private firms. The target growth rate: 5 percent.

In Latin America and the Caribbean, the Agency helped strengthen markets through a variety of programs to improve policies, laws, regulations, and institutions that promote regional and international trade.

■ The Agency's **Central America** Program helped countries prepare for the proposed Free Trade Area of the Americas, a regional pact. It concentrated on harmonizing and improving trade and investment policies and enforcing labor codes. USAID promoted increased trade among countries in the region. In 1996, total Central American trade with the Western Hemisphere met the target of 47 percent of regional gross domestic product.

■ USAID is helping **Guatemala** increase participation in world markets through improved labor relations and improved trade policies. With Agency support, Guatemala continued to adhere to its obligations under the Accession Agreement of the World Trade Organization to maintain liberal trade policies. By enforcing labor rights, it maintained eligibility for the Generalized System of Preferences that provides the country with continued preferential access to markets in industrial countries.

USAID programs also strengthened markets by supporting export-oriented economic growth through development of nontraditional exports.

■ USAID-funded programs helped **Guatemalan** firms expand nontraditional exports, directly contributing to an improvement in Guatemala's trade performance. Nontraditional exports grew by 25 percent in 1996. That exceeded the program target of \$160 million and gave nontraditionals a greater overall share of total exports.

■ The program in **Nicaragua** continued to strengthen private, competitive agricultural markets. The result: a 13 percent increase in the value of nontraditional agricultural exports in 1996, exceeding the program target.

■ In **Jamaica**, USAID achieved mixed results in 1996. It provided critical training in marketing and information technology to 36 small Jamaican firms engaged in nontraditional exports, meeting program expectations. The Agency also provided assistance to nontraditional export marketing facilities. However, the facilities handled less nontraditional exports than expected. Reasons were a 20 percent revaluation of the Jamaican dollar against the U.S. dollar and poor papaya harvests. USAID subsequently revised its expectations for the remaining years of the program.

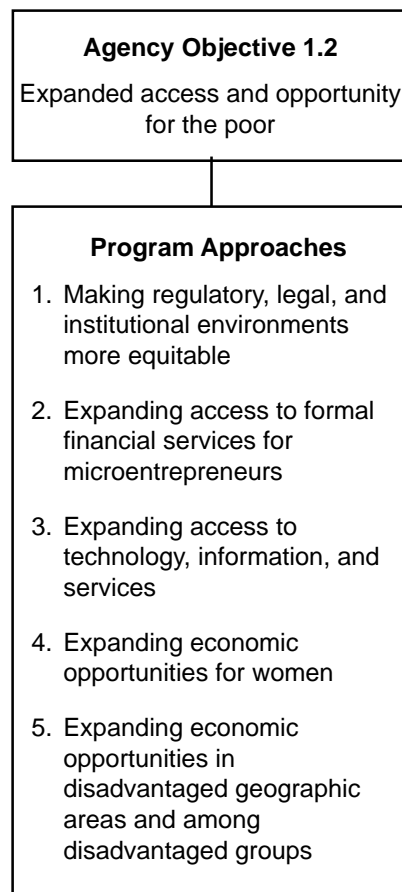
Expanding Access and Opportunity for the Poor

USAID expands economic opportunity for the poor by 1) improving the policy, regulatory, and institutional environments facing poor households, small farms, and small businesses; 2) helping microenterprises and small businesses gain access to financial institutions and market opportunities; 3) bringing appropriate technologies to small farmers and

microenterprises; and 4) increasing access by women and other disadvantaged groups to employment, capital, land, and technology (see figure 1.1.2).

USAID works to reduce the legal, regulatory, and institutional obstacles that deter the poor from participating in economic growth. National or regional economic policies and institutions may be unintentionally biased against the poor.

Figure 1.1.2. USAID Objective 1.2 And Approaches



State-run crop-marketing boards may prevent small farmers from fully enjoying the opportunities for marketing their products and earning higher incomes. Sometimes, government policies, such as licensing requirements, restrict the development of microenterprises and small businesses. Credit rationing and collateral requirements often prevent poor farmers and microentrepreneurs from gaining access to the financial resources they need to improve their enterprises.

The Agency endeavors to integrate microentrepreneurs into formal financial markets by finding market-based institutions that lend money to the poor. Integrating the poor into expanding and dynamic national economies requires more than a supportive legal and regulatory environment and access to formal types of finance. The poor must be able to obtain appropriate new technologies to increase their productivity. They must also have access to information and support services that enable them to take advantage of market and employment opportunities.

In many developing countries, women and historically or regionally disadvantaged groups are among the poorest. The Agency promotes expanded economic opportunities for disadvantaged groups through

programs that enhance their productive abilities and reduce legal and institutional obstacles. Microenterprise programs often target females. The reasons are twofold. First, women are among the poorest of the poor. Second, microenterprise activities can be pursued along with household chores. Barriers to women's participation in the formal sector make informal sector opportunities attractive to them.

Of the 35 programs dedicated to expanding access and opportunity for the poor, more than half promote microenterprise development and finance activities. More than one third promote expanded access and opportunity among disadvantaged groups or in disadvantaged areas. A smaller share of all programs address the regulatory, legal, and institutional constraints on the poor.

Aggregate data on microenterprises provide a measure of the Agency's progress in expanding access and opportunity for the poor worldwide. During 1996, USAID microenterprise development programs in 54 countries supported more than 300 institutions. The number of clients receiving services through these institutions exceeded one million; the amount of loans disbursed exceeded \$300 million. More than two thirds of the clients were women. The number indicates the importance of

income-generation programs for poor women, who are barred from formal markets.

In sub-Saharan Africa, programs in **Madagascar, Malawi, Mozambique, South Africa, Uganda, and Zambia** used policy-based activities to strengthen markets while expanding access and opportunity for the poor.

■ During 1966, USAID helped promote liberalization of agricultural marketing policies and institutions in **Malawi**. Small farmers responded rapidly to price signals and new crop and market opportunities. They adjusted their cropping patterns to maximize profits. Small farmers increased production 170 percent and marketed their crops directly. Prices rose 10 percent. The combination of these two factors gave small farmers a nearly 65 percent increase in real per capita income—37 percent over target. Small farmers diversified production as well. The share of small-farm area planted to crops other than maize increased from 32 percent in 1995 to 35 percent in 1996, meeting expectations.

■ USAID activities in **Uganda** contributed to increased use of financial services by rural businesses, including microenterprises. More than 5,000 individuals or enterprises received loans (a 38 percent increase over 1995). The Agency also helped promote

nontraditional exports through rural producer and marketing associations. Nontraditional agricultural exports increased by almost 8 percent, to \$140 million. Exports of flowers increased 74 percent, and fruits and vegetables 53 percent during 1995–96. That is significant because the two are high-value product groups that provide substantial income and employment to low-income rural households.

In Asia and the Near East, USAID helped make regulatory, legal, and institutional environments more equitable. Moreover, the Agency contributed to the expansion of access to formal financial services for microentrepreneurs. Institutional, policy, and regulatory reforms helped mobilize private capital to finance microenterprise ventures throughout the region. USAID supported institutions in several countries, including some that exclusively benefited women entrepreneurs in **Cambodia, Jordan, Nepal, and Sri Lanka.**

■ More than 52,000 female entrepreneurs in **Bangladesh** benefited from USAID-supported microfinance lending in 1996, maintaining employment for more than 66,000 individuals. About 85 percent of the loans were below \$300. Average repayment rate was 96 percent.

■ In **Morocco**, USAID assists low-income households through activities that promote exports and create and strengthen enterprises. More than 23,000 microenterprises were registered during 1996, exceeding the program target of 17,000. Overall, USAID-supported activities generated 22,000 jobs. A significant number of these new jobs went to women. Export sales by USAID-assisted firms that generate employment for low-income households reached nearly \$26 million in 1996. That was \$23 million over target.

■ In 1996, the program in **Sri Lanka** fell short of expectations for improving poor households' access to financing for low-income housing. Delays by the Sri Lankan treasury in advancing funding for the lending facility resulted in disbursement of only 3,000 of the planned 7,000 loans.

In Latin America and the Caribbean, the Agency contributed to microenterprise development to increase market and employment opportunities for the poor, particularly in **Bolivia, the Dominican Republic, Ecuador, El Salvador, Honduras, Nicaragua, and Peru.**

■ Microfinance and export programs in **Bolivia** created nearly 30,000 permanent jobs in 1996, meeting program expectations. Poor women held about two thirds of those new jobs.

■ USAID support enabled more than 30,000 individuals in **El Salvador** to borrow from credit unions and other microfinance institutions. More than 36,000 people used technological, marketing, and business services provided by USAID-assisted institutions.

■ In the **Dominican Republic**, USAID helped provide loans for microentrepreneurs and training for workers and micro and small entrepreneurs. More than 14,000 microenterprise jobs were created in 1996 (of which 6,000 went to women). That exceeded the 1996 target. Almost half of those who received vocational and professional training were women.

■ In **Honduras**, USAID helped expand access by micro and small enterprises to finance. More than 71,000 loans were made to these enterprises. The target was 61,000. In 1996 almost 85 percent of all loans were made to female-headed enterprises.

The Agency also used food aid resources to improve economic opportunities and access by the rural poor to a variety of services. In Latin America and the Caribbean, for example,

PL 480 Title III resources were used to support policy reforms affecting food security in **Haiti** and **Nicaragua**. Title II currencies and food for work were used in **Bolivia, Guatemala, Haiti, Honduras, Nicaragua, and Peru** to support agricultural extension and marketing services and development of productive infrastructure in rural areas. This included building market access roads, recovering eroded land through soil conservation and forestry activities, and building small irrigation systems. Progress was particularly impressive in **Peru**, where more than 57,000 small farmers reached by the Title II food security program adopted improved agricultural production techniques that resulted in a 65 percent increase in crop yields.

Expanding and Improving Basic Education

In 1997 USAID endorsed “human capacity built through education and training” as a separate Agency goal. Under this new goal, the Agency will continue to center on basic education. It will also seek to strengthen institutions of higher education as they contribute to development. Objectives under the goal are 1) to expand access to quality basic education, especially for girls and women, and 2) to increase the contribution that institutions of higher education make to sustainable development.

This chapter presents only the basic education approaches of the 1995–96 Agency strategic framework (see figure 1.1.3).

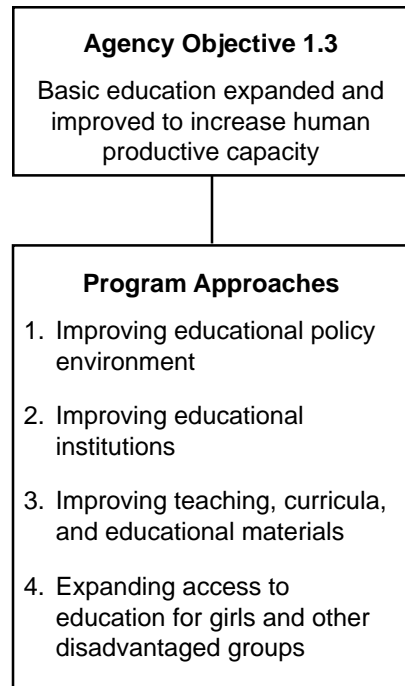
USAID works to ensure that developing countries give every child access to an effective primary education. The Agency addresses basic education assistance in countries where substantial need exists for primary education. Another criterion is that governments and other partners be committed to universal access and improved quality, efficiency, and equity. In selected countries, basic education assistance programs support literacy programs for young men and

women. They support early childhood development programs, as well.

Investments in primary education (where universal primary education is incomplete) and the education of girls yield high development returns. Expanding primary education has significant national-level impact on broad-based economic growth, poverty reduction, maternal and child health, family-planning use, and improved status of women.

Most of USAID’s 24 basic education programs concentrate on improving educational

Figure 1.1.3. USAID Objective 1.3 and Approaches



institutions and policy environments. Almost half of all education programs improve the quality of basic education by enhancing teaching, curricula, and educational materials. About a third of all programs give priority to expanding access to education for girls and other disadvantaged groups.

It is not possible to present aggregated 1996 results on performance in expanding and improving basic education. That's because of the wide variety of program approaches and the diverse indicators used to measure progress. The most commonly used measures of program performance are enrollment and completion rates. But these are sometimes difficult to compare meaningfully across countries because of variations in the way data are collected and interpreted.

USAID provides about 80 percent of its basic education assistance to Africa. Many nations there still lag far behind the goal of universal primary education, and school quality remains generally very low. In a limited set of countries where governments are committed to economic and educational reforms, the Agency helps restore and rebuild national primary education systems. The countries are **Benin, Ethiopia, Ghana, Guinea, Malawi, Mali, Namibia, South Africa,** and **Uganda.**

During 1996, programs supporting basic education continued to aim at increasing access to education, improving school completion, and promoting better learning and skills acquisition. Installing more rational education policies, strengthening educational institutions, and improving school effectiveness with community participation were the means of accomplishing these objectives.

African governments have begun to appreciate the role of education. They are reforming educational policy environments to promote improvements in access, quality, and effectiveness. USAID programs in **Ethiopia, Guinea, Malawi, Mali,** and **South Africa** leveraged improvements in allocating budget resources to primary education.

■ In **Guinea** the Agency promoted reforms of the education system. The government increased the share of the education budget devoted to primary education from 36 percent in 1995 to 38 percent in 1996. The share of education in the total budget continued to rise during 1996, reaching 26 percent. Overall, the primary enrollment rate increased from 44 percent in 1995 to 47 percent in 1996. That just exceeded USAID's target.

But money alone is not the answer. Investments in education have to be used wisely. One of the major constraints USAID's educational programs in Africa address is lack of institutional capacity building.

In **Ghana** the Agency supported the government in rethinking its basic education program to emphasize decentralization. Included were support for community identification of education objectives and the use of so-called fundamental quality level indicators to monitor progress toward these objectives. Three other countries, **Benin, Ethiopia,** and **Guinea,** adopted the FQL model as a strategy for involving communities, improving accountability, and increasing school effectiveness.

Elsewhere in sub-Saharan Africa, several programs contributed to improvements in teaching and curricula.

■ In 1996, with USAID support, more than 95 percent of all primary school teachers in **Ghana** were certified to minimum standards through in-service courses in math and English.

■ In **South Africa** the Curriculum 2005 Program introduced innovative curriculum and learning-centered teaching methodologies. Through this program the Agency supported the orientation of all teachers to outcomes-based education.

■ In **Malawi** the Agency contributed to improvements in the quality of basic education by supporting teacher training. In 1996 nearly 61 percent of all teachers (compared with 58 percent in 1995) possessed the required qualifications, exceeding program expectations.

The Agency is addressing school effectiveness by 1) giving leadership training to school directors, head teachers, and school management committees in **Ethiopia, Ghana, Malawi, Namibia, and South Africa**; 2) improving the school environment in **Ethiopia, Malawi, Mali, and Uganda**; and 3) providing instructional materials in **Ethiopia, Ghana, Namibia, South Africa, and Uganda**.

These interventions yielded significant results in access, quality, and effectiveness. Results from 1996 indicate that children are staying in school longer and learning more.

■ In **Mali** the student grade promotion rate reached 76 percent in 1996, compared with 64 percent in 1994.

■ The grade repetition rate in **Guinea** fell to 20 percent in 1996, a 6 percent decline from 1994. The drop contributed to a small decline in the share of first-grade students in the primary school population from 24 percent in 1995 to 23 percent in 1996. In **Mali** the sixth-grade attainment rate rose from 41 percent in 1995 to 45 percent in 1996 (just short of program expectations).

Other trends show improvements in access. More women are becoming teachers and teacher trainers, and the gaps between male and female enrollment and repetition rates are narrowing. In 1996, USAID succeeded in improving girls' access to education in **Benin, Guinea, and Mali**.

■ In **Benin** girls' enrollment rates rose from 50 percent to 52 percent and contributed to an increase in the ratio of girls to boys.

■ In **Guinea** girls now represent more than 45 percent of all first-grade pupils, up from 38 percent in 1995.

■ In **Mali** girls' enrollment increased almost 15 percent in 1996, to 33 percent. Enrollment in primary school increased nearly 10 percent to just under half the school-age population.

To redress gender imbalances, USAID basic education assistance to Asia and the Near East concentrates on girls and women. The Agency is providing assistance to **Egypt, India, Morocco, and Nepal**. Programs in these four countries are expanding girls' and women's access by reducing the barriers to their participation. Programs also helped create community-based demand for girls' education. In 1996, USAID also supported a program to rebuild the primary school system in **Cambodia**.

■ In **Egypt** in 1996, the Ministry of Education adopted several USAID-supported policy reforms that contribute to increased girls' participation. The permissible age for entry to primary school was increased from 8 to 9 years; for entry to preparatory school, from 14 to 18. One-room schools under the "Mrs. Mubarak Initiative" were opened to communities in the evenings for literacy classes.

■ In **Nepal** the USAID-supported women's literacy program helped 100,000 women acquire basic literacy and numeracy skills in 1996, exceeding the program target. Adult female literacy increased from 25 percent in 1995 to 28 percent in 1996.

In Latin America and the Caribbean, programs in **Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, and Peru** concentrate on educational reforms and improving educational quality to address issues of equity (across regions and genders) in primary schooling. A regional program seeks to address common policy reform issues. During 1996 USAID contributed to improved teacher training, curriculum reform, and increased funding for textbooks and educational supplies.

USAID programs in **Honduras** and **Nicaragua** aim at improving school efficiency through student-centered curriculum and teacher training. (“Efficiency” in this sense means producing graduates and reducing repetition rates.) These programs contributed to improvements in primary school completion rates.

■ In **Honduras**, USAID’s program for teacher training and curriculum development facilitated important gains in efficiency. More than 103,000 children completed primary school in 1996, an increase of almost 3 percent over 1995. The overall primary school completion rate in 1996 reached 70 percent.

■ In **Nicaragua**, the Agency supported teacher training to improve efficiency in the primary education system. The program exceeded expectations in reducing repetition rates among first-graders. Rates for the second, third, and fourth grades fell just short of target rates but showed improvement over 1995. Overall, the primary school completion rate increased for both boys and girls and met program expectations.

USAID programs in basic education achieved significant results in improving educational quality in **Guatemala, Haiti, Honduras, Jamaica, and Nicaragua**.

■ In **Honduras**, USAID’s primary education program has made a significant impact on improving the quality of education. In 1996, standardized test scores in four subjects were about 15 percent higher than in 1995, and exceeded program expectations.

■ In **Nicaragua**, the Agency’s program supported development of improved primary school curriculum and teaching methodologies and delivery of textbooks and other materials to schools. These efforts contributed to a nearly 9 percent increase in standardized mathematics test scores in rural areas during 1994–96.

■ In **El Salvador**, USAID supported the procurement and distribution of 100,000 newly designed sixth-grade textbooks and curriculum guides for language and math. Mathematics achievement scores increased and met expectations. By contrast, language achievement test scores fell short of targeted levels countrywide. Two factors may have contributed to lower test scores. First, fewer low-achieving students are dropping out, and their scores may lower the average. Second, the Ministry of Education accelerated its program for expanding the primary education system to include pupils in the poorest and most isolated regions. These new entrants into the school system may have brought down average test scores. The Mission is reexam-

ining the data to assess the accuracy of test score changes and determine the next steps.

Programs registered important results in improving girls’ access to and benefits from basic education. Throughout the region, girls are doing well in completing primary education. In some cases, they outperform boys.

■ In **Honduras** the Agency’s targets for primary school completion were exceeded for girls, but were not met for boys. At least part of the reason is that economic need affects young boys more than girls; parents are more likely to pull boys out of school to work if the family is in need. Test scores for girls exceeded those for boys. *Gains* in girls’ test scores during 1995–96 also exceeded the gains in boys’ test scores.

This pattern of achievement for girls holds even in countries such as **El Salvador** and **Nicaragua**, which are still recovering from national conflicts.

■ In **El Salvador** the average achievement test score for girls in third-grade language rose by 5 percent during 1995–96. It came within 5 percent of the target.

Conclusion

Helping countries achieve broad-based economic growth presents a challenge for USAID and other donors alike. The performance of USAID programs promoting each of its three objectives shows the extent to which the Agency is well positioned to respond to that challenge. In 1996, programs that strengthen markets, expand access and opportunity for the poor, and expand and improve basic education yielded significant results across all regions.

The performance of a number of programs fell short of expectations for 1996, in part owing to overambitious goals. Often, though, the shortfalls were due to factors outside the Agency's control. Country-specific factors, such as weather, political will, and institutional capacity, can often affect the success of assistance programs. Nonetheless, USAID demonstrated its ability to learn from unsatisfactory performance and revise programs and program expectations where needed. Overall, USAID's performance during 1996 continues to demonstrate that its strategy for achieving broad-based economic growth is sound and appropriate.

Building Democracy And Governance

The process a country undergoes on the path to democracy is slow and complex. During the last decade, communications have improved, citizens move around more freely, and democratic values and institutions have been promoted. All this has contributed to democratization around the world. Despite a few notable setbacks, in 1996 the level of democracy in USAID-assisted countries continued to improve. The Agency uses the Freedom House country ratings to assess the state of democracy in countries that receive assistance. Among those countries, 14 advanced on the Freedom House scale during 1993–96, but seven regressed.

Seven of the 14 advances occurred in Africa (Eritrea, Ethiopia, Malawi, Mozambique, South Africa, Tanzania, and Uganda). In Eastern Europe, Bosnia, Latvia, and Romania received improved ratings. In Asia, the Philippines and Mongolia improved their ratings. In Latin America and the Caribbean, the level of democracy in Haiti and Panama increased.

Freedom House reported some setbacks among USAID-assisted countries. In the new independent states, the ratings

of Belarus, Kazakhstan, and Slovakia fell. In Africa, Asia and the Near East, and Latin America and the Caribbean, democracy declined in Niger, Cambodia, Lebanon, and Ecuador.

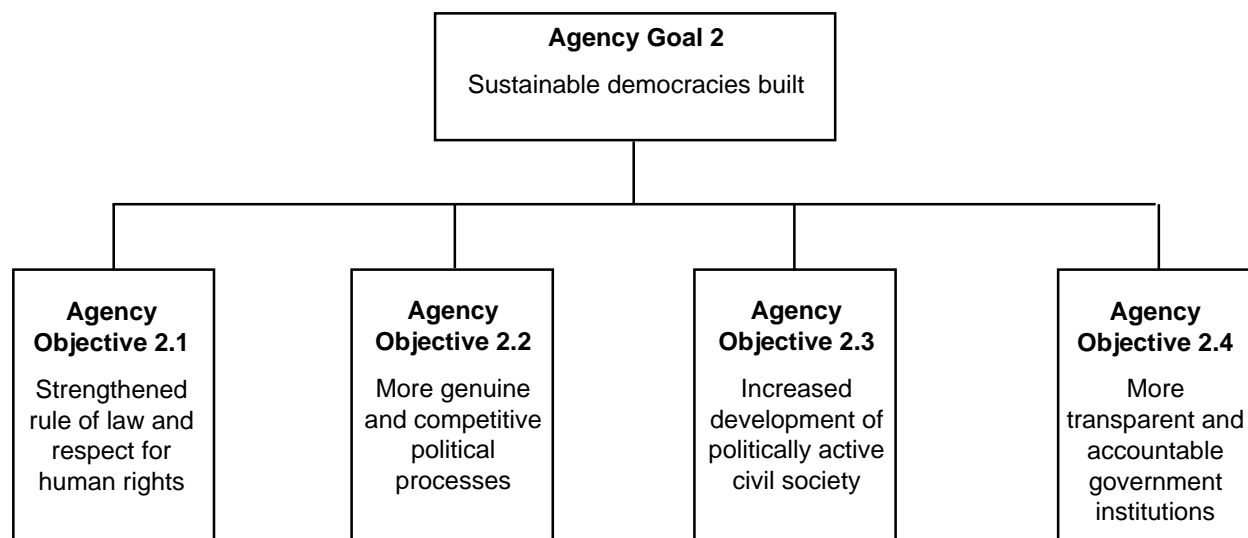
■ In 1996 the number of countries rated Free increased from 76 to 79, the highest number since the survey was launched in 1972. Two of the newly free countries, Romania and the Philippines, have USAID-supported democracy programs. Democracy-building is tenuous. Setbacks in 1996 included Ecuador and Slovakia, which went from Free to Partly Free. Belarus and Niger now rank Not Free.

■ Freedom House raised the rating of Sierra Leone from Not Free to Partly Free. A coup in the spring of 1997, though, confirms the volatility of democratic transitions. The rating for Bosnia also rose from Not Free to Partly Free. There, too, the transition to democracy remains tenuous.

The pattern of democratic evolution demonstrates the need for increased efforts, rather than complacency, in promoting democracy. Although many countries are becoming more democratic, only 19 of 67 countries with USAID-assisted democracy programs rated Free in 1996. Continued assistance helps extend and reinforce the momentum gained.*

* Additional information on country trends related to USAID's goals can be found in annex B.

Figure 1.2. Democracy Strategic Framework 1995–96



USAID Democracy And Governance Strategy

USAID has refined its promotion of democracy over the last several years, building on lessons learned to support indigenous democratic transitions more effectively. In every instance, USAID assistance reflects the dynamic situation in each country.

To guide democracy programming, the Agency pursues four objectives: 1) strengthened rule of law and respect for human rights, 2) more genuine and competitive political processes, 3) increased development of a politically active civil society, and 4) more transparent and accountable government institutions (see figure 1.2.).

Strengthened Rule of Law And Human Rights

USAID provides assistance to countries seeking to create the legal foundation for democracy. Establishing the rule of law protects citizens against the arbitrary use of state authority and against lawless acts of other citizens. The Agency also helps enhance the ability of the judiciary to ensure fair application of existing laws. To ensure that, once established, the rule of law applies equally to all, USAID stresses the importance of guaranteeing equal rights for women and the disadvantaged.

More Genuine and Competitive Political Processes

Free and fair elections strengthen the foundation for democracy. USAID and its partners help countries develop the necessary institutional capacity to support, organize, and conduct elections. Assistance includes improving the ability of political parties to function in a competitive election. It also involves ensuring that citizens, especially women and the rural poor, understand the electoral process.

Increased Development of a Politically Active Civil Society

In a democracy, a politically active civil society creates a vital link between the public and decision-makers. Organizations and associations of citizens form a counterweight to state power. If there is no tradition of independent, politically active groups, citizens in fragile democracies often rely on the state and do not understand the potential of civil society. USAID and its partners promote participation by *all* citizens in the political process. That contributes to the development of a politically active civil society.

More Transparent And Accountable Government Institutions

USAID and other donors recognize the importance of developing good governance practices. Corruption, mismanagement, and inefficiency hinder development. Accordingly, the Agency works with countries seeking to establish transparency, accountability, and participation in their government.

Distribution of Agency Democracy and Governance Programs

In 1996 more than 80 percent of USAID's programs pursued democracy objectives (see table 1.2.) in countries at very different levels of political

development. Strategies respond to each country's unique political environment and to changing opportunities.

Support for civil society organizations is central to the Agency's strategy in countries where the transition to democracy has yet to begin or the government is resistant. Direct support to civil society is common in Africa, Asia, and Eastern Europe and the new independent states. In Latin America and the Caribbean, free and fair elections and peaceful transitions of power have become more routine. Accordingly, democracy programming has shifted to broadening civic participation in political processes, reinforcing the devolution of power to local governments, improving accountability and transparency, and emphasizing citizens' access to justice.

When governments schedule elections, the Agency often provides support to the electoral process to ensure open, fair, and participatory elections. This has been the case across regions. If elections bring new, pro-reform leaders to power, USAID works to strengthen democratic institutions at the national and local levels. The Agency concentrates on institutional strengthening more in Eastern Europe and Latin America than in Africa and Asia. In all

regions the Agency's country strategies reflect both the scope for democracy activities and a realistic assessment of funding constraints.

1996 Program Results And Highlights

Over the past decade many countries have moved from dictatorship to democracy, demonstrating the growing popular demand for representative governance. USAID has provided timely and constructive support through many transitions. Many democracy-building activities promote qualitative change in the understanding of democracy and behavior patterns in a given country. Democracy programs concentrate on increasing public awareness of rights and providing training to enable the public and the leadership to function according to democratic norms.

Progress toward democratic governance both enhances and is enhanced by advances in the other sectors of development. For example, economic growth is best achieved when markets are unencumbered by legal restrictions. An educated electorate is the foundation of a vibrant democracy. This synergy strengthens the Agency's other goals. Close donor collaboration allows for mutually reinforcing activities that also improve results across sectors.

Table 1.2. USAID Country and Regional Programs with Democracy and Governance Objectives in 1997

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Total number of operating units	30	13	22	18	83
Number with democratic objectives	23 (77%)	10 (77%)	19 (86%)	17 (94%)	69 (83%)
Objective 2.1: Strengthened rule of law and respect for human rights	Eritrea, Ethiopia, Ghana, Malawi, Rwanda, South Africa, Tanzania, Uganda, Zambia (9)	Bangladesh, Cambodia, Egypt, India, Indonesia, Mongolia, Nepal, Sri Lanka (8)	Armenia, Belarus, Croatia, Georgia, Kyrgyzstan, Lithuania, Russia, Slovakia, Ukraine (9)	Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, LAC regional, Mexico, Nicaragua, Paraguay, Peru (15)	41 (49%)
Objective 2.2: More genuine and competitive political processes	Angola, Benin, Eritrea, Ethiopia, Ghana, Kenya, Liberia, Malawi, Niger, Senegal, South Africa, Uganda, Zambia (13)	Bangladesh, Cambodia, Mongolia, West Bank–Gaza (4)	Armenia, Azerbaijan, Bulgaria, Croatia, Georgia, Latvia, Romania, Russia, Ukraine (9)	Bolivia, Dominican Republic, El Salvador, Guyana, Haiti, Mexico, Nicaragua, Paraguay, Peru (9)	35 (42%)
Objective 2.3: Increased development of politically active civil society	Angola, Benin, Eritrea, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sahel regional, South Africa, Tanzania, Uganda, Zambia (20)	Bangladesh, Egypt, India, Indonesia, Mongolia, Nepal, Philippines, Sri Lanka, West Bank–Gaza (9)	Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Romania, Russia, Slovakia, Tajikistan, Ukraine, Uzbekistan (18)	Bolivia, Central American program, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, LAC regional, Nicaragua, Paraguay, Peru (13)	60 (72%)
Objective 2.4: More transparent and accountable government institutions	Angola, Benin, Ethiopia, Guinea, Malawi, Mali, Mozambique, Namibia, Rwanda, Sahel regional, Senegal, Somalia, South Africa, Zambia (14)	Bangladesh, Egypt, Philippines, Sri Lanka, West Bank–Gaza (5)	Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Lithuania, Poland, Russia, Slovakia, Tajikistan, Ukraine, Uzbekistan (13)	Bolivia, Guatemala, Central American program, Ecuador, El Salvador, Guyana, Haiti, Honduras, LAC regional, Nicaragua, Paraguay, Peru (12)	44 (53%)

Measuring those results is a challenge. The Agency has encountered conceptual, methodological, and practical difficulties in establishing quantitative indicators. It has sought to distinguish between the overall democratic development of a country and the impact of specific USAID objectives.

Democracy objectives are often multidimensional and not easily captured by a single measure. Indicators of performance may differ depending on the stage of a country's democratic development. Sometimes, performance data can be too expensive to collect at frequent intervals. Finally, performance in other sectors can affect democracy programming. Centrally, the Agency continues to look to the development of quality indicators for assessing the performance of democracy objectives.

■ In 1996, USAID's Democracy and Governance Center inaugurated a 20-month effort to develop and test democracy indicators. Working groups developed a draft menu of performance indicators for each approach identified in the democracy framework and conducted field tests in the **Philippines** and **Ukraine**.

Strengthening Rule of Law And Respect For Human Rights

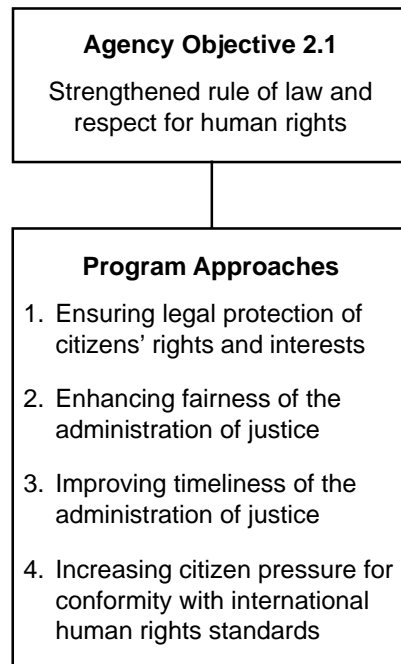
To strengthen rule of law and respect for human rights, USAID and its partners help countries formulate and implement legal reforms, improve the administration of justice, and increase citizens' access to justice. USAID has developed four major approaches to achieve this objective (see figure 1.2.1.).

Ensuring legal protection of citizens' rights and interests is the cornerstone of the rule of law. USAID provides support to

countries drafting democratic constitutions or legal codes. As part of this effort, the Agency stresses equal rights for women and the disadvantaged. The Agency's ongoing Women's Legal Rights initiative continues to address property rights, economic opportunity, and violence against women.

The Agency recognizes that safeguarding citizens' rights and interests requires more than progress with key pieces of political and economic legislation. Enhancing the skills and knowledge of members of the

Figure 1.2.1. USAID Objective 2.1 and Approaches



justice system contributes to a fairer application of the law. An effectively functioning justice system also curtails excessive state power. It establishes sound economic rules and limits the scope for arbitrary government policies.

USAID encourages countries to conform with international human rights standards. The Agency works with governments, through intermediaries and partners, to establish mechanisms to appeal or redress human rights violations. USAID also works with nongovernmental organizations that monitor the protection of human rights and teach citizens about their rights. Such activities promote the protection of society's most vulnerable citizens and help prevent human rights abuses from undermining democratic reforms.

Rule-of-law programs in Africa concentrate on increasing citizens' demand for effective administration of justice through coalitions for legal reform. The Agency helps human rights groups that monitor government and represent victims of abuse. To improve the ability of governments to respond to citizens' demands, USAID works with the leadership on legal reform and institution-building.

■ With USAID assistance, **Eritrea, South Africa, and Uganda** widely publicized and then adopted new constitutions in 1996 and early 1997.

USAID provides support to countries drafting constitutions but cannot guarantee satisfactory outcomes.

■ In **Zambia** amendments to the constitution undermined potential opposition to the existing leadership. The U.S. government objected and reduced its assistance.

Highlights from Africa in 1996 demonstrate the range of rule-of-law programming in the region.

■ In **Tanzania** the development of alternative dispute resolution (seeking alternatives, in legal cases, to formal court proceedings) helped relieve the backlog in the largest civil court in the country. Seventy-four cases were resolved without a trial at the Kisutu Civil Court, exceeding the target of 50 cases.

■ In **Kenya** the Human Rights Commission, supported by USAID, persistently confronted the government with documented evidence of police brutality. In response, the government formed its own Standing Committee on Human Rights to counter those charges.

In Asia and the Near East, the Agency and its partners seek to increase respect for human rights in countries where rights remain inadequately protected. The rights of women are of particular concern in South Asia. In addition, USAID works in some countries to strengthen commercial law. Weaknesses in the law or its application can hamper both democracy and economic growth. They slow investment and help some enhance their power at the expense of others.

■ In **Nepal** women's advocacy led to a supreme court decision to overturn existing inheritance laws because of gender bias. This outcome resulted in part from legal literacy programming that trained 44,000 women in 1996 in fundamental and legal rights. The number far exceeded the target of 17,000 women. USAID's partners have developed a testing program to confirm the effect of such training. Thirty-nine percent of the women who received legal training joined some of the 600 advocacy groups working on issues relevant to women.

■ Results from **Bangladesh** highlight the potential improvement alternative dispute resolution can make in women's lives. After more than 500 people received training in ADR techniques, a customer appraisal in one region reported that improved alternative dispute resolution led to a significant decrease in wife abandonment or illegal second marriages.

■ In **Cambodia**, with the support of USAID-funded programs, public defenders accepted 68 cases per month in 1996, compared with an average of 31 cases in 1995—a 119 percent increase. The percentage of courts using public defenders surpassed the target of 60 percent. It rose from 46 percent in 1995 to 71 percent in 1996.

■ With USAID support, the National Human Rights Commission in **Indonesia** publicized highly controversial human rights cases and opened a field office in East Timor. Such activity prompted nongovernmental organizations to initiate 89 effective advocacy campaigns, well above the target of 30.

In Europe and the new independent states, the Agency helped draft legislation required to implement newly enacted constitutions. New civil and commercial codes have been enacted in **Russia** and elsewhere.

■ USAID helped organize a constitutional forum and provided material on comparative constitutional systems for those drafting the constitution in **Ukraine**. The constitution was adopted in 1996.

■ In **Croatia**, USAID jointly funded a civil rights project in Eastern Slavonia to provide information and legal assistance with applications for Croatian citizenship. In 1996, 32,176 residents applied for citizenship. That exceeded the target of 25,000.

■ After helping draft new laws in **Georgia**, USAID recognized a need to train judicial practitioners and educate citizens.

In some countries in the region, judicial review and genuine checks on executive power have emerged. In others, most notably **Albania, Armenia, Belarus, and Uzbekistan**, attempts to establish a legal culture and respect for human rights have either experienced significant setbacks or remain limited owing to a lack of political will. Even in more successful states, purely technical issues of legal implementation are often stymied by growing corruption, incoherent tax and regulatory environments, and societies accustomed to circumventing legal conventions to solve development problems.

Justice and human rights programs in Latin America and the Caribbean deliver a comprehensive set of activities. They include training of prosecutors, judges, and public defenders. And they involve civil society advocacy and police training through a USAID partner. The Agency continues to support professionalization and institutional strengthening in the justice system. Access to justice, particularly by women and indigenous groups, is receiving increased attention.

■ In **Peru**, USAID has provided support to nongovernmental organizations and the government's Ombudsman Office. That office leads a special commission to recommend pardons for citizens unjustly detained or sentenced for terrorism. As a result of this assistance, more than 700 of the 1,700 prisoners estimated to be incarcerated unjustly on terrorist charges were released. In addition, legal clinics sponsored by USAID and the Lima Bar Association served 7,000 poor Peruvians in two prisons and seven shantytowns. Seventy percent of clients were women seeking alimony or protection from abusive husbands.

■ **Bolivia** now has free legal services available for indigent people in all nine departments. It comes as a result of USAID support for the development and expansion of public defender offices. With Agency support, the Ministry of Justice drafted three key pieces of legislation, all preconditions for efficient, transparent, and fair justice. In addition, one year after its publication, Bolivia's first prosecutors' manual is being used regularly by 77 percent of prosecutors nationwide. That improves the consistency and predictability of the justice system.

■ In **Ecuador** investments in the development of the justice sector began to show concrete results. With leadership and support from a USAID partner, the National Congress enacted legislation for the constitutional rights ombudsman and the Constitutional Court. The legislation includes provisions governing the use of summary proceedings. Thus, for the first time since Ecuador's 1979 transition from military rule, the basic legislation for legal protection of constitutional rights is now in place.

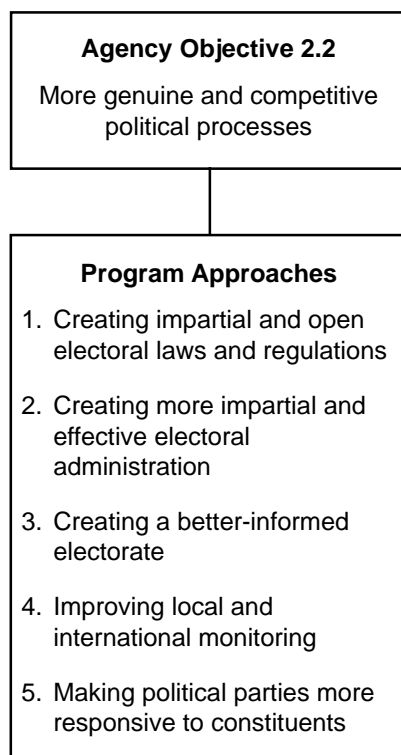
Elections

Elections alone cannot guarantee democracy, but they do help the peaceful transfer of power and increase citizens' input into the political process. USAID and its partners use five approaches in their work with governments to help ensure more transparent and competitive elections (see figure 1.2.2.).

USAID advises on the formulation of the legal framework for democratic elections. The Agency and its partners then work closely with governments to establish an administrative infrastructure capable of carrying out those electoral laws and regulations.

Voter education programs draw public attention to elections and help increase citizens' awareness of their voting rights. The Agency promotes citizen involvement in the monitoring process. Increasing the capacity of domestic monitors helps ensure the longer term sustainability of open and competitive elections. USAID and its partners offer technical assistance and training to improve the organizational capacity of political parties and help them provide a clear choice to an informed electorate.

Figure 1.2.2. USAID Objective 2.2 and Approaches



USAID recognizes that women's participation in elections is essential to protecting their rights and addressing their concerns. The Agency thus promotes the participation of women in the electoral process through a Women in Politics initiative. Similarly, the Agency encourages the participation of other disadvantaged or marginalized groups.

In 1996, election support from USAID helped achieve free and fair national or local elections in several countries. They include **Bangladesh, Benin, Bulgaria, the Dominican Republic, Ghana, Lithuania, Mongolia, Nicaragua, Paraguay, Peru, Romania, Russia, Senegal, and Uganda.** Conditions varied from postconflict situations to the more routine.

