

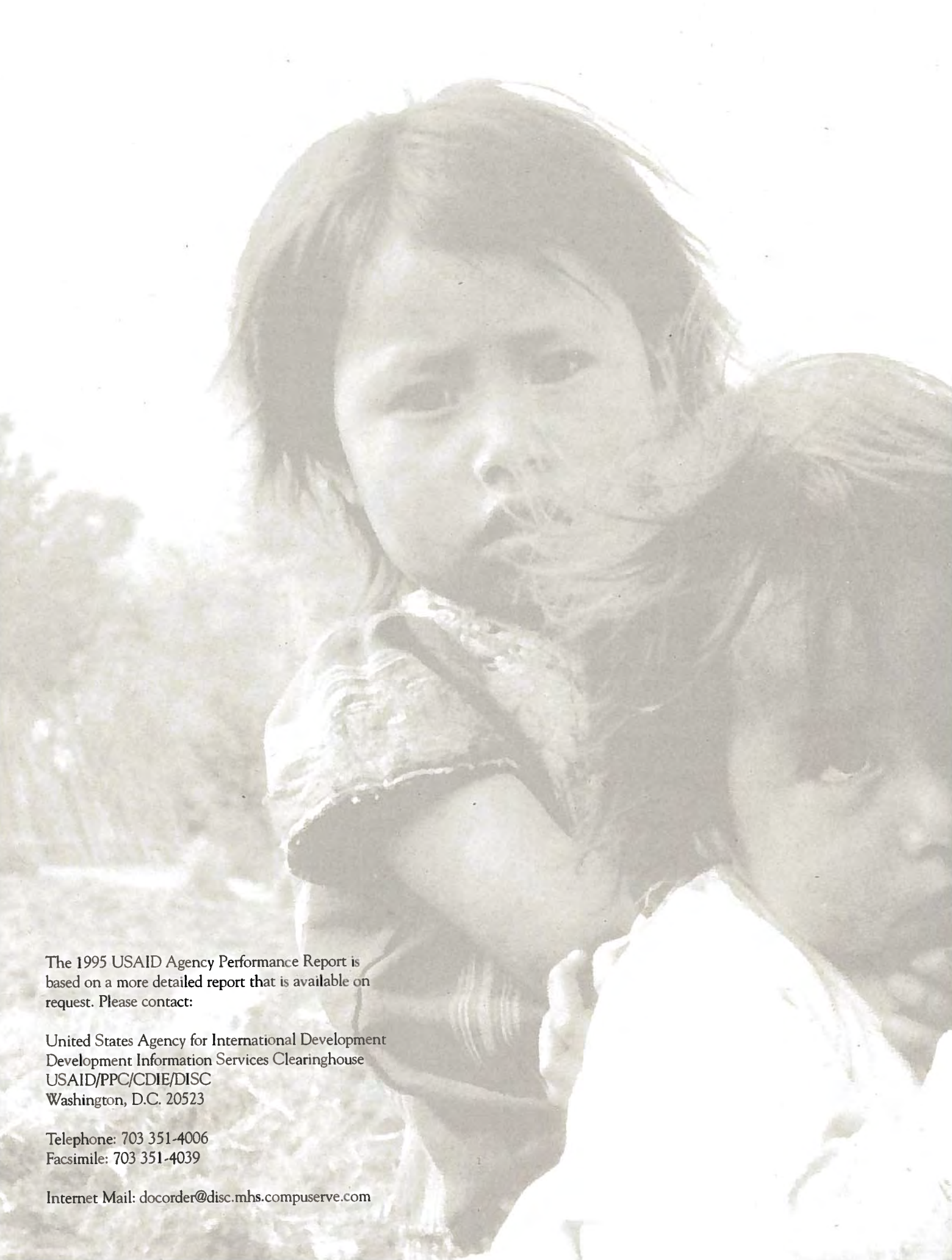


AGENCY
PERFORMANCE
REPORT

1995

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The 1995 USAID Agency Performance Report is based on a more detailed report that is available on request. Please contact:

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INTRODUCTION

Since 1961, the U.S. Agency for International Development (USAID) has carried out America's economic and humanitarian assistance programs abroad. U.S. foreign assistance has always had the twofold purpose of furthering America's foreign policy interests in expanding democracy and free markets while improving the lives of citizens in the developing world. Spending less than one-half of 1 percent of the federal budget, USAID works to achieve five interrelated development objectives: promoting broad-based economic growth; advancing democracy; stabilizing population and protecting human health; protecting the environment; and saving lives and preventing disasters through humanitarian assistance.

During the Cold War, advocates and critics alike agreed that foreign assistance was often directed primarily to advance U.S. strategic interests in Africa, Latin America, the Middle East and Asia. Foreign assistance programs placed a high priority on offsetting Soviet influence in these regions. As a result, U.S. foreign assistance was — at times — directed to nations that failed to embrace basic democratic principles and sound economic policies.

The end of the Cold War brought a unique opportunity to redirect U.S. foreign assistance to better advance America's interests in a rapidly changing international environment.

Competing Successfully in the Global Economy

Perhaps the most striking trend to emerge in the wake of the Cold War is America's role in an increasingly interconnected, and highly competitive, global economy. The emergence of new and expanding markets for the U.S.

economy and their strong potential for growth have made the economies of developing nations increasingly important to the United States.

Most of the growth in U.S. exports continues to come from countries in the developing world and countries in transition from state-dominated to free-market economies. Between 1990 and 1995, exports to developed countries — such as America's traditional trading partners in Western Europe — grew by only 5.7 percent. In contrast, in 1995 alone, U.S. exports to developing countries rose by 11.8 percent. Annual growth in such exports has averaged 12 percent over the last 10 years, with the yearly total almost tripling since 1985.

Between 1990 and 1995, American exports to transition and developing countries increased by \$98.7 billion. This growth supported roughly 1.9 million jobs in the United States, using the common multiplier of 20,000 jobs generated by each billion dollars worth of exports. Economic growth and development abroad directly benefit the U.S. economy in terms of trade. U.S. exports to the developing world rose to a record \$215 billion in 1994. Increased U.S. income and employment from export growth are tangible benefits of expanded trade.

USAID plays a critical role in helping to develop new markets for the United States, understanding well that poor people make poor customers and that bad policies and weak institutions make for a poor business climate. Foreign economic and humanitarian assistance programs in the developing world constitute a critical investment in the future of the American economy. USAID programs help increase standards of living, enabling nations to begin to afford greater quantity and quality of American goods and services.

In the wake of the Cold War, USAID has been called on to serve as a frontline agency in helping to secure a number of high priority political and economic transitions around the globe.

Foreign assistance also fosters an enabling environment for U.S. trade and investment in developing nations by helping secure open environments for trade. USAID programs are often instrumental in establishing fair business codes, viable commercial banks and reasonable tax and tariff standards. Foreign assistance helps create the stable and transparent business climates within which U.S. companies can operate successfully abroad. Programs in other key areas such as health, the environment and population help support the prospects for lasting economic growth and enable nations to become less dependent on aid.

A Changing Role and a Changed Agency

In the wake of the Cold War, USAID has been called on to serve as a frontline agency in helping to secure a number of high priority political and economic transitions around the globe. In places such as Russia and the New Independent States of the former Soviet Union, South Africa, Haiti, the West Bank and Gaza, and Bosnia, USAID continues to play a vital role in assisting historic advances toward free and peaceful societies.

In addition to assisting nations as they make the transition away from closed economic and political systems, USAID has also responded to the ongoing exigencies of complex humanitarian crises in nations such as Rwanda, Bosnia, Liberia and northern Iraq. The proliferation of these complex crises has placed millions of civilians in conditions of dire humanitarian need and strained the international community's ability to respond to these urgent requirements. In addition to these high-profile activities, USAID continues to carry out equally important long-term development programs around the globe.

As the foreign policy concerns of the United States have evolved over the past decade, the role of USAID has become more focused. Three years ago, USAID became a reinvention laboratory under the National Performance Review, one of only two U.S. government agencies so named. As a reinvention laboratory, USAID focused on fewer, more attainable objectives; simplified the agency's organization and empowered its staff; and redesigned and simplified the ways it does business.

At the end of 1995, the agency had

- Defined a clear and understandable set of policies based on producing demonstrable results and accurately monitoring and evaluating all of USAID's development activities;
- Announced the close-out of 24 overseas missions over a three-year period;
- Reduced total staff by over 1,750 positions and permanently eliminated 70 senior positions;
- Combined administrative costs with other government agencies to achieve \$7 million in cost savings over five years;
- Reduced project design time by 75 percent;
- Cut regulations by 55 percent;
- Developed a new electronic acquisition and procurement planning system that replaced 65 different systems and eliminated tons of paperwork; and,
- Cut competitive contract award time by over 50 percent.

Delivering Assistance — The Agency's Strategy

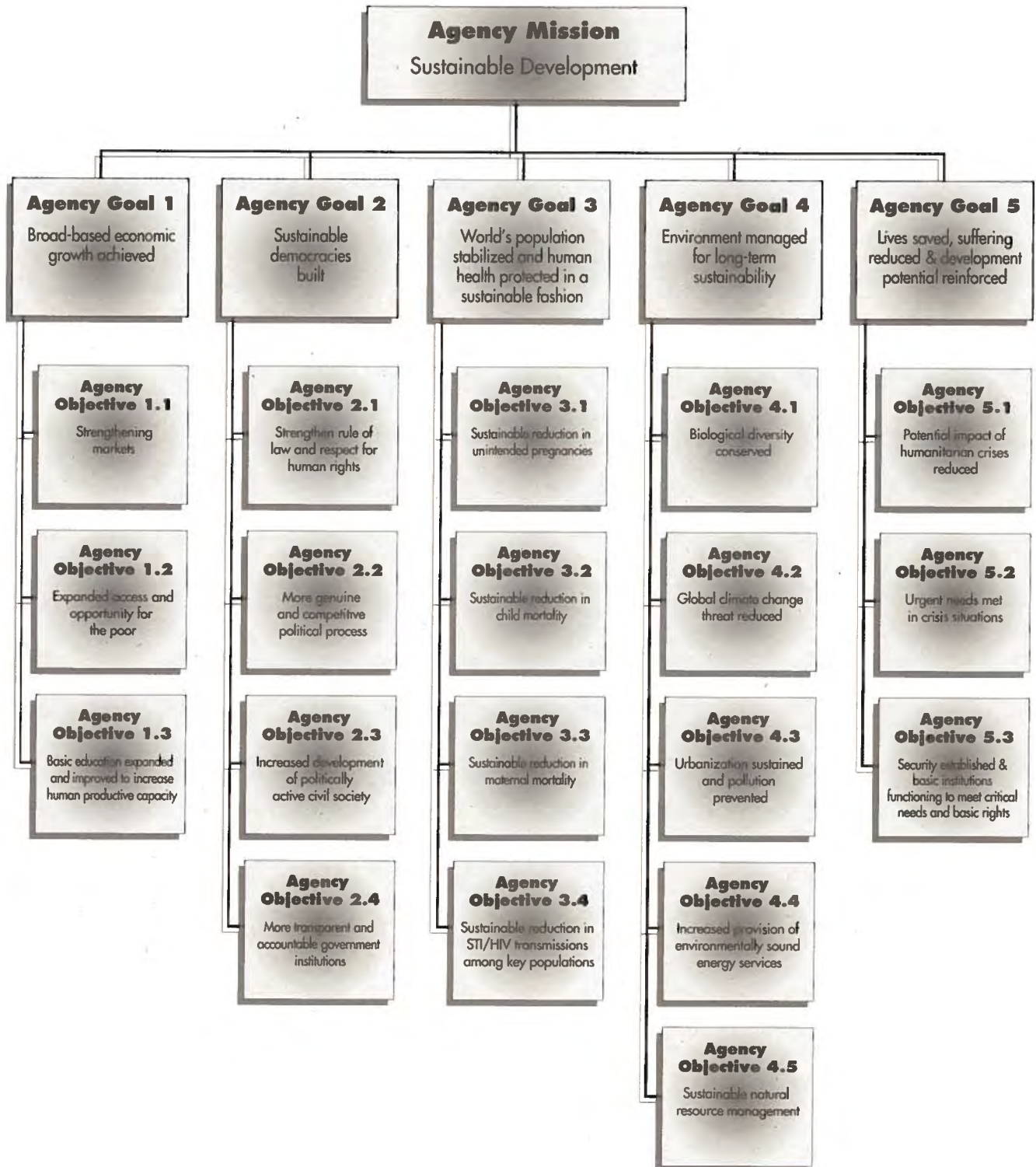
Under the leadership of the Clinton administration, USAID has honed its strategic approach to more closely reflect U.S. national interests. Gone are the days when foreign assistance will be offered to nations that fail to embrace the basic tenets of good governance and sound economic development. USAID considers the following national interests when identifying countries for foreign aid:

