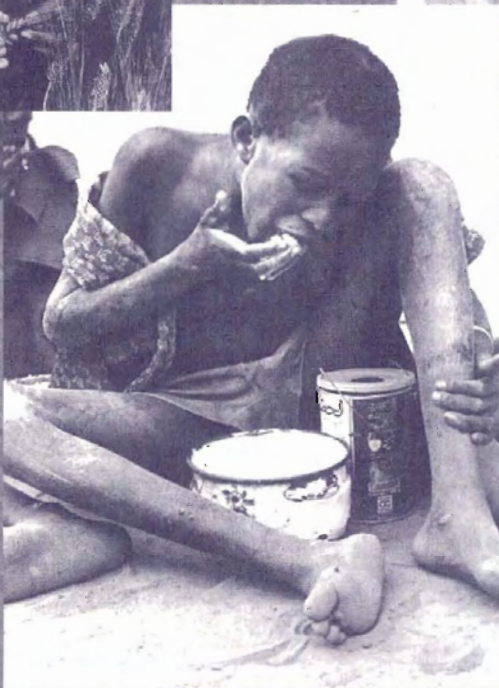
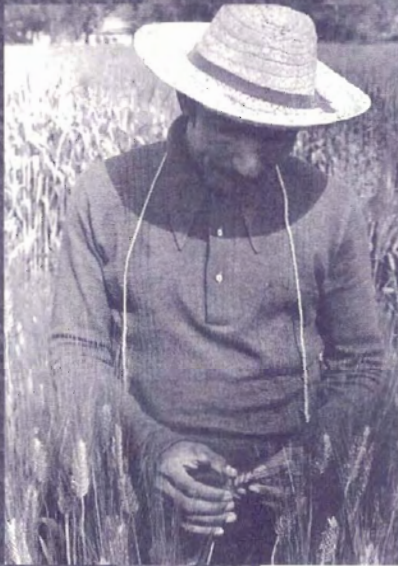


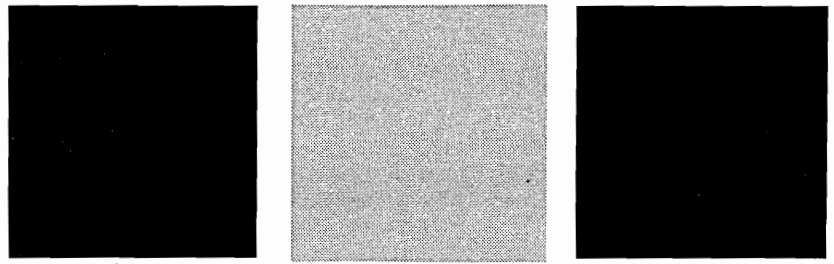
1996

Agency
Performance
Report

U.S. Agency for
International
Development

Full Report





Agency Performance Report 1996

Full Report

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

U.S. Agency for International Development

January 1997 • Washington, DC



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Table of Contents

Introduction and Overview	I
Summary	I
Amid New Challenges Continued Progress	II
Strengthening Markets	III
Expanding Access and Opportunity	IV
Expanding and Improving Basic Education	IV
Strengthening Rule of Law and Respect for Human Rights	V
Creating More Genuine and Competitive Political Processes	V
Developing More Transparent and Accountable Government Institutions	V
Conserving the World's Biodiversity	VII
Mitigating Global Climate Change	VIII
Improving the Urban Environment	VIII
Encouraging Environmentally Sound Energy Services	VIII
Sustainably Managing Natural Resources	VIII
Prevention: Potential Impact of Crises Reduced	IX
Relief: Urgent Needs Met	X
Development Linkages	X
Managing for Results	X
The Program Impact of Resource Constraints	XI
Building Development Cooperation for the 21st Century	XII
Economic Growth Highlights	1-1
Strengthening Markets	1-1
Expanding Access and Opportunity	1-1
Expanding and Improving Basic Education	1-1
Achieving Broad-Based Economic Growth	1-2
Economic Growth Performance	1-2
Implications for U.S. Economic Growth	1-3
Has Growth Been Broadly Based?	1-4
Transition Countries	1-6
Graduation	1-6
Objectives and Strategic Approaches	1-6
Strengthening Markets	1-7
Improved Policies, Laws, and Regulations Governing Markets	1-10
Strengthening Institutions	1-12
Improving Infrastructure	1-13
Accelerating Transfer of Agricultural Technologies	1-15
Expanding Access and Opportunity for the Poor	1-17
A More Equitable Regulatory, Legal, and Institutional Environment	1-17
Expanding Access to Formal Financial Services for Microentrepreneurs	1-18
Expanding Access to Technology, Information, and Outreach Services	1-19
Expanding Economic Opportunities for Women	1-20
Expanding Economic Opportunities for Other Disadvantaged Groups	1-21

Expanded and Improved Basic Education	1-21
Improved Educational Policy Environment	1-22
Improved Educational Institutions	1-25
Improved Teaching, Curriculum, and Educational Materials	1-26
Expanded Opportunities in Education for Girls and Other Disadvantaged Groups	1-28
Conclusion	1-29

Democracy and Governance Highlights	2-1
Strengthening Rule of Law and Respect for Human Rights	2-1
Creating More Genuine and Competitive Political Processes	2-1
Increasing the Development of Politically Active Civil Society	2-1
Developing More Transparent and Accountable Government Institutions	2-1

Building Democracy and Governance	2-2
Status of Democracy Worldwide	2-7
Progress in Measuring Results	2-8
Strengthened Rule of Law and Respect for Human Rights	2-9
Ensuring Legal Protections	2-9
Strengthening the Administration of Justice	2-11
Improving Respect for Human Rights	2-13
More Genuine and Competitive Political Processes	2-15
Supporting Free and Fair Elections	2-15
Strengthening Political Parties	2-19
Increased Development of Politically Active Civil Society	2-19
Strengthening the Legal Framework	2-19
Encouraging Effective Management and Democratic Governance	
Within Advocacy Organizations	2-20
Strengthening Oversight of State Institutions and Participation in Policy Formulation	2-22
Developing Civic and Democratic Values	2-24
Supporting an Independent Media	2-25
More Transparent and Accountable Government Institutions	2-25
Increasing Local Government Participation in Decision-Making	2-26
Promoting Anticorruption Initiatives	2-28
Strengthening the Effectiveness and Independence of Legislatures	2-29
Conclusion	2-30

Population, Health, and Nutrition Highlights	3-1
Reducing Unintended Pregnancies	3-1
Reducing Child Mortality	3-1
Reducing Maternal Mortality	3-1
Reducing Sexually Transmitted Infections	3-1

Stabilizing World Population and Protecting Human Health	3-3
Performance Measurement	3-3
Reducing Unintended Pregnancies	3-10
Developing New and Improved Approaches and Technologies	3-11
Transferring Technology and Skills	3-13
Improving the Host Country Policy Environment	3-13
Expanding Service Availability, Quality, and Use	3-14



Reducing Child Mortality	3-16
Developing New and Improved Approaches and Technologies	3-17
Transferring Technology and Skills	3-19
Improving the Host Country Policy Environment	3-20
Expanding Service Availability, Quality, and Use	3-21
Reducing Maternal Mortality	3-23
Developing New and Improved Approaches and Technologies	3-24
Transferring Technology and Skills	3-26
Improving the Host Country Policy Environment	3-26
Expanding Service Availability, Quality, and Use	3-27
Reducing Transmission of HIV and Other Sexually Transmitted Infections	3-28
Developing New and Improved Approaches and Technologies	3-29
Transferring Technology and Skills	3-30
Improving the Host Country Policy Environment	3-31
Expanding Service Availability, Quality, and Use	3-32
Conclusion	3-33
Environment Highlights	4-1
Conserving the World's Biodiversity	4-1
Mitigating Global Climate Change	4-1
Improving the Urban Environment	4-1
Encouraging Environmentally Sound Energy Services	4-2
Sustainably Managing Natural Resources	4-2
Protecting the Environment	4-3
USAID's 1995 Environment Objectives	4-5
Measuring Environmental Performance	4-6
Conserving Biological Diversity	4-9
Improving Management of Protected Areas	4-10
Promoting Sustainable Use of Biological Resources	4-13
Supporting Conservation of Genetic Diversity	4-14
Reducing the Threat of Global Climate Change	4-14
Reducing Greenhouse Gas Emissions from Energy Use	4-16
Reducing Net Greenhouse Gas Emissions from Land Use	4-17
Assisting Adaptation to Climate Change	4-18
Promoting Sustainable Urbanization and Reducing Pollution	4-18
Increasing Access to Water and Sanitation Services	4-19
Promoting Improved Urban Management	4-20
Pollution Prevention and Control	4-20
Increasing the Provision of Environmentally Sound Energy Services	4-22
Increasing Energy Efficiency	4-22
Increasing the Use of Renewable Energy	4-23
Introducing Innovative Clean Technologies	4-25
Sustainable Natural Resource Management	4-25
Managing Forests Sustainably	4-26
Managing Water Resources	4-27
Practicing Agriculture Sustainably	4-28
Managing Coastal Zones	4-30
Conclusion	4-31

Humanitarian Assistance Highlights	5-1
Prevention: Reducing Potential Impact of Crises	5-1
Relief: Meeting Urgent Needs	5-1
Transition: Establishing Security and Getting Basic Institutions Functioning	5-1
Development Linkages	5-1
Providing Humanitarian Assistance	5-2
The Humanitarian Assistance Picture	5-4
Measuring Performance	5-4
Prevention: Reducing Potential Impact of Humanitarian Crises	5-5
Relief: Meeting Urgent Needs in Crisis Situations	5-10
Timely and Effective Response to Meet Critical Needs	5-10
Enhancing Short-Term Food Security	5-13
Transition: Establishing Security and Getting Basic Institutions Functioning	5-13
The Role of Food Aid in the Transition to Development	5-17
Demobilizing and Reintegrating Ex-Combatants	5-18
Strengthening Local Governance and Institutions that Promote Reconciliation	5-20
Conclusion	5-21
Managing for Results Highlights	6-1
Managing for Results	6-2
Implementing Reengineering	6-2
Applying the Core Values	6-3
Orientation on Results	6-3
Strengthening Customer Focus	6-3
Creating and Working in Teams	6-4
Empowerment and Accountability	6-5
Managing for Results as an Agency	6-5
The R4 Process: Reporting, Reviewing, and Rating Program Performance	6-6
Managing With Less	6-7
Conclusion	6-9
Appendix A. Programs Included in the Agency Performance Report, 1996	A-1
Definitions of Program Categories and Notes	A-1
Appendix B	B-1
Appendix C	C-1



Boxes:

Box 1.1. Policy Reform, Infrastructure Development Spur Philippines Economic Growth 1-14

Box 1.2. Technology Raises Agricultural Productivity and Incomes 1-15

Box 1.3. Textbook Translation Makes a Profit 1-16

Box 1.4. Microenterprises Provide Opportunities 1-18

Box 1.5. Official Encourages Community Involvement in Mali School Programs 1-23

Box 1.6. Conference Launches Dialog On Education Reform in the Americas 1-25

Box 1.7. Update on Female Illiteracy in Nepal 1-27

Box 1.8. Expanding Girls' and Women's Education in Egypt 1-28

Box 2.1. In Benin, Donors and Host Coordinate Efforts 2-8

Box 2.2. Continuing Progress in Haiti 2-11

Box 2.3. Improving Women's Lives Through the Power of Democracy 2-14

Box 2.4. Learning from Experience in the Dominican Republic 2-17

Box 2.5. Concentration of Executive Power Triggers Shift to a Civil Society Strategy 2-21

Box 2.6. The Pivotal Role of Civil Society in South Africa 2-26

Box 3.1. Health Sector Reforms in Central and Eastern Europe and the New Independent States 3-10

Box 3.2. Family Planning Helps Prevent Abortion 3-15

Box 3.3. Men Well-Served by Family Planning 3-17

Box 3.4. Integrated Management of Child Illness 3-19

Box 3.5. USAID Helps Stem Spread of Diphtheria 3-21

Box 3.6. Preventing STI: Do the Interventions Work? 3-30

Box 4.1. New Beginnings: Regional Energy Initiatives 4-9

Box 4.2. Alleviating Poverty Through Sustainable Rain Forest Use 4-14

Box 4.3. Interagency Cooperation for Climate-Change Mitigation 4-16

Box 4.4. Achieving Cost-Effective Pollution Prevention 4-21

Box 4.5. Indonesia and Wind Power 4-24

Box 4.6. Successful Integrated Coastal Management Strategies 4-31

Box 4.7. USAID Capacity-Building Support to Central America 4-32

Box 5.1. Latin American Partners Take On Prevention Training 5-9

Box 5.2. Women: Hunger and Basic Rights 5-12

Box 5.3. U.S. Foreign Assistance Helps a Nation Rebuild 5-14

Box 5.4. Crossing the Bridge to Peace 5-16

Box 5.5. Armenia: Moving Toward Self-Sufficiency 5-17

Box 6.1. Customers Help USAID Refine Its Programs 6-3

Box 6.2. In Paraguay, Building Ownership Through Participation 6-4

Box 6.3. The Hard Facts About Teamwork 6-5

Box 6.4. Empowerment of Strategic Objective Teams 6-5

Figures:

Figure 1.1. In Developing World, Incomes Are Growing for Most People 1-3

Figure 1.2. U.S. Merchandise Exports to Developing Countries 1-4

Figure 1.3. Economic Growth Strategic Framework 1996: Number of Country
Programs Contributing to Each Objective 1-8

Figure 1.4. Number of Country Programs Contributing to Agency Objective 1.1 1-10

Figure 1.5. Number of Country Programs Contributing to Agency Objective 1.2 1-17

Figure 1.6. Number of Country Programs Contributing to Agency Objective 1.3 1-22

Figure 1.7. National Budget Allocations 1-24

Figure 2.1. Democracy Strategic Framework 1996. Number of Country Programs Contributing to Each Objective	2-3
Figure 2.2. USAID Support to Democracy Programs, by Region	2-6
Figure 2.3. Number of Country Programs Contributing to Agency Objective 2.1	2-9
Figure 2.4. Number of Missions Contributing to Agency Objective 2.2	2-17
Figure 2.5. Number of Country Programs Contributing to Agency Objective 2.3	2-20
Figure 2.6. Number of Country Programs Contributing to Agency Objective 2.4	2-27
Figure 3.1. Regional Changes in Total Fertility Rates (1985–95)	3-5
Figure 3.2. Regional Changes in Infant Mortality Rates (1985–95)	3-5
Figure 3.3. Regional Changes in Mortality Rates of Children Under 5 (1985–95)	3-6
Figure 3.4. Agency Population, Health, and Nutrition Strategic Framework	3-7
Figure 3.5. Number of Country Programs Contributing to Agency Objective 3.1	3-11
Figure 3.6. Contraceptive Use and Abortion Rates	3-16
Figure 3.7. Number of Country Programs Contributing to Agency Objective 3.2	3-18
Figure 3.8. Diphtheria in Ukraine, 1994–96	3-22
Figure 3.9. Change in Oral Rehydration Therapy Use Rates in Selected Countries	3-23
Figure 3.10. Women’s Reproductive Health: Annual Statistics	3-24
Figure 3.11. Number of Country Programs Contributing to Agency Objective 3.3	3-25
Figure 3.12. Number of Country Programs Contributing to Agency Objective 3.4	3-29
Figure 4.1. USAID Environment Obligations By Region, 1994–96	4-5
Figure 4.2. Environmental Strategic Framework, 1996: Number of Country Programs Contributing to Each Objective	4-7
Figure 4.3. Number of Country Programs Contributing to Agency Objective 4.1	4-10
Figure 4.4. Percent of Land Area Under Protection, 1985–94	4-11
Figure 4.5. Global Carbon Dioxide Emissions From the Energy Sector	4-15
Figure 4.6. Number of Country Programs Contributing to Agency Objective 4.2	4-17
Figure 4.7. Number of Country Programs Contributing to Agency Objective 4.3	4-19
Figure 4.8. Number of Country Programs Contributing to Agency Objective 4.4	4-22
Figure 4.9. Primary Energy Use by Region, 1985–2025	4-23
Figure 4.10. Number of Country Programs Contributing to Agency Objective 4.5	4-26
Figure 4.11. Use of Fresh Water by Sector	4-28
Figure 4.12. Adopters of Natural Resource Management Technologies	4-29
Figure 5.1. Humanitarian Assistance Strategic Framework 1996	5-3
Figure 5.2. Complex Disasters as a Percentage of Total US Government Declared Complex Disasters 1986–95	5-4
Figure 5.3. Number of OFDA-Declared Disasters	5-5
Figure 5.4. Agency Program Approaches Contributing to Agency Objective 5.1	5-7
Figure 5.5. Agency Program Approaches Contributing to Agency Objective 5.2	5-10
Figure 5.6. Agency Program Approaches Contributing to Agency Objective 5.3	5-15

Tables:

Table 1.1. U.S. Exports to and Investment In USAID Recipient Countries	1-5
Table 1.2. Programs Contributing to Agency Economic Growth Goal in 1996	1-9
Table 1.3. Trends in Economic Growth Performance, by Region	1-11
Table 2.1. USAID Programs With Democracy and Governance Objectives in 1996	2-5
Table 3.1. USAID Country Programs with Population, Health, and Nutrition Objectives in 1996 ..	3-8
Table 4.1. USAID Missions with Environmental Objectives in 1995	4-8

Table 4.2. USAID-Supported Environmental Endowment Funds	4-12
Table 5.1. PL 480 Emergency Food Aid Recipients	5-11
Table A.1. Sustainable Development Programs	A-1
Table A.2. Transition Programs	A-2
Table A.3. Other Country Programs	A-2
Table B.1. Average Age of Data (in years) on the Three Social Indicators	B-1–B-2
Table B-2. Distribution of Countries and of Population by Region and Recency of Reliable Data on Population Size	B-3
Table B-3. Distribution of Countries and of Population by Region and Recency of Reliable Data on Fertility	B-4
Table B-4. Distribution of Countries and of Population by Region and Recency of Reliable Data on Mortality	B-5
Table B-5. Distribution of Countries and of Population by Region and Recency of Reliable Data on Contraceptive Prevalence	B-6
Table C.1. USAID Program Funding Levels	C-1
Table C.2. USAID Operating Costs	C-1

Maps:

Map 2.1. Programs With Strategies Contributing to Democracy and Governance Goal	2-4
Map 3.1. USAID Country Programs Working in the Population, Health, and Nutrition Goal	3-9
Map 4.1. Programs With Strategies Contributing to the Environment	4-4
Map 5.1. Programs with Strategies Contributing to Humanitarian Assistance	5-6

Introduction

Amid New Challenges, Continued Progress





Introduction and Overview

Summary

U.S. foreign policy and the national interest are well served by sensible investments promoting economic growth and political stability abroad. From the visionary efforts to rebuild a war-torn Europe in the wake of World War II to creating a new generation of export markets across Africa, Asia, and Latin America, foreign assistance is a vital instrument of America's international leadership.

The end of the cold war has brought profound shifts to the world's ethnic, economic, political, and technological fault lines. Since the need to contain the Soviet threat has dissipated, the United States faces major new international challenges: failing nation states, protracted civil wars, bitter ethnic disputes, humanitarian crises, and sweeping global problems such as narcotics trafficking, emerging diseases, international terrorism, rapid population growth, and widespread environmental degradation.

In this new era, the U.S. Agency for International Development is uniquely positioned to advance our national agenda and promote democratic values internation-

ally. Transitions to democratic governance and open markets have become commonplace even among the most autocratic governments and centrally planned economies. Growing economies and improvements in public health have greatly improved the quality of life in many corners of the world. Support for human rights, prevention of genocide, and rebuilding judiciaries and other institutions of civil society are increasingly important. The United States, as the lone remaining superpower, is positioned to use its foreign assistance programs to consolidate and further the dramatic gains in all these areas.

USAID's strength lies in its hands-on experience at the working level in developing nations. Whether it is fostering economic policy reform, leading immunization campaigns, or monitoring elections, USAID's resources, program experience, and technical expertise enable the United States—in conjunction with other donors—to make a lasting difference in the developing world.

Notwithstanding the importance of the Agency's mission, USAID's budget has been severely cut over the past three

years, personnel levels have been drastically reduced, and a number of overseas field missions eliminated. However, comprehensive reengineering of USAID planning and management systems has resulted in greater efficiencies, sharpened focus, and significant impact on the following U.S. foreign policy objectives.

■ **Promoting U.S. economic prosperity.** USAID directly helps create new markets abroad and jobs at home by contributing to sustainable economic growth in less-developed countries and by advancing the transition from authoritarian, state-run economies to market-based systems.

During 1996, USAID played a vital role in strengthening private sector participation, restructuring capital markets and expanding U.S. exports throughout the developing world, with emphasis on the emerging markets of **Hungary, India, Indonesia, the Philippines, and Russia**, as well as the lower-income countries of **Bolivia, Ghana, Ecuador, Honduras, Malawi, and Uganda**.

■ **Enhancing U.S. security.** USAID programs contribute to peace and stability abroad by facilitating conflict resolution

and reconciliation, aiding in the transition from authoritarian or communist regimes to democratic forms of government, promoting good governance, and enhancing global cooperation.

During 1996, USAID helped bolster the rule of law and respect for human rights in **Bolivia, Colombia, the Czech Republic, Ecuador, El Salvador, Ethiopia, Georgia, Guatemala, Honduras, Kenya, Lithuania, the Former Yugoslav Republic of Macedonia, Madagascar, Malawi, Panama, Peru, Russia, Slovakia, South Africa and Uganda.**

USAID supported free and fair elections in the **Dominican Republic, Ghana, Haiti, Mongolia, Nicaragua, Russia, South Africa, Uganda** and the **West Bank–Gaza**; and promoted democratic reforms and more accountable government institutions in 50 countries throughout the world.

■ **Protecting the United States against global dangers.** USAID addresses global problems that pose a direct threat to the health and prosperity of Americans, such as the spread of HIV/AIDS and other emerging diseases, air and water pollution, the loss of biodiversity, global climate change, and high rates of population growth in the developing world.

USAID programs to reduce unintended pregnancies contributed to declines in the average fertility rate in developing countries from six children per woman in the 1960s to four children per woman today.

Since 1986, USAID has led the international response to the HIV/AIDS pandemic, with financial and technical support for mass education, promotion of behavioral change, and increased condom use in 40 countries worldwide.

In 1996 USAID continued to protect biodiversity, conserving hundreds of thousands of hectares of globally significant habitat in Africa, Asia, and Central America, while mitigating global climate change through energy conservation programs in **Indonesia, Mexico, the Philippines,** and elsewhere.

■ **Preventing and alleviating crises.** USAID development programs help alleviate many of the root causes of crises, a far less expensive option for American taxpayers than responding to uncontained disasters through military operations, peacekeeping efforts, and increased humanitarian relief. When crises cannot be prevented, USAID implements relief programs to save lives and reduce human suffering, reflecting the fundamental American value of responding to those in need.

In 1996, USAID provided more than \$750 million in relief for 65 declared emergencies in

51 countries worldwide. USAID brought emergency relief to 4.2 million refugees, 7.5 million internally displaced people and 9.2 million others, in countries as disparate as **Bosnia–Herzegovina, Burundi, the Caucasus, Liberia, and Rwanda.**

USAID helped demobilize armies and train soldiers in vocational skills, restoring water, sanitation, and social services in **Angola, Bosnia, El Salvador, and Haiti,** helping those impoverished countries begin to make the transition to stable, democratic, and economic development.

Amid New Challenges Continued Progress

USAID is a learning organization, committed to analysis of program failures and continuing challenges as well as to celebration of success. Each of our country programs and each of our goal areas contains examples of the difficulties we face in trying to make a lasting impact on the lives of the poor and disenfranchised throughout the developing world. This report does not dwell on program failures, but it is careful to note that successes are always qualified by the fact that they are partial and by the realization that unless our clients and development partners help sustain them they will remain fragile and precarious.



In 1996, USAID continued to consolidate operations in Washington as well as overseas. During the past three years, the Agency has closed 26 Missions worldwide and will close additional Missions over the next year. The total USAID work force has been reduced by nearly one third since the beginning of 1993.

But the demands on our resources have not diminished.

The past three years have seen tremendous changes globally, with many poor nations in upheaval. During the past three years we have been faced with about 20 complex, or man-made, emergencies a year, compared with 3 or 4 only a decade ago—leaving a burden of 50 million displaced persons and refugees. The rash of imploding nations has placed great strains on our development budget and on the global economy itself.

Since 1993 the world's population has increased by 270 million, placing additional pressure on scarce resources and making it even more difficult for the poorest nations to strengthen the political, social, and financial institutions they need to sustain positive levels of economic growth, protect the environment, and achieve higher standards of living.

In the face of these external challenges and those presented by internal resource constraints,

USAID reengineering has focused the Agency on five strategic goals:

1. to achieve broad-based economic growth
2. to build democracy
3. to stabilize world population and protect human health
4. to protect the environment
5. to provide humanitarian assistance

Over the past year, in close collaboration with host country partners, nongovernmental organizations, international financial institutions, and other donors, USAID programs produced major contributions toward achievement of each of these goals.

1. To Achieve Broad-Based Economic Growth

Central to this goal is promoting income growth for all and especially for the poorest members of society. USAID programs help spur income growth by increasing worker productivity through basic education and technology transfer; by helping government institutions become more efficient; and by helping unleash vibrant, competitive, private markets to produce and distribute most goods and services.

USAID assistance to the poorest countries takes into account their heavy dependence on agriculture. USAID pro-

grams seek to increase agricultural productivity in order to raise incomes and food consumption standards, freeing workers to produce other goods that increase human welfare. As the country's economy becomes more diversified, low tariffs and appropriate exchange rates permit open participation in the world economy. This, in turn, acts both as a spur to efficient production and an opportunity to acquire new technology. USAID's 35 years of experience in promoting economic growth and its cadre of professional in-country staff provide the basis for collaborative approaches with host governments, international financial institutions, other donors, and private-sector firms.

In 1996, USAID achieved significant success helping developing countries strengthen markets, expand access and opportunity for the poor, and expand and improve basic education.

Strengthening Markets

USAID programs in 57 countries pursued this objective in 1996.

■ USAID played a vital role in expanding the role of the private sector through policy and regulation reform. The private sector in **Albania**, the **Czech Republic**, **Estonia**,

Hungary, Latvia, Lithuania, Poland, Russia, and the Slovak Republic produced more than 50 percent of gross domestic product in 1995, compared with less than 12 percent in 1989.

■ The Agency helped restructure capital markets in **India, Indonesia, and the Philippines**, where capital market activity doubled from 1993 to 1995, from \$5.5 billion to almost \$11 billion.

■ USAID supplied agricultural technology to lower-income countries such as **Guinea, Mali, and Senegal**, raising agricultural production. USAID helped **Costa Rica, Ghana, and Malawi** and increase exports of nontraditional agricultural products by more than 100 percent.

Expanding Access And Opportunity

USAID programs in 44 countries pursued this objective in 1996.

■ USAID supported registration of more than 256,000 land titles in **Albania, El Salvador, and 9,500 land titles in Honduras**.

■ In **Ecuador**, between 1992 and 1995, USAID helped train 1.7 million low-income people in microenterprise development. USAID helped more than 10,000 small agricultural

producers move their produce from local to national and international markets.

■ Fourteen USAID-supported projects in countries such as **Bangladesh, Bolivia, Guinea, and Kyrgyzstan** provided credit to 250,000 women microentrepreneurs in Latin America and the Caribbean alone.

Expanding and Improving Basic Education

USAID programs in 22 countries pursued this objective in 1996.

■ USAID encouraged increased budgetary support for primary education, which now accounts for at least 50 percent of the education budgets in **Benin, Ethiopia, and Malawi**. These countries also increased nonsalary expenditures for primary education. For example, in **Guinea**, nonsalary expenditures rose from less than 7 percent of total expenditures in 1989 to 20 percent in 1995.

■ USAID assistance to the **Honduras** Ministry of Education established minimum learning objectives and provided educational materials and teacher training throughout the primary education system. As a result, test scores have risen nearly 80 percent since 1991.

■ USAID helped more than 260,000 women become literate. For example, in **Nepal**

28 percent of women are now literate, up from 22 percent in 1991.

2. To Build Democracy

Democratization facilitates informed participation by all citizens, public sector accountability, and protection of human rights. Democratic governance is inextricably linked to sustainable development. Its antitheses—autocracy, corruption, human rights abuses, exclusion of marginalized groups, disregard for the rule of law, and repression—undermine efforts to strengthen sustainable economic and social development.