In Africa, USAID provides election support that emphasizes improving electoral processes and increasing local capacity to carry out elections.

■ In **South Africa**, USAID worked on conflict prevention in KwaZulu Natal. The Agency facilitated high-level political dialog and provided extensive training on conflict resolution to 2,200 people from communities directly affected by violence in Natal. The Agency also provided voter education and campaign training emphasizing nonviolent methods of political participation. These activities improved South Africans' ability to prevent, manage, and resolve democracy-threatening conflicts.

■ In **Benin** the Agency initiated a preelection civic education workshop that encouraged more active donor involvement in civic education. Effective coordination helped raise public awareness, increase voter turnouts, and reduce the risk of violence and fraud.

Assistance from USAID can contribute to—but not ensure—free and fair elections. In 1996, domestic monitors played an important role in drawing attention to flaws in the electoral process.

■ In **Niger** the Agency funded the training of 800 election observers. These observers drew attention to the government's manipulation of the election and its placement of some candidates under house arrest. When the government declared victory, the observers confirmed that the outcome was fraudulent.

The Agency's Women in Politics initiative in Africa reported noteworthy results toward a target of increased integration of women in the electoral process.

■ With USAID training, a women's group in **Mali** identified 132 potential female candidates for legislative and municipal elections.

■ In **Uganda**, after the constitution set aside 39 parliamentary seats for women, the Agency and its partners worked directly with women citizens to improve their abilities to campaign and serve.

Election support is not a major objective of the Agency in Asia and the Near East. Nevertheless, in a few countries USAID and its partners have sought to strengthen monitoring, increase citizens' knowledge of the electoral process, and improve election administration. The Agency's Women in Politics program reported significant advances in the region.

■ Support to NGO voter education efforts in **Bangladesh** helped ensure the largest voter turnout in that country's history. Seventy-four percent of the eligible population voted, compared with 55 percent in the 1991 parliamentary election. Female turnout almost doubled, from 45 percent to 80 percent. Voter education programs reached 50 percent of the population, exceeding the target of 25 percent.

With the collapse of the single-party state throughout Eastern Europe and the new independent states, the new political leadership took advantage of a strong popular desire for contested elections and more accountable political processes. USAID helped central election commissions throughout the region. The Agency aimed to help establish a legal and technical foundation for open, contested, multiparty elections.

■ Following flawed elections in **Armenia**, USAID worked with counterparts on a universal electoral code, recently adopted by the National Assembly. The code seeks to overcome the deficiencies of the earlier elections.

Governments have changed hands throughout central Europe and in some of the new independent states. Election-monitoring groups now observe ballot counting in the presence of international observers. NGOs have begun to participate in formal electoral processes in ways once thought impossible.

■ Voter education efforts in **Romania**, together with increased NGO activity, led to changes in the election law. The changes permitted domestic NGOs to monitor vote counting. This in turn helped legitimize the new presidential and parliamentary elections of 1996, which installed a genuinely reformist economic and political leadership.

Political parties, especially in the former Soviet Union, tend to remain highly personalized and structurally weak. This underscores the difficulties of creating a viable multiparty system under troubled social and economic conditions. In 1996, USAID succeeded in promoting the development of political parties during elections in **Bulgaria, Lithuania, and Russia**.

■ USAID provided support to **Bulgaria** with its first presidential primary. The electorate's direct involvement in the selection of presidential candidates was seen as a major success. The target for voter turnout in the presidential elections was met, rising for the first time in six years.

Most Latin American and Caribbean countries are now more capable of effectively administering elections. Accordingly, USAID emphasizes strengthening citizens' involvement in the electoral process. For example, USAID worked with domestic monitors in the **Dominican Republic, El Salvador, Haiti, and Nicaragua**.

■ In **Paraguay** a publicity campaign used flyers and television and radio messages. It contributed to a more transparent election process and a high turnout of 83 percent of registered voters in the municipal elections, above the target of 75 percent.

■ USAID supported the October 1996 elections in **Nicaragua**. The assistance contributed to a process in which more than 75 percent of eligible citizens voted, more than the target of 60 percent. The elections, judged free and fair, brought about a peaceful transfer of power.

Civil Society

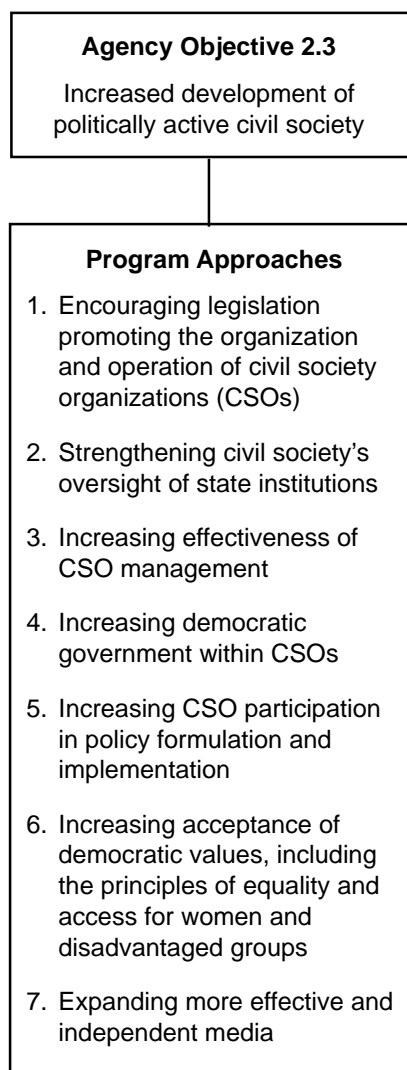
Recognizing the value of citizen participation beyond elections, USAID promotes the development of civil society (see figure 1.2.3.). The Agency helps civil society organizations improve their internal structure and advocacy skills. Through civic education activities and support to the independent media, USAID helps create an environment that encourages greater citizen participation.

Development of a politically active civil society requires laws and regulations that establish the right of voluntary association and ensure freedom from state interference. Enabling legislation creates the necessary legal space for civil society organizations. Capacity-building activities enhance their ability to survive and respond to challenges that arise.

USAID support to civil society organizations enhances their capacity to analyze the policy context, develop well-grounded proposals, and articulate their demands. Through advocacy activities, civil society organizations ensure public participation in and oversight of government decision-making.

The Agency's civic education programs strive to help citizens recognize the potential to act on their rights by participating in civil society. Effective independent media provide citizens with the information necessary for participation. To promote more balanced and improved coverage in the mass media, the

Figure 1.2.3. USAID Objective 2.3 and Approaches



In Africa, USAID supports civil society in four ways: 1) It promotes legislation that encourages the organization and operation of civil society organizations. 2) It works to strengthen civil society oversight of state institutions. 3) It educates citizens about their rights and responsibilities. 4) It encourages more effective and independent mass media.

■ To achieve results in civil society capacity building, USAID sent representatives from NGOs in **Benin** to **Burkina Faso, Mali, and Senegal**. The purpose was to increase the NGOs' sensitivities to shortcomings in Benin's own legal and regulatory systems. After the tour, the NGO leadership began a policy dialog with the executive and legislative branches of the Benin government to change outdated laws.

■ In **Namibia**, USAID helped improve the dialog between citizens and the legislature. Activities to increase the accountability of the legislature to Namibian citizens included building the public advocacy capacity of local NGOs and opening up legislative processes for greater citizen participation in policy-making.

Agency offers technical assistance and training to journalists. This support helps the media fulfill their role as a vital link between civil society and leadership.

As in other areas of democracy programming, USAID and its partners encourage the participation of women and the disadvantaged in civil society. In fact, women often prove to be the most active participants in civil society organizations.

■ In **Mozambique**, as part of its activity promoting NGO advocacy skills, USAID held a workshop on petition writing. Afterward, an NGO assisted a local association of small farmers with a petition requesting formal titles to their land. Five hundred people signed the petition, which then went to the district administrator and the governor of the province. In mid-October, a newspaper published the petition. Within two weeks, the provincial director of agriculture confirmed that association members would receive their titles.

USAID has helped empower women throughout Africa. That is the case particularly in civil society, where women's membership is high. It is also the case in the formal political sphere in countries such as **Uganda, Malawi, and South Africa**. The Agency worked on more effective advocacy for legislation expanding women's rights. It trained and supported female parliamentarians. The Agency also conducted workshops for female councilors at the local level on reading and drafting legislation and reaching out to constituents.

In Asia and the Near East, the best performing democracy programs concentrate on increasing the participation of key groups. The Agency and its partners help NGOs, coalitions, and women's groups engage the public and authorities to bring

about policy reform, improved equity, and political system change.

■ In **Indonesia**, given government efforts to discredit advocacy NGOs, the Agency did not expect NGOs to receive much publicity. Still, more than a thousand articles about nongovernmental organizations appeared in the press, well above the expected target of 370. USAID capacity-building activities stressed the role of public relations and the media.

■ In the **Philippines**, support to a marginalized coalition of fisherfolk enabled the group to campaign for a municipal ordinance banning commercial trawlers from municipal waters. The ordinance passed. Two months later, fish had returned to municipal waters in unprecedented numbers.

Virtually all programs in Latin America and the Caribbean aim to engage citizens more fully in politics. These programs range from supporting NGOs that advocate democratic reforms to bolstering citizens' roles in decisions about how money is spent at the local level. In addition, USAID promotes independence and professionalization of the media. It encourages media coverage that promotes citizens' rights.

■ For a decade USAID worked with a U.S. university to strengthen the media in Latin America. Consequently, the Latin American Journalism Center was established in 1996. Funded entirely by Latin American media organizations, the center in 1996 began conducting seminars and training for professional media under the guidance of a Latin American advisory board.

■ In **Mexico**, USAID supported a women's group conducting a broad sensitization program on the influence of media images on public acceptance of women in nontraditional roles. This group organized roundtable seminars for opinion leaders, federal legislators, media representatives, and others. The seminars contributed to the formulation of draft legislation to reform the federal radio and television law. The legislation sought to ban denigrating images of women in the media.

USAID continued to help citizens overcome the legacy of communist rule. Citizens in **Georgia, Kyrgyzstan, Romania, Russia**, and elsewhere in the region organized to advance their collective interests through advocacy-oriented NGOs, community groups, political parties, and labor unions. Even where the political environment proved less conducive to NGO development, such as in **Azerbaijan, Belarus**, and much of **Central Asia**, citizens began creating more space for autonomous action. It was largely through social service delivery organizations.

■ In **Poland**, USAID surveyed NGOs to determine the effect of organizational strengthening. Among Polish NGOs assisted by the Agency, 77 percent had become self-sufficient. This finding compared with 30 percent of all NGOs. USAID-supported organizations also outperformed other NGOs in financial sustainability (25 percent versus 11 percent).

Experiences in Eastern Europe and central Asia indicate some of the limitations of activities that promote civil society.

■ In **Kazakhstan**, USAID assistance failed to bring about improved laws and policies enabling the right of assembly and association. There is still no general understanding of the roles of NGOs and the legal elements necessary to protect them. The Agency plans greater efforts in this area to overcome such difficulties.

In the new independent states, USAID provided assistance to strengthen the independent media (both print and broadcast) and to increase citizen participation in the political process.

■ Efforts to improve the availability of and access to information in **Georgia** met expectations. USAID and its partners supported the only independent television station in the capital in a successful legal battle over revocation of its license and designated frequency. After the station resumed broadcasting, small independent stations around the country reported a decline in the pressures they faced from local authorities.

Government Institutions

To foster more transparent and accountable government institutions, USAID supports decentralization and local capacity building, citizen access to government information, civilian control over the military, ethical standards in government, and strengthened legislatures (see figure 1.2.4.). These activities help government institutions develop the ability to respond to demands or situations that arise through democratic political processes. Moreover, as governments recognize the benefits of increased transparency and accountability, the prospects for democracy increase.

USAID and its partners work to give more authority to local governments and make them more effective. We seek as well to make communities more involved in local decision-making and service delivery. Decentralization shifts responsibility for decision-making to the leadership and the citizens most directly affected. Fiscal decentralization helps improve local finances, enabling local officials to better provide for their constituencies. Improvements in service delivery build public confidence in democratic processes. Accordingly, they reinforce citizen participation.

To increase transparency and deter corruption at all levels, the Agency encourages increased public access to government documents and activities. This openness creates a check on government behavior. It also provides citizens with information necessary to defend their interests. Legislative bodies are an important avenue for citizen participation and informed policy-making. USAID works to increase the technical and organizational skills of legislatures. This assistance enhances the ability of legislatures to formulate policy and establish channels for citizen input. Strengthened legislatures also increase oversight of the executive branch and of military behavior.

Good governance is a major theme of assistance in Africa. This emphasis reflects a recognition that corruption, mismanagement, and inefficiency are inextricably linked with poor development performance in the region.

■ USAID participated in a multidonor assessment of decentralization in **Benin**. The assessment found that the government and the population at the grass-roots level were communicating only poorly. It

found as well that civil society was not participating sufficiently in decentralization. In response, the Agency supported an open forum on a decentralization law for legislators, government officials, and the public. Recommendations from this forum provided input for legislative debates on the decentralization law, which the legislature ultimately passed.

■ Completion of a new cabinet handbook in **Zambia** marked an important symbolic advance in transparency. Open procedures for consultations and a rejuvenated committee system contributed to improvements in the cabinet's efficiency.

USAID also promoted gender equality in governance in Africa.

■ In **Namibia** 14 of the 78 members of parliament are women. Following a USAID-supported regional conference of women parliamentarians in **Malawi**, members of parliament set aside party differences to form a women's caucus. The caucus resolved to represent the needs of women, to review legislation for gender sensitivity, and to forge cooperation across party lines.

The predominant Agency strategy in Asia and the Near East is to support decentralization, particularly by enhancing citizen and NGO involvement in local decision-making.

■ In the **Philippines**, Technologies of Participation, a USAID initiative to facilitate broad, efficient participation in local governance, grew increasingly popular as regions shared their experience with adjacent provinces. As a result, in 1996 the number of participatory planning workshops increased from the scheduled 10 to 170. The target of 38 percent was met for the percentage of people who believe local governments address their priority concerns.

Figure 1.2.4. USAID Objective 2.4 and Approaches



■ In the **West Bank and Gaza**, local NGOs, with Agency support, reached 8,800 citizens monthly—half of them women—to debate issues of citizens' rights. Unprecedented town meetings were established between members of the new Legislative Council and constituents. These results helped establish a foundation for decentralized local government. These results came through the National Democratic Institute's civic forum program to support civic education.

■ Women's groups in **Mongolia**, supported by USAID, successfully lobbied for public access to the voting records of the State Great Assembly. This helped increase the transparency and accountability of the legislature and facilitated greater citizen participation.

In Eastern Europe and the new independent states, reform-minded officials appreciate the importance of decentralization to the economic and political transformation in their countries. At the national level, USAID has supported the development of policies that advance democratic decentralization. Through a combination of technical assistance, training, and selected technology purchases, the Agency has helped local governments in the region

become more responsive to citizens' needs. By emphasizing the need for greater transparency and openness in the governing process, USAID programs increase citizen involvement and enhance government accountability. However, because the devolution of responsibility to municipal governments has not been accompanied by commensurate increases in decision-making authority, local government administrations throughout the region remain institutionally weak.


■ In **Bulgaria**, USAID reported impressive progress in local government programming. A national mayors' association was established. Municipal government lobbying helped shape a draft law on municipal finance and presented four unified policy positions to the central government.

■ USAID had mixed results in local-government programming in **Russia**. In particular, it was difficult to replicate the successes of more proreform regions in other parts of the country. The Agency has ended its local-government objective. It will concentrate instead on citizen participation in the areas where it has the greatest impact.

In Latin American and the Caribbean, USAID's activities are consistent with regional trends toward decentralization and intolerance for public-sector abuse and impunity. Twelve programs are working to strengthen governance at the local or national level.

■ In **Honduras** participating municipalities are more responsive and effective. Capital investment in basic infrastructure projects increased. More citizens participated in decision-making at the local level through open town meetings. In USAID-supported municipalities, the average number of inhabitants receiving water, sanitation, and refuse-collection services increased from 17 percent to 30 percent.

■ In **Guyana**, USAID found it couldn't meet its target of training 644 local and regional elected officials because of a shortage of trainers. Consequently, the Agency funded the training of NGO staff members to increase the supply of good trainers. The new trainers then provided services under contract with the Guyanese government, using a training manual developed with Agency funds.



■ In **El Salvador**, following training from USAID, the mayor of one town broke tradition and asked local citizens to elect municipal committee members, rather than appointing them himself. Other mayors in the program have used roundtables, open town hearings, and surveys to obtain broader citizen input in decisions affecting municipal services and investments. These changes reflect USAID efforts to support increased participation in strengthened local government.

Most legislative-strengthening activities are in Central America, but **Bolivia, Guyana, and Peru** also have initiatives to improve legislatures. Many of these programs seek to strengthen the oversight capacity of national legislatures. They also strive to increase legislative responsiveness and promote greater citizen engagement in legislative matters.

■ In **Bolivia** the National Congress changed its rules to officially include public hearings by congressional committees. That result came from pilot public hearings supported by the Agency. The revised rules require that at least one of the three weekly committee working meetings be a public hearing, allowing unprecedented citizen participation in the legislative process. These activities helped increase legislative efficiency and strengthen the voice of citizens.

A regional anticorruption effort in Latin America and the Caribbean is being carried out in consultation with multilateral donors. It works to strengthen the transparency, independence, and professionalism of financial management and audit institutions.

In coordination with the U.S. Information Agency and local nongovernmental organizations in almost every country in the region, this effort sponsors yearly interactive teleconferences that reach millions of viewers. Seven countries have ratified the International Convention Against Corruption.

Conclusion

In 1996, with assistance from the U.S. Agency for International Development, many countries made important progress toward establishing or strengthening democracy. Nevertheless, recent events in **Albania, Armenia, Belarus, Cambodia, Peru, and Sierra Leone** remind us of the volatile nature of democratic transitions.

Despite setbacks in some countries, the foundation for democracy and the ideals encouraged by USAID and its partners often remain. In authoritarian regimes, the Agency supports civil society

organizations that create a demand for change. Once liberalization and democratization begin, USAID helps to ensure the consolidation of democracy. The results demonstrate the Agency's growing experience in building sustainable democracies.

USAID and its partners faced many challenges in 1996 as they worked with countries to establish the rule of law, conduct free and fair elections, expand the level of citizen participation, and promote transparent and accountable governance. The Agency has continued to identify indicators to monitor the progress of democracy programs. As appropriate, USAID has adapted democracy programming to the specific needs and requirements of different countries.

The prevalence of improvements in individual Freedom House ratings confirms the continued advance of democracy worldwide. The U.S. government, USAID, its partners, and governments around the world recognize the importance of ensuring the continuation of that trend.

Stabilizing World Population and Protecting Human Health

During the last two decades, tremendous progress has been made in reducing high rates of population growth and improving health in USAID-assisted countries. Dramatic increases in the use of modern methods (such as condoms, implants, and birth-control pills) have reduced fertility rates and contributed to improved child and maternal health.

Better information about, and increased use of, child health services aimed at the primary causes of childhood deaths have led to remarkable decreases in infant and child mortality. Over the last 10 years, death rates for children under 5 have declined by 25 percent in Africa. They fell by more than 70 percent in Asia and the Near East and Latin America.

Although high rates of death related to pregnancy and childbirth continue to be a devastating problem in many countries, increased attention to maternal mortality has begun to identify effective interventions. Recent data indicate that aggressive HIV and AIDS prevention programs may in some areas have slowed the spread of this affliction.

USAID is one of the leaders in the effort to improve child survival. Nonetheless, the examples noted below result from close collaboration with a variety of other bilateral and multilateral donors. The developing countries themselves have made enormous investments in this area. USAID has been a major contributor to a global partnership that is paying off big dividends.

■ Twenty years ago, fewer than 5 percent of the world's children in developing countries were immunized against measles, diphtheria, pertussis, polio, and tuberculosis. Now, more than 80 percent are. Polio has been eradicated from the Western Hemisphere and may be eradicated globally by the year 2000.

■ During 1980–85, infant mortality in developing countries (excluding China) fell from 107 in 1,000 live births to 74 in 1,000. In the same period, under-5 mortality fell from 165 in 1,000 to 116 in 1,000.

■ From 1986 through 1993, oral rehydration therapy of diarrhea—an intervention that USAID was heavily involved in developing—saved 8.3 million lives.

■ In the developing world nearly 400 million couples use contraception to avoid unwanted births. Family planning alone can prevent 25 percent of all maternal and infant deaths.

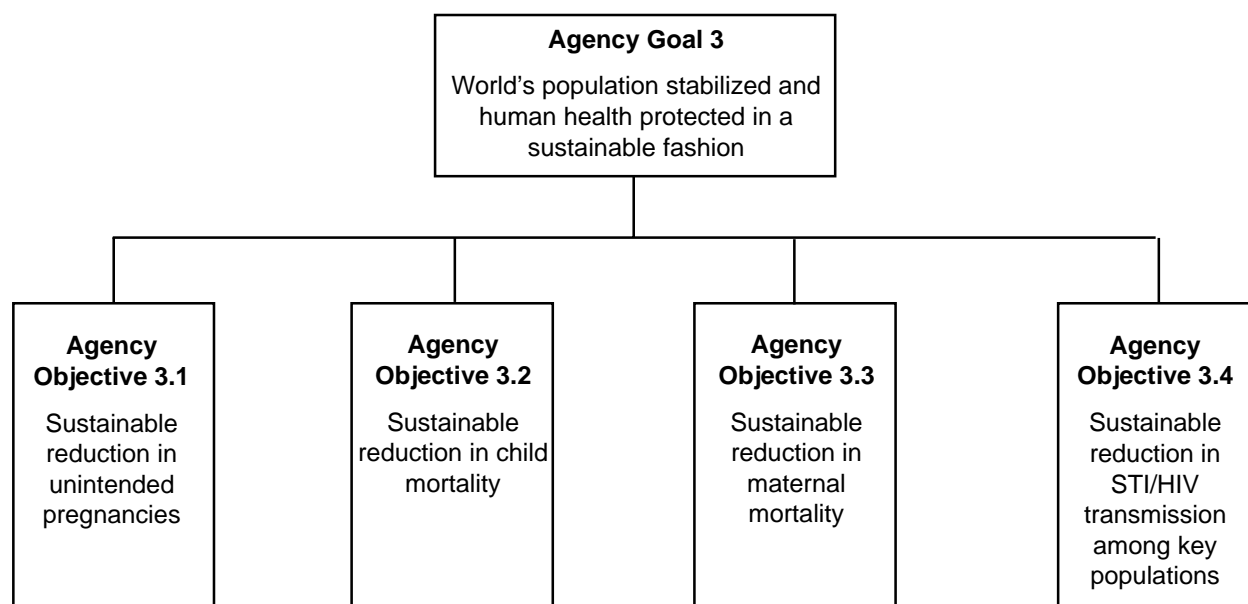
Despite these accomplishments, much work remains. USAID must continue its efforts to increase the use and quality of, and the demand for, family-planning and reproductive health services. It must do the same with maternal and child health services.

Efforts to prevent HIV transmission and improve the management of sexually transmitted diseases must also continue. New approaches for mitigating the impact of the pandemic AIDS must be identified. USAID must expand its efforts to combat other infectious diseases as well. In this respect, it needs to address antimicrobial resistance, strengthen disease surveillance systems, and combat increased incidence of tuberculosis and malaria.

To achieve sustained, long-term gains in all these areas, the Agency must continue its efforts to encourage our partners to provide additional financial resources. It must also work to increase the involvement of the private sector.*

* Additional information on country trends related to USAID's goals can be found in annex B.

Figure 1.3. Population, Health, and Nutrition Strategic Framework, 1995–96



USAID Population, Health, And Nutrition Strategy

USAID-funded population, health, and nutrition programs have saved millions of lives and made it possible for millions of couples to plan their families. A world leader in population and health assistance, USAID contributed to significant results in 1996.

The Agency's strategy to stabilize world population and protect human health in developing countries rests on four closely related objectives (see figure 1.3.). These are 1) sustainable reduction in unintended pregnancies, 2) sustainable reduction in child mortality, 3) sustainable reduc-

tion in maternal mortality, and 4) sustainable reduction in sexually transmitted infections.

These objectives are synergistic. Gains toward one objective, such as child survival, encourage couples to practice family planning, which reduces unintended pregnancies. This in turn improves the health of a mother and her children and contributes to reductions in maternal and child mortality.

Most USAID programs are integrated with activities directed at more than one objective in population, health,

and nutrition. These objectives are also closely linked to objectives in other sectors.

Women's status, education, and economic dependency are often crucial factors determining their health and that of their families. Integrated approaches have also helped expand services to hard-to-reach populations in **Cambodia, Egypt, Ghana, Kenya, Malawi, Nepal, Peru, the Philippines, Tanzania, and Zambia**, among others.

To achieve the objectives, USAID uses four program approaches that are essentially the same for each. They are 1) improving health and family-planning approaches and technologies, 2) building local capacity, 3) improving host country policies and program support, and 4) expanding the availability, quality, and use of health and family-planning services.

Distribution of Agency Population, Health, And Nutrition Programs

Fifty-five Missions, or 66 percent of the 83 USAID field-based programs, had population, health, and nutrition objectives in 1996 (see table 1.3.). The 55 include most USAID programs in Africa, in Asia and the Near East, and in Latin America and the Caribbean. USAID assistance in these countries had 37 objectives aimed at reducing unintended pregnancies, 36 on helping infants and children survive, 33 on preventing maternal deaths, and 28 on slowing the spread of sexually transmitted diseases, including AIDS.

In Europe and the new independent states, programs tended not to have separate population, health, and nutrition objectives. They did, however, have those elements within broader objectives of sustaining social benefits and services and providing humanitarian assistance. Washington-based and regional programs, especially those of the Global Bureau, also support worldwide programs with population, health, and nutrition objectives.

1996 Population, Health, And Nutrition Program Results and Highlights

As a lead donor in population, health, and nutrition, USAID often helped bring about significant results at global, regional, and multinational levels as well as at the country level. This has affected, in significant ways, the lives of millions of citizens in developing countries. In particular in 1996, USAID programs helped

- Save the lives of five million children in 33 countries

- Enable more than eight million developing-world couples in 36 countries to adopt family planning, and educate many millions more to continue practicing family planning

- Sell more than 275 million condoms through USAID-sponsored HIV/AIDS commercial subsidized marketing programs in Africa, Asia, and Latin America.

Drawing on American research capabilities and in close partnership with other U.S. agencies and international donors, USAID continued to contribute to the approaches and technology used in developing-country programs. Some of the more important results in 1996 were the following:

- The U.S. Food and Drug Administration approved two new methods of family planning: the Filshie clip for easier female sterilization and an updated two-rod contraceptive implant that is easier to insert and remove than Norplant®. USAID provides only contraceptive technologies approved for use in the United States. Thus approval is a big step toward making additional safe, permanent, or long-acting contraceptive methods available worldwide. The Agency now will work with host country institutions to determine the cultural acceptability and efficacy of these approaches.

**Table 1.3. USAID Country and Regional Programs
With Population, Health and Nutrition Objectives in 1996**

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Total number of operating units	30	13	22	18	83
Number with PHN objectives	20 (66%)	9 (69%)	12 (55%)	14 (72%)	55 (66%)
Objective 3.1: Reduction in unintended pregnancies	Benin, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, REDSO/WCA, Senegal, Tanzania, Uganda, Zambia, Zimbabwe (17)	Bangladesh, Egypt, India, Indonesia, Jordan, Morocco, Nepal, Philippines (8)	Armenia, Slovakia (2)	Brazil, Dominican Republic, Ecuador, El Salvador, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru (10)	37 (45%)
Objective 3.2: Reduction in child mortality	Benin, Eritrea, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, REDSO/WCA, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia (18)	Bangladesh, Cambodia, Egypt, Indonesia, Morocco, Nepal, Philippines (7)	Slovakia (1)	Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, LAC regional, Nicaragua, Peru (10)	36 (43%)
Objective 3.3: Reduction in maternal mortality	Benin, Eritrea, Ethiopia, Ghana, Mali, Mozambique, Niger, Nigeria, REDSO/WCA, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia (15)	Bangladesh, Cambodia, Egypt, Indonesia, Morocco, Nepal, Philippines (7)	Moldova, Slovakia (2)	Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Peru (9)	33 (40%)
Objective 3.4: Reduction in STI/HIV transmission among key populations	Benin, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Niger, Nigeria, REDSO/WCA, Rwanda, Senegal, Tanzania, Uganda, Zambia, Zimbabwe (15)	Bangladesh, Cambodia, Indonesia, Nepal, Philippines (5)	Slovakia (1)	Brazil, Dominican Republic, Guatemala, Honduras, Mexico, Nicaragua, Peru (7)	28 (34%)

Note: ENI PHN-related statements could not be assigned at the Objective level.

Key: AFR/SD = Africa Bureau/Office of Sustainable Development; REDSO/ESA = Regional Economic Development Office/East and Southern Africa; REDSO/WCA = Regional Economic Development Office/West and Coastal Africa.

■ In 1996 vaccine vial monitors, developed by USAID in partnership with the group Program for Appropriate Technology in Health and other private sector partners, became required on all vials of oral polio vaccine procured through UNICEF. The World Health Organization estimates that the monitors will reduce vaccine wastage by almost 50 percent and save \$10 million to \$12 million a year.

■ Field tests of live oral vaccines against rotavirus were successful. Rotavirus (so named for its wheel shape) is the most common cause worldwide of severe diarrhea in children. Field tests also showed that vitamin-A supplementation, given to infants at birth, can reduce mortality by as much as 64 percent in the first year of life.

■ USAID studies show that directing health resources toward community interventions will enable 85 percent of pregnancy and birth complications to be managed with low-tech procedures nearer the community. This has profound policy implications, because some governments and development banks have been investing in costly care at referral hospitals, currently estimated to be reaching only 15 percent of women with obstetric complications.

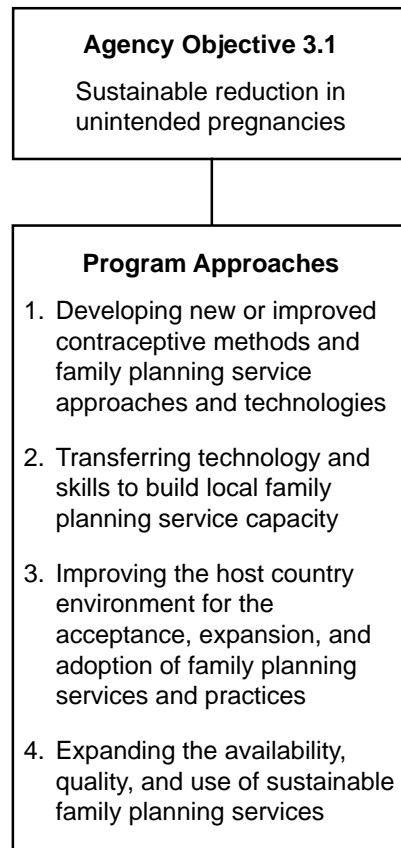
■ USAID support for development and dissemination of new birth-control technologies and approaches has led to increased use of female condoms and further development of a vaginal microbicide. These breakthroughs are important because women can use the methods to protect themselves in situations where they often have no “right” to say “no.” Research is continuing into the development of rapid, simple, inexpensive tests for both gonorrhea and chlamydia. In

conjunction with UNAIDS, the Agency is completing a three-country study to assess the role and effectiveness of HIV/AIDS counseling and testing. The results will guide national and international policies on behavior change interventions.

Reducing Unintended Pregnancies

More than one third of all births in the developing world result from unintended pregnancies. These pregnancies can often affect the health and well-being of women and their families.

Figure 1.3.1. USAID Objective 3.1 and Approaches



When births are spaced too closely, both the newborn and his or her youngest sibling are at increased risk of illness and death. About 150 million women in the developing world would like to space or limit childbearing but are not yet using modern contraceptives.

Providing information, offering couples safe and acceptable choices, and improving the availability and quality of reproductive health care enables couples to practice family planning, protect their health, and have the children they want. (See figure 1.3.1.)

Better reproductive health care for men and women can also lessen the risk of sexually transmitted diseases. Increased availability of family-planning choices reduces the number of women who turn to abortion to end unintended pregnancies, lessening the risk of complications and death. USAID's pilot reproductive health programs in **Russia**, for example, have resulted in an average 8.5 percent drop in abortions in 1995–96.

Africa's population, with an annual rate of increase of 2.7 percent, is growing faster than that of any other region of the world. The continent is characterized by a young population: nearly half of all Africans are under 15. This demographic structure poses burdens on household resources, educational and health systems, and economic growth opportunities.

A promising trend suggests that population growth is slowing in several African countries.

Botswana, Kenya, and Zimbabwe are in the midst of this transition. Fertility in Kenya, for example, dropped more than 20 percent in just four years; in Zimbabwe fertility decreased 33 percent over 10 years. **Ghana, Malawi, Madagascar, Tanzania, and Zambia**, though at earlier stages of the transition, appear to be moving along the same path.

To help measure progress in many countries where USAID provides population and child survival assistance, USAID developed and supports periodic demographic and health surveys. In 1996 these surveys documented gains in family-planning use and corresponding declines in fertility.

■ In **Zimbabwe** the average completed family size declined from 6.5 children in 1984 to 4.3 children in 1994. In 1996, 42 percent of women of reproductive age used modern contraception—a result directly linked to USAID program efforts and leadership. Since an increasing use of long-term methods means that more women are planning their families “long term,” this program shows its maturity in that the use of longer acting methods increased from 15 percent of all methods in 1992 to 31 percent in 1996.

■ Another success story is **Tanzania**, where modern contraceptive use has reached 13 percent, up from only 7 percent in 1992. This rise has begun to affect fertility rates, which dropped from 6.3 children per family in 1992 to 5.8 in 1996. The rapid increase in family-planning practice is attributable to USAID's doing what it does well—strengthening management, ensuring steady contraceptive supply, improving client choice and service quality, and emphasizing technical evaluation.

■ In **Madagascar** the number of family-planning service sites increased from 150 in 1992 to 600 in 1996. Contraceptive prevalence doubled from 5 percent to 10 percent. The Agency has established partnerships with more than 30 public and private sector organizations.

Francophone west and coastal Africa have as yet failed to realize significant progress in reducing fertility. Although the reasons for this are unclear, Missions in the region are reassessing their strategy.

In Asia and the Near East, fertility and population growth continued to decline in all USAID-assisted countries. Following several years of assistance to national family-planning programs, there are 10 million fewer people in **Bangladesh** and 7 million fewer in **Egypt** than would otherwise have been the case.

■ In **Indonesia** the percent of married women practicing family planning rose to 60 percent (22 million couples), a 5 percent increase since 1995. Of the 5.5 million new users nationwide in 1996, 67 percent, or 3.7 million, were from the 11 provinces assisted by USAID.

■ In **Bangladesh** in 1996, USAID-supported activities provided family-planning services for 6.6 million users, or more than 54 percent of the family-planning users (about a fourth of all eligible couples). That is a 4 percent increase from 1995. Much of the rise is due to a USAID-supported policy of increasing new family-planning services in areas with relatively low rates of contraceptive use. USAID support of nationwide availability of injectable contraceptives also helped boost family planning.

■ In **Jordan** use of modern methods increased from 27 percent to 40 percent in five years. Ongoing discussions with the Jordanian government resulted in a progressive national population strategy. It is based on greater integration with established health programs and greater sustainability by decreasing reliance on donor and central government financial support.

Through earlier aid to Latin America and the Caribbean, many countries achieved low levels of fertility and high rates of family planning.

■ In **Colombia** the family-planning program was concluded. The average number of children per woman had fallen from 6.5 in 1965 to 2.8 in 1995.

■ In **Peru** fertility decreased 10 percent, with average family size falling from 3.9 children in 1992 to 3.5 in 1996.

■ The **Dominican Republic** witnessed rapid decreases as rural total fertility rates fell from 4.4 in 1991 to 3.9 in 1996.

The Agency is working with host country partners to increase local support, ensure payment for services when possible, and develop appropriate public-private mixes of service delivery. Sometimes, realizing these objectives means working to get the policy and regulatory environment right. Often it means developing private sector or nongovernmental approaches. The latter is particularly important in Europe and the new independent states, where state systems left little latitude for the private sector.

■ The American International Health Alliance Hospital Partnerships Program is developing 14 Women's Wellness Centers, providing "one-stop shopping" for reproductive health, counseling, and education services in the new independent states. In 1996, the Moscow center reported a 15 percent increase in clients using modern family-planning methods and a 50 percent increase in adolescents using services before their first sexual experience.

■ At a USAID-supported family-planning clinic in **Kyrgyzstan**, the number of oral contraceptive users has tripled since 1994. That led to an almost 50 percent decrease in the number of induced abortions.

■ In 1996 USAID worked with the governments of Egypt and the Philippines to carry out in-depth assessments of policy barriers to sustained contraceptive use. As a result, **Egypt** is moving to foster privatization and to improve the quality and efficiency of public services. In the **Philippines** private sector provision of family-planning services increased from 18 percent in 1995 to 24 percent in 1996.

■ In **Jordan** and **Egypt**, strong local NGOs enlarged their client base to serve more couples. These organizations are now able to cover half of all operating expenses from client fees.

■ In **India**, USAID technical assistance coupled with policy dialog led the chief minister and cabinet of Andhra Pradesh to increase the state family-planning and reproductive health budget by \$5 million for fiscal year 1997.

■ The **Honduras** Family Planning Association, which provides half of all services in the country, increased its financial self-sufficiency from 24 percent in 1994 to 43 percent in 1996.

■ In **Paraguay**, USAID helped the Ministry of Health develop a reproductive health plan that strongly endorses family planning. For the first time, the new plan includes funds for contraceptives.

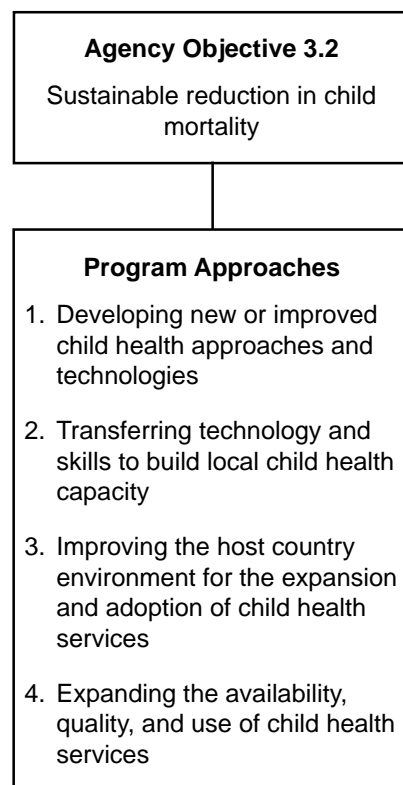
Reducing Child Mortality
USAID is a leader of the global child survival program, which saves the lives of five million children every year. The Agency helps develop and apply cost-effective and sustainable interventions against childhood diseases. It also engages in global health policy development and, in cooperation with other organizations, provides state-of-the-art technical assistance. (See figure 1.3.2.)

In 1996, USAID expanded its work with several U.S. and international health organizations. The Agency worked with UNICEF on promoting micronutrients and immunizations and creating baby-friendly hospitals. It worked with the World Health Organization on health care financing and integrated management of child illness (an initiative that provides comprehensive curative and preventive care each time a

child comes in contact with a health-care provider). It worked with the Centers for Disease Control and Prevention, Rotary International, WHO, and UNICEF on eradicating polio and developing and testing pneumonia vaccine, and with the National Institutes of Health on developing and testing pneumonia and malaria vaccines.

These partnerships are earning dividends in mobilizing multinational resources. This is particularly important in Africa,

Figure 1.3.2. USAID Objective 3.2 and Approaches



where leaders are beginning to take the lead in promoting health sector reform. Health care reform is essential to ensuring improved access, quality, and sustainability of health services on the African continent. At the same time, countries must ensure that technical aspects of health services are not neglected.

Partnerships are being strengthened as governments work with the private sector to increase efficiency and coverage.

USAID assistance and increased collaboration led to important gains in 1996.

■ Infant mortality has declined significantly in countries with strong child survival programs. In **Nepal**, for example, child mortality plummeted from 165 deaths per 1,000 live births in 1991 to 118 in 1996. USAID promoted integrated interventions in community-based diagnosis and treatment of the primary causes of childhood deaths (diarrhea, vitamin-A deficiency, acute respiratory infections). Vitamin-A supplementation alone saved more than 16,000 lives in 1996.

■ In **Bolivia** a regional cooperative effort with the Pan American Health Organization to eliminate measles increased vaccine coverage to 95 percent, virtually eliminating the disease. Only three cases were reported in 1996.

■ Using a regional Latin America project, USAID has worked with the Pan American Health Organization to coordinate a hemisphere-wide effort to eradicate measles. Although 2,997 cases were reported in the entire region in 1994, only 160 were reported in 1996. The decline holds out hope that the disease can be eliminated from the Western Hemisphere by the year 2000. This follows on the already successful eradication of polio from the hemisphere.

■ In the **Philippines**, 86 percent of children have been fully immunized, well above the World Health Organization global standard of 80 percent. Working with Rotary International and other donors, USAID supported the Kick Polio Out of Africa campaign. This effort helped 21 countries implement national immunization days, when more than 26 million children under 5 received vaccine by the end of 1996. Thirteen countries reached 80 percent coverage.