Promoting U.S. economic security: USAID programs create markets abroad for U.S. goods by fostering a sound policy and institutional environment and promoting lasting economic growth in developing countries.

Enhancing prospects for peace and stability: USAID programs in areas such as Central and Eastern Europe, the New Independent States, the Middle East and Central America are critical to reduce the potential for conflicts that would gravely threaten U.S. security.

Preventing humanitarian and other complex crises: In the last year, USAID has taken an

Figure 1
USAID Goals and Objectives



Lessons Without Borders

In 1994, USAID launched the Lessons Without Borders program to introduce techniques used overseas to help solve some of the social and economic problems that the United States faces at home. Baltimore, Boston and Seattle have hosted Lessons Without Borders programs. Lessons Without Borders brings home to American

communities some of the innovative techniques in health, economic development and the environment that have been discovered through foreign assistance programs. Nine Baltimore health care and economic development professionals traveled to Kenya and Jamaica to see USAID projects in action. USAID had helped Kenya

achieve an 80 percent immunization rate for 2-year-olds; Baltimore's immunization rate for 2-year-olds at the time was only 56 percent, and only 62 percent of Baltimore's school-age children had all their required immunizations. With strong support from Baltimore's mayor, and using techniques witnessed in USAID pro-

grams abroad, Baltimore launched a massive immunization campaign in 1995. Some 39,000 school-age children were either immunized or more complete records were collected for them. The bottom line: The rate of documented immunization in Baltimore is now 96 percent.

aggressive approach to prevent massive humanitarian crises before they occur, in an effort to stem the high financial and human cost of peacekeeping, refugee crises and emergency relief operations.

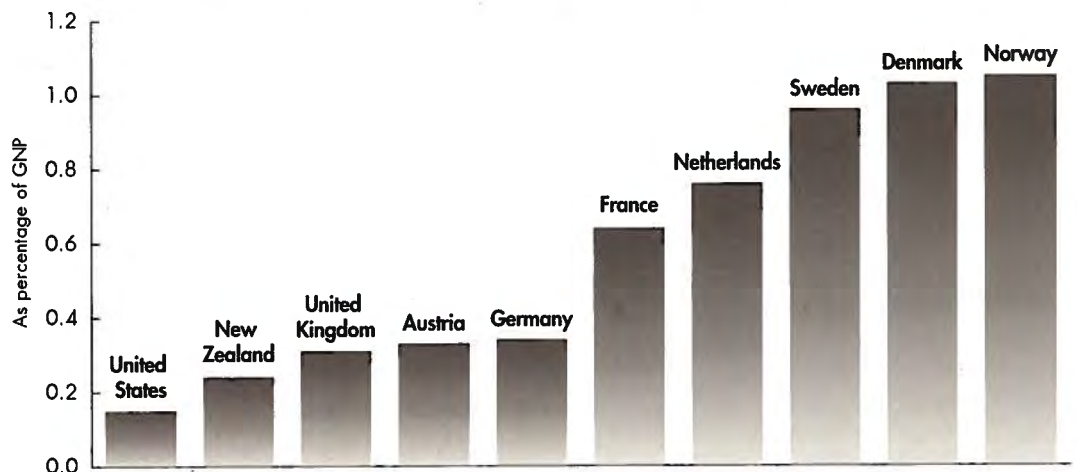
Protecting the United States against specific global dangers: USAID efforts beyond America's borders are increasingly important in protecting the United States from such clear threats as the spread of the Ebola virus, unchecked population growth and loss of biodiversity.

USAID has identified five goals that directly advance the national interests listed above and promote lasting economic and social development in nations receiving U.S. foreign assistance. The five agency goals are: promoting broad-based economic growth; advancing democracy; stabilizing population and protecting human health; encouraging sound environmental management; and responding effectively to humanitarian crises. Within these

five overarching goals, USAID has identified 19 agency objectives that contribute to achieving these goals. (See Figure 1.)

USAID's progress toward achieving these specific goals and objectives is outlined in this report. However, because of its brevity, it is impossible to offer a full and complete breakdown for every country receiving assistance and its progress or setbacks during the course of the last year. Instead, this report is designed to provide a broad overview of USAID activities and their impact. As with any endeavor, some activities were more successful than anticipated, and some programs did not achieve their desired results. But, because of USAID's increasingly effective use of performance measures and evaluation, the agency is now better able to correct or discontinue activities that are not achieving intended results. These performance measures also make it easier to identify and share those techniques and approaches that have proved particularly effective on a larger scale.

Figure 2
Foreign Aid as a Percentage of Gross National Product 1994



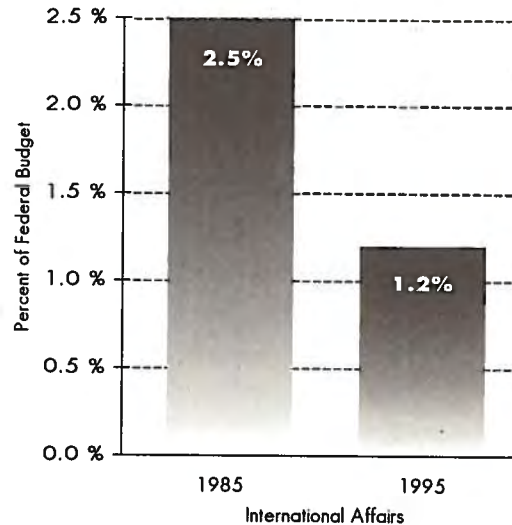
Declining Resources

It is important to note that even though USAID has responded effectively to a wealth of challenges in the post-Cold War world and has made impressive strides in streamlining and reforming its management, it is carrying out its mission against a backdrop of sharply declining U.S. resources available for foreign assistance.

Since foreign assistance became a cornerstone of U.S. foreign policy after the end of World War II, the relative size of the U.S. assistance program, in real dollars, has declined steadily. In 1949, during the Marshall Plan, foreign aid represented 3 percent of U.S. gross national product (GNP). Now foreign assistance represents about 0.17 percent of U.S. GNP. The United States currently is the least generous of any major industrialized nation when foreign assistance is viewed in terms of its percentage of GNP. (See Figure 2.)

Japan has surpassed the United States as the largest donor of foreign assistance in actual dollar terms, and the United States currently contributes only about 17 percent of the worldwide total of foreign assistance. The United States and Australia are the only two nations among the 17 principal donors of foreign assistance whose constant dollar per capita foreign assistance contributions have declined since 1970.

Figure 3
50% Cut in International Affairs
Share of Federal Budget
From 1985 to 1995



Since 1985, not only foreign assistance, but the total foreign affairs portion of the federal budget has declined dramatically in both real dollar terms and as a share of the federal budget. In 1985, total foreign affairs spending constituted 2.5 percent of the federal budget. By 1995, total foreign affairs spending had fallen to 1.2 percent of the federal budget. (See Figure 3.)

Leadership and Cooperation in Foreign Aid

Coordination and cooperation between international donors of foreign assistance become increasingly important as a growing number of nations engage in foreign assistance programs. Several important trends have emerged in international spending on foreign aid. The United States' relative share of the total of donor assistance levels has dropped sharply over time, and overall funding dedicated to foreign assistance has leveled off in recent years. Throughout the 1950s and 1960s, the United States accounted for more than 50 percent of all official development assistance. Today, U.S. foreign assistance accounts for only about 17 percent of total foreign assistance. (See Figure 4.)

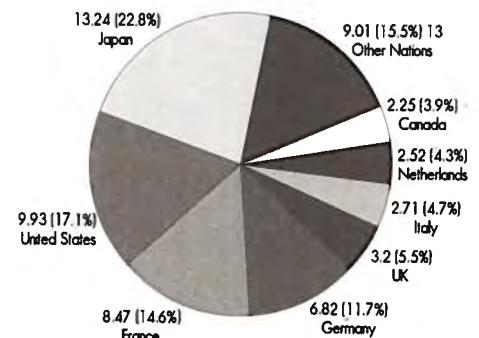
These trends reflect both the United States' relative decline in spending on foreign assistance, and the economic prosperity of an increasing number of nations that has allowed them to become members of the donor community. Many of this new

generation of donors were helped by the United States to rebuild after the Second World War as part of the Marshall Plan.