Democratic governments are inherently more stable over the long run, since they institutionalize fair and transparent processes for leadership succession. Stable governments make more reliable international partners. They are more likely to advocate and observe international law and agreements. They therefore make better trading partners for the United States and good partners in the quest for world peace.

USAID programs to help establish democratic institutions, free and open markets, an informed and educated populace, a vibrant civil society, and a relationship between state and society that encourages pluralism, inclusion, and peaceful



conflict resolution—all contribute to the goal of building sustainable democracies.

To guide programming, the Agency's strategic framework establishes four strategic objectives: strengthened rule of law and respect for human rights, more genuine and competitive political processes, increased development of politically active civil society, and more transparent and accountable government institutions.

In 1996, USAID made important contributions to democratic development under each of these objectives:

Strengthening Rule of Law and Respect for Human Rights

In 49 countries USAID programs helped establish a predictable legal environment, develop independent, fair, and effective judicial systems, and strengthen human rights.

■ New or modified criminal and civil codes have been reviewed or adopted in **Armenia, Bolivia, Colombia, Czech Republic, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Lithuania, the Former Yugoslav Republic of Macedonia, Panama, Peru, Russia, Slovakia, and Uganda.** Significant progress in strengthening USAID-supported public defenders programs in **Bolivia, Cambodia, El Salvador,**

Honduras, and Panama is evidenced by the increased quality of the defenders and mushrooming demand for their services.

■ USAID supported creation of human rights ombudsmen in **El Salvador, Guatemala, Nicaragua, and Peru.**

Creating More Genuine and Competitive Political Processes

USAID plays an important role in ensuring genuine and competitive political processes with programs in 35 countries.

■ USAID assistance in **Bangladesh, Benin, the Dominican Republic, Ghana, Haiti, Mongolia, Russia, South Africa, Uganda, and the West Bank–Gaza** resulted in improved electoral administration and increased competition among candidates.

■ USAID launched its global Women in Politics Program. The program gives women a chance to become more effective voters, advocates, candidates, and legislators.

Increasing the Development of Politically Active Civil Society

USAID programs in 50 countries direct their efforts to organizations engaged in or with the potential for championing democratic governance reforms.

■ In cooperation with indigenous trade unions, USAID has designed and implemented programs aimed at increasing the membership of women workers in manufacturing. As a result, labor unions in **Bangladesh, Indonesia, the Philippines, Sri Lanka, and Tanzania** have increased the number of women members by 25 percent.

USAID also has supported increased capacity of civil society to press for political reforms and to participate in policy formulation. In **Mozambique**, for example, USAID support broadened the dialog over decentralization by including more stakeholders from various sectors outside the government, including nongovernmental organizations, church groups, farmer and business associations, and traditional leaders.

Developing More Transparent and Accountable Government Institutions

USAID supports accountable governments in 50 countries, improving their ability to perform effectively and efficiently, respecting ethical standards, and consulting with their constituencies.

■ In 37 countries, USAID's approach to democratic local governance emphasizes in-

creased citizen participation, promoting empowerment for minorities and vulnerable groups, engendering greater local government responsiveness and accountability to citizen needs, improving local revenue mobilization, reducing corruption, and lessening ethnic tension and conflict.

USAID efforts not only helped develop new constitutions in countries like **Ethiopia** and **Ukraine**, but also:

- Modernized commercial law in 10 countries of Eastern and central Europe
- Established and strengthened judicial training centers in **Bolivia, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Peru, and Russia**
- Expanded public defender programs in **Bolivia, Cambodia, El Salvador, Haiti, Honduras, and Panama**
- Developed legal education programs in **Latvia, Macedonia, Peru, Romania, and Slovakia**
- Created small-claims courts and community-based mediation boards in **Colombia, Guinea-Bissau, and Sri Lanka**
- Increased female political participation and women's awareness of legal rights in **Bangladesh, Mongolia, Nepal, and Panama**
- USAID support to developing parliamentary organizations and to increasing accountability

of parliaments to citizens gives citizens greater access to the policy process and more control over the behavior of the executive branch. For example, a program in **Namibia** is helping develop the institutional capacity (particularly in constituency outreach) of the upper and lower houses, and is enhancing the capacity of nongovernmental organizations and the media to represent public interests in the formulation of policy and related legislation.

3. To Stabilize World Population and Protect Human Health

Three decades of support from USAID for population, health, and nutrition programs have contributed to reduced mortality and fertility rates in the developing world. Millions of lives have been saved. USAID's strategy for stabilizing world population and protecting human health centers on sustainable reductions in four areas: unintended pregnancies, child mortality, maternal mortality, and sexually transmitted infections and HIV transmission among key populations. The Agency's technical leadership has led to innovations, such as oral rehydration therapy, that affect health worldwide.

Programs to *reduce unintended pregnancies* have contributed to women's reproductive health. USAID's efforts have contributed to declines in the average fertility rate in developing countries from six children in the 1960s to four

children per woman today. USAID supports the Cairo Program of Action, a comprehensive vision of development adopted by more than 180 countries at the International Conference on Population and Development, held in September 1994.

We are seeing some impressive successes in Africa as well. In **Kenya**, the use of modern contraceptives has shot up dramatically, protecting 25 percent of eligible women in 1995, a 250 percent increase from 1984. In **Ghana**, looking at couple years of protection, which represents the aggregate effect of contraceptives, there has been nearly a fivefold increase from 1988 to 1995.

■ USAID's Women's Reproductive Health Services Expansion project shows promising preliminary results. The project illustrates the integration of efforts in family planning and reproductive health. In Central Asia, 1994 and 1995 data from 33 project sites in four countries indicate a 58 percent increase in new contraceptive users and a 30 percent decrease in induced abortions.

1995 marked the tenth anniversary of the USAID child survival program. The program has played a vital role in preventing childhood illness and *reducing child mortality* around the world. Infant mortality rates in developing countries



(excluding China), have declined from 96 infant deaths per 1,000 live births in 1985 to 77 in 1995.

■ Following the eradication of polio in the Western Hemisphere in 1994, accomplished with USAID support, the United States launched a major global initiative in 1996 to eradicate polio worldwide.

■ USAID supported the development and testing of a new approach to the care of sick children. Analyses have confirmed that integrated management of childhood illness is one of the most cost-effective public health interventions. In 1995, USAID began worldwide introduction of the approach, which combines interventions in a single, effective package.

USAID develops new models for delivering prenatal, postpartum, and lifesaving obstetric care, and tests and adapts them during field trials. USAID-sponsored research helps validate interventions to *reduce maternal mortality*. The interventions, adopted by USAID and its partners, have begun to save mothers' lives.

■ A study of the presumptive treatment of sexually transmitted infections in pregnant women is under way in **Uganda**. Preliminary results show lower prevalence of syphilis, trichomoniasis, and bacterial vaginitis in the postpartum period for women treated during pregnancy.

Since 1986, USAID has led the international response to the HIV/AIDS pandemic. Through its support in more than 40 countries and its commitment of more than \$700 million, the Agency concentrates on *reducing the spread of HIV and other sexually transmitted infections* and on mitigating the pandemic's impact on sustainable development.

■ In the **Philippines**, the HIV infection rate is still one of the lowest in Asia. Mass media, outreach interventions, and peer counselors promote behavioral changes that reduce HIV transmission. These efforts have had an effect: the HIV seroprevalence rate among groups that practice high-risk behaviors continues to remain at the 1993 baseline of less than 1 percent.

■ Increasing condom use is a critical intervention to prevent transmission of HIV and other sexually transmitted infections. Condom sales have increased dramatically in many countries: in **Kenya**, monthly sales increased almost 20-fold during 1990–95, from 26,000 to 500,000.

4. To Protect the Environment

Careful management of natural resources is essential if investments in development are to yield sustainable benefits. Unpolluted and productive lands and waters are essential for food security and long-term economic growth. Clean air and potable water are fundamental

to the health of all human communities. Global environmental degradation ultimately threatens not only developing countries but also the economic and national security of the United States and the rest of the world. For these reasons, USAID's environmental program is vital to the achievement of the Agency's overall sustainable development goals.

In 1996, USAID made significant contributions to five environmental objectives: conserving the world's biodiversity, mitigating global climate change, improving the urban environment, encouraging environmentally sound energy services, and sustainably managing natural resources.

Conserving the World's Biodiversity

Since 1987, USAID has worked in more than 100 protected areas in 60 countries to conserve millions of hectares of globally significant habitat.

■ In **Guatemala**, USAID's work with 16,000 people living outside the Maya Biosphere Reserve, one of the Central America's most biologically rich areas, has saved 410,000 hectares of rain forest.

■ USAID helps nongovernmental organizations (NGOs) and local communities that protect biodiversity throughout Africa, Asia, and Latin America. In Latin America

alone, these NGOs contributed to more than 90 national and international environmental policy initiatives in 1995.

■ In **Madagascar**, slash-and-burn agriculture, a major threat to biodiversity, has been reduced 65 percent in one major national park, and stopped altogether in a second, following the implementation of USAID programs.

Mitigating Global Climate Change

USAID programs help reduce net emissions of greenhouse gases and, at the same time, promote economic growth and environmental management in nine partner countries.

■ A rural electrification program in the **Philippines** reduced power-line losses 3 percent, averting emission of 250,000 metric tons of greenhouse gases a year from a heavily polluting coal-powered plant.

■ In **Mexico** a high-efficiency lighting program reduced electricity costs while averting annual emissions of 118,000 metric tons of carbon dioxide.

Improving the Urban Environment

USAID assistance to 24 countries has helped improve the quality of life for millions of city dwellers.

■ Since 1980, 20 million **Egyptians** have benefited from USAID work to provide water and wastewater services to Alexandria, Cairo, and other cities.

■ With the help of a housing guaranty loan, a town in the **Czech Republic** was able to connect all of its homes to natural gas, thus giving the town its first clean winter in recent memory. The natural gas also helped bring back to productivity a brick factory idle since 1934.

■ In the **Philippines** a demonstration program in cost-effective pollution prevention has reduced the country's emission of industrial organic pollution by almost 2 percent and yielded an estimated \$30 million in annual savings to the private sector.

Encouraging Environmentally Sound Energy Services

The Agency is helping 16 countries shift to sustainable energy systems that yield economic and environmental benefits.

■ The **Indonesian** government purchased 30 wind turbines from an Oklahoma-based firm after an initial USAID investment of less than \$25,000 for a wind power demonstration project. The Indonesian purchase has yielded \$1 million in direct U.S. exports to date.

■ USAID advisers helped the **Hungarian** Energy Office develop the grid code and regulatory framework that attracted \$1.3 billion in financing for six electricity distribution companies and two generation companies in the first phase alone.

Sustainably Managing Natural Resources

USAID is helping local communities and governments in 35 countries manage their coasts, forests, fresh water, and agricultural lands more productively and with less environmental damage.

■ Throughout sub-Saharan Africa, the Agency is increasing the food security of millions of people. In food-insecure Niger, such techniques as planting trees for windbreaks and building water conservation ditches helped increase crop yields by as much as 50 percent,

■ In water-scarce Morocco, USAID assistance in passing a new water law and introducing new irrigation technologies has led to a 20 percent water saving in agriculture.

5. To Provide Humanitarian Assistance

In 1995 at least 41 million people depended on international humanitarian assistance. This is twice the number reported in 1983. Over the past decade, the number of human beings killed, injured, or otherwise affected by natural disasters and by complex political emergencies has increased alarmingly, with no sign of improvement in the immediate future. The International Federation of the Red Cross estimates that by the year 2000, the number of people affected by disasters will reach 300–500 million.

Worldwide spending on humanitarian assistance rose to \$7.2 billion in 1994, compared with \$2.7 billion in 1985. The thrust of humanitarian assistance has shifted in recent years,

reflecting the explosion of man-made, or “complex” disasters, which now surpass the cumulative destructive force of drought, earthquakes, hurricanes, volcanic eruptions, and other natural disasters. Complex emergencies accounted for 41 percent of all international disasters to which the United States and the rest of the international donor community responded in 1996.

USAID humanitarian assistance looks beyond short-term emergency relief to supporting the transition to long-term sustainable development. Our assistance is guided by the goal of “lives saved, suffering reduced, and development potential reinforced.” In 1995 and 1996 USAID played a major role worldwide in helping prevent future crises, in delivering humanitarian relief, and in helping beleaguered nations make the transition from war to lasting peace.

■ The Agency estimates this year alone it has spent more than \$756.2 million on relief for 65 declared emergencies. Some \$477 million covered PL 480 Title II emergency food aid for nearly 21 million people.

■ USAID responded to 65 declared emergencies in 51 countries. Seventeen were complex, or man-made, and 48 were natural.

Prevention: Potential Impact of Crises Reduced

The Agency monitored the potential for a 1995–96 drought in southern Africa and estimated food requirements to plan for effective and timely response. USAID has three strategies to prepare for drought and mitigate its effects: supporting policy reform to stimulate markets and create a more efficient flow of food to areas experiencing deficiencies; promoting the use of drought-resistant seeds, which have improved some groups’ ability to combat drought; and developing a regional strategy to complement USAID’s bilateral efforts.

USAID also works with other government agencies in tracking and assessing weather conditions, and shares that information with governments and regional organizations. The information, combined with visits to high-risk areas, provides the backdrop for making contingency plans and meeting the needs of vulnerable groups.

■ The Greater Horn of Africa Initiative (GHAI) held a pivotal conference in November 1996. At the conference, the member states of the Intergovernmental Authority on Development (Djibouti, Eritrea, Ethiopia, Kenya, Sudan, and Uganda)

launched the revitalized organization and issued a joint communique, committing themselves to working together to address conflict and food security issues.

■ Donors committed to improving coordination with members of the organization. The United States has committed to providing direct support to the subregional group in three areas: strategic planning, operational support, and capacity building. The underlying emphasis is to ensure African leadership in the process and ownership of GHAI strategies, policies, and activities. Another consideration is using regional approaches to solve problems in the Greater Horn.

■ USAID and the State Department joined forces with 10 Missions to incorporate in their strategic plans efforts to prevent future crises, link relief and development, and include long-term food security in sustainable development programs.

Relief: Urgent Needs Met

■ USAID responded to 48 natural disasters: 22 floods, 2 droughts, 2 epidemics, 2 tornados, 6 typhoons and cyclones, 6 earthquakes, 1 fire, and 1 volcanic mud slide.

■ The Agency implemented relief efforts in **Bosnia-Herzegovina, Burundi, the Caucasus, Liberia, Rwanda,** and many other countries.

■ 4.2 million refugees, 7.5 million internally displaced people, and 9.2 million others affected by emergencies received emergency food assistance

■ Owing to greater stability in **Mozambique**, 21 million people returned to their homes from October 1992 through 1995 and reestablished farms and businesses. That cut dependence on free-food aid dramatically.

Transition: Security and Basic Institutions Functioning

■ USAID helps countries make the transition from war to peace by working to restore security, demobilize the military, defuse land mines, and establish local governance.

■ In **Haiti** a major USAID initiative is under way to demobilize and train the army in vocational skills, promote community initiative, and restore social services such as water and sanitation throughout the country. Similar initiatives in **Angola, Bosnia, and El Salvador** enable people to return to normal life.

Development Linkages

■ USAID helps countries repair infrastructure, build local institutions, and provide technical and financial assistance to citizens.

■ To strengthen the link between emergency assistance and development, USAID programs increasingly include prevention, relief, and transition objectives in their long-term development planning.

Managing for Results

USAID continues to be a leading agent of change among U.S. government agencies. 1995-96 saw another year of intense internal reengineering to advance the efficiency and effectiveness of programs. Essential to successful reengineering is widespread adoption of the Agency's core values: results orientation, customer focus, teamwork and participation, and empowerment with accountability. To further these core management values, USAID during the past year has

■ issued directives to guide planning, achieving, and monitoring program performance and results

■ formulated customer service plans, sought customer involvement at the planning stage, and solicited regular customer feedback as programs were carried out

■ formed teams around program objectives to more actively engage USAID staff, partners, and customers in developing programs and activities

■ continued to seek proper degrees of increased empowerment for decision-making by staff and teams while ensuring an adequate understanding of accountability responsibilities between management tiers

Essential to managing for results is reviewing and rating performance and using that analysis for decisions on programs and resource allocation. During the year USAID

■ emphasized the requirement that program managers regularly revalidate the underlying logic of their strategies

■ continued to improve the reliability and validity of the data generated for Agencywide performance information systems

■ worked to standardize tenets of strategic planning, performance measurement, and reporting across Missions and bureaus

■ extended use of the new Results Review and Resource Request (R4) system and made this new system the basis of the annual performance and budget reviews

USAID for now must plan to manage less *with* less. Management initiatives to reconfigure staff and program during 1996–97 include

■ issuing a restructuring guide on the overseas work force establishing staff size and skills for various country program situations

■ narrowing the focus of country programs, given the reality of limited human and financial resources

■ increasing attention to ensuring that institutions and programs in graduating countries will be sustainable once assistance is phased out

USAID is sharing its field experience with reengineering through a series of publications on best practices. In 1996, the Agency published six reports from Missions in **Bolivia, Central Asia, the Dominican Republic, and the Philippines.** Two general reports cover a year of experience among country experimental labs, and planning and managing for results under reengineering.

This report highlights the challenges and achievements of fiscal year 1996, but it also discusses trends that began much earlier. To provide context and a sense of the continuity of USAID developments worldwide, the report includes some relevant information on program performance prior to 1996.

The Program Impact of Resource Constraints

The budget cuts USAID suffered in fiscal year 1995 included a 35 percent reduction in appropriations for population programs. Unprecedented restrictions on the timing of funding availability exacerbated

the situation. The damage was significant: Millions of women of reproductive age were deprived access to family-planning services and contraceptive methods. This resulted in millions of unwanted pregnancies, abortions, and unwanted births, and thousands of maternal and infant deaths.

The fiscal 1995 budget cuts reduced the Agency's ability to address increasing threats to human health worldwide, including the 750,000 new cases of AIDS contracted over the past three years. Deadly new diseases have emerged that potentially threaten all the world's peoples.

USAID funding for economic policy reform and promotion of growth has been cut in half over the last five years. This occurred just when many low-income countries in Africa and Asia, containing most of the world's 1.3 billion poor, have become much more receptive to economic reform. USAID, with adequate funding, could help reduce poverty, lower the risk of crises, enhance food security, and open potentially large markets for U.S. trade.

USAID environment programs also suffered from budget reductions. As a result, the Agency could not fully participate in multidonor programs to counter immediate environmental threats in central and Eastern Europe, could not adequately

support Indonesian efforts to protect vanishing rain forest, could not fully support host government efforts to preserve the Panama Canal watershed—the rain forest that provides the massive amounts of fresh water required for daily operation of the canal.

Budget cuts impeded USAID programs promoting democracy worldwide. The cuts threaten full achievement of local-governance activities in **Ecuador** and **Nicaragua**, undercut U.S. participation in implementation of the **Guatemala** peace accords, and endanger rule-of-law programs throughout Latin America and human rights monitoring and civil society strengthening throughout Africa.

Building Development Cooperation for the 21st Century

Coordinating Donor Assistance

USAID helped draft “Strategies for the 21st Century,” a report by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). The report sets global targets in poverty reduction, social development, and environmental sustainability, to be achieved by the year 2015.

USAID will play a major role in carrying out these strategies worldwide.

■ The United States led the shaping of this initiative, raising it at the 1995 high-level meeting of the OECD Development Assistance Committee (DAC). U.S. concern stemmed in large part from widespread cuts in donor funding levels.

■ USAID Administrator Brian Atwood hosted two meetings of a DAC *groupe de reflexion* on this initiative. The USAID assistant administrator for policy and program coordination represented the United States in additional meetings.

■ In May 1996 development ministers and heads of agencies of member governments debated the substance of the new initiative embodied in a draft document, *Shaping the 21st Century: the Role for Development Cooperation*, prepared by the *groupe de reflexion*. The USAID Administrator was active in forging agreement on this new consensus vision of development cooperation. OECD foreign and finance ministers endorsed the rationale and strategy at the OECD ministerial meeting. OECD Heads of State approved it at the G-7 Lyon Economic Summit.

■ The new strategy embodies many of the development objectives, approaches, and themes USAID pioneered, with

emphasis on civil society participation and local ownership of development strategies, the importance of democratic governance, environment, and fostering the role of women in development.

■ The initiative represents a dramatic shift from the traditional preoccupation with aid inputs to an emphasis on the impact and results of development programs.

■ USAID will continue to play an active part in carrying out the strategy, in devising ways to measure progress toward development targets, and in advancing awareness of the strategy among development practitioners in the United States and in multilateral development institutions.

USAID helps implement the U.S.–**Japan** Common Agenda for Cooperation in Global Perspectives, established in July 1993. The two countries have under way 26 common initiatives. They

■ Promote health and human development

■ Address challenges to global stability

■ Protect the global environment

■ Advance science and technology

■ Provide exchanges for mutual understanding.



Strengthening Partnerships

In March 1995 Vice President Al Gore announced the New Partnerships Initiative to encourage collaboration between the public and private sectors and enlist the energy, knowledge, and creativity of both governmental and nongovernmental organizations in establishing an enabling environment that permits local grassroots capacity to achieve development goals.

Robust civil society and strong society-to-society linkages are critical to the sustainability of the development process. The New Partnerships Initiative (NPI) has three components:

1. Strengthening the capacity of nongovernmental actors, small businesses and governments at the grass-roots level, increasing their professionalism, efficiency, initiative, and accountability, and increasing the transparency of their proceedings.

2. Helping develop the enabling environment of needed policy, legal, and regulatory reforms, which guarantee basic human rights and promote effective and democratic government.

3. Developing linkages and partnerships between USAID and a broad range of public and private sector development

partners at the local level. The objective is to incorporate the initiative into all USAID program planning and implementation. A number of pilot activities are already under way.

■ Seven NPI “leading-edge Missions” embody the full range of NPI activities and closely monitor NPI performance. These Missions are **Bangladesh, Bulgaria, Guinea, Haiti, Kenya, Philippines, and Zambia.**

■ Six NPI “partner Missions” participate with lower levels of investment: **Ecuador, Indonesia, Madagascar, Panama, Romania, and Russia.**

USAID/**Bulgaria** has developed a comprehensive approach, working to develop private enterprise, strengthen civic action groups, and improve management of municipalities.

USAID/**Haiti** is training mayors and community groups in problem-solving.

USAID/**Zambia**, in partnership with the International Executive Service Corps, is linking volunteers from the international business community with Zambian small and medium enterprises as well as promoting policy reform to improve the environment for private sector development.

The Leland Initiative: Africa GII Gateway Project

Vice President Gore launched the initiative in mid-1995. It seeks to bring the benefits of the global information revolution to the people of Africa, through connection with the Internet and other Global Information Infrastructure technologies. It is the core element of the USAID Africa strategy, “Empowering Africans in the Information Age.”

USAID will provide financial, technical, training, and policy support for African countries interested in creating a national Internet gateway. The Agency will provide technical support, following initial technical assistance in equipment installation and configuration and training in the technology. By providing access to information, the project aims to enhance Africans’ ability to find solutions to African problems. It also seeks to promote private sector enterprise and partnerships between public and private sector entities and encourage training in state-of-the-art technologies.

Actions under way include the following.

■ Agreements signed by the **United States and Madagascar, Mali, Mozambique, and Rwanda**

For example, the agreement with Mozambique calls for USAID to train regulatory authorities in the policy and regulatory implications of the Internet; make recommendations for marketing the Internet; conduct an inventory of existing data communications hardware and software; design a national network and prepare a plan for operation, management, and maintenance; recommend a fee structure for access to the Internet, and prepare a profitability analysis for the first two years.

■ Negotiations concerning new agreements under way in **Benin, Côte d'Ivoire, Eritrea, Ethiopia, Ghana, Guinea-Bissau, and Kenya**

■ Country assessments and implementation plans prepared for **Benin, Botswana, Côte d'Ivoire, Ghana, Madagascar, Mali, Mozambique, and Zambia**

■ Best practices paper has been published

■ Leland Initiative web site is posted and regularly updated in English and French (www.info.usaid.gov/regions/afr/leland)

Advancing the Role of Women

Female education, employment, and empowerment are critical to achieving sustainable economic growth, population stabilization, and improved health, environmental protection, and democratic governance.

USAID will continue to target scarce program resources for these issues. The Gender Plan of Action calls for

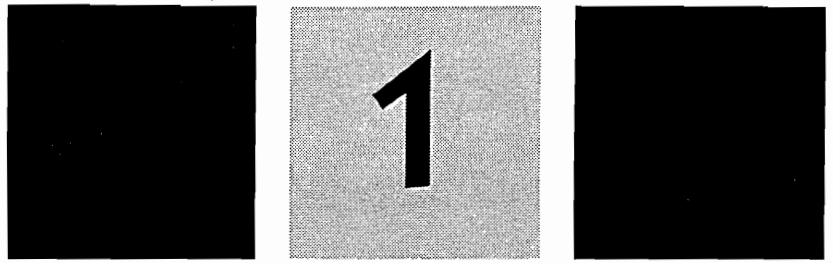
■ Modifying USAID strategic objectives to reflect the central role of women in development

■ Revising personnel evaluation procedures so that USAID employees are rated on their attention to gender issues

■ Making available to USAID employees information and resources to strengthen their knowledge of gender issues

■ Developing guidelines to require potential USAID grantees and contractors to demonstrate their ability to address gender issues

■ Requiring field Missions to establish indicators and collect data to measure the impact of USAID programs on the social and economic status of women



Achieving Broad-Based Economic Growth





Economic Growth Highlights

Strengthening Markets

USAID programs in 57 countries pursued this objective in 1996.

■ USAID played a vital role in expanding the role of the private sector through policy and regulation reform. The private sector in Albania, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Russia, and the Slovak Republic produced more than 50 percent of gross domestic product in 1995, compared with less than 12 percent in 1989.

■ The Agency helped restructure capital markets in India, Indonesia, and the Philippines, where capital market activity doubled from 1993 to 1995, from \$5.5 billion to almost \$11 billion.

■ USAID supplied agricultural technology to countries such as Guinea, Mali, and Senegal, raising agricultural production. USAID helped Costa Rica, Ghana, and Malawi increase exports of nontraditional agricultural products by more than 100 percent.

Expanding Access And Opportunity

USAID programs in 44 countries pursued this objective in 1996.

■ USAID supported registration of more than 256,000 land titles in Albania, and 9,500 land titles in Honduras.

■ In Ecuador, between 1992 and 1995, USAID helped train 1.7 million low-income people in microenterprise development. USAID helped more than 10,000 small agricultural producers move their produce from local to national and international markets.

■ Fourteen USAID-supported projects in countries such as Bangladesh, Bolivia, Guinea, and Kyrgyzstan provided credit to 282,000 women micro-entrepreneurs.

Expanding and Improving Basic Education

USAID programs in 22 countries pursued this objective in 1996.

■ USAID encouraged increased budgetary support for primary education, which now accounts for at least 50 percent of the education budgets in Benin, Ethiopia, and Malawi. Nonsalary expenditures also increased in these countries. In Guinea, for example, they rose from less than 7 percent in 1989 to 20 percent in 1995.

■ USAID assistance to the Honduras Ministry of Education established minimum learning objectives and provided educational materials and teacher training throughout the primary education system. As a result, test scores have risen nearly 80 percent since 1991.

■ USAID helped more than 260,000 women become literate. For example, in Nepal 28 percent of women are now literate, up from 22 percent in 1991.

Achieving Broad-Based Economic Growth

USAID helps developing countries achieve the broad-based, rapid, and sustainable economic growth required to reduce poverty, increase incomes, and enhance food security. Free-market economic growth is also essential to achieving goals in democracy, environment, health, and family planning, and to sustaining those achievements. Economic growth in developing countries also benefits the United States—directly through increased trade and indirectly through its effects on democracy, environment, and world social conditions.

Domestic efforts in developing countries are largely responsible for broad-based, sustainable economic growth. Without them, little can be achieved. Factors include sound policies and strong institutions that support private markets, as well as public investment in human resources and infrastructure. USAID and other donors play a supporting role, supplying resources and technical assistance to bolster policy reforms, capacity-building, and human investments through basic education.

Catastrophes and chaos are the stuff of headlines. It is no wonder that people reading about **Somalia** and **Rwanda** believe that conditions for people in the third world are deteriorating. This impression is

mistaken, however, since economic progress in the developing world has been substantial, enabling longer and more productive lives for ordinary people in these countries. Even in Africa, growth performance is improving, mainly owing to more widespread implementation of policies and institutional arrangements that promote economic and social progress.

U.S. economic assistance has played a major role in encouraging this trend. The United States also reaps the benefit of more rapid expansion in exports in response to expanded open markets. Further, a significant and growing number of former major USAID recipients no longer require concessional aid.