■ In **Zambia** full childhood vaccination coverage increased from 67 percent in 1992 to 80 percent in 1996.

■ **Honduras** has been able to maintain full immunization for 95 percent of children despite reduced USAID financial support.

■ In **Madagascar**, 1996 immunization coverage for diphtheria, pertussis, and tetanus rose to 55 percent and coverage for measles to 52 percent. Both efforts met expectations. This achievement was due to a USAID-sponsored working group that has developed standardized indicators and shares best practices. The USAID Mission provides about half of donor assistance to the immunization program.

■ Globally, oral rehydration therapy is being used in more than half of all cases of childhood diarrhea. In a pilot project in **Bolivia**, USAID assistance led to a 44 percent reduction in diarrhea cases among users of a household water purification system and creation of demand for 100,000 socially marketed oral rehydration packets. The packets had not previously been marketed in Bolivia.

Despite the considerable success of child health programs, much remains to be done. Twelve million children die in developing countries each year of preventable causes, including pneumonia, diarrhea, and vaccine-preventable diseases. Malnutrition is a major contributing factor in more than half these deaths.

Food aid is being used to complement key child survival services, such as oral rehydration therapy, immunizations, and health and nutrition education that aims to reduce the prevalence of chronic malnutrition among children under 5. Because new evidence links even mild malnutrition with higher risks of child mortality, these programs should help reduce child mortality.

In Latin America and the Caribbean, such programs are under way in Bolivia, Guatemala, Haiti, Honduras, Nicaragua, and Peru. Food aid is also being used in food-for-work programs in Bolivia, Haiti, Honduras, and Peru to expand access of poor people to water and sanitation services to reduce the incidence of waterborne diseases.

In its continuing effort to address major causes of infant and child mortality, USAID is supporting new approaches with other donor partners.

■ The Integrated Management of Childhood Illness is a health care initiative sponsored by the World Health Organization and UNICEF with support from USAID. In 1996, USAID and other donors introduced this system in **Bolivia, Ecuador, Ethiopia, Niger, Peru, Tanzania, Uganda, and Zambia**. With USAID assistance, **Zambia** became the first country in the world to train national staff in integrated management of child illness. Before the training only 45

percent of health workers correctly treated children with fever. After training, 74 percent provided correct treatment. The initial follow-up assessment, two months after training, showed that 91 percent of health workers correctly treated fever.

■ In **Russia**, Agency programs have brought a 70–80 percent increase in women breast-feeding. One pilot program featuring safe-motherhood activities led to the following reductions: infant mortality, 75 percent; child jaundice, 75 percent; average length of stay, from 56 to 21 days.

■ Through the American International Health Alliance partnership in **Uzbekistan**, training has improved neonatal resuscitation. The nationwide program lowered infant mortality by 30 percent.

■ In the new independent states, USAID formed a partnership with the American International Health Alliance and Priority for Appropriate Technologies in Health. The venture introduced new concepts in infection control and programs to reduce hospital-acquired infections and exposure of health care workers to pathogens such as hepatitis virus. The program reduced **Ukraine's** 1996 infection-induced infant mortality by 70 percent. Post-surgical infections hospitalwide decreased 23 percent.

■ The Agency has also participated in multinational efforts to prevent and treat malaria by launching the Africa Integrated Malaria initiative in **Kenya, Malawi, and Zambia**. Changes in national drug treatment policies in these countries have reduced the number of deaths. USAID has played a key role by supporting the new drug regime, community revolving drug funds, and pilot programs to test the effectiveness of insecticide-impregnated bed nets and curtains in schools and homes. In partnership with the World Health Organization, USAID has helped 18 countries adopt systems to evaluate and monitor malaria control. The Agency has helped 39 countries establish or revise malaria control plans.

For child survival programs to be sustainable, the host country must be supportive. Toward this end, USAID develops and strengthens political commitment and national leadership. It seeks to remove legal barriers as it promotes participation of local organizations and encourages local allocation of resources.

■ In **Bangladesh**, the Expanded Program in Immunization enabled 74 percent of municipalities to finance their immunization activities, compared with only 32 percent in 1995.

■ In **Africa**, 16 countries are now contributing to purchasing their children's vaccines, compared with 3 in 1992–93.

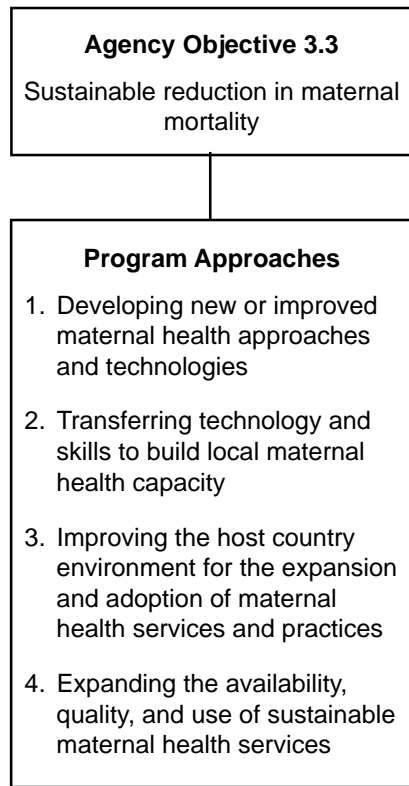
■ In **Indonesia** and **Morocco** the government has been the predominant provider of health services. But now the private sector provides a substantial 34 percent of health services in Indonesia and 37 percent in Morocco.

■ In **central Asia** citizens have access to private health care services for the first time. In **Kazakhstan**, with USAID help, the government broke up a state monopoly and privatized 90 percent of the pharmacies. The new pharmacies offer better services and more complete and up-to-date pharmaceutical and other products at considerably lower prices and in customer-oriented settings. In **Kazakhstan** and **Kyrgyzstan**, citizens and doctors have a choice for the first time—and they like it. In pilot areas of Kazakhstan, 90 percent of the population has enrolled in private group medical practices. In Kyrgyzstan, 40 family group practices are fully operational with 85 percent of the pilot-area population enrolled.

Reducing Maternal Mortality

Despite general improvements in health in developing countries, maternal mortality remains unacceptably high. Each year nearly 600,000 women in developing countries die during pregnancy and childbirth. Maternal mortality ratios of 300 maternal deaths for every

Figure 1.3.3. USAID Objective 3.3 and Approaches



100,000 births in Asia and 960 in Africa contrast starkly with the ratio of 7 deaths for every 100,000 births in industrial countries. An estimated 50 million pregnancies end in abortion, and about 20 million of these procedures are carried out illegally and unsafely. Abortion is also a major cause of maternal mortality. Although

resources for maternal health are limited, USAID plays a lead role in examining the extent and causes of maternal mortality. It develops methods, techniques, and systems to reduce deaths from pregnancy, and it trains health providers in reproductive health. (See figure 1.3.3.).

In 1996, USAID used new approaches, techniques, and models for delivering prenatal, postpartum, and lifesaving obstetric care.

■ Nationwide postpartum programs, which serve the mother and her newborn, are being successfully carried out in **Egypt** and **Jordan** as well as the most populous state in **India**.

■ Training in lifesaving skills for obstetric complications, field-tested and improved by USAID, is being scaled up and funded by other donors, including the UN Population Fund in **Nigeria** and the World Bank in **Indonesia**.

■ In **Bolivia**, USAID testing found high rates of syphilis (a life-threatening disease) among pregnant women. In response, it is developing a national program of testing and treatment. The government of Bolivia, the Pan American Health Organization, and the World Health Organization are providing additional support. The program is based on a similar successful program piloted in **Kenya**.

■ In **Egypt** and **sub-Saharan Africa**, USAID is working with NGOs to raise awareness of the dangers of female genital mutilation. The practice causes women and girls in 30 countries suffering and occasionally death.

■ In **Indonesia**, USAID is supporting a pilot project that improves the nutritional status of pregnant women. At their expense, factories provide iron tablets weekly to pregnant employees. The project seeks to break the cycle of anemic adolescent women giving birth to iron-deficient children. Other objectives are to increase worker productivity, reduce the risk of low-birthweight babies, and decrease maternal mortality. The program includes nutrition education for women workers, food vendors, and factory canteen workers.

Recent USAID-funded analyses of studies of obstetric complications on three continents demonstrate the advantages of institution-based data over survey data. Institution-based data provided more accurate and less expensive estimates of potential complications. Because of the analyses, limited resources will not be spent on costly population-based surveys. Encouraging health information systems to record obstetrical complications at clinics and hospitals will improve data use and problem-solving where services are actually delivered.

Sustainable Reductions In Sexually Transmitted Infections and HIV*

The HIV/AIDS pandemic has had devastating social and economic consequences and has become a serious threat to sustainable development. Since 1986, USAID has led the international response to HIV/AIDS with an emphasis on prevention (See figure 1.3.4).

■ USAID has helped decrease sexual HIV transmission by promoting safer sexual behavior. The Agency supports the largest and most effective worldwide HIV/AIDS prevention program. This program provides education in behavior change and other interventions for more than 15 million people vulnerable to HIV infection. It has trained more than 150,000 educators and counselors and has distributed 400 million condoms.

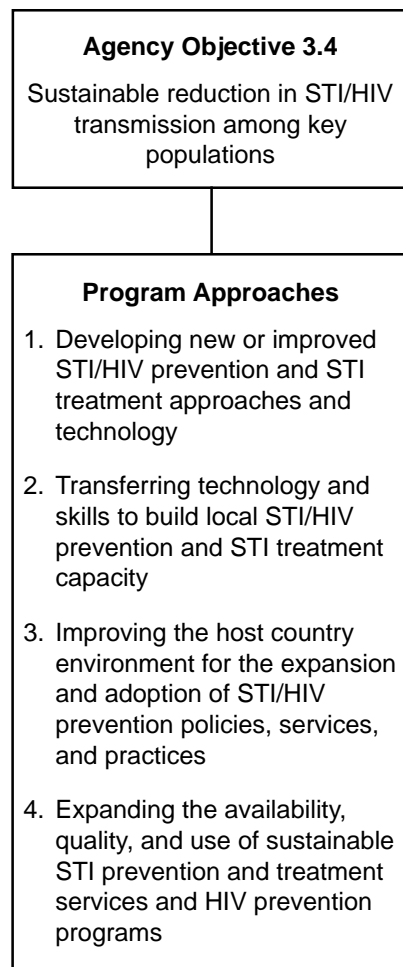
■ USAID helped increase condom availability and use by working with family-planning and contraceptive social-marketing programs and encouraging public-private partnerships to market and provide condoms. The expansion of social-marketing programs in 12 countries boosted condom sales—and presumed use—from 36.6 million in 1995 to 52.1 million in 1996, an increase of 42 percent through just one USAID contract.

* In 1997 this USAID objective was revised to state, "HIV transmission and the impact of the HIV/AIDS pandemic reduced."

By the end of this decade, Asia will have surpassed Africa as the region with the greatest number of new HIV infections. HIV/AIDS transmission continues to spread rapidly in countries with high risk factors such as **Cambodia** and **India**. USAID has responded to this threat by developing bilateral HIV/AIDS prevention programs. It has also developed a regional AIDS strategy to promote effective interventions in all Asia and Near East countries (except Jordan) and several countries where USAID does not have a Mission but that are experiencing rapid HIV/AIDS transmission. The strategy's cross-border interventions have helped mount effective prevention programs targeted at high-risk populations who reside near or move frequently across national borders.


Countries that mounted aggressive HIV/AIDS prevention early on (**Indonesia** and the **Philippines**) have succeeded in keeping HIV prevalence at low levels. Recently, the Indonesian government doubled the budget for its HIV/AIDS program to \$5.6 million (a 10 percent share of the national health budget). USAID's approach in **Nepal** involves a prevention strategy for sexually transmitted diseases along the main trucking route from India to Kathmandu. It is contributing directly to a reduction in sexually transmitted infections from India to Nepal and within Nepal.

Figure 1.3.4. USAID Objective 3.4 and Approaches



In some African countries, HIV/AIDS prevention and mitigation programs have been of limited scale and have been unable to achieve impact at the national level. This is especially the case in areas of recent civil conflict. By the year 2000, experts project, HIV/AIDS will have been responsible for a significant increase in death rates and child mortality, and a significant decrease in life expectancy at

birth—in some countries by as much as 20 years. However, some recent data in sub-Saharan Africa, such as from **Uganda**, suggest that progress is being made in slowing the spread of HIV/AIDS.



There is also some evidence of changed behavior among youth. In **Ethiopia** studies on changing attitudes among youth with multiple sex partners found that program interventions increased knowledge of HIV/AIDS among targeted youth by 21 percent. In **Uganda**, USAID funded a safe-sex campaign directed at youth. In a 1996 survey of 1,600 people 15 through 19 years old, 69 percent reported they used a condom at last sexual encounter. In 1995, before the USAID-funded campaign, only 46 percent reported using condoms.

In **Honduras** the epicenter of HIV/AIDS in Central America, rates of infection are remaining stable at 1991 levels in the sentinel groups (attendees at clinics for sexually transmitted diseases and women at prenatal clinics). The groups are used to monitor HIV levels in the population.

Conclusion

In 1996, USAID continued to progress toward its goal of stabilizing population and protecting human health. The Agency's population, health, and nutrition programs concentrated on sustainability and promoted activities that preserve and build on progress while decreasing host country dependence on donor-provided resources and technical assis-

tance. USAID assistance helped develop and strengthen host country political commitment, promoted participation of local organizations, and encouraged increased allocation of local resources to the population, health, and nutrition sector.

USAID's programs continue to address urgent and life-threatening health needs in developing countries. The Agency and its partners have made remarkable progress toward reducing unintended pregnancies and child and maternal mortality. Despite impressive increases in the use of contraception over the past 25 years, the actual numbers of reproductive-age men and women in poorer countries has also greatly increased. Although the efficacy of prevention interventions is now being proved, controlling the spread of sexually transmitted infections, including HIV/AIDS, remains problematic. This will continue until adequate resources can be devoted to increase access to services by vulnerable populations. As the work continues, more and more countries are developing sustainable capacity to address their own population, health, and nutrition needs.

Protecting the Environment

The global environment continues to be threatened with loss of biodiversity, possible global climate change, urban pollution and sanitation problems, unclean energy production, and degradation of natural resources. Sound environmental management is key to fostering long-lasting development. Productive lands and waters provide the underpinnings for equitable economic growth. Moreover, degradation of the global environment ultimately threatens the economic and national security of the United States. A country's commitment to addressing environmental degradation is often reflected in its laws and policies. Without such a commitment, efforts to improve the environment may be short lived. As USAID works in a variety of country contexts, the challenges it faces in promoting protection of the world's environment differ greatly.

To assess government commitment to national and global environmental concerns, USAID examined several indicators that measure existence of national environmental strategies and participation in international environmental treaties, such as the Convention on Biological Diversity, signed in Rio de Janeiro in 1992. These indicators show that developing countries still need assistance to establish the enabling conditions for them to become good stewards of the environment.*

■ About one fifth of USAID-assisted countries had high levels of government commitment to the environment. Many of these are in Africa and Asia.

■ Close to half of USAID-assisted countries had medium levels of government commitment. The majority of countries in Latin America and the Caribbean fall into this category.

■ Nearly one third of USAID-assisted countries had low levels of government commitment. Most of these countries are in Europe and the new independent states, including Central Asia. Few of these countries have any form of national environmental strategy, but many were beginning to develop such plans in 1996.

From 1991 through 1995, the world lost an average of 11.3 million hectares (about 44,000 square miles) of forest area annually. Most deforestation came as tropical forest loss. One of the largest overall positive trends for USAID-assisted countries is the transfer of forest management responsibilities from governments to local communities. This has led to improved forest management as local communities have the greatest interest in protecting their natural resources for long-term use. USAID has supported community management of forest resources in countries such as **Guinea, Malawi, Namibia, Nepal, Niger, the Philippines, and Tanzania.**

More than half of all people in the developing world will live in urban areas by the year 2000, and 60 percent by the year 2020. One of the greatest threats to human health and the environment is lack of access to sanitation services. In the nine countries in Asia and the Near East where USAID has urban programs, access of city populations to sanitation services increased from an average of 63 to 80 percent during 1985–93, the latest period for which data are available. The trend was less favorable in Latin America and the Caribbean. There the percentage of the urban population with access to sanitation

services declined slightly (74 to 71 percent) in the seven countries with USAID urban programs. Country statistics are mostly lacking or incomplete for the countries where USAID operates in Africa, Europe, and the new independent states.

USAID Environment Strategy

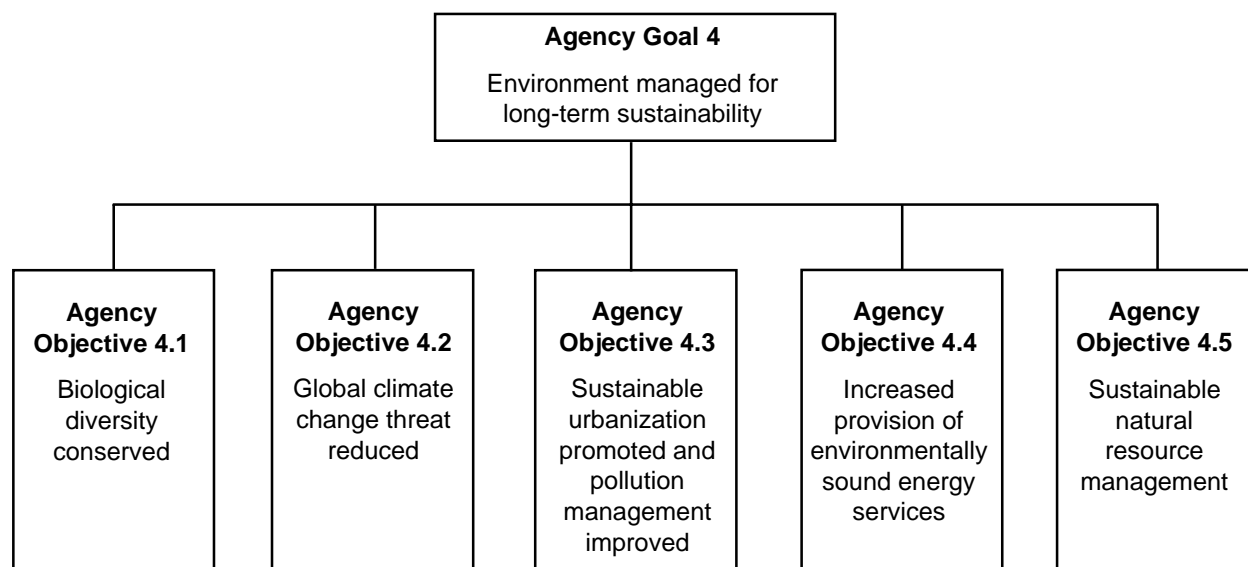
Environmental management for long-term sustainability is one of USAID's primary goals. Working with its partners, USAID helps targeted populations become better stewards of their own natural resources. To realize this goal (see figure 1.4.), the Agency pursues five objectives: 1) conserving biological diversity, 2) reducing threats of global climate change, 3) promoting improved urbanization and pollution management, 4) increasing the provision of environmentally sound energy services, and 5) promoting sustainable natural resource management.

Conserving Biological Diversity

A significant proportion of the world's biodiversity is found in countries assisted by USAID. Conserving biological diversity worldwide is crucial for the maintenance of ecosystems. Within many threatened ecosystems, known and still undiscovered plant and animal species offer potential solutions to hunger and health problems of this and future generations.

* Additional information on country trends related to USAID's goals can be found in annex B.

Figure 1.4. Environment Strategic Framework 1995/96



Nearly 90 percent of all new pharmaceutical drugs may be derived from unique natural resources.

Reducing the Threat Of Global Climate Change
Actions to reduce the threat of global climate change help counter an eventuality that could have enormous economic, environmental, social, and health consequences. Human-induced emissions of greenhouse gases, which trap heat in the earth's atmosphere, may have caused a measurable rise in average global surface temperatures since the turn of the century. Additional incremental changes in temperature over time could, among other effects, damage agriculture- and

forestry-based livelihoods, especially in low-lying coastal areas affected by rising sea levels.

Promoting Sustainable Urbanization and Improving Pollution Management
In selected cities, the Agency works to improve urban management and ameliorate poor living conditions by financing needed housing, helping municipalities cope with sanitation problems, making clean water available to the urban needy, and reducing pollution. In the developing world, rapid urbanization will increasingly concentrate populations in cities, intensifying urban pollution and environmental health problems.

Increasing the Provision Of Environmentally Sound Energy Services

The Agency encourages use of efficient, renewable, and clean energy technologies. Energy consumption in developing countries is expected to rise significantly in the coming decades. Without environmentally sound alternatives to fossil fuel use, most of the additional energy production in these countries will come from the indiscriminate burning of traditional fuels (wood, coal, oil). That will increase global carbon dioxide emissions. The effect on both the industrial and developing worlds will be negative.

Promoting Sustainable Natural Resource Management

Working closely with host country counterparts and local people, USAID concentrates on the long-term productive management of farmlands, forests, water, and coasts. These resources provide the foundation for sustained, equitable economic growth for much of the developing world. Rapid degradation of natural resources occurs because of conflicts over their use, market distortions, extreme poverty, population pressures, and inappropriate technologies and practices. USAID responds to natural resource degradation by strengthening national policies and institutions, fostering community empowerment and stewardship, and encouraging the adoption and use of appropriate technologies and practices.

Distribution of Agency Environment Programs

In 1996, more than 70 percent of USAID's field Missions and regional offices pursued at least one environmental objective (see table 1.4.). In Africa and Latin America, where large numbers of people still earn their livelihood directly off the land, USAID environmental programs reflected the Agency's green priorities: biological diversity conservation and natural resource management. Programs in Eastern Europe and the new independent states were chiefly directed toward the

Agency's brown priorities: urban management, pollution prevention, and energy production. In Asia and the Near East, the Agency's programs covered both green and brown environmental issues.

The Agency's urban programs were the most numerous (40 percent of operating units had an urban or pollution prevention program). This reflects the growing importance of urban environmental problems around the globe. Natural resource management programs, where the Agency has traditionally centered its attention, were the second most frequent (35 percent). Biodiversity programs were the third highest (28 percent). This category of programs benefited from USAID's pioneering work and now well-established expertise in modern park management. Energy programs (17 percent) often complemented urban and pollution work by concentrating on growing cities and transitional countries facing the twin problems of rising urban pollution and increased demands on energy. Global climate change programs addressed truly transnational issues. Though limited (9 percent), they targeted countries with substantial forest resources or significant greenhouse gas emissions, or both.

1996 Environment Program Results and Highlights

This section explores the different types, location, and 1996 results of USAID environmental programs. While most programs succeeded, there were instances in which programs did not meet expectations. The operating units sought to learn from these situations and to change their strategy accordingly.

Conserving Biological Diversity

USAID conserved biological diversity by 1) improving management of protected areas, 2) promoting sustainable use of biological resources, and 3) supporting ex-situ conservation of genetic diversity (see figure 1.4.1.).

Programs to improve the management of protected areas were prominent in Latin America and the Caribbean. Approaches varied depending on the level of a country's protected-area system. In some countries, USAID supported research and legislation to help designate species-rich and unique habitats for legal protection. Once designated, management and monitoring plans (which periodically measure the condition of a park's ecosystem) were carried out to ensure that the areas did not become "paper parks"—"protected" areas that exist only in writing.

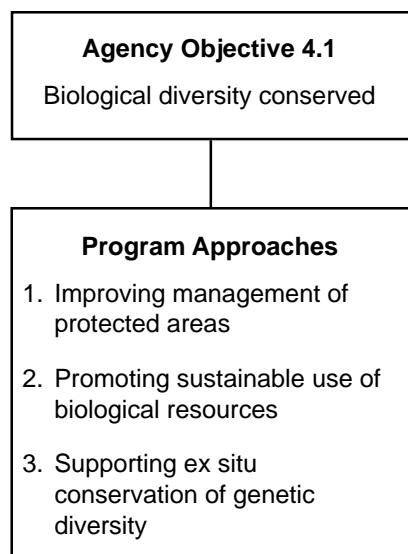
Table 1.4. USAID Operating Units with Environmental Objectives in 1996

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Total number of operating units	30	14	24	18	83
Number with environmental objectives	18 (60%)	14 (100%)	12 (45%)	17 (94%)	61 (71%)
Objective 4.1: Biological diversity conserved	Ethiopia, Guinea, Kenya, Madagascar, Namibia, Tanzania, Uganda, Zambia, Zimbabwe (9)	Cambodia, India, Indonesia, Nepal, Philippines (5)	Bulgaria (1)	Bolivia, Guatemala, Central American Programs, Ecuador, Haiti, Honduras, Jamaica, LAC regional, Mexico, Nicaragua, Panama, Paraguay, Peru (13)	28 (33%)
Objective 4.2: Global climate change threat reduced	Africa SD (1)	Egypt, India, Indonesia, Philippines (4)	Poland (1)	Brazil, Mexico (2)	8 (9%)
Objective 4.3: Sustainable urbanization promoted and pollution management improved	South Africa, Zimbabwe (2)	AEP, Egypt, India, Indonesia, Jordan, Morocco, Philippines, Sri Lanka, Tunisia, West Bank–Gaza (10)	Albania, Armenia, Bosnia, Bulgaria, Central Asia regional, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Russia, Slovakia, Ukraine (14)	El Salvador, Central American Programs, Ecuador, Haiti, Jamaica, Panama, Paraguay, Peru (8)	34 (40%)
Objective 4.4: Increased provision of environmentally sound energy services		India, Indonesia, Mongolia, Nepal, Philippines (5)	Armenia, Central Asia regional, Georgia, Hungary, Lithuania, Moldova, Russia (7)	Brazil, Dominican Republic, Mexico (3)	15 (17%)
Objective 4.5: Sustainable natural resource management	AFR/DC, Ethiopia, Guinea, Kenya, Malawi, Mozambique, Namibia, Niger, Sahel regional, Senegal, Somalia, Tanzania, Uganda, (12)	Bangladesh, Cambodia, Egypt, Indonesia, Jordan, Morocco, Nepal, Philippines, Sri Lanka, West Bank–Gaza (10)	Central Asia regional, Lithuania (2)	Bolivia, Brazil, El Salvador, Haiti, Honduras, Jamaica (6)	30 (35%)
Other: Enhanced enabling conditions for environmental management	Malawi, REDSO/WCA, Tanzania (3)	Cambodia, Indonesia, Sri Lanka (3)	Bulgaria, Central Asia regional, Lithuania, Russia, Slovakia (5)	Bolivia, Colombia, El Salvador, Guatemala, Central American Programs, Haiti, Jamaica, Nicaragua, Panama, Peru (10)	21 (24%)

Note: Table does not include a number of significant environmental programs run from the Environment Center of the Washington-based Bureau for Global Programs, Field Support and Research.

Key: AFR/SD = Africa Bureau/Office of Sustainable Development; REDSO/ESA = Regional Economic Development Office/East and Southern Africa; REDSO/WCA = Regional Economic Development Office/West and Coastal Africa.

Figure 1.4.1. USAID Objective 4.1 and Approaches



Management plans include activities such as protecting or guarding the park, sharing revenues (such as entrance or bioprospecting fees) with neighboring villages, and undertaking conservation interventions (such as culling or stocking of certain species). The Agency helps governments develop their own institutional capacity—adequately trained personnel, sufficient technological and organizational capability. It also works to secure long-term financing to ensure that conservation can continue after USAID assistance has ended. Programs to improve management of protected areas may be undertaken incrementally or, where possible (and desirable), within the context of a national

environmental action plan—a coordinated and integrated environmental policy framework that addresses related environmental issues simultaneously.

USAID promoted the sustainable use of biological resources both inside and outside protected areas. The Agency integrated development and conservation activities, encouraging sustainable income-generating activities. It also promoted improved natural resource management techniques such as agroforestry. The Agency fostered community-based management activities to

empower local groups to be better stewards of resources. USAID also worked in ex-situ conservation of genetic diversity aimed at preserving key crop species and their genes in a network of seed banks. Seed banks preserve the gene pool for long-lasting food production.

In the past year, USAID contributed significantly to conserving the world's biodiversity. The Agency's work in more than 14 countries led to improved conservation on more than 5.5 million hectares (21,200 square miles) of land. Furthermore, USAID's programs directed at rural communities (many in critical buffer zone areas) led to nearly 320,000 people in 16 countries adopting sustainable practices.

In Latin America and the Caribbean, two thirds of all biodiversity programs concentrated on protected-areas management and one third on the sustainable use of biological resources. The Parks in Peril Program, a partnership between USAID, the Nature Conservancy, local NGOs, and local government agencies, transforms "paper parks"—those legally recognized but lacking on-the-ground protection—to functioning protected areas. To date, Parks in Peril has worked at 28 sites in 12 countries. It covers 21 million acres to improve park protection and management.

Fourteen of the original Parks in Peril sites have graduated from the program and can now protect the biological diversity they harbor. Innovations include strengthening and supporting U.S. joint implementation projects in **Belize, Bolivia,** and potentially in **Panama.** In **Bolivia** the American Electric Power Company, through the efforts of Parks in Peril, provided Fundación Amigos de Naturaleza, a Bolivian conservation NGO, with \$8.8 million to add and protect 2.2 million acres of Noel Kempff Reserve, doubling the park's size.

■ The Atlantic coastal rain forest of **Brazil** is recognized as both a biodiversity hotspot and a globally important ecoregion. USAID supported a local research and conservation NGO, the Institute for Socioenvironmental Studies of Southern Bahia, in partnership with the state government of Bahia and Conservation International. The team promoted the establishment of a new 7,000-hectare (27-square-mile) state park with environmental safeguards in southern Bahia's Atlantic coastal rain forest—a precondition for a \$20 million International Development Bank loan to develop tourism. The institute completed geographic information system maps of the area and participated in an environmental review of a park road. The new park doubles the amount of protected area in the coastal rain forest. It also increases opportunities to link coastal development with nature-based tourism.

■ In **Guatemala** a remote sensing study in 1996 revealed that areas with project conservation activities had deforestation rates as low as one fifteenth those of surrounding parts of the reserve. A socioeconomic survey in 10 communities found measurable improvements in welfare for 88 percent of households that adopted improved practices promoted by the project. To date, 30 percent of the target population has adopted sustainable income-generating practices, surpassing the 20 percent target.

In Africa most biodiversity programs targeted the sustainable use of biological resources. A smaller number addressed improved protected-areas management.

■ In **Uganda** a USAID-supported revenue-sharing policy brought direct benefits from conservation. Park revenues reached \$145,000, tripling last year's amount. The money was allocated to community projects.

■ For the first time in **Guinea's** history, the government and rural communities shared responsibility and benefits of jointly managing a national forest. USAID helped 15 villages work with the government to develop a management plan for a 10,000-hectare (24,700-acre) forest. Community involvement increases local interest in managing the forest and helps build civil society institutions. The participation of

women in this partnership enhanced its sustainability and effectiveness.

■ In **Zimbabwe** the Campfire Program continued to generate revenue for rural communities while safeguarding the environment. Last year \$1.7 million was generated, up from \$1.5 million in 1995. Aerial census data indicated growing elephant populations and fairly stable populations of other large mammals. Rural district councils diversified their activities to include enterprises based on forestry, ecotourism, and management of natural products.

In Asia and the Near East the Agency operated biodiversity programs in **Cambodia, India, Indonesia,** and **Nepal.**

■ In **India** a new gene bank facility with storage capacity for 800,000 more germ plasm samples than was previously available is now open and functioning as a result of USAID assistance. There were more than 34,000 exchanges of germ plasm materials with other countries last year, far exceeding expectations. The conservation of plant germ plasm samples is essential for maintaining the diversity and resilience of the world's food crops.

Not all of USAID's management programs for protected areas succeeded in 1996.

■ In **Bulgaria**, for example, the biodiversity program fell short because of the government's inability to fully honor its commitments. Nonetheless, it will be possible to continue national park-level organization and national coalition-building for reform—less ambitious but still necessary interim targets.

Reducing the Threat Of Global Climate Change

The Agency addresses the threat of global climate change by 1) reducing greenhouse gas emissions from energy use, 2) reducing net greenhouse gas emissions from land use, and 3) assisting adaptation to climate change. USAID energy and forestry programs in developing countries also help slow climate change (see figure 1.4.2.).

The main greenhouse gases produced from energy use are carbon dioxide and nitrous oxides. These gases come from factories, vehicles, energy plants, cement manufacturers, and the like. USAID promotes the use of efficient, renewable, and clean energy technologies by supporting policy change, technology transfer, and capital improvements. The Agency collaborates with developing-country partners to promote better demand-side management to reduce wasteful energy use and concomitant emissions. Some programs, for example, seek to reduce the demand for energy through the elimination of energy price subsidies.

To reduce net greenhouse-gas emissions from land use, USAID worked to limit deforestation and encourage afforestation. Since trees absorb carbon dioxide, forests are regarded as sinks for this gas. Finally, USAID examined innovative ways to help partners adapt to the potential consequences of climate change, such as droughts, sea-level rise, and increased damage from storms. Selected USAID initiatives in coastal zone management, famine early-warning systems, and drought and water management helped countries increase their capacity to respond.

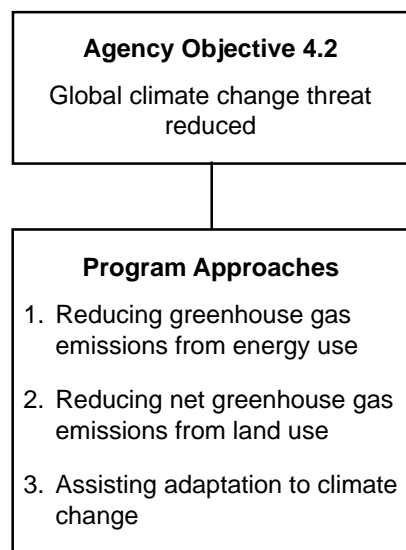
The outcome of USAID climate-change programs in 1996 was considerable. USAID

initiatives in six countries arrested the release of more than 670,000 metric tons of greenhouse-gas emissions by improving the operations or efficiency of the existing infrastructure and by supporting clean, renewable energy that replaced fossil fuels.

The world's most populous region, Asia and the Near East was an important area for USAID global change activities.

■ The Agency's greenhouse-gas mitigation program in the **Philippines** was an excellent confluence of both U.S. and Philippine government interests. By encouraging the use of cleaner-burning fuels, USAID

Figure 1.4.2. USAID Objective 4.2 and Approaches



stemmed the release of 53,000 metric tons of carbon dioxide equivalents in 1996. Activities in energy efficiency led to the avoidance of another 438,000 metric tons of carbon dioxide equivalents. (Dioxide equivalent is a measure used to compare the warming potential of different greenhouse gases.)

■ In **Egypt**, USAID’s work with polluting industries, power plants, and vehicles led to significant reductions in atmospheric pollutants. Averted emissions of nitrous oxides totaled 9,423 metric tons in 1996 (surpassing the target by 6 percent). Carbon monoxide emissions were reduced by 22,560 metric tons (surpassing the target by 4 percent).

In Europe and the new independent states, climate-change programs addressed greenhouse-gas emissions from energy use.

■ In **Poland**, USAID helped establish three joint ventures with indigenous companies. The Agency also introduced energy-efficiency procedures in five housing cooperatives. More than a hundred small and medium boilers were either closed down or converted to operate as heat exchangers. Among other pollutants, greenhouse-gas emissions were cut by 17,300 metric tons annually.

The large cities and significant forest resources of Latin America and the Caribbean make this an important region for work in climate change.

■ USAID targeted the Amazon basin of **Brazil** as the largest forested area where programs could help reduce the threat of global climate change. For example, four major logging companies adopted sustainable forest management plans in 1996. Two protected areas also adopted management plans. In 1996, 1,780 people in 17 communities adopted improved agroforestry systems. This exceeded the target of 1,000 people in 10 communities.

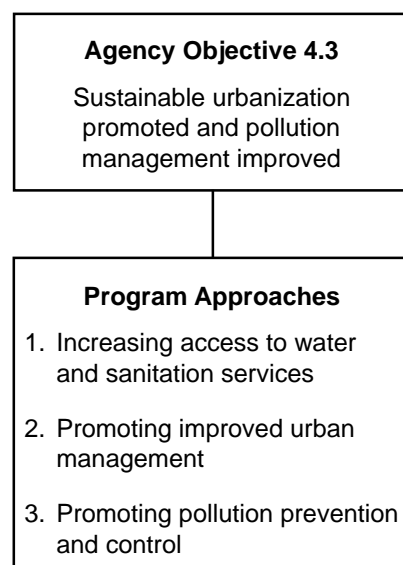
Promoting Sustainable Urbanization and Improving Pollution Management

The problems of the urban poor include lack of access to sanitation, clean water, and adequate housing. These

problems are compounded by exposure to industrial waste and urban air pollution. USAID improves urban management and living conditions by 1) increasing access to safe water and sanitation services, 2) promoting improved urban management, and 3) promoting pollution prevention and control (see figure 1.4.3).

To increase access to safe water and sanitation services, USAID concentrated on the sustainable financing of water, sanitation, and housing. This work entailed a number of activities: The Agency developed policy and regulatory reform that promotes expansion of and access to urban services. It helped expand financial resources available for investment in shelter and

Figure 1.4.3. USAID Objective 4.3 and Approaches



services. It expanded the private sector role in service delivery. And it developed approaches to provide services to low-income users.

To improve urban environmental management, the Agency worked to increase the autonomy, capacity, and accountability of municipal governments. USAID's technical assistance concentrated on four areas: 1) improving financial management by local governments, 2) improving local government capacity to plan and deliver appropriate municipal services, 3) promoting transparency and reliability of intergovernmental transfers and revenue-sharing formulas for local public works, and 4) enhancing local government accountability by increasing public awareness, understanding, and participation in municipal budgetary planning, policy development, and delivery of urban services.

To promote pollution prevention and control, USAID encouraged advocacy for policy reform, adoption of best practices in urban management, and promotion of technologies that minimize waste and burn fuel more cleanly. Historically, such pollution has been addressed from a "command and control" perspective; that is, national governments set standards for environmental quality and provide industries and municipalities with incentives to comply through a system of permits and fines. This approach is unsuccessful if the

enforcing agency lacks the technical and financial capacity to set reasonable standards and monitor and enforce compliance broadly and effectively. USAID programs now promote an alternative approach. Using the results of audits in a variety of industries, the Agency has introduced new management methods to minimize waste, reduce emissions, increase energy efficiency, and recover and recycle resources.

USAID helped improve the urban environment during 1996. The Agency's efforts to improve environmental infrastructure and shelter (through mortgages, small-home loans, construction loans, and serviced sites) directly benefited 514,210 low-income households worldwide. The Agency helped 298 industries in 11 countries carry out measures to prevent and control pollution. This number far surpassed the 132 industrial facilities targeted in 1996.

Programs in Asia and the Near East were fairly evenly split between those addressing access to water and sanitation services and those seeking to improve pollution management. A much smaller number of programs targeted urban management.

■ In 1996 USAID helped **Indonesia** increase access to piped water for 3.3 million people. The Agency also leveraged \$200 million from the Asian Development Bank to support further USAID-designed improvements to the water-supply system. Forty-five

percent of the urban population now has access to clean water, surpassing the Agency's target of 41 percent. Recent studies indicate that women in urban areas have benefited significantly from piped water distribution and from other improvements in environmental infrastructure. As women have historically been responsible for collecting water, services that increase access to and quality of the water supply decrease the amount of time that women spend in this very time-consuming activity.

Roughly two thirds of the urban programs in Latin America and the Caribbean addressed pollution prevention and management. The remaining initiatives took on urban management and access to urban services.

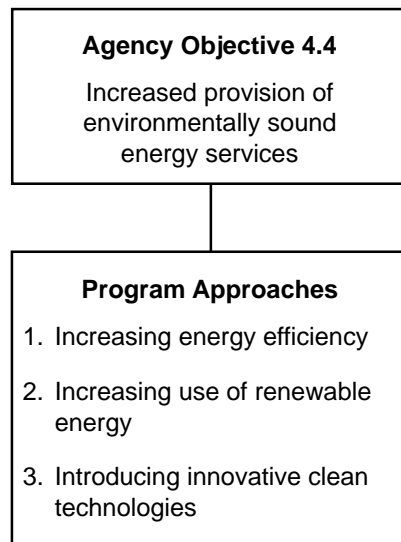
■ In **Peru** a pilot program involved low-income urban residents, particularly women, in protecting health through solid-waste collection and disposal. Innovations included development of women-owned microenterprises in solid-waste collection, construction of model microlandfills with nationwide applicability, a household-waste sorting activity for community compost making, and one of Peru's first efforts to properly dispose of hazardous hospital waste. In 1996 all the homes in the targeted area benefited from regular solid-waste collection. The solid waste was disposed of in a sanitary landfill.

■ USAID, through a partnership with a local NGO, is tackling one of **Jamaica's** biggest problems: disposal of sewage in low-income communities. In its first year, the Sanitation Support Unit in Montego Bay helped a 1,400-home squatter community install on-site sanitation facilities and adopt behaviors consistent with good health and a clean environment. Monitoring of 10 key sanitation and environmental behavior indicators demonstrated a dramatic improvement in compliance, to 96 percent from 46 percent.

The Agency's urban programs were less numerous in Africa, where rates of rural poverty are high and urban-to-rural population ratios are low. Nonetheless, the continent does have the highest rate of urban growth in the world. In **South Africa**, one of the continent's most urban nations, USAID has a significant program.