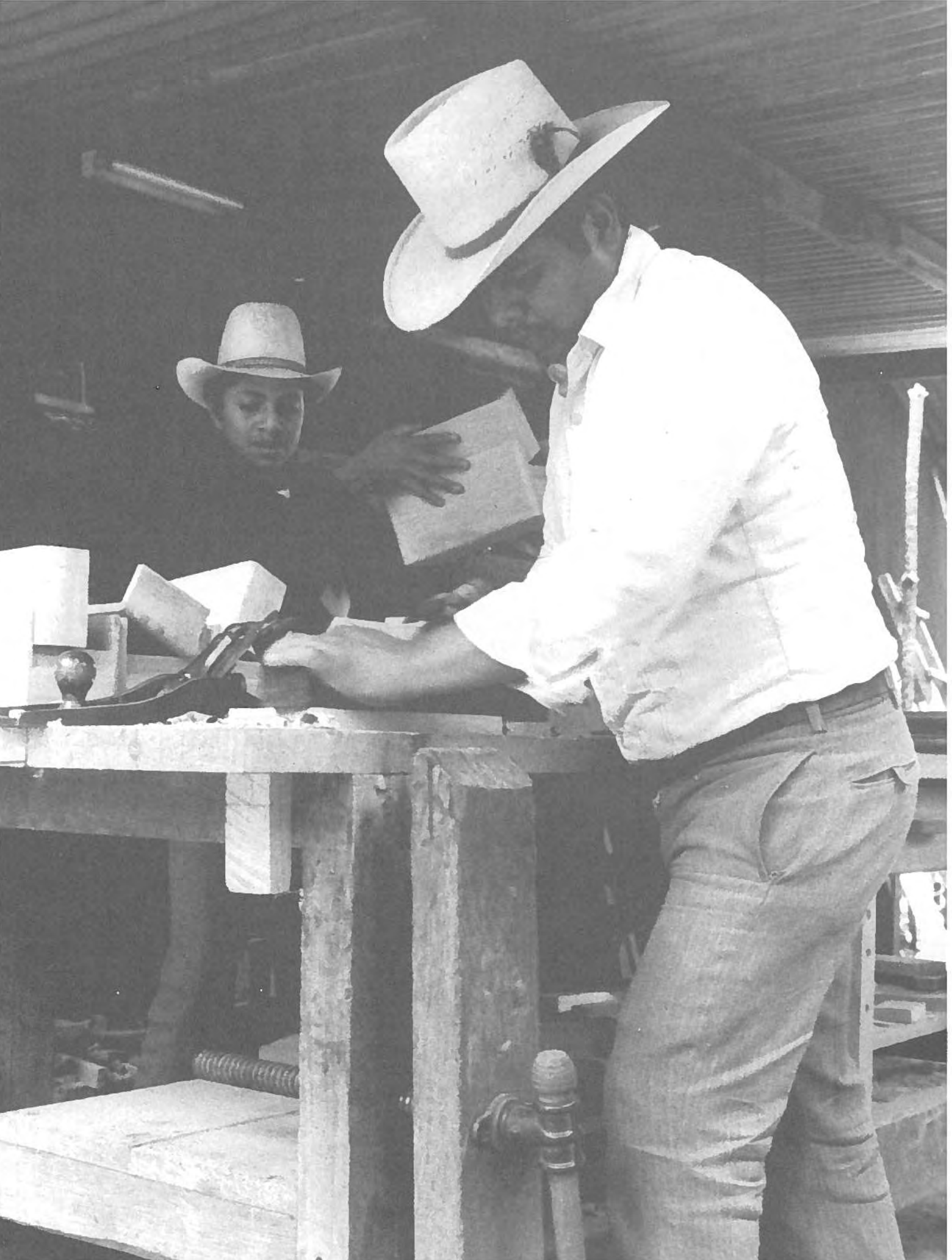
Many of the successful programs cited in this report would not have been possible without the partnership and cooperation of other donors and organizations.

A good example of the considerable potential of donor coordination comes from the Vaccine Independence Initiative. The initiative created a fund for countries to buy vaccines, while providing technical support to help them forecast their vaccination needs. USAID's initial \$1 million grant to UNICEF in 1992 has been augmented by more than \$4 million in contributions from the governments of Australia, Japan, the Netherlands, New Zealand, Norway and the United Kingdom. UNICEF added \$4.3 million to the initiative from its general fund.

Figure 4
Foreign Assistance
By Donor Country 1994
Billions of Dollars



Total Donor Assistance in 1994 was \$59.15 Billion
U.S. Foreign Assistance was 17.1% of This Total



PROMOTING BROAD-BASED ECONOMIC GROWTH

Economic growth is the cornerstone of development. Without sound economic policies, institutions and investments, it is simply impossible for any nation to consistently improve the lives of its citizens. Lasting economic growth increases income, boosts employment, enhances food security and reduces poverty. Economic growth is also integral to achieving USAID's four other development goals.

Broad-based sustainable economic growth results mainly from policies and institutions in developing countries that support private markets and sound public investments in human resources and infrastructure. In recent years, developing countries, and countries emerging from years of state-dominated economic and political systems, have made significant strides toward adopting open and market-driven economies. USAID continues to play a pivotal role in encouraging these reforms.

USAID has three principal objectives fundamental to achieving its goal of promoting broad-based economic growth: strengthening markets; expanding economic access and opportunity for the poor; and expanding and improving basic education. In Central and Eastern Europe and the New Independent States of the former Soviet Union, the agency specifically assists countries in making the transition from command economies to private sector-oriented, market-driven economies.

Analysis of annual growth in the gross domestic product (GDP), a core indicator for the agency's economic growth goal, reveals that economic growth in developing countries over the past decade has been mixed, but more rapid, more broad-based and more sustained than generally perceived. Of the estimated 2.2 billion people who lived in developing countries that received USAID assistance during this decade,

nearly two-thirds were in countries that achieved rapid annual per capita economic growth (above 2.4 percent). Another 20 percent lived in countries with growth equal to or better than the U.S. rate (1.2 percent). In almost all countries that attained positive economic growth (and for which data are available), the incidence of poverty fell. Income distribution improved in two-thirds of these cases. Over the longer term, we have also seen major declines in the incidence of poverty in countries such as Indonesia, Thailand, Colombia, Costa Rica and Morocco, among others.

USAID economic growth programs have helped a growing number of nations such as Costa Rica, Tunisia and Thailand graduate from U.S. foreign aid.

Economic growth in developing countries over the past decade has been mixed, but more rapid, more broad-based and more sustained than generally perceived.



Learning from Experience: Exports in Uganda

The expansion of non-traditional agriculture often allows farmers to increase their incomes and benefits the United States through the increased purchase of U.S. food processing equipment by developing nations. In Uganda, USAID helps

small farmers produce and export non-traditional agricultural exports, such as snowpeas, mushrooms, peppers and roses. Crop diversification has reduced Uganda's heavy dependence on coffee for exports and government revenues. Though non-

traditional exports more than doubled from 1990 to 1993, to \$68.4 million, the USAID program did not reach its ambitious 1994 target of more than nine new agricultural products with annual exports exceeding \$2 million. In response,

and after careful analysis, USAID realized that a lack of cold-storage facilities at the airport was a major constraint to further export expansion for Uganda's farmers. With USAID support, new cold-storage facilities are being built.

Strengthening Markets

Well-functioning, dynamic markets are essential for economic growth and poverty reduction. Open and competitive private markets stimulate economic activity and accelerate growth, providing increased incomes and employment. USAID assistance in a wide range of countries focuses on establishing a sound economic policy and regulatory environment.

Some of USAID's most dramatic successes in economic policy reform have come in privatization. The agency plays a major role in helping countries in Central and Eastern Europe and the New Independent States move from command economies to private sector-oriented, market-driven ones. The importance of these privatization efforts is difficult to overstate. They represent a major foreign policy initiative to help ensure that these nations make a permanent transition to free markets and open political systems. The cost of conducting such economic assistance programs in these regions pales in comparison to the exorbitant costs associated with a return to Cold War-style strategic confrontation.

The privatization of state-run enterprises and the dismantling of state monopolies in production, processing, marketing and the distribution of goods and services are critical to these nations' transition to free markets. Since 1993, USAID has helped 11 countries in Europe and the New Independent States privatize more than 151,000 enterprises. Those nations that have taken an aggressive approach to reform and privatization and that have fully engaged broad numbers of individual citizens in a rapid privatization process have made remarkable progress. Overall, progress toward

privatization has been mixed across the countries in the region, but — on balance — those nations receiving USAID privatization assistance have come further, faster, than even the most optimistic observers could have hoped several years ago.

USAID also has helped to liberalize agricultural markets in Egypt, Zambia and Zimbabwe, leading to expanded agricultural production, heightened private sector activity and increased rural incomes. In Zimbabwe, public spending for agricultural marketing and support has declined by \$160 million since 1993. As a result of reduced government intervention in the market, the poorest households in Zimbabwe now have about 5 percent extra monthly income.

USAID efforts to help construct, rehabilitate and maintain urban and rural roads in nations such as El Salvador, Guinea, Mozambique, Nicaragua, Tanzania and Uganda have played an important role in invigorating the private sector in these nations. USAID-supported farm-to-market roads increased commerce and halved transportation time and cost in the project areas. In Tanzania, with USAID assistance and advocacy, private sector involvement in the national road program increased significantly. By 1994, 90 percent of the contracts were in the hands of private firms. Privatization has reduced transport and freight charges by 20 percent.

Expanding Economic Access and Opportunity for the Poor

Even where markets are functioning well, economic benefits are uneven because of differential access to information, technology, credit

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and other resources. USAID activities particularly target small-scale farms and non-farm enterprises that provide much of the income for the poor in the developing world. Moreover, many of USAID's activities in this area focus on women, who make up more than half of the productive population and are disproportionately represented among the poor.

One of USAID's most enduring successes in expanding economic opportunity has been its microenterprise programs. These programs have been so effective that a number of American cities are now exploring putting similar lending programs in place. For example, USAID's support of \$3 million led to the creation of BancoSol in Bolivia, a licensed commercial bank that provides loan and deposit services exclusively to poor microentrepreneurs. At the end of 1994, after less than three years of operation, BancoSol had served over 305,000 clients—most of them Indian women—with loans averaging \$400 each. The bank makes more loans every month than the rest of Bolivia's banks combined. BancoSol's present

microenterprise loan portfolio is over \$60 million. Because the bank generates profits that are reinvested in expanding its services, and because it is able to finance almost all of its portfolio with funds from commercial sources, BancoSol can grow rapidly without any donor subsidies.

Successes like BancoSol have proved that it is possible to provide credit to large numbers of poor people without requiring continuing subsidies from donors. USAID-supported microfinance programs all around the world are progressing toward this goal. The value of these loans to recipients is demonstrated by the customers' willingness to pay interest rates that cover the full cost of the programs and to repay the loans at nearly a 100 percent rate to maintain access to future credits. USAID evaluations of its microenterprise programs found that 10 of the 11 institutions the agency examined were operationally efficient and reached large numbers of poor people with their services. Five of the institutions were fully profitable and generated positive returns on assets comparable to

One of USAID's most enduring successes in expanding economic opportunity has been its microenterprise programs.





commercial financial institutions. In 1994, USAID microenterprise and small farm loans helped create over 99,000 jobs in the Dominican Republic, Honduras, Niger and Peru. More than 225,000 poor households, microenterprises and small farms in nine developing countries received USAID-assisted loans in 1994.

USAID programs work with small farmers in support of land reform in areas like establishing land titles and property transfers. USAID realizes that in large portions of the developing world, agriculture is a key component of broad-based economic growth. Property rights enhance small farmers' incentives to improve and increase their agricultural production and give them the security of knowing that their investments of time and labor will not be unfairly taken from them.

Expanding and Improving Access to Basic Education

There are few undertakings that offer such high rates of return — for any society — as investing in education. Education is a primary means for strengthening the human resource base and, thus, productivity. Further, numerous studies have demonstrated that investments in education — particularly basic education — not only lead to valuable increases in economic productivity, but also significantly contribute to improving health, stabilizing population and increasing sound environmental management.

USAID activities emphasize increased access, efficiency, quality and equity of education, particularly at the primary level.