Economic Growth Performance

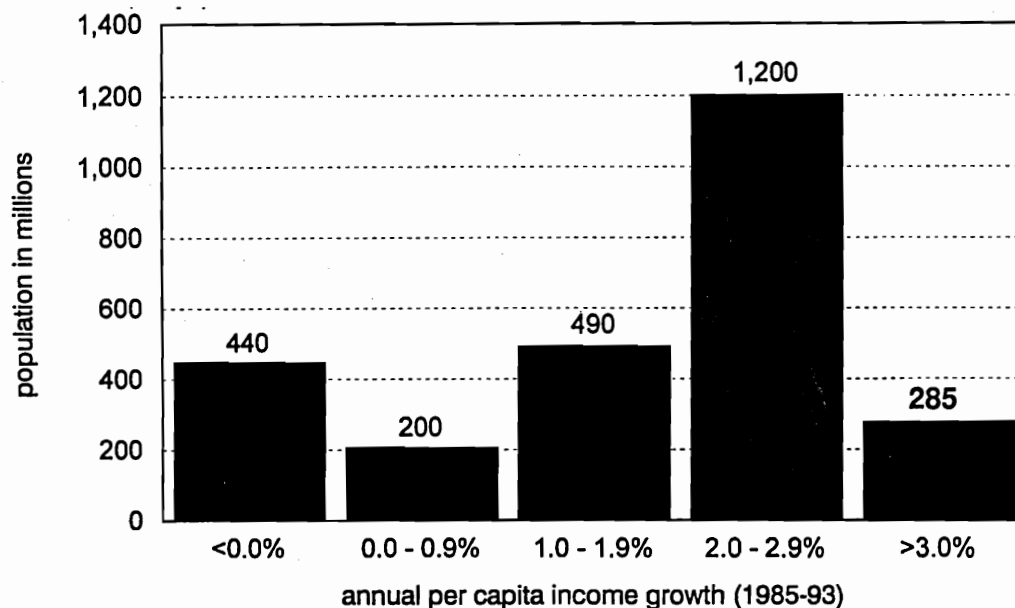
Contrary to popular perceptions, a substantial majority of people in the developing world live in countries that are making significant economic progress. Figure 1.1 summarizes economic growth trends from 1985 through 1993 for the 63 U.S. bilateral assistance recipient countries. These countries have a combined population of 2.6 billion.

Eight of the countries, with a population of 285 million, achieved per capita growth rates exceeding 3 percent a year. They include **Botswana, Chile, Indonesia, and Thailand**. About 1.2 billion people are in a second group of 15 countries where per capita annual growth was in the 2–3 percent range. These countries include **Bangladesh, India, Nepal, Sri Lanka, and Uganda**. Growth rates in this group were the same as or higher than for most Organization for Economic Cooperation and Development (OECD) countries. For instance, the United States' per capita growth rate for the period was 1.3 percent.

A third group (11 countries, 490 million people) achieved per capita growth in the 1–2 percent range. That matches the long-term historical growth of the United States and most other OECD countries. It is sufficient to make at least some headway in reducing poverty. These included **Bolivia, El Salvador, Guatemala, Jordan, Paraguay, the Philippines, Mali, and Namibia**. A fourth group (12 countries, 200 million people) grew by less than 1 percent a year. **Kenya, Mexico, and Tanzania** are the largest countries in this group. Finally, 22 countries with 450 million people experienced economic decline. Five countries (**Algeria, Brazil, Ethiopia, Peru, and**



Figure 1.1. In Developing World, Incomes Are Growing for Most People



Source: World Bank Development Report 1996.

South Africa) account for three quarters of the population of this group. Political instability was a serious problem for many of these countries.

Among regions, growth performance has been particularly robust in Asia, including south Asia, which averages an annual growth rate of 5.2 percent in gross domestic product (GDP). This has huge positive implications for reducing poverty globally, because south Asia accounts for two thirds of the people living in aid-recipient countries. The economies of countries in Latin America and the Caribbean have also been growing faster in recent years, following a period of crisis during the 1980s. From

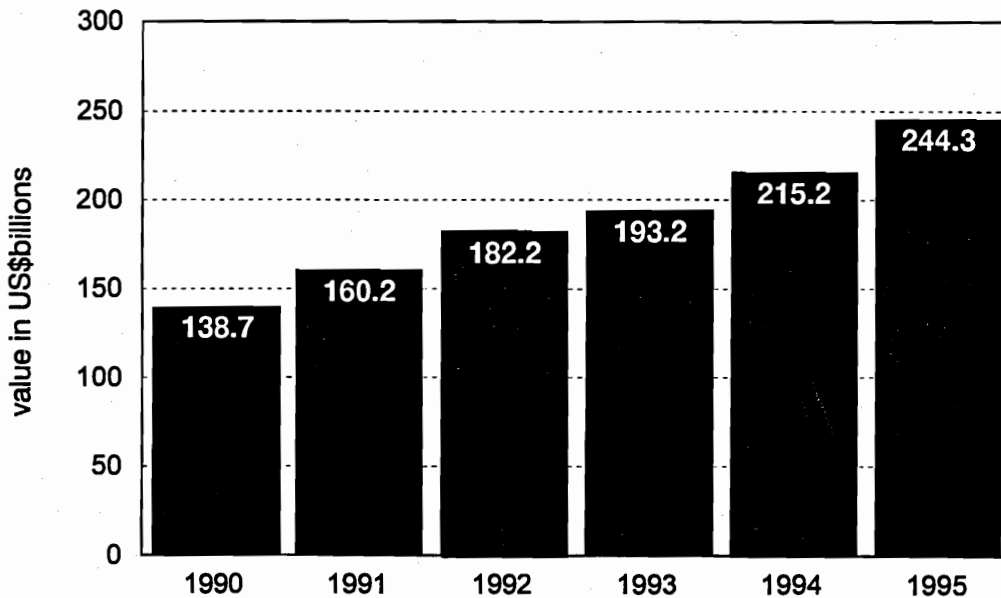
a global perspective, recent improvement in food security is also encouraging. A number of highly populated and food-insecure Asian countries (**Bangladesh, India, and Indonesia**) have made significant positive strides.

Implications for U.S. Economic Growth

Accelerated economic growth in USAID recipient countries has benefited the United States. It has meant increased U.S. foreign trade and investment, which has created new jobs, protected existing jobs, and generated higher

incomes for U.S. citizens. U.S. exports of goods and services have increased rapidly over the past decade, substantially faster than those of any other major industrial country. U.S. exports to developing countries have been particularly buoyant (see figure 1.2). They now account for 44 percent of U.S. exports. Likewise, U.S. direct investment expanded at a faster pace in the rapidly growing aid recipient countries. U.S. direct investment in developing countries grew from \$21 billion in 1990 to \$35 billion in 1994. The average annual growth rate was 14.2 percent, reflecting the improved investment climate in most of these countries (see table 1.1). This dwarfs U.S.

Figure 1.2. U.S. Merchandise Exports to Developing Countries



Source: Survey of Current Business, August 1995.

development assistance for economic growth of about \$2.7 billion in fiscal year 1996.

Among developing countries, those with sound government policies and greater economic freedom attract more U.S. exports and direct investment. From 1985 through 1994, U.S. exports rose by more than 150 percent to countries ranked in the top half by USAID appraisals of economic performance or either of two measures of economic freedom. For countries in the bottom half, U.S. exports rose by less than 40 percent during that period. Econometric analysis of these links confirms a strong correlation between economic freedom and the growth rate of U.S.

exports to and direct investment in a country. USAID programs create the enabling environment in which economic freedom can flourish.

Has Growth Been Broadly Based?

Recent pessimism concerning developing countries stems from the belief that economic growth benefits only the well-off, whereas the poor experience stagnation or deterioration. This is contrary to experience.

Empirical evidence on trends in poverty in developing countries confirms the conclusion that *economic growth reduces poverty*. Analysis by

USAID and the World Bank indicates that economic growth almost always benefits the poor.

In a sample analyzed by USAID, economic growth benefited the poor 95 percent of the time, Brazil being the sole exception.

The faster the rate of growth, the faster the rate of decline in poverty. USAID analysis revealed a high correlation coefficient (0.8 percent) between these two variables. A growth rate of 2 percent in per capita income is associated with a rate of decline in the incidence of poverty of 2.5 percent. Over the course of two decades, such growth would cut by half the proportion of the population



Table 1.1. U.S. Exports to and Investment In USAID Recipient Countries

U.S. Merchandise Exports (\$ billions)			
	1990	1995	Percent Change 1990-95
Sub-Saharan Africa	\$4.0	\$5.4	35
Asia and the Near East	35.0	63.0	80
Latin America and the Caribbean	54.0	95.0	76
Europe and the new independent states	4.8	6.0	25
Total developing countries	139.0	244.0	76

U.S. Direct Investment ^a			
	1990	1995	Percent Change 1990-95
Sub-Saharan Africa	1.2	2.4	100
Asia and the Near East	7.0	11.0	57
Latin America and the Caribbean	12.0	19.0	58
Europe and the new independent states	0.1	3.1	3,100
Total developing countries	21.0	35.9	71

^a Direct investment data are for 1990 and 1994.

that is poor. In **Indonesia**, for example, a 3.7 percent average annual rate of growth in per capita income during 1970-90 caused the incidence of poverty to fall from 60 percent to 15 percent. In **Uganda** per capita income grew at 3.5 percent during 1987-95, and the incidence of poverty declined to 34 percent from 53 percent.

Economic decline increases poverty. In **Côte d'Ivoire**, gross domestic product declined an annual rate of 2.7 percent from 1985 to 1990, and poverty increased from 14 percent to 20 percent.

The condition of poor people worldwide, measured in terms of social indicators, has improved thanks to advances in

technology and medical research and wider dissemination of the new knowledge. This has been especially important for women and children, who make up the majority of the poor. A recent World Bank analysis of the conditions of the poor suggests that the most impressive gains took place in the faster growing economies of south Asia. Some examples:

■ Worldwide, in low-income countries, fertility rates have declined from 5.6 births per woman in the early 1970s to 3.3 in 1994. Over this period, fertility declined by 40 percent in south Asia and by 10 percent in sub-Saharan Africa.

■ Access to education has increased significantly, especially for girls. In south Asia, primary school enrollment rates increased sharply. In sub-Saharan Africa, enrollment rates increased from 40 percent in 1970 to 65 percent in 1993 (although retention, completion, and achievement remain low, especially for girls).

■ Preventive health care is reaching far more people. For example, childhood immunization against measles in low-income countries rose from 50 percent in 1985 to 86 percent in 1992. The most dramatic increase has been in south Asia. Access to preventive health care in south Asia rose from 54 percent of the population in 1980 to 96 percent by 1990. (Maternal mortality, however, is still the highest in the world.) During the same time period,

access to safe water increased from 50 percent of the population to 70 percent in both Africa and south Asia.

■ As a result of these improvements, children born in low-income countries in 1994 can expect to live, on average, 10 years longer than those born 20 years ago.

More than 56 percent of the world's one billion poor people (excluding China) live in south Asia. Faster economic growth than in earlier decades has helped reduce poverty there. Another 24 percent of the world's poor live in sub-Saharan Africa, which has yet to experience satisfactory economic growth.

The slowest growing economies there present the most serious challenge. Some of these countries have even experienced increases in infant mortality, decreases in life expectancy, and increased child malnutrition as the provision of social services has deteriorated. Such cases, however, are associated with economic declines, and usually with political instability, not with economic growth.

Transition Countries

The challenge of the past decade for transition countries—those that were formerly communist—has been quite different. These countries were already “developed” in the sense that health conditions were typically good and education levels were high. But they were quite “underdeveloped” in two areas: participation in political institutions, and the existence of a market-based, private sector-driven economic infrastructure.

Economic and political reforms are inextricably intertwined. Both require profound changes in institutions that shape behavior, guide organizations, and embody fundamental rules of the game. Further, such changes are needed quickly, because most countries are in crisis as transition begins. Accordingly, the transition process may involve an initial sharp decline in GDP.

The countries of central and Eastern Europe and the Baltic republics—where reform programs have been strongest and communist institutions less deeply ingrained—have for the most part moved past the period of decline and achieved positive growth in 1994 and 1995. The region of the new independent states (excluding the Baltic countries) is less advanced in the transition process and is still experiencing economic decline.

Graduation

Twenty-five countries classified as developing when the first *World Development Report* was issued in 1978 can now be considered graduates. They have relatively high incomes and social indicators. Most have sustained reasonably rapid growth for an extended period. Most do not depend, largely or completely, on economic aid. And some have become aid donors. In fiscal year 1995, Costa Rica was added to the list of graduated countries. By and large, graduating countries no longer receive USAID bilateral economic growth assistance.

Objectives and Strategic Approaches

USAID's primary economic growth objective is to promote conditions whereby incomes, particularly those of the poorest, can rise rapidly and sustainably. Since incomes are determined mainly by productivity, USAID seeks to raise productivity of all workers, including women, through access to education and improvements in institutions. USAID's approach varies with country conditions, but generally seeks to encourage governments to provide essential public services more effectively, and promote vibrant and competitive private markets for producing and distributing most goods and services.



In the poorest countries, the agricultural sector usually dominates, in terms of both employment and production. Low average productivity and the vagaries of weather make life in these countries usually precarious and insecure. With proper policies, technology, and institutions, agricultural productivity can be raised rapidly. That not only boosts incomes and food consumption standards, it also frees large numbers of workers to produce other goods that increase human welfare. This transition requires the people in developing countries, both individually and collectively through governments, to develop new institutions, new skills, and new approaches.

As a country's economy becomes more diversified, open participation in the world economy through low tariffs and appropriate exchange rates becomes more critical. Participation acts both as a spur to efficient production and a means for transferring technology. Countries such as those in the former Soviet bloc that cut themselves off from the international economy suffered severe inefficiencies.

USAID's long experience in promoting economic growth and its cadre of professional in-country staff provide the basis for collaborative and participatory approaches with host governments, international financial institutions, other donors, and private-sector firms. In 1995, USAID helped build a robust market-oriented, private sector-driven economy to achieve rapid, broad-based growth with 80 programs in 63 countries.

USAID pursued three intermediate objectives: increased efficiency and expansion of markets (58 countries), expanded access and opportunity for the poor, including women (44 countries), and increased human productive capacity through basic education and skills training (22 countries). Figure 1.3 and table 1.2 provide details. The remainder of this chapter presents results under these three objectives.

Information on results of USAID programs are drawn from Results Review and Resource Request reports (R4s), as well as evaluations, special studies, sector assessments, and other materials from Agency reports.

The following sections highlight results achieved over the past year in each of the three objectives in economic development.

Strengthening Markets

In 1996, USAID helped 58 countries strengthen markets. As shown in figure 1.4, USAID used a combination of approaches: improving policies, laws, and regulations; strengthening institutions; improving infrastructure; accelerating the development and transfer of agricultural technology; and providing direct support for the private sector.

The most frequent USAID activity, recorded in 58 countries, is assistance to improve policies, laws, and regulations that govern market activities. USAID helped 47 countries strengthen the institutions, processes, and systems that support and reinforce markets. In 19 countries, USAID provided support to improve infrastructure and modernize telecommunication systems. The Agency helped build rural roads and railways and boost electric power generation, transmission, and distribution. The Agency helped another 14 countries increase agricultural productivity. In 38 countries, USAID provided direct assistance to private firms, cooperatives, and entrepreneurs to bolster productivity, competitiveness, and profitability.

Figure 1.3. Economic Growth Strategic Framework 1996: Number of Country Programs Contributing to Each Objective

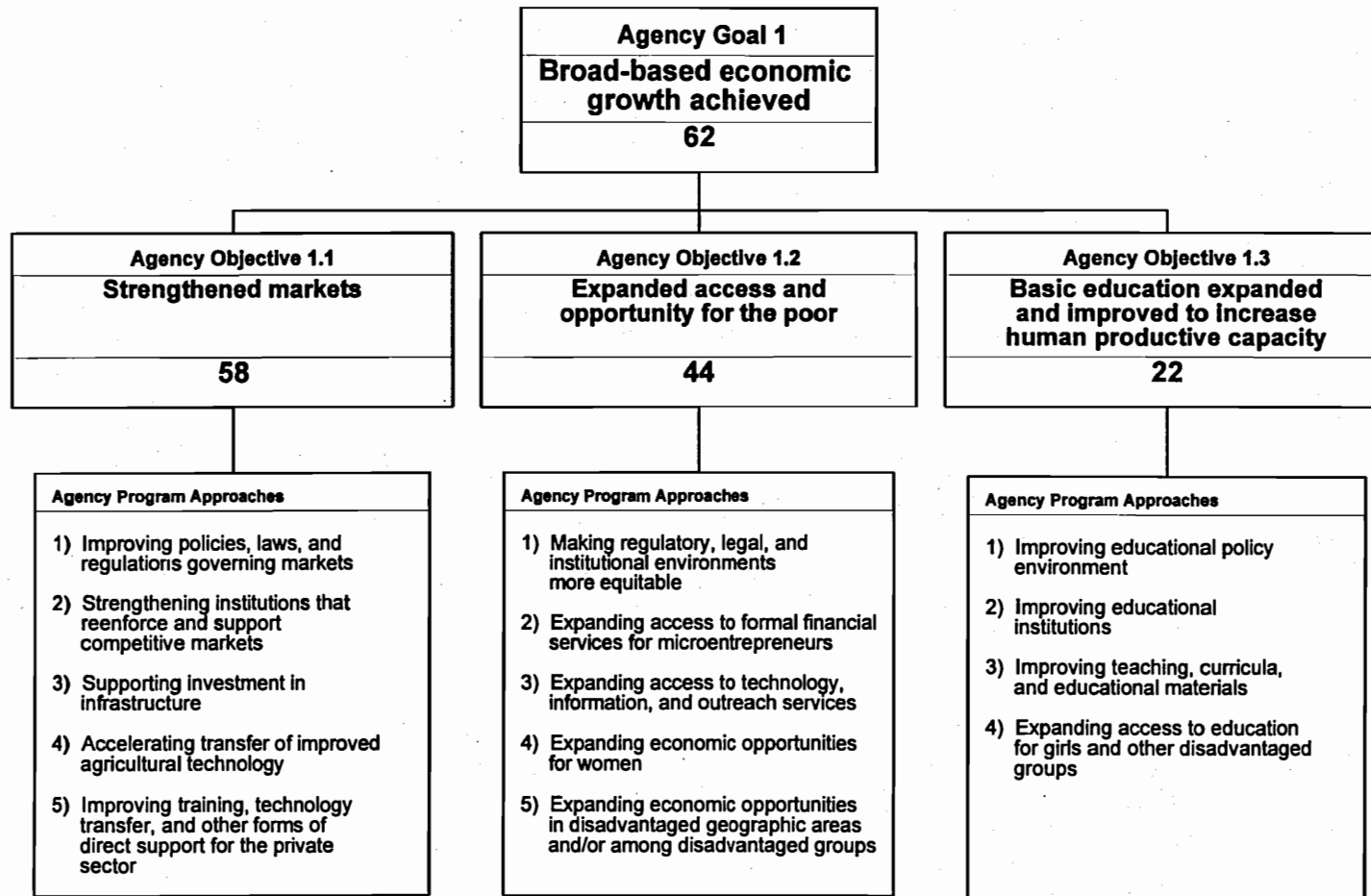




Table 1.2. Programs Contributing to Agency Economic Growth Goal in 1996

	Africa	Asia and the Near East	Europe and the New Independent States	Latin America and the Caribbean	Total
Number of programs	27	15	29	16	87
Number of countries with economic growth strategies	18 (66%)	13 (86%)	20 (67%)	13 (80%)	63 (72%)
Objective 1.1: Strengthened markets	Ethiopia, Ghana, Guinea, Guinea-Bissau, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Senegal, South Africa, Tanzania, Uganda, Zambia (15)	Bangladesh, Cambodia, Egypt, India, Indonesia, Jordan, Lebanon, Mongolia, Morocco, Nepal, Philippines, Sri Lanka, West Bank-Gaza (13)	Albania, Armenia, Belarus, Bulgaria, Croatia, Czech Republic, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Ukraine, Uzbekistan (19)	Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru (11)	57 (66%)
Objective 1.2: Expanded access and opportunity for the poor	Ethiopia, Ghana, Guinea, Guinea-Bissau, Kenya, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Senegal, South Africa, Tanzania, Uganda, Zambia, Zimbabwe (17)	Bangladesh, Cambodia, India, Indonesia, Lebanon, Morocco, Nepal, Philippines, Sri Lanka, West Bank-Gaza (10)	Albania, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Poland, Romania, Slovakia, Ukraine (9)	Bolivia, Dominican Republic, Ecuador, El Salvador, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Peru (10)	44 (51%)
Objective 1.3: Basic education expanded and improved to increase human productive capacity	Benin, Burundi, Ethiopia, Ghana, Guinea, Malawi, Mali, Namibia, South Africa, Tanzania, Uganda (11)	Cambodia, Egypt, India, Morocco, Nepal (5)		Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua (8)	22 (30%)

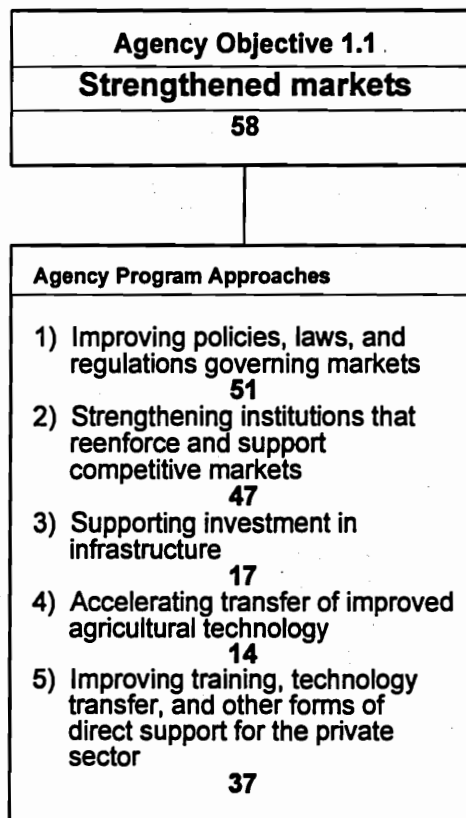
**Improved Policies,
Laws, and Regulations
Governing Markets**

Empirical evidence shows that economic freedom is highly correlated with broad-based economic growth. There is general agreement on the types of policies that promote growth, and aid recipients are increasingly willing and able to implement such policies. USAID's internal appraisals of recipient policies within the control of policymakers provide evidence of these trends.

For several years, the Agency has used cross-country data on basic economic policies (including budget deficits, inflation, exchange rates, and trade policies) to score the policy performance of USAID recipient countries. There has been a clear positive trend in average country scores over the past several years, indicating steady improvement in economic policies.

This continued in 1995, with scores rising for 34 of the 49 nontransition recipients of USAID assistance. **Benin, the Dominican Republic, Ethiopia, Guatemala, Haiti, Honduras, Madagascar, Mali, Niger, and Senegal** made major policy improvements. In only five cases was a decline greater than 10 points (**Bangladesh, Ghana, Mexico, Tanzania, and Zimbabwe**). Economic growth performance of USAID countries has also improved (see table 1.3).

Figure 1.4. Number of Country Programs Contributing to Agency Objective 1.1



Recent progress has been particularly notable in Africa. Many African countries eased foreign exchange controls, eliminated obstacles to business ownership, and reduced bureaucratic delays and corruption in business licensing. As a result, foreign direct investment increased from \$80 million in 1981-85 to \$315 million in 1991-93 (excluding Nigeria and South Africa). Likewise, gross domestic investment increased from 18 percent of GDP in 1985-90 to 21 percent in 1991-94, reflecting increased eco-

nomie freedom. In **Zambia**, an outside evaluation in 1995 of the USAID-supported Privatization of State-Owned Enterprise project concluded that results so far have made it potentially one of the most successful private sector initiatives in Africa.

USAID-supported policy reform has contributed to increased exports by African countries. **Zimbabwe** stands out as a successful example. Zimbabwe achieved a record \$2 billion in merchandise exports

Table 1.3. Trends in Economic Growth Performance, by Region

GDP Growth Rate							
Region	Total Number of Aid Recipients	1992		1993		1994	
		Number of Countries with Positive Growth Rate	Number of Countries with Negative Growth Rate	Number of Countries with Positive Growth Rate	Number of Countries with Negative Growth Rate	Number of Countries with Positive Growth Rate	Number of Countries with Negative Growth Rate
Africa	28	13	15	9	19	5	23
Asia and the Near East	13	2	11	2	11	0	13
Europe and the new independent states	23	21	2	20	3	11	12
Latin America and the Caribbean	16	2	14	2	14	2	14
Total	80	38	42	33	47	18	62

Countries with the highest economic growth rate for 1994

Guinea-Bissau 6.4%, Mozambique 5.4%, Namibia 5.7% and Uganda 5.2%, Morocco 11.2%, Indonesia 7.1%, Nepal 6.9%, Yemen 6.0%, Jordan 5.4%, and India 5.2%; Albania 7.4%, Armenia 3%, and Poland 5.5%; El Salvador 6.3%, Guyana 9%, Jamaica 9.4% and Peru 13%

Countries with the lowest economic growth rate for 1994

Malawi -10.7% and Zambia -3.8%, Egypt 2%; Georgia -28.2%, Ukraine -24.3%, Kyrgyzstan -26.5%, Azerbaijan -21.9%, Belarus -21.5%, Kazakstan -25%, Russia -12.6%, Tajikistan -15%, and Uzbekistan -4.5%; Haiti -10.6%, Honduras -1.5%, and Nicaragua 2%

in 1995 from unification of exchange rates, relaxation of import restrictions, and liberalization of the agricultural sector. Horticultural exports increased by 32 percent in tonnage and 79 percent in value.

In **Ghana** the government abolished foreign exchange controls and deregulated a range of nontraditional exports, spurring a 30 percent increase

in nontraditional exports in 1994 to \$180 million. Overall, sub-Saharan Africa as a group achieved significant economic expansion because of market liberalization. Nineteen out of 26 countries registered economic growth exceeding 2 percent a year.

USAID recipient countries in Asia and the Near East pursued policy and regulatory reforms in 1995 that would expand citizens' economic freedom in order to buttress economic growth and reduce poverty. USAID worked in the **Philippines** to improve trade policies and tax administration. In **Indonesia**, USAID supported trade liberalization and reduction in monopolistic arrange-

ments for the domestic market. Widespread policy and regulatory reform efforts have encouraged investment, with **India** leading the way. Foreign direct investment flows to the Asia-Near East region have also jumped, from less than \$0.5 billion in 1982 to about \$3 billion in 1994. Since 1988 the region's exports have grown 10-12 percent a year.

In Europe and the new independent states, USAID helped expand the role of the private sector. In most countries, small and medium-size firms have been privatized. By 1995, the private sector in **Albania, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Russia, and Slovakia** produced more than 50 percent of GDP, up from an average of less than 12 percent in 1989. USAID has been active in both promoting privatization and restructuring government for its changed role in a market economy.

With USAID assistance, **Kazakstan** approved a new tax code regarded as the most efficient and equitable of any former Soviet Republic. In **Russia**, USAID helped draft a civil code, most of which went into effect in 1996. The code establishes fundamental principles of civil and commercial law and guarantees both freedom of contract and protection of private property. The code will also help protect against the proliferation of financial crimes, which undermines confidence in the market.

USAID support for structural adjustment and policy, legal, and regulatory reforms helped turn around the economies of aid-recipient countries in Latin America and the Caribbean. **Costa Rica** defaulted on its foreign debt in 1982 and dropped into an economic crisis largely caused by restrictive government policies. By 1996 it had recovered from its economic crisis and graduated from USAID assistance.

With technical assistance from USAID, Costa Rica liberalized its economy and private sector activities. It eliminated controls on most prices, foreign exchange, and interest rates. It opened its market to international competition, privatized most state-owned enterprises, and strengthened environmental protection. The emerging private banking sector financed an export boom that increased wages and reduced poverty. USAID has helped **El Salvador** and **Guatemala** implement similar reform programs, also with substantial success. USAID helped **Nicaragua** achieve 4 percent GDP growth, the first significant increase there in more than a decade.

Strengthening Institutions

In many USAID recipient countries, weak institutions hamper development of an expanding and vibrant domestic market. The Agency continued to provide a range of technical assistance to host countries in an effort to strengthen institu-

tions that support and reinforce markets. Weaknesses addressed by USAID programs include

- Unstable financial systems, direct controls on credit rather than market pricing, politically motivated lending, and crowding out by the public sector
- Lack of indigenous organizations capable of providing analytical support to policymakers on key economic issues

In most developing countries, problems associated with finance are among the top constraints to growth. Limited access to financial services raises the cost of capital. The Agency helps create competitive, efficient financial systems in a number of countries, promoting privatization and restructuring of the banking sector, strengthening bank supervision, and promoting capital market development.