■ USAID programs in **South Africa** helped make available \$100 million to provide housing and urban services for historically disadvantaged households. Nearly a quarter-million households were given access or were helped to obtain access to shelter and urban services. These programs have helped make credit available to women heads of household. That population subset, which makes up a substantial proportion of the urban working poor, is particularly disadvantaged in its access to financial services.

Figure 1.4.4. USAID Objective 4.4 and Approaches



Europe and the new independent states had a higher number of urban programs than any other region. The programs were concentrated in pollution control and urban management.

■ In a major industrial city in **Russia**, the discharge of nickel from a large medical-instruments facility was reduced by 60 percent after a system to trap and reclaim this toxic metal was installed. In another city, USAID helped implement several changes (such as ambient monitoring, stack testing, air-dispersion models, and enforcement mechanisms) in the air-management system. Together with low-cost pollution prevention and control measures adopted at eight factories, these measures reduced emissions from stationary sources by 8 percent in 1996.

Increasing the Provision of Environmentally Sound Energy Services

USAID recognizes the strong link between sustainable development, economic growth, environmental protection, and energy consumption in the developing world. Indiscriminate burning of traditional fuels (oil, coal, wood) increases global carbon dioxide emissions, compounding the greenhouse-gas problem. The Agency's strategy to increase the provision of environmentally sound energy services includes three approaches: 1) increasing energy efficiency, 2) increasing use of renewable energy, and 3) introducing innovative clean technologies (see figure 1.4.4).

Energy consumption in the developing world is expected to rise significantly in the coming decades. Encouraging more efficient use of energy (for example, by eliminating energy subsidies or increasing revenue collection rates) and development of more energy-efficient infrastructure can reduce the pollution generated.

In several areas USAID promoted increased use of renewable energy. (Types of renewable energy include wind, small hydro, geothermal, and photovoltaic.) Ultimately, for additional energy production, a transition to renewable energy sources will be required to diminish the pollution risks associated with burning fossil fuels.

Clean-energy technology is needed where renewable energy is neither available nor sufficient. Clean technologies seek to reduce airborne pollutants (such as sulfur dioxide, nitrogen oxide, and particulates) that result from energy production. Cleaner fossil fuel techniques include coal washing, retrofitting, and desulfurization.

In Asia and the Near East, USAID energy programs emphasized clean and efficient use.

■ The Agency helped restructure the power industry in **India** to allow expansion of more efficient private sector production of energy. This yielded 330 megawatts of new independent power online. More than 10,000 megawatts of private power are under construction, representing \$10 billion in investments. Improvements in efficiency yielded gains of 1,750 megawatts annually. Energy production from renewable sources also increased, from 0.58 percent to 1.2 percent of total production in 1996, surpassing USAID's 1 percent target.

In Europe and the new independent states, the Agency emphasized market liberalization and industrial reorganization to bring about more efficient energy use and production.

■ In **Ukraine** the revenue collection rate for power utilities rose from 83 percent in 1995 to 93 percent in 1996. This was in part the result of the Agency's directly assisting 12 of the 27 local energy companies in improving their cash collection procedures. USAID is now helping the National Regulatory Electricity Commission analyze and remove distortions in the payment systems of the wholesale energy market. The commission issued 200 licenses in 1996 for generating companies, local electric companies, and independent suppliers. The number far surpassed expectations.

■ Despite USAID policy-reform efforts, progress toward sectorwide energy reforms in **Russia** was slow in 1996. A regional task force issued recommendations for restructuring the power sector. But a monopolistic holding company put up stiff opposition and continued to exercise its control over the power sector. The unsettled restructuring issues continue to discourage much needed private investment. Consequently, USAID is carefully examining its overall strategy to privatize the energy sector.

In Africa, with its largely rural population, only a limited number of energy programs were pursued. Many rural households burn biomass (wood, dung, and the like) to cook and heat their homes. The need for cooking fuel has often diminished the natural resource base.

In Latin America and the Caribbean, USAID targeted renewable and efficient energy use.

■ In **Mexico** 5,000 people benefited directly from the installation of USAID-funded renewable energy technologies; 10,000 more benefited indirectly. These numbers far exceed USAID's combined target of 7,000 individuals for 1996. Overall, USAID/Mexico support for energy efficiency and renewable energy programs prevented the emission of more than 270,000 tons of carbon dioxide.

Promoting Sustainable Natural Resource Management

Management of renewable natural resources for long-term productivity is a major goal of USAID's environmental activities. Over the last two decades, USAID has responded to natural resource degradation by strengthening national policies and institutions, fostering community empowerment and stewardship, and encouraging adoption of appropriate technologies and practices. The Agency's portfolio of natural resource management strategies includes programs addressing sustainable management in four critical areas: 1) forests, 2) water resources, 3) agriculture, and 4) coastal zones (see figure 1.4.5.).

Work to promote the sustainable management of forests generally includes developing and implementing forest management plans, introducing less intrusive harvesting techniques, and promoting reforestation and tree nursery management. Water resources programs aim to diminish waste, encourage efficiency of use, and manage demand through both policy and technological innovation. Integrated coastal zone management, a blending of sustainable use and conservation, involves such activities as developing coastal management plans, encouraging sustainable fishing, and protecting mangroves.

Most programs in natural resource management fell into the category of sustainable agriculture. Around the world, inappropriate agricultural practices and policies are undermining the productive capacity of land. Soil is rapidly losing fertility through erosion, salinization, pesticide contamination, and other destructive forces. Programs in sustainable agriculture introduce practices and policies that reverse destructive trends.

Overall, USAID programs contributed significantly to sustainable natural resource management during 1996. For example, as a result of the Agency's programs in **Bolivia, Guatemala, Honduras,** and the

Philippines 820,000 hectares (3,200 square miles) of commercial forests were placed under sustainable management practices. Because of USAID-sponsored work in eight countries in Latin America and Africa, more than 210,000 people adopted sustainable agriculture practices in 1996. As a result of USAID programs in **Guinea, Honduras, Indonesia,** and **Jamaica,** farmers adopted improved agriculture practices on nearly 125,000 hectares (about 480 square miles) of land during the year.

Sustainable forestry and agriculture programs were the most common type of USAID natural resource intervention in Latin America and the Caribbean.

Figure 1.4.5. USAID Objective 4.5 and Approaches



■ The Agency's support in **Bolivia** led to the adoption of 22 environmentally friendly forestry practices such as vine pruning and directional tree felling to minimize forest damage. Bolivia now has a million acres under sustainable management (surpassing USAID's target for the year of a quarter-million acres). These results were largely due to the high-visibility passage of a new forestry law and the better-than-anticipated market response to "ecocertified" Bolivian hardwoods—those that have been recognized as being harvested in an environmentally sustainable way.

■ In **Honduras** an additional 11,600 families were added to the growing population who no longer practice destructive slash-and-burn agriculture. Almost 36,000 families (of which more than 2,000 are headed by women) are practicing cultivation and land-use technologies that both conserve the soil and water-resource base and dramatically increase farm income. This number surpassed USAID's target by more than 15 percent.

■ In **Haiti** more than 130,000 farmers practiced environmentally sound cultivation and participated in activities to increase sustainable hill agriculture. This substantially exceeded USAID's target of 100,000. The project has helped farmers adopt interventions that significantly increase farm production, yields, and income; improve food security and the environment; and improve on-farm soil and water conservation practice.

Asia and the Near East have a diverse and well-balanced set of natural resource programs, with more water management activities than any other region (as expected, given the geography).

■ In **Morocco** a 6 percent increase in 1996 water savings in target areas came from USAID-funded technology and improvements in efficiency at the system level. In total, six million cubic meters of water were conserved through USAID's work in irrigation, eclipsing USAID's target of five million cubic meters. Furthermore, the water fee collection rate in the target area was 96 percent, a substantial improvement from previous years.

■ In **Nepal**, USAID in 1996 helped organize more than 240 community forest user groups. Almost 14,000 hectares (54 square miles) of forestland were formally turned over to these groups. Improved management of forest resources helped increase production of forest biomass in assisted areas by more than 64,000 cubic meters in 1996. That is 16 percent higher than planned.

■ In the **West Bank and Gaza**, USAID suffered a number of setbacks in a program aimed at increasing access to and more effective use of scarce water resources. Most significantly, Israeli authorities have been slow in issuing the permits required to drill new wells. That has delayed USAID's carrying out the program. USAID may have to adjust implementation plans in the short term and possibly modify its strategy substantively in the medium term.

Sustainable natural resource management programs in Europe and the new independent states are fewer than in the other regions.

■ In **Russia**, USAID supported the growing of 420,000 new greenhouse seedlings in 1996. This was a 50-fold increase in the number of seedlings produced compared with the year before. The target was met.

USAID's natural resource management portfolio in Africa emphasizes sustainable agriculture and community forestry.

■ In **Senegal**, USAID's promotion of antisalt dikes in the south significantly increased rice yields. Other highlights include improved practice of natural resources management and the positive influence of USAID partners on a decentralization law. The law will allow greater local participation in natural resource decisions. Recent studies on selected technology use indicate significant improvements during 1994–96. The use of certain sustainable agriculture techniques (windbreaks, fallowing, live fencing, and field trees) increased by an average of 18 percent among targeted farmers in 1996, meeting expectations.

■ Despite periodic setbacks and two years of dialog between USAID, its development partners, and stakeholders in **Namibia**, the Agency remained engaged and continued to work on building a consensus for natural resource improvements. These efforts led to the June 1996 enactment of major new legislation that empowers rural communities to manage and derive benefits from their natural resources.

Conclusion

In 1996, USAID continued to progress toward its goal of managing the environment for long-term sustainability. Although environmental degradation is increasing worldwide, the Agency has been able to initiate and promote many activities in environmental management. Programs undertook to conserve biodiversity, reduce threats to global climate change, promote improved management of pollution and of urban areas, promote environmentally sound energy services, and foster sustainable natural resource management. In more than 50 countries, USAID helped strengthen environmental policies and institutional capacity, increase community stewardship of natural resources, and facilitate adoption of improved technologies and practices to protect the earth.

USAID environmental interventions differed by region because of the varying character of environmental problems around the globe. Many programs had outstanding results in 1996, but in some cases programs did not meet expectations. In such instances, operating units sought to learn from these situations and change their strategy or approach. The Agency works closely with other donors and the private sector to maximize its environmental impact. This collaboration and USAID's work with beneficiaries help ensure the sustainability of natural resource activities that protect the environment worldwide.

Providing Humanitarian Assistance

The Agency's fifth goal is to save lives, reduce suffering associated with natural or man-made disasters, and reestablish conditions necessary for political or economic development. This humanitarian assistance cuts across the Agency's other four goals: promoting economic growth, improving health, fostering democracy and governance, and protecting the environment. It lays the groundwork for long-term development in countries coming out of crisis.

USAID helps with three types of disaster: natural disasters, such as famine, floods, and earthquakes; man-made disasters, such as the collapse of buildings or industrial accidents; and complex emergencies, such as civil war or failed states. Complex emergencies are usually political, more violent, longer lasting, and more difficult to resolve than natural or man-made disasters. Through 1989, USAID primarily responded to the more traditional emergencies—80 percent of the Agency's Office of Foreign Disaster Assistance budget went

to natural disasters. By 1996, however, the figures were reversed. That year 90 percent of funds went to complex emergencies.

Humanitarian assistance serves the U.S. national interest as an investment in people and their future development. In 1996, USAID responded to 18 complex emergencies in 16 countries and 47 natural and 4 man-made disasters in 35 countries. The Title II Food for Peace program operated 30 programs, delivering emergency food aid in 18 countries, primarily in Africa. With 842,550 metric tons of emergency food costing almost \$450 million. Overall, the program fed 25 million people.

USAID Humanitarian Assistance Strategy

USAID provides humanitarian assistance to meet several objectives: 1) disaster prevention, preparedness, and mitigation; 2) timely delivery of disaster relief and short-term rehabilitation supplies and services; and 3) preservation of basic institutions of civil governance during disaster and crisis and support for new democratic institutions during periods of national transition.

Building and reinforcing local capacity to anticipate and cope with disasters and their aftermath cross-cut these objectives.

USAID–PVO Partnership

U.S. private voluntary organizations and international and indigenous nongovernmental organizations carry out much of USAID's humanitarian assistance. These partners are a valued resource because they have an intimate knowledge of field conditions and provide continuity. A recent assessment by the Advisory Committee on Voluntary Foreign Aid found that the USAID–PVO partnership is significantly stronger than it was only four years ago.

Humanitarian Assistance Framework

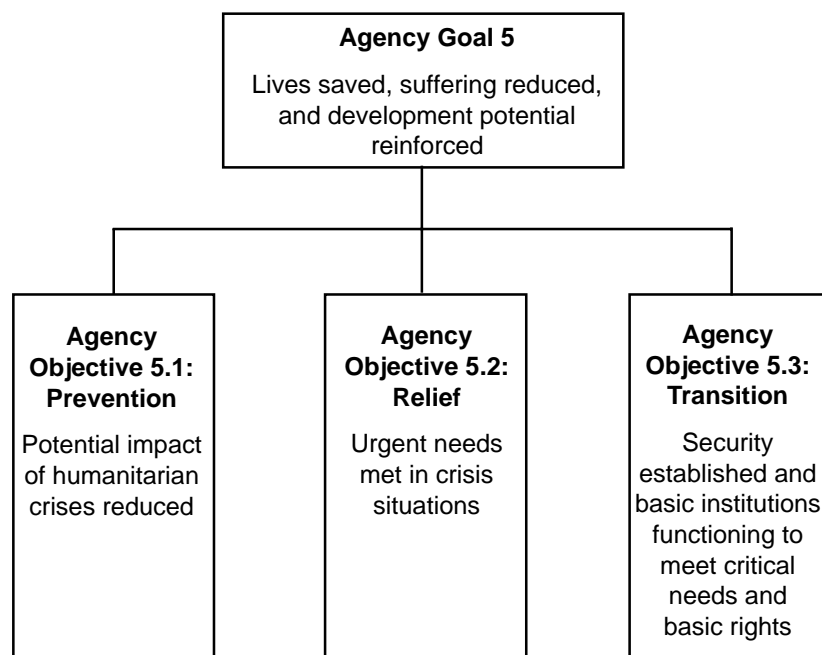
In 1995, USAID developed a new strategic framework for humanitarian assistance (see figure 1.5.). The three primary objectives are prevention, relief, and transition. Measuring results in humanitarian assistance is a challenge. In traditional disasters, the number of people receiving assistance or the tons of food provided can be recorded. It is difficult, however, to measure the impact of preventive activities, of buildings that didn't collapse in an earthquake or famines that didn't happen during a drought. It is equally difficult to measure progress when countries are in disequilibrium. Gains may be ephemeral, as conditions teeter between chaos and stability. Final resolution often takes years to accomplish.

Highlights of the Agency's response to humanitarian crises follow.

■ In 1996 the Office of Foreign Disaster Assistance obligated \$154 million for relief for 69 declared disasters. More than 28 million victims received assistance. There were 47 natural disasters, including 17 floods, 2 droughts, 3 epidemics, 2 tornados, 11 tropical cyclones (hurricanes and typhoons), 1 cold wave, 7 earthquakes, 2 mud slides, and 2 avalanches. Of 11 man-made disasters, 3 involved civil strife, 3 were accidents, 2 were fires, 2 involved displaced persons, and 1 involved refugees. In addition, 11 countries had complex emergencies during 1996.

■ In 10 complex emergencies, USAID delivered basic necessities to people in **Angola, Bosnia–Herzegovina, Burundi, Croatia, Northern Iraq, Rwanda, Serbia, Sierra Leone, Somalia, and Sudan.** USAID contributed to the transition from war to peace in many of these situations by working to restore law and order, demobilize the military, eliminate land mines, better inform citizens, and promote local governance.

Figure 1.5. Humanitarian Assistance Strategic Framework 1995–96



■ Preparedness planning and early warning had big payoffs in 1996—5 of 13 at-risk countries in **Latin American** countries are better prepared to respond to crises and less likely to require outside emergency assistance. Famine early warning helped avert serious food shortfalls in **Chad, Ethiopia, Kenya, Mauritania, Niger, Rwanda, and Somalia.**

■ Food for Peace Title II food aid went to an estimated 45 million people worldwide. The goal was to enhance food security by improving household nutrition, generating income, and encouraging agricultural production.

Distribution of Agency Humanitarian Programs

More than a third of USAID-assisted countries have a humanitarian assistance objective, as shown in table 1.5. However, the Agency sponsored humanitarian assistance activities in more than 51 countries.

Preventive activities are provided in all regions, but most are in sub-Saharan Africa. The goal of many of these programs is to prevent acute and transient food insecurity. USAID’s Famine Early Warning System (FEWS) project monitors

weather conditions and crop production in 18 countries across Africa. The Greater Horn of Africa initiative covers 10 countries. Roughly a third of prevention programs were carried out in the new independent states, which underwent civil conflict and economic dislocations in the post-Soviet era. These programs provided social benefits (such as health care services) that had collapsed in the wake of the disintegration of the Soviet Union. In South Asia, preventive programs addressed chronic food insecurity, especially among people living in severe poverty.

Roughly a quarter of countries receiving ongoing USAID assistance are in economic or political transition. During 1996 the Agency provided a range of humanitarian assistance to many of them. In the Bureau for Humanitarian Response, the Office of Transition Initiatives helped six countries in the transition from complex emergencies.

USAID also worked in many countries that experienced unpredictable disasters. Table 1.5. shows where this emergency assistance was given during 1996.

**Table 1.5. USAID Operating Units
With Humanitarian Assistance Objectives in 1997**

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Total number of operating units	30	13	22	18	83
Number with humanitarian assistance objectives	13 (16%)	5 (6%)	9 (11%)	4 (5%)	31 (37%)
Objective 5.1: Prevention— Reducing potential impact of humanitarian crises	AFR/DRC, BHR/FFP, BHR/OFDA, GHAI, Niger, REDSO/ESA, Sahel regional, Somalia, South Africa (9)	Bangladesh, BHR/FFP, BHR/OFDA, Central Asia region, West Bank—Gaza (5)	Armenia, Azerbaijan, BHR/FFP, BHR/OFDA, Central Asia regional, Ukraine (6)	BHR/FFP BHR/OFDA (2)	22 (27%)
Objective 5.2: Relief— Urgent needs met	BHR/FFP, BHR/OFDA, GHAI, Liberia, REDSO/ ESA, Rwanda, Somalia (7)	BHR/FFP, BHR/OFDA (2)	Armenia, Azerbaijan, BHR/FFP, BHR/OFDA, Bulgaria, Georgia, Moldova (7)	BHR/FFP, BHR/OFDA (2)	18 (22%)
Objective 5.3: Transition— Security established and basic institutions functioning to meet critical needs and basic rights	AFR/DRC, Angola, BHR/FFP, BHR/OFDA, BHR/OTI, GHAI, Liberia, REDSO/ ESA, Rwanda, Somalia, South Africa (11)	Bangladesh, BHR/FFP, Cambodia, West Bank—Gaza (4)	Azerbaijan, Croatia, BHR/FFP, BHR/OFDA, BHR/OTI, Bosnia- Herzegovina, Bulgaria, Georgia, Serbia, Ukraine (10)	BHR/FFP, BHR/OTI El Salvador, Guatemala (4)	29 (31%)

Note: Table excludes Global Bureau's offices with humanitarian assistance objectives. Other regional bureaus may have humanitarian assistance activities not reflected in this table.

Key: BHR = Bureau for Humanitarian Response; FFP = Food for Peace; OFDA = Office of Foreign Disaster Assistance; OTI = Office of Transition Initiatives; GHAI = Greater Horn of Africa Initiative; AFR/DRC = Africa Bureau/Disaster Response Coordination; REDSO/ESA = Regional Economic Development Office/East and Southern Africa.

1996 Program Results And Highlights

Reducing Potential Impact Of Humanitarian Crises

USAID works to mitigate the impact of crises. The Agency has played a key role in developing effective preparedness planning, early warning, and mitigation systems for natural disasters such as disaster management training for Latin America, the Famine Early Warning System in Africa, and the accident prevention program worldwide. (See figure 1.5.1.)

Preparedness planning. USAID is involved in a variety of efforts to predict and lessen the impact of natural disasters and to improve countries' ability to cope with crisis. As a result of the preparedness training of national and local governments and community groups, 13 targeted at-risk Latin American countries are better prepared to cope with crises. More than 1,700 people who had established community-based disaster preparedness organiza-

tions were trained to help their groups intervene appropriately.

■ In the **Caribbean**, USAID supported a regional effort to help countries prepare for natural disasters. Hurricanes, landslides, tsunamis, earthquakes, and floods cause significant economic losses and human suffering. The USAID-supported effort introduced techniques of mitigation, including risk audits of essential services (water, sewer, electricity), hazard mapping, improved

**Table 1.6. FY 96 Regional Numbers of People Assisted
By BHR Emergency Programs, by Region**

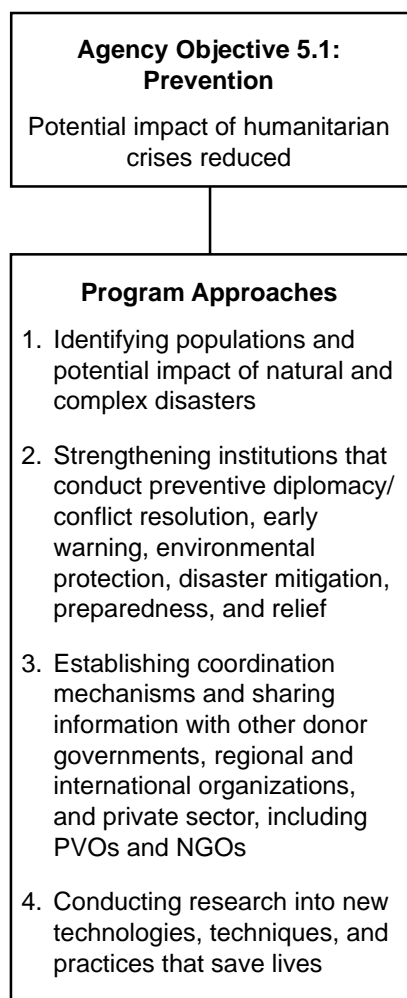
Region	OFDA (% affected reached)	FFP^b (% targeted reached)	Total Population
Africa	8,724,000 (N/A)	6,197,000 (58%)	14,921,000
Asia and Near East	4,016,000 (43%)	2,880,000 (68%)	6,896,000
Europe and the New Independent States	3,442,000 (N/A)	1,973,000 (100%)	5,415,000
Latin America and the Caribbean (LAC)	516,000 (41%)	320,000 (100%)	836,200
Other ^c	352,000	N/A	352,000
Total	17,050,000^a	11,370,000	28,420,000

^a OFDA assisted more people than the 17 million shown here. Data on numbers receiving assistance are not available from countries such as Burundi, Rwanda, and Sudan.

^b 47 percent of Food-for-Peace programs are implemented by World Food Program.

^c Canada, China, Iceland; 20,200,000 people were affected by floods and cold wave in China but the number of people assisted is not available.

Figure 1.5.1. USAID Objective 5.1 and Approaches



■ In Mexico, India, Indonesia, and Thailand, USAID supports emergency management offices to build local capacity and foster sustainable improvements in emergency response and planning. Community outreach is an important feature. It includes those most vulnerable to potential accidents in emergency planning, especially in mock tests of plans. This approach has now been replicated in other places—more than 3,500 participants have been trained in local accident mitigation and prevention practices, and thousands of citizens have participated in disaster drills.

Famine Early Warning System. FEWS monitors and provides information on weather conditions, crop production, and food availability. Sources of information include satellite imaging and rainfall analysis as well as market and other on-the-ground data collection. African governments use this information to identify people at risk of starvation and malnutrition. The countries that benefited from FEWS during 1996 were **Angola, Burkina Faso, Chad, Kenya, Mali, Mauritania, Mozambique, Namibia, Niger, Rwanda, Somalia, Sudan, Tanzania, Zambia, and Zimbabwe.**

insurance underwriting standards, and training in improved building practices.

USAID closely monitors 47 countries. These have early warning systems, are “watch countries” (that is, they are watched because of their susceptibility to rapid destabili-

zation), or are in the midst of complex emergencies. In 1996, 29 of the 47 were involved in ongoing peace talks, 11 fell into several categories, and 5 had poor early warning ratings.

Programs to mitigate accidents reduce the incidence and impact of major industrial hazards or other technological accidents.

In southern Africa, FEWS supports the regional food security system of the Southern African Development Community by sharing information with the ministries of food, agriculture, and natural resources. This is critical to emergency preparedness plans and action and to the management of the droughts and food shortages that plague the region. Regional FEWS representatives consult with all institutions involved in monitoring the region's weather and food security.

Food aid improves child survival and nutrition and enhances diets of the poor. During 1996 Food for Peace Title II resources were targeted for more than 45 million people. The vast majority were Africans and Asians.

■ In **Bangladesh**, stunting, a measure of long-term malnutrition, has decreased by 2 percent every year in children under 5 as a result of USAID Title II food aid and complementary food policy activities. Improved methods of identifying people at risk led to more effective distribution of food. USAID leadership helped the government expand and sustain its commitment to providing effective food programs to the poor.

During the past decade, people in the **Horn of Africa** have experienced enormous human tragedy, especially in **Burundi, Eritrea, Rwanda, Somalia,** and **Sudan**. USAID's Greater Horn of Africa initiative works

to avert further humanitarian crisis. It was established in 1994 as a partnership of 10 African countries in the Horn and international donors. It emphasizes African ownership of the process of restructuring economic and political relations. Under the initiative, weather and crops are monitored, information systems are being established, and countries are working to be food self-reliant.

■ For example, **Ethiopia** is selling its surplus to **Kenya** to help cover Kenya's food deficit. A road rehabilitation project in **Tanzania** is promoting increased food production and cross-border trade. A project to reduce a disastrous weed infestation in Lake Victoria is improving aquatic food production.

Innovative approaches to conflict prevention and mitigation. USAID has promising new approaches to conflict mitigation in Latin America and the Middle East.

The Program on Nonviolent Sanctions and Cultural Survival works to reduce conflict over natural resources in Latin America. It centers on ethnic and indigenous groups' concerns over development, land rights, and natural resources management. The program aims to create collaborative, applied research centers that link into a global network.

■ The program began in **Ecuador**, where ethnic groups are competing for resources. It addresses how to conserve the rich and biologically diverse natural environment of Ecuador and the Amazon region. The program aims to limit the detrimental effects of corporate use of local natural resources. Included in the program are activities to prevent and mitigate disputes over land tenure and use and to guarantee protection of indigenous people's rights.

Meeting Urgent Needs In Crises

Prevention and mitigation programs are of growing importance. However, disasters still happen, people suffer, and lives are endangered. (See figure 1.5.2.)

■ In **Liberia**, a country with many ongoing needs, the United States was among the first to respond to the outbreak of bloody fratricidal fighting. In 1996, despite the fighting, the U.S. Embassy and USAID's Office of Foreign Disaster Assistance provided food, water, sanitation, and emergency medical care to the tens of thousands of displaced people in the capital, Monrovia. Many of them congregated in the U.S. Embassy residential compound.

■ To be useful, crisis relief must be delivered in a timely fashion. In **Bangladesh**, USAID provided emergency supplies within 72 hours of a cyclone. Assistance went to six million vulnerable people—40 percent of the population in 48 disaster-prone areas. Similarly, 4,000 families affected by a tornado received assistance within 48 hours, including first-aid treatment for 3,511 patients.

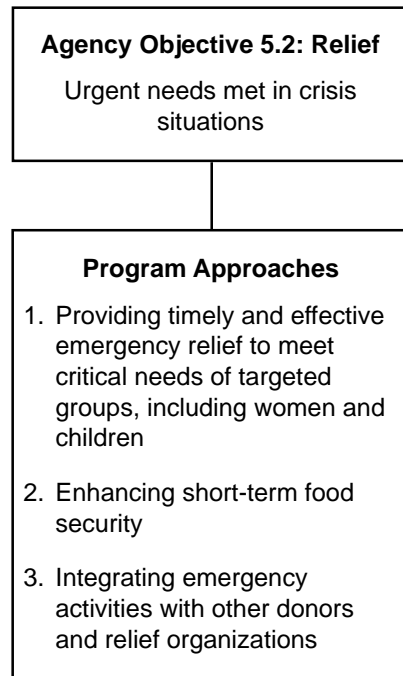
■ USAID’s emergency and humanitarian program in **Angola** has kept alive hundreds of thousands of Angolans during the civil war and in the transition after it. USAID-supported programs continue to provide food to 300,000 people monthly. As a result, malnutrition in one area dropped from 15.2 percent in 1994 to 8.7 percent in 1996.

Several new independent states received USAID emergency food and other aid in 1996 following cross-border and civil conflicts.

■ In **Armenia**, USAID provided food for vulnerable groups totaling 100,000 people. It provided kerosene for 213,000 vulnerable households to meet heating needs.

■ The South **Caucasus** region suffers from turmoil caused both by ethnic conflict and economic dislocation. More than 1.4 million people are refugees or internally displaced by ethnic conflicts. An even greater number have temporarily left for economic reasons to find work in other parts of

Figure 1.5.2. USAID Objective 5.2 and Approaches



the world. From 1994 through 1996, USAID helped the International Organization for Migration in **Armenia** and **Georgia** work closely with government agencies dealing with migration. The Agency also helped build legal and administrative capacity to deal with large-scale population movements.

■ In **Azerbaijan**, 145,000 internally displaced persons and other vulnerable groups received food assistance, 38,000 displaced people were put up in

shelters, and 350,000 received health care services. Through UNICEF, 5.5 million people were vaccinated for diphtheria, reducing the magnitude of an epidemic by 85 percent.

■ In **Tajikistan**, USAID provided food for 500,000 people, access to potable water for 40,000 people, health care services to 260,000, and shelter to 62,000.

Meeting Urgent Food Needs
USAID’s Food for Peace program is the principal means for the United States to provide

emergency food assistance abroad. Depending on a country's needs, the food aid can be distributed directly to needy recipients, used in food-for-work projects to help restore infrastructure, or even sold in local markets to raise money for local activities. A large portion goes to the World Food Program, where it is jointly programmed with USAID to meet worldwide needs.

■ In **Sierra Leone**, 1.1 million internally displaced persons were targeted to receive food aid during the 1996 crisis. About 25 percent of that assistance came from USAID.

■ In **Afghanistan, Angola, Bosnia–Herzegovina, and Rwanda**, USAID has improved the targeting of food aid. In **Afghanistan** (before the Taliban takeover) women were actively involved in distributing food aid, ensuring that it was allocated fairly and to the most needy. In **Rwanda**, increased malnutrition has been averted by programs that feed orphans, malnourished children, pregnant and lactating mothers, and at-risk households.

■ Food-aid needs in war-torn **Sudan** continued unabated in 1996. Food for Peace reached a million people, distributing food in cooperation with local organizations. USAID helped the local organizations plan and implement the food-aid programs, increasing their ability to

provide food aid services. The program now centers on fostering self-reliance. Food-aid recipients are now producing their cereal and pulse needs for four months of the year. They only require food aid during the balance of the year.

Following a 1995–96 drought in **Zambia**, USAID provided food to at-risk people, averting starvation. By using a market-led approach to distribution, USAID helped Zambian traders gain experience in managing substantial capital transactions. Lower market prices encouraged people to buy a variety of foods. One year later, maize meal prices have leveled off at half what they had been. Because markets were not disrupted during the crisis, Zambia was subsequently able to export more than 100,000 tons of maize meal to neighboring countries with shortages. Traders are confident they will be able to continue to trade even when shortages occur.

Establishing Security and Getting Basic Institutions Functioning to Meet Critical Needs and Basic Rights

Helping people, societies, and governments move from emergency relief through the stages of recovery to stability is a growing component of USAID's investment in humanitarian assistance. This involves not only rebuilding the material basis of productive life but also helping societies that often have

had no experience in democracy and governance to begin to build politically secure systems.

Transition needs differ in each country. Some countries in the new independent states and Africa are coming out of civil war. Market reform has caused massive social dislocations in others, where many people need continued relief. In all programs, from relief to development, USAID plans its activities with an eye toward avoiding negative effects of emergency assistance. By using private sector markets to channel food distribution, for example, market systems can be strengthened, whereas direct distribution may undermine market systems. (See figure 1.5.3.)

■ In **Bosnia**, USAID's Municipal Infrastructure and Services Program is designed to facilitate the return of displaced persons and demobilized soldiers to their communities. It also works to stabilize those war-damaged communities and provide work opportunities. Many of the 75 infrastructure activities in energy, water, transportation, education, and health have been completed or are nearing completion. Community improvements include restored electrical power, rebuilt schools and health facilities, improved local water supply, and repaired roads. USAID provided almost 300 grants to civic and media groups to implement initiatives that reduce community tensions, cultivate democracy, and promote basic political freedoms.

■ In **Croatia**, USAID worked to reintegrate displaced persons into Eastern Slavonia. It helped refugees repatriate, become citizens of Slavonia, and receive a host of legal services. However, these accomplishments are currently threatened by other factors. There are continuing ethnic tensions between Croat and Serb populations; there is a shortage of suitable housing to accommodate displaced populations, and progress in reconstruction has been slow.

■ In **Mozambique**, USAID shifted from massive emergency food relief to transitional and developmental support. Resources were redirected to food-for-work and cash-for-work projects to rebuild critical infrastructure such as health clinics, agricultural posts, irrigation systems, roads, and schools destroyed by the war. A joint monitoring and evaluation system evolved from cooperation among PVOs in designing activities. By monitoring overall food security during the transition, donors avoided creating disincentives to local producers.

■ USAID and other donors helped **Guatemala** demobilize almost 3,000 civil war ex-combatants and provide them with food supplies, medical treatment, basic literacy, and civic education. The Agency supported vocational education,

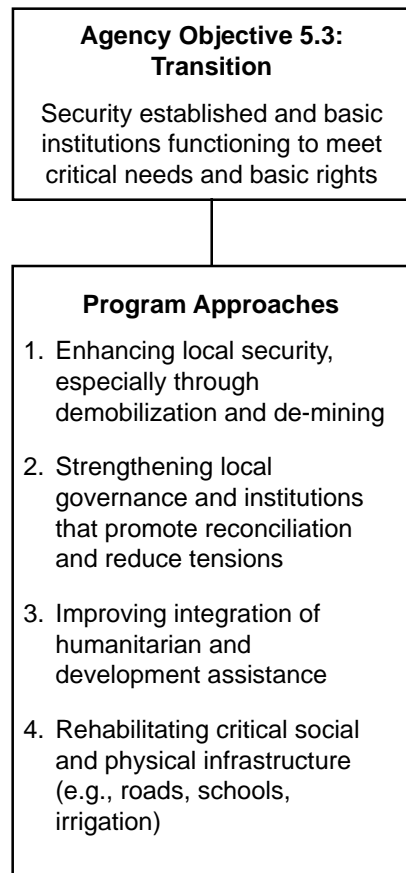
agriculture training, scholarships and other programs to help ex-combatants reintegrate into civilian society. Support of the peace process, along with the development assistance program, represents the best opportunity in a generation for Guatemala to address the underlying economic and social impediments to the country's growth. It also helps the country integrate into the regional and world economies.

USAID's assistance improves citizen security in transition situations.

■ In **Angola**, USAID's landmine awareness program has reached 1.4 million people and trained 750 people in mine removal techniques. As a result, mine accidents have been reduced significantly, large areas of the country have been reopened to commerce and agriculture, and many refugees and displaced persons have returned to their communities.

■ In **Haiti** the demobilization and reintegration of former military personnel helped reduce the short-term threat

Figure 1.5.3. USAID Objective 5.3 and Approaches



they posed to the transition process. Of 5,482 former army personnel registered for demobilization, almost 90 percent completed vocational training in 24 centers around the country. However, these accomplishments remain fragile because Haiti's poor economic performance and uncertain political picture have precluded full reintegration.

Linking relief and development is important to improve the likelihood that relief recipients will be able to participate in the development of their societies and to avoid creating dependency.

■ **In Ethiopia**, USAID-supported programs introduced improved agricultural techniques for poor farmers. A credit and savings project led to increases in local income of 10 to 20 percent. A 500-hectare (1,235-acre) forest was handed over to a community of 2,000 households for management. With proper management, the community will be able to protect and rehabilitate the land and obtain income to fund further development. The only road access for emergency relief supplies to victims of a flood was a road built under Title II food for work. Using food for work, more than 1,400 kilometers (870 miles) of farm-to-market roads have been built, allowing agricultural inputs to flow into previously isolated areas. Nearly 6,700 farmers were trained in improved agricultural practices, doubling or tripling their yields.

■ **In Somalia**, a U.S. government interagency strategy, the Integrated Strategic Plan, was designed to fill the vacuum created by the country's chronic condition as a "failed state." It is a high-risk but relatively low-cost effort. It concentrates scarce resources on local structures committed to take responsibility for security, health, and education. The hope is that such a patchwork of local administrations can one day be knit into the fabric of a broader national government.

■ **In Rwanda**, USAID developed a program that enabled women to reconstruct their communities and rebuild their housing.


■ **In Angola**, USAID has contributed to a successful transition from relief to recovery. The number of people who depend on emergency food has been cut in half—400,000 a month down from 800,000 in 1994. More than 300,000 people have been resettled, encouraged by the provision of seeds and tools to families. New seed varieties are providing more nutritional food sources. USAID assistance enhanced local and personal security by training almost 1.2 million people in mine awareness and 750 people in mine removal. In addition, USAID helped demobilize 9,500 Unita troops.

■ USAID supports a radio program in **Angola**, a daily half-hour Voice of America program broadcast by an independent FM station, Radio 2000, from Lubango. Many Angolans believe the program is the most informative and unbiased source of information available in their country. USAID-supported broadcasts carried by Radio **Rwanda** report daily on the proceedings of the war crimes tribunal. These broadcasts, heard across the country, have increased confidence that international donors are committed to a judicial process.

■ Women have been instrumental in peace processes and transitions in many areas of the world, from **Angola** and **Mali** to **Somalia**, **Guatemala**, and **El Salvador**. Women in **Sierra Leone**, for example, took an active role in bringing about democratic elections. They were unable, however, to gain political representation and participation in the government then elected. That experience is, unfortunately, widespread.

Conclusion

Every year, USAID provides humanitarian assistance to meet the needs of millions who fall prey to natural, man-made, and complex disasters. It helps fill the void in societies where people have fallen through the safety net or are in need because of poverty. Humanitarian assistance continues to call for a significant level of funding to meet the ongoing and growing needs of people at risk.



Meeting peoples' urgent needs through relief, rehabilitation, transition, and recovery is a hallmark of USAID's humanitarian strategy. Because of increasing demands on scarce resources, the approach to relief must be continually refined. More and more there is a requirement to prioritize resource allocations, narrow the focus of relief distributions, and more accurately measure how disasters affect vulnerable populations.

The Agency has achieved success in helping several societies move from breakdown to stability. Because varying conditions underlie turmoil, USAID has adapted its approaches. In Angola, for example, the thrust is to diffuse conflict and reintegrate ex-military personnel into society. In helping Rwanda make the transition to stability, the Agency is emphasizing a grassroots approach to returning displaced persons and refugees to their communities.

Given the increasing call for humanitarian resources, there is a pressing need to protect investments by paying more attention to preparedness, prevention, and mitigation of natural and complex disasters. USAID is increasingly successful in implementing famine early warning systems and in responding to non-food-related natural disasters. In complex disasters affected by military, political, ecological, and social forces, neither the indicators of impending disaster nor the most appropriate response is well understood. The international community needs to continue to increase its support for early warning on disasters. USAID has played a preeminent role in addressing globally the need for more research and application of early warning systems. There is a need for greater use of preventive diplomacy, and USAID is in the forefront of those trying to develop appropriate preventive interventions.

Approaches to humanitarian assistance are evolving. Changes are sometimes incremental, sometimes very rapid. Assistance programs require a series of planned, prioritized actions to respond appropriately to unending complex human conditions. USAID's work in this area has shown the need to link relief with development, to prioritize when it can respond, and to support others around the world in building capacity to prepare for, prevent, mitigate and respond to disasters. USAID has made great strides in delivering its humanitarian assistance in 1996 and continues to address the challenges it faces.





Evaluation Findings and Lessons





Evaluation Findings and Lessons

Development that can be sustained over the long term is complex. No matter what the changes are, it takes time to demonstrate results. As a result, the vast majority of USAID programs are carried out over several years. Activities and their results evolve from one five-year programming cycle to the next. The Agency uses evaluations—in addition to its regular monitoring of operations—to examine its development experience and draw conclusions it can apply as it adapts programs, shifts direction, or responds to external mandates.

The previous chapter provided a broad review of USAID's 1996 performance as captured and reported through its performance monitoring systems. This chapter adds context and analytical depth to provide a better understanding of what is involved in achieving development results. Since not all programs are evaluated every year, the discussion is drawn primarily from examples drawn from recent (January 1996 through June 1997) evaluations that specifically address the issues of *what* an activity accomplished and *how* USAID contributed to those achievements.