In Africa, where some of the most significant advancements have been seen in education, the comprehensive Education Sector

Policy Reform in Guinea-Bissau

Policy reforms often have far-reaching effects throughout an economy. Guinea-Bissau accounts for about 6 percent of world cashew production. Its cashew farmers have a major comparative advantage because their productivity is more than double the world's biggest producers,

Brazil and India. Of the estimated 79,000 rural families in Guinea-Bissau, more than 37,000 are involved in cashew production, a crop that accounted for more than 90 percent of exports in 1994. USAID encouraged a reduction of the export tax for cashews from

more than 50 percent to 20 percent in 1994. With this trade restriction lowered, economic activity boomed. Real GDP grew by 6.3 percent in 1994 — almost double the rate of the early 1990s. Furthermore, from 1992 through 1994, farmer income from cashews rose from \$4.2 million

to \$10.6 million — an average increase of \$156 a family. Private sector activity increased, as shown by the dramatic rise in the number of small traders, reaching 18,500 in 1994.

Promoting Agribusiness

Recent assessments from Bangladesh, Guatemala, Cameroon, Ecuador, Thailand, Sri Lanka and Uganda offer important insight into USAID's efforts to strengthen agribusiness. Programs to privatize fertilizer distribution succeeded beyond expectations. Most of the programs aimed at promoting non-traditional agricultural exports not only increased such exports, but also helped create a business climate conducive to private sector growth. Especially successful were programs that boosted the growth of small and

medium-size private agribusiness firms. Less successful were programs promoting marketing cooperatives. These had high operating costs, a habit of depending on government and donor assistance and sluggish responsiveness to opportunities. Agribusiness programs did not attract significant foreign direct investment but did facilitate collaborative arrangements between U.S. firms and local entrepreneurs. Efforts to promote membership-based private organizations of agricultural producers, processors and exporters fared

well. These organizations emerged as powerful voices to articulate the interests of their members and to press for regulatory reform.

Several important lessons emerged:

Agribusiness programs should focus primarily on improving a country's policy environment; assistance to individual enterprises should be secondary.

Agribusiness development programs should follow the lead of

the private sector, not assume the lead.

USAID should continue to design interventions geared to small and medium-size firms. These programs should promote entrepreneurship among women.

Programs should support cooperatives only when they demonstrate the will and ability to subject themselves to the discipline of the marketplace.

Support programs, carried out in collaboration with other donors, emphasize policy reforms. Since 1989, when these programs started, enrollments increased from 50 percent to 65 percent in Benin and from 27 percent to 40 percent in Guinea. In Benin and Mali, between 1990 and 1994, the pass rate for primary-school leaving exams rose, respectively, from 40 percent to 58 percent and from 40 percent to 45 percent.

USAID-supported policy reforms in Guinea have resulted in a near doubling of the portion of the national budget devoted to education from 1990 and 1994 (from 14 percent to 25 percent). The per-pupil share of material and non-salary expenditures increased from \$0.20 to \$11. In Ghana, education as a percentage of the national recurrent budget increased from 17 percent in 1989 to 36 percent in 1992.

In Latin America and the Caribbean, USAID programs have contributed to significant improvements in the quality and efficiency of education, especially in Honduras, Guatemala and El Salvador. In Honduras, the percentage of students graduating from sixth grade rose from 53 percent to 70 percent between 1985 and 1994. In Guatemala, third-grade completion rates rose from 28 percent to 34 percent between 1991 and 1994. With USAID assistance, nearly 60,000 primary teachers have received training in El Salvador, Honduras and Nicaragua since 1987. Finally, materials development and distribution programs have resulted in the distribution of over 26 million textbooks to primary students in the

Dominican Republic, El Salvador, Guatemala, Haiti, Honduras and Nicaragua since 1986. The program has had an impact in Africa as well. In Ghana, between 1989 and 1994, USAID helped raise the proportion of primary school students with textbooks from 10 percent to 74 percent.

An Integrated Strategy

USAID's integrated economic growth strategy is built on the productive synergy of its three objectives: strengthening markets; expanding access and opportunity for the poor; and expanding and improving education. Strengthening markets builds the framework and infrastructure needed for economic growth. Expanding economic access and opportunity enables the poor, women and other disadvantaged groups to participate in economic growth. Expanding and improving education equips people with skills and knowledge to actively take part in economic growth.

With all three objectives, experience shows that systemic reforms are essential for lasting progress. Without the appropriate policy and institutional environments, donor assistance is ultimately ineffective. Policy reforms and institutional strengthening efforts have proven effective for liberalizing agricultural markets, stabilizing national economies, privatizing state-owned companies, expanding access to land and capital, giving women economic opportunities and improving basic education.



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LIBERTY

ADVANCING DEMOCRACY

In this era of unparalleled political change, scores of nations are making the transition from repressive, autocratic regimes to democratic governance. USAID is at the forefront of this wave, helping countries build democratic institutions and strengthen the societal underpinnings essential to their success. The agency is helping guide individuals and their leaders toward open, representative government. During the last year, USAID was able to support historic democratic breakthroughs in Haiti, South Africa, Cambodia and the West Bank and Gaza.

In 1980, there were 55 democratic nations. By 1995, this number had jumped to a remarkable 115 nations. USAID provided democracy and governance assistance to 36 of the 57 nations that successfully made the transition to open government during this period. Democratic countries are less likely to engage in war, generate large refugee flows or disintegrate into crises. Democracies also provide more stable markets for U.S. exports and U.S. investment and business abroad.

USAID assistance in democracy and governance is relatively new. Whereas other sectors rely on decades of research and information collection, in democracy and governance USAID is helping define the boundaries of assistance and methods for determining the impact of assistance. Given the incremental, complex and non-linear nature of political change, the agency faces considerable challenges in measuring the success of democratization programs.

To maximize progress toward achieving the agency goal of building sustainable democracies, and in light of limited resources, USAID programs are targeted in four priority areas. Their objectives are: strengthening the rule of law and respect for human rights; fostering genuine and

competitive political systems; increasing development of politically active civil societies; and promoting more transparent and accountable government institutions.

Strengthening the Rule of Law and Respect for Human Rights

The rule of law is the foundation upon which democratic societies are built. The rule of law protects citizens against arbitrary use of state authority and against the lawless acts of other citizens. It ensures that all citizens are treated fairly and are given equal opportunity under the law. Internationally recognized human rights provide a framework for citizens to interact with each other and with the state.

USAID uses several approaches to strengthen the rule of law: ensuring legal protection of citizens' rights and interests; enhancing fairness of the administration of justice; improving timeliness of the administration of justice; and increasing citizen pressure for conformity with international human rights standards. For example, in South Africa USAID supported the South Africa Legal Defense Fund, whose attorneys handled cases involving women's right to inherit property and complex constitutional law issues, such as the right to bail and use of racial classifications.

In 1993, Honduran public prosecutors presented fewer than 700 criminal cases to tribunals, none involving public corruption. With USAID assistance, the Honduran attorney general's office was created. During 1995, more than 12,000 criminal prosecutions have been presented around the country. For the first time in the history of Honduras, corruption

USAID is helping define the boundaries of assistance and methods for determining the impact of assistance.

charges have been pressed against 73 high- and mid-level government officials, including national and local political officials.

Fostering Genuine and Competitive Political Systems

USAID plays an important role in helping to ensure free and fair electoral contests and to enhance political competition. When elections are manipulated, poorly managed or held only after lengthy and unpredictable intervals, participation, competition and the will of citizens are all compromised. USAID's approaches to achieving this objective include: creating impartial and open electoral laws and regulations; creating impartial and more effective electoral administration; better informing voters; improving local and international monitoring; and making political parties more responsive to constituents.

In Thailand, USAID's Women in Politics Program provided political party training to more than 1,000 women in five northern provinces before the 1995 local elections. Of the 289 women who ran, two-thirds had received training, and 109 were elected. The number of women holding office in these provinces increased from an average of 1 percent before the elections to 14 percent afterward.

As evidenced in the seriously flawed 1994 Dominican election, monitors alone do not ensure free and fair elections. In preparation for these elections, USAID provided technical assistance to the election commission and funded election observation. However, the election itself did not mark the completion of USAID's role in the process. Following the elections, the election commission properly instigated an investigation into the irregularities but then ignored the report's findings. USAID supported Dominican civil organizations calling for the introduction of a political accord limiting the president's four-year term and precluding presidential re-election. The Dominican Congress passed the accord, with some modifications, and new presidential elections are scheduled for May 1996.

Increasing Politically Active Civil Societies

A strong civil society is crucial to democracy. "Civil society" is the broad term given to the interaction of voluntary groups of all sorts; it inhabits the area between individuals and the state. Non-governmental organizations constitute a vital channel for sharing information and for formulating and representing specific interests. Their collective nature helps ensure that their members' interests are weighed by policy-making bodies. In addition, collective action helps protect individual members from arbitrary and capricious governmental retaliation.

With their assorted political interests, organizations monitor government performance and create strong pressure for accountability. They inculcate democratic values, giving people practice in democratic principles and creating opportunities for new leaders to rise. USAID programs strengthen civil society organizations engaged in or having the potential for championing adoption and consolidation of democratic governance reforms.

USAID has been working in the Philippines over the last two years with agricultural groups to encourage policy analysis of important issues within the agriculture community. When a draft executive order on tariffs was released that would have given special incentives to a few industrialists and increased packaging costs for most farmers, groups representing the interests of small farmers that had been trained by USAID helped modify the executive order. What emerged was a consensus on agricultural policies that will make Filipino farmers more competitive in the market emerging as a result of the General Agreement on Tariffs and Trade.

USAID's media program in Zambia also has had wide-reaching impact. Open and critical discussion of politicians and policies is now common in Zambia's media. Private sector journalists now account for 45 percent of working journalists, up from 24 percent in 1993. In addition, the state monopoly on electronic media was broken in December 1994 when Zambia's first privately owned radio station began broadcasting. Six additional private licenses are now pending.

USAID plays an important role in helping to ensure free and fair electoral contests and to enhance political competition.

Elections in the West Bank and Gaza

The January 1996 elections in the West Bank and Gaza marked an important step forward, not only toward democracy, but toward a successful peace process.

Despite calls by more extremist elements of Palestinian society to boycott the vote, turnout was impressively high. A large and diverse slate of nearly 700 candidates competed for 88 legislative seats.

A highly respected institution, the Center for Palestinian Research Studies, polled Palestinians over the last year and did election polling before the election. When asked in November 1994 whether they supported acts of violence against Israel, 57 percent of Palestinians said they did. As the election approached, by September 1995 only 18 percent supported violence. Further, 85 percent of Palestinians

said they would vote for candidates supportive of the peace process.

The USAID program in the West Bank and Gaza has provided critical support for the peace process by addressing both the immediate needs of Palestinians and longer-term development efforts. Behind the successful election was an intensive multiyear effort by the Palestinian authorities, the U.S. government, a

host of local and international non-governmental organizations and concerned citizens to strengthen the civic fabric of the West Bank and Gaza. With USAID support, civic education programs in the West Bank and Gaza that targeted women, former political prisoners, youth and the rural population were carried out.

More Transparent and Accountable Government Institutions

The behavior of government officials can support or undermine development and democracy. Strengthening performance, respecting ethical standards, consulting broadly to ascertain citizen interests, sharing information and acting in an open manner, diffusing power by sharing decision-making with local government — all these help ensure that government decision-making is impartial and informed. Such behavior supports the long-term sustainability of political institutions and people's confidence in democratic principles.

USAID programs support the development of more transparent and accountable government by using the following approaches: increasing local government participation; increasing citizen access to government information; strengthening mechanisms to promote ethical standards in government; increasing civilian control over military and police forces; and strengthening the effectiveness and independence of legislatures.

