



Evaluation Findings and Lessons





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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.

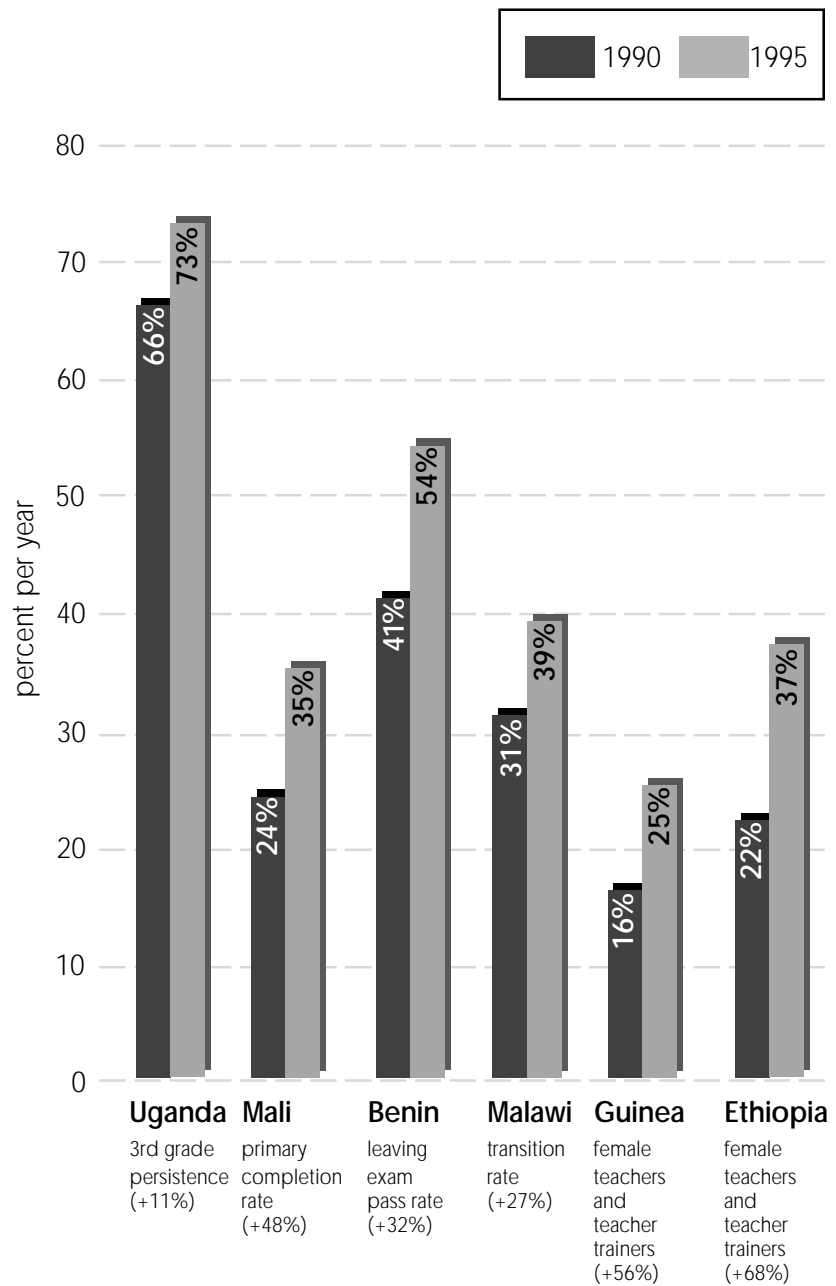
*Among the deterrents are the low value placed on girls' education by parents and teachers, demands on girls' time for domestic work, late school entry, and educational materials and teacher behavior that are biased toward boys.

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.

Unhealthy 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.