This chapter also assesses performance issues, such as why and how results were achieved or not achieved, what USAID's contributions to

results were, whether results were sustainable, what lessons were learned, and how they were applied to improve program performance and direction. First, the chapter seeks to demonstrate the link between what the Agency does and the impact it achieves. Second, it examines USAID as a learning organization. It gives examples of how evaluation lessons are applied, with emphasis on how lessons learned in specific program settings are applied Agency-wide. Typically strategic or technical approaches are adopted across an entire program sector, such as private sector development. Such learning may be formalized by official policy or may simply be disseminated and become the "standard of practice" without official recognition.

The chapter also looks at learning on a smaller scale—that is, at the operating unit or regional level. Learning at the program or activity level takes place when USAID managers use performance information to inform their strategic and operational decisions (for example, modifying the strategic approach for a specific activity because anticipated results are not being achieved). As is illustrated by a number of cases, smaller scale learning often embodies some generalizable elements that lead to eventual Agencywide learning.

Promoting Economic Growth

The goal of achieving broad-based economic growth is based on widespread evidence that economic growth reduces poverty. In the first place, an improving economy works directly to increase opportunities for even the very poorest people. Second, economic growth enables USAID-assisted countries to expand critical social services, including health, education, and housing. If countries don't achieve economic growth, USAID will encounter difficulties in realizing benefits from investments in its other goals in democracy, the environment, and population and health.

Accelerated economic growth in the developing world is directly in the U.S. national interest. It expands opportunities for American exporters, thus creating jobs. U.S. exports to developing countries rose from \$82 billion in 1987 to an estimated \$244 billion in 1996. U.S. exports to developing countries during this period increased from 33 percent to 40 percent. Economic performance in the developing countries thus has a significant impact on the U.S. economy (Clinton 1997).

This section presents examples of programs in economic policy reform, agriculture, microfinance, rural infrastructure, and capital markets. All these programs seek to create favorable economic environments through policy and institutional reform.

USAID support for nationwide economic policy reforms is illustrated below by a long-term activity in Indonesia. Another approach to boosting economic growth has been to encourage agricultural development, as exemplified by USAID-supported activities in Bangladesh and Costa Rica. The Agency also has sought to improve poor households' economic opportunity by providing access to formal financial services and expanding rural infrastructure. The Agency's programs to support microfinance in Bolivia and rural infrastructure in Tanzania illustrate this effort. USAID has also worked to stimulate private investment by strengthening capital markets. Those efforts were initially unsuccessful but now show promise.

Economic Policy Reform

One of the greatest development lessons of the last half-century is that sound economic policies—including low deficits and trade, price, and exchange-rate liberalization—are primary determinants of economic growth. How quickly economic growth reduces poverty over the long run depends on how well government policies and programs address poverty and inequality in the short and medium term. In Indonesia, long-term policy reform has had exceptionally high payoffs in promoting rapid and broad-based economic growth.

Supporting Analytical Studies To Promote Economic Policy Reform in Indonesia

Indonesia, the world's fourth most populous country, is sometimes lost among Asia's economic success stories. The nation's turbulent change of government in 1965 marked the end of a long period of economic stagnation. In the next three decades per capita incomes tripled, life expectancy increased from 44 to 60 years, average caloric consumption rose 40 percent, and poverty fell from 60 percent of the population to less than 15 percent.

Oil revenues facilitated much of this transformation but did not guarantee it. The government's adoption of sound economic policies explains much of Indonesia's strong long-term performance. A stable, development-oriented political leadership effectively used advice provided by both foreign experts and U.S.-trained Indonesian economists to make pragmatic economic policy decisions. USAID assistance contributed to efficiency gains and had a high payoff in economic growth. Senior Indonesian officials considered this activity a success.

From 1983 through 1995, the Agency supported policy reform in Indonesia with a program that sought to link policy analysis and policy formulation using studies, seminars, experiments, and publications. In 1989 these links were strengthened by de-emphasizing published studies in favor of analysis, often kept confidential, that directly addressed issues of concern to the planning agency. Confidential analysis strengthens policy formulation because it allows for more frankness in discussing various policy options and their effects, and gives policymakers time to devise strategies for building support for the reforms they have chosen.

USAID also provided assistance to the Central Bureau of Statistics. When technical studies were designed to be more closely related to problems policymakers faced, those studies became more effective in inducing policy reform. For example:

■ Studies of a nontraditional export boom in Bali, highlighting the benefits of foreign investment by small firms, helped create a climate that led to liberalized investment and travel regulations for foreigners. These new measures contributed to an increase in government-approved foreign investment from \$2 billion a year during 1984–88 to \$8 billion a year during 1989–93.

■ Studies of rural credit programs helped create support for successful and sustainable microenterprise lending programs. These now provide credit to more than 2.5 million borrowers (Fox, Walker, and Kelhotal 1996).

■ Improved statistics on the relationship between economic growth and the demand for electric power demand meant lower estimated requirements for new investment in power generation. The adjustment helped prevent the country from building excess capacity. Improved statistics also led to an enhanced capacity to estimate the positive effect of policy reform on economic growth rates, reinforcing the position of advocates for the reforms.

USAID-supported policy studies had a high payoff in economic growth. World Bank studies have calculated that deregulation of the Indonesian economy produced efficiency gains that boosted gross domestic product (GDP) growth after 1985 by 1.2 percentage points a year. It is reasonable to credit USAID-supported studies with a modest 1 percent of the efficiency gains from 1990 through 2000. Using these and other conservative assumptions, the present value of USAID-attributed benefits to the Indonesian economy is \$492 million in 1992 dollars. That far exceeds the \$21 million (present value) the activity cost when it was implemented.

USAID support for economic studies in Indonesia provides the following lessons:

■ The Agency initially financed discrete, short-term research by Indonesian economists and external advisers. This approach provided insufficient links between researchers and policymakers. Changing the emphasis to building long-term relationships between technical advisers and policymakers and gaining their confidence shifted the emphasis to practical policy issues. That in turn led to the desired policy changes.

■ Economic advice can be effective even when not linked to external resources or conditionality. The Indonesia program succeeded in part because advice was perceived as objective and independent of other donor goals.

■ Improving the quality of economic statistics and strengthening links between data producers and users is an often neglected but valuable contribution to policy reform.

Agriculture

Because most developing-country economies are still largely based on agriculture, the performance of the agricultural sector is often the major determinant of overall economic and social progress. A shift from subsistence agriculture to producing for sale contributes to a more prosperous rural environment, increased employment, and economic progress.

The Agency supports a variety of activities that strengthen agricultural performance. A survey of the literature on agricultural development concludes that agricultural development activities should begin with the development of a sound policy environment (McClelland 1996). Farmers must have an opportunity to make a profit, and economic policy must not restrict this opportunity.

Many countries where USAID has helped establish an economic policy framework conducive to agricultural growth have recorded substantial gains. In Bangladesh a long-term policy-reform activity paid off with enhanced food supplies, higher employment, and greater real incomes for the poor.

Privatizing Fertilizer Distribution in Bangladesh

Beginning in 1978, USAID and the government of Bangladesh undertook two projects to improve fertilizer distribution through privatization over a 16-year period. The projects cost \$228 million. When the program began, the entire fertilizer distribution system was government controlled, from port and factory to consumer. A parastatal—a large, government-controlled entity—distributed all fertilizer through a network of 20,000 private retailers it appointed and permitted to sell at set prices and locations.

USAID initially provided technical assistance through a contract with the International Fertilizer Development Center. This center does international research and development, providing technical assistance in all areas of fertilizer use and private sector distribution. Later, the Agency provided

technical assistance, analysis, and information to key officials, especially in the Ministry of Agriculture.

By 1985 some 5,000 wholesalers, selling to 60,000 retailers, had replaced the 20,000 appointed dealers. By 1992 the government was completely disengaged from the fertilizer market, prices were decontrolled, and fertilizer subsidies had ended.

Today, 10,000 wholesalers serve more than 100,000 retailers. The privatized system is more responsive to market and customer needs, and prices are intensely competitive. Distributors make reliable deliveries, provide good service, and anticipate farmers' needs. Competition is strong all along the marketing chain and in every part of the country. Marketing margins are small, and distributors and dealers constantly seek ways to minimize costs. As a result of this enhanced efficiency, costs to farmers are considerably lower.

The effect on people has been dramatic. Fertilizer sales have quadrupled, from 750,000 tons in 1978 to 3 million tons in 1996. Before 1992, Bangladesh depended heavily on food aid and was never able to import commercially significant amounts of grain. USAID-supported privatization of the grain trade and the fertilizer business, coupled with ex-

panded irrigation, has enabled Bangladesh to become largely self-sufficient in rice.

It also made it profitable for Bangladeshi grain traders to buy \$115 million in U.S. wheat during 1993–95. Forty-five thousand jobs were created from the privatization of fertilizer distribution; but the impact was even more pronounced at the farm level, where the equivalent of 1.7 million new full-time jobs were produced.

Increases in rice productivity and production have raised the real incomes of the poorest segments of the population. This improvement is due primarily to a 30 percent decline in real rice prices between 1972 and 1992.

Surveys show that when the price of rice drops 20 percent in Bangladesh, 10 million more people move from inadequate to adequate daily caloric intake. In addition, the extra real income secured by the poorest through the decline in real rice prices is spent on improving nutrition. Meat consumption increases by 75 percent, adult body weight shows measurable increases, and the number of malnourished children decreases.

USAID-financed technical assistance contributed significantly to the program's success. As issues surfaced, the International Fertilizer Distribution Center provided data and brought in competent experts from the United States who built credibility with the government and the private sector. This was especially important because Bangladesh has traditionally resorted to statist solutions and relied on parastatals. Government decision-makers only authorized changes when they understood and supported them. A central element of the program was its reliance on data, analysis, and demonstrated results rather than USAID-imposed conditions.

Programs of this nature must be designed as long-term endeavors. Building support for far-reaching changes takes time. As a senior official put it, "The reform process was not slow, it was gradual, and that is what ensured its success."

Agricultural Export Diversification in Costa Rica

USAID supported economywide policy reforms, including, but not limited to, promotion of new agricultural exports in Costa Rica. Those efforts helped Costa Rica recover from a major economic setback in the early 1980s and "graduate" from USAID assistance in 1995.

USAID played a significant role in helping Costa Rica expand nontraditional agricultural exports—exports other than bananas, beef, coffee, and sugar. Nontraditional exports are attractive because they are labor-intensive and often have relatively high domestic value-added. In many cases they can be grown by small farmers.

USAID efforts to support nontraditional export expansion coincided with the U.S. government's Caribbean Basin Initiative. The initiative, announced in 1982, gave Costa Rica duty-free entry into the United States of nearly all products not previously accorded such treatment.

USAID-supported programs aimed to take advantage of the Caribbean Basin Initiative and other export opportunities. The Agency and international financial institutions used joint policy conditionality to speed up macroeconomic adjustment (especially through fiscal and exchange-rate actions) and resource allocation reforms (liberalization of trade, interest rates, and price controls).

Correcting an overvalued exchange rate and lowering tariffs on imported inputs especially improved the climate for investment and exporting. That contributed to the rapid growth of nontraditional agricultural exports (Horkan 1996, Zuvekas 1997). In addition, the Agency supported a range of enterprise-based export-promotion activities. Working through a private sector entity, the Agency provided technical assistance in both the production and marketing of nontraditional agricultural exports.

It is not generally possible to disentangle the effects of USAID programs from those of other donors or from the efforts of the government itself. Nonetheless, the cumulative effect of Costa Rica's policy reforms and export-promotion efforts on economic growth, employment, and poverty reduction was impressive.

Costa Rica's nontraditional agricultural exports grew rapidly from \$35 million in 1980 to \$291 million by 1994, with its share of total exports rising from 3.5 percent to 13.0 percent. Most exports have gone to the United States, but Costa Rica also has been able to break into difficult-to-access European markets.

U.S. imports of Costa Rican nontraditionals rose from \$13 million in 1982 to \$171 million in 1995. The major nontraditional imports are flowers, pineapple, macadamia nuts, melons, and ornamental plants. Exports of manufactured goods, including those to Central America, and bananas, a traditional agricultural export, also grew rapidly. Total merchandise exports grew from \$852 million in 1983 to \$2.5 billion in 1995. Exports of *maquila* (assembly) products and tourism services (not included in these figures) grew even faster. These export successes contributed to average GDP growth of 4.4 percent during 1983–95—one of the best records in Latin America over this time span (Newton et al., 1988).

Expansion of nontraditional agricultural exports also helped reduce unemployment from 9.4 percent in 1982 to less than 5 percent on average during 1992–95. Although the labor force was growing rapidly, the growth of *employment* outstripped it, because of the labor-intensive nature of the export expansion (Horkan, 1996).

According to one study, the total direct and indirect employment associated with the major nontraditional agricultural exports was about 15,000 in 1989. Given continued expansion of nontraditionals since then, the 1995 figure may be about 30,000, or roughly 2.5 percent of total employment in the country. Interviews with Costa Rican producers and exporters suggest that USAID played a significant role in generating the increases (Horkan 1996).

Production of nontraditional agricultural exports in Costa Rica appears to have narrowed rather than increased income inequalities. Although large firms dominate the production of nontraditionals such as citrus, flowers, ornamental plants, and pineapple, small farmers grow significant amounts of chayote, macadamia, and roots and tubers. Also, many poor Costa Ricans benefit from permanent and seasonal jobs on large farms, in processing plants, and in marketing and support activities. Some have used the knowledge gained in these jobs to become producers themselves.

For the economy as a whole, incomes of the predominantly rural poorest 10 percent of the population rose 37 percent more than the incomes of the richest 10 percent during 1981–89. Wages in export activities, still mainly agricultural in the 1980s, rose 10 percent relative to wages in the rest of the economy during that decade (Morley 1995). Poverty—as measured by one indicator—fell from 47 percent in 1982 to 20 percent by 1990.

The benefits of expanding these exports have outweighed the costs, real and perceived, that critics have identified. These include pesticide-related problems, other environmental damage, unequal distribution of benefits, decreased food security, and exploitation of labor. Critics also believe long-run viability is uncertain. They cite market saturation, protectionism by importing countries, and competition from Mexico under the North American Free Trade Agreement. Although some of these problems have been exaggerated or even misconstrued, others (especially those related to the environment) merit USAID's closer attention in future support for expansion of nontraditional agricultural exports.*

*A balanced critique, with constructive policy suggestions, is found in Lori Ann Thrupp with Gilles Bergeron and William F. Waters, *Bittersweet Harvests for Global Supermarkets: Challenges in Latin America's Agricultural Export Boom* (Washington: World Resources Institute, August 1995), a study financed in part by USAID.

Microenterprise Credit

Lack of access to financial resources hinders poor households in both urban and rural areas. Research on microenterprise finance, much of it conducted through USAID assistance, has demonstrated conclusively that programs based on subsidized credit are unsustainable and cannot reach large numbers of poor people. When financial institutions apply sound banking principles, however, they can supply significant numbers of poor households with resources previously unavailable to them. That includes, notably, households headed by women.

Poor men and women were long considered bad credit risks. In many countries, women still face cultural and even legal barriers to obtaining credit. But both men and women from poor households are now recognized as a viable market for sustainable microfinance programs. Formal banking institutions traditionally have ignored the poor, concentrating on large loans to businesses that can offer collateral. However, financial intermediaries, using group-based lending and practicing good financial management, have demon-

strated they can serve low-income microentrepreneurs on a sustainable commercial basis.*

Because of the successes of these types of programs, most development agencies recognize that microcredit for the poor is an important element of broad-based economic growth and poverty reduction. USAID made a strong commitment to microcredit by launching its Microenterprise Initiative in June 1994. This initiative, a component of the Agency's strategy for broad-based economic growth, aims at the financial needs of tens of millions of poor microentrepreneurs.

Some microfinance institutions (many of them USAID partner organizations) have achieved impressive results. They have reached, on a financially sustainable basis, large numbers of borrowers, including the poor and the very poor. A recent study of 11 relatively successful USAID-supported microfinance institutions serving the moderately poor found that 10 were able to fully cover their operating costs. These accomplishments occurred in both rural

and urban settings and with a wide range of borrowers, including women, men, the very poor, and the moderately poor.

At the same time, studies showed that only 5 of the 11 were fully self-sufficient or had even become profitable, meaning that they covered both operating and financial costs and generated positive inflation-adjusted returns on their assets. Thus, financial self-sufficiency and sustainability cannot be taken for granted, even among institutions that are able to cover operating costs. Many factors—inflation, regulations, infrastructure, economic policy, and so on—likely affect the success of microfinance programs (Christen, Rhyne, and Vogel 1995).

On the basis of these findings, USAID revised its policy on microenterprise development in 1995 to emphasize financial sustainability as a means to achieve large-scale and sustained program impact. To be eligible for USAID assistance, a microfinance institution must now 1) commit itself to attaining full financial sustainability within seven years, while addressing poor customers specifically; 2) indicate its strategy for attaining that goal; and 3) provide annual reporting of standardized data on financial performance and program outreach to the poor.

* Group-based lending is a technique by which individuals form a group to guarantee individual loans to group members. Such loans are usually given without collateral.

Prospects for self-sufficiency will be enhanced to the extent that Agency programs are effective in addressing constraints in these areas. Banco Solidario in Bolivia illustrates the factors affecting the success of microfinance programs. The bank, known popularly as BancoSol, is a licensed commercial institution devoted solely to microenterprise lending. It operates in major cities throughout the country.

***Increasing Access
To Financial Services for
Bolivia's Microentrepreneurs***

BancoSol traces its roots to a local nongovernmental organization, PRODEM (Fundación para la **P**romoción y **D**esarrollo de la **M**icroempresa), founded in 1986 by Bolivian business leaders and Acción Internacional. PRODEM's original purpose was to be a nonprofit microlending institution. Acción Internacional helps the poor become self-employed microentrepreneurs by providing basic training and small amounts of credit to support cottage industries and other income-generating activities. USAID lent capital and funded technical assistance and training. The loan fund was also capitalized by other agencies, including Bolivia's Social Emergency Fund, the Canadian development organization Calmeadow, and Bolivian private businesses.

By 1990, PRODEM's microenterprise loan fund had reached \$4 million, and its assets were \$2.1 million (PRODEM 1991). In 1991 PRODEM studied the feasibility of creating a commercial bank to serve the poor. This culminated in the establishment in February 1992 of BancoSol, which assumed ownership of PRODEM's financially profitable, mainly urban branches. PRODEM is a major shareholder of BancoSol and continues to provide microfinance services to rural areas of Bolivia.

Until PRODEM, BancoSol's predecessor, came into existence, small-scale vendors, artisans, traders, and others in the service sectors typically had to turn to informal markets for business financing. Frequently the interest rates were very high. The high degree of risk and uncertainty associated with informal financial services often hampered Bolivian businesses' growth, profitability, and job creation. Using group-based lending and applying good financial management practices, BancoSol achieved financial sustainability in less than seven years after its original incarnation.

With BancoSol, Bolivia has made impressive strides in institutional development. BancoSol has been transformed from a nongovernmental organization to a commercial lending institution. It has gained international recognition as an important microfinance model.

■ 78 percent of the 76,500 borrowers are women (Friedland 1997).

■ The initial loan size offered by BancoSol usually has been between \$100 and \$150. The average size for all loans (borrowers typically receive multiple loans) has been \$477. The most recent loans of repeat borrowers average just over \$600 (González and others 1996).

■ Repayment terms are 12 weeks for the first loan and up to 24 weeks thereafter. The default rate is less than 1 percent (Katsuma 1997).

■ In 1996 BancoSol posted net earnings of \$1.1 million on revenues of \$13 million, with a return on assets of 2.3 percent (Friedland 1997)

Although not all of BancoSol's borrowers are among the very poor, the vast majority would be hard pressed to finance their economic activities without the bank. Providing services to a range of income groups, in point of fact, adds to BancoSol's financial security and its ability to leverage more capital to provide credit for the poor.

The lesson here is that programs designed to serve only the very poorest households may be counterproductive in their ability to effectively and sustainably lend to them. USAID has found that successful microcredit programs are able to use their capital (whether provided by donors or private investors) to leverage additional funds—up to 12 times the initial capital investment—by borrowing or taking deposits. A program that is profitable, such as BancoSol, can gain wider access to financial markets (Christen, Rhyne, and Vogel 1995). Leverage, in other words, depends on profitability. At BancoSol as in other successful cases, profitability has rested on a combination of sound banking principles and group lending.

BancoSol has a successful “demonstration effect” in that it has been replicated in Bolivia and elsewhere. Replication occurs when a microfinance institution captures the attention of other investors, who then decide to set up their own programs to serve small entrepreneurs. This expansion and competition means that more people will be reached, with the price (that is, the interest rate) and the quality of services improving over time. BancoSol has spawned a revolution that is radically changing the face of financial services in Bolivia.

Ten other Bolivian financial institutions that began with aid from U.S. and European donors have decided to drop subsidized-credit schemes in favor of BancoSol’s example of commercial lending (Friedland 1997).

BancoSol’s influence extends beyond Bolivia as well. USAID partner organizations in other countries—including Bangladesh, Colombia, Costa Rica, the Dominican Republic, Indonesia, Kenya, and Senegal—are adopting similar lending strategies and producing impressive results (Christen, Rhyne, and Vogel 1995).

Rural Infrastructure

In many developing countries, inadequate infrastructure impedes economic growth and holds back the private sector. Opportunities for poor rural households are particularly restricted by the lack of infrastructure.

Capital projects represent only 5 percent to 10 percent of USAID’s total portfolio. Budget stringencies and the consequent small size of individual country programs usually preclude the sizable investments often required. Where the Agency has had sufficient resources to support infrastructure projects,

these activities have been explicitly designed to alleviate poverty or to reduce it over the long run. Roads, electrification, and irrigation projects often help enable the rural poor to boost their productivity and incomes. Water and sanitation projects contribute to improved health. USAID support for road construction in Tanzania demonstrates that infrastructure programs targeted to poor households can raise their incomes and living standards.

Tanzania’s Rural Roads Program

The Tanzania rural roads program provided many benefits to predominantly poor rural residents. Through policy initiatives, it also helped make benefits sustainable. Since 1990, 1,200 kilometers (745 miles) of rural roads have been rehabilitated; 5,000 kilometers (3,100 miles) of rural roads are maintained on a routine basis, up from virtually zero in 1988; and 120 bridges have been repaired or built.

Surveys of several road improvement projects show that 1) vehicle operating costs fell by up to two thirds, and travel times dropped by half; 2) traffic flow increased 30 to 50 percent; 3) sales in retail shops in the vicinity more than doubled; 4) farm incomes soared 25 percent, and land values doubled or tripled along the improved roads; and 5) people gained greater access to health services and schools.

An important by-product of the program has been an expansion in the past seven years of the number of private contractors, from about 30 to 500. Private contractors now carry out more than 90 percent of the rehabilitation and maintenance of rural roads, compared with zero when the program began. As many as 27 private firms have bid on a single government contract.

USAID's support to the program was also instrumental in the Tanzanian parliament's establishment of a road fund tied to road user charges through a fuel levy. The fund generates \$20 million a year for road maintenance work. It is collected by the government from the petroleum wholesale companies at the time the petroleum leaves the bonded warehouses. Estimates suggest that the road fund will provide 85 percent of the money needed for future maintenance. A well-designed tax, the road fund is one of the most developed and best functioning in recent years in sub-Saharan Africa. Its operation augurs well for sustaining the improvements to Tanzania's rural road system.

The emphasis on sustainability in this program reflects the Agency's response to difficulties encountered with previous capital projects. Half the 68 projects surveyed in a recent study had no requirements for the host country to develop either new maintenance programs or institutions to support the new infrastructure (Liebersohn 1994). Only 46 percent had host-country maintenance requirements, and only 55 percent provided for participant training. Although user charges help ensure financial sustainability, 55 percent of the projects did not envisage such charges, and most of those that did were not successful in recovering them.

Venture Capital And Enterprise Funds

Capital markets work poorly in many developing and transitional economies. Banks tend to be conservative. They generally lend only to those whom they believe to be the most credit-worthy—the largest firms with substantial collateral and established credit histories. Other firms, especially small and medium-size ones, lack access to funds for acquiring capital goods. As a consequence, workers have little specialized machinery and equipment. Small entrepreneurs,

even the most capable and innovative, are particularly disadvantaged.

Venture capital responds to this need. A venture capitalist looks for promising enterprises to back with funding in the form of share ownership and technical advice. If the enterprise fails, the capitalist loses money; if it succeeds, he or she can reap substantial rewards. Moreover, the economy as a whole benefits from increased production, exports, and job creation.

The cases below demonstrate how USAID programs in this area have evolved from venture-capital activities, which yielded only limited results, to enterprise funds, a variant that has been more successful. USAID sought to apply the lessons learned from its earlier experiences with venture-capital activities in the design of enterprise funds.

The enterprise fund concept was proposed in 1989 and first implemented in 1990. It sought to speed the transition of Baltic, East European, and new independent states to market economies by establishing and expanding private business firms. The primitive nature of financial and other markets in these countries argued powerfully in favor of some mechanism to harness latent entrepreneurial talent, notwithstanding the poor record of older venture-capital activities.

***USAID Support to
Venture Capital Activities***

From 1970 through 1989, the Agency approved at least 13 projects with venture-capital components, 9 of them after 1985 (Fox 1996). On balance, these projects yielded disappointing results. Only 1 of the 13 projects became a sustainable, profit-making enterprise. Major problems were 1) a weak enabling environment of economic policies, institutions, and local private-sector capabilities; 2) rigid project design, including restrictions on types of activities to be financed and an initial reluctance to consider investments other than equity financing (share ownership); and 3) inappropriate choices of implementing institutions, including nongovernmental organizations and other entities with little or no previous venture-capital experience and generally weak management skills.

A particularly dramatic failure was an entity in the eastern Caribbean established to support agribusiness ventures. None of the 28 investments made from 1988 through 1993 became profitable. At least a half dozen have ceased operations, largely because the region does not have a comparative advantage in agriculture.

The ultimate test of the venture-capital concept is the profitable sale of equity investments in the marketplace, enabling the fund to reinvest in new companies. None of the USAID-supported entities has made a profitable divestment.

***Learning From the Past:
USAID's Experience
With Enterprise Funds***

To overcome some of the management deficiencies of early efforts, USAID set up the enterprise funds as nonprofit U.S. corporations. They operate under a board of directors made up of U.S. and host-country members. The U.S. board members, appointed by the president, were to be the best minds of the U.S. private sector. Enterprise funds were not restricted to equity investments. They could also provide loans to business firms, monies to financial intermediaries, advice to governments, and technical assistance to encourage the development of market economies. They were to operate for a limited period, 10 to 15 years. After that their assets would be sold and the proceeds deployed for other purposes.

Eleven enterprise funds started by USAID are now in operation; two were established in 1990, two in 1991, four in 1994, and three in 1995 (USAID/CDIE 1997). Their initial capital ranged from \$30 million in Albania to \$440 million in Russia. All of the funds have emphasized lending to medium-size firms. Together, they have invested about \$500 million in 250 firms, generally preferring equity investments over loans. Individual investments have ranged from \$400,000 to \$3 million.

Most of the funds also have established small-loan or microloan programs. The funds are encouraged to raise private capital to supplement their own resources, but only three (Hungary, Poland, and Romania) have done so. Experiments with joint ventures (Bulgaria, Czech-Slovak, Hungary, and Russia) so far have met with little success.

The enterprise funds have had a mixed but more encouraging record than the venture-capital experience. The Polish Fund, begun in 1990, has done exceedingly well, and three others (Hungary, Central Asia, and the western new independent states) show promise. The Polish Fund has built a successful portfolio that should provide a positive return to the U.S. taxpayer. It also raised \$250

million in private money, created Poland's first mortgage bank, and implemented a small-loan program that made more than 5,000 loans for a total of \$175 million through 1996.

The Hungarian Fund is respected, despite being a small player in Hungary's financial community. It raised \$50 million in private money in 1997 and may provide a positive return to the U.S. government.

Begun in 1994, the Central Asian Fund has rapidly gotten its operations off the ground. By June 1997 it had committed \$46 million (and disbursed \$31 million) for 24 investments. It had also committed \$10 million for a small-loan subsidiary that disbursed \$4.5 million to 68 borrowers.

The Western New Independent States Fund, also begun in 1994, had made commitments of \$26 million for 18 investments by the end of 1996 and had opened a bank for small lending. In these more nascent cases, it remains to be seen whether the policy and institutional environment will support success.

The performance of the other funds has been more problematic. The Bulgarian and Russian Funds have been slow to start. The Bulgarian Fund has disbursed only about 60 percent of its authorized capital in five years of operation, and the Russian Fund has disbursed only 15 percent. The Czech-Slovak Fund has been troubled by problems within its board of directors and by the inexperience of its in-country staff. The Romanian and Albanian Funds have been plagued by domestic political instability.


One of the lessons of USAID's earlier experience with venture-capital funds is the importance of a supportive environment. This includes an active private sector, a highly educated labor force, and reasonably sound economic policies and institutions. Indeed, the enterprise funds in countries with relatively favorable policy environments (Poland and Hungary) have been more successful than those in unfavorable environments (such as Bulgaria).

Beyond conducive policy environments, the greater flexibility given to enterprise funds compared with their venture-capital predecessors has also contributed to more positive results. Responding to a favorable experience, for

example, the Polish Fund shifted substantial resources to its small-lending program. That created a major niche in the marketplace.

Generally, the enterprise funds have more enlightened management than did the venture-capital operations, a reflection of USAID's response to another major lesson of that experience. Board members, most of them financial-market professionals, are of high caliber. Where board difficulties have been encountered (Czech-Slovak), problems have emerged. For example, decision-making for the Czech-Slovak Fund was so dominated by the board's chairperson that there was high staff turnover. The entire board had to be replaced after a scandal.

Although the enterprise funds have made mistakes, they have shown care and concern for results in managing public resources. USAID is continuing to adapt this model to changing circumstances and lessons learned. At the same time, it is trying to strengthen the supportive environment through its other programs.



Building Human Capacity Through Basic Education

Increasing human capacity through education and training is essential for sustained social and economic progress. Basic education—the acquisition of literacy, numeracy, and problem-solving skills—is especially critical to development. Investments in universal primary education have been widely recognized as a critical link to economic growth, reductions in poverty, improved health, lower fertility, and enhanced status of women.

Girls' education, in particular, is considered the most important investment a country can make to improve economic and social development (World Bank 1995). Yet, in many developing countries, rapidly growing populations, severely limited finances, and inefficient educational systems present growing challenges to achieving universal primary education.

In recognition of the links between education and social and economic development, USAID plans to include basic education in a sixth Agency strategic goal in 1998: "Human

Capacity Development Through Education and Training."

Increased equitable access to quality primary education* will be a central objective of the Agency's new goal. The Agency places special emphasis on improving educational opportunities for girls. The new goal also includes a second objective that seeks to enhance higher education's contribution to sustainable development (Atwood 1997). Results from activities under the higher education objective will be summarized in future reports.

The following discussion illustrates USAID's contributions to improving basic education systems around the world. It is based on achievements and lessons learned in selected country programs. The discussion is organized around the following three themes: 1) improving the policy and institutional environment through educational reform, 2) improving educational quality and school effectiveness, and 3) empowering women through basic education and literacy.

The discussion begins with the educational reform experiences of Uganda and El Salvador. It demonstrates contrasting approaches in creating a policy and institutional environment conducive to the achievement of education sector objectives. Mali's experience in decentralizing school management to local communities is discussed as an example of a modest intervention that reaped tremendous returns in providing expanded educational services to underserved populations in rural areas.

Classroom innovations in Guatemala's multigrade schools and bilingual education programs demonstrate the potential of innovative, low-cost methods for transforming the teaching and learning process in the classroom. Finally, USAID's work in women's literacy in Nepal shows the impact of these programs on the education of children and other areas of social and economic development. Taken together, these activities and results reflect a wealth of USAID experience in improving the capacity and effectiveness of educational systems.

* *Quality* refers to school effectiveness in providing students with basic skills and competencies over a specified period of time; *equity* implies fairness in ensuring that distinguishable groups can participate in and have access to the educational system.

Improving the Policy and Institutional Environment

Achieving universal quality primary education requires radical reforms in the education sectors of many countries. The Agency has embraced a variety of approaches to assist national educational reform efforts, with varying degree of success. The examples from Uganda, El Salvador, and Mali offer valuable lessons for educational reform in other parts of the world.

Educational Reform Through Non-Project Assistance in Uganda

USAID's Africa Bureau has led the way in designing and implementing a systemic approach to its basic education assistance in 12 sub-Saharan countries. This involves policy reform interventions at all levels of national education systems. Rather than funding separate projects, USAID provides funds directly to the host country's education budget through nonproject assistance.

A distinguishing characteristic of nonproject assistance is the use of performance conditions as a basis for sequential cash transfers to the government.

They include a set of performance standards and benchmarks mutually agreed on with the host government. These requirements may call for reforms or changes in the country's financial, institutional, programmatic, or management environment. If conditions are not met, the Agency may withhold funding until they are, or it may terminate the program altogether. USAID's programs in Africa typically include provision of technical assistance and training to build host-country capacity to manage the reforms.

USAID support for primary education in Uganda exemplifies the powerful sector-level results that can be achieved through nonproject assistance. By the end of the 1980s, Uganda's education system had collapsed from protracted civil strife, political tyranny, and economic deterioration. As a result, Uganda had the lowest adult literacy rate in East Africa. Teachers were poorly compensated and undertrained. Many schools were in poor physical condition. Instructional materials were scarce. Only 53 percent of school-age children were enrolled, and about 50 percent of enrollees dropped out before mastering basic reading, writing, and math skills.

Because of the political and economic conditions noted above, the government contributed only 10 percent to 30 percent of the primary education cost, forcing parents to provide the balance. This, in effect, excluded children from the most disadvantaged families. Parents were displeased about having to make hard financial sacrifices for poor-quality schooling. That contributed to the rise in dropout rates for the lower grades. Owing to cultural factors, the need for household help, and a perceived lack of benefit from female education, dropout rates are persistently higher for girls than boys. In 1986 a new government came to power and created an economic rehabilitation agenda. Under it, education emerged as a national priority for social reconstruction.

To support the new government's educational objectives, USAID committed \$103 million over a 10-year period beginning in 1992 and ending in 2002. The money includes nonproject assistance and technical support to leverage comprehensive reform of the education sector.

Several studies conclude the Agency's investment has had a remarkable effect on Uganda's basic education system. USAID assistance aims to improve 1) the government's efforts to decentralize resources,

2) management and accountability at the district and school levels, and 3) student mastery of basic literacy and math skills (Africa Bureau 1996a; DevTech Systems, Inc., 1995; Office of Sustainable Development 1995).

Nonproject assistance has been the most potent tool in accelerating the improvement of teachers' terms and conditions of service. When assistance began in 1991, teacher salaries were extremely low—\$8 a month. That compelled competent teachers either to leave the profession or flock to urban schools where parents could subsidize their salaries. After only four years, the government met an early nonproject assistance condition requiring it to raise teacher salaries to the living wage over a 10-year period. Real teacher wages rose 300 percent.

The large number of untrained teachers (about 47 percent) and a bloated payroll inspired a condition requiring the government to set ceilings on the number of government-paid teachers at each school. The government subsequently reduced the teaching force by 10,000 untrained teachers. Savings exceeded \$1 million a year, and qualified teachers were distributed more equitably

among rural and urban schools. The proportion of qualified teachers in the system has risen to more than 60 percent. Turnover is down. Teachers who left are once again seeking teaching positions (Africa Bureau 1996a, 6–8).

USAID's policy dialog in Uganda, driven by nonproject assistance, is responsible for a remarkable transformation of the government's textbook procurement process. It went from a closed, corrupt system to a decentralized, more transparent process. That promotes competition among publishers, which leads to lower textbook costs. As a result, books are more available in schools than anytime in the last 20 years.

Nonproject assistance has also been used to induce communities to build schools through incentives for getting more teachers. Spurred by these incentives, communities built more than a thousand new classrooms in 1995 alone.

Much has been learned about the application and effectiveness of performance conditions. Foremost is that conditions must be mutually agreed to and must reflect the host country's policy agenda and sector program. The agreement in turn must enjoy the backing of the sector's stakeholders.

USAID programs that use nonproject assistance have been most successful when host-country governments 1) have the capacity and structure to deliver education services; 2) use adequate management and accounting systems; 3) are committed to supporting the reforms, especially with adequate public financing; and 4) agree—with donors—on performance conditions that reflect the country's education policy framework and strategy.

Educational Reform

In El Salvador:

A Participatory Approach

In contrast to the externally leveraged reforms promoted by USAID in Uganda, USAID/El Salvador has promoted educational reform through policy dialog and consensus-building at the national and local levels. This participatory approach responded to the need for national unity following a decade of violence and armed conflict that left the education system grossly underfinanced and inefficient, and with limited coverage, especially in rural areas.

A 1992 survey conducted at the time of the peace accords* revealed some grim educational statistics. One in three adult

*On 16 January 1992 the government of El Salvador and the Farabundo Martí National Liberation Front signed peace accords in Chapultepec, Mexico, to end the civil war.

Salvadorans was unable to read. Almost half the population had not completed more than three years of schooling. Only half of those who entered first grade reached the sixth grade. An average of 10 years of instruction was necessary to produce a sixth-grade graduate (Harvard Institute for International Development 1994)

Recognizing the importance of education in promoting national unity, the Salvadoran government launched a major educational reform program in the early 1990s. It generated sweeping legal and institutional reforms in the education sector. The current minister of education credits USAID for playing a catalytic role in the reforms. In particular, an education sector assessment carried out by a USAID-funded Harvard research team in 1993 stimulated an unprecedented national dialog on educational issues and policies (Harvard Institute 1994). The assessment was implemented through a participatory process involving widely disparate groups with varying ideological views. Although the final report has been praised for its practical guidance, the process itself is proving to be as important as the product.

With USAID support, the government undertook successive consensus-building initiatives to continue the dialog begun by the Harvard assessment. These initiatives included a National Forum on Educational Reform and a series of regional workshops and meetings with teachers, parents, and students. The aim was to seek participants' views on educational issues and proposals for reform. The initiatives led to the government's establishing an agenda for educational reform in 1995 and enacting a series of legal, financial, and administrative measures.

Among the most notable reforms: increased educational funding (now the largest share of the government budget), revised educational laws, decentralized services, teacher incentives, reformed curriculum at all levels, and alternative models of teacher training.

El Salvador has made impressive progress toward decentralizing primary education. All primary schools are now run by school management councils. Parents serve as treasurers. The councils hire teachers, buy materials, and administer the school budget. School supervisors work out of department centers, and teachers are paid from department rather than central offices. USAID has helped the Ministry of Educa-

tion with teacher training, curriculum development, educational testing, and textbook production and distribution. The results of this assistance are emerging in increased enrollments in rural areas and improved performance on student achievement tests (USAID/El Salvador).

The Agency's experience in El Salvador provides a number of lessons. The consensus-building process initiated by the education assessment created demand for reform from within, rather than imposing reform externally through inducements of financial or technical support. In addition, certain Salvadoran groups emerged as leaders to ensure that policy dialog on educational issues continues. This model suggests that sustainable change in education is more likely when stakeholders have a voice in policy design.

The participatory approach to reform in El Salvador has been particularly effective in bringing about national cohesion and consensus after years of civil strife. The government's political will and commitment at the national and regional levels proved to be equally important factors in the successful implementation of education reform in such a short period of time (Bejar 1997, Vásquez de Barraza and others 1994).

***Decentralizing Education
In Mali Through
Community-Based Schools***

Rapidly growing populations, severely limited finances, inadequate teaching corps, and inefficient management systems—all present growing challenges in many developing countries to achieving universal basic education. To compensate, governments are asking local communities to help with costs and school management. The spread of community-based primary education in Latin America and Asia, and more recently in Africa, represents a revolution in the education sector.

USAID experience with community-based schools in Haiti, Malawi, Mali, and Nepal refutes long-held assumptions about how education can be provided to poor rural communities. A recent review of Mali's experiment with village-based schools suggests that decentralized management carries tremendous returns in expanding access to formal primary schooling in rural areas.

With a GNP per capita income of \$250, Mali is one of the poorest countries in the world. In 1990 only 32 percent of the population was literate. Only 25 percent of the school-age population was enrolled in primary schools; girls' enrollments lagged far behind boys'. In rural areas, where 80 percent

of the population lives, the primary-school enrollment rate was 14 percent (Dutcher and Kerley 1996). Through its allocation of resources, the government favored secondary and higher education, contributing to declining access to primary schooling. These trends were sharpened by the government's incapacity to keep pace with increased demand for primary schooling from a mushrooming population.

In 1989, USAID joined other donors in supporting the Malian government's goal of a "quality education for all." As part of the investment, USAID funded a \$6.8 million pilot effort in one part of the country. It has achieved remarkable results in expanding the educational infrastructure through community-built schools. This project was launched in 1992 through a USAID-NGO partnership. It seeks to bring basic education to underserved communities in the Kolondieba district.

Local school committees are responsible for providing the school, recruiting and paying teachers, maintaining school facilities, monitoring teachers' performance, and organizing the school schedule. The model features nontraditional methods such as using locally recruited teachers, instructing in local languages, and adopting flexible schedules that respond to local needs. Under the project, boys and girls are recruited in equal numbers in support of the government's equity goals.

A recent project evaluation suggests that effective instruction is achievable with limited resources and at lower costs. The study finds that the level of learning by community school students matches that in government schools in math and is better in reading and writing (in the local languages). In addition, the percentage of girls enrolled in community schools is higher than is found in government schools. For example, girls' enrollments in the pilot district increased by 350 percent in just five years (1992 to 97) (Muskin 1997).