The agency is widely increasing local government participation in democratic societies. With USAID support, the government of the Philippines enacted one of the most far-reaching and ambitious decentralization programs in the world. However, few communities were adequately prepared for the responsibilities that accompanied the decentralization. USAID's local governance program responded across the board with great success. The agency's efforts to improve the public administration capabilities

of local government units in the Philippines have resulted, since 1991, in an 80 percent increase in local revenue collection.

Paraguay provides another success story. To transfer municipal management lessons learned in the United States to Latin America, USAID developed a program for city-to-city contacts. This program matched the governments of Asuncion and Metro Dade County in Florida. Through several exchanges, the mayor of Asuncion was convinced of the usefulness of public hearings. Not only does 1995 mark the first time that public budget hearings were held in Asuncion, these forums allowed for meaningful public participation. Fifty proposals presented by the attending citizens were adopted.

Future Challenges

USAID has expanded democracy, the rights of citizens and the quality of governance. However, more progress remains to be made. It will remain vital for a number of nations to strengthen their economies as a means to solidify democratic gains and bring tangible benefits from open governance to their citizens. Continued assistance will be needed to maintain and build on the progress that has been made in consolidating democracy; completing transitions to freely, fairly and competitively elected national governments; and initiating the transition process in key countries suffering from significant internal instability.

To transfer municipal management lessons learned in the United States to Latin America, USAID developed a program for city-to-city contacts.



STABILIZING POPULATION AND PROTECTING HUMAN HEALTH

USAID population, health and nutrition programs have helped save millions of lives and made voluntary family planning services widely available. These programs contributed decisively to substantial declines in mortality and fertility rates. USAID continues to be the major donor in child survival, HIV/AIDS prevention and family planning, accounting for roughly 50 percent of bilateral donor resources in each of these areas.

Equally important, by slowing rapid population growth rates and addressing major public health concerns, USAID increases the potential for developing nations to achieve lasting economic growth. High rates of mortality and population growth often directly undermine the potential for lasting social and economic development. In addition, USAID's work in preventing the spread of major diseases ultimately works to protect the public health of people the world over, including Americans.

The strategy for attaining USAID's goal of stabilizing world population and protecting human health relies on achieving four closely related objectives. These objectives are reductions in: unintended pregnancies; child mortality; maternal mortality; and the transmission of sexually transmitted infectious diseases and HIV.

Reducing Unintended Pregnancies

More than one-third of all births in the developing world are the result of unintended pregnancies. These unintended pregnancies often adversely affect the health and well-being of women and their families. High fertility also translates into rapid population growth, which

undermines economic growth, contributes to environmental deterioration and strains fragile political and social institutions.

Expanding the availability, quality and use of family planning services is one of the most direct and cost-effective approaches for reducing unintended pregnancies, preventing abortions and decreasing fertility rates. Increased contraceptive use, measured by the contraceptive prevalence rate, translates into reductions in the total fertility rate — the average number of children a woman will give birth to during her lifetime.

In the 28 countries that have received the largest amount of population assistance, average family size has decreased from approximately 6.1 children in the 1960s to 4.2 in the 1990s. For example, Colombia's total fertility rate is now 2.7 — a decrease from 6.3 in 1965 when USAID assistance began. The contraceptive prevalence rate has increased from 64 percent in 1986 to 72 percent in 1995. Similarly dramatic reductions in total fertility rates and concurrent use of contraceptives have occurred in countries as varied as Bolivia, Egypt, Indonesia and Kenya.

In addition to availability of services, demand for services is a critical factor in expanding use of family planning. Desired family size is moving rapidly downward in countries assisted by USAID and is substantially lower than actual family size in every country where national surveys have been conducted. At the same time, whether women and men choose to avail themselves of services depends on how informed they are about the benefits of family planning and the services available. USAID has been particularly effective in supporting innovative use of communication campaigns to disseminate information. For instance, follow-

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ing a 1994 communications campaign in Bolivia, health clinic visits increased from 11,800 in 1993 to 29,200 — an increase of 147 percent.

Support for developing new and improved contraceptive methods and family planning services is an important aspect of USAID's efforts. For example, USAID-supported clinical trials on the safety and effectiveness of the Reality female condom led the U.S. Food and Drug Administration to grant approval for marketing the product in the United States, paving the way for its introduction in developing countries. This is the first female-controlled barrier method that shows promise in preventing both pregnancy and sexually transmitted infections, including HIV/AIDS.

Reducing Child Mortality

USAID's child survival programs develop and apply cost-effective, sustainable interventions to reduce and prevent the principal causes of illness and death in infants and children. More than 4 million infant and child deaths are prevented annually due to critical lifesaving

health services supported by the agency. Between 1985, when USAID launched the Child Survival Initiative, and 1995, infant mortality rates in USAID-assisted countries declined 20 percent. The steady progress toward reducing child mortality revealed in the accompanying figure reflects USAID's critical role in developing and introducing state-of-the-art child survival interventions. (See Figure 5.)

Despite the considerable success of child health programs, each year in the developing world an estimated 12 million children die of preventable causes, including pneumonia, diarrhea and vaccine-preventable diseases. Malnutrition is a major contributing factor in over half of these deaths.

USAID played a leading role in the research and development of low-cost interventions to treat diarrhea, a major cause of child mortality. Oral rehydration therapy, the administration of rehydrating fluids by mouth, has become a mainstay of diarrheal disease programs, averting about 1 million child deaths annually, and was a product of breakthrough USAID work in Bangladesh. There are now over 100 national diarrheal disease control programs, and oral rehydration salts are produced

Figure 5
**Infant and Under-5 Mortality Rates
 for All Developing Countries (Excluding China)
 1980-95**



Source: Center for International Health Information, Health Statistics Database, 1995

Breastfeeding

Breastfeeding saves the lives of up to 6 million infants every year.

Exclusively breastfed infants have on average 2.5 fewer episodes of childhood diseases. They are four times less likely to die of acute respiratory

infections and up to 25 times less likely to die of diarrheal disease.

USAID programs have trained 563 health professionals from 53 countries as breastfeeding education trainers. These trainers, in turn, have

trained almost a million health workers and advocated policy reforms in their countries. By 1999, USAID's promotion of breastfeeding is projected to reach 83 million mother-infant pairs.

locally in 60 countries.

The Expanded Program for Immunization, developed with USAID's financial and technical support, has become a cornerstone of child health programs. In 1994, polio was officially declared eradicated in the Western Hemisphere. USAID is the major donor for disease control activities and participates in the current global initiative for the worldwide eradication of polio. During 1994, USAID provided critical emergency assistance to combat a polio outbreak in Uzbekistan, aiding in the immunization of more than 2.5 million children under 5, a 97 percent coverage rate. USAID's assistance in the New Independent States is helping revitalize health care delivery systems neglected during the Soviet era.

USAID's immunization program in Bangladesh helped increase the percentage of fully immunized children under the age of 1 from 5 percent in 1985 to 70 percent in 1993. However, immunization rates in densely populated slum areas often lagged behind citywide immunization rates. As a result, USAID helped institute special targeting efforts for these areas, such the National Immunization Day in the spring of 1995. That activity provided at least one dose of oral polio vaccine to 91 percent of Bangladeshi children.

USAID is at the cutting edge of establishing effective prevention and treatment protocols for acute respiratory infections, the leading cause of death today among children under 5. USAID also has supported groundbreaking research in developing and testing a new, integrated approach to treating sick children. The integrated approach targets pneumonia, diarrhea, malaria, measles and malnutrition, which together cause almost three-quarters of deaths in children under 5 in developing countries.

USAID invests in the development, testing and introduction of health technologies, making

programs more cost-effective and health services safer and more widely accessible. One such technology, SoloShot, a single-use syringe, eliminates the risk of transmission of blood-borne diseases (such as hepatitis and HIV) through contaminated needles and syringes.

About 43 million children under 5 around the world are at risk of blindness because of vitamin A deficiency. USAID has supported programs such as Nepal's National Vitamin A Deficiency Prevention and Control Program. Using extensive USAID-sponsored field research, female community health volunteers distribute vitamin A capsules. In 1995, approximately 1 million children received capsules from these volunteers. To date, more than 12,000 volunteers have been trained in distribution techniques, and coverage in participating districts has been as high as 90 percent.

Reducing Maternal Mortality

Despite improvements in health in developing countries, maternal mortality remains high. Almost all deaths during pregnancy and childbirth occur in developing countries. An estimated 585,000 women die during pregnancy and childbirth each year in the developing world. The developing country average of 450 to 500 maternal deaths per 100,000 live births is roughly 100 times that in developed countries. (See Figure 6.)

The major complications of pregnancy and delivery can be prevented or treated through family planning and appropriate prenatal and postpartum care. USAID plays a lead role in developing and testing the methods and curricula needed to train health professionals in reproductive health practices. Several countries in Asia and the Near East are addressing high

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Learning from Experience: Pregnancy Referrals in Guatemala

In many countries, traditional birth attendants can be effective in referring women with serious pregnancy complications to appropriate health care facilities. However, USAID research in Guatemala found that traditional birth attendants were not

effective referral agents for women in that country with serious pregnancy-related complications. As a result, USAID efforts will now target families, especially husbands and mothers-in-law, to recognize complications and identify appropriate

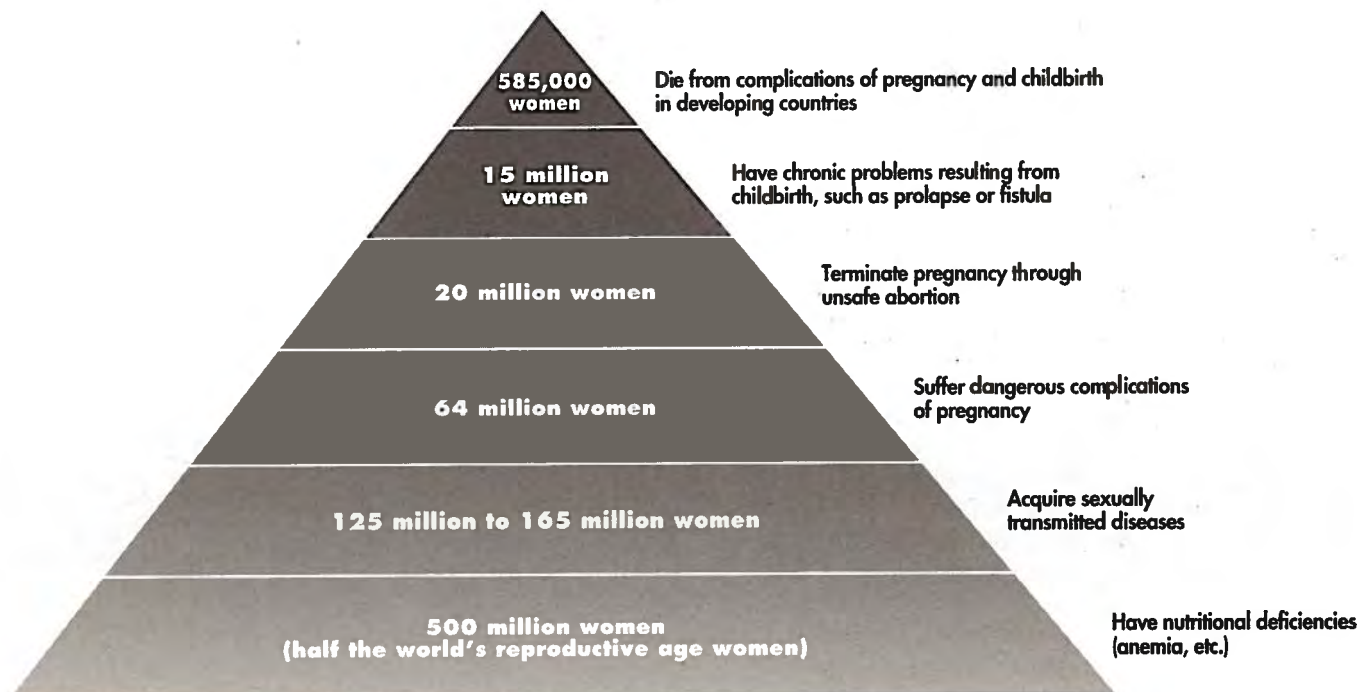
referral sites. The finding in Guatemala, which varies from the situation in many other countries, underscores the need to design programs that are tailored to fit local conditions.

maternal mortality through improved training for birth attendants coupled with campaigns to increase awareness of the importance of prenatal care and assistance from a trained health care worker at delivery. In Egypt, the percentage of pregnant women receiving prenatal care rose from 14 percent in 1988 to 53 percent in 1993, and the percentage of births assisted by trained personnel increased from 25 percent in 1991 to 65 percent in 1993.