Strengthening financial institutions is a USAID priority in **Croatia, the Czech Republic, Estonia, Hungary, Lithuania, and Poland**. With USAID assistance in bank supervision, the Bank of Lithuania examined the practices of commercial banks and identified major problems. The bank subsequently closed 10 banks to prevent further losses to depositors and maintain the integrity of the banking system. In Poland, improved bank supervision helped reduce nonperforming and doubtful loans from 35 percent of total credit in 1993 to 25 percent in

1995. Stock market and bank transactions are now conducted more efficiently. Clearing and settlement of stock market trades occurs within three days, and interbank transfers and payment orders are cleared in four days. Two years ago these transactions took several weeks.

In **India, Indonesia, the Philippines, Slovakia, and Sri Lanka**, USAID assisted in the development of capital markets to mobilize foreign and domestic capital and improve the efficiency of its allocation. For India, Indonesia, and the Philippines combined, funds raised in the capital market doubled from 1993 through 1995, from \$5.5 billion to almost \$11 billion.

In Indonesia, USAID helped privatize the Jakarta Stock Exchange and draft a new capital markets law. It also strengthened the agency that has become a regulatory and supervisory body similar to the U.S. Securities and Exchange Commission. As a result of these reforms, both foreign and domestic investors have gained confidence in the transparency and liquidity of the exchange. USAID assistance to Indonesia has also helped create a second mortgage facility to reduce costs to home owners, open access to formal financial markets for millions of Indonesians, and increase housing construction.

USAID is also working to strengthen communication between the private sector and host governments to improve government accountability and transparency. In **Uganda**, USAID brought government and business leaders together in a national forum, which helped introduce several reforms to promote business expansion and new investment. This contributed to an annual growth rate in real private investment by 35 percent since 1993.

In **West Africa**, USAID support brought together 300 African business representatives in the West African Enterprise Network. The network provides local input to policymaking and to economic reform processes. It has been so successful that it became self-sufficient in 1996. The USAID-supported Africa Business Round Table continues to inform and promote greater dialog between the public and private sectors on a number of economic development issues. A USAID-supported small business lobbying organization in **Poland** helped defeat two proposed pieces of legislation that could have a detrimental impact on small and medium-size enterprises.

USAID has also provided assistance in developing indigenous policy research institutions. In **India**, USAID has strengthened the analytical capacity of public economic policy research institutes as well as of private institutes in order to improve NGO economic policy advocacy. In the **Philippines**, USAID's efforts have strengthened the government's tax administration and the policy analysis capability of major private sector exporter associations.

Improving Infrastructure

In 19 countries, USAID supports construction and maintenance of road networks, rail links, telecommunication, and power facilities. Weak infrastructure is a major impediment to the efficient operation of markets and expansion of trade. Infrastructure projects produce more results where economic policies are sound (see box 1.1). Many African countries have smaller and inefficient markets because of weak infrastructure. Rural roads in several countries are passable only during the dry seasons, and the urban road networks are poorly maintained. This results in high vehicle operating costs, higher fares, and long waiting and travel time.

USAID support for rural road rehabilitation increased living standards of rural people by providing cost-effective access to markets and social services. In **Tanzania**, USAID-supported restoration of 1,000 kilometers of rural roads resulted in a 70 percent increase in road traffic, a 50 percent decrease in vehicle operating costs, and a 40

percent decrease in fares. Large increases in the volume of marketed agricultural produce resulted in a 20 percent increase in rural household income. In **Mozambique**, rehabilitation of rural road networks reduced transportation and freight-hauling costs and expanded private transport and freight-hauling capacity. In **Zambia**,

USAID supported rehabilitation of the 53 kilometer Lusaka–Kafue road, an important commercial link. USAID helped repair more than 1,900 kilometers of roads in **El Salvador** between 1992 and 1995. In **Peru** the rehabilitation of 314 kilometers of farm-to-market roads opened markets for bananas, cacao, coffee, palm hearts, and other tropical fruits—to more than 200,000 people.

Box 1.1. Policy Reform, Infrastructure Development Spur Philippines Economic Growth

In the Philippines, USAID support to the Mindanao Development project, which includes General Santos City, combines policy reform with extensive infrastructure development. Some of the policy reforms carried out by the government of the Philippines are lowered import restrictions and tariffs on agricultural inputs and products, liberalization of banking, an improved tax administration, and introduction of central government transfers, of both functions and revenues, to the state and local government.

Before the regional infrastructure development, the absence of major roads and adequate port and airport facilities hampered the region's ability to market its agricultural produce. High-value crops such as mangoes and cut flowers rotted or wilted before they reached the market. To alleviate these problems and to expand the region's economy, USAID helped build a 110-mile road network, completed in 1994. It also helped modernize the port and airport to accommodate projected volumes of cargo. The new airport will be able to handle planes as large as a Boeing 747. The wharf, being expanded by 45 percent, will have open storage space and grain- and container-handling equipment.

With the improved infrastructure, farmers and other agribusinesses have more efficient means to get their farm produce and goods to markets. Because of the improvements in infrastructure and investment policies, General Santos City in 1995 attracted more than 2,000 potential investors. Large number of investors poured hundreds of millions of dollars into the region and created more than 60 joint ventures. In 1995 the region's nontraditional agricultural exports rose by 18 percent, from \$480 million in 1994 to \$566 million.

USAID assistance rescued the **Swaziland** National Railway from the brink of insolvency. In 1986 the net position (cash plus equity less debt) of the railroad was negative by more than \$40 million. In 1994 the railroad made a profit, before interest and depreciation, of more than \$2.8 million, on revenue of \$20 million. The net position of the railway was positive by \$40,000. The railroad now provides vital freight and passenger transport service.

USAID assistance is also helping revitalize energy and telecommunications. Electric power sector-restructuring in **Hungary** and **Ukraine** progressed rapidly. In **Ukraine**, the wholesale electricity market began operating in April 1996 under the structure of an independent regulator. **Ukraine's** eight regional monopolies, which controlled power generation, transmission, and distribution, were separated into 33 joint stock companies to stimulate competition and efficiency. **Hungary** is preparing to export electric power to

Western Europe. It will complete connection to Western Europe's electric grid in 1997.

In the early 1990s, the **Philippine** energy monopoly, NAPOCOR, suffered from a 1,200-megawatt deficiency in its reserve capacity. NAPOCOR could not raise the capital needed to build new generating plants. With USAID technical assistance, the Philippine government established a build-operate-transfer (BOT) mechanism. With this mechanism in place, NAPOCOR turned to the private sector, and in less than two years independent power producers added 1,233 megawatts to NAPOCOR's generating capacity. The success of BOT in the energy sector led the Philippine government to broaden use of the concept. The national BOT pipeline now includes more than 30 nonpower projects, mostly in transportation.

Accelerating Transfer Of Agricultural Technologies

USAID's agricultural technology development and transfer programs have boosted agricultural growth in recipient countries by increasing yields and agricultural productivity (see box 1.2). Technology does not work alone but requires a favorable economic environment to produce significant results. In this regard, there is cautious optimism as economic policies improve in developing countries, notably including many African countries.

Box 1.2. Technology Raises Agricultural Productivity and Incomes

Over the past 30 years, USAID made a substantial investment in developing better agricultural technology. In 1989 USAID targeted \$239 million to agricultural research. In 1994, the Agency allocated \$51 million to developing and transferring agricultural technology. Although funding for agricultural research declined over time, the cumulative effect of agricultural technology research substantially increased the world food supply and strengthened world food security.

As shown in the table below, world grain yields nearly doubled from 1960 to 1991. Increasing productivity and raising farmers' incomes depends on the interrelationship among economic and agricultural policies, agricultural technology, and rural infrastructure. Countries with better economic policies and better rural infrastructure had higher technology adoption rates and, therefore, higher increases in agricultural production.

Overall, investments in agricultural research generated high economic rates of return for a wide variety of commodities under diverse agronomic and climatic conditions. The rate of economic return was much higher in countries with appropriate economic policies and improved rural infrastructure. Estimated economic rates of return range from 15 percent to 90 percent. (For a detailed discussion, see USAID/CDIE, *Investments in Agriculture*, August 1996.)

Average Yield per Hectare (kilograms) 1960 and 1991

Region	Rice			Wheat			Maize		
	1960-61	1990-91	Percent Change	1960-61	1990-91	Percent Change	1960-61	1990-91	Percent Change
Africa	1,120	1,602	43	595	1,394	134	900	1,174	30
Latin America	1,790	2,434	36	1,095	2,080	90	1,165	2,008	72
Far East	1,700	3,558	109	840	2,594	209	930	3,316	257
Near East	2,875	4,564	59	950	1,844	94	1,550	4,383	183
North America	3,835	6,248	63	1,520	2,408	58	3,285	7,116	117
World	1,980	3,516	78	1,230	2,526	105	2,055	3,712	81

Source: FAO, Production Yearbook; USAID/CDIE, *Investments in Agriculture*, August 1996

For 1994–95 a number of African countries showed high agricultural growth rates: **Mali** (8.0 percent), **Senegal** (6.7 percent), followed by **Guinea** (5.1 percent). Overall, 13 out of 21 countries recorded growth rates above 1 percent. In addition, the value of nontraditional agricultural exports increased 265 percent in **Uganda** and 189 percent in **Ghana**. In **Mali**, grain production rose 44 percent, and in **Uganda**, maize production soared 63 percent. In **Mozambique**, in 1995, agricultural production of smallholder farmers increased 18 percent and total cereal production rose 43 percent.

USAID efforts have been particularly important in the Latin America and Caribbean region. Most countries have established appropriate macroeconomic policies to encourage exports, and USAID-supported projects seek to speed the entry of firms into export markets. Most countries registered export growth rates over 10 percent per year.

In **El Salvador**, USAID assistance in improving product quality led to \$30 million in additional export revenues. In **Jamaica**, foreign exchange earnings in USAID-targeted areas—including the garment industry, information processing, and tourism—totaled \$1.5 billion in 1995, an increase of 7 percent over 1994 earnings. Employment in this area increased by 2.6 percent.

Box 1.3. Textbook Translation Makes a Profit

In the fall of 1994 USAID's highly successful university textbook distribution program for Latin America became an independent commercial operation incorporated in Delaware with no need for further Agency funding. Since 1986, the program had been managed by Books, Information, and Service (BIS), a USAID contractor in Mexico City. BIS provides Latin American students with Spanish-language editions of up-to-date, pedagogically efficient textbooks originally published in the United States. BIS sells more than 500,000 textbooks annually, generating over \$5 million a year to publishers' outlets in Mexico City. Approximately 12 percent of this revenue is repatriated to royalties to publishers in the United States.

BIS has served more than a million students with affordable, modern texts and has improved teaching practices of instructors at over 250 universities in 12 countries. Along with textbook distribution and adoption, BIS promotes more effective use of texts in the classroom through training workshops for professors. It has begun responding to demand for materials beyond the university level, filling orders from Ecuador, El Salvador, Guatemala, Nicaragua, and Uruguay. In these countries, ministries of education, private elementary and secondary schools, and alumni associations of U.S. participant trainees have requested textbooks.

Earnings in USAID-assisted agricultural exports, including yams, cocoa, and smallholder coffee, reached nearly \$25 million. In **Nicaragua**, the value of USAID-supported nontraditional exports increased by 23 percent, from \$13.5 million in 1994 to \$18.5 million in 1995–96, while the total value of nontraditional agricultural exports rose from \$54 million in 1994 to \$75 million in 1995. In **Peru**, with USAID assistance, 21 new markets opened during 1995 for better designed, higher quality products. Major inroads were made in foreign markets with handi-

crafts, yellow onions, and precooked, frozen yellow potatoes.

In Latin America and the Caribbean, USAID support for translating technical textbooks for university students has reached sustainability (see box 1.3). USAID also had success in Asia. In **Sri Lanka**, in 1995, USAID-assisted enterprises created 6,867 jobs; domestic sales of assisted firms rose to \$130 million, and exports to \$46 million. In addition, domestic sales of participants in the Technology Innovation for the Private Sector project

soared 300 percent, to \$104 million. Their exports increased by 150 percent, to \$33.1 million. The project generated 2,244 new jobs in 1995.

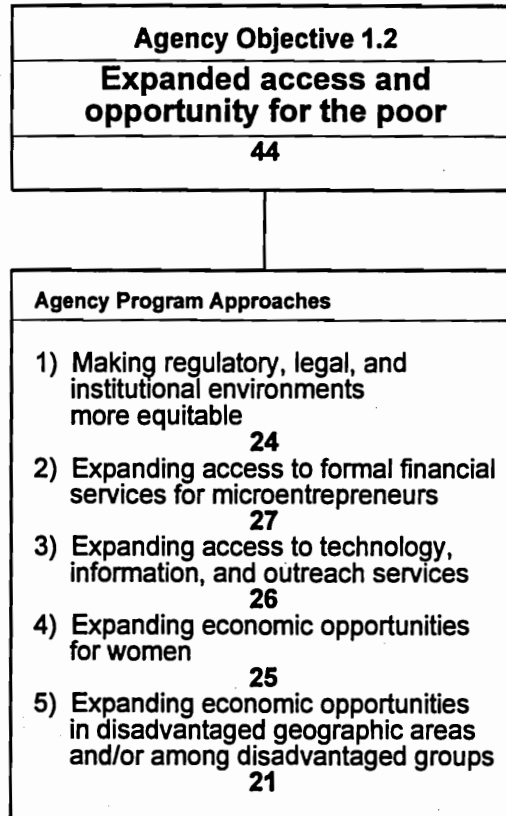
Expanding Access And Opportunity For the Poor

In 1996, USAID programs in 44 countries were working to expand access and opportunity for the poor, particularly for women and other disadvantaged groups. As shown in figure 1.5, USAID helped host countries try a variety of approaches: regulatory, legal, and institutional reform; improved access to formal financial services for microentrepreneurs; expanded access to technology information and outreach services; and more economic opportunities for women and other disadvantaged groups (see box 1.4).

A More Equitable Regulatory, Legal, and Institutional Environment

In 1995, USAID programs in 22 countries assisted in implementing policy, regulatory, and institutional reforms to encourage increased participation by the poor, particularly women. Reforms supported by USAID include liberalizing and restructuring markets to expand market access by rural dwellers; extending legal protection to women and allowing rural investors to expand financial

Figure 1.5. Number of Country Programs Contributing to Agency Objective 1.2



service to the poor; instituting land reform and land titling; and privatizing housing.

In Mali, an extensive market-restructuring program begun with Agency support in the early 1980s dramatically improved national and household food security and income. The production of staple food has steadily increased, so locally produced food available per capita has almost doubled from a decade ago. The purchasing power of Malians, who

are predominantly farmers, increased substantially, while GDP per capita grew 2.6 percent a year since 1985. Today, Malians are better able to meet their food needs. In Zimbabwe, USAID's Business Development project helped formulate antitrust legislation, effectively lowering market entry barriers for small and medium-size businesses.

Secure property rights for the poor results in greater access to credit, more investment, and better upkeep of houses, workshops, and farms. Property rights also raise property values. A recent study in the **Philippines** found that providing a deed for a property raised its value by a third. In **Indonesia**, onerous titling regulations add 10–30 percent to the cost of buying land. In **Peru**, before recent reforms, obtaining a deed involved 207 bureaucratic steps, divided among 48 government offices; on average it took 43 months and cost 10 weeks' worth of the official minimum wage.

In **Honduras**, USAID supported registration of agricultural land titles, leading to an 80 percent increase, to more than 9,600, in the number of titles registered. Liberalizing the fertilizer market also enabled farmers' income to increase. With USAID assistance, **Albania** issued more than 256,000 final land titles, and in **Nepal**, commercialization of rural agriculture enhanced the incomes of 607,000 families.

Expanding Access to Formal Financial Services For Microentrepreneurs

Even under the best circumstances, poor people seldom go to banks for loans to finance small-equipment purchases or to deposit savings for safekeeping. This is especially true in rural communities. In USAID recipient countries, merchants willing to sell on credit to poor

customers with good reputations have their own problems gaining access to credit. Legal constraints on collateral prevent merchants from getting financing secured by their inventories or accounts receivable. If merchants want to extend credit to microenterprises and small and medium-size businesses, they typically must use their own capital. In developing countries, banks typically will only make loans secured by real

estate or make unsecured loans to those who give evidence of ownership of real property. Often the liquidity of real estate and farm property determines the willingness of financial institutions to lend to rural businesses and farmers.

In 28 recipient countries, USAID is helping expand access to financial services for microenterprises, smallholder farmers, and rural businesses.

Box 1.4. Microenterprises Provide Opportunities

In Kenya microenterprises have absorbed many of the annual 500,000 new entrants to the labor force. Microenterprises grew by about 20 percent a year over the last five years, reaching 240,000 in 1993. This compares with only 20,000 people employed in formal manufacturing. In 1994, microenterprises (including small and medium ventures) created 250,000 new jobs. At the same time, 150,000 jobs were lost as existing enterprises failed. The net increase: 100,000 jobs.

About 70 percent of them resulted from business expansion. The other 30 percent came from new business startups. Interestingly, microenterprises that expanded from one to more employees increased profits by an average of 30 percent.

Capacity-building of NGOs serving microenterprises has expanded microenterprise lending as well as the provision of other support services. During 1994, USAID-assisted NGOs disbursed 23,661 microenterprise loans. That surpassed the target of 15,000.

Kenya has drawn on the lessons for microenterprise development learned elsewhere. (A 1995 CDIE study, *Maximizing the Outreach of Microenterprise Finance*, identifies these lessons.) At the same time, USAID-supported NGOs have used their operations in Kenya as learning laboratories for expansion to other countries in the region. For example, the Kenya Rural Enterprise Program, the leading microenterprise NGO in Kenya, hosts increasing numbers of visitors from surrounding countries to learn from their successful models. In 1995 the rural enterprise program hosted nearly 100 exchange visitors from Eritrea, South Africa, Sudan, Tanzania, Uganda, and Zimbabwe to find out about the efficacy of the Kenya program.



Access to finances has translated into more jobs, higher incomes, and improved food security. At least five models developed with USAID assistance in Asia are being replicated throughout the developing world:

■ *The Bank Rakyat Indonesia model.* BRI in Indonesia was the first state-owned commercial bank to demonstrate that direct lending to microenterprises is profitable. BRI now manages 13 million savings accounts and has two million loan clients.

■ *The Bangladesh Grameen model.* This model involves branch banking directed at the poor, with more than two million (mostly women) borrowers. The USAID-supported Grameen Trust is now working to replicate Grameen activities in **India, Nepal, and the Philippines.**

■ *Microlending by private commercial banks.* Both Hatton in **Sri Lanka** and Danamon in **Indonesia** were the first to lend directly to microenterprises.

■ *Other models.* The Jana Shakthi in **Sri Lanka** is a women-owned poverty lending society. The Sewa Bank in **India** is a self-employed women's association that grew out of the labor movement and was later incorporated as a bank.

A number of microfinance projects in Africa have drawn on these models. For instance, in **Zimbabwe**, in 1995, USAID

assisted in establishing a loan-guarantee program with Barclays and Stanbic Bank. Four months into the program, 40 loans with a total value of \$200,000 were extended to small enterprises. The USAID/**Kenya** experience is described in box 1.5.

In **South Africa**, during 1994–1996, the Small Enterprise Foundation and the Get Ahead Foundation made an estimated 50,430 loans to small enterprises and microenterprises. USAID's \$3.5 million investment leveraged \$7 million in private sector resources, and more than 1,000 business loans were disbursed. USAID also helped communities leverage \$345 million in housing and urban development resources. In **Uganda** in 1995, 10,000 rural businesses received credit through COOP Bank with a repayment rate exceeding 95 percent. In general, credit to expand nontraditional exports helped small firms to penetrate regional and international markets.

USAID assistance in **Bolivia** resulted in 100,000 households receiving microloans in 1995, compared with fewer than 10,000 in 1989. In the **Dominican Republic**, the FondoMicro project helped 22,000 microentrepreneurs establish and expand their businesses, with women constituting almost 50 percent of the loan recipients. In **El Salvador**, with USAID support, more than 80,000 beneficiaries (68 percent men

and 32 percent women) received agriculture and microenterprise credit to improve farm production and to establish small agribusiness ventures. Significant results were also reported in **Armenia, Cambodia, Haiti, and Nicaragua.**

Expanding Access to Technology, Information, And Outreach Services

Dissemination of technology, information, and outreach services also helps expand access and opportunity for the poor. In 1996, USAID applied this approach in 24 countries, with remarkable success. **Indonesia** reduced poverty from 65 percent in 1965 to 15 percent today. A major factor contributing to this transformation was high-yield rice varieties developed by USAID-supported international research institutions. In **Tanzania**, the transfer of technology to extract edible oil through a regional project created 4,000 seasonal jobs and more than \$1 million in rural income, and it generated significant profits for small-scale metal workshops and artisans in the oilseed industry. In **Ecuador** between 1992 and 1995, USAID-supported technical training helped 1.7 million low-income Ecuadorians participate in the economy by establishing or upgrading microenterprises. In 1995, activities related to nontraditional exports supported the equivalent of 225,000 full-time jobs, up from 98,000 in 1989.

In **Nicaragua**, USAID-sponsored marketing assistance reached more than 10,100 small producers of corn, livestock, organic coffee, rice, sesame, and soybeans. More than 2,500 sesame and coffee producers doubled their income by organizing themselves to process and market their crop as a group. Total crop sales were just over \$3 million. In addition, direct technical and marketing assistance to 11,000 farmers on small to medium-size farms increased productivity on 3,150 hectares of coffee, including 1,400 hectares of small-scale coffee farms. In **Peru**, 59,688 rural families, mainly from indigenous communities, adopted improved technologies for food production. This resulted in yields of native crops averaging 47 percent over previous yields. Microenterprises in Lima have also developed techniques for marketing apparel by cooperating on a line of children's clothes to be sold in up-scale stores in Lima.

In **Estonia**, the USAID-supported Estonian Small Business Association has successfully represented the interests of its 700 member firms. Through training programs, public information, and legislative advocacy, it has ensured that the interests of small and medium-size enterprises receive fair consideration in economic development and privatization. USAID efforts also helped these smaller enterprises secure earmarked investment funding and fair

legal and regulatory treatment. The association has expanded contact with international organizations and enterprises and attracted substantial European Union and Swedish assistance. In **Moldova**, following a successful demonstration of a USAID-supported farm-restructuring pilot project, the government requested its replication in all 40 districts. The project redistributes land and property of 70 former collective farms and trains Moldovans to run the new agricultural structure.

Expanding Economic Opportunities For Women

As described above, USAID emphasized activities such as microfinance, business training, and agricultural training as important means for giving women economic opportunity. Women in developing countries face greater obstacles accessing economic opportunities than men. Low social status, religious constraints, and family and social norms all limit women's opportunities. In addition, female-headed households tend to be poorer than male-headed ones, meaning they have less access to credit or land.

Women-oriented activities can be the most effective way to have a positive impact on other development indicators, such as caloric intake and health and education levels. Thus, improved economic opportunities for women can benefit both sexes.

In 11 countries, USAID targeted programs specifically to women, including 14 microfinance projects and seven agricultural projects. The 14 microfinance projects span all four world regions and have provided microcredit to an estimated 282,000 women. In **Guinea**, for example, the USAID-sponsored PRIDE activity continued its successful lending program in 1995. This activity provided 10,555 loans for a total value of \$2.8 million, with 68 percent of these loans going to women. A study of 63 PRIDE clients revealed that borrowers' assets had increased from \$460 in May 1992 to \$1,143 by March 1995.

On a larger scale in **Bangladesh** (the country that pioneered microfinance), national commercial banks, with USAID financial support, established 25 poverty lending programs. These programs reached more than 900,000 poor borrowers, of whom 25 percent were women. Bangladeshi women represent less than 5 percent of all other national commercial bank loans. USAID also assisted in implementing successful microfinance projects in central Asian republics and **Kyrgyzstan**, where 75 percent of the clients are women.

In **Nepal**, a USAID-supported NGO exported vegetable seeds to **Bangladesh** and aloe cloth to the United States. In 1995, these sales brought \$11,000 to 200 households in the hills of Rukum District. The government of Nepal, capitaliz-



ing on this success, now provides production and marketing assistance to approximately 73,000 women in the Rapti zone.

As for business training, a new USAID-supported proactive job placement service in the **Dominican Republic** has dramatically increased job placements for women that it trained. By involving potential employers early in the training process, this NGO was able to provide better targeted training courses in basic business administration for women of the Cibao region. As a result, 96 percent of women trained during the last two years have either found productive employment or started their own microenterprises.

Expanding Economic Opportunities for Other Disadvantaged Groups

A fifth approach to expand access and opportunity for the poor targets disadvantaged groups and disadvantaged geographic areas. In 1995, USAID programs in 21 countries were using this program approach. These disadvantaged groups include people who don't have access to economic opportunity because they are an ethnic, social, or religious minority; live in a remote, inaccessible region; or live in a poverty-stricken urban area.

USAID has made a concerted effort to expand opportunities in historically neglected areas and with ethnic groups that have a high concentration of poor

people. Employment programs target low-income people and large disadvantaged groups. These include the urban poor, the majority black population in **South Africa**, the indigenous populations of Central and South America, and groups that are disenfranchised because of their past political beliefs.

For example, in **Nicaragua**, USAID and its development partners achieved significant results in developing microenterprise and other employment opportunities. This was accomplished by expanding the temporary employment safety net for the poor, and increasing rural employment in productive jobs.

In **South Africa**, USAID sponsored the Black Entrepreneurship and Enterprise Support project and the Black Integrated Cooperative Support Network, which helped historically disadvantaged South Africans. Both efforts resulted in expanded access to credit and capital resources. The enterprise support project and the network sought access to credit and capital especially from financial institutions such as major commercial banks and NGOs. USAID helped by improving citizens' knowledge of South Africa's corporate sector and by improving corporate practices on recruiting procurement firms from the historically disadvantaged sector. The Agency also created opportunities for previously disadvantaged firms to obtain franchises.

USAID helped disadvantaged groups gain access to affordable housing loans. In **Zimbabwe**, USAID helped low-income groups by offering mortgages to groups that usually do not have access to credit for housing, and USAID's Private Sector Housing Program managed to cut the cost of construction of low-income structures by 41–50 percent.

Another USAID-sponsored project in **Sri Lanka**, USAID's Low-Income Shelter Program, helped provide better housing for some of Sri Lanka's poorest families. Since its inception, the program helped more than 62,000 families build or improve their homes. In 1995 nearly 12,000 loans were issued to urban and rural households, 25 percent of which were female-headed. To enable poor families to have access to housing loans, USAID has been working to encourage legal, regulatory, and financial policy changes in 1996. The changes would ensure the sustainability of a private sector-led housing finance market long after the program will end.

Expanded and Improved Basic Education

The Agency's third economic growth objective is to expand and improve basic education to increase human productive capacity. USAID programs in 22 countries have basic educa-

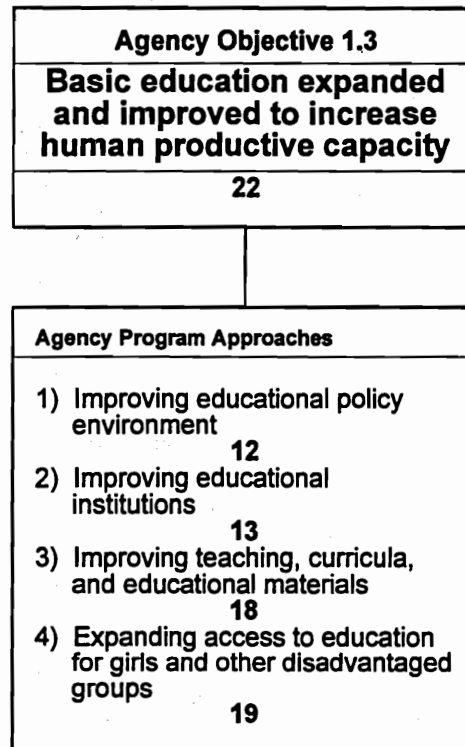
tion objectives (see figure 1.6). Basic education is critical for full participation in the marketplace and necessary for rapid broad-based economic growth. Ideally, the basic education system of a nation lays the groundwork for national productivity by ensuring that all citizens acquire essential reading, writing, and numeracy skills. Education is also the foundation of full participation in stable, democratic societies. Economic, population, environmental, and political goals cannot be reached except from the platform of literacy.