Starting with four schools, the project has grown rapidly to support the establishment of community schools in an additional 75 villages. The project has grown to the point of being the main provider of formal education in grades 1 through 3 in the Kolondieba district. An additional 81 schools have been established with other donor support. In 1996 the number of community school students more than doubled from the previous year.

Now 47,000 students attend 440 schools started with USAID funding. Encouraged by these results, the government has adopted the community school movement as a national policy and has established a legal framework for granting official status to all nongovernment schools. With continued USAID funding, the government plans to support the establishment of 1,500 village schools by 1999.

Since this basic education assistance program began in 1989, enrollments are up by 59 percent, dropout rates down by 50 percent, and primary completion rates up by 48 percent. Since the expanded pilot program began in 1992, the overall number of children entering primary school has increased by 83 percent. Overall girls' enrollments have increased by 67 percent (Africa Bureau 1996b).

The most important lesson from this experiment is that village schools can provide access to cost-effective, quality schooling in areas underserved by the government's education system. The village school model in Mali also shows how partnerships among governments, communities, and donors can work together to improve the quality and expansion of primary education.

Although the model seems to warrant widespread dissemination, several important issues will have to be resolved. School committees will need vastly strengthened management capacities to ensure sustainability once donor support is withdrawn. In addition, while instruction in local languages has expanded access, the system does not prepare students for a transition into the government schools' French-model classroom. That limits the model's potential for providing feeder schools (DeStefano 1996).

Improving Educational Quality Through Classroom Innovations

The school is where the education system meets the learner. Poor primary school environments play a critical role in poor student performance. Many schools have unqualified and unmotivated teachers; dilapidated, overcrowded classrooms; few instructional materials; and untrained management. Poor conditions have led to decreased participation rates, as parents choose not to send children to school or withdraw children who are not learning.


One lesson from education reform is that central policies and resources may provide necessary, but not sufficient, conditions for improving school effectiveness and student learning. Research demonstrates that the transformation from poorly functioning schools to effective ones requires supporting inputs, effective management, and utilization of these at the school level. It also requires a process of analysis and follow-up action by practitioners and policymakers (USAID n.d.).

A number of countries have initiated school-based programs that put into practice new ways of organizing for learning. Others are experimenting with innovative practices and instructional materials to assist teachers in providing better

instruction. These measures include bilingual education programs, active learning methodologies, interactive radio and distance learning, and curriculum-based student assessment tools. USAID's experience in Guatemala shows how improved classroom innovations in multigrade schools have opened doors for the country's underserved Mayan-speaking population in rural areas, as well as for girls.

Multigrade Schools And Bilingual Education In Guatemala

Guatemala has among the lowest literacy and school enrollment levels in Latin America—a reflection of the poor quality and coverage of the country's education system. In 1990 almost half the adult population could not read, and one third of the school-age population was not enrolled in primary schools. More than half the population lives in rural areas, where the majority are indigenous Mayan-speaking people. Primary school enrollments vary radically from region to region. They are consistently lower for girls and the Mayan-speaking populations, which have traditionally been delayed in educational progress because of their inability to understand Spanish (Aguirre International 1996).



One component of USAID's \$30 million basic education assistance to Guatemala during 1989–96 was a low-cost set of educational reforms introduced in the government's multigrade and bilingual schools. The reforms aimed to improve the participation of Mayan-speaking populations and girls in the educational system. USAID's support for the government's 800 bilingual education schools included curriculum design and textbook production in local Mayan dialects.

In 1992, USAID integrated active learning methodologies into the ongoing USAID-supported bilingual education program. The Agency also launched two pilot activities: a one-room school program, and a girls' education project. The latter aimed to raise awareness of and support for the government's equity objectives for girls.

One third to one half of the public primary schools in Guatemala are one-room and multigrade. Most are in rural areas and of poor quality. One of USAID's pilot programs involved the Nueva Escuela Unitaria (NEU—new one-room school model). It was introduced in 200 of the government's unitary schools. The NEU model emphasized collaborative learning, peer-group teaching, use of self-instructional guides, participatory student government, and

community involvement in the learning process. This activity trained teachers in the application of new learning methods and classroom observation techniques to monitor teacher effectiveness.

The girl's education project was undertaken in 36 schools. It involved communication of girls' education objectives to teachers through training and policy statements, as well as scholarship programs and parental and community awareness-raising activities. In addition, the NEU and bilingual schools incorporated girls' education activities to some degree in their programs.

A study carried out during 1992–95 reported impressive gains by the NEU schools in the coverage and quality of education. Dropout rates were an average of 12 percent lower in the pilot schools than in traditional unitary schools. The percentage of children who advanced a grade each year was twice as high. On achievement tests in reading and math, NEU students performed as well as students in traditional schools (Juárez and Associates 1996).

The bilingual education program and the pilot girls' education project have led to increased participation of girls and Mayan-speaking children in the primary education system. Since 1992, Mayan student enrollment in the government's bilingual schools increased by 34 percent, compared with an 11 percent increase in Spanish-only schools. Girls' enrollments in the upper grades in the 36 pilot schools increased from 36 percent in 1993 to 43 percent in 1996 (Chesterfield and Rubio 1997). Achievement scores of students in bilingual schools were not significantly different from those of Spanish-speaking students. That indicates that native-language instruction did not impeded students' acquisition of mathematics skills and Spanish literacy.

Although the pilot programs were small and had limited impact on national-level student indicators, the model's success is shown by the Ministry of Education's plan to replicate the NEU approach in an additional 800 schools. The initiative will receive assistance from other donors and local nongovernmental organizations.

This experience has underscored the need for sustainable training strategies to increase teachers' effectiveness as they apply new methodologies. This

need is particularly great in bilingual schools, where lower teacher effectiveness in applying classroom innovations was associated with rapid turnover rates and inadequate training for new teachers. Weak incentives for attracting and retaining rural bilingual teachers was a serious shortcoming of the programs. In response, USAID encouraged the government to decentralize authority for administering teacher placements at the local level. As a result, nominations for teaching positions are now made through community education committees on the basis of locally determined criteria.

The Agency has also shifted its bilingual education strategy in favor of consolidating the program in existing schools, rather than supporting further expansion. Building on lessons learned from these activities, USAID's new strategy seeks to blend the best of these interventions under a single program. The program integrates incentive programs for girls and bilingual instructional delivery with active-learning, child-centered methodologies (Institute for International Research 1997).

Empowering Women Through Basic Education and Literacy

The education of girls has been acclaimed as *the* most important investment countries can make to improve their economic and social development status. Female education not only supports increased productivity and incomes but also has important social benefits. Reducing infant mortality and fertility levels is among them. Research shows that one year of a mother's education brings a 9 percent decrease in the mortality rate of children under 5. Gains increase substantially with each additional year of schooling.

Despite the unprecedented expansion of formal education systems and explosive growth in enrollments in recent years, the educational participation of girls notably trails that of boys throughout the developing world. A variety of sociocultural constraints prevents girls from enrolling in school and advancing normally through the primary grades.* Consequently, girls are undereducated in many countries in South Asia, the Near East, Latin America, and Africa.

In sub-Saharan Africa, gender disparities in enrollment and completion rates are particularly acute. For example, nearly 54 percent of girls never enter primary school, and fewer than half of those enrolled reach fifth grade. USAID education programs in eight sub-Saharan countries specifically target girls' education within the broader framework of educational reform. As shown in figure 2.1, USAID-assisted reform efforts in most of these countries are beginning to show gains in girls' education.

USAID's basic education program in Malawi exemplifies an approach that seeks to increase girls' participation. Budgetary support is being used to leverage reforms, leading to changes at the policy, institutional, and classroom levels. The results are dramatic. Changes in Malawi's student-level indicators during 1990–95 reflect an increase in girls' enrollments by 71 percent, a decrease in repetition rates by 23 percent, and an increase in girls' transition to secondary school by 27 percent. A recent study attributes these achievements to the performance conditions prescribed in the Agency's assistance package. It involved a combination of policies and programs that target girls as primary clients.

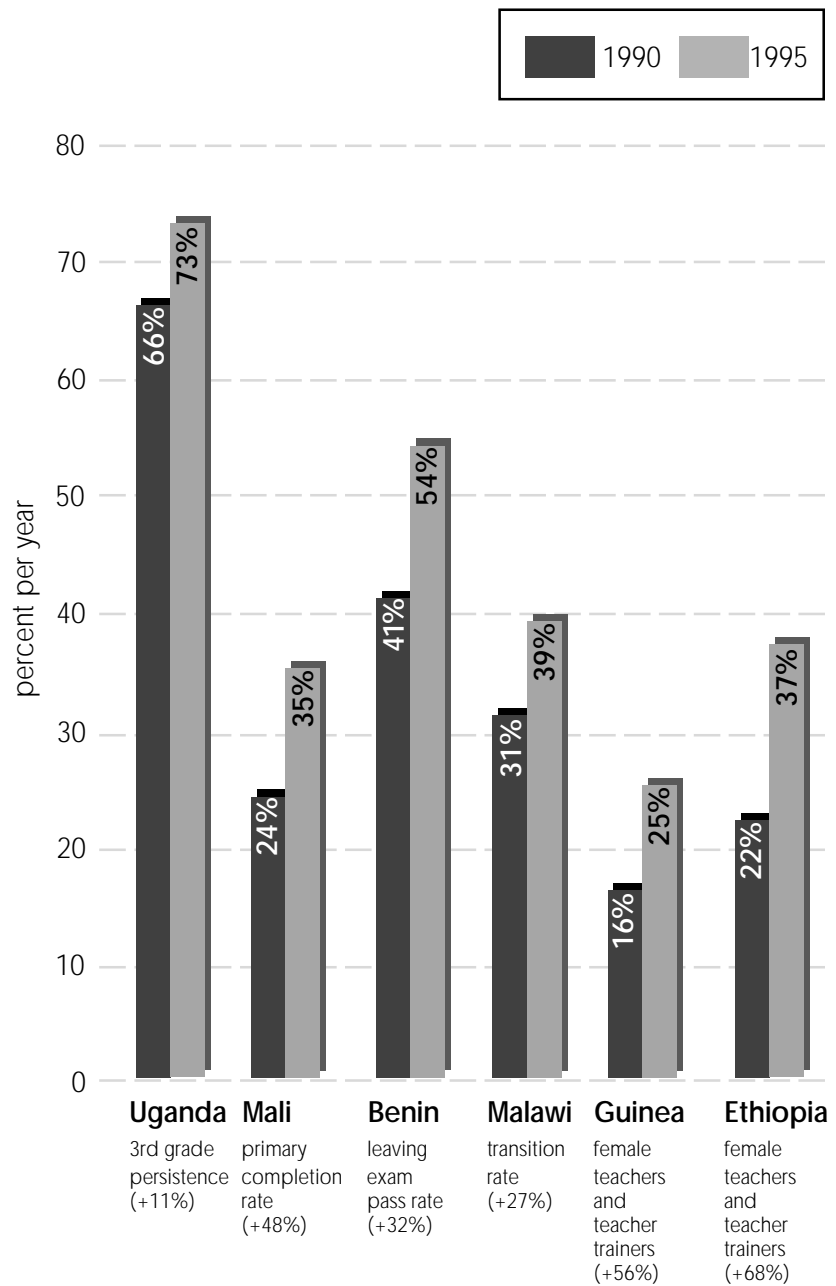
*Among the deterrents are the low value placed on girls' education by parents and teachers, demands on girls' time for domestic work, late school entry, and educational materials and teacher behavior that are biased toward boys.

Research also shows a strong correlation between a mother's education and the attendance and performance of her own children in school. The synergy between maternal literacy and subsequent results in children's basic education is demonstrated in the Agency's experience with women's literacy programs in Nepal. Maternal literacy has the same synergy with other development interventions in agriculture, health, and family planning.

In Nepal, Women's Empowerment Through Literacy

The tiny kingdom of Nepal is one of the world's poorest countries. Most of its 21 million people rely on subsistence farming to earn a living. They survive on less than a dollar a day. Nepal is one of two countries in the world where males live longer than females. Its infant and maternal mortality rates are among the highest in South Asia. And its adult literacy rate of 40 percent is one of the lowest in South Asia. Literacy rates for women range from one half to two thirds of those for men, depending on the district and ethnic group. The overall literacy rate for men in 1991 was more than 50 percent, compared with 22 percent for women. School enrollment rates are also low, given the poor quality of the formal education system. In 1994 the enrollment of school-age children was

Figure 2.1. Trends in Girls Education



Source: USAID Africa Bureau: Information as reported in FY1996 in Africa Mission Results and Resource Request documents.

67 percent, with girls' enrollments trailing that of boys (56 percent compared with 78 percent).

USAID has supported nonformal literacy education in Nepal since 1979 and recently elevated women's empowerment to the level of a strategic objective. From 1991 through 1995, the Agency funded a series of basic literacy courses for women in poor rural areas through partnerships with several North American private voluntary organizations (PVOs) such as World Education, Private Agencies Collaborating Together, and Save the Children Federation.

The courses provided women with reading, writing, and math skills. They also generated awareness on issues related to health, nutrition, agriculture, and the environment. In addition, they provided a basis for group formation. Postliteracy courses were organized to reinforce literacy levels achieved, to change health and family-planning behaviors, and to raise awareness of women's legal rights. According to several assessments, the Agency's emphasis on women's literacy in Nepal has produced significant results. During 1991–95, more than 260,000

women became literate through USAID training courses. That corresponds to an increase in female literacy from the 1991 baseline of 22 percent to 28 percent.

Beyond the increase in women's literacy, the following findings were corroborated by three separate assessments of USAID's Nepal literacy programs. These findings show the important synergistic effects increased women's literacy has on social and economic progress.

■ Women who participated in basic literacy classes responded more positively to other development interventions in health, agriculture, and natural resource use. They were more likely to take actions to improve the health and welfare of their families. Therefore, a literate population of adult women is vital to rapid transfer of preventive health skills and family-planning practices.

■ Women participating in the literacy courses were significantly more likely to have children in school as compared with those not participating—87 percent of women in the basic six-month program against 67 percent of women in a control group.

■ The proportion of women completing the literacy courses who monitored their children's attendance and performance in school was greater than that for women not receiving literacy training.

These studies also confirmed that one year after completing the literacy courses, the majority of women had retained skills in reading, writing, and math and continued to use those skills in their daily lives. USAID's literacy work in Nepal demonstrates that the outcome of a literacy program has strong implications for achieving results in basic education as well as other developmental interventions (The Asia Foundation 1997, Burchfield 1997, Save the Children Federation 1997).



Building Sustainable Democracies

It is clear from chapter 1 that USAID has provided effective assistance to many countries undergoing political transitions. In a number of cases, however, democracy remains fragile and limited. So USAID increasingly faces the challenge of helping countries stay the course and broaden participation. The Agency's strategy therefore recognizes the need both to continue supporting democratic transitions and to assist countries as they address the complex and longer term challenges of consolidating democracy. Accordingly, this section is organized around three themes: 1) supporting transitions to democracy through more genuine and competitive political processes, 2) deepening democratic roots through more transparent and accountable government institutions, and 3) broadening democracy through greater inclusion.

The activities highlighted in this section each speak to issues relevant to one of these themes. The discussion of elections in war-torn societies illustrates the positive short-term effect of a coordinated international donor effort. At the same time, it cautions against elections assistance where short-term gains are unlikely to promote mid- and long-term democratic consolidation.

The Dominican Republic example shows that local organizations may be the key catalyst to change and may exert the requisite pressure to make government more responsive and accountable. It also shows USAID as a learning organization. The Agency applied the knowledge gained from years of work in-country not only to amend its strategy but also to choose effective local and regional development partners.

The discussion of parliamentary assistance in Central and Eastern Europe confirms the necessity of political will and emphasizes that such will is critical in the initial stages of a program. This example also reinforces the value of appropriate technology and highlights the difficulties of determining what is appropriate.

The need for political will, both local and national, is also evidenced in the discussion on local democratic governance in the Philippines. It suggests that developing local organizations that can effectively advocate at the national level will increase the likelihood that sustainable democracy will take root at the local level.

Finally, the USAID Women in Politics Program suggests an approach that results in clear impact while increasing the probability of sustainability. As a result of this program, and the interest it spurred on the part of other donors, the number of women elected to political office increased significantly. As a whole, the discussion in this section demonstrates how USAID, building on previous experience, continues to learn and adapt its programs to maximize impact and minimize costs.

More Genuine And Competitive Political Processes

When elections are manipulated, poorly managed, or held only after lengthy and unpredictable intervals, both participation and competition are compromised. The Agency plays an important role in ensuring free and fair election contests around the world, working to enhance competition and ensure a fair outcome. The following two examples present different environments for USAID electoral assistance and accent the need for different and flexible approaches to meet host country needs (Fox and Sommerville, 1995).

Elections in War-Torn Societies

The last decade has witnessed the end of a number of civil wars. One essential element in peace accords has been the provision of free and fair elections. Achieving free and fair elections in societies with weak or nonexistent democratic traditions is politically difficult and logistically demanding. USAID has played a constructive role in assisting the electoral process. Of particular interest has been the extent to which the Agency has effectively leveraged its resources and increased its influence by coordinating with other donors in funding, designing, negotiating, and implementing assistance. To better understand the content and effect of USAID assistance, one example—from Mozambique—is provided. Further, examples are provided from a synthesis of the experience of Mozambique and five other countries: Angola, Cambodia, El Salvador, Ethiopia, and Nicaragua (Kumar and Ottaway, 1997; López-Pintor, 1996).

Mozambique's experience illustrates the challenges of organizing an election and building democracy following conflict. In September 1991,

when USAID's Democratic Initiatives project was first authorized, Mozambique was in its 16th year of a brutal civil war, with noncombatants the primary targets and victims. A year later, in October 1992, the warring parties signed the General Peace Accords, which included a provision for general elections.

The environment for elections was extremely problematic. Mozambique was suffering from famine and devastating destruction. The nation had to resettle 1.6 million refugees from surrounding asylum countries, an additional 3.7 million internally displaced people, and nearly 100,000 demobilized soldiers and their families. In addition, the country had no experience with multiparty politics or competitive elections (Turner et al., 1996).

USAID's role in the elections was a substantial and critical contribution to Mozambique's electoral process. The Agency spent \$14 million and funded seven agencies to deliver assistance. This assistance trained 52,400 election officers and 32,000 political party poll watchers and deployed them to 7,000 voting locations. It delivered ballots to remote areas and, following elections, collected any leftover materials.

Most significantly, it taught the majority of voters why, how, and where to vote. Fully 87 percent of verified registered voters cast their ballots in the 1994 presidential and legislative elections—evidence of the impact of this assistance (Kumar and Ottaway, 1997).

Just as international assistance was essential to Mozambique, it was vital to the first elections in the other five countries studied. Without it, elections would not have materialized in Angola or Cambodia. Ongoing conflict, lack of trust, and paucity of resources made large-scale donor support a necessity. El Salvador and Nicaragua would have managed to hold elections, but continuous external monitoring and technical assistance made the elections credible. The Ethiopian elections, which received the lowest level of international involvement, were the least credible of the six.

In the medium term, though, the results were more mixed. In El Salvador and Nicaragua the opposition accepted the results, and a democratically elected government was installed. Since then Nicaragua has held three rounds of elections, and El Salvador has held two, the most recent in March 1997.

These elections are a significant indication that democratic processes are taking hold.

In Mozambique, too, democratic processes continue, but the country's lack of resources raises questions about its capacity to manage future elections on its own. Angola's election precipitated a return to civil war (although the parties later returned to the negotiating table). In Cambodia a postelection compromise was reached because the loser did not wish to relinquish power. That compromise broke down during 1997 (Ottaway, 1996).

In addition to installing elected governments, joint donor efforts affected the development of institutions and processes needed to support long-term democratic governance:

■ The electoral process aided in the evolution of political parties. Political-military movements, such as the Frente Farabundo Martí para la Liberación Nacional in El Salvador and Renamo in Mozambique, transformed themselves into political parties. Centrally controlled ruling parties, such as the Sandinistas in Nicaragua and Frelimo in Mozambique, had no alternative but to become more open and broaden their bases.

■ The international donors' emphasis on gender parity strengthened the positions of NGOs working with and for women. In Mozambique, for example, several organizations, such as the Organization of Mozambican Women, the Women's Lawyers' Association, the Rural Women's Association, and Women, Law, and Development, were involved in voter education and the political mobilization of women.

■ In all cases, governments abolished press censorship and allowed the emergence of an independent, if not completely unfettered, press. Privately owned radio and television stations opened in Cambodia, El Salvador, Ethiopia, Mozambique, and Nicaragua.

■ National reconciliation made significant progress. In the aftermath of their elections, El Salvador, Mozambique, and Nicaragua continued to move toward reconciliation.

USAID conducted a full assessment to synthesize and disseminate the most valuable lessons for electoral assistance following conflict. The study stressed the following preconditions for successful elections: allowing for a realistic election timetable, demobilizing and reintegrating combatants, and establishing law and order. The study recommends that in the

future USAID and other donors carefully evaluate whether the target country is ready for elections.

Criteria for evaluation include the state's capability of performing the essential functions expected of it, a working consensus among the former conflicting parties on the essential outlines of a system of government, and a political commitment among former combatants to carry out the peace accords.

Where these conditions do not exist, USAID may consider interim alternatives that are less divisive and less likely to lead to a resumption of hostilities. Possible alternatives include continuing negotiations on a broader range of issues, forming a caretaker government supported by the international community, and promoting the rule of law, conflict resolution, and respect for human rights.

Civil Society and Elections In the Dominican Republic

The second example of USAID electoral support is quite different from the first. In the Dominican Republic, a seriously flawed election in 1994, rather than a war, set the stage. The Agency developed its strategy for assistance in the 1996 election from lessons learned in the failure of the 1994 election.

The 1994 presidential election was marred by fraud. Joaquín Balaguer won by 1 percent, or about 20,000 votes. The integrity of the vote count was seriously and widely questioned, even by the Central Electoral Board's own Verification Commission, an ad hoc body it appointed. This election resulted in a political crisis that led to the signing of a Pact for Democracy.

The pact in turn led to constitutional changes that prohibited presidential reelection and called for new presidential elections in 1996. This was an extraordinary measure, because calling for the election ahead of schedule limited the president's term. Civil society organizations remained largely inactive during the postelectoral crisis but came forward to witness the signing of the pact.

USAID had played a highly visible role in supporting the 1994 elections. The support included providing considerable assistance to the Central Electoral Board. With new presidential elections scheduled within a year and a half, USAID needed a new strategy for promoting free and fair elections. With an eye toward designing a more effective strategy, the Agency commissioned an assessment of

the participation of civil society organizations in the 1994 electoral process.

The review led the Agency to shift its efforts, to concentrate outside rather than inside government. The Agency worked primarily with civil society organizations to ensure broad-based, informed citizen participation in the 1996 election (Bernbaum and Márquez 1996). From the Dominican side, the Central Electoral Board decided that for the 1996 elections, it would accept outside assistance only if needed. It subsequently decided that it did not need the help.

In 1995 the Agency began providing \$2.3 million to three organizations to carry out electoral assistance. One of these, Grupo de Acción por la Democracia, was primarily responsible for establishing a network of local action committees to support municipal election boards, conducting citizen education campaigns, and involving citizens in setting a national agenda. Grupo de Acción also acted as channel for USAID support to the second group, Participación Ciudadana/Red de Observadores ("Citizen Participation/Observers Network"). The support allowed it to establish a network of national electoral observers,

monitor balloting, and provide early projections of results. The third organization, Instituto Interamericano de Derechos Humanos ("International Institute for Human Rights"), provided technical assistance in elections monitoring and quick counts.

In choosing its implementing partners, USAID drew on its familiarity with the Dominican Republic and Latin American political development. The Agency's primary partner was a dynamic group whose member organizations had witnessed the signing of the Pact for Democracy. This group included churches, labor unions, nongovernmental organizations, universities, and—an especially important element—business groups. These organizations already had considerable status within Dominican civil society. The status translated into immediate public attention to, and broad support for, Grupo de Acción's activities.

The second partner, Participación Ciudadana, was created at the end of 1993 and had to build credibility during the election process.

The third organization, Instituto Interamericano de Derechos Humanos, is based in Costa Rica, and brought the benefit of Latin American experience as well as technical expertise. Because of its regional role of technical secretariat to the hemisphere's electoral bodies, it had a legal relationship with the Dominican Central Electoral Board. The character of this partnership enhanced the legitimacy of USAID's efforts.

With USAID funding, the two local organizations accomplished the following:

*Grupo de Acción
Por la Democracia*

■ Established a national network of municipal democratic action groups in the Dominican Republic's 44 most populous cities. Overall, the municipal groups comprised approximately a thousand local member organizations, including representatives from the social sector, business, the professions, religious institutions, the barrio, campesinos, labor unions, and women's groups. After initial training from the national organization, some of the municipal groups began undertaking local projects. In the city of San José de las Matas, the members of

one group put together a profile of preferred characteristics for a legislator for use by political parties.

■ Organized a variety of voter education courses and programs. These reached 15,500 members of labor unions, women, young people, and community leaders.

■ Sponsored production and distribution of thousands of handbooks and other materials on voter education and elections monitoring, including information encouraging women to vote.

■ Sponsored radio, television, and newspaper advertisements in connection with the elections. The major Dominican television stations aired the advertisements 1,070 times.

■ Developed and forged consensus among representatives from business, labor, civil society organizations, and municipalities on a 10-point national agenda. In April 1996, the key political parties agreed to honor the agenda in their platforms.

*Participación Ciudadana/
Red de Observadores*

■ Recruited 5,000 volunteers to act as election monitors. The Central Electoral Board accepted only 1,140 official monitors, but the other 3,760 volunteers were assigned other tasks related to the elections.

■ Developed and used a methodology for carrying out a quick count of votes based on a random sample of polling sites. The accuracy of the vote count was not only impressive for the Dominican Republic but was one of the most accurate in the world. The runoff election quick count was .0026 percent off the official count. This accuracy brought immense credibility throughout the country and with the electoral commission.

These achievements ensured that the 1996 election was judged fair and free by election observers—a major advance over the 1994 election. Many observers credited the national network of democratic action groups with ensuring that the government honored its obligations under the Democracy Pact. High voter turnout and a low number of spoiled ballots attested to the efficacy of the NGO voter-education efforts preceding the election. The presence of election monitors and the results of the quick counts reinforced popular faith in the process. In a promising sign, of a sample of 1,200 voters polled several months after the election, 76 percent reported that they thought the Dominican political system would change for the better as a result of the election.

USAID was able to take its 1994 election experience in the Dominican Republic and turn the lessons into positive, concrete actions in 1996—resulting in greater impact (USAID/DDominican Republic).

Deepening Democratic Roots by Supporting More Transparent And Accountable Government Institutions

As recent events in Angola and Cambodia illustrate, societies emerging from war or authoritarian governments are not always able to consolidate the democratic gains made during the first electoral contest. USAID has grappled with this challenge by going beyond elections to deepen the roots of democratic political processes. One tactic is to make government institutions more transparent and accountable.

Once elections are over, the behavior of formal state decision-makers can support or undermine development and democracy. Consulting broadly to ascertain citizens' interests, diffusing power by sharing decision-making with local government entities, and strengthening performance—all these measures help ensure that government decision-making is impartial and informed and that

follow-up implementation is competent. Such behavior supports the long-term sustainability of political institutions and people's confidence in democratic principles. USAID employs several approaches to achieve its objective of more transparent and accountable government institutions. Two approaches are described here.

Parliamentary Assistance In Central and Eastern European Countries

Countries with strong legislatures offer citizens access to the policy process and more control over the behavior of the executive branch. In many countries, however, legislatures are relatively new and organizationally and technically weak. They often initiate little legislation on their own. USAID is working to help those bodies serve both as checks on executive branch behavior and as effective arenas for citizens to negotiate and resolve conflicting interests.

In 1990 the U.S. Congress sent a delegation to central and Eastern Europe to find out how the United States could most effectively support the newly elected parliaments. The members of these parliaments overwhelmingly reported that they were committed to instituting democratic change but lacked the tools and knowledge to do so.

In response, USAID and Congress cooperated on a program to help the parliaments become more effective through strengthening their ability to access, disseminate, and use information about legislation, legislative issues, and parliamentary rules and procedures. The underlying premise was that “freedom and democracy are closely linked to information [and that] an informed independent legislature [is] . . . a critical building block of a stable democracy. Good legislation, in turn, depends on information resources, information technology, and the analytic capacity to use those tools effectively” (Jutkowitz and Lippman 1996, 10).

Under an agreement with USAID, the Library of Congress and the House Information Systems Office carried out programs in Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Romania from 1991 through 1996. The total budget was \$20.5 million. Under the program, the United States provided parliaments with automation and telecommunications equipment, books and library equipment, and technical assistance in designing research and information capabilities. USAID funding paid for integrated information systems within the parliaments, linking legislators to one another and their staffs.

In Albania, because the needs were so great, the Agency also provided voting equipment, translation equipment, printing and binding machines, and a sound system for the legislative chamber. In all the countries, legislative staff (including researchers and librarians) and new members of parliament received training in legislative procedures, information management for parliamentary libraries, and the use of information equipment. Members also received political development training both at home and in the United States.

The most important results were as follows:

■ *Increased communication within the parliaments and with the general public.* In all countries except Albania, new computer networks enabled all members of parliament to review up-to-date materials. Two countries reported that before the networks were created, legislators had voted on incorrect versions of bills and had to rectify the bills later. Now, in Bulgaria, the Czech Republic, Hungary, Lithuania, and Poland, legislators can find all essential documents on their networks. In two countries, the public now has access to parliamentary debates through World Wide Web pages.

■ *Increased efficiency.* In Albania the time required to officially publish a law decreased from 90 days to 2 weeks, thanks to the new printing and binding equipment provided by the program. In Poland, legislators reported that the computer networks allowed them to cut the time needed to edit, print, and distribute draft legislation from a week to overnight. Likewise, the parliament reduced the time to prepare transcripts of parliamentary sessions from six months to overnight.

■ *Increased access to information for legislators drafting new legislation.* The program helped create information units to perform background research, answer questions, and monitor current events for legislators in Bulgaria, the Czech Republic, Lithuania, Poland, and Slovakia. Both the Albanian and the Lithuanian parliaments specifically allocated resources to their research and information offices because of new services these units offered.

■ *Strengthened rules and procedures governing parliament and its members.* In Hungary, training led to amendment of the law on the legal status of members of parliament, more rigorous procedures for monitoring and verifying expenses, and stronger conflict-of-interest rules. In Albania,

installation of electronic voting equipment made voting fraud more difficult.

■ *Greater independence from the executive branch of government.* Parliamentary spokesmen in Poland indicated that as a result of the program, the parliament was for the first time generating more legislation than the government ministries. This made the parliament more independent and assertive relative to the executive.

The program made its strongest contributions in countries such as Poland, where legislative leaders understood and supported the program's goals. One lesson USAID has carried away from its parliamentary work in central and Eastern Europe is the value of ensuring this kind of support before beginning such a program.

In polarized environments such as that in Bulgaria, where parliament is divided by factionalism and legislators are suspicious of one other, the success of such a program will depend on USAID's ability to win endorsement and support by representatives of the factions. This program also demonstrated the value of information technology as a tool for enhancing communication and accountability in the parliaments. The result was more timely and better legislation.

One issue raised by USAID's decision to provide the parliaments with new technologies was the need for the Agency to maintain its own criteria while remaining responsive to country partners' wishes. In Bulgaria, Hungary, and Lithuania, USAID funded sophisticated information technology that legislators and their staffs had requested, even though U.S. program experts were doubtful the recipients could put the equipment to good use.

In Hungary the legislative staff were able to manage the equipment on their own, but in the other two countries the information offices are not using the information packages because they have found they do not need them or do not like them. The Agency continues to work to establish a balance between satisfying the customer and providing appropriate assistance (Development Associates 1996a, Jutkowitz and Lippman 1966).

Democratic Local Governance In the Philippines

To achieve its objective of more transparent and accountable government institutions, USAID not only strengthens national institutions such as parliament, but it also supports local democratic governance. In many countries in which USAID works, economic and political power has been

concentrated in the capital. However, centralized agencies in capital cities are not necessarily the most efficient providers of services, nor do they provide sufficient opportunities for citizens to participate in decision-making. One technique for increasing local governance and citizen participation in decision-making is decentralization (Ragrario, 1995).

The Philippines restored democracy in 1986. As with many new democracies, authority remained primarily centralized. To the limited extent the government carried out decentralization, local power remained with the patronage of local bosses with minimal public participation. Moreover, relationships between nongovernmental organizations and local authorities were characterized more by conflict than cooperation (Jutkowitz et al., 1997).

In 1991 the Philippine government enacted an ambitious Local Government Code intended to bring democracy to the local level. USAID fully supported these reforms. The Agency concentrated its support in two areas: 1) decentralization of government functions—accompanied by increases in the financial resources, autonomy, and capacity of local govern-

ments; and 2) broadening of NGO and citizen participation in local governance. The timing and method of the USAID program proved instrumental in encouraging changes.

In particular, USAID concentrated much of its attention on NGOs and NGO-local government cooperation. The Agency facilitated a nationwide consultation process and a massive information campaign that contributed to both NGO understanding of the Local Government Code and new forms of cooperation between NGOs and local governments. Of the estimated 60,000 NGOs in the country, 10,000 participated in USAID-supported consultation meetings. As a consequence, NGOs used several new avenues for participation with local government: partnerships, joint undertakings, performance monitoring, and representation in local special bodies.

A 1996 USAID survey found that 96 of the 168 local governments targeted in the project had either provided for active representation of the NGO community on local development councils or ensured effective citizen input in developing investment or environmental plans. Some had taken both actions.

These changes in NGO–governmental relations in turn helped ensure that the government implemented the Local Government Code. The national government did the following:

- Broadened local taxing powers
- Provided local governments with a share of national wealth generated in their area from mining, fishery, and forestry
- Increased local government share of revenues from national taxes to 40 percent of internal revenue allotments
- Gave local governments the right to generate revenue from local fees and charges, and increased their access to borrowing
- Devolved responsibility for certain services, such as health, to the local level
- Reassigned more than 77,000 government employees to local governments, along with facilities, equipment, and funds
- Supported local government–NGO partnerships, including the mechanism of accrediting NGOs to work jointly with local government special bodies

- Required that 25 percent of the seats on local government councils be filled by NGO representatives selected by local NGOs.

Although progress toward democratic local governance has been impressive, there are some instances in which local governments and the national government have violated both the spirit and the letter of the code. The Commission on Audit, for example, continued to assert authority through centrally supervised audits, and the Health Department set salaries for health employees reassigned to local governments. Local leaders restricted public participation by slowing down accreditation of NGOs, appointing their retainers to the reserved NGO seats, or simply not convening meetings with NGOs. These instances, though, can be considered growing pains that can be worked out as both national and local governments become more comfortable with their respective roles.

USAID has analyzed the progress and the problems in the program and drawn the following lessons about encouraging more effective, more democratic local government:

- The political will of bureaucrats and elites at the local level may be as significant to democracy as that of national politicians and policies.

- To sustain progress, the central government and donors must maintain their interest in decentralization. Local authorities and advocacy groups, therefore, need to develop skills to effectively lobby the central government on behalf of their separate communities and local governance in general.

- Donors must address democratic processes directly, not just as a by-product of strengthening local government capacity to deliver services or carry out development projects. In the Philippines, the major challenge to democracy is local-level politics, not government ability to deliver goods and services. USAID should therefore help strengthen democracy by supporting groups that want to expand participation and help ensure accountability and transparency at the local level (Blair, 1997).

Broadening Democracy Through Greater Inclusion

The elections discussion highlighted USAID’s support for transitions to democracy, while the governance examples demonstrated the Agency’s attention to consolidating democratic processes. This final section looks at USAID’s efforts to broaden democracy by including groups that are often marginalized but that have the potential to make a contribution. These include religious or ethnic minorities, the urban poor, landless rural communities, and women. The example that follows deals with an

initiative aimed at increasing women's opportunities to participate in politics.

Increasing Women's Political Participation in Asia

In Asia, as elsewhere, women's full political engagement at national and local levels is limited by significant obstacles, including lack of education, domestic burdens, and cultural or religious restrictions.

During 1993–96, USAID supported the Women in Politics Program, aimed at integrating women into the political process. The program sought to increase awareness, strengthen advocacy skills, and expand access to political positions and processes. It enabled Asian women's organizations—local, national, and regional—to determine their own project priorities. The program included projects, ranging in cost between \$5,000 and \$60,000 each, dealing with advocacy training, women's legal rights, voter education for women, women's political leadership, media campaigns about the situation of women, accountability of elected officials on gender issues, assistance to women campaigning for elections, and monitoring of the U.N. Convention to Eliminate All Forms of Discrimination Against Women.

The regional component of this program promoted regional networking to aid the transfer of ideas and raise awareness among women's groups. It also established a new regional organization, the Asia Pacific Women in Politics Network, with a functioning secretariat and a system of communication through the Internet (Reynolds et al., 1997).

Direct effects of the Women in Politics program included organizational redirection and an increased number of women elected to representative bodies. Specific achievements included the following:

■ In the 1996 elections in Mongolia, nine women participants of the Women in Politics Program and other USAID-funded democracy programs ran for parliament. Seven won seats.

■ In Thailand carefully designed training activities were provided to more than a thousand women in five northern provinces. Of the 289 women who eventually ran for election, 193 had received training; more than half of those trained were elected. Furthermore, the number of women holding office in these provinces increased from an average of 1 percent before the elections to 14 percent after the elections.

■ In Chiang Mai, Thailand, an NGO supported by the Women in Politics Program trained 99 women to participate in local council elections. Forty of them won seats.

■ In Bangladesh the Center for Analysis and Choice expanded its focal point from one of broad legislative analysis and elite participation to one that included women's political participation at the rural and local grass-roots levels.

■ In the Philippines, the Center for Legislative Development expanded its mandate to emphasize women in politics. It strengthened women's advocacy organizations, mobilized opinion and provided research for key bills, such as the Rape Bill and the Women's Empowerment Bills.

■ In Nepal the program helped 15 local NGOs develop a creative strategy to mobilize broad support, lobby party leaders and parliamentarians, and draft legislation on women's inheritance and property rights.

One powerful indication of the influence of the program (and other USAID-funded women's and democracy programs in the region) is other donors' increased interest in similar programs. This points to an increased likelihood of sustainability and replicability of projects. It also suggests improved opportunities for cooperation between USAID and other donors.

The Agency is now applying these lessons learned during the course of the program:

■ Linking women through the Internet requires time and training (and sometimes retraining) in both English and computer technology. It also requires financial assistance for initial access to the Internet.

■ Because of selection processes, educational requirements, expense, and the need to use a common international language, regional activities tend to involve elite women. The Women in Politics Program initiated effective new practices to enhance both inclusiveness and impact.

■ Using a well-established indigenous organization may go a long way toward achieving sustainability for regional programs. In the Philippines, program organizers moved the regional secretariat to an organization with an impressive track record and strong potential to raise funds (Hirschmann, 1996).

This last mentioned initiative of the Women in Politics Program highlights a point made in the introduction to this section: that USAID has learned to look beyond political transitions and continually seeks ways to help countries consolidate their hard-won democratic gains. For sustainability is both one of the most daunting challenges and one of the principal tests of long-term efficacy in all areas of democracy assistance.

Stabilizing Population And Protecting Human Health

Stabilizing the world's population serves U.S. national interests by contributing to global economic growth, a sustainable environment, and regional security. Reduced population pressures also lower the risk of humanitarian crises—and the need for U.S. humanitarian assistance—in countries where population growth rates are high.

Unhealthful conditions elsewhere in the world increase the incidence of disease and threat of epidemic for U.S. citizens. Protecting human health and nutrition—including improving child survival rates—in developing and transitional countries also directly affects public health in the United States. As with stabilizing the population, improved health and nutrition contribute to economic development and a lowered risk of humanitarian crises and the suffering that accompanies them.

Drawing on findings from four population, health, and nutrition program assessments, this section illustrates USAID's learning dynamic: lessons learned from programs are fed back into programming in a constant process of adapting USAID activities to the ever

changing health, political, and economic climate. This section also highlights the extent to which these activities have improved the health, nutrition, and quality of life for women and men in the developing world.

Three of the studies analyzed here were major multicountry evaluations of global efforts to provide effective assistance to child survival, family planning, and prevention programs to prevent the spread of sexually transmitted diseases, including AIDS. These were the evaluations of

1. A consolidated approach to providing technical assistance for child survival programs through the BASICS project (**BA**sic **S**upport for **I**nstitutionalizing **C**hild **S**urvival).
2. USAID's worldwide family-planning programs. These provide valuable lessons on how the Agency, as a primary donor, can contribute to reduced population growth rates in developing countries.
3. USAID's HIV/AIDS program. This evaluation illustrates how the Agency responds to a situation that is poorly understood, in both scope and appropriate responses.

The fourth study, a 36-year review of USAID's population, health, and nutrition assistance to Niger, shows how difficult it is to bring about the kinds of fundamental change required to save lives, particularly in a setting as harsh as the Sahel. It also shows that although other donors, host country governments, and private organizations do produce important gains in human health, efforts are not always successful, and progress is far from certain. Adverse events can erode or derail hard-won gains.