Reducing Sexually Transmitted Infections and HIV Transmission

Close to 20 million people have been infected with HIV since the beginning of the epidemic. It is estimated that by the year 2000, this total could double. As the HIV/AIDS epidemic unfolds, it creates additional strains on

Figure 6
Women's Reproductive Health:
Annual Statistics



Source: The Mothercare Project

overburdened social, health and economic infrastructures in developing countries, where resources are limited and competing demands are increasing. After notable improvements in the health status of children over the past two decades, infant and child mortality rates are rising as a result of HIV/AIDS.

Within a short timeframe — eight years — USAID led the way in establishing global standards of practice for the prevention of HIV. USAID's strategies include rapid assessment data collection methods, mass media techniques, sexually transmitted infection (STI) treatment protocols, commercial marketing expertise and computer modeling analyses of the future trends of the HIV/AIDS epidemic and its socioeconomic implications.

The agency has emerged as the global leader in addressing the epidemic, committing more than \$700 million for prevention activities since 1986. In collaboration with other donors and national governments, USAID has reached more than 3.2 million people with HIV prevention education and trained more than 58,000 people to serve as educators, counselors and health providers.

Recent computer modeling of the epidemic has enabled USAID to begin estimating the impact of its interventions. In Kenya, for instance, it has been estimated that between 1991 and 1994, the condom promotion intervention alone averted over 110,000 HIV infections and over 1.3 million other STIs.

Important progress has been made in assisting developing country governments to recognize the magnitude and impact of the AIDS epidemic and in gaining their commitment as full partners in combating the problem. For example, in Honduras USAID worked with the Ministry of Health to project the social and

economic impact of HIV/AIDS. The findings led to the creation of a Honduran AIDS advisory committee, chaired by the first lady of Honduras, and focused needed media attention on the epidemic.

Future Challenges

While significant progress has been achieved toward meeting USAID's goals of stabilizing world population and protecting human health, there are tremendous challenges ahead. Millions of women do not have access to basic health and family planning services, and each year, millions more will enter their reproductive years. Because of lack of access to basic preventive services, millions of children will die. Sexually transmitted infections are a growing problem and are undermining progress in efforts to decrease mortality and increase prospects for economic growth in many nations.

The agency must find ways to serve hard-to-reach groups, make services sustainable and build effective public health systems that will be able to meet the future needs of people worldwide. All this must be accomplished in an era of declining resources, political and social instability in many of the countries where USAID works, and new and re-emerging diseases that threaten the lives and well-being of people everywhere.

USAID led the way in establishing global standards of practice for the prevention of HIV.

Safe Home-Birth Kit

In Nepal, a very rural and poor nation, women frequently give birth on unclean surfaces such as dirt floors or old rucksacks. Mothers often are assisted in giving birth by friends or family who are untrained in health practices and who have only unsanitary and primitive tools at their disposal. Infections, includ-

ing fatal tetanus, are the consequence for far too many women and infants.

USAID helped to come up with a simple and effective solution. Information on Nepalis' knowledge, attitudes and practices concerning home delivery were used to develop

a "safe home-birth kit." The kit contains clean delivery supplies and instructions for their use. The small kit provides a plastic sheet to put on the ground, a bar of soap, a razor blade, a sterile surface for cutting the umbilical cord, sterile cord ties and picture instructions.

The kit costs only a few dollars and can literally mean the difference between life and death for mother and child. The government of Nepal has endorsed the kit, and a private, women-owned Nepali company has begun to manufacture it. Already, more than 100,000 kits have been distributed throughout the country.



ENCOURAGING SOUND ENVIRONMENTAL MANAGEMENT

USAID's goal of promoting environmental management for long-term sustainability rests on the understanding that lasting social and economic development requires careful stewardship of natural resources. Productive lands, forests and coasts provide the underpinnings for equitable economic growth. Clean air and water are essential to meeting people's basic human needs. Degradation of the global environment — loss of biological diversity and global climate change — ultimately endanger the well-being of people around the world.

USAID's environmental strategy seeks to mitigate these global environmental threats and to promote sustainable development by pursuing five objectives: conserving biological diversity; reducing the threat of global climate change; promoting sound urban and pollution management; increasing the use of environmentally sound energy services; and promoting sustainable natural resource management.

The broad range of USAID assistance includes expert advice to governments on strengthening resource management policies; forging alliances between the private and public sector for environmentally sound economic growth; and capacity building within local governments and communities.

Conserving Biological Diversity

USAID's biodiversity conservation program helps protect millions of acres of endangered and unique habitats around the globe. USAID programs, primarily in Latin America and Africa, support improvements in the management of protected areas and the promotion of sustainable use of biological resources in both

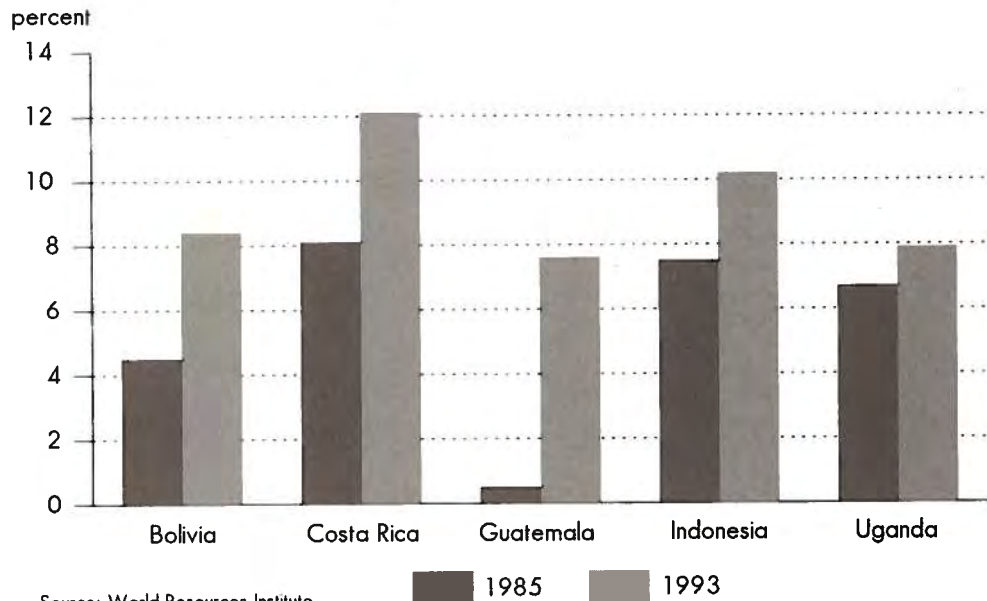
protected and unprotected habitats. USAID and its partners increased grassroots commitment to biological conservation, established self-supporting conservation financing mechanisms and enhanced indigenous capacity to manage biological resources. Headway is being made in bringing legal protection to some of the world's most valuable ecosystems. (See Figure 7.)

One of the agency's highest priorities is to increase grassroots commitment to conservation, especially among those communities living in and around parks and reserves. USAID community outreach programs give local people a stake in conservation in countries around the

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Figure 7
Percent of National Land Area Protected



USAID also has helped launch a variety of mechanisms to build financial solvency in budget-strapped governments and local conservation organizations.

world. In Guatemala, the agency has worked closely with the government to expand the country's national park system from 148,000 acres to 2 million acres. As a result, key areas of the Peten forest — the largest tropical forest in Latin America north of the Amazon — are now protected. In Uganda, local people are being hired as park employees, giving local communities an economic incentive and an increased responsibility to preserve wildlife. A park management plan in Indonesia, developed with the close participation of surrounding communities, provides residents with decision-making authority to manage one of the country's most important coastal parks. Following a similar intensive outreach program in Guatemala's Sierra de las Minas Biosphere Reserve, logging and agricultural encroachment decreased by 90 percent.

USAID also has helped launch a variety of mechanisms to build financial solvency in budget-strapped governments and local conservation organizations. Endowment funds represent long-term, stable sources of conservation financing. USAID support of Costa Rica's conservation fund, for example, has helped reduce the park service's dependency on external donors for its operating costs from 27 percent in 1992 to 11 percent in 1994. In Uganda, the agency used another approach — helping the government tap into the country's

flourishing ecotourism industry by increasing park entrance fees — to ensure the financial sustainability of its conservation interventions. As a result, park entrance fees generated \$700,000 in 1994, up from \$66,300 collected in 1991.

Reducing the Threat of Global Climate Change

The agency's program to mitigate global climate change is among the newest areas within the environmental portfolio, with activities initiated in 1990. These efforts respond to growing scientific consensus on the link between the emission of heat-trapping greenhouse gases due to human activity and a rise in the Earth's temperature. This increase could lead to shifts of agricultural zones, rising sea levels and more weather-related disasters, resulting in possible economic, social and environmental disturbances in the United States and other countries.

USAID's climate change portfolio is directed toward reducing net greenhouse gas emissions in the energy sector and from land use. The agency's programs in the Philippines and Poland are good examples of how USAID's global climate change, energy and pollution abatement are closely linked.

In the Philippines, USAID is working with local utilities on a demand-side management program that offers economic incentives to utility customers to use electricity during off-peak hours and to purchase energy-efficient lighting and appliances. The program is expected to achieve economic savings and avert between 160,000 to 200,000 tons of carbon dioxide emissions yearly.

In Krakow, Poland, USAID is introducing low-cost alternatives to 100,000 coal-based domestic stoves and 3,000 small coal-burning boilers. The agency helped Polish companies form joint ventures with eight U.S. energy technology and engineering firms, which together planned to increase energy efficiency and reduce the emission of air particulate. USAID's energy conservation demonstration projects, located in four buildings and several smaller sites, have been replicated 10-fold by Polish counterparts without U.S. assistance. In addition to reducing greenhouse gas emissions, these initiatives are gaining considerable public interest and spurring new markets in energy-efficiency services for U.S. firms.