USAID's goal is to ensure the quality of basic education, increase efficiency and equity, and achieve access to schooling for all. To achieve these ends, the Agency utilizes a combination of interrelated approaches: improving educational policies; improving educational institutions; improving teaching, curricula, and educational materials; and using targeted approaches to increase educational opportunities for girls and other disadvantaged groups.

Improved Educational Policy Environment

USAID programs work through government systems and with other service providers to: 1) expand education coverage through adequate funding and national commitment; 2) improve education planning and management; 3) ensure availability of learning materials, innovative teaching methods, and appropriately trained

Figure 1.6. Number of Country Programs Contributing to Agency Objective 1.3



teachers; and 4) promote private-public partnerships and decentralization to give local communities control over their schools (see boxes 1.5 and 1.6).

Efforts in policy reform are central to Agency support for improved primary education and for expanded enrollment and retention of girls. In **Cambodia**, USAID-donor engagement of the government in policy dialog has resulted in a commitment to increase the share of primary education to 15 percent of the overall budget by the year 2000. The government of **Egypt** has expanded its

financial support for girl-friendly, community-assisted schooling in rural areas to help close the gender gap in primary school participation. In **Morocco** the Ministry of Education has decentralized decisions in these areas in pilot zones where girls' enrollments and retention lag sharply with that of boys.

In the 14 countries with USAID programs working toward an improved policy environment, much of the work relies on an integrated, participatory approach to educational development. In Africa USAID's education sector



Box 1.5. Official Encourages Community Involvement in Mali School Programs

Mali's minister of basic education visited a community-based schooling program in Kolondieba. He was so impressed by what communities were willing to contribute to create schools that he returned to Bamako and began the New Basic School program, incorporating and expanding upon a USAID-funded Save the Children model of local school development. Consultants presented an ambitious program with curriculum review and modular components, local language instruction, curriculum reform, and a thorough restructuring of the Ministry of Basic Education. When teacher unions and opposition parties criticized the scope of these reforms and the lack of a participatory process in developing them, the minister was called before the National Assembly to explain the program. The reforms are now being redesigned based on input from these groups. A campaign has been initiated to inform Malians of the reforms and gain their commitment to them.

support programs rely on policy reform as a primary component of an integrated approach to basic education. Education sector support programs attempt to influence a country's entire education budget, reaching the highest policymaking levels and often leveraging other donor support. The education sector support approach to development helps education systems identify and address their problems so the government itself can undertake the reforms it has defined.

Achieving systemic change requires fundamental reform in education policy, resource allocation, and institutional organization and operations, including changed roles for schools, teachers, and communities. These are the cornerstones that will permit governments to achieve sustainable

improvements in access to, equity in, and quality of basic education. Elements of this approach include 1) support of national or government-led sector reform, 2) budgetary support conditioned on performance toward policy reform, 3) promotion of systemic education change, 4) focus on institutional development, 5) donor involvement and coordination, and 6) "people level" outcomes—student access and performance.

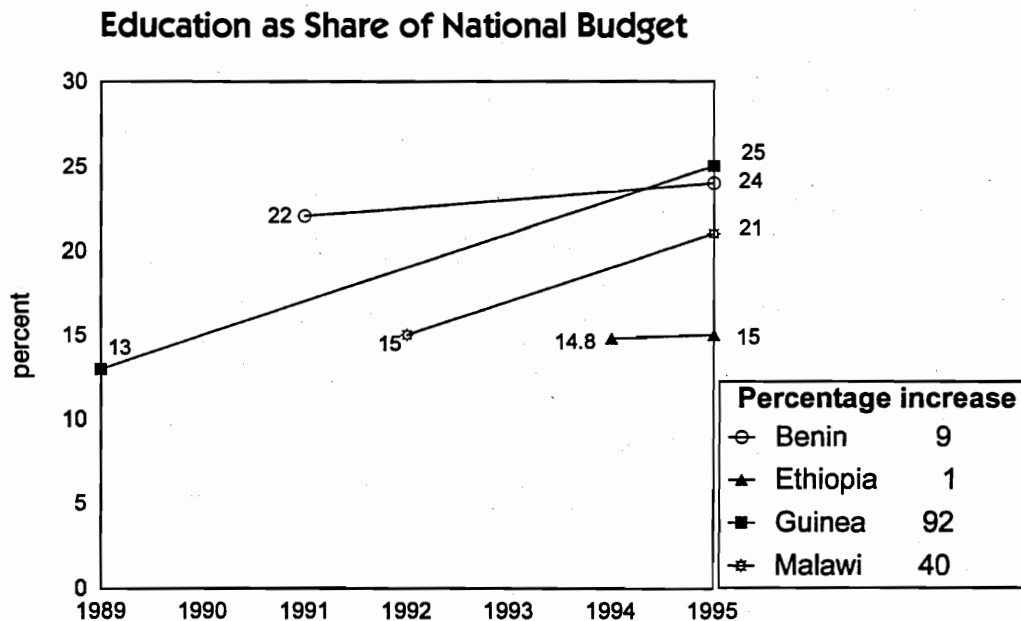
Emphasis on people-level impact, measured through indicators of economic growth, raises important questions. It brings into focus the process and pace of educational reform and how its contributions can be assessed. Success has been defined primarily in terms of student-level outcomes (in-

creased gross enrollment rates, reduced repetition and dropout rates, and increased literacy).

However, at the early stages of education reform, progress is more likely at the system level. Tangible improvements can be seen in four arenas of impact: education policy, institutional operations, school support, and community involvement. Achievement of student impact takes more time. Finally, people-level impact is predicated on achievements at the student and systems levels, as well as variables outside the education sector (see figure 1.7).

USAID's policy reform efforts continue to encourage adequate national budget allocations for basic education. Many countries have begun to shift resources from secondary and tertiary education into previously underfinanced primary education. In addition, government funding commitments are increasingly covering items besides teachers' salaries. With USAID assistance, **Benin, Ethiopia, Guinea, and Malawi** have increased the share of the education budget going for primary education and raised the nonsalary share of the budget (see figure 1.7). Specific policy reforms elsewhere have also brought about dramatic results. After Malawi offered free primary education to all in 1994, enrollments rose from 1.9 million in 1993 to 2.9 million in 1995.

Figure 1.7. National Budget Allocations



Source: AFR/SD.

USAID-assisted policy dialog activities, events, and tools have introduced administrators, government ministers, stakeholders, and other decision-makers to particular education reforms. See box 1.7 for one approach used in Latin America and the Caribbean. Another policy dialog technique is used by the USAID-funded Latin American Strategies for Educational Reform (LASER). This includes a computer graphics storyboard that demonstrates the relationship of education to economic growth. Other capacity-building methods are being used to help country governments design and articulate educational policy dialog. For example, **Bolivia's** national social sector

planning capacity increased after policymakers saw the relationship between education and health and family planning. LASER is stimulating educational reform in **Haiti, Ecuador, and Nicaragua.**

A nationwide social-marketing campaign initiated in 1995 built public support for Haitian educational development. Some 50,000 citizens participated in town meetings, focus groups, and other community discussions, leading to Haiti's first national public forum on education in January 1996, in which 750 delegates framed key public policy concerns and institutional capacity-building needs for the education sector. Recent progress in decentralizing education systems and

involving communities in education-related decisions and partnerships is leading to further improvements in quality and efficiency.

USAID efforts to promote decentralization and community participation have produced results in Central America. In **Guatemala** the Congress passed a law permitting local parents' committees to assist in selecting teachers, a task previously done entirely by the Ministry of Education. This reform, coupled with a more efficient data collection system, has reduced teacher appointment processing time from eight months to three, and has facilitated more appropriate

assignments of bilingual teachers to indigenous language areas.

USAID-strengthened communities in **El Salvador** make decisions about education by involving the school board, parents, school administrators, teachers, and students. Under a new decentralized funding mechanism, government and donor resources go directly to school districts. In addition, USAID is working with **Egypt's** Ministry of Education to decentralize administrative functions and to integrate participation by parents and local communities in schooling issues.

Under **Mali's** recent legal framework, many private and community-managed schools are being established. This community school movement, spurred by USAID funding, helped increase gross enrollment from 22 percent in 1989 to 35 percent in 1995. New schools are utilizing nontraditional educational methods, such as locally recruited teachers and flexible schedules. Mali's alternative system seems to be more responsive to communities previously resistant to conventional educational approaches. Mali's experience may be helpful to educators in **Ethiopia**, who are beginning to explore alternative school systems.

Box 1.6. Conference Launches Dialog On Education Reform in the Americas

In December 1995 USAID sponsored the Partnership for Education Revitalization in the Americas conference, which brought together 200 participants from more than 70 organizations from North and South America. Discussions centered on education policy options in several areas: experiences in transforming education systems, national efforts in starting education reforms, basic education policy for special (minority) populations, and policy incentives in support of education partnerships. In this first meeting, leaders began to develop networks to coordinate and exchange information. In addition, the initial core group of institutions that will be strengthened under the partnership was formed. This entity will become a constituency for future educational reform in the Americas.

Improved Educational Institutions

A good basic education system depends on well-managed, efficiently operated educational institutions. This includes systems and structures for information management, data collection and dissemination, administration and personnel management, achievement testing, planning, financial accounting, physical infrastructure development and expansion, and teacher training. USAID is working in 15 countries to assist with institutional improvement.

The Agency has helped implement financial, information, and school management systems to track a range of educational data that will be useful in educational planning. **Benin's** Ministry of Education's financial statements are now being produced and disseminated quarterly. In addition, the

ministry is supplying supplemental information for activities implemented under the primary education subsector reform program. **Mali's** Office of Statistics and Policy has transformed data into information useful to decision-makers. The "school distribution map," a computer-generated map of all primary school locations in Mali, displays many school attributes and enables education planners to determine which schools and areas are underutilized.

With USAID assistance during the past year, **Ghana** conducted a schools review to identify critical constraints to effective teaching and learning. Poor student performance on tests in English and mathematics prompted the government to initiate a major study that led to development of a new educational strategy.

El Salvador sponsored a student achievement testing program in language and math for grades three and six. Results from students' first year of school are promising, with grade one promotion rates increasing from 62 percent in 1992 to 83 percent in 1995. With USAID assistance, the Honduras Ministry of Education established minimum learning objectives for each primary school subject area. Standardized tests have measured progress in four subjects, with test scores rising by 79 percent since 1991. These results are also attributable to efforts to improve teacher training and develop and provide educational materials such as workbooks, flash card sets, teachers' manuals, instructional aids, and more than 17 million textbooks.

Several countries are making gains in their efforts to decentralize school budget allotments, track management data, account for purchases and inventory, and manage teacher appointments and training. In Nicaragua, Ministry of Education personnel are being trained in decentralized management techniques, helping more than 500 primary schools achieve autonomy from the central government. Benin, Ghana, and Mali have decentralized their finance and budgeting systems to individual regions. Many of Uganda's districts prioritize and finance their own needs, even purchas-

ing instructional materials beyond those provided through central funds.

While measuring the direct effect of institutional improvements is often difficult, promotion rates, exam results, and school completion data indicate that institutional reforms are improving student success in several countries receiving USAID assistance. For example, the pass rates of Benin's leaving exam increased by 45 percent since 1990; in Guatemala, grade three math achievement test scores increased 22 percent in 1994-1995, and language scores increased 13 percent in just one year; and Honduras reported a 23 percent increase in graduates from grades one through nine during 1993-1995.

USAID has been active in school construction in several countries. In Mali the number of classrooms increased by 21 percent from 1989 to 1995 (from 7,413 to 8,978). The 1995 figure surpassed that year's target by 412 classrooms, permitting growth in Mali's gross enrollment rate from 22 percent in 1989 to 35 percent in 1995. Malawi has built 130 new primary school blocks (two classrooms and one teacher's house). The USAID Office of Transition Initiatives, the U.S. Army Special Forces, and members of the local communities have rehabilitated 364 schools and built 264 new schools in Haiti's underserved areas as of 1995.

Improved Teaching, Curriculum, and Educational Materials

More than 18 USAID programs are working to improve teaching, curricula, and educational materials. The Agency and its partners aim to increase the quality of basic education by providing teacher training and skills development, enhancing curriculum relevancy and delivery methods, improving instructional techniques and materials, and promoting research and evaluation at the school and classroom level.

USAID assistance is providing access to more current and relevant educational materials in several countries:

■ USAID financed production of math and language textbooks for kindergarten through sixth grade in El Salvador. The books ensure that four cross-cutting themes—democracy, environment, gender, and health—are integrated into the primary school curriculum. In addition, the Ministry of Education financed two more books in social studies and science, giving each child four textbooks.

■ Haiti issued a standardized list of 136 primary school textbooks for nationwide use.

■ Ghana developed an alternative textbook production and distribution strategy, opening competitive bidding to 50 local



Box 1.7. Update on Female Illiteracy in Nepal

USAID/Nepal is taking on women's illiteracy, with impressive results. Because investing in women is as important to national prosperity as investing in agriculture and health, women's empowerment is an essential component of the strategy to reduce poverty.

Literacy rates for women range from half to two thirds of those for men, depending on the district and the ethnic group. USAID support to women's literacy programs has resulted in more than 260,000 women becoming literate, 116,000 in 1995 alone. That exceeds the target by 42 percent. In addition, through institutional strengthening and policy reforms, USAID contributed to an additional 147,000 women becoming literate, for a 1995 total of 247,704. As a result, Nepal's female literacy rate has increased from 22 percent in 1991 to 28 percent in 1995.

These results build into the work with women's empowerment, because literate female graduates become eligible for involvement in the Mission's microenterprise program and legal advocacy activities. Already 300 village-level savings and income-generating groups have been established in predominantly low-caste disadvantaged areas. Through USAID-supported legal advocacy groups, Nepal's high court declared existing inheritance laws unconstitutional because of gender bias (see chapter 3).

printers for smaller lots of 50,000 per contract. Printers completing their contract on time were offered additional jobs. As a result, 3.2 million new primary school textbooks were printed and distributed, increasing the percentage of schoolchildren with books from 10 percent in 1989 to 96 percent in 1995.

■ In Namibia the government has established a unit to produce and distribute new curriculum materials for disadvantaged schools in grades one to four, in local languages and English.

■ In Uganda textbooks were provided in 1995 for grades five through seven at the desired rate of one set per child. However, books alone were not deemed sufficient. With USAID support, instructional materials now include posters, globes, and math and science kits.

■ During the civil war, Cambodia's education system and corps of primary school teachers was decimated. Poor teaching continues the vicious cycle of crowding, poor learning, and high failure rates. USAID, simultaneously supporting improved educational

materials and equipping of the country's "cluster schools," has begun a nationwide effort to retrain 45,000 primary school teachers and headmasters to improve the quality of instruction and learning and the system's internal efficiency.

Recent successes in adult literacy programs—for example, a dramatic USAID-supported increase in literacy among Nepali women—have been based on improved instructional materials, careful teacher recruitment and training, and monitoring of results (see box 1.7).

Curriculum reform is often informed by research and collaboration. This is especially evident in Africa. USAID and six NGOs have provided in-service training in South Africa, working together to assess the impact of training on teachers' instructional practices and learner participation in classes. This led to the development and use of a classroom observation instrument that helped collaborators design 11 components of a learning-centered teaching curriculum.

Teacher training is another important contributor to better learning. Activities in Cambodia, the Dominican Republic, El Salvador, Haiti, Nicaragua, and Uganda have targeted teachers and school administrators in order to improve education quality. Overall, results have been promising—fewer

students are repeating grades or dropping out and more are completing primary school.

Expanded Opportunities in Education For Girls and Other Disadvantaged Groups

Lack of participation in basic education is a critical dimension of poverty. Broad-based sustainable economic growth requires expanding opportunities in education for girls and other disadvantaged groups. The problem is particularly acute in rural areas. In many developing countries, the illiteracy rate for young women in rural areas is two to three times that in urban areas. Family preferences, security concerns, and the need for subsistence agricultural and household labor limit both girls' and boys' education in rural areas.

In a number of countries in Africa and Asia/Near East, education of girls has lagged significantly behind that of boys. Education empowers women within their families and communities, improves women's income-earning potential, and reduces birth rates. USAID programs in 19 countries are working to expand opportunities in education for girls and other disadvantaged groups. (See boxes 1.7 and 1.8.) Partly with USAID support, a number of countries have

Box 1.8. Expanding Girls' And Women's Education in Egypt

Egypt is a focal country for the Girls' and Women's Education Activity of USAID's Global Bureau. USAID/Egypt identified increased female education as a high priority, because of high female illiteracy rates (66 percent in 1990) and high primary-school dropout rates for girls (30 percent in 1994)—national rates that are worse in rural areas and upper Egypt. This gender gap in education constrains increasing women's participation in decisions affecting child survival and family size in Egypt. In addition, lack of education limits female participation in the labor force and in community affairs.

USAID/Egypt is concentrating on increasing the participation in primary education of girls between the ages of 6 and 13 in the rural areas and may also assist the highest risk urban areas, if needed. Because of the demonstrated link between mothers' literacy and their daughters' participation in basic education, USAID/Egypt will include complementary interventions in adult female literacy. Anticipated results of this effort include 1) an increased number of schools that have removed constraints to female attendance, 2) an increased demand for female education, and 3) an improvement in the national policy environment, as it affects female education opportunities. Achievement is being measured by the increase in the number of girls and young women in targeted areas receiving quality basic education.

Through its partnership with the Center for Development and Population Activities, USAID is also supporting nonformal education and community awareness to promote girls' education. Within several rural communities of upper Egypt, a pilot scholarship program for girls has been introduced, targeting poor families, for whom girls' schooling is too frequently a first casualty.

shown innovative approaches to improving girls' opportunities in education:

■ In Malawi USAID-supported social mobilization campaigns and the elimination of school fees in 1993, among other innovative approaches raised the net enrollment rate for girls from 55 percent in 1992 to 95 percent in 1995.

■ To test the effect on enrollment of a more flexible school calendar, Morocco's Ministry of Education decentralized decisions in pilot zones where girls' enrollments and retention lag sharply behind that of boys. The ministry has committed to a reformed curriculum and teacher-training program adapted to interactive, girl-

friendly instruction and to increasing participation by girls in rural areas.

■ The Egyptian government increased its financial support for community-assisted schooling that will help close the gender gap in primary school participation in rural areas. Moreover, nonformal education has been introduced to increase outcomes across sectors, including longer term family planning and intergenerational support for girls' schooling. In 1995, 106 women received leadership training. Through activities of 25 learning centers in middle and upper Egypt, more than 1,200 girls and young women were educated in literacy, health, life skills, and reproductive rights.

USAID is helping countries expand educational opportunities for children in disadvantaged ethnic groups and hard-to-reach geographic areas. For rural populations, access to primary education often requires more than just schools and teachers. It must address parents' perceptions of quality and relevance, and the institutional environment must be responsive to community concerns.

Until recently, little was done in **Guatemala** to provide schooling for girls or for the Mayan population. Now, USAID is helping extend educational opportunities to these populations. In **Egypt**, USAID is building community support and involvement in

interactive instruction, drawing on a UNICEF model of community schooling and targeting out-of-school children in rural areas. Similarly, USAID programming efforts in **South Africa** seek to reach historically disadvantaged segments of the population.

Conclusion


In 1995, more USAID-recipient countries improved economic growth performance than in past years, measured in terms of annual average growth rates for gross domestic product, gross domestic investment, and merchandise exports. Per capita income, measured as per capita gross national product, also grew at a faster pace in more countries than previous years.

Overall, more people now live in countries that have achieved moderate to high economic growth rates. Countries that achieved accelerated economic growth, expanded social services, and made major investments in human capital showed significant progress in poverty reduction. Economic growth in aid-recipient countries has also benefited the U.S. national interest in terms of increased trade and investment. Americans sold more goods and services to aid-recipient countries and increased their investments in countries that opened their economies.

USAID programs have, in general, been a catalyst in reducing poverty worldwide. Assistance directed at strengthening markets of recipient countries has increased citizens' economic freedoms and enhanced access to markets, employment, and income-generating activities. Countries that progressively moved toward achieving a sound economic framework and free and open markets stimulated both domestic and foreign direct investment. That increased employment and income opportunities.

Assistance directed at improving agricultural productivity, including agricultural technology, has increased food availability and reduced food insecurity. Expanding nontraditional agricultural exports has expanded economic opportunities for more poor people, including women. The strengthening of financial systems—microfinance, in particular—has enabled more poor people to participate in economic growth. USAID's infrastructure support, coupled with improved market arrangements, has enhanced market access and improved incomes of businesses and rural people. USAID has also helped many of the new independent states make the transition from state domination to market orientation.

In the longer term, the most promising prospects for developing countries probably come from the rapid expansion of basic education. Education of



children has a long gestation period. There is a long lag time between cost and payoff in higher productivity as children enter adulthood. The returns to basic education are nevertheless very high, and the investments of the last two decades should now begin to yield benefits. Girls' education is a particularly powerful tool, producing valuable social results in lower fertility and better health and nutrition, as well as positive economic payoffs.



Endnotes

¹ The economic growth estimates presented here are based on table 1 of the World Bank's 1996 *World Development Report*.

² Sulekhan Patel, *Social Indicators of Development, Finance & Development*, World Bank, June 1996.

³ Donald G. McClelland, *Investments in Agriculture* (USAID/CDIE, August 1996) provides a synthesis of the available research on the importance of technology and other factors in agricultural development.





2

Building Democracy and Governance



Democracy and Governance Highlights

Strengthening Rule Of Law and Respect For Human Rights

In 49 countries USAID programs assist in establishing a predictable legal environment, developing independent, fair, and effective judicial systems and strengthening human rights.

■ New or modified criminal and civil codes have been reviewed or adopted in Armenia, Bolivia, Colombia, Czech Republic, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Lithuania, the Former Yugoslav Republic of Macedonia, Panama, Peru, Russia, and Slovakia. Significant progress in strengthening USAID-supported public defender programs in Bolivia, Cambodia, El Salvador, Honduras, and Panama is evidenced by the increased quality of the defenders and the mushrooming demand for their services.

Creating More Genuine And Competitive Political Processes

USAID plays an important role in ensuring genuine and competitive political processes with programs in 35 countries.

■ USAID assistance in Bangladesh, the Dominican Republic, Haiti, Mongolia, Russia, South Africa, and the West Bank–Gaza resulted in improved electoral administration and increased competition among candidates.

■ USAID launched its global Women in Politics Program. The program gives women a chance to become more effective voters, advocates, candidates, and legislators.

Increasing the Development Of Politically Active Civil Society

USAID programs in 50 countries direct their efforts toward organizations engaged in or having the potential for championing democratic governance reforms.

■ In cooperation with indigenous trade unions, USAID has designed and implemented programs aimed at increasing the membership of women

workers in manufacturing. As a result of this assistance, labor unions in Bangladesh, Indonesia, the Philippines, and Sri Lanka have increased the number of women members by 25 percent.

Developing More Transparent And Accountable Government Institutions

USAID supports accountable governments in 50 countries, improving their ability to perform effectively and efficiently, respecting ethical standards, and consulting with their constituencies.

■ In 37 countries the Agency's approach to democratic local governance is emphasizing increased citizen participation, promoting empowerment for minorities and vulnerable groups, engendering greater local government responsiveness and accountability to citizen needs, improving local revenue mobilization, reducing corruption, and lessening ethnic tension and conflict.

Building Democracy and Governance

National interests of the United States center on the development of a global environment that promotes U.S. economic opportunities, enhances the prospects for peace and stability, and protects against specific global dangers, including complex humanitarian and other crises.

Our national values, expressed in the Declaration of Independence and the Constitution, are built on the concept of governmental sovereignty derived from the citizenry and universal respect for internationally recognized human rights. The administration's three foreign policy goals of peace, prosperity, and democracy are based on these global interests and values.

USAID's goal of sustainable development evolved directly from the administration's foreign policy goals, and democratization is an essential part of sustainable development. Democratization facilitates informed participation, public sector accountability, and protection of human rights, USAID's success in the other core areas of sustainable development is inextricably linked to democratization and good governance. Repression, corruption, autocracy, human rights abuses, exclusion of marginalized groups, and disregard for the rule of law are antithetical to development.

Democratic governments are inherently more stable and therefore more reliable international partners. They are more likely to advocate and observe international law and agreements and have long-term stability. Moreover, and equally important, they make better trading partners for the United States.

Given this fundamental relationship, the democracy-and-governance program is an integral component of USAID's support for sustainable development. The Agency's commitment to strengthening democratic institutions and popular participation in decision-making is evidenced by its decision to define "sustainable democracies built" as one of the Agency's goals.

Establishing democratic institutions, free and open markets, an informed and educated populace, a vibrant civil society, and a relationship between state and society that encourages pluralism, inclusion, and peaceful conflict resolution—all these contribute to the goal of building sustainable democracies. To guide programming, the Agency's strategic framework (see figure 2.1) establishes four strategic objectives:

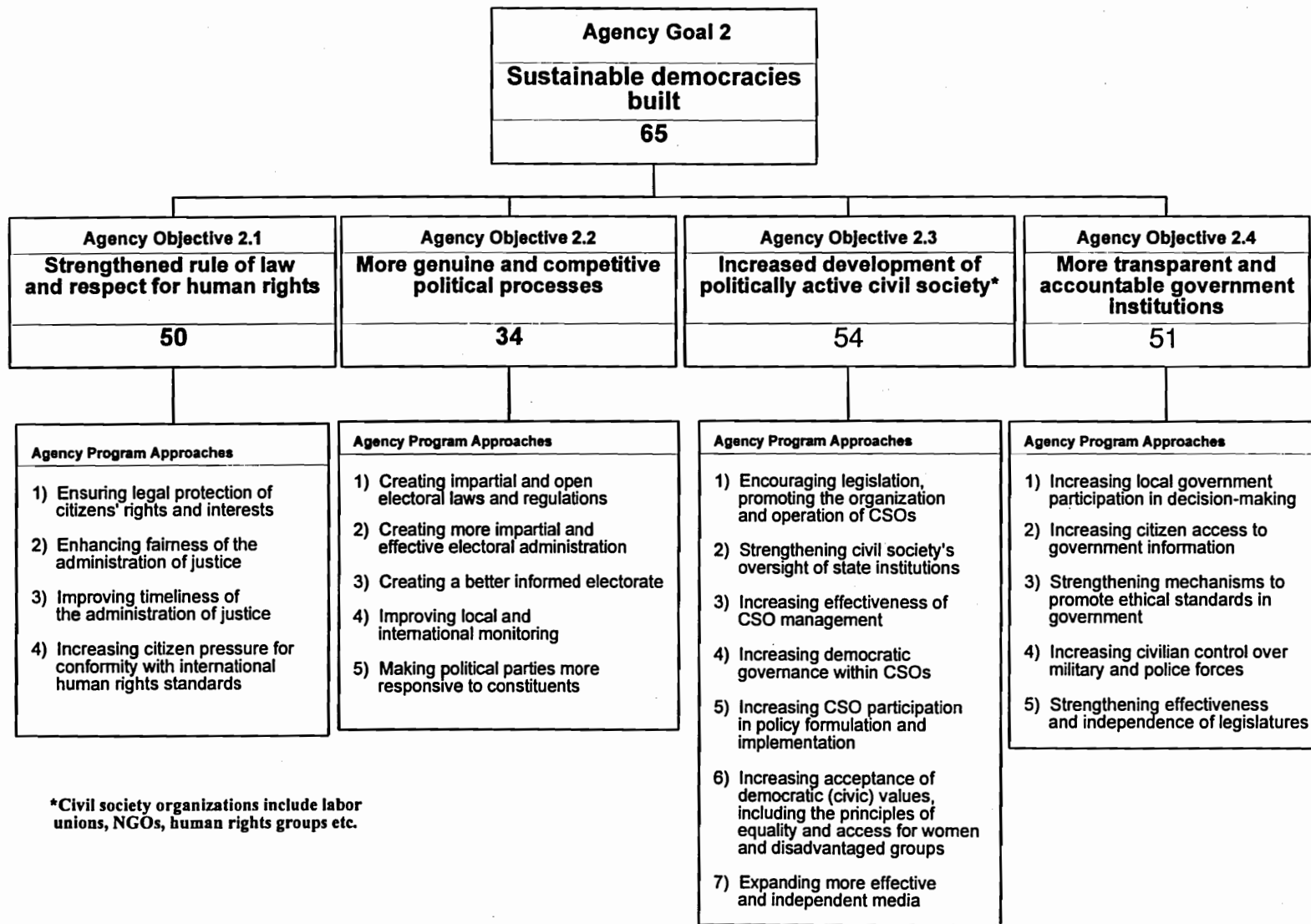
- Strengthened rule of law and respect for human rights
- More genuine and competitive political processes
- Increased development of politically active civil society
- More transparent and accountable government institutions

The countries with USAID programs promoting these objectives are represented on map 2.1 and listed in table 2.1.