All the studies underscore the point that achieving demonstrable impact in the population, health, and nutrition sector is a long-term proposition. Improving maternal and child health and achieving sustainable reductions in unintended pregnancies take years to accomplish, particularly when measured at the national level. In many cases, basic improvements in delivery systems, national policies, and public awareness have to occur before the desired changes in health services and individual behavior can happen.

Child Survival: The BASICS Project

In recent years USAID has made substantial investments in activities to improve child survival in developing countries. Support to child survival programs totaled \$2.3 billion from 1985 through 1995. USAID's work with other donors, host country governments, and private and voluntary agencies made a difference: in 9 of 10 countries receiving the most bilateral child survival assistance during this period, mortality rates for children under 5 fell significantly. Five of the countries reduced child mortality rates to fewer than 70 per 1,000 live births, the year 2000 goal set at the 1990 World Summit for Children. Unfortunately, in most of the developing world, girls still experience disproportionately higher death rates.

Over the years, the Agency's child survival assistance has been provided primarily through single-country programs implemented by Missions, with some technical leadership provided at the Agency level. In 1993, after reviewing lessons from its child survival activities, USAID developed a new strategy to strengthen and advance its child survival efforts. This included development of the BASICS project, which provided world-class technical leadership and other support for child-survival programs from a single source (Bateman et al., 1997).

The project addressed six technical areas: 1) integrated management of childhood illness (IMCI), 2) sustainability of immunizations, 3) private-public sector collaboration, 4) communication and behavior change, 5) monitoring and evaluation, and 6) nutrition. This comprehensive and consolidated approach helped the Agency move away from narrowly defined programs, such as those dealing with acute respiratory diseases or malaria alone. Instead, USAID moved toward improving availability of quality health care services and empowering communities and families to identify and solve their health problems.

After four years of work (1993-96), the unified program approach of BASICS has proven successful, especially as a flexible means of addressing emerging problems. For example, after the breakup of the Soviet Union and the subsequent collapse of the region's immunization system, USAID responded to a series of diphtheria epidemics with mass immunizations through the BASICS project. Diphtheria cases from 1995 to 1996 dropped 62 percent (from 43,061 cases to 16,272). In addition, in seven countries of the former Soviet Union, BASICS helped reduce the total cost of immunization programs by an average of 16 percent (Bateman et al., 1997).

Supporting the World Health Organization and UNICEF in developing clinical child survival protocols, the Integrated Management of Childhood Illness initiative, has probably been one of USAID's most important achievements in this sector. This accomplishment came largely through the BASICS project. In developing countries, children often suffer from a complex of ailments—diarrhea, malaria, pneumonia, and malnutrition—that must be addressed as a group rather than as single diseases. This is both medically appropriate and cost-effective.

The USAID-supported IMCI initiative is being developed and implemented with the World Health Organization. While work is still in its early phases, some country programs are already showing results. In Niger, for example, pre- and post-tests showed marked improvements in the ability of health workers to assess, diagnose, and treat sick children. Before training, only 25 percent of health workers routinely checked children's immunization status, whereas after training, 60 percent did (Bateman et al. 1997). Another study compared IMCI practice with traditional clinic practice. It found that mothers served under IMCI were far more likely to give their children the right treatments and follow-up.

The BASICS project was developed in a time of great change both inside and outside the Agency. It is large and complex and has the strengths and weaknesses usually associated with such projects. Most of the weaknesses—typically managerial in nature—have been addressed. Over time, the project has become more responsive to field needs and able to implement programs more rapidly. With the continued reduction in direct-hire technical specialists in USAID, a consolidated and directed approach to technical leadership and assistance such as BASICS offers important management and technical gains (Bateman et al., 1997).

Child Survival and Family Planning In Niger

Supporting government efforts to improve the health status of citizens depends on more than good technical assistance and financial investments. Niger is an example where limited political will, lack of political stability, uneducated masses, and lack of a sustainable financial basis for economic growth greatly reduced the positive effects of USAID's support to the health sector. While USAID definitely contributed to some important improvements, some needed gains in maternal and child

survival were not realized. Although our more recent activities have had some significant results and provided important lessons for similar countries, the political situation—an elected government overthrown by a military coup—has resulted in a decision to end our programs in Niger at the end of 1998.

The United States has provided about \$50 million in health assistance to Niger over the past decade. Other donors, specifically France, have provided far more. Despite this, Niger's statistics remain the worst in the world. A third of all children die before their fifth birthday. According to a 1992 Demographic and Health Survey, the mortality rate for children under 5 was 321 per 1,000. A new survey will be completed in 1998, but USAID does not expect this figure to change significantly.

This situation stems both from factors outside the control of foreign donors and from the difficulties our program and those of other donors have in predicting the precise impact of a particular program. It is, moreover, a reflection of the true cost of “doing” development. While \$50 million is a large sum, it amounts to only about 40 cents per Nigerian per year.

The reasons for the situation are many. Good health results from a variety of factors often outside the control of health professionals. These conditions can include housing, education—especially for girls—and, particularly in Niger, the harsh Saharan environment, marginal nutrition, and poor household economics. The complex mix of factors means there are very few specifically health-related activities—immunizations being an exception—that will make a difference in health indicators for an entire nation. And owing to limited resources, it is impossible for one Mission to address all these problems simultaneously.

To help address Niger's continuing needs for community-based health services, USAID implemented the Rural Health Improvement project during 1976–86. The project aimed at developing the skills of rural health workers. Under it, more than 13,000 workers were trained and sent to work in villages. Although a few of these health workers were still at their posts in 1996 (mostly through the support of U.S. private voluntary organizations), the vast majority were not. The project is thus widely

viewed as not having achieved its goal of improved health in rural areas.

The failure is attributable in part to markedly changed conditions in Niger during the project's 10 years of operation, and not simply to design or implementation failures. When the project began, Niger was able to support the operations of its rural health workers through a strong economy based on high prices for uranium. These prices collapsed early in the 1980s, however, and the government no longer had the revenues needed to sustain its rural health program. A famine in 1984 also forced many health care workers to sell their medical kits to keep from starving. The major lesson learned is that project designers need to take into account contributing factors over which they have no control. Perhaps an even more important lesson is that rural health workers need an adequate support network to continue to function. Now USAID regularly incorporates the need to ensure sustainability in its projects.

In 1986, USAID responded with a new 10-year project, the Niger Health Sector Support project. It was designed to strengthen the management and policy-making capacity of the Ministry of Health so that it could support service delivery in the field. The difficulties inherent in making and imple-

menting policy reform meant it took far longer to achieve than intended. At the time, USAID/Niger targeted its assistance at the central ministry level. It aimed only limited effort at ameliorating problems at the service delivery level. The trained rural health workers were still left without support.

The project did ultimately succeed in achieving desired policy reforms. Contraceptives were legalized in 1988 and are now widely available through public and private sources. A decentralization program was established for health service delivery, enabling communities to make their own decisions about health care. A national health information system was established that is the envy of much of Africa and has proven itself useful beyond the Ministry of Health. Other government ministries and nongovernmental and UN organizations use the data and analysis for their own planning. The project also generated several health care financing models that serve as useful models for other programs.

At about the same time as the Niger Health Sector Support project, USAID provided additional assistance through the Family Health and Demography project. This venture aimed at ensuring the availability of family-planning services. As with the others, this project experienced unanticipated difficulties. They included labor strikes, currency devaluation, and a meningitis epidemic. In

addition, early in the project, serious problems surrounded the acceptability of family planning among health care providers, and political resistance to family-planning advertising interrupted progress. These obstacles were, however, overcome.

In the end, the greatest threat to the success of these activities turned out to be their primary dependence on a single donor—USAID. When the project ended following a military overthrow of the elected government in January 1996, the family-planning effort flagged. At this point it is unclear whether another donor will support the programs USAID was forced to abandon. Unfortunately, too, because of the 1996 coup (which occurred in the waning weeks of the health sector support project) and subsequent militarization of the government, both decentralization and health care financing activities have been largely abandoned in the face of other government concerns.

Recognizing that the Niger Health Sector Support project and the Family Health and Demography project were highly centralized, and therefore were not reaching the needs of the average Nigerian, USAID/Niger put several smaller

projects in place. They yielded remarkable accomplishments. One was the BASICS IMCI project, discussed above. Another was the Quality Assurance project, which demonstrated in one region that it is possible for the Nigerian health system to reform itself from below.

Using the unlikely tools of “total quality management” (initially developed for the auto industry), district health workers have been empowered to tackle both large systemic problems and small operational ones with intensity and commitment. Change from within resulted in health districts and even clinics being given responsibility to make decisions about how best to use their resources and provide services. This approach has made a difference in the lives of thousands of women and children by making clinics more accessible. It has reduced waiting times, increased contraceptive use, and increased tuberculosis treatment and immunizations. The Quality Assurance project is now being replicated throughout Niger and West Africa (USAID/Niger, 1997).

Despite these successes, USAID is still unable to measure and demonstrate national impact in such standard measures as life expectancy, maternal mortality, and infant and child mortality. Results below the national level do suggest that the management

of health care has improved—at the Ministry of Health level, at the service delivery level, and at the family and individual level. Although it stands to reason that these improvements have translated into saved lives and improved health, the improvements have yet to materialize at the level of national measures of health status. But without USAID’s assistance over the past 30 years, the health statistics probably would have worsened, and important lessons would not have been learned.

There were basically three aspects to USAID’s assistance to Niger: 1) A major effort to train Nigerian health care professionals in the United States. 2) Technical assistance to the Ministry of Health, where U.S. experts worked side by side with their counterparts to develop new ways of doing business. 3) A program offering substantial cash transfers to the government in return for policy reforms, which the Ministry of Health could use to implement the policies. These elements, in varying degrees, are characteristic of all USAID programs working to achieve the common goals of the United States and the country’s government.

Niger presented a difficult case, but, and perhaps most frustratingly, it appeared on the verge of a major health breakthrough until the military overthrew the elected government. This illustrates one of the synergies:

democracy may be necessary for good health programs to succeed.

USAID/Niger's experience in the health sector suggests three lessons. 1) In some cases, even well-designed and well-implemented activities can be derailed by unanticipated changes in the broader economic, political, and physical environment—that is, by the failure of critical assumptions made at the outset. Program success therefore requires careful consideration and incorporation of critical determinants of health that are beyond the control of the health sector. 2) With limited funds, USAID must target assistance while recognizing that projects that may have a profound effect on a single target region may not yield similar results nationally. 3) Measures of success should include improvements that have not yet been translated into measurable impact at the country level. Systemic or localized improvements are often precursors to measurable nationwide impact.

The Global Family-Planning Program

Historically, birth rates and child mortality rates in developing countries have been high but in balance. As countries undergo economic and health transformation during the development process, child mortality rates tend to fall dramatically while birth rates remain high. That leads to rapid population growth, sometimes

reaching as much as 3.5 percent per year and potentially doubling the population in 20 years. Very few developing countries' economies or agricultural output can keep pace, and a vicious cycle of declining per capita income and food consumption is put into motion. Currently, this process is most dramatically evident in Africa but is or has been a fact in every developing country's experience (Bateman et al., 1997).

Since 1965, USAID has helped developing countries in their efforts to reduce population growth rates to levels consistent with sustainable development. Congressional earmarks for population programs began in 1967, and funding increased to a high of \$542 million in 1995. Over the past 20 years, USAID has provided more than \$6.5 billion in family-planning and population funding. That makes the United States the largest bilateral donor; we provide about 40 percent of all international funds available to family-planning efforts (Norton 1997).

USAID's program aims to 1) promote the rights of couples to determine freely and responsibly the number and spacing of children; 2) improve individual health, with special attention to the reproductive health needs of women and female adolescents and the general health of infants and children; and 3) make programs responsible and accountable to customers. USAID funds do not support abortion activities.

USAID's major involvement in family-planning assistance to developing countries over the past 30 years has contributed to significant increases in voluntary family planning in those countries. A recent study of six country programs suggests USAID's family-planning programs have had major effects.

Figure 2.2 reveals that different countries have very different trajectories in the use of family planning. Ghana and Kenya, for example, had long periods in which family-planning programs showed little effect, followed by a period of a rapid increase in modern contraceptive use. The Philippines showed slow, steady growth over a long period, then stabilized for several years. In recent years growth has resumed.

USAID can draw lessons from these differing country experiences. The first is that the attitude of national leaders is a critical determinant of the success of family-planning programs. As early as 1956, Prime Minister Habib Bourguiba of Tunisia openly and consistently advocated women's right to use contraceptives. In 1984, Kenya's President Daniel arap Moi spoke forcefully of the need to expand family planning and urged all national and local leaders to support the program.

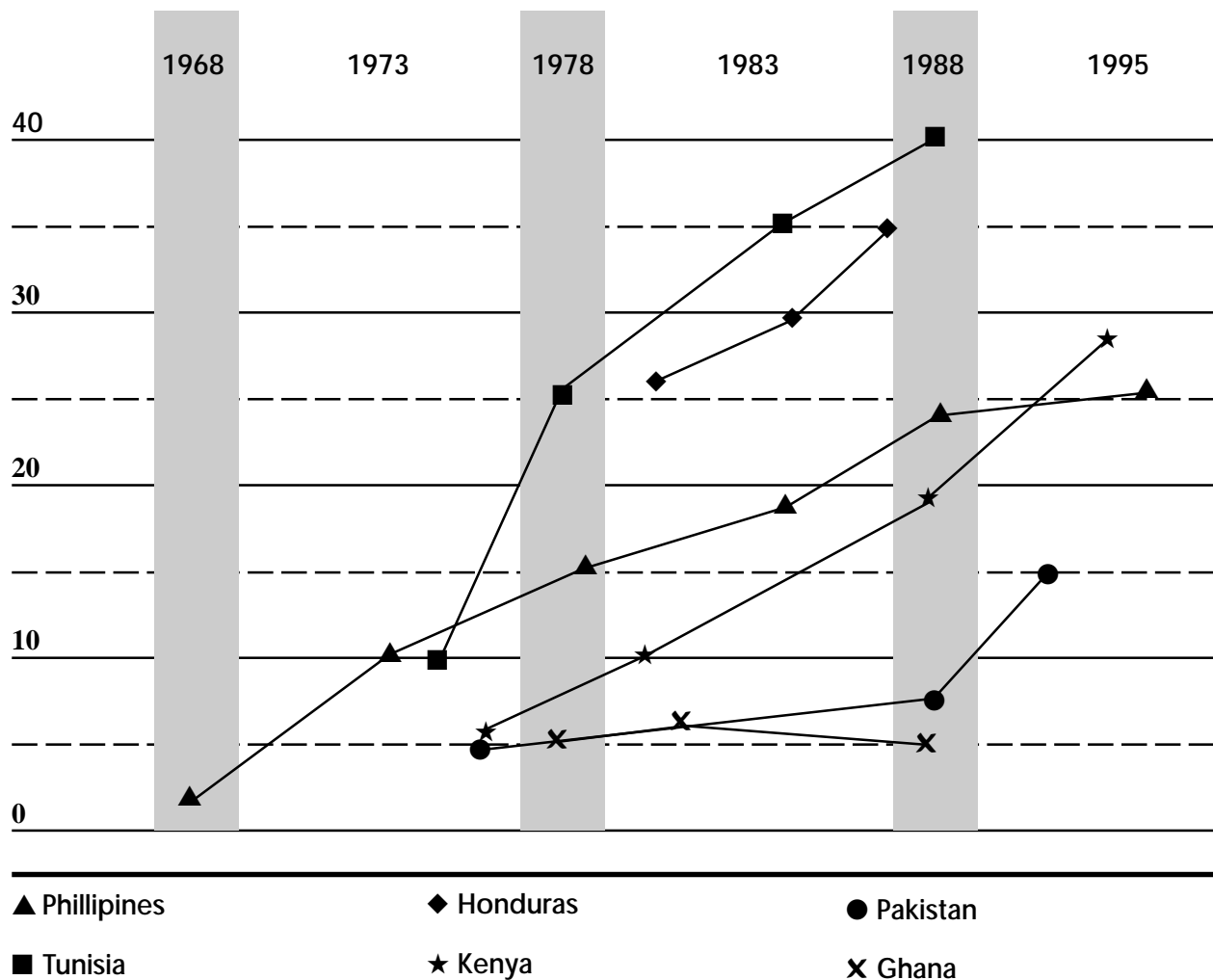
In 1989, President Jerry Rawlings of Ghana openly switched to strong support for family planning. In the Philippines, President Ferdinand Marcos was an early and avid supporter of family planning. But in 1982, when Roman Catholic leaders denounced family planning, his government backed away from overt

program support and the family-planning program stagnated. In the 1990s, however, Philippine leaders recognized anew the importance of family planning to national development, and the prevalence of contraceptive use has climbed rapidly.

To avoid confrontation with Islamic conservatives, Pakistan until 1992 avoided identifica-

tion with population program goals. Comparing these dates with dates on figure 2.2 shows how closely national leadership action was linked to contraceptive use. There are exceptions, such as Colombia. There, private, not public, leadership contributed to high levels of use (Norton 1997).

Figure 2.2. USAID Family-Planning Programs in Six Countries



Source: *Population and Planning Programs: A synthesis of 6 country case studies*. PN-ABY-234.

A second lesson is that it is important for USAID to persevere. The experience in Kenya and Ghana demonstrates that years of work with little apparent effect can suddenly turn around and become success stories. USAID's experience suggests that at least two decades are required to achieve a sustainable level of population growth.

Thailand is USAID's clearest success story. After 20 years of assistance, the total fertility rate has fallen to 2 (that is, zero population growth), and assistance is no longer required. Mexico has almost graduated: where once USAID provided nearly all contraceptives and a substantial amount of operational support, now the Agency provides no contraceptives, contributes only about 6 percent of the cost of the national family-planning program, and provides technical assistance to ensure that the demographic revolution reaches rural areas. In the Philippines, because of the opposition noted above, donors are responsible for providing all contraceptives. To sustain the gains in contraceptive use, USAID continues to provide most of them.

Family-planning programs have impact beyond reducing fertility and slowing population growth. In Tunisia, for example, family planning alone is responsible for one fifth of the drop in infant and child mortality. In central Asian countries, abortion had been the only way to avoid unwanted births. In 1994, though, USAID family-planning projects showed a 30 percent decrease in induced abortions. In the Philippines, fewer births has led to savings of more than \$3.1 billion in social sector expenditures, primarily in education.

USAID's substantial involvement over time, together with its technical leadership, has resulted in a recognized set of successful approaches for strengthening voluntary family-planning programs. These are amply documented in the literature and well understood (Buckner, Samara, and Ong Tsui, 1996). Lessons learned over the past three decades are being applied in every country where USAID is working.

HIV/AIDS: An Emerging Threat

One of the greatest health threats in the world today is the HIV/AIDS pandemic. In many places, this disease not only threatens the health of individuals but is also stripping countries of their best educated and most creative minds. Moreover, it is exhausting personal, family, and public funds in providing even minimal care to the sick. It is a serious threat to development as well as to the lives of individuals (Betts and Novak, 1997).

USAID was the first donor to define and implement a cohesive technical strategy for HIV/AIDS prevention and control.* An analysis of how a relatively small effort developed into an extraordinarily large, complex project (\$260 million) illustrates how the Agency has responded and has had an impact in a changing environment.

* HIV is the human immunodeficiency virus, the agent that causes the diseases collectively known as AIDS, acquired immune deficiency syndrome. People can be infected with HIV for a long time before becoming ill with AIDS. Since any program must address both the HIV infection and the AIDS syndrome, the formulation *HIV/AIDS* is used.

USAID's initial response to the AIDS epidemic in 1985–86 was to support the World Health Organization's Global Program on AIDS.* As the scope and impact of the epidemic became apparent, and as political pressure to intervene grew, USAID designed the AIDS Technical Support project. It had two main components: 1) an element dealing with communication and behavior change (AIDSCOM), and 2) one providing technical support in epidemiology, screening, and financing (AIDSTECH). Design and implementation in the late 1980s was done at a time when all agencies found themselves in a learning mode, and has been described as "building their boat while sailing in it . . . and while taking sailing lessons" (Pielemeier et al., 1996, 8).

Beginning in the late 1980s, USAID used the AIDS Technical Support project to fund activities carried out by the U.S. Bureau of the Census (gathering and publishing global data on the epidemic), the National Institute for Allergies and Infectious Diseases (providing research grants and support), and the Centers for Disease Control and Prevention (providing technical support to Missions in surveillance and epidemiology). During those

early years, some organizational confusion existed between the implementing organizations, owing primarily to a lack of strategic focus in program structure and design.

These activities were the only donor-funded AIDS prevention activities in many countries. By 1989, accumulated experience included the following: 1) case studies of pilot activities and interventions carried out in collaboration with governments, NGOs, and the private sector; 2) examples of communications materials and media campaigns; and 3) greater local government willingness to address AIDS issues. The latter was one of the greatest accomplishments, since most countries were not willing to confront the HIV/AIDS epidemic in the late 1980s.

Work done during the late 1980s led to the conclusion that an appropriate package of effective interventions had been identified and should be implemented worldwide. Direct interventions included reducing sexually transmitted diseases, promoting private-sector social marketing of condoms; and providing communications leading to behavioral change. Support interventions included conducting behavioral research, reforming policy, monitoring and evaluating programs,

building capacity of health institutions, and promoting women's status and empowerment.

Behavioral change and condom social marketing were familiar to USAID through its family-planning programs. Reducing sexually transmitted diseases, however, was considered a novel, even radical, approach to addressing HIV/AIDS. But in 1996—just six years later—this intervention is considered crucial. One study in rural Tanzania demonstrated its importance by showing a 40 percent decline in new HIV infections solely as a result of improved treatment of sexually transmitted diseases (Pielemeier et al., 1996, 43).

In 1990 and 1991, USAID redesigned the AIDS Technical Support project. The purpose was to develop a more strategically aimed program and to systematically implement the lessons learned from the first phase of the project. This redesign was also accompanied by an increase in funding, first, from \$69 million to \$179 million. Funding was later increased again, to \$262 million.

In many development sectors, it is difficult to evaluate USAID's contribution because it is only a part of a larger effort with inputs from many donors and host governments. This is not true for the AIDS effort. Here, a significant part of the budgets

* The Global Program on AIDS ended in December 1995. It has been replaced by a joint collaborative effort, UNAIDS, involving six UN organizations: WHO, UNICEF, UNDP, UNFPA, UNESCO, and the World Bank.

of other donors (such as UNICEF, the UN Development Program, and the World Health Organization) has come from the Agency's technical support project.

Although attribution may not be a problem, USAID has learned that evaluating the impact of HIV/AIDS programs is particularly complex and difficult because of the nature of the disease: People can be infected for a long time without showing symptoms. In many places testing facilities are unavailable. The continued social stigma attached to AIDS encourages underreporting and under-testing. Sentinel surveillance studies established in most countries have not been able to maintain the needed stream of data to manage and understand the spread of HIV/AIDS. Behavior change—the heart of prevention—is also difficult to measure. As a result, evaluators are most comfortable with using indicators such as condom availability, quality of management of sexually transmitted diseases, and evidence of policy change.

Nonetheless, USAID's efforts are beginning to show an effect on what is now a pandemic. In Ugandan urban and semiurban areas, where efforts have been concentrated, during 1992–96 the prevalence of HIV dropped

30 to 50 percent among women aged 15 through 24. Similarly, the number of new HIV infections has dropped significantly, possibly as much as 50 percent. Unfortunately, this does not hold true in rural areas, where prevalence of HIV remains the same.

Similarly, the AIDS Technical Support project contributed to marked changes in sexual behavior in Thailand. Much of USAID's effort has concentrated on the commercial sex business. During 1995–96 the percentage of blue-collar workers patronizing the sex trade was cut in half. As a result of targeted interventions, 94 percent of men visiting brothels now use condoms. And the prevalence of HIV in Thai military recruits fell from 3.6 percent in 1993 to 2.5 percent in 1995.

Other countries have not had the level of effort that Uganda and Thailand have had, but it appears that USAID programs are having an effect on high-risk sexual behavior as the result of the interventions listed above (Betts and Novak 1997). In late 1996 the technical support project moved into a third phase. In it, the lessons learned in earlier phases are being applied.

This phase involves three key approaches to HIV/AIDS prevention, each of which, over

time, has had demonstrable impact in the field. These are 1) reducing high-risk sexual behavior through behavior change and communication, 2) increasing condom distribution through social marketing, and 3) reducing the prevalence of all sexually transmitted diseases as a way of limiting the spread of HIV.

At the same time, USAID's expanded portfolio embraces new efforts to mitigate the effect of the pandemic on individual lives and communities. Activities under this theme include the following: 1) expanding policy dialog, 2) increasing local PVO and NGO capacity, 3) using creative initiatives in operations research to identify "best practices" for prevention and realistic interventions for basic care and psychosocial support for HIV-infected individuals and their families, 4) increasing support for surveillance systems for HIV and other sexually transmitted infections, and 5) biomedical research to develop cost-effective methods to diagnose sexually transmitted infections, reduce mother-to-

infant HIV transmission, and produce an effective vaginal microbicide.

At each phase of USAID's response to the HIV/AIDS pandemic, the Agency has learned lessons and incorporated them into ongoing and new activities. There have been missteps, but the Agency has found ways to learn from them. It has developed increasingly appropriate responses to this very complex problem. In retrospect, the Global Bureau's AIDS Technical Support project might even be seen as the earliest phases of the "reinvention" of USAID. Under the project, funds were put into a package addressing a defined strategic objective. USAID staff carried out the effort in close collaboration with the implementing organizations—primarily private voluntary organizations, nongovernmental

organizations, and selected for-profit agencies, such as mass media businesses.

Encouraging Improved Environmental Management

USAID's environmental goal is to improve the use of the earth's resources by reducing the short- and long-term threats that inhibit sustainable development. This goal recognizes that environmental degradation has negative economic, social, and political effects. Many of the Agency's environmental activities are pioneering efforts with successes (and failures). So it is essential that we learn what works, for whom, under what conditions, and how sustainable and replicable elsewhere an activity is.

This section reviews three long-term USAID efforts, highlighting the potential for success and the difficulties the Agency faces as it seeks to achieve sustainable development in the environmental sector.* The first evaluation studies a project in the Czech Republic, where USAID learned valuable lessons on

energy conservation in a country making the transition to an open, free-market economy.

The second evaluation looks at community-based natural resource management in Niger and provides lessons for Africa more broadly.

The final evaluation examines a regional environment and natural resources project in Central America. It provides a view of the complexity of addressing natural resource management issues regionally. Together, these evaluations point to the need to identify and disseminate new approaches and technologies that protect people and the environment, that are economically attractive to producers, and that fully engage citizens.

*Little formal evaluation material from 1996 or 1997 is available on global climate change; therefore, a discussion of USAID's efforts in this area is not included in this year's report.

Energy Conservation

The oil crisis of the late 1970s and early 1980s affected countries around the world. In 1973 a barrel of oil cost just \$4. In 1979 the price of oil doubled, from \$15 to \$30 a barrel. The impact on developing countries was staggering. Many countries had to cut oil imports in half just to stay even with costs—this at a time when they needed more fuel to promote economic development.

USAID's response to the crisis and its aftermath has been innovative: a multicountry program promoting increased energy efficiency. As part of this program, USAID has supported 20 projects, the first of which began in the early 1980s.

Although each of these projects has had distinct elements, all have sought to increase the use of improved energy technologies and practices and have followed a similar strategy for the transfer of such technologies. The strategy involves

- 1) identifying areas where energy can be conserved,
- 2) adapting off-the-shelf technologies to local conditions,
- 3) training local engineers,
- 4) carrying out pilot efforts at factory sites to demonstrate the appropriateness of the technologies, and
- 5) educating energy users.

USAID's energy program in the Czech Republic, begun in 1990, provides some useful and indicative insights into the

benefits and limitations of the Agency's approach to promoting energy efficiency.

Energy Efficiency: The Czech Republic

Before the fall of the Soviet bloc, communist planners believed society's problems were best solved by cheap energy, cheap capital, and subsidized prices for major industrial inputs and essential consumer goods. The environment was seen as a free input and almost no attention was given to pollution and health-related effects. Remnants of this "old" approach to energy production and pollution are still found in the Czech Republic today.

The Czech Republic uses six times as much energy to produce one unit of gross domestic product as any of its Western European neighbors. This disparity is driven by low energy prices that discourage more efficient energy use or conservation, use of outdated and inefficient equipment, and inefficient production and transmission of energy. The country's high rate of energy use and its use of "dirty" fuels (such as low-quality brown coal) have generated pollution rates between four and eight times the level of those in Western Europe.

USAID's Czech program seeks to increase energy efficiency to achieve greater economic growth. It promotes the use of existing low-cost, quick-fix energy conservation technologies, such as steam traps, thermostats, and insulation. The program also facilitates the increased use of improved management tools and practices, including energy audits and financial and business planning techniques. Finally, the program supports relevant sector policy reforms (such as energy pricing). The Agency geared these initiatives to reduce production costs, burn less fuel, increase energy prices to international levels, and reduce pollution.

Whereas the Agency promoted energy conservation, the Czech government emphasized pollution control. By applying and enforcing regulations and stiff fines, it forced factories to move toward cleaner fuels and improved burner combustion technologies. Taken together, these measures reduced pollution and spurred manufacturers to burn energy more efficiently.

In an effort to demonstrate that energy conservation “works” and is economically viable, the program targeted five pilot industrial plants: a dairy, a brewery, a wood products plant, a fabric plant, and an auto parts plant. USAID investments contributed to the completion of energy conservation measures at each plant. The investment at the dairy plant was nearly \$35,500. Average investment for the other plants came to \$10,725.

The immediate results from these activities can be measured both financially and environmentally. Financially the benefits have been unambiguous. The payback period (that is, the point at which cost savings equal investment costs) was less than 12 months for all but the dairy—which was 13 years. The financial rate of return generated at the plants averaged 122 percent, far exceeding the 35 percent minimum acceptable return for Czech businesses.*

Environmentally, the five plants saved nearly 400 metric tons of oil and approximately 17,000 metric tons of steam. These energy savings, valued at international energy prices, amounted to almost \$190,000

a year. This modest result can also be viewed from two additional perspectives—program sustainability and program replicability.

As for sustainability, both the program activities and the positive financial and environmental results continued after USAID funding ended. At the wood products factory, when some steam valves failed, plant managers bought energy-efficient replacements with their own money. Similarly, the brewery now has an international partner and has replaced two boilers with its own funds.

The auto parts plant also has an international partner, which has provided capital to upgrade the heating system and install more efficient production equipment. The demonstration plants are on a path toward sustaining the energy conservation gains the USAID program introduced.

The story on replicability is not so positive. In the Czech Republic few mechanisms exist for sharing information beyond demonstration activities (mechanisms such as trade associations, technical societies, and private sector equipment salespeople). Consequently, there have been virtually no efforts by other plants to replicate the energy conservation measures implemented at the demonstration plants.

The Czech experience provides USAID with some useful lessons about energy conservation:

■ The business culture in which the Agency introduces energy conservation measures is critical to the eventual impact those measures have. In the Czech Republic, the culture continues to support increases in outputs rather than reductions in production costs. That makes it difficult to promote energy conservation (which can be a major means of reducing costs), even if demonstration efforts show significant economic benefits.

*Czech businesses expect to earn a financial return on investments of 30 to 40 percent. This takes into account not just the excess of benefits or savings over costs incurred. There is also an expectation that the returns on any investment will at least equal those that might be earned on investments in alternative activities, technologies, or whatever the company might otherwise invest in at a given time.

■ USAID's approach was to promote energy conservation as a spur to economic growth. Reducing pollution was merely an added benefit. The Czech government's approach was to reduce pollution through regulation and fines. The latter may be a stronger driving force in a business culture such as that found in the Czech Republic. It may have the added benefit of achieving more efficient production.

■ Where few mechanisms exist for sharing information beyond demonstration activities, spreading the technology will be problematic. The technology the Agency introduces may be good, but without dissemination of information, replication of efforts by other plants has been (and will remain) low.

■ USAID needs to carefully analyze the most effective general strategy for promoting energy conservation. Alternatives include targeting a small number of major energy users, a large number of lower energy users, or a small number of low energy users. USAID centered its efforts on the last of these groups. Again, the results were quite positive, but the magnitude of impact might have been greater had the Agency used one of the first two strategies (Liebersohn 1996).

Sustainable Natural Resources Management

Fifteen years ago the lands and natural resources of the Sahelian countries were under increasing pressure from drought and population growth. These countries, continuing an approach rooted in colonial times, were trying to stem degradation by punitive measures imposed by the central governments. Rural communities and individuals had few rights over local woodlands and little tenure security. Few incentives existed to invest in better resource management. In addition to an adversarial relationship between the rural population and the central governments, conflicts among the rural communities were increasing. As fallow areas decreased, herders and farmers often fought over the same land.

Today the trend is different. Local communities are managing their natural resources; a partnership exists between governments and rural communities; and cooperation is growing within and among rural communities. Increasingly, both the land and the people are better off than they were 5 to 10 years ago.

The trend is linked to systemic changes in policies and institutions that increase the incentives for management of local resources by the rural population. Thus—although degrada-

tion continues to be a major concern—the prospects for continuing the gains made so far are much greater today. Because of its leadership in community-based empowerment and capacity building, USAID has been a major supporter of this progress.

Nowhere has this change been more dramatic than in Niger. In the early 1980s, Niger, like many other Sahelian countries, was still recovering from the debilitating effects of recurrent drought. Environmental insults delivered by nature were sharpened by inappropriate management approaches and practices of the Niger Forestry Service. Agents tried to fulfill their mandate of protecting forestlands by controlling people.

By law, anyone cutting a tree needed a cutting permit—even if he or she wanted to clear brush for farming. A common practice was for commercial cutters from urban areas to purchase permits from the Forestry Service. These cutters harvested wood from the lands of rural communities without involving the local people. There was scant incentive for anyone to protect forest resources. Moreover, since the Forestry Service could not effectively control activities on millions of acres of wooded

savanna, the degradation accelerated as population pressure and drought took their toll.

To address this downward spiral, USAID designed and implemented the Forest Land Use Planning project beginning in 1981. The project used an innovative community-based natural resource management approach that not only addressed technical aspects of resource management but also recognized the need to provide rural producers with both the incentives and authority to use improved resource management practices.

The idea that rural communities, in pursuit of more secure and prosperous livelihoods, would do a better job of managing forest resources than could the state was a central theme (McGahuey 1997, 2). The need to tackle policy, regulatory, and institutional constraints to local resource management became increasingly apparent. Consequently, the project contributed to a change in the law that allowed local communities to manage woodlands.

The project also helped develop fiscal policy that allowed a portion of the revenues generated from forest management to be kept in the local communities for reinvestment back into

the forests. In addition, the project brought in the Cooperative League of the USA to provide organizational and enterprise-management training to rural communities involved in forest management. This training helped members of the communities form a woodcutters association that managed the forest and related community enterprises (Africa Bureau. 1993, 32). It also helped communities that had never worked together before to organize for common benefits.

USAID/Niger continued to support improvements to the enabling environment for natural resource management through the 1980s and early 1990s. A development grant used a combination of project and nonproject assistance to encourage policy reforms related to production, distribution, and pricing of agricultural inputs (such as seeds and fertilizer).

A second similar grant pushed for reforms aimed at reducing institutional constraints. It supported, for example, improvement in the coordination and administration of government technical services and the strengthening of relationships between extension agents and rural producers. This second grant also smoothed implementation of new decentralization policies.

Through an initiative called the Rural Organizational Development project, the Mission helped the government revamp and liberalize its code on rural cooperatives and provided training to strengthen community-level governance (McGahuey 1997).

The Niger experience provides some impressive results:

■ *Cooperative and community-based organizations.* Modification of the code governing rural cooperatives, supported by the Rural Organizational Development project, led to a rapid expansion of cooperatives. In the 1980s all cooperatives in Niger were state sponsored. The project eased the formation of more than 100 “self selected” cooperatives and demonstrated their effectiveness.

Today Niger has more than 420 cooperative-type organizations, including 129 women's organizations. Of these, more than 170 are recognized as development NGOs. Of those, 67 have program objectives related to the environment and natural resource management. In addition, in 1996 at least 200 community-based organizations were working in natural resource management. These organizations continue to be actively involved in local efforts to improve land-use planning and to increase the use of improved practices in the management of natural resources (McGahuey 1997).

■ *Credit unions.* USAID/Niger's efforts to reduce the financial obstacles faced by small producers have also had results. In 1985 no financial institutions were providing small loans to rural producers. Farmers interested in purchasing improved agricultural inputs on a timely basis were forced to use moneylenders. Recognizing the difficulties this presented, USAID and other donors have worked together to support establishment of a network of credit unions. Their work has been effective. By 1996 some 290 rural credit unions were providing loans to at least 23,000 members (McGahuey 1997).

■ *Local resource management.* Broad authority is being given to local communities to manage local resources (Africa Bureau, 1993). A government decree now allows any community with an approved plan to manage its woodlands. In 1986 only 3,700 acres were under local management. By 1991 more than 81,500 acres were being managed by local communities and were generating roughly \$80,000 in revenues for those communities. This trend has accelerated in recent years. In 1996 approximately 1,060,000 acres of wooded savanna were under community-based management (Wild et al., 1997).

What has this meant for improvements to the biophysical base in Niger? Although probative national-level production data are not available, figures from a number of areas using community-based management approaches give some indication. Twenty percent increases in crop yields have been realized in the Majjia Valley, where trees have been planted to form windbreaks. In communities using improved soil and water conservation practices (such as rock bunds, infiltration ditches, and stone lines that follow the land's contours), increases in crop yield of more than 50 percent are common.

In the departments of Tillaberi and Tahoua, farmers have used demilunes (half-moon water catchments) to increase millet yields from 300 to more than 800 kilograms per hectare. Communities in the area of Badaguicheri have used a combination of soil conservation techniques to restore degraded lands and can now produce up to 1,500 kilograms per hectare on lands that were yielding only 200 kilos (McGahuey 1997, 5).

USAID/Niger's community-based natural resources management program has taught the Agency significant lessons, both within the Niger program and more broadly across the Africa Bureau and the Agency:

■ *Flexibility.* It is important that nonproject-assistance conditionality incorporate some degree of flexibility. In Niger, conditionality was extremely rigid and included far too much. Large amounts of time and resources were unnecessarily spent meeting and certifying the many points in the conditionality language. Africa Bureau natural resources management programs that have followed Niger have developed simpler and more flexible conditionality packages (USAID/Nairobi 1997, 12; Pryor and Resch 1997).

■ *Participation.* The “Niger model” is built on pursuing improved natural resource management through a combination of improved technical approaches and an enhanced enabling environment. The model requires creativity and innovation as well as consistency. The need for both creativity and consistency in turn requires the active participation of many groups in the program. These include the Mission, the regional bureau and regional offices, private voluntary organizations and contractor partners, the host government, and customers (Pryor and Resch 1997).

■ *Effectiveness.* Improved natural resource management practices are most effectively introduced to rural producers in site visits. Such visits might come from USAID, host government, or NGO and PVO staff, but the most effective visits are farmer-to-farmer exchanges. (McCormac and Wild 1996, 3; Pryor and Resch 1997).

Because of the 1996 military coup, which overthrew an elected government, USAID was required to close its program in Niger. Nonetheless, the impact of its previous investments continues to expand as other donors and the government of Niger carry USAID-developed natural resource management approaches forward. As USAID observes the Niger experience and applies its lessons to other situations, benefits of the Niger program are felt in other countries as well.

Protected-Area Management, Biological Diversity, and Environmental Management

The small countries of Central America are largely dependent on agriculture, forestry, and fishing. Although their land base is smaller than that of other Latin American countries, Central American countries are losing proportionally larger areas of forests and other natural resources. In the early 1980s, for example, Costa Rica had the highest rate of deforestation in Latin America (6.6 percent a year). Central American countries also are experiencing declines in fisheries, reduced soil fertility, a decline in coastal zone water quality, overuse and indiscriminate use of pesticides, and other forms of environmental deterioration.

Many factors contribute to broad resource degradation and loss across the Central American region. Among the more important ones, the region is characterized by growing economies, natural disasters, increasing population pressures, a legacy of devastating civil wars, a land area concentrated in a few hands, poor enforcement of existing laws, tax incentives that promote logging and cattle ranching, and increasing demand for high-value timber such as mahogany.

Regional Environmental and Natural Resource Management Approach: Central America

From 1990 through 1996, USAID responded to these threats through the Regional Environmental and Natural Resources Management project, which provided \$60 million in support to countries across the region. The Agency worked with Central American and U.S.-based environmental NGOs, national institutions, and the public and private sectors to analyze and alleviate or reverse the degradation of Central America’s resource base.

The project had three major components: 1) environmental and natural resource policy initiatives and technical support, 2) environmental education and conservation of biological diversity, and 3) sustainable forestry and agriculture. The activities promoted partnering, development of new approaches to resource management, and mechanisms for institutional information transfer and learning. Of particular interest was the inclusion of women in networks, training activities, and management positions. A common theme of USAID's regional initiatives was fostering the wise use of natural resources through economically attractive activities.

Selected results and outputs associated with the Regional Environmental and Natural Resource Management project activities include the following:

■ The project's policy component produced a participatory policy analysis process, documented in "The Green Book Complex." The Green Book helps governments, nongovernmental organizations, and others understand the potential and real environmental and social effects of policies. They can use this information to help decide whether to support specific policy reforms. The book also helps individuals and organizations review the effect of possible changes to economic, trade, monetary, agriculture, and other macroeconomic and

sectoral policies on environmental degradation and natural resource management.