Improving Urban and Pollution Management

The world in which USAID works today is increasingly urban. Nearly half the people in developing countries live in urban areas, and the number of "megacities" with populations of over 8 million will climb from 22 in 1994 to 33 by the year 2015. In Central and Eastern Europe and the New Independent States, the legacy of command-and-control economies,

which relied on heavy industry and laxly enforced environmental regulations, has led to dangerously high levels of pollution. Poorly managed urban and industrial growth has caused severe pollution and losses in environmental quality, economic productivity and public health. To redress these problems, USAID supports efforts to increase access to safe water, sanitation and shelter; improve urban management; and promote pollution prevention and control.

A major thrust of USAID's urban program redresses poor sanitation and reduces the prevalence of polluted drinking water by improving and expanding water supply, wastewater treatment and solid waste management. A wide range of activities are being undertaken: infrastructure development in Ukraine; technical assistance to reform policies in Indonesia; and urban and environment credit programs in Morocco.

In Cairo, where water-borne illnesses cause between 2,000 to 5,000 deaths annually and the loss of millions of work days, the agency supports infrastructure improvements to treat wastewater entering the Nile River and Lake Maryut, Egypt's principal source of drinking water. In 1994, agency targets for removing organic contaminants from water at USAID-supported wastewater treatment facilities in Alexandria and Cairo were exceeded by up to 80 percent.

USAID also works to improve access to public services by facilitating private-public partnerships. In the city of Machala in Ecuador, which struggled with severe sanitation problems because 50 tons of garbage went uncollected each day, USAID helped create a private enter-

Low-cost technologies can reduce pollution while providing economic returns anywhere from \$30,000 to \$2 million each year per plant.

Learning from Experience:

Conducting Energy Conservation Audits

Recent efforts in energy conservation focused attention on selective private-sector, energy-intensive industries. Energy audits are commonly used to assess how efficiently every aspect of energy is used at all phases of production. Audits often result in a combination of recom-

mendations to energy users to adopt new, cleaner technologies, reduce and recycle wastes and upgrade existing equipment. Recent evidence, including a study of USAID's energy conservation activities in Jamaica, revealed that energy audits serve as an effective diagnostic tool, but that

without sufficient follow-through and the right policy and regulatory environment, such efforts to increase energy conservation will fall short of their targets. USAID missions are now taking a more comprehensive approach to energy conservation by first analyzing the overall economic

policy, the degree of existing competition and the key question of sustainability. With answers to these questions in hand, USAID's energy conservation activities are having a greater impact worldwide.

*USAID focuses . . .
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and coastal resources.*



prise that used bicycle carts to collect garbage for more than 50 percent of the population. By conducting a study of men's and women's roles and attitudes toward household waste disposal, the municipality better tailored its collection services, improved local participation and set up a realistic fee structure for households with different needs and resources.

The inadequate treatment of industrial waste is another concern in USAID's effort to promote sound economic growth. USAID provides policy advice and introduces new technologies in pollution prevention and waste management. In Central and Eastern Europe and the New Independent States, the agency funded over 100 waste minimization demonstra-

tion and impact projects that illustrated how low-cost technologies can reduce pollution while providing economic returns anywhere from \$30,000 to \$2 million each year per plant. In Poland, USAID applied this approach to help decrease the discharge of industrial and municipal waste in project areas by 22 percent between 1990 and 1993.

Increasing the Use of Environmentally Sound Energy Services

USAID recognizes that energy production is a major economic, environmental and social issue for developing countries, where demand for energy is increasing seven times faster than in the industrial nations. Poor administrative and operational practices inhibit efficient energy production, and unreliable electricity supplies inhibit economic growth. Just as seriously, escalating demand for energy and inefficient energy use add to the global greenhouse gas burden, increase local and regional air pollution and deplete non-renewable fuel resources.

Policy reform is essential for increasing developing nations' energy efficiency, and doing so in an environmentally sound manner. Many of the problems of the energy sector stem from national policies that encourage energy use and investment that is not economically or environmentally rational. In a number of countries, including Ukraine, India and Brazil, and in Central America, USAID is helping design and implement major restructuring of what had been centrally controlled government energy monopolies. In Ukraine, for example, institutions established under this effort include a national regulatory commission, six generation

Participant Training

Participant training — teaching individuals from the developing world critical skills to help improve their nations — is one of the most powerful development tools the agency possesses. Training individuals in the United States and abroad plays a major role in achieving virtually

every agency objective. In 1995, more than 17,000 participants were in training programs in the United States. Not only do individuals from the developing world cultivate important skills through training programs in the United States, a large number of American universities and

training facilities benefit from the infusion of tuition and living allowances from students sponsored by USAID. In addition, after returning home, many participants later contract for U.S. goods and services as a result of positive experiences in America.

companies and 27 local power and heat supply companies. These reforms will lead to a competitive market supply of electricity and significant incentives for energy conservation.

Similarly, in Egypt, USAID has helped that nation institute major reforms in the power sector. Efforts to increase the cost-effectiveness of Egypt's use of electricity have resulted in a 20 percent increase in the price of service. The increased energy efficiency resulting from reforms and facility repair have averted annual emissions of 70,854 tons of sulfur dioxides, 1.76 million tons of carbon dioxide and 2,708 tons of nitrous oxides in Cairo and Alexandria.

Sustainable Natural Resource Management

The management of renewable natural resources for long-term productivity is a major goal of USAID's environmental activities. Most people in Africa, Asia and Latin America depend directly on renewable natural resources for their livelihood. Yet natural resources are being degraded rapidly by conflicts over their use, market distortions, population pressures and inappropriate technologies and practices. USAID focuses its activities under this objective on the four most important renewable resources for sustainable development: forests, water resources, agricultural lands and coastal resources.

USAID responded to the dramatic decline of the world's forested areas by promoting community forestry and sustainable timber harvesting for commercial enterprises. According to an agency study, forests under communal management show measurable increase in growth, regeneration, ground cover, soil moisture retention and reduced erosion. USAID's experience in the Philippines is instructive. The dramatic loss of forests in the country led the government to proclaim community forestry as a national strategy to achieve sustainable forest management. With USAID assistance, the government began transferring direct management responsibility for more than 494,000 acres to 22 communities. Improved management practices have increased tree cover and reduced soil erosion into local streams and raised incomes from the sustainable harvesting of non-timber forest products.

In Africa, USAID — working with key U.S. partners such as land grant colleges — pro-

motes improved agricultural technologies to boost yields of key crops, reflecting one of its strategies to promote sustainable agriculture. Programs in Senegal have increased the number of households using appropriate technologies such as agroforestry, "live fences," alley cropping and crop rotation more than 50 percent. In the Gambia, Mali and Zimbabwe, the introduction of high-yielding maize and drought-resistant sorghum, combined with improved cultivation techniques, has increased yields by up to 50 percent and led to higher economic returns for local farmers.

Environmental Strategies Integrate with Other Agency Goals

Environmental programs often contribute to other USAID objectives, such as economic growth, improved health and democracy. For example, local land stewardship and the formation of grassroots environmental non-governmental organizations in the Philippines and Ecuador foster the development of democracy and strengthen civil society. Similarly, USAID support for agricultural market reforms and infrastructure rehabilitation in Africa will have limited impact if soils are not protected, water not conserved and pests not controlled in an environmentally sound manner.





PROVIDING HUMANITARIAN AND TRANSITION ASSISTANCE

Since the end of the Cold War, the nature of delivering humanitarian assistance has changed dramatically. Ethnic and national tensions, leading to increased civil strife, have led to an explosion in the number of complex emergencies and refugees around the globe. From 1989 through 1994, the number of complex emergencies (conflict caused by civil strife) to which the U.S. government responded soared from 17 percent to 41 percent of all officially declared emergencies worldwide. During 1995, 90 percent of USAID's international disaster assistance expenditures went to the victims of complex emergencies. (See Figure 8.)

In response to the changing dynamics of humanitarian relief, USAID focuses more on prevention and transition out of crises as a way to staunch the escalating costs and human suffering caused by these emergencies. The activities USAID uses to respond to complex emergencies cut across the agency's other strategic objectives and are often funded from multiple sources, including the Development Assistance Fund, Economic Support Fund, Food for Peace and the Development Fund for Africa.

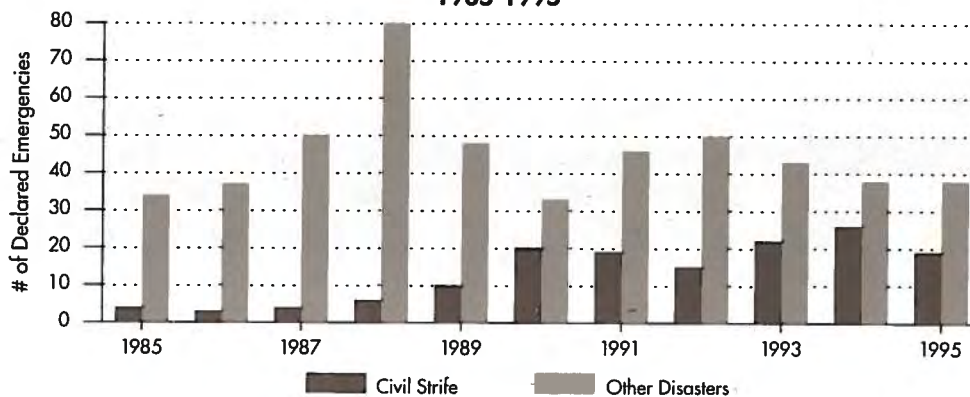
Humanitarian and transition assistance is measured through the achievement of three general categories of objectives: pre-disaster interventions; relief responses; and transition to stability following crises. Tracking humanitarian assistance performance as a distinct program sector is new for USAID. Over the last year, a tentative set of agency indicators has been developed, which will continue to be refined and tested over the next year.

Preventing Crises

While it is not always possible to prevent emergencies from occurring, their potential impact can be reduced. USAID's increasing involvement in complex emergencies has led the agency to use a strategic approach to try to identify and address the root causes of these crises, an approach it has pursued for two decades in its work to mitigate the effects of natural disasters. USAID has played a key role in developing effective early warning, preparedness and mitigation systems for natural

USAID's increasing involvement in complex emergencies has led the agency to use a strategic approach to try to identify and address the root causes of these crises. . . .

Figure 8
Number of Declared Disasters by Type:
1985-1995*



* Civil strife includes displaced persons/emergencies/expellees/refugees

In 1995, USAID responded to 39 officially declared natural disasters, including 20 floods, three epidemics, two hurricanes, four droughts, a volcanic eruption, a volcanic mudslide and a locust outbreak.

disasters, such as the Famine Early Warning System in Africa, disaster management training in Latin America and a worldwide industrial accident prevention program.

One of the most successful disaster early warning programs sponsored by USAID has been the Volcano Disaster Assistance Program. In late 1994, the program provided equipment and technical assistance to the local volcano observatory in Papua New Guinea to help local officials determine an appropriate evacuation plan. When the Rabaul volcano erupted in 1995, 40 percent of the buildings in the town were damaged or destroyed, but only four people were killed, compared to over 500 people killed in a similar 1937 eruption of Rabaul.