While these four objectives provide the basis for the overall program, emphases vary from region to region (see figure 2.2). In Africa civil society receives most attention, followed by electoral process. The Asia and the Near East priorities are civil society and governance, respectively. In central and Eastern Europe governance has the most emphasis, followed by civil society. And in Latin America and the Caribbean the Agency stresses the rule of law, with a growing emphasis on civil society. These differences reflect variations in opportunities, constraints, stages of democratic progress, and lessons from experience.

Even within regions, countries require unique programs. Although most democracy assistance is examined through the optic of sustainable development, crises, usually resulting from armed conflict and societal

Figure 2.1. Democracy Strategic Framework 1996. Number of Country Programs Contributing to Each Objective



Map 2.1. Programs With Strategies Contributing to Democracy and Governance Goal

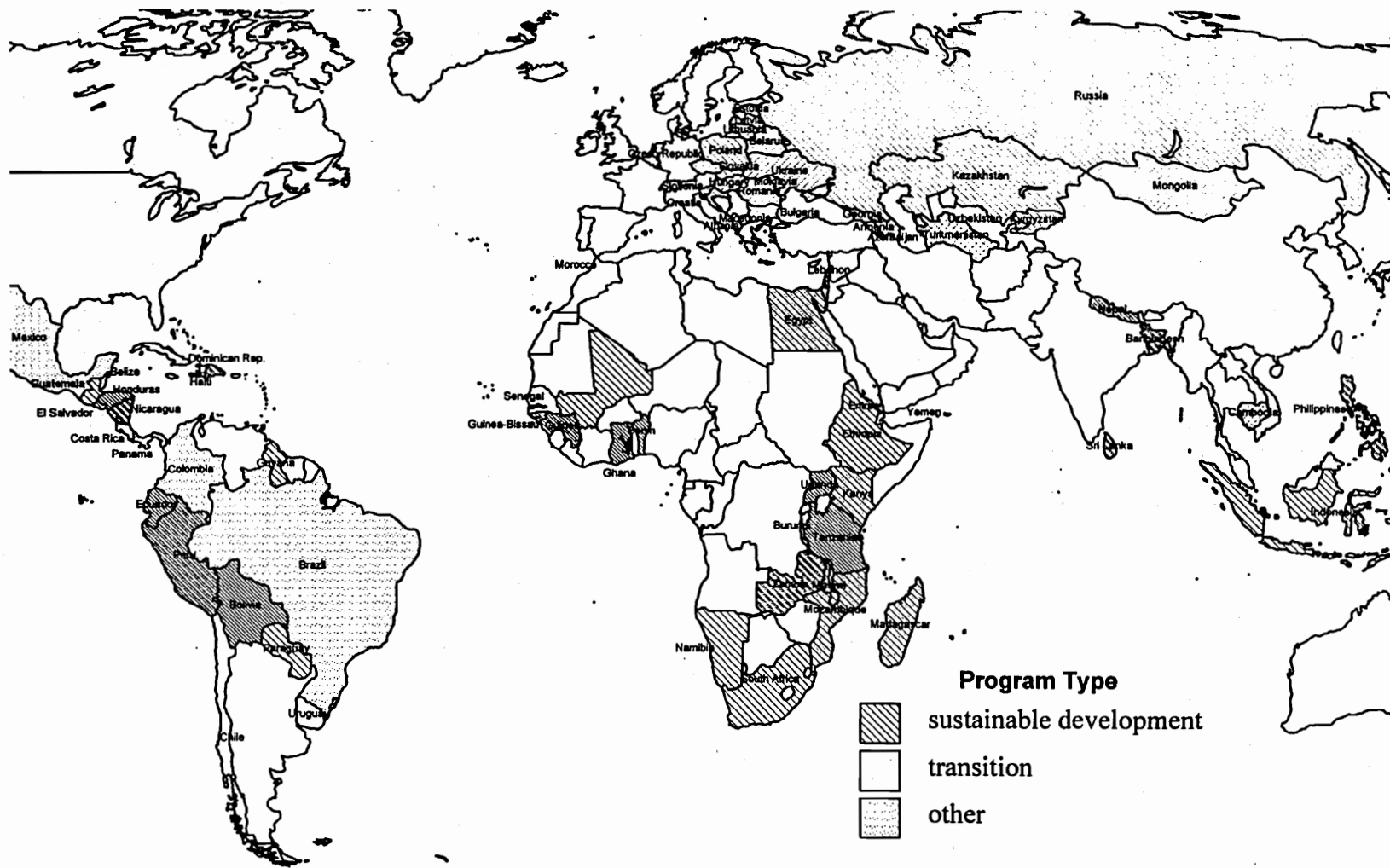
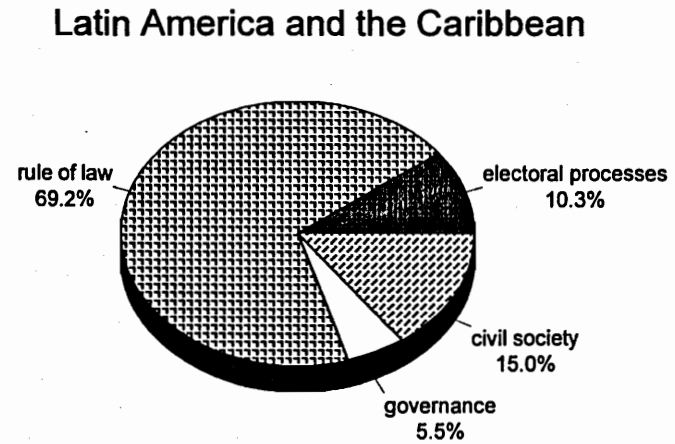
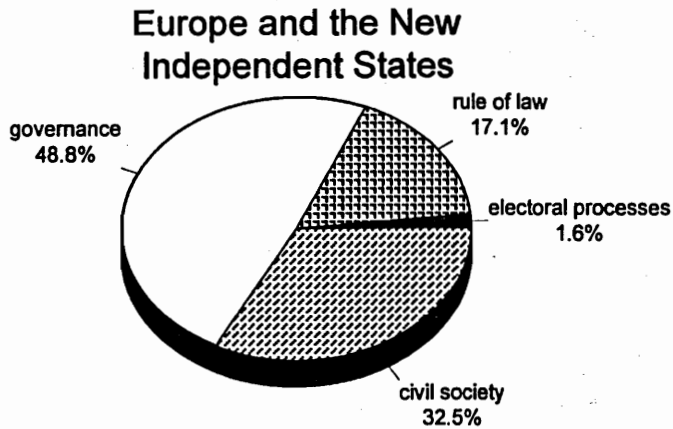
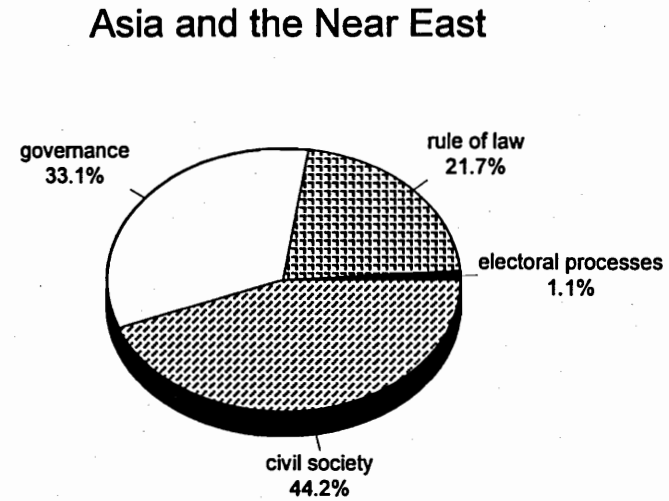
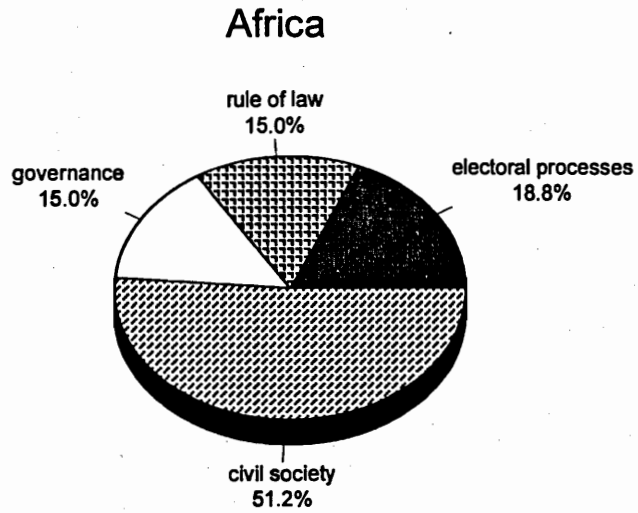


Table 2.1. USAID Programs With Democracy and Governance Objectives in 1996

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Number of programs	27	18	29	16	87
Number of countries with democracy objectives	16 (59%)	10 (56%)	24 (83%)	15 (94%)	64 (74%)
Objective 2.1: Strengthened rule of law and respect for human rights	Burundi, Eritrea, Ethiopia, Guinea-Bissau, Kenya, Madagascar, Malawi, Mozambique, South Africa, Uganda (10)	Bangladesh, Cambodia, Egypt, Indonesia, Mongolia, Nepal, Sri Lanka, West Bank-Gaza (8)	Albania, Armenia, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Georgia, Kazakstan, Latvia, Lithuania, Poland, Russia, Slovakia, Tajikistan, Ukraine, Uzbekistan (16)	Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru (15)	50 (57%)
Objective 2.2: More Genuine and Competitive Political Processes	Benin, Burundi, Ethiopia, Ghana, Kenya, Malawi, Mozambique, South Africa, Tanzania, Uganda (10)	Bangladesh, Cambodia, Mongolia, Nepal, West Bank-Gaza (5)	Albania, Armenia, Azerbaijan, Bosnia-Herzegovina, Croatia, Georgia, Latvia, Lithuania, Moldova, Russia, Ukraine (11)	Bolivia, Dominican Republic, El Salvador, Guyana, Haiti, Mexico, Nicaragua, Paraguay (8)	34 (39%)
Objective 2.3: Increased development of politically active civil society	Benin, Burundi, Ethiopia, Guinea, Guinea-Bissau, Kenya, Mali, Malawi, Mozambique, South Africa, Tanzania, Uganda, Zambia (13)	Bangladesh, Cambodia, Egypt, Indonesia, Mongolia, Nepal, Philippines, Sri Lanka, West Bank-Gaza (9)	Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Slovakia, Tajikistan, Ukraine, Uzbekistan (22)	Bolivia, Brazil, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Peru (10)	52 (60%)
Objective 2.4: More transparent and accountable government institutions	Guinea, Guinea-Bissau, Kenya, Malawi, Mozambique, Namibia, South Africa, Tanzania, Uganda, Zambia (10)	Bangladesh, Cambodia, Egypt, Indonesia, Lebanon, Mongolia, Nepal, Philippines, Sri Lanka, West Bank-Gaza (10)	Albania, Armenia, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Georgia, Hungary, Kazakstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Slovakia, Ukraine (18)	Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru (14)	50 (57%)

* Excludes regional and global bureaus with major democracy and governance objectives.

Figure 2.2. USAID Support to Democracy Programs, by Region



Source: USAID, 1996.

collapse, require that the impact of assistance be examined with immediate goals and risks in mind. Strategies will vary; so will performance expectations.

Status of Democracy Worldwide

On a global basis, it is difficult to characterize the "state of democracy" at any given time. Yet, over time most countries of the world clearly are becoming more democratic. A decade ago, Freedom House, in its *Annual Survey of Political Rights and Civil Liberties*, characterized 42 percent of countries as formal democracies. This year, Freedom House classified 61 percent of countries as democracies. In its annual report, Freedom House ranks countries as "free," "partly free," or "not free."

Latin America continues to experience advances in democracy. Haiti and the Dominican Republic represent two new, if still uncertain, democratic accomplishments. A coup attempt in Paraguay in April 1996 demonstrated that the armed forces there, as in many other countries in Latin America, remain a threat to the democratic process. Nevertheless, popular opposition to the generals' seizure of power and the immediate intervention by neighboring countries in support of the elected government thwarted the coup. These events demonstrate the force of

popular democratic sentiment in Paraguay and in neighboring countries. They also send a clear signal to other countries in Latin America that a military coup in the region will not be condoned.

The influence of international crime threatens democracy worldwide. In Latin America this threat was illustrated in Bolivia, where Freedom House downgraded its country ranking from free to partly free. The downgrading was due in part to the influence of the drug trade, which caused the government to impose a six-month state of siege to quell protests against coca-eradication policies. The government action suspended labor rights and civil liberties.

The state of democracy in Eastern Europe and the former Soviet Union is less clear. On the one hand, the successful elections in Russia speak well for the evolution away from communism and a closed society as does continuing progress in the Baltics and central Europe. On the other, a seriously flawed election in Albania is a symbol of the deterioration of advances made in some countries in the region. The communist-leaning regressions in the Central Asian republics, as well as the continued popularity of communism in Russia, are cause to examine just how well democratic forces have consolidated their efforts.

In Africa the democratic environment remains mixed. The year was marked by several attempted military coups.

Moreover, Zambia, once thought to be a vanguard democratic reformer, has shown signs of backsliding. On the positive side, consolidation continues throughout much of southern Africa, highlighted by continued peace in Angola and Mozambique. Furthermore, the only four gains in the Freedom House ranking were experienced in this region. Eritrea, Ethiopia, and Tanzania, rated not free last year, were rated partly free this year. Mali, rated as partially free last year, was judged as free in this year's Freedom House scale.

Elections in the West Bank and in Gaza signal significant democratic progress in the Near East, and recent political events in Jordan and Morocco indicate political openings that may lead to deeper democratization. Yet in other countries of the region, authoritarian regimes continue to hold power, and human rights are far from universally respected.

Democratic progress in Asia also is mixed. The Philippines has made significant progress toward democratization. Mongolia's successful elections demonstrate advances toward a more pluralistic society. Recent elections in Bangladesh appear to have been accepted by the governing elites and have cooled political tensions. However, serious backsliding has occurred in Cambodia, where the Freedom House rating slipped from partly free to not free. Civil war continues in Sri Lanka. And serious

compromises in the protection of human rights continue throughout the region.

Overall, the progress of democratization in the world has been uneven. Some democratic regimes have been considerably strengthened, and some political openings have emerged where authoritarian regimes once reigned. But national and international threats to the survival of democracy in the world loom heavy on the horizon. International crime and terrorism continue to be major problems worldwide. Organized criminal syndicates centered in Sicily, Colombia, Russia, Nigeria, and large swaths of Asia continue to expand operations and undermine both stable and newly forming democratic governments. For example, illegal drug production and trade as well as corruption represent cross-regional threats to democracy. Tolerance for free speech and assembly continues to be compromised.

USAID is now emphasizing political risks and constraints to democratic progress as an integral part of all country analyses. Country strategies put democratic development as a high priority, and USAID programs in all sectors are designed specifically to enhance democratic political development (see box 2.1). Within the democracy and governance sector, the Agency

Box 2.1. In Benin, Donors and Host Coordinate Efforts

In mid-1995 Vice President Al Gore launched the New Transatlantic Initiative to enhance cooperation among member countries of the Commission of the European Communities (CEC). Within that framework, the Africa Bureau is collaborating with the CEC in assessing progress toward democratic governance in the West African country of Benin. In addition to tracking progress, the assessment seeks to 1) diagnose problems, 2) identify corrective reforms, 3) generate a dialog among donors and representatives of Beninois civil society and government, and 4) improve donor and Beninois governance assessment tools, skills, and procedures.

The assessment, planned for fall 1996, is to be carried out by a team composed of CEC, USAID, and Beninois officials. The group will apply a common analytical framework and assessment methodology. It is to be followed by a series of workshops and seminars designed to get donors and Beninois talking about issues in democracy.

has made significant progress. This report highlights notable examples during 1995–96.

Progress in Measuring Results

USAID Missions and bureaus have become far more concerned with measuring results, and they have made considerable progress in defining and testing democratic impact. Still, quantitative measures for the Agency's programs remain elusive. In particular, measuring and comparing results across programs is difficult because of the decentralized nature and

relative newness of the strategic-planning process. In the last year, the Global Bureau's Center for Democracy and Governance has assisted several Missions in developing performance-based measures of impact. This effort is a first step in establishing uniform means of measuring the progress of USAID democracy programs. Despite the absence, as yet, of quantitative measures, ample evidence exists of the contributions of USAID programs on democratic processes around the world.

The following sections highlight results achieved over the past year in each of the four objectives.



Strengthened Rule Of Law and Respect For Human Rights

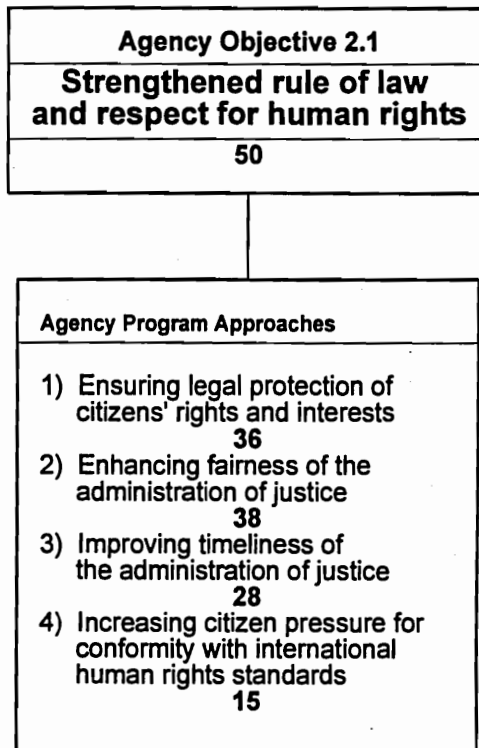
The first Agency objective in democracy and governance is to strengthen the rule of law and respect for human rights. A predictable legal environment, with an independent, fair, and effective judicial system, is essential for protecting citizens against arbitrary use of state authority and lawless acts of both organizations and individuals. It is also invaluable in providing a legitimate means of resolving conflicts, discouraging escalating social conflicts, and decreasing the likelihood that people will take the law into their own hands.

Strengthening the rule of law abroad also supports the security and economic interests of the United States. A sound rule of law is essential to fighting terrorism, counterfeiting, drug trafficking, money-laundering, and refugee flows. At the same time, laying the foundation for equal and predictable legal systems benefits U.S. citizens and corporations by promoting stability and transparency. Such conditions in turn create a better climate for growth in international trade and investment. Figure 2.3 sets forth the Agency's five approaches for strengthening the rule of law and respect for human rights.

Ensuring Legal Protections

Ensuring legal protection of citizens' rights and interests is the cornerstone of the rule of

Figure 2.3. Number of Country Programs Contributing to Agency Objective 2.1



law. In newly emerging democracies, USAID's initial efforts often center on constitutional development.

USAID programs in **Ukraine** contributed significantly to the development of a new constitution. USAID helped organize town hall meetings and supported a constitutional forum convened by the World Congress of Ukrainian Lawyers. USAID grantees provided material to Ukrainian officials on comparative constitutional systems and supported public debate over adoption of the new constitution. One activity helped strengthen the Ukrainian Association of Cities, which

was instrumental in developing articles decentralizing state power, providing resources to local governments, and defining the relationship of those governments with the national government.

A USAID-sponsored roundtable discussion with leading Ukrainian independent trade unionists recommended adding a constitutional clause on trade union rights. The clause was incorporated. Numerous nongovernmental organizations (NGOs) that receive technical assistance and training from USAID participated in the constitutional

debate. Ukraine's growing independent media, which also benefit from USAID-funded assistance, provided extensive coverage, analysis, and opinions throughout the development and adoption of the constitution. On June 28, 1996, by the required—but unexpected—two-thirds majority, Ukraine's parliament ratified the country's first post-Soviet constitution. The event is marked as a national holiday.

Similarly, USAID helped **Ethiopia** draft a constitution. The aid came both through material assistance and by sponsoring experts, both domestic and foreign, to confer with those leading the drafting process. These interventions have improved the quality of the constitutional debate as well as the quality of the final document itself. The handling of specific issues such as women's rights particularly benefited from outside consultation. The constitution guarantees maternity leave and incorporates human rights protections consistent with the 1948 UN Universal Declaration of Human Rights.

USAID support for legislative drafting efforts extends beyond the constitution to the development or updating of laws appropriate for political and economic regimes that are changing. New or modified criminal procedure codes have been adopted in **Bolivia, Colombia, Guatemala, Panama, and Russia**. Draft

codes are under review in **Armenia, Ecuador, El Salvador, Georgia, Honduras, and Peru**. The **Czech Republic**, the Former Yugoslav Republic of **Macedonia, Lithuania, and Slovakia** are currently amending their civil codes. **El Salvador** and **Panama** have new family and juvenile justice codes, and the sections of family law pertaining to child abuse are being reviewed in **Albania**.

In **Eastern and central Europe**, where countries are striving to privatize state-owned enterprises and to promote economic growth, USAID rule-of-law assistance has increasingly included development of commercial laws. USAID has provided assistance on banking, bankruptcy, competition, labor, property, privatization, securities, foreign investment, intellectual property, secured transactions, and taxation laws. As a result, at least 10 Eastern and central European countries have enacted modernized banking laws, bankruptcy codes, companies laws, and foreign investment laws since 1991. In addition, at least eight countries have adopted labor, taxation, and intellectual property laws in the last five years.

This trend extends to other regions as well. In **Madagascar**, for example, USAID has stressed the importance of commercial-law reform to support private sector development since 1993. USAID/Madagascar has helped build a

coalition in support of legal reform. It consists of judges, lawyers, officials from the Ministry of Justice, and national and regional business associations. The coalition's active lobbying in 1995 persuaded the government of Madagascar to create a body called the Legal Reform Commission. The commission's membership includes legislators, legal experts, government officials, and representatives of the business community. Creation of the commission paves the way for USAID-funded activities to overhaul the legal system, both laws and the legal apparatus.

In addition to *creation of laws*, USAID's development assistance supports challenges to the *constitutionality* of laws. The **Nepal Mission** is assisting four leading women's NGOs in their challenge to an inheritance law that restricts women from inheriting property or passing it on to their daughters. The NGOs pushed to have the law struck down, contending that it discriminated against women and therefore violated the constitution's guarantee of equal rights. Finding in favor of the NGOs, Nepal's high court has given the government one year to amend the law. These same NGOs are cooperating to help members of parliament draft new legislation. This cooperation is a significant step forward for the highly politicized but still fragmented women's movement.

Strengthening the Administration of Justice

A primary emphasis of USAID's rule-of-law program has long been strengthening the administration of justice. The objectives for this program vary according to the most urgent needs and most appropriate windows of opportunity. Strategies for strengthening the administration of justice employ mainly two approaches: 1) *enhancing the fairness* and 2) *improving the timeliness* of the justice system. Sixty-five percent of the Missions working to improve the administration of justice integrate both approaches in their strategy. Consequently, the following discussion addresses these two approaches simultaneously.

Enhancing the fairness of the administration of justice often begins by addressing the capacity of personnel in the offices of both the judiciary and the attorney general. Training aims at increasing knowledge of the law, independence, and ethical standards. USAID has helped introduce and has established or strengthened judicial schools in **Bolivia, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Peru, and Russia.**

The Agency is also trying to link training to improved personnel systems. In **Guatemala**, for example, training is now used to screen candidates. In 1995 USAID/**Kenya** trained 50 magistrates representing various geographical regions. The Mission also trained senior judicial staff to improve the

Box 2.2. Continuing Progress in Haiti

Last year the *Agency Performance Report* stated that officials from the U.S. Department of Justice, with USAID funding, developed a training program for 500 prosecutors and judges throughout Haiti and established a judicial training school in Port-au-Prince.

All 500 judicial officers have now received training. Six model prosecutors' offices have been established, providing on-site training and case-management techniques. This program and on-site field training were extended to include investigative judges as well as prosecutors. All members of the prosecution—from the police to the investigative judge—will receive training as a team to improve their ability to function effectively and cohesively from the moment a crime is reported through the criminal justice process.

In the face of significant challenges to improved administration of justice, a new Office of Judicial Supervision has been established within Haiti's Ministry of Justice. The office is being strengthened through the model prosecutors' office initiative, so that judicial supervisors will regularly monitor the performance of judges and prosecutors throughout the country.

effectiveness of the Kenyan courts and the quality of justice. Magistrates received training in professional ethics, civil procedure, and their role as public servants. Here the need for greater uniformity in court operations was emphasized. Because of the training, a prominent opposition member of parliament was released and an act of parliament was amended to allow drug offenders to post bail.

Guatemala has made great strides in overcoming a history of cynicism regarding honesty and integrity of the justice system. Barely a year ago, Guatemala held its first oral trial. The increased transparency of oral trials, coupled with USAID-supported training for

judges and prosecutors, has taken Guatemala's justice system a step forward in the fight against impunity. "Guatemala," a local news analysis noted, "now has judges who are qualified, well trained, honest, and independent."

In **Honduras** public prosecutors have brought increasing numbers of cases to trial, filing more than 23,000 criminal complaints in 1995. In only the first six months of 1996, public criminal complaints reached 20,000, with the number of corruption cases doubling. The prosecutors' rate of conviction also increased over the past year, to 63 percent from 55 percent. The need continues throughout the country for equal application of laws and accep-

tance of evidence. Still, the number of cases presented by public prosecutors has increased and the productivity of judges has improved.

Attention to the courts includes improved administrative techniques. For example, with USAID assistance, the administrative system of **Sri Lanka's** court of appeals has been automated to monitor and analyze bottlenecks and delays in bringing cases to trial. In 1995 alone the court reduced its backlog by one fifth. Although some automation has occurred in Latin America, the most important changes often have introduced far more basic techniques: rationalizing use of personnel, improving filing systems, introducing evidence rooms, and decentralizing administrative services.

To guarantee a balanced criminal process and broaden access to the system, programs undertake to develop or strengthen public defender programs. Progress in this has often been striking. **Panama's** program, characterized three years ago as barely functioning, has expanded from 8 public defenders to 29. The program has been transferred from USAID to Panamanian government financing.

El Salvador's program also has been transferred to the government and is fully staffed, with 108 defenders. However, it remains in need of substantial reengineering to guarantee high-quality services.

The public defenders program in **Honduras** was begun in 1989 with USAID support to provide constitutionally mandated free legal services for the poor. The program has financed a sustained increase in the number of public defenders, from 31 in 1993 to 104 by the end of 1994. Beginning in 1995, the program became fully financed by national funds and is now considered an integral part of the regular court organization. These public defenders managed 59 percent of all the criminal cases in 1995. Of those cases, freedom was secured for a third of the prisoners. And of those, charges were dismissed in 28 percent of the cases.

The public defenders program in **Bolivia** has also made strides. In 1992 the USAID-backed pilot project supported Bolivia's first 15 full-time public defenders. The Ministry of Justice public defender staff has now grown to more than 110 people in 10 offices. The defenders' knowledge and skills have improved steadily through several rounds of training workshops and legal clinics. Apart from their growing effectiveness in individual cases, the mere routine presence of the trained defenders has altered and increasingly begun to correct the historic imbalance of power between accusers and accused.

There is still a long way to go, but the public defense, with USAID strategic support, is increasingly filling the previous vacuum of effective indigent defense in Bolivia's criminal

justice system. Awareness of and demand for the services of the public defenders has mushroomed. This cadre currently handles 37 percent of prisoners' cases. Since inception of the public defender program, of a total of 22,730 cases handled, the defenders have secured the release of 11,514 prisoners.

Cambodia's judicial system has also accepted the role of public defenders. USAID assistance has provided training for 25 paralegal public defenders to give counsel to poor defendants in the capital and five provinces. The public defenders have achieved an acquittal rate of 34 percent. This program has emphasized gender concerns by training women so that women's cases receive equal attention under the law. Among the successful cases:

- A pregnant woman was imprisoned for five months after being falsely accused of stealing a motorbike. She was acquitted.
- A woman eight months pregnant was jailed—without sentencing—for three months for failing to pay an international phone bill. The public defender won her release.

In addition to supporting public defenders, USAID programs increase access to the courts by supporting legal aid programs. Law schools in **Latvia, Macedonia, Romania, and Slovakia** are developing clinical legal education programs. While providing citizens with pro bono legal services,

these programs also provide students with more practical legal education.