USAID supported efforts to field-test this policy analysis package and process with nongovernmental organizations across the region. Examples of the use of this analysis package include Nicaragua's and Guatemala's proposed forestry laws and Honduras's agricultural modernization law. The project also supported development of a network of national-level legal experts, an inventory of environmental laws across the region, and a model law that would ease the establishment and management of multinational parks.

■ The project supported improved coordination and access to information for community-based environmental NGOs and facilitated their partnership with international organizations. NGOs such as Defenders of the Sierra Minas of Guatemala and a rural schoolteachers association working on sustainable hillside agriculture in Honduras were supported and partnered with organizations such as CARE and the Nature Conservancy.

One assessment stated that "although its impact cannot be precisely measured, it would be a mistake to underestimate the power of [the project's] impact in putting people and institutions in contact with each other, creating 'home bases' and channels for the collection and sharing of information" (Management Systems International 1995).

■ More than 25,000 farmers were trained in the use of improved agricultural technologies and practices. A majority of those trained adopted the improved practices. In addition, more than 100,000 farmers planted fast-growing multipurpose tree species during the life of the project. A regional institution of higher education granted a hundred master of science degrees. Approximately 25 percent of all people educated or trained were women. The long-term effect of these development activities has continued to be felt after the project ended (USAID n.d.).

■ The project established and strengthened national and regional extension networks. These networks trained extension agents throughout Central America and provided them with information about improved forestry practice, pesticide use, sustainable agriculture, and other relevant practices. One regional tree-crop network had 20,000 registered participants by 1995.

Under one of its various initiatives, the project promoted a concerted Integrated Pest Management Program. Integrated pest management includes an array of technologies that reduce application of toxic chemical pesticides or limit pesticide use to critical situations. It increases the biological control of pests through conservation of natural pest predators, introduction of new pest predators, improved agricultural practices to reduce damage from pests, and combinations of all these measures. Efforts in integrated pest management seek economic gains through reduced costs for pesticides or increased yields through improved practices and natural controls.

Selected results and outputs associated with the Integrated Pest Management Program include the following:

- More than 16,000 farmers, agricultural trainers, health professionals, homemakers, and children received technical assistance and training in safe pesticide use. Another 2,262 people received training in a four-course curriculum that continues to be presented and should be financially self-supporting with participating agencies paying fees. To address research and operational questions, Central

American regulatory agencies and educational institutions have access by fax, modem, and other technologies to a Pesticide Information System. The system was established at a regional institution in collaboration with the U.S. Environmental Protection Agency.

- Sets of nonchemical pest management options have been validated on commercial farms and are available to agricultural producers.

- Laboratories in the region and producers can now measure and maintain control over pesticide residues in foods. A state-of-the-art lab manual for pesticide residue testing is now available.

- Two thousand physicians have been trained in diagnosis and treatment of pesticide poisoning. Four thousand six hundred paraprofessionals have been trained to recognize the symptoms of pesticide poisoning and use appropriate first-aid procedures.

USAID designed the Regional Environmental and Natural Resources Management project to address regionwide issues. The activities were high-risk but with a potential for high payoff. They had economy of scale because of the regional approach. And they had results that crossed country borders. The Integrated Pest Management Program highlights USAID's effort to use demonstrated economic gains as the

means to improve natural resource management (World Resources Institute 1994).

Providing Humanitarian And Transition Assistance

USAID tries to reduce the impact of humanitarian crises by implementing preventive measures, meeting urgent humanitarian needs, establishing security, and increasing the ability of basic institutions to meet critical needs and basic human rights. Humanitarian relief efforts are integral to sustainable development—disasters can wipe out years of development overnight. By helping nations acquire the means to plan for and respond to disasters, and by helping them return to the path of economic and social development, USAID can measurably contribute to a more peaceful and prosperous world.

In recent years, an increasing portion of USAID's humanitarian assistance has responded to complex, or man-made, emergencies. These emergencies represent a demanding and difficult set of challenges to humanitarian response. In recognition of the complexity of these crises, the Agency has moved to link its resources with those of others in the international community to provide faster, more efficient responses to the people who need it most desperately. These linkages—

and how they have worked—are described throughout this discussion. In particular, the USAID–PVO partnership described in the Bosnia example illustrates the effectiveness and appropriateness of integrating USAID resources and programs with other humanitarian organizations.

The Agency has also had to emphasize adaptability in its approach to food aid and food security in an ever changing world. The Agency’s response to shifting needs and obstacles is highlighted by the discussion of USAID/Peru’s food aid program. The next example, of emergency response in Rwanda, reflects an innovative Agency approach to improving short-term food security in a transition environment. Finally, USAID’s experience in post-conflict Haiti offers valuable lessons for the transition from relief to development. Such transitions have become both an important objective of and a major challenge to USAID’s efforts in humanitarian assistance.

Disaster Relief: Linking Resources

The most important issue USAID faces in humanitarian assistance is how to respond appropriately and effectively to complex emergencies.

In the past the Agency has looked separately to three approaches to meet urgent needs in humanitarian assistance: 1) providing timely and effective emergency relief to targeted groups, including women and children, 2) enhancing short-term food security, and 3) integrating emergency activities with other donors and relief operations.

Although the approaches remain valid, pursuing each individually has been difficult, expensive, and time consuming. “Linkage”—bringing the three approaches together to provide a faster, less costly, more integrated and effective response—has emerged from USAID’s recent experience in complex emergencies.

In seeking to respond effectively, the Agency has broadened its partnership with private voluntary organizations. The effect of this increased cooperation in complex emergency response has been most clearly demonstrated through improvements in service delivery—that is, in bringing humanitarian aid to the customer in a more timely, efficient, and sustainable manner. As PVOs have strengthened their organizational capabilities, the Agency has deepened its commitment to the partnership. USAID and the PVO community now share a more common agenda, have engaged in constructive dialog and policy reform on foreign

assistance programs, and have worked together to resolve administrative barriers (USAID Advisory Committee on Voluntary Foreign Aid 1997).

Timing and Cooperation: the USAID–PVO Partnership

Following the 1995 Dayton Peace Accords for Bosnia–Herzegovina, USAID needed a rapid response to the urgent need for resettlement of refugees and displaced persons. The Agency developed partnerships with eight established PVOs to institute a \$25 million program providing basic repairs to 2,500 badly damaged homes. Most were in villages in or adjacent to the area for which the United States was responsible under NATO. All eight PVOs had been running for two to three years and had gained invaluable experience managing geographic, management, and in-country construction programs.

USAID also designed this program to help municipalities aid in the return of displaced persons. Many PVOs had already established good working relationships with municipal leaders and understood the needs of displaced populations. This experience and familiarity greatly eased formal tripartite agreements between municipalities, the returnees, and PVOs.

Each agreement was tailored to fit the specific needs of each area or community. Negotiated with the help of PVOs, the tripartite agreements were key to the success of the emergency shelter program. Because municipal authorities participated in the return process, they assumed ownership of the program and helped uphold the agreements' provisions for residency (USAID/OFDA 1997).

The emergency shelter program began operating with unprecedented speed, owing in large part to the existing capacity of experienced PVOs and USAID's push for timely implementation. By April 24, 1996, only seven weeks after announcing the program, all eight cooperative agreements between USAID and the PVOs had been awarded (USAID/OFDA 1997). During the summer and fall of 1996, all 2,500 homes were rehabilitated with the use of local labor, including short-term employment for demobilized soldiers.

The Agency complemented the emergency shelter repair program with 75 municipal infrastructure projects. These restored water pipelines, electrical systems, schools, and health clinics. In addition, the USAID Rapid Response Fund in Bosnia–Herzegovina underwrote small, quick-impact emergency-driven projects. The projects enabled PVOs to respond immediately to critical needs such as repair of health clinics and provision of stoves, fuel, and winter clothing (USAID/DART 1997).

Food Security

One part of USAID's humanitarian strategy is to improve household nutrition and agricultural productivity for people vulnerable to food shortage. In 1996 more than 800 million people around the world were chronically undernourished, and more than 180 million children were severely underweight (USAID 1996). The U.S. government provides resources to help those in need and in crisis. At the same time, it also works to eliminate food insecurity that contributes to political instability and environmental degradation.

Food security exists when all people at all times have physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life. It has three dimensions: 1) availability of sufficient amounts of appropriate-quality food, 2) access of households and individuals to sufficient resources (such as income) to acquire appropriate foods, and 3) proper use of available food through adequate diet and provision of water, sanitation, and health care (USAID 1996).

Improving Effectiveness In Short-Term Food Security

Enhancing short-term food security is one approach the Agency uses to provide relief in an emergency response. Beyond providing immediate food aid to disaster survivors, USAID helps prevent loss of existing local food sources. In the past, attempts to stabilize food security in complex emergencies have been time consuming and have not always reached the targeted groups. This problem can be worsened by ongoing conflict, mass movements of people, and destruction of infrastructure. That calls for innovative, multipronged approaches for rapid response and effective food-security interventions.

In Rwanda, because of the deaths of farmers and loss of agricultural labor and equipment, grain and root-crop harvests were down by 60 percent and 30 percent, respectively. In response, USAID's Office of Foreign Disaster Assistance initiated the Rwandan Seeds of Hope project to restore capacity for crop production. The project involved seven African countries, six international agricultural research institutions, a dozen nongovernmental organizations, several intergovernmental organizations, and five bilateral governmental aid organizations.

The first initiative of its kind anywhere in the world, Seeds of Hope used existing human and physical resources of the country. The project assembled appropriate seed varieties from national and international research programs. It multiplied them in neighboring countries and delivered them to destitute farm communities that had lost their harvests and desperately needed seeds to recover. Many of the emergency relief PVOs and NGOs working in refugee resettlements in Rwanda received technical assistance on appropriate methods for seed multiplication, crop production, and disease evaluation (U.S. Department of Agriculture n.d.).

Through Seeds of Hope, USAID learned more about how an effective disaster response

can result in improved productivity. The project was a catalyst for similar USAID-funded agriculture recovery initiatives in Angola and Sierra Leone in 1996, demonstrating impact beyond Rwanda (Office of Foreign Disaster Assistance 1996). In addition, the Rwandan Seeds of Hope successes prompted USAID's Greater Horn of Africa Initiative Task Force to fund "Seeds of Hope II." The goal was to provide a preemptive capacity to respond to future disaster in the region. This development links the Agency's short-term food-security measures in Rwanda to one of the Agency's objectives under humanitarian assistance—namely, crisis prevention.

Food Security in Peru

In Peru the primary cause of food insecurity has been poverty. One in five Peruvians has an income below the cost of a nutritionally adequate diet. Fifty-three percent of children under 5 in rural areas and 52 percent of their counterparts in highland areas are chronically malnourished (Development Associates Inc. 1996b).

A wide range of programs have been instituted to improve food security. USAID learned that addressing malnutrition was far more complicated than simply providing food supplements to children. Mission staff came to understand that food assistance must be accompanied by substantial improvements in prenatal and postnatal care, breast-feeding, weaning, diarrheal and respiratory disease control, immunization, family planning, food preparation, and food production practices (Wilson n.d.).

USAID/Peru also found that the interventions needed to reduce malnutrition must come from a variety of disciplines, not just the traditional health sector. To address an issue as complex as food security, areas such as agriculture and income generation must be incorporated as part of the solution.

To address the food needs of the extremely poor in Peru, USAID developed a program integrating maternal and child health, school and community feeding, and income generation. From 1990 through 1995, USAID worked with four major agencies involved in a wide variety of activities:

* Because so many NGOs were involved in this effort, names of individual organizations are omitted.

■ Maternal and child health programs worked with 1.7 million at-risk children and their mothers through the delivery of supplemental food and primary health care services.

■ School feeding programs provided food aid to 1.8 million schoolchildren to improve attendance, academic performance, and nutrition.

■ Community feeding programs provided direct food assistance to 3.3 million urban poor through community kitchens.

■ Income-generation programs provided food for work to 4.2 million beneficiaries. The programs sought to increase agricultural productivity through improved agroforestry and soil conservation techniques. Several partners sponsored programs to raise women's incomes through microenterprise activities, but the number of beneficiaries was relatively small.

The greatest measurable impact from these programs was in maternal and child health. As a direct result of USAID's food aid in targeted areas, chronic malnutrition has been reduced by 30 percent in the past five years. Part of this success is due to the efforts of local nongovernmental organizations.* It reached more than 100,000 high-risk families a year through 1,500 health posts. The programs were highly effective in reducing malnutrition, providing immunizations, delivering adequate prenatal and postnatal care, tending to acute respiratory and diarrheal

diseases, and providing family planning and maternal education.

Approximately half the participants have graduated from this program, pointing to its success. Families "graduated" if they met the following criteria:

■ No malnourishment during at least three of the six months the family has been served

■ Receipt of all required immunizations by participating children

■ Attendance at three or more training meetings by the mother or caretaker

In addition to programs aimed at the extremely poor, the Agency also provided a safety net to a vast number of urban poor who were unable to procure their daily food needs because of soaring inflation. The community kitchen program was successful, building on an existing self-help organization. Community kitchen meals, which provided nearly half the daily caloric and protein requirements of beneficiaries, were organized and served by groups of women from the local community (Development Associates Inc. 1996b, 21–22). The kitchens provided an efficient and cost-effective way of distributing food to those in need in urban slums. At present, the community kitchens remain a potentially valid and useful organizational model, particularly since Peru's economic revival has not

reached the country's poorest and most vulnerable populations.

Transition Initiatives

Over the past decade, USAID has worked to identify the best ways to link emergency assistance and longer term development programs to help countries make the transition from crisis to development. More recently, in postconflict situations around the world, the Agency has attempted to integrate democracy-and-governance elements into aid packages with the aim of easing the transition to peace for the embattled citizens of war-torn societies. This approach supports the Agency's humanitarian transition objective of establishing security and functioning basic institutions to meet critical needs and ensure basic rights.

Demobilization and Democracy

Beginning in September 1994, U.S. military units provided some limited governmental services to support the newly restored government of Haiti and engage Haiti's 6.7 million people in more participatory decision-making. The military role was short-term. USAID was asked to follow up the democracy-building efforts by supporting demobilization of former Haitian military and police and development of local government projects in rural areas.

The Agency's Office of Transition Initiatives worked with local citizen groups and the International Organization for Migration. The Demobilization Program had three specific goals: 1) to neutralize the short-term threat of the former Haitian armed forces; 2) for the longer term, to provide a breathing space from possible disruption by Haitian armed forces to allow other transition activities to occur; and 3) to lay the foundation for the eventual reintegration of the former Haitian military into Haitian society. The program worked with former soldiers to provide job training and counseling and reintegrate them into the community.

In contrast to the Demobilization Program, the Communal Governance Program directed its attention to Haiti's civilian population. In its initial phase, this program sponsored civic education events, such as painting public buildings and refurbishing town parks. That brought people out to discuss political and development issues during the early months of President Jean-Bertrand Aristide's return from exile in the United States. Because of the scarcity of legitimately elected local governments at that time, program implementors generally worked directly with local citizens groups.

As USAID perceived communities' interest in seeing more tangible results, it shifted the program's emphasis to funding small projects such as construction and rehabilitation of community schools. During this later phase, USAID worked with local people in each participating community to establish a community improvement council. It consisted of local elected officials, officials of communal sections, NGO leaders, and community representatives. The councils set priorities, awarded grants, and monitored projects. In carrying out the projects, USAID was able to use the U.S. military to tap additional technical, engineering, and transportation resources in ways that would otherwise not have been possible.

By March 1997, the program had supported 2,363 projects in 122 of Haiti's 133 communes and counties. More than 1,500 municipal authorities and local leaders participated in training programs in 25 subject areas in basic governance and planning. In all, the program engaged more than 2,000 community groups representing 50,000 Haitians throughout the country. The program's wide popularity can be attributed to its ability to allocate and disburse funds quickly, adapt program design to current conditions, and extend the reach of the program outside major urban areas.

Through the Communal Governance Program, USAID hoped to encourage Haitians to develop new ways to confront some of their long-term political and economic problems. As part of this process, the program aided the restoration of more effective local governance. In this way, it:

- Brought local officials and community representatives together regularly to set community priorities for the first time.

- Strengthened accountability in local government by setting specific deadlines for accomplishments, and required community contributions to programs before delivery of USAID resources.

- Provided an example of an effective nonpartisan funding process at the local level by its transparent decision-making and grant award criteria.

- Helped local officials and community representatives become more adept at developing proposals and obtaining funds from other donors. In one case, a community applied for, and received funds from, the Japanese government to cap wells and produce potable water. Local officials shared the surplus funds from this project with a neighboring commune that also needed potable water.

The program also encouraged the Haitian people to move toward greater popular participation in governance:

- Each project required volunteer labor from the community. In many cases, participants offered more labor than was required.

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Managing for Results— Reform, Perform, Achieve





Managing for Results—Reform, Perform, Achieve

Introduction

Since May 1993, when USAID became one of two reinvention laboratories under the vice president's National Performance Review, we have sought to remake the Agency by

- Improving our strategic focus on fewer, more attainable objectives
- Linking resource allocation more directly to program performance
- Reducing redundancy in management and empowering employees
- Instilling critical values of customer service, teamwork, results orientation, empowerment, and diversity into our corporate culture
- Supporting the new values with reformed operating systems that simplify and streamline our work
- Bolstering new operating systems with modern technology that will improve accountability and better track our program and financial performance

These management reforms have made us more responsive, effective, and efficient in delivering assistance in the 79 countries where we had field presence at the end of 1996.

Promoting new management vision has been far easier than realizing it. When we began the task in 1993, reengineering experts in private sector companies and colleagues in other government departments and agencies illuminated the fault lines that lay ahead.

Beyond changing organizational values and introducing new ways of doing business, we faced resource shortages that drove the pace and content of our reform. From 1993 through 1996, we had to cut almost 9 percent from our operating expenses budget, and almost 28 percent from our program dollar budget (excluding Egypt and Israel). We had to cut staff by almost 28 percent. More than 24 percent of U.S. direct hires were let go in the Agency's first reduction in force since the end of the Vietnam War. At the end of 1996, we were spending only about 8 percent of our budget on operating expenses, down from just over 10 percent in fiscal years 1993–95.

These cuts directed our efforts to restructuring overseas operations. Although our comparative strength lies in our overseas presence, deep funding cuts in 1996, especially in operating expenses, meant we could no longer sustain that advantage as we had in the past. So we concentrated programs on a smaller number of higher priority objectives in fewer countries. To balance budget and mandate, we have had to examine how to tailor our mission with fewer resources.

In the midst of downsizing, we were also embarking on a new phase of management reform at the end of 1996. We began to review what we had learned from the previous three years and act on it. We are starting to tackle some tough management areas—human resources and work force management, information management, and procurement reform—to support our smaller, more focused field Missions.

Progress in Implementing The Core Values

1996 marked a watershed in our corporate culture. We began to see evidence of how the new core values were being implemented. We began to develop responses to some unintended distortions that resulted when some of our management systems could not keep pace with the momentum created by the reengineering effort.

Teamwork and Participation

Assessments of 10 country experimental labs as well as other studies indicate strong support for working in and managing by teams. More than half of our field operating units have informally modified their organizational structures by establishing teams to work on strategic objectives while retaining more conventional office setups. A few have explored formally modifying the traditional Mission office to a team structure.

In addition, Missions are reaching out to Washington operating units to join field-based teams. We developed new ways to collaborate using better communications systems and new operating processes. In Washington we now provide technical and program support to the field and our reviews look for results.


Surveys have suggested that while working in teams is labor-intensive at the front end, it has a payoff over the long term. Effective teamwork shortens the time it takes to develop an activity, improves the speed and quality of decision-making, engages partners, informs those who have a stake in our work, encourages us to empower the foreign service nationals working in our Missions, and helps us adjust to having fewer U.S. direct hires overseas. Most of the evidence so far is anecdotal, but it suggests that teams may be more efficient because they encourage program integration, support customer service, and improve performance reporting.

There are also problems with the team approach. For instance, lack of training and constraints on delegating authority limit the responsibility teams can take on. Teams struggle with determining when and how to include partners and customers. Getting support from senior managers has been difficult. And teams put a demand (or premium) on communication and information sharing, which increases our need for and dependence on information technology. We are now using the Internet to access documents in a fraction of the time required previously, e-mail to sustain “virtual teams,” and groupware programs in pilot Missions to facilitate work flow.

The team approach has also illuminated a need to change position descriptions and incentives to support team-based achievement. Missions demanded that we reassess our management policies. That led to an initiative in 1996 called Reform (**R**eengineering **E**ffort for **O**rganization and **M**anagement). Reform, described in detail below, will develop new guidance in organizational management that will give Missions greater latitude in determining their own structures.

At the same time that we began implementing reengineering reforms, we started a pilot New Partnerships Initiative (NPI) in 15 Missions. This initiative takes an integrated approach to development assistance by increasing the capacity of local people—from civil society, the business community, and institutions of democratic local governance—to work together to solve problems at the community level. It builds on one of the precepts of reengineering—increased involvement in the design and implementation of USAID programs by those who have a stake in them.

NPI emphasizes the formation of local and international coalitions of public and private sector people (both between societies and across diverse sectors in a society). Reports from the pilot Missions, compiled in the two-volume NPI Resource Guide, suggest that the effort invested increased local ownership and mobilized



more local resources. The initiative has increased efficiency, targeted development efforts more effectively, broadened access to benefits, and improved sustainability.

Customer Service

The President's Executive Order No. 12862 of September 1993 required that all federal agencies develop and implement customer service plans to measure customer satisfaction, improve program responsiveness and performance, and report results. We worked from our experience with country experimental labs, using technical support from headquarters. And by 1996, we had integrated customer service planning in every operating unit's strategic plan. We have also incorporated it in the Agency's Automated Directives System, our computerized internal manual of policies, essential procedures, and reference materials.

By the end of 1996, we had conducted customer surveys in almost all field operating units and consulted partners and customers in strategic plan development. We made consid-

erable progress in putting customer service plans in place in Missions, although most Washington operating units still do not have them. We also developed new training modules on customer service delivery and initiated limited staff training. Although we believe customer service has improved the quality of strategic planning and managing for results, we need to develop precise measures to validate those assertions.

Empowerment And Accountability

Empowerment involves locating authority and responsibility where resources are managed. Because information is the currency that supports employee empowerment, training is critical to help employees exercise their new authorities. One way we've promoted empowerment and accountability is by unifying headquarters' approval of Mission strategic plans and objectives with authorization to deliver assistance. We do that through management contracts between Mission directors and regional bureau assistant administrators. By the end of 1996, each field operating unit with an approved strategic plan had a management contract in place.

However, our experience so far indicates critical gaps in providing the environment needed for empowerment and accountability to succeed. For instance, some senior managers are reluctant to delegate authority to new teams, particularly if they haven't received adequate training on how to carry out responsibilities in a new environment. Our management contracts reinforce empowerment with heads of operating units, but we continue to struggle with how to provide training for both staff and senior managers.

In addition, operating expense shortages in 1996 meant program and staffing decisions were centralized, frustrating managers' attempts to promote accountability. We need to find ways to decentralize these decisions to lower levels to make the best use of limited operating expenses.

Results Orientation

Our results orientation means operating units are to manage toward achievement of results. This entails setting clear objectives and targets, collecting adequate information to judge progress, and adjusting strategies and tactics as required. This is an ongoing process in which failure can lead to success if we learn from the experience.

By the end of 1996, nearly all operating units expending development assistance were using a new strategic planning process. Field operating units typically propose strategic objectives that take five to eight years to achieve, reflecting the long-term effort required to realize sustainable economic and social development. Strategic objectives must be developed not only with host-country governments and Agency development partners (such as private voluntary organizations), but also with customer input, because it is important to involve those most affected by the interventions.

The inspector general's first interim report on USAID's implementation of the Government Performance and Results Act (GPRA) of 1993 concluded that USAID substantially accomplished what it proposed as a pilot agency. It made progress in developing an Agency strategic plan and made significant progress in establishing performance monitoring systems to report results.

However, the report also said the Agency overstated its progress in reporting under GPRA and had not delegated responsibility for overseeing implementation of GPRA and the development of performance measures, as required by the Government Management and Reform Act. The report recommended delegating implementation responsibilities to one office. That would ensure that strategic plan issues relating to attribution, aggregation, data collection and reporting, and limiting goals and indicators to program areas are addressed.

During 1996 we continued to make progress toward creating a corporate learning culture—a stimulating environment where continuous improvement is a way of life. The Center for Development Information and Evaluation (CDIE) and the Agency's training division collaborated to present a series of 15 workshops, training some 350 employees and partners in strategic planning, performance measurement, and reengineering. CDIE also continued its annual Summer Seminar series, which looks at performance measurement issues for our goals.

Valuing Diversity

We address diversity as a core value in several ways. First, we carry out the mandates of the equal opportunity law, investigate allegations of discrimination, and respond affirmatively to indications of unfair practices, all of which influence the effectiveness and quality of the work environment.

Second, we value diversity because of our unique mission as a foreign affairs agency that works in different cultures. Effective teamwork and participation reinforce the value we place on diversity by providing an environment in which all employees are encouraged to participate, regardless of background, appearance, or interaction style. We have promoted diversity by using more multidisciplinary teams, encouraging use of expanded teams to include partners and customers, and empowering foreign service nationals to head teams or make major contributions to the work of teams.

Third, we believe diversity is a value that requires constant reinforcement through training. During 1996 we initiated training in team management practices and equal opportunity principles.



Achievements in 1996 In Business Areas

USAID made major progress in most of its core business areas and administrative support systems in 1996. These achievements built on the major reforms instituted since 1993.

Operations

Changes in how we plan, deliver, and monitor assistance have been the most dramatic. By the end of 1996, almost all Agency field operating units had strategic plans supported by management contracts. More than half of our Missions had formed and were operating in strategic objective teams with varying levels of delegated authorities. About 80 percent of all our operating units had performance monitoring systems in place with baseline data established for at least one strategic objective.

The Agency's reengineered and streamlined Program Operations System is in full use, and has resulted in dramatic improvements in efficiency. For example, the time from conceptualization to funding of an activity has been reduced by more than one half, according to USAID and Government

Accounting Office surveys conducted at selected Missions in 1996.

In addition, we have broadened the use of umbrella task ordering contracts and increased the use of fixed-price contracts, cutting the time to procure development services by half for some contract actions. Where eight separate documents were required for project approval, only four are required under the reengineered system. While much of this evidence is anecdotal, Missions are reporting similar results during reviews of the annual Results Reporting and Resource Request (R4).

The Automated Directives System (ADS), accessible either by CD-ROM or through the Agency's internal corporate web, replaces 17 of our 33 handbooks and eliminates an estimated 55 percent of all internal regulations.

Procurement

Procurement and assistance are two of the major ways we translate development objectives into performance. They are also among the most important areas of interaction among contractors, grantees, and USAID. Since 1994 we have been part of the overall federal effort to make procurement more user friendly, while administering resources responsibly. We concentrated on two areas: communication and training, and use of innovative contracting techniques and assistance agreements.

Improving communications with contractors and grantees is an important part of our reform effort. In 1996 we used our World Wide Web site to post contract information on some 75 solicitation documents—about half of all competitive contracts. Most of the queries we received on our Web site that year involved procurement.

Within USAID, however, it was equally important to improve working partnerships between activity or project managers and procurement personnel. In 1996 we developed a performance-based contracting course and scheduled training for 1997 for more than half of our procurement officers, as well as a number of nonprocurement personnel. The courses were designed to give new impetus to the use of performance-based contracting in USAID. Procurement personnel are participating more in program performance evaluations, as a result, which should improve contract administration.

In addition, we established a past-performance database on contractor execution and achievements. That is supported by an automated system that facilitates annual evaluation of contractor performance on all contracts more than \$500,000. Agency personnel began to have access to that information in late 1996.

During 1996, we also began using more contract modalities that focus on results. We developed performance-based contract models, and we awarded an increasing number of firm fixed-price contracts. These types of contracts emphasize outcomes and payment for successful completion of specified activities. In fact, level-of-effort contracts that pay for services according to the number of days worked are now the exception. In addition, we are using more award fees and incentive fees.

Organizational Management And Human Resources Management

1996 was a critical year for staffing and organizational restructuring. Driven by severe budget cuts, we began revamping our overseas presence, reducing U.S. direct hires in Missions by 34.4 percent compared with 1992. Eleven Missions were closed in 1996, and another 12 are beginning the transition to smaller, more focused programs.

The most serious and disruptive event of 1996, though, was the reduction in force (RIF). This, coupled with a government shutdown of almost two months, hurt morale and disrupted progress in reengineering. Budget-driven RIFs affected foreign service, general schedule, and foreign service national employees. They reduced U.S. direct-hire staff by 200—about 8 percent of our total U.S. work force. Foreign service nationals were cut by 484 or 10.2 percent.

In projecting staffing capabilities, we determined, in consultation with the State Department, that we would retain full Missions in 25 to 30 countries, about 40 percent of our current full Mission presence. Programs in smaller posts would remain in 15 to 20 countries. That means we will have a presence in only about 50 countries by the middle of the next decade, down from more than 100 countries in 1992.

Some in the Agency are concerned that such dramatic downsizing has eliminated the technical staff necessary to reach our sustainable development goals and depleted our stock of controllers, procurement officers, executive officers, and other management personnel. We need to look at ways to rebuild personnel and determine where best to deploy them—at headquarters or in the field.

We have changed the employee evaluation and assignments processes. Both have long been core concerns of employees, particularly those in the foreign service. 1996 was the first year we put in place a wholly revamped employee evaluation program. It ties employee work objectives to our operating units strategic objectives and, more broadly, the Agency's goals. It puts the emphasis on results and achievements rather than process, provides for 360 degree input—from co-workers, subordinates, supervisors, and relevant customers—empowers appraisal committees to nominate employees for promotion, and places a heavy value on teamwork.

By the end of 1996, we were evaluating the new program to determine ways to strengthen it. The new assignments process enhances transparency and efficiency. The goal is to reduce the time it takes to assign foreign service officers by an average of 50 percent.

Also in 1996 we completed a business systems design in human resources that developed a strategy for automating the critical functions, including assignments, work force planning, and payroll. The new system will give us an integrated database for those three areas, giving employees anywhere in the world on-line access to their records. We have begun procurement of an off-the-shelf software tailored to USAID's needs.

A major reform effort in 1996 was the launching of Reform, the reengineering effort. The initiative's objective was to review management, organization, and personnel issues that inhibit implementation of the new operations system. It will implement changes that will

- Give Missions increased authority to change their organizational structures to support team organizations
- Allow Missions greater latitude to delegate authorities to foreign service nationals
- Revise foreign service national position classifications to reflect the new way of doing business
- Give Missions greater latitude to install incentive systems that recognize results achievement and effective teamwork

Budget

During the past two years, we have struggled to simplify how we allocate resources. Our budget process has been encumbered by congressional directives, in addition to Clinton administration and Agency initiatives. These have significantly reduced our discretion to match resources with performance.

Since 1995, regional bureaus have used a resource allocation system that generally attempts to relate funding decisions in their budget requests to performance, country need, and foreign policy priorities. However, reflecting the unique development characteristics of each region, the bureaus adopted different approaches. This system provided a more transparent methodology for bureau allocations, but because bureau approaches were not comparable, Agencywide budget decisions did not necessarily match performance, need, and priorities.

By the end of 1996 we decided to issue guidance to our operating bureaus to put in place a common system for allocating resources. Under this system, all bureaus are to apply more consistent weights to factors such as performance, country need, development partnership with the host country, and foreign policy priorities. The goal is to identify priorities and trade-offs between as well as within regions. Our regional and central bureaus will use this approach to develop the 1999 internal budget submission.

Information Resources Management

Critical to making our core values succeed is effective information and communication. We measure effectiveness on one level by the quick dissemination of management, financial, and personnel information to the people who need it. An integrated information system, as envisioned by the New Management System, or NMS, empowers employees by providing ready access to shared information and improves accountability through better record-keeping. On another level, communication promotes management effectiveness and teamwork by sharing experiences and best practices within and outside the Agency.

Over the past year we have improved our ability to communicate—internally, with employees, and externally, with customers. 1996 witnessed the development of a variety of channels for reaching employees and customers. These include USAID Internet and intranet web pages with links to Agency documents, policies, and announcements in Washington and 40 of our largest Missions; *On Track*, a monthly reengineering digest; our Automated Directives System and supplementary references on CD-ROM as well as on the Agency's intranet; a Program and Policy Coordination/Center for Development Information

and Evaluation series on reengineering best practices and participatory practices, and Performance Monitoring and Evaluation *Tips* available electronically through CDIE On-Line; a Reengineering and Reform Reference Guide issued periodically by the Agency's Quality Council; establishment of an electronic bulletin board on reinventing USAID; and an employee-developed and -maintained network called RF-NET that serves as an interactive forum on reengineering and Agency policy. All these are supported by electronic help desks. By the end of 1996 all employees had access to at least one channel of management support for management and policy questions.

Our employees are relying more heavily than ever on information technology to enhance productivity and support teamwork. Nearly all our policy statements, USAID-relevant news clips, and remarks on issues by senior USAID and other foreign affairs executives are accessible through USAID's Web site. Our Web site has links to other international organizations, foreign affairs agencies, and nongovernmental organizations, reducing the time dedicated to research and data gathering. Personnel information can also be easily retrieved.

We are also using information technology to improve our outreach to customers and others with a stake in our programs. By the end of 1996, USAID corporate Web pages on the Internet were reaching an estimated 65 million people worldwide. Organizations and individuals are now able to access procurement policies and business opportunities from nearly anywhere in the world. This initiative has clearly responded to outside demand. Monitoring our Web site, we have found most traffic is on procurement.

USAID partners and hundreds of other development professionals join with staff to discuss issues in customer-focused, participatory development on GP-NET, an electronic conversation group, and the Participation Forum, which has periodic sessions posted on USAID's home page.

For employees to adapt to new information technology requires substantial training. A modest beginning was made in 1996, when we trained 200 professionals in the New Management System. This group formed the faculty for training worldwide. We also provide training electronically, using e-mail and CD-ROM, for example, in our new operating systems, as well as in software packages such as WordPerfect, Windows, Lotus Notes, and various spreadsheet programs.

The most serious information management challenge we faced in 1996 was introducing a fully functioning NMS worldwide. Enthusiasm for this integrated financial and information management system was high. Both hardware and software are standardized, and a standard international transmission system was established as the platform for data transmission. We directed substantial effort and funding toward training.

The system was rolled out on October 1, 1996, in 43 Missions and in Washington. The success of the system could resolve the Agency's long-standing lack of an integrated financial accounting system and provide greater efficiencies in budgeting, reporting results, and managing financial resources. Initially, the system processed \$288 million in contracts and grants, as well as an annual \$1.2 billion cash transfer to Israel. In addition, 14,500 records from financial accounting and contract information management systems were moved to the new system's database.

Soon after the system was introduced, however, unanticipated problems that had not come up in testing emerged. These problems, which include interactivity between the different modules, telecommunications linkage problems, and data reconciliation, are slated to be addressed in 1997-98. Problems are not unusual for the start of a new information system and should not impede

our ultimate objective—a system that meets the requirements of an integrated financial and information management system called for in the Chief Financial Officers Act. We are using an unconventional systems approach, but the ground it is breaking, if successful, will benefit government as a whole. We continue to work with the Office of Management and Budget, the Government Accounting Office, and our own inspector general and private sector systems experts to ensure that success.

Financial Management

We improved several areas of financial management significantly. In accountability, we have increased use of automation, permitting us to streamline cash reconciliation. By increasing our use of electronic systems, we pay 99 percent of our personnel through electronic fund transfers. Moreover, we paid 96 percent of domestic vouchers electronically, one of the highest rates of any government agency. Although we did not meet the Treasury frequency rate standard under the Prompt Payment Act (2 percent or fewer of invoices paid late), we were still within the Treasury standard of .02 percent on the amount of interest incurred in relation to the total dollar value of invoices paid. Moreover, the actual number of invoices paid

late decreased by 5 percent, despite problems created by two lengthy furloughs during the fiscal year.

We made limited progress in correcting internal accounting and administrative controls. Ten weaknesses in those controls were identified in 1995. Chief among them was the lack of a single, integrated financial management system. Those 10 remained in 1996. Owing to concerns about internal controls and financial information in the 1996 consolidated financial statements, our inspector general was unable to determine whether the statements were presented fairly or accurately. We had a delay in implementing our integrated financial management system, part of NMS, which prevented significant progress in correcting these weaknesses. But full implementation of the New Management System will correct most of these weaknesses.

In the area of audit, we made a concerted effort to enhance our working partnership with the Office of the Inspector General. The Office of Management Planning and Innovation in USAID's Management Bureau has developed an audit resolution program that closely tracks

and works to resolve recommendations that have not been acted on in more than six months.

With the inspector general's office, we have developed and promulgated procedures and policies for managing and following up on audits through our Automated Directives System. In addition, the management planning and innovation office and the inspector general's office jointly developed a consolidated audit information system that went into effect in April 1996.

Administrative Services

1996 saw the start of intensive work between USAID and State management bureaus, as well as other foreign affairs agencies, to consolidate overseas and Washington-based administrative functions where practical. The organizations agreed to replace the old system of assigning overseas support costs among foreign affairs agencies with a new, more accountable system called ICASS (International Cooperative Administrative Support Services). The long-term objective of the new system is quality service at our field posts at the lowest cost.

Under the system, service providers will be evaluated and held responsible for meeting customer service and account-

ability standards. ICASS is intended to more closely align the costs of delivering management services with the demand for that service. Through local interagency councils, foreign affairs agencies in the field share responsibility for management of shared services. Agencies will pay their fair share (based on usage) of administrative costs. Costs are determined using a methodology that all agencies agree to. Each agency provides services in areas where it has developed a competence.

The new system is being implemented over three years. In 1996, it was tested at four pilot posts, two of which (Poland and El Salvador) had USAID presence. The system was adjusted after an assessment conducted in April. We distributed ICASS handbooks and the required software to the field by the end of 1996. The system was introduced worldwide in 1997. Once Congress approves a transfer of funding, ICASS will be fully implemented.

The most significant administrative event of 1996–97, though, was planning for the consolidation of our operating units into an office building at Federal Triangle. When completed, USAID will move from 11 sites to 1. This will improve productivity by eliminating the need to transport employees between buildings and by facilitating contacts between bureaus. A major challenge, however, will be to sustain close coordination with the State Department now that we will be housed in a different building. This will require, at minimum, improvements in electronic communications, including e-mail.

Finally, in 1996 we initiated our last business area analysis of property management. USAID acquires and controls property in support of its offices in Washington and overseas. The Agency tracks this property through 15 automated and manual systems. The purpose of this last analysis was to identify system requirements for the purchase of commercial off-the-shelf software to replace the current cumbersome systems and allow better property management and accountability.

Conclusion

The objective of reforming our management systems has been to deliver development resources more responsively, effectively, and efficiently. As our global mission has become more complex and we respond increasingly to transnational problems, countries in transition, and manmade and physical emergencies, our management systems have been challenged. Changes in the international environment and cuts in staffing demand management change. A traditional USAID Mission may no longer be appropriate in some cases. Increasingly, we judge the success of management responses by managers' adaptability and effectiveness in a variety of development situations.

Our management systems tried to meet this test in 1996 in response to program challenges in southern Africa, Bosnia, Cambodia, Liberia, the new independent states, Rwanda, and the West Bank–Gaza, to name a few. We learned that reengineered systems demonstrate their value to the extent they help us meet such challenges with fewer resources and



staff. We tested our new management approaches in the heat of crisis and discovered we need to reassess the relationship between Washington and the field. Specifically, we need to clarify which functions are appropriate for headquarters and which are appropriate for field operating units.

We also need to look into developing the ability to manage activities without direct field presence. Despite formal changes in delegating authority and promoting empowerment, some Missions told headquarters that some decisions were more centralized in Washington than in years past and that workloads and paperwork were increasing. Severe budget and staffing constraints imposed by appropriations cuts were partly to blame for this situation. But we need to reassess internal decision-making and delegation of authority in this light. Our NGO partners, who often carry out AID-financed activities in countries where we have no Mission presence, have pointed out inconsistencies in the NGO–USAID partnership. They suggested ways to strengthen this relationship by improving

communications and making Agency operations more consistent with our core values.

1996 further demonstrated the technology-dependence of USAID’s reengineered management systems. Technology has a multiplier effect in being able to help us track financial resources and report on results. It is a powerful tool that allows us to work more efficiently in a team-based, empowered environment. The challenge is making technology live up to expectations. That said, our ability to implement management reforms is not hostage to having such technology fully in hand.

We are moving from the pilot phase to institutionalizing reform in our business areas. Of course, not all areas are moving at the same pace. Experience in both the public and private sectors demonstrates that reengineered organizations do not remake all of their systems at once. The challenge is rather to maintain coherence through effective coordination among all business areas. Problems appeared in 1996–97 in human resources (specifically, workforce planning and staff train-

ing), organizational management (the structure and staffing of Missions), procurement (removing rigidities from the procurement process), and information management. Groups of Agency employees have been organized to work on each of these problems.

Most important is the critical change in corporate culture that must be nurtured and sustained. People’s attitudes don’t all change at the same time. Even when attitudes do change, translating that into a new corporate culture or doctrinal change requires continuous behavior reinforcement and organizational self-evaluation. The past year has taught us that if we remain a learning organization, we will sustain our new systems. This means tolerating risk where called for, instilling controls where required, and rewarding achievement where demonstrated.





Annexes