In instances of complex emergencies and conflict potential, USAID is breaking new ground in the field of prevention. Since 1994, the United States has been working with African leaders and other donors to create a vision for the future of one troubled region through the Greater Horn of Africa Initiative. The growing number of crises in the region has disrupted long-term development and increased requirements for emergency and relief assistance. The Greater Horn of Africa Initiative's achievements include: consensus on common goals of food security and the need to address root causes of political conflict; African ownership of a process to restructure economic and political relations through a regional organization centered on food security, long-term development and conflict prevention; and donor commitment to consult and coordinate integrated emergency and relief interventions, early warning systems and response capacity.

Meeting Urgent Relief Needs

Timely and effective emergency relief activities include meeting critical human needs (particularly of women and children), enhancing short-term

food security and coordinating emergency activities with other countries and relief organizations. In 1995, nearly 24 million people received emergency food aid. Approximately 60 percent of these were in sub-Saharan Africa, followed by Asia, Central and Eastern Europe and the New Independent States, and Latin America.

In 1995, USAID responded to 57 declared disasters in 51 countries. Nineteen disasters were complex emergencies; the others were natural disasters or epidemics. In 1995, USAID responded to 39 officially declared natural disasters, including 20 floods, three epidemics, two hurricanes, four droughts, a volcanic eruption, a volcanic mudslide and a locust outbreak.

Of the three epidemics, including an outbreak of cholera in Niger, the most notable was the Ebola outbreak in Zaire. On May 9, 1995, the World Health Organization and the U.S. Centers for Disease Control and Prevention confirmed an outbreak of hemorrhagic fever around the town of Kikwit, Zaire, caused by the Ebola virus. USAID funded plane loads of supplies, carrying plasma substitute, protective medical clothing and other critical equipment to Zaire. In all, approximately 7,000 pounds of supplies and an emergency epidemiological team were sent to Zaire, preventing the spread of the virus.

Relief related to complex emergencies also addresses a wide variety of critical needs and is often related to a country's transition out of crisis. An example of this is USAID's collaborative relief effort in Armenia. Because of the collapse of the former Soviet Union and economic embargoes resulting from civil conflict, the Armenian people suffered from a breakdown of the central heating system and the near lack of electricity. A "winter warmth" activity, which began in 1993 and continued into 1996, provides heating kerosene and heaters to identified vulnerable population groups and to schools during the winter months. More than 200,000 families (roughly 25 percent of the total population) have received critical heating

Learning from Experience: Food Aid in Bosnia-Herzegovina

Through humanitarian relief activities in Bosnia-Herzegovina, USAID has learned some important preventive approaches to reduce the amount of suffering in the region. A monitoring

and survey system of nutritional needs was implemented in the most adversely affected areas. The survey in Sarajevo found that most families supplemented their food-aid rations by

selling or exchanging their possessions for food on the black market. These conclusions have allowed USAID to better target food aid to the most vulnerable beneficiaries, to expand

USAID-funded agricultural and horticultural production programs and to promote local income-generating projects, especially for women.

Mozambique: Emerging from Conflict

Mozambique signed a peace agreement in October 1992, ending its 16-year-long civil war amidst one of the worst droughts of the century. More than a third of Mozambique's population found refuge in neighboring countries or fled to other locations inside the country because

of the war and drought. Virtually the entire nation's rural infrastructure was destroyed, and hundreds of thousands of land mines had not been removed from the countryside. Two-thirds of the population lived in absolute poverty. In a joint effort with other donors, Mozambique and

private voluntary organizations, USAID provided emergency food, water and medical aid; financed election support; helped demobilize military troops; and supported land mine clearance and road rehabilitation. Today, Mozambique is a very different country. More than 91,000

soldiers have been demobilized, the first multiparty elections were held, tens of thousands of refugees have returned to their homes, and Mozambique's economy has taken a marked upturn.

assistance each winter. Since the start of the program, schools have remained open during the winter.

Helping Nations Emerge from the Cycle of Crisis

The goal of transition activities is to facilitate the successful return of a country from crisis to the path of sustainable development. Such activities include supporting demobilization and reintegration of ex-combatants into the civil society; addressing concerns of displaced and vulnerable populations; promoting civil-military relations; removing land mines; supplying prosthetics and encouraging conflict resolution.

Working with other donors and international organizations, USAID has supported demobilization of soldiers and the reintegration of ex-combatants into civilian societies in El Salvador, Ethiopia, Mozambique, Nicaragua and Uganda. Through USAID support of El Salvador's National Reconstruction Program, approximately 11,000 ex-combatants have received credit for agricultural production or microenterprise development, and 20,000 people, about 43 percent of whom are women, have been trained in trades and agriculture. In its effort to reactivate the El Salvadoran economy, USAID also has provided approximately \$34 million for the purchase and distribution of farmland through the Land Bank. More than 28,000 beneficiaries, including more than 16,000 non-combatant squatters, have received land titles. Twenty-six percent of the total number of recipients are women, more than double the percentage affected in previous agrarian reform efforts.

In other regions, USAID is assisting in the reunification of children and their families. The Displaced Children and Orphans Fund is assisting in documenting, tracing and reunifying unaccompanied children in Angola, Liberia, Mozambique,

Rwanda and the former Yugoslavia. In Rwanda, for example, more than 40,000 children (about half the total number of separated children in camps and transit centers) have been registered and documented.

Prevention, Relief and Development Linkages

Well-designed relief programs are springboards for development, and development programs play a key role in prevention and transition from crises. USAID has been successful in using long-term development strategies to prevent and respond to crises. USAID's effort in Haiti in 1995 illustrates how development and humanitarian assistance programs reinforced each other to produce lasting benefits.

The intensified international embargo last year in Haiti dramatically decreased the number of jobs, making it difficult for hundreds of thousands of Haitians to buy food and other basic essentials. USAID's response provided a daily meal to 1.2 million people and put thousands of Haitians to work repairing and rehabilitating the country's productive infrastructure.

The benefits of these activities, short-term relief and long-term economic assistance, have been substantial. As of January 1995, 1,000 miles of irrigation canals were rehabilitated, opening almost 67,000 acres of land to full cultivation; over 550 miles of roads were rehabilitated, providing market access for over 800,000 people; and over 16,000 acres of land were protected through conservation measures. In addition, over 80 cents of every dollar spent under this program has gone to wages. By providing hundreds of thousands of poor families with the means to earn additional income needed for adequate diets and through improvements in infrastructure, the program has also had a significant impact on food security.

The Challenges for 1996

USAID will continue to face a number of challenges in the coming year. As an international agency, the demands placed upon USAID will depend significantly on emerging foreign policy priorities, the occurrence of new humanitarian crises and the relative progress of nations in transition to freer political and economic systems. As always, because the agency works across sectors in a range of countries, it will face a diverse host of both opportunities and obstacles.

It is clear that the agency will continue to respond to high-profile foreign policy initiatives and struggle with the burdens of an unprecedented number of victims of humanitarian crises. In addition, limited resources and

downsizing will remain critical concerns for USAID.

The agency's programs have served as an effective vehicle for promoting long-term U.S. interests abroad and improving the lives of literally millions of individuals. However, because USAID continues to face declining resource levels for virtually all of its activities, the agency will, in all likelihood, increasingly limit both its field presence and scope of work. Fuller assessment of the potential damage to America's foreign policy and national interests must be considered when judging the impact of further reducing the national investment in foreign assistance programs.

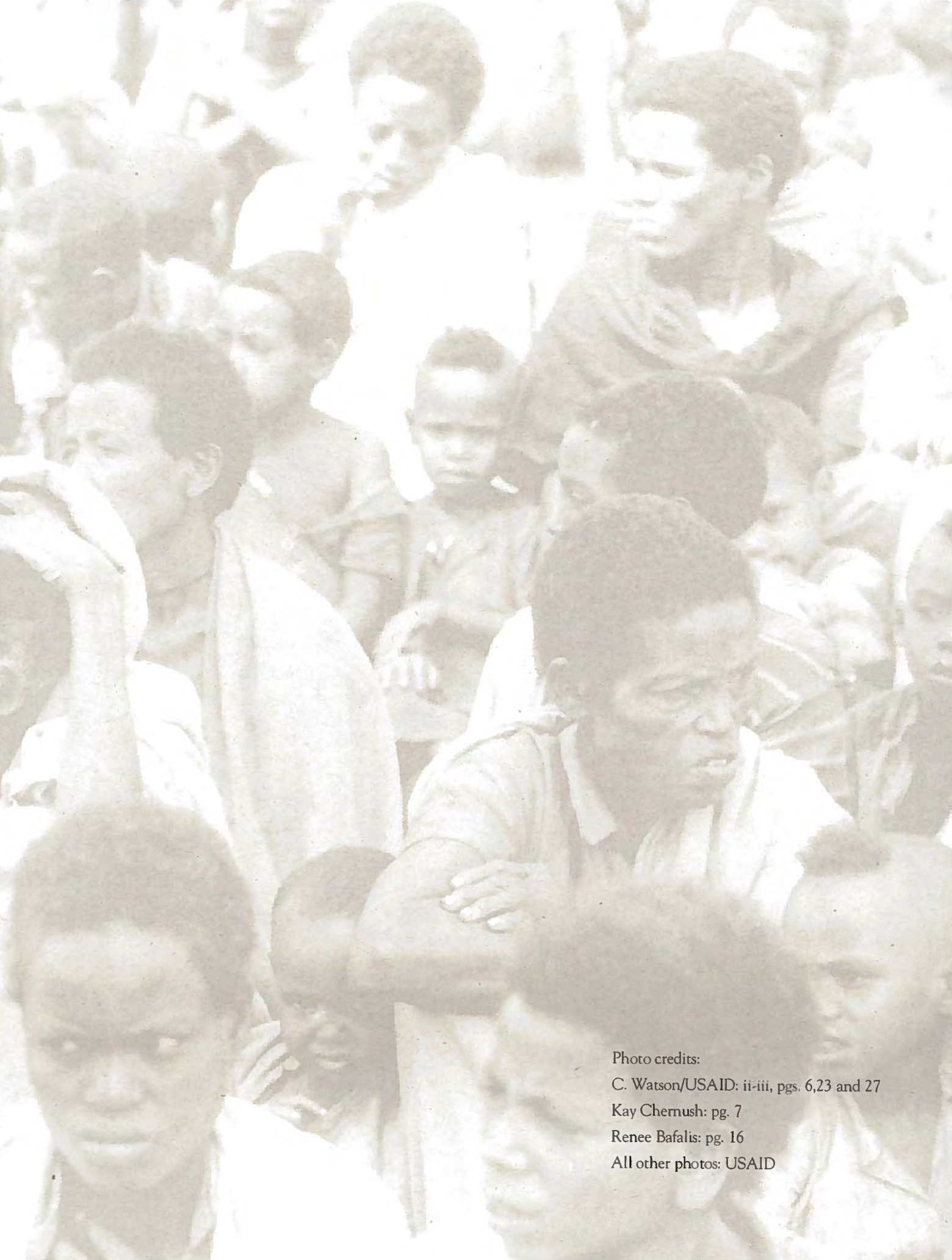


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