A major challenge for USAID/Haiti has been to ensure that all Haitians have access to high-quality legal services, regardless of their ability to pay. Absence of adequate legal representation has serious ramifications, especially for those held in terribly overcrowded prisons awaiting trial. Over the last year, USAID has supported local NGOs, bar associations, and law schools in providing legal aid, with an emphasis on poor detainees. To date, 2,500 people have received legal assistance. This has resulted in 697 prisoners being released and 1,141 cases brought to closure.

Similarly, USAID/Peru has revitalized the legal clinic program of the Lima Bar Association by providing funding to strengthen 10 legal clinics for the poor. In the first two months of operations, these clinics have taken on thousands of cases. Partnerships have been formed with Peruvian government institutions, including two prisons and legal clinics operating in the Ministry of Labor. The Bar Association has also entered into agreements with a leading women's organization to more effectively represent clients. The program has sponsored fairs to promote legal defense and educate the poor about their legal rights. Most cases deal with urgent and basic necessities, such as such as employment and provision of food.

USAID/Ukraine has a strong Environmental Public Advocacy Center Program through which Ukrainian staff attorneys represent citizens' interests or help citizens file claims against industries that are violating environmental regulations. In one case, in which air pollution was caused by burning used film, the regional office of the Ministry of Ecosafety issued a cease-and-desist order and imposed fines as result of the advocacy center's work.

Developing more alternative forums to resolve legal disputes is a growing trend. Provision of new and nontraditional methods often improves the timeliness of case adjudication while increasing access to the judicial system.

In Guinea-Bissau USAID assistance to create and establish small-claims courts has achieved signal results. By October 1995 the first 22 courts had received 1,009 cases and resolved 69 percent of them. By comparison, during 1991-92, the whole court system received 1,580 cases, of which only 11 percent were resolved. The small-claims courts use a consensus approach to justice. It applies modern law practice but tries at the same time to conform to traditional law, which emphasizes negotiation and consensus-building. The success of this approach is clearly seen in the accelerated resolution of cases. Of the civil cases, 91 percent were resolved through consensus.

The alternative dispute program supported by the Mission in Sri Lanka trains community-based mediation boards. The boards have won public confidence, as evidenced by the growing number of people using them. This number grew from 184,000 in 1994 to 204,000 in 1995. Fifty-six percent of the 1995 cases have been resolved.

USAID/Colombia's Justice House Program offers services to prevent or resolve conflicts at their source in the family, school, and neighborhood. Justice houses are established in low-income neighborhoods in major cities, where access to the legal system is minimal and formal judicial institutions have little credibility. Two pilot justice houses show that an average of 86 percent of cases going to conciliation during a five-month period in 1995 were resolved by agreement. In one of these justice houses, 50 percent of minor criminal cases were resolved through conciliation rather than judicial procedure. Conciliation is seen not just as a means to reduce caseloads but also as a means to change attitudes and encourage citizens to take an active role in conflict resolution. The aim is to lower the levels of violence in the family and the community.

Improving Respect For Human Rights

The Agency also works to increase citizen pressure for conformity with international

Box 2.3. Improving Women's Lives Through the Power of Democracy

At the 1995 Fourth World Conference on Women in Beijing, UN Ambassador Madeleine Albright announced USAID's Initiative for Women's Political Participation and Legal Rights. The centerpiece of the initiative is the global Women in Politics Program. Through a dynamic combination of in-country and regional activities, this program gives women around the world a chance to develop and share strategies, making them more effective voters, advocates, candidates, and legislators.

Already, major results that affect women's lives are being achieved:

■ A coalition of women's organizations in **Nepal** used techniques shared at a USAID-sponsored meeting to support a constitutional challenge to Nepal's inheritance laws in the kingdom's high court. The inability to inherit property in Nepal is a root cause of women's perpetual, crushing poverty. The coalition supported the legal challenge with mass rallies and media advocacy. The court invalidated the law on the grounds that it

contravenes the guaranty of equality for women in the constitution and directed the government to table a new, nondiscriminatory law.

■ Two of the five new women members of parliament in **Mongolia**, members of the democratic coalition, link their decision to run for office to their experience at a 1995 USAID-funded workshop on raising women's political awareness. All seven women currently serving in parliament are members of a nonpartisan women's coalition formed at the workshop.

■ In **Bangladesh** more than three million eligible women voters were given basic voter education through a project using existing family-planning networks to reach grass-roots women. Seventy-seven percent of eligible women voted in Bangladesh's 1996 elections—a higher turnout than among men—even though many had to wait for hours standing in the hot sun. The USAID-funded voter education cost less than a penny per voter.

human rights standards (see box 2.3). Adequate monitoring and reporting of abuses and problems are critical to raising public awareness, creating a climate of openness, and, over time, increasing the public's unwillingness to tolerate abuses. In 16 countries worldwide, USAID pursues strategies related to supporting human rights ombudsmen, establishing human rights tracking and reporting programs, supporting the investigative process, and strengthening the knowledge and effectiveness of the media and NGOs in covering human rights issues.

Last year this report described USAID/Malawi's role in promoting the development and passage of a gender-sensitive constitution that provides equal rights and equitable representation of all citizens. Malawi's program has now shifted to improving human rights monitoring through support to human rights groups. USAID-supported NGOs are educating rural Malawians in their human and legal rights and how those rights can be enforced and protected under the new constitution. The program also supports cooperation with local

lawyers and the University of Malawi to more effectively realize the constitutional protections offered to citizens.

Human rights has long been a sensitive subject in **Peru** and in U.S.–Peruvian relations. Taking advantage of recent improvements in the human rights situation, USAID/Peru funded a pilot activity that not only has educated the population in human rights but also has begun to build relations between government institutions and local human rights groups. The program has trained about a hundred local community leaders (mostly women) on their

rights and responsibilities. Building on relationships established under the Mission's Local Government project, the trainees have coordinated their activities with municipal authorities.

The activities for the first time have brought together the Peruvian congress and local human rights groups in a positive manner. As part of the training, members of congress and a recently named human rights ombudsman have visited communities outside the capital, Lima. As the word spreads, this activity will serve as a model to foster awareness of human rights and promote mutual respect among the government, human rights groups, and local communities.

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. USAID seeks to ensure free and fair elections around the world and works to enhance competition. Although fair and open elections on their own are not a sufficient condition for guaranteeing democracy, they are a requirement. This fact has long been recognized during transitions from authoritarianism to democracy and in postconflict situations. This past year has demonstrated

that it is valid for the early consolidation of democracy as well.

In seeking to achieve this objective the Agency relies on the five approaches set out in figure 2.4. In the past year, USAID has continued to direct its efforts toward longer term assistance aimed at institutionalizing appropriate political procedures. It has done so by strengthening local capacity, whether this be in election commissions, in political parties, or in NGO monitoring and voter education groups.

For electoral and political processes to become more open and competitive, all five approaches often need to be integrated through a partnership with local organizations and in cooperation with other donors. Instead of addressing each approach separately, the following discussion addresses the integrated approaches implemented by USAID Missions in some of the significant elections of the past year (also, see box 2.4)

Supporting Free And Fair Elections

Three key elections took place in **Russia**. The first was in December 1995 for the legislature, called the Duma. That was followed by two rounds of elections for the presidency in June and July 1996, which returned Boris Yeltsin to power. U.S.-supported election work has continued uninterrupted since the 1995 elections. Substantial segments of a new electoral law were drawn

directly from advice provided by USAID-funded NGOs on the basis of weaknesses they detected in those previous elections.

The Agency provided training to party activists, civic organizations, and local monitors. It provided technical assistance to the central election commission to help with election management and training of regional- and district-level election commissioners. USAID also helped political parties bolster their campaign techniques.

Although problems remain, the U.S. agencies responsible for monitoring the elections, in coordination with European monitors, agreed that these elections represented major improvements over all previous elections. They noted in particular advances in the level of transparency, accountability, and procedural competence.

Given the importance and the postconflict nature of the first elections in the **West Bank-Gaza**, USAID assistance covered a wide spectrum of activities. Resource centers conducted programs of voter and civic education (which were effective in reducing the percentage of spoiled ballots). Voter simulation workshops in 450 locations apprised voters of their rights. Voter education campaigns, utilizing materials

produced by women, targeted youth, women, and former political prisoners.

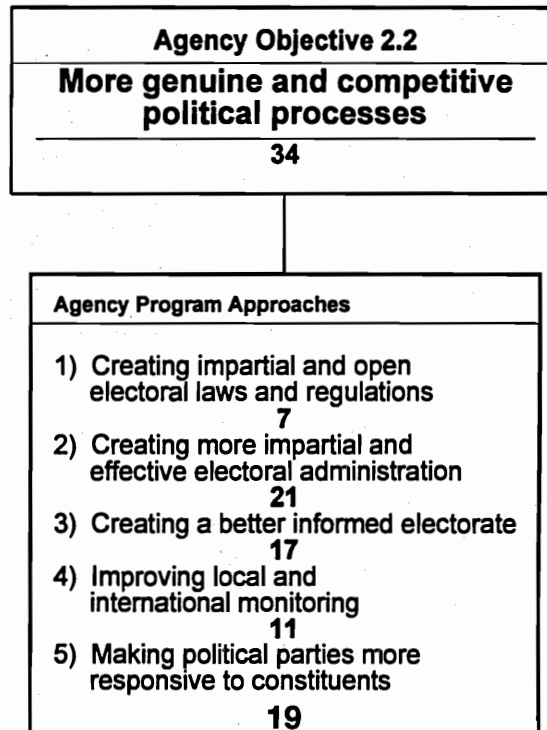
A domestic coalition of more than 40 local NGOs trained 1,500 domestic monitors, who covered 80 percent of the polling sites during the day and 60 percent at night. Overcoming complex logistical problems, U.S. NGOs printed special central election commission identification cards (required by the Israeli authorities), and they were responsible for advice on ballot design and security and the registration process. They also ran workshops on broadcast regulations and television production for the Palestinian Broadcasting Corporation.

This support helped ensure broad public participation in the first Palestinian election for the presidency and parliament. Eighty percent of eligible voters participated; 42 percent of these were women. The elections were judged fair and free by a high-level 30-member international delegation and by 70 percent of the Palestinians polled.

In the process USAID helped found the Civic Forum, which now has a network of 225 membership-based organizations. In the postelection period the forum has stimulated demand for, and cosponsored, the first town meetings between members of parliament and their constituents.

In Haiti, parliamentary elections were free of violence and intimidation, despite a

Figure 2.4. Number of Missions Contributing to Agency Objective 2.2



process afflicted by irregularities and administrative flaws. A peaceful and well-publicized public debate took place among the parties, and people voted freely and seemingly without fear. The parliamentary elections were followed by a successful presidential election. USAID provided assistance for civic education, training of poll workers, and ballot procurement, security, and monitoring. As a result, February 1996 marked the first time in its history that Haiti witnessed a peaceful transition of power from one democratically elected leader to another.

Mongolia's transition history differs from many other formerly Soviet-dominated countries in that the old ruling Communist party dominated the first two free elections in 1990 and 1992. In preparation for the June 1996 elections, USAID provided assistance for NGOs to design and implement a comprehensive nonpartisan civic education program. This was the first time that Mongolian NGOs became involved in nonpartisan voter education. Women's or women-led NGOs created a coalition that undertook much of the responsibility

Box 2.4. Learning from Experience in the Dominican Republic

The Dominican Republic presents an example of an unsatisfactory situation being transformed through carefully prepared advice by a coalition of donors and a positive response by a variety of local actors.

In 1994, USAID-assisted organizations participated in a delegation that recorded problems of the Dominican presidential election. Observing irregularities, the delegation called for an investigation and for appropriate remedial action.

Parliament responded decisively. It took the extraordinary measures of limiting the president's term and calling the next election ahead of schedule. It also limited successful candidates to one term.

USAID took a cue from those earlier elections. In preparation for the 1996 presidential election, the Agency supported a broad array of civil society groups. In all, more than 400 NGOs came together at the municipal level to observe the elections. The Agency assisted too with civic education involving training seminars and use of

mass media. USAID helped the central election commission clean up the election lists. And, in cooperation with the Organization of American States, the United States sponsored a large international team (38 members from 13 countries) to monitor the elections.

The assistance helped bring about a totally different public attitude toward the 1996 elections from that of 1994. Observers noted a sense of public service and guardianship as demonstrated by central election officers, voting officials, political parties, civic organizations, and voters. The candidates themselves also evinced an acceptance of democratic standards: the second round was very closely contested, but the results were quickly accepted by the loser.

The vote marked a juncture in the development of Dominican democracy. "The election provided a moment of justified national pride," reported the monitors. "[It] sets the stage for actions that can enhance even further the election process in the future."

for these programs, adding considerably to the strengthening of Mongolian civil society.

The election, well run and open, paved the way for Mongolia's first peaceful transfer of power. Eighty-seven percent of the voters, many of them rural, elected the Democratic opposition party, barely four years old, and ousted the Communist party, which had held power since 1924. Under difficult economic conditions, the electoral process and result are seen as a ringing endorsement for democracy and a step forward in political pluralism.

Of 25 candidates for parliament who received training from a USAID-funded NGO, 16 men and 9 women were elected to office.

With USAID assistance, the election commission in **Bangladesh** experimented with pilot programs in automated voter registration lists, voter identification cards, and election administration by community members rather than government officials. Judged successful, these techniques were then replicated in other parts of the country. USAID also assisted

the election commission's training institute in raising citizen awareness of the role and responsibilities of electoral officials and in preparing instruction manuals for poll workers. Despite resistance from both the ruling and opposition parties, Bangladeshi NGOs established a group called the Fair Election Monitoring Alliance, composed of 184 NGOs.

The seriously flawed February 1996 election appeared at first to negate much of this effort. It reinforced the electorate's lack of confidence

in the government's ability to administer fair elections. But when the leading political figures agreed to a second election, the value of the preparation became apparent. The technical capacity of the election commission, the impartial standing and competence of the local monitors, and the role of international observers all played a role in a successful second election.

In **South Africa**, a USAID-assisted agency helped identify problems with the voter registration system, including why people were not registering for the 1995 local-government elections. In response the government extended the registration period and allowed simultaneous intensification of voter education. USAID's assistance also included large-scale voter education, which incorporated training cassettes in multiple languages. National election news flashes were faxed and electronically mailed to all those with a stake in the outcome. The elections were generally successful. They were more inclusive and less conflictual than anticipated, they were well managed, and they were well supported in all except two areas: KwaZulu-Natal and the Western Cape postponed elections until June 1996.

For the second round, attention zeroed in mainly on KwaZulu-Natal, given the fears of violence and voter intimidation. In addition to voter education, candidates and

parties learned about canvassing at the local level and conflict avoidance in no-go zones. Ultimately, even these elections were relatively free of violence and were judged satisfactory. The elections concluded the first stage in the establishment of the most comprehensive local government system in Africa and the second important electoral step in South Africa's transition to democracy.

In some countries USAID directs attention to the central election administration, with voter registration as a major concern. For the October 1996 election in **Nicaragua**, the Mission provided assistance to strengthen and accelerate the Central Election Commission's registration system and the registration validation process. Also, a special and effective effort was made in 26 municipalities in the ex-conflictive area to register voters through the traditional ad hoc system. The commission extended the registration period to ensure maximum participation. As a result, registration was higher than originally anticipated, with 350,000 citizens signing up.

In **Uganda**, USAID provided technical and material support for the Interim Election Commission. The commission produced a more credible computerized voter register and contributed to institutionalizing the electoral system. USAID also helped strengthen civil society's capacity to provide both effective demands to

sustain constitutional democracy and more credible domestic election monitoring.

The significance of the local-government elections in South Africa has already been mentioned. But there were a good number of other important examples of elections at this level. In **Bolivia**, USAID provided assistance to the National Election Commission during the December 1995 municipal elections, contributing to their success and transparency. An automated voter registration system financed by the Agency added considerably to effective management of the election. More than 100,000 citizens were trained to serve as election officials on election day.

Reaching rural indigenous women (the great majority of the nonregistered population) is a special emphasis of USAID's support for voter registration. In **Thailand** during 1995, more than a thousand women received political training and technical support. Among these women 109 were elected to local office in five northern provinces. That increased the percentage of women holding such offices from 1 to 14.

Bulgaria's municipal elections, in which USAID money was targeted on training in selected cities, were the first to be held separately from national elections and were therefore the first to be concerned primarily with local-government power. **Guatemala's** local elections led



to a more diversified representation, as evidenced by the election of 119 indigenous mayors and 25 mayors elected by locally based civic committees. In **Peru** a small amount of USAID money assisted in the training of 8,000 observers who helped ensure that the municipal elections were fair and free. There is also ongoing work on local elections in **Albania, Armenia, Azerbaijan, Croatia, and Ukraine.**

Strengthening Political Parties

In many countries, including Mozambique and Lithuania, USAID continued to strengthen the capacities of political parties. In **Mozambique's** 1994 postconflict election, the Agency took a lead role in a multidonor advisory commission working to develop voter education materials and to train party, official, and nongovernmental monitors. Since the election, U.S.-funded NGOs have been providing parliamentary and political party training to all 250 newly elected members of parliament. The purpose is to discuss the roles of winners and losers, with the objective of avoiding a winner-takes-all mentality. Thus far all parties have opted to stay in the system and use dialog and discussion rather than armed conflict to resolve differences.

In **Lithuania**, U.S.-funded training of all democratically based political parties included preparation and distribution of

200 Lithuanian-language training models to local political parties. Training has had an effect on the behavior of political parties, particularly at the local level. Many political activists stated that as a result of the training, they had engaged in telephone canvassing and door-to-door campaigning for the first time, reorganized their party structure, and developed more effective relationships with the media. More systematic efforts at selecting candidates and refining the message resulted in their parties' becoming more clearly oriented toward issues, rather than personalities. The courses also encouraged civil interaction by introducing the concept of peaceful disagreement.

Increased Development Of Politically Active Civil Society

USAID helps organizations in civil society that are engaged in or have the potential for championing reforms in democratic governance. Human rights organizations, labor unions, professional associations, think tanks, business associations, church groups, and women's rights groups—all are examples of civil society organizations.

Although a wave of democratization has swept through the developing world over the past decade, most new democracies

rest on a fragile institutional base. Political reforms are still needed to deepen and extend democratic practices while overcoming legacies of authoritarian rule and lack of accountability. A major demand for these reforms will have to originate from civil society. The Agency's seven approaches for increasing development of a politically active civil society are set out in figure 2.5.

Strengthening The Legal Framework

A prerequisite for the emergence and growth of civil society is a body of fundamental laws and regulations that permit the right of voluntary association, promote volunteerism, and ensure freedom from state interference. USAID supports laws and regulations that encourage the organization and operation of nongovernmental organizations in 18 countries.

With USAID support, during 1995–96 the International Center for Not-for-Profit Law worked with the legal departments of the Ministry of Economics and the parliament to draft and pass three of **Lithuania's** four NGO laws. This legislative reform in effect introduces, regulates, and integrates the legal existence of a nonprofit NGO sector in Lithuania. A fourth law, defining which NGOs are allowed to conduct commercial activities, is expected to be passed by late 1996.

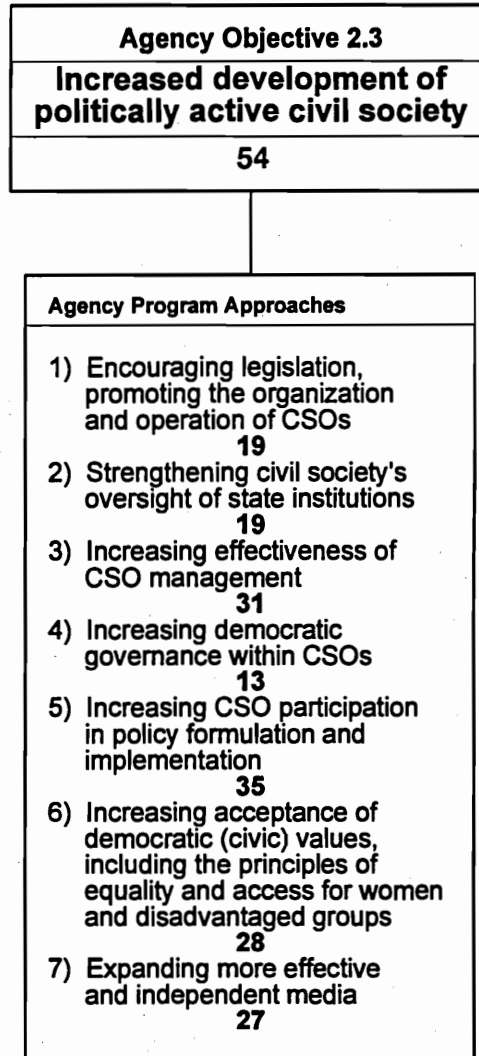
In 1991 only a handful of NGOs operated in Russia. To address this void, USAID assistance encouraged legislation that would support the formation of NGOs. Through its programs USAID contributed to the drafting, debate, and distribution of several NGO laws. As a result, in 1995 laws addressing charities, public associations, and noncommercial organizations were passed by the Duma. It is now estimated that Russia has more than 40,000 registered NGOs.

Encouraging Effective Management and Democratic Governance Within Advocacy Organizations

Some organizations may not practice the same values and principles of democracy in their internal decision-making that they promote in the larger society. Over the longer term, operating democratically will increase civil society organizations' responsiveness to citizen concerns and will help attract support. USAID has provided NGOs with assistance, both to review their management practices and to make them more democratic. Assistance to labor organizations provides particularly good examples of USAID's efforts on both these fronts.

Economic growth throughout Africa, Asia, and Latin America has been powered in part by the development of low-wage industries producing manufac-

Figure 2.5. Number of Country Programs Contributing to Agency Objective 2.3



tured goods. Women represent a significant portion of this workforce, yet they lack adequate representation in their societies both generally and within the trade union movement. U.S.-based unions, therefore, in cooperation with indigenous trade unions, have designed and implemented programs aimed at

increasing the membership of women workers in manufacturing.

As a result of USAID assistance, labor unions in Bangladesh, Indonesia, the Philippines, and Sri Lanka have increased the number of women members by 25 percent. In the

Box 2.5. Concentration of Executive Power Triggers Shift to a Civil Society Strategy

Since early 1995, **Kazakstan** has witnessed a steadily increasing concentration of power in the executive. Manifestations include the dissolution of the parliament in early 1995, a referendum extending the president's term, a new constitution, changes in the judiciary, and the election of a new parliament consisting of two houses with limited powers.

This shift in power prompted a shift in USAID programming. The Agency moved away from reforming the government itself (including legislative and judicial branches) and toward investing resources in Kazakstan's nascent civil society. The Agency has set its goals on supporting the development of nongovernmental organizations and the emergence of an independent media.

Thanks to USAID-financed training, NGO activists have improved their management and advocacy skills. Many activists belong to NGOs that dared to speak out on the draft constitution in the summer of 1995. A conference in October to explore the need for NGO legal reform included Kazak government and nongovernmental leaders. By December 1995, USAID had funded 126 small grants to local organizations throughout

Kazakstan that are engaged in a wide range of activities to advance the democratic, market, and social transition.

USAID has also played a catalytic role in the emergence of independent television as an important forum for alternative views and media information. Most journalists working in independent television have participated in USAID-sponsored training, and all 38 independent TV stations in Kazakstan have now received training or equipment. Results include growing improvement in program quality and expanded, more professional local news coverage.

One USAID-sponsored media conference stimulated a 20 percent increase in membership in an indigenous central Asian media association that has been active in monitoring media legislation. Links between independent television stations and Cable News Network have been established, resulting in Kazakstani-produced news airing on CNN as part of its "World Report" program and allowing CNN news translated into Russian to be broadcast, both regularly and legally, by local stations.

Philippines, the number of women in *leadership* positions has increased by 30 percent.

In **Argentina**, **Brazil**, and **Chile**, USAID funds have continued to stimulate participation by women in the labor movement through education and cooperation programs. These efforts have resulted in women gaining seats on the executive boards of all of Brazil's unions; the same holds true for the General Confedera-

tion of Argentine Workers. And in **Nicaragua**, the principal candidates to become presidents of the major trade union confederations are women.

The **Bangladesh Independent Garment Workers Union (BIGU)** deserves special mention as the first truly democratic and independent labor union in that country's garment industry. BIGU was established in 1994 to represent the country's more than one million mostly female garment

workers. BIGU has organized workers in more than 500 garment factories and has a paid membership of more than 5,000 workers, with additional pledges signed by more than 50,000 workers. BIGU's constitution sets aside 60 percent of officer positions for women. Currently more than 70 percent of the union's executive committee members are women.

Strengthening Oversight Of State Institutions And Participation In Policy Formulation

In recent years USAID participation in the development of civil society groups has concentrated on the capacity of civil society to press for political reforms and to participate in policy formulation (see box 2.5). In addition to promoting civil society's role in the decision-making process, the Agency supports its continuing role in the oversight of the government's performance. USAID works with civil society organizations and the state on policy dialog. It provides direct assistance to civil society organizations to increase their capacity in analysis, formulation, and advocacy of policy.

In the **Philippines**, USAID seeks to broaden Agency participation in the creation and implementation of public policies through a strategy of encouraging the establishment of coalitions of civil society organizations. In the last year separate political coalitions have been formed among three disadvantaged groups: fisherfolk, urban poor, and indigenous peoples. These coalitions have had a significant effect on policy. The successes build on—and represent the fruits of—several years of small-scale but strategic USAID support to legal-resource NGOs helping disadvantaged communities.

The coalition for indigenous peoples, represented on the Senate Technical Working Group on Indigenous Peoples, has presented its position on alternative proposed versions of an ancestral domain bill directly to the secretary of the Department of Environment and Natural Resources. Through actions of the Coalition for the Urban Poor, the League of Cities has agreed to include the concerns of this constituency in the league's official policy agenda.

The Coalition for Fishermen presented its views during five national and five local public hearings conducted by the House Special Committee on the Fishing Industry. The coalition was recognized as the official representative of small fishermen; a representative was subsequently designated a member of the committee's technical working group. At the same time, the coalition has linked up with other like-minded federations to engage commercial fishermen in dialog on contentious issues.

The pace of democratization in **Indonesia** has not paralleled the country's rapid progress in economic growth. But domestic pressure for reform is mounting. Indonesian civil society has become more politically active and effective in expressing its diverse interests and in speaking out on issues of public concern.

During 1995, USAID-assisted civic advocacy organizations influenced the central

government's policies on a range of issues, from improved labor regulation to dispute resolution, conservation practices, and human rights.

A number of grantee NGOs have helped rural and indigenous people retain the right to their land. In some cases networks formed to coordinate the environmental, socioeconomic, and legal aspects of the campaigns. Other villagers have been represented in campaigns to prevent industrial pollution and ensure fair compensation for damages. Grantees have negotiated land deals with the government and the World Bank in behalf of farmers faced with the construction of dams on their lands.

Indonesian NGOs have provided oversight to government, monitoring and reporting instances of corruption and abuse of power. They documented instances of nonadherence to the compensation and environmental terms of mining and forestry concessions and exposed misappropriations of reforestation trust funds. They prevented the issuance of a presidential decree to curtail the rising independence of advocacy NGOs by mobilizing international pressure. And they are enforcing the UN convention to eliminate discrimination against women.

The president, various ministers, influential businesspeople, and regulatory bodies—all have come under the scrutiny of advocacy



groups. Until recently such questioning and confrontation would not have been tolerated. The actions of NGOs are now closely watched by the general public and widely reported in the press. Through modest, responsible, and timely assistance, USAID has contributed to these developments.

Formulation of governance policies is, ironically, too often not a democratic process. In **Mozambique**, USAID decentralization efforts are helping to change this. Historically, policy formulation has been dominated by upper echelons of the executive and legislative branches located in the national capital. The dialog over decentralization was broadened through USAID support by including more stakeholders from various sectors outside the government, including NGOs, church groups, farmer and business associations, and traditional authority leaders.

Locally perceived decentralization themes were identified in a series of provincial field trips, and recommendations based on the themes were then developed in regional workshops. In true democratic spirit, the participants in each workshop then selected representatives to come to the capital to present their policy recommendations to national-level stakeholders.

The result was twofold. First, a more democratic policy formulation process emerged. Second, national-level stakeholders gained the knowledge that decentralization is equated

outside the capital with democracy at the local level and not just as an exercise in public administration improvement.

This chapter contains many examples of synergies between the development of politically active civil society organizations and the strengthening of the rule of law, political processes, and governance. By participating in policy formulation and implementation, civil society organizations can also further developments in the other sectors in which USAID works.

This was an important year for **Guinea-Bissau's** economic development and its transition to democratic governance. In 1995 all three branches of government undertook efforts to broaden the participation of civil society in their activities.

USAID's assistance program took advantage of the new government openness to bolster participation of civil society organizations in policy formulation in key developmental areas. To date, 10 USAID-assisted associations have begun to actively represent their members' interests relative to government policy. As acknowledged representatives for their members, the associations are recognized by the government as partners in the reform dialog.