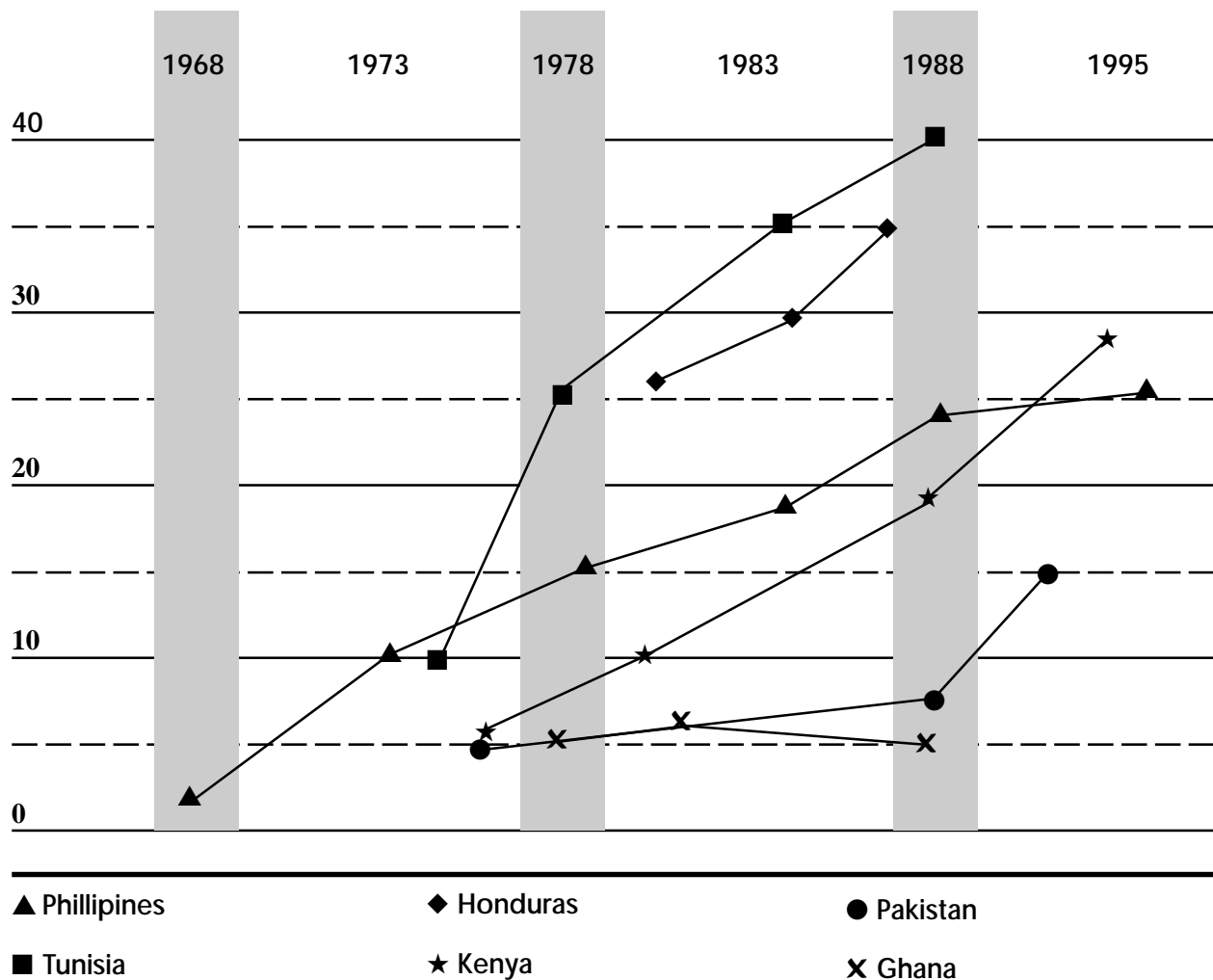
In 1989, President Jerry Rawlings of Ghana openly switched to strong support for family planning. In the Philippines, President Ferdinand Marcos was an early and avid supporter of family planning. But in 1982, when Roman Catholic leaders denounced family planning, his government backed away from overt

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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