For example, USAID-financed and -facilitated workshops and conferences brought together representatives from the National Association of Small Merchants and Traders,

the Chamber of Commerce, the National Association of Women With Economic Activities, and the Ministries of Commerce, Finance, and Justice. They produced a number of policy recommendations that were presented to the minister of commerce.

One of the principal recommendations was to decentralize licensing and registration to regional offices of the Ministry of Commerce. The executive decree that resulted from the recommendation allowed legalization of imports and exports outside the capital city. In an apparent reaction, as of June 1995, registered commercial firms increased by 65 percent over 1994.

In **Latin America**, USAID works to conserve biological diversity by ensuring adequate on-site protection for critically threatened national parks and reserves. One objective of a program called Parks in Peril is to strengthen the capacity of NGOs for sustainable management of these endangered sites. In the five years of the operation, 19 NGOs across the region have been strengthened. They now meet Parks in Peril's criteria for institutional project administration and management.

Many of these NGOs have become important national or international leaders. Fourteen of them, in conjunction with allied NGOs not supported by USAID funds, were involved in more than 90 policy interven-

tions over the last year. Their efforts in lobbying the Global Environmental Facility, working on new tourism management and marine zoning plans, and improving policies in forestry and land tenure met with significant success.

Developing Civic And Democratic Values

A major function of civil society is to spread democratic values and good governance practices so widely that they become the norm and govern relationships between individuals and state and nonstate actors. In addition to the fundamental liberties, democratic values include such norms as tolerance and respect for diversity, inclusiveness, accountability, responsiveness, transparency, and broad-based participation.

USAID interventions give weight to expanding both *knowledge about* and *belief in* democratic principles through civic education programs of various kinds.

Civic education is critical to advancing democratic transitions in former communist countries. Acceptance of democratic values has been increased in **Slovakia** through the Orava project, a comprehensive USAID-funded educational reform program that seeks to build principles of democracy into the Slovak educational system.

The program is introducing an "ethic of democracy" into the classroom through new teaching methods that promote critical thinking, creative problem-solving, and respect for differing points of view. Changes in the classrooms of participating teachers include increased openness to discussion and questions, active student participation, and tolerance and respect for diversity. The program has increased communication between teachers and parents and between practicing teachers and the pedagogical faculty at Comenius University, who are training future teachers.

The grass-roots approach to design and implementation adopted by the Orava project has had two consequences. First, the project has been able to ride out the changes in administration that would have hampered a centrally run program. Second, it has received overwhelming support from teachers and administrators. In its second of three years, the program is beginning to be institutionalized, and USAID plans to expand it to include additional school districts and universities.

Strengthening democratic values is also vital to the processes of democratization and reconciliation in countries that have experienced high levels of internal conflict. USAID was the first donor in **Guatemala** to respond to the opening up of civil society in the wake of a 1993 attempted

coup. The Agency provided direct support to NGOs working in legal reform, citizen advocacy, and civic education. Nascent civil society organizations have been able to push for reforms with decreasing levels of intimidation and fear of reprisal.

This support also addresses one of Guatemala's greatest challenges in consolidating democracy—that is, to include the traditionally disenfranchised (such as rural indigenous people) in meaningful participation and genuine representation. Other donors have followed this lead. They are providing support to advance citizen involvement in matters of national interest and giving voice to those whose interests have traditionally been ignored or suppressed.

USAID's national survey data evidences the increasing tolerance for differing political views and the broad participation of minorities. USAID/Guatemala uses the Democratic Indicators Monitoring Survey (DIMS), designed and developed with USAID support, to capture changes in those values and attitudes. Information collected every two years provides a unique look at the degree to which the system is performing in the eyes of its clients and the degree to which a democratic culture is taking root, as measured by growing tolerance for democratic liberties.



DIMS also provides information directly on the effect of USAID-funded civic education activities. The DIMS survey revealed significant increases both in system support and for democratic liberties from emerging leaders who participated in USAID-financed training programs. Not only did these target groups score much higher than the national sample in the 1993 survey, but also their rates of improvement as measured by the 1995 survey are much higher than the national average. That suggests a lasting difference established by the leadership development initiatives financed by USAID.

Supporting an Independent Media

Independent, competent, and diverse media are key to providing citizens with information. USAID works with media organizations to strengthen their ability, through training and technical assistance, to improve the quality of their work. The Agency also assists media entities in improving such things as their financial management, strategic planning, organizational development, and use of printing and other technologies.

USAID's media program in **Ukraine** enables citizens to become better informed about current events, including issues related to economic reform. A daily television news program, a free-market economics program, and other informational programs are produced

independently and broadcast nationwide. An independent local TV station was licensed, is now raising private funds, and will serve as flagship of an independent TV network.

Independent local TV and radio stations are being supplied with high-quality programs and staff training, and a USAID-funded press center provides journalists with access to a wide range of resources. A network of 26 press clubs has been developed throughout Ukraine. In them journalists can meet on a regular basis with government officials to discuss issues of economic reform. Weekly meetings at the Kiev Press Club are televised nationally during the main news program.

In Asia, **Cambodia** has not enjoyed a tradition of free and independent media, nor has it had the opportunity to develop a cadre of professional journalists able to provide accurate and fair reporting. With the Paris accords of 1991, however, freedom of the press expanded. Some 40 newspapers are now being published. USAID is working to increase the professionalism of Cambodia's emerging media through support to the country's two main journalist associations and introduction of a journalism class at the University of Phnom Penh.

Programs to train and mentor journalists have led to marked improvement in their professional skills. Reporters and editors are beginning to distin-

guish more clearly between fact and rumor and increasingly recognize the need for objective reporting rather than allegiance to political parties. The result has been an increase in the availability of good-quality newspapers.

In **Latin America** the Journalism Program has trained more than 5,400 journalists, media owners, and journalism educators since the project began in 1988. This number will exceed 6,000 before the project ends in 1997. Individual journalists credit the project with preparing them for major career-enhancing promotions. Presidents and other public officials credit the program with bringing new levels of ethics and responsibility to the news media in Central America.

More Transparent And Accountable Government Institutions

To build and sustain democracy, a state sector must perform effectively and efficiently, respect ethical standards, consult broadly to ascertain and respond to citizen interests, act in a transparent and open manner, and achieve appropriate balance of power, authority, responsibility, and autonomy among various levels of action—state, local, and individual. The Agency's five approaches for developing more transparent and accountable government institutions are set

Box 2.6. The Pivotal Role of Civil Society In South Africa

USAID has played a pivotal role in easing the transition to majority democratic rule in South Africa. The Agency helped develop leadership capacity and constituencies for political reform. This supported a peaceful transition while developing a cadre of capable NGO leaders that the new majority government drew on to develop democratic institutions and effective governance.

With the consolidation phase under way, the Agency made a strategic shift to include, for the first time, bilateral support to the new majority government. The thrust of the new strategy is to help build a partnership among government, civil society, and the private sector to achieve sustainable democracy and development. To implement this strategy, USAID expanded funding to include new programs with the government, in tandem with its continuing support activities for NGOs and the private sector. Yet the primary means for achieving its expanded objectives has remained the same—through civil society.

USAID's activities in administration of justice have been carried out exclusively through NGOs (at the request of the minister of justice). The NGOs are making major contributions in expanding access to judicial services and knowledge and awareness of human rights. The Black Lawyers Association, for example, specializes in trying landmark cases with implications for the whole system. The association successfully challenged the compulsory retirement at age 60 of Transkei civil servants. It argued for a negative certification of the Kwazulu-Natal provincial constitution on the grounds that the constitution was inconsistent with the country's interim constitution. The association is also bringing South Africa's first affirmative-action case.

USAID-funded NGOs play pivotal roles in promoting democratic pluralism through advocacy and information-sharing. One grantee provides public reports on national budget issues, public policy developments, and transparency and accountability in parliament. USAID-supported NGOs also work with the national government on policy issues. The organizations play a major role in, for example, assisting the Ministry of Land Affairs in developing land reform policies and programs.

Finally, USAID-supported NGOs are forming partnerships for development with local and provincial governments. In Western Cape Province, USAID grantees successfully brought together major governmental, NGO, and private sector players to coordinate transport policy in that province.

forth in figure 2.6. Increasing local government participation in decision-making and strengthening the effectiveness and independence of legislatures are strategies implemented by most Missions working in governance. Consequently, the following discussion looks primarily at these two approaches.

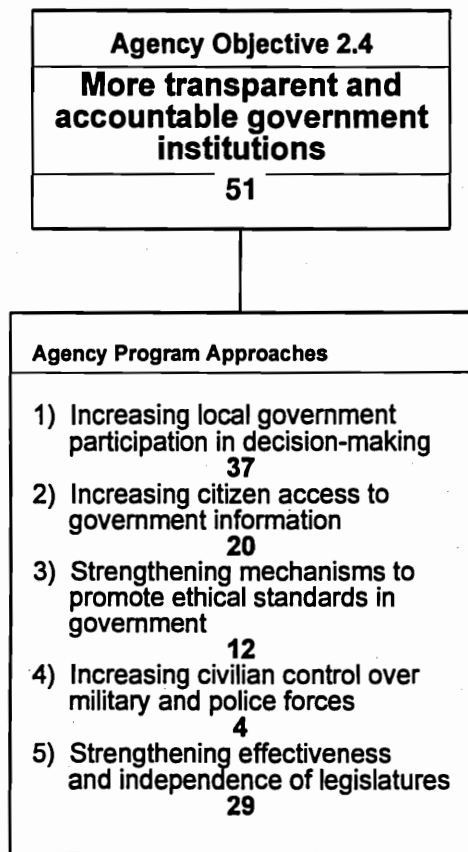
Increasing Local Government Participation in Decision-Making

The issue of decentralization in governance is arguably as old as governance itself. How much power and control should be kept at the center, and how much should be allocated to units of government at regional or local levels? Not surprisingly, both donors and recipients of international assistance have often engaged in decentralization initiatives during the five decades of postwar foreign aid.

In Karakol, a regional capital of **Kyrgyzstan**, the USAID-assisted municipal finance and management program laid the groundwork for the country's first municipal treasury. This development has significance both in providing greater local financial autonomy and accountability and as a big step toward decentralization in the country overall.

The program in Kyrgyzstan is an example of traditional USAID decentralization strategy. That strategy stresses increasing autonomy for local government, improving ser-

Figure 2.6. Number of Country Programs Contributing to Agency Objective 2.4



vices, and promoting more equitable distribution of resources. The Agency's present approach to democratic local governance includes these goals, while placing greater emphasis on increased citizen participation and empowerment for minorities and vulnerable groups. The approach also emphasizes greater local government responsiveness and accountability to citizen needs,

improved local revenue mobilization, reduced corruption, and reduced ethnic tension.

Support for town meetings is one strategy to promote citizen participation. In El Salvador a total of 365 open municipal town meetings were held in the 115 National Reconstruction Plan municipalities. Additionally, 89 percent of the 871 communities in the plan participated in 1995, up 15 percent from 1994.

In addition, a series of pilot activities to decentralize decision-making was completed in 1995. Among the early results:

■ Seven municipalities where the Agency is providing direct technical assistance increased locally generated revenues by 30 percent by setting and adjusting service fee rates. These positive results will be replicated in the remaining eight of the project's municipalities and eventually in municipalities throughout El Salvador. In generating revenue locally, municipalities took advantage of authority transferred to them in a 1991 law of municipal taxing.

■ The government announced a substantial budget transfer (the equivalent of \$48 million) from the national budget to municipalities. This will replace funding previously provided by USAID.

■ Pilot projects are under way in several communities to test different operating mechanisms for public-private cooperation in order to respond to the needs and resources of the community. As a complement to this effort, USAID, at the request of the National Administration of Water Systems, has funded the drafting of a law on water resources. The law will allow local governments, private organizations, and communities to manage their own water systems.

Regionally, the Agency is putting into effect the Women and Local Government Program

in eight South American countries. The program seeks to generate and test tools and methods that promote women's participation in municipal government. Eight pilot projects are now under way to test a variety of strategies. The program has leveraged more than \$500,000 from municipalities and NGOs to support gender equity activities. It has strengthened collaborating civil society groups and has promoted greater involvement by women.

In **Poland**, a particularly successful USAID-supported interaction is something called DIALOG. DIALOG's goal is to demonstrate that concerted action by private citizens and groups can help solve local problems and influence government action. The DIALOG process involves participants from local government, media, business, education, NGOs, and churches who are trained in consensus-building, problem-solving, dispute resolution, and other leadership skills.

Issues pertinent to a city are identified by initial opinion surveys. Issue campaigns are then undertaken at the community level, through the use of radio, television, and the press to inform, educate, and mobilize citizens for community action. Citizens in three cities chose public safety as their number one priority. Innovative programs, some inspired by the U.S. neighborhood watch model, have been launched.

They have visibly reduced crime, particularly by juvenile offenders.

The Agency is helping **Ukraine** clarify the role of local and regional government. Local governments are responsible for many municipal services, but few local officials have knowledge about and experience in public administration. Despite this obstacle, local governments in Ukraine are becoming the venue for the development of democratic leaders and governance. Municipal leaders are pioneers in introducing open budgeting, town meetings, citizen task forces, and other constituency-outreach methods. Municipalities have joined forces, as well, to establish the Ukraine Association of Cities, a body that lobbies the central government for greater decentralization.

Through a pilot program, USAID's municipal development program has improved the effectiveness and transparency of the governments in three cities—Kharkiv, Lviv, and Ternopil. In Kharkiv the municipal budget for 1995 was printed in the local newspaper. With USAID assistance, the city in December 1995 began issuing municipal bonds. Reports indicate that more than half of the bonds have been sold, raising more than \$400,000 for the city to use to buy minibuses and improve its heating system. In Lviv a new communications system has been installed to permit tracking of citizen requests and complaints and to make more

information about city operations publicly available. In Ternopil, the municipal government restructured its aging and insufficient fleet of buses and improved public transportation management. The initiative increased capacity by 40 percent and enhanced revenues.

Promoting Anticorruption Initiatives

Strengthening mechanisms that encourage ethical behavior and prevent corruption and abuse is a useful approach for improving democratic governance. USAID uses three primary strategies: strengthening the internal procedures for enhanced oversight, improving the financial management systems in government institutions, and building a public constituency against corruption.

In addition to 11 Missions, the Latin America and Caribbean Bureau implements this approach regionally. The bureau has been working closely with multilateral and bilateral donors first to promote, then implement, integrated financial management systems throughout the region. Such systems help democracies attain accountable governments, which leads to more efficient use of public resources.

Financial management projects (supported primarily by the Inter-American Development Bank and the World Bank and coordinated through the USAID-funded Donor Consul-

tative Group) are under way in all but three countries in the region.

The bureau also supports a regionwide anticorruption initiative that recently sponsored an interactive video conference on corrupt practices and strategies to prevent them. It reached an estimated 100,000 viewers.

Strengthening The Effectiveness And Independence Of Legislatures

Strong legislatures give citizens greater access to the policy process and more control over the behavior of the executive branch. In many countries, though, legislatures are relatively new and technically weak. They issue little, if any, legislation on their own. Although there are quite a few countries where the Agency has some element of its democracy strategy directed at legislatures, the number with fairly comprehensive legislative development programs is small. With a few exceptions (mostly in Latin America) the Agency's experience with direct assistance to legislatures is fairly recent.

Most programs concentrate primarily on the legislature itself. Activities include

- Building up the legislature's capacity in ways that allow it to deal on a more equal footing with executive agencies and exert oversight responsibilities

- Augmenting its professional support capabilities in budgeting and policy analysis

- Making the legislature work more effectively by shoring up its basic infrastructure for such activities as voting and monitoring progress of bills

- Strengthening its links with citizens or reaching out for public input

- Making the legislature itself more transparent and accountable

- In newer democracies, stressing the basic roles of the legislature

Some programs have directed part of their attention to organizations outside the legislature—organizations that monitor legislation, publicly report on the legislature and individual legislators, or even help formulate legislative agendas in different sectors.

USAID's legislative strengthening project has helped **El Salvador** reweave its political fabric and further national reconciliation during a period of profound political change. By supporting improvements in technical support, infrastructure, and constituency services, the Agency aided the legislative assembly's evolution from a rubber stamp for executive actions to an independent lawmaking body.

The project met its intended goals. The assembly's deliberations and its relations with other branches of government have

become more informed and analytical. The assembly's increasing independence is evidenced by the fact that, for the first time, deputies have begun critically examining the executive's annual budget submission. The executive has responded by providing greater detail in budget documents, thus facilitating enhanced assembly oversight of this major area. Project-supported activities have also helped the assembly pass legislation on education, family life, and judicial reform. Twenty-five percent of citizens now perceive the legislative assembly's work as good, an increase of 18 percent since 1992.

In the **Philippines**, USAID's primary approach to legislative development has been to strengthen groups that bring information and a broader range of participants into the public debate.

The USAID-assisted Center for Legislative Development exemplifies how a small, dynamic, flexible organization can be an effective partner in the legislative process. Its training courses have improved the knowledge and effectiveness of legislative and executive branch staff. Its publications and seminars inform activists, scholars, and the public about the operation of the legislative system. The center's most promising activities are those initiated since 1993 to bring NGOs into the legislative process, teaching them advocacy skills and helping them

interact directly with Congress. To enhance its long-term financial sustainability the center has begun to market advocacy training to business groups.

In **Namibia**, USAID has a two-barreled approach to increasing the accountability of parliament to its citizens. First is to develop the institutional capacity (particularly in constituency outreach) of the upper and lower houses. Second is to enhance the capacity of NGOs and the media to represent public interests in the formulation of policy and promotion of legislation to implement that policy. The program has been in place for only a year or so, but significant accomplishments already made suggest that the Mission could have a major impact on the independence and accountability of parliament. The national assembly (upper house) established a standing committee system in November 1995. In July 1996 the first ever public hearing by a standing committee heard expert testimony and public input on proposed legislation. The hearings generated public debate on the implications of the legislation for farmers, traders, and consumers.

USAID assistance in **Mozambique** is also strengthening the constituency outreach of the legislative branch. A series of citizens forums are for the first time bringing together members of parliament (MPs) and their constituents in a structured discussion of national

and local issues. During each afternoon-long session, conducted in the provincial capital, community leaders pose questions about the workings of the legislature and plans to address pressing local concerns to a panel of MPs who represent their province in the assembly of the republic. Citizens from all sectors of Mozambican society then participate in an open question-and-answer session. Although each forum is limited to 120 participants, all have received extensive coverage in the press, including live radio broadcast; many citizens followed the forums by gathering around radios in public places.

Results of the initial events have exceeded expectations. Some MPs, initially expecting an opportunity to give a set speech, were caught off-guard by the open-question format. Word quickly got around, and MPs participating in subsequent forums actually prepared themselves for tough questioning. Another development was that MPs began to participate as legislative representatives and not as partisan politicians. Perhaps the best indicator of success is that the forums have generated considerable interest both by MPs and by community leaders. The members of parliament have requested that the forum be replicated in each province. Community leaders have requested a how-to manual so that the forum can become a regular event.

Conclusion

There have been demonstrable achievements under each of the four democracy-and-governance objectives, notwithstanding the lack of uniform measures for global aggregation. According to a Freedom House report, "Without question, in 1995 U.S. foreign policy helped contribute to a number of openings for the expansion and strengthening of freedom and democracy."

In the rule of law, USAID assistance in transition countries has helped establish the legal foundation for constitutional as well as economic rights. Assistance to sustainable development countries has significantly strengthened court systems. It has made them more independent, transparent, efficient, and fair. Latin America, in particular, now has more competent and better qualified judges, prosecutors, and public defenders. As a result, the court systems are functioning more efficiently while providing greater access for citizens. As host country governments experience these improvements, they are increasingly accepting responsibility for sustaining them.

Support in competitive political processes is perhaps the most political in nature of all democracy programming, hence the most controversial. International elections monitoring has now been nearly fully adopted. At the same time,



donors are increasingly accepting the principle of local conduct and monitoring of elections. Less emphasis is now given to the election *event* and much more is given to promoting an *environment* conducive to genuine elections over the long term.

USAID has contributed to fairer and freer elections around the world, supporting a growing number of qualified, independent election commissioners and domestic election monitoring groups. Support for political parties is more controversial and still under discussion.

Strengthening the role of civil society is a major USAID objective. Agency assistance has strengthened civic organizations in their operation and management. These organizations advocate reforms, promote

consensus-building, integrate new groups into the political system, and promote collaboration between the society and the state in specific policy areas. Not only do NGOs participate in policy-making, but they also act as a check on governments. Long-term NGO sustainability, though, is a challenge.

Finally, in governance, USAID has centered its efforts on accountability and changing the role of the state. The Agency has provided support to parliaments to draft decentralization legislation. It has worked with local governments to develop more participatory and open administration. And it has trained local government staff in management and budgeting.

Decentralization efforts have been redirected toward the democratic participation of

citizens in the planning, decision-making, and implementation of activities across all sectors. USAID has helped draft legislation that empowers local governments and undertaken preliminary training of local officials.

With respect to promoting greater transparency and accountability, USAID programs have helped give greater public attention to issues of corruption and accountability of public officials. The recent conference on corruption broadcast via satellite throughout Latin America and the Caribbean is one illustration. In legislative strengthening, Agency programs have helped enhance the capacity of legislatures to oversee executive functions in several host countries.





3

**Stabilizing
World
Population and
Protecting
Human Health**



Population, Health, and Nutrition Highlights

Three decades of support from USAID for population, health, and nutrition have reduced mortality and fertility in the developing world. Millions of lives have been saved. USAID's strategy for stabilizing world population and protecting human health centers on sustainable reductions in four areas: unintended pregnancies, child mortality, maternal mortality, and sexually transmitted infections and HIV transmission. The Agency's technical leadership has led to innovations, such as case management for acute respiratory infections, that affect health worldwide.

Reducing Unintended Pregnancies

Programs to reduce unintended pregnancies have contributed to women's reproductive health. USAID's efforts have contributed to an average fertility rate in developing countries of four children per woman compared with six children in the 1960s. USAID supports the Cairo Program of Action, a comprehensive vision of development adopted by more than 180 countries at the International Conference on Population and Development, held in September 1994.

■ USAID's Women's Reproductive Health Services Expansion project shows promise. The

project integrates family planning and reproductive health efforts. In Central Asia, data from 33 project sites in four countries indicate a 58 percent increase in new contraceptive users and a 30 percent decrease in induced abortions.

Reducing Child Mortality

1995 marked the 10th anniversary of the USAID child survival program. The program has played a vital role in preventing childhood illness and reducing child mortality. Infant mortality in developing countries (excluding China), has declined 20 percent from 96 deaths per 1,000 live births in 1985 to 77 in 1995.

■ Following the eradication of polio in the Western Hemisphere in 1994, accomplished with USAID's support, the United States launched a global initiative in 1996 to help eradicate polio worldwide.

■ USAID supported development and testing of a new approach to care for sick children. Analyses confirm this integrated management is one of the most cost-effective public health interventions. In 1995, USAID began worldwide introduction of the approach, which combines interventions in one package.


Reducing Maternal Mortality

USAID develops models for delivering prenatal, postpartum, and lifesaving obstetric care, and tests and adapts them. USAID-sponsored research helps to validate interventions to reduce maternal mortality. The interventions, adopted by USAID and its partners, have begun to save mothers' lives.

■ A study of the treatment of sexually transmitted infections in pregnant women is under way in Uganda. Preliminary results show lower prevalence of syphilis, trichomoniasis, and bacterial vaginitis in the postpartum period for women treated during pregnancy.

Reducing Sexually Transmitted Infections

Since 1986, USAID has led the international response to HIV/AIDS. Through its support in more than 40 countries and its commitment of more than \$700 million, the Agency concentrates on reducing the spread of HIV and other sexually transmitted infections and on mitigating the pandemic's impact on sustainable development.



■ In the Philippines, the HIV infection rate is still one of the lowest in Asia. Mass media, outreach, and peer counselors promote behavioral changes that reduce HIV transmission.

These efforts have had an effect: the HIV seroprevalence rate among groups that practice high-risk behaviors remains at the 1993 baseline of less than 1 percent.

■ Increasing condom use is critical to prevent transmission of HIV and other sexually transmitted infections. Condom sales have increased dramatically in many countries: in Kenya, monthly sales increased almost 20-fold from 1990 to 1995, from 26,000 to 500,000.

Stabilizing World Population And Protecting Human Health

Three decades of support from USAID for population, health, and nutrition programs have provided a critical contribution to the reduction of mortality and fertility rates in the developing world. As a result of USAID's efforts, millions of lives have been saved. Millions of people have access to appropriate health care and family planning services.

USAID's strategy reflects both the urgency and the human consequences of the high rates of population growth and of mortality, particularly among children, in developing countries. Actions taken during this decade will determine when and at what level the world's population will stabilize. Millions of young people are entering their reproductive years. Even under the medium fertility assumption of the United Nations, world population, now at 5.7 billion, will reach 10 billion by the year 2050. Current estimates are that more than 12 million children under 5 still die each year in the developing world, most from preventable causes.

More than 150 million women have expressed an unmet need for family planning. The high levels of fertility that result from unintended pregnancies translate into rapid population growth, which impedes

economic growth, contributes to environmental deterioration, and strains fragile political and social institutions. Promoting family planning for birth spacing has multiple positive outcomes: Increasing time between births reduces risk to the older infant, and improved child survival contributes to lower desired fertility. High death rates among children also tend to encourage high fertility.

Family planning also benefits maternal health, because unintended pregnancies increase maternal mortality. The World Health Organization (WHO) estimates that close to 600,000 women die annually from preventable, pregnancy-related causes. The vast majority of maternal deaths occur in developing countries. For each maternal death, an estimated 100 cases of acute illness occur, with long-term consequences for women's health and well-being and the health and survival of their newborns.

HIV/AIDS is one of the most urgent health problems of our time. Since the late 1970s, 28 million people have been infected with HIV. Almost eight million people have developed AIDS, and more than six million people have died. By the year 2000, an estimated 20 million additional people will become infected with HIV and

an additional 8 million to 10 million will die of an AIDS-related illness. The presence of sexually transmitted infections dramatically increases the efficiency of HIV transmission. WHO estimates that 333 million new cases of sexually transmitted infections, other than HIV/AIDS, occur every year.

The USAID strategy to stabilize global population and protect human health is based on the following guiding principles:

- No woman should become pregnant if she does not wish to bear a child
- No family should suffer the death of a child through malnutrition or preventable disease
- No woman should be subject to the risk of death or serious illness because of pregnancy
- No person should be subject to the risk of disease as a result of responsible sexual activity

Performance Measurement

Significant progress has been made toward the USAID goal of stabilizing world population and protecting human health in a sustainable fashion. The average annual population

growth rate in the developing world is now 2.2 percent; 30 years ago, it was 3 percent. At the 3 percent growth rate, the population would double in 32 years instead of in 24. Average fertility is four children per woman, a decline from six in the 1960s. As a result of organized family planning programs in developing countries (excluding China), it is estimated that there are over 300 million fewer people in the world today—a number equivalent to the combined populations of the United States and Canada.

Infant mortality in developing countries has declined from 107 deaths per 1,000 live births in 1980 to 77 in 1995. The mortality of children under 5 is now less than 120 deaths per 1,000 live births, down from 163 in 1980. With its partners, USAID has built on the success of the last 30 years, taking on new challenges and preparing country population and health programs that will continue long after USAID assistance has ended.

Figures 3.1–3.3 illustrate the changes by region in total fertility rates, and infant and under-5 mortality rates. They also reveal the dramatic differences in these rates between developing and industrial countries.

USAID's strategy for stabilizing world population and protecting human health includes four objectives, identified in figure 3.4, which coincide with the principles stated

above. USAID partnership with host governments, bilateral and multilateral donors, cooperating U.S. and international agencies, and nongovernmental organizations (NGOs) ensures a coordinated approach to these objectives (see box 3.1). (See table 3.1 for the USAID country programs working on these objectives. A graphic representation appears in map 3.1.)

In most countries, USAID programs in population and health are closely integrated. As suggested by table 3.1, country programs often take on at least three of the four objectives. At the implementation level, as integration of these four program elements has increased, programs have better met the needs of USAID clients in a more cost-effective manner.

USAID continues to concentrate efforts on countries with the greatest magnitude and severity of need. While USAID currently conducts programs related to population, health, and nutrition in 60 countries, 75 percent of the population, health, and nutrition sector's resources are concentrated on 25 countries and regional programs. The Agency has begun to develop a framework for fostering sustainable programs in countries that will graduate from USAID assistance, without sacrificing longer range objectives of reducing fertility and mortality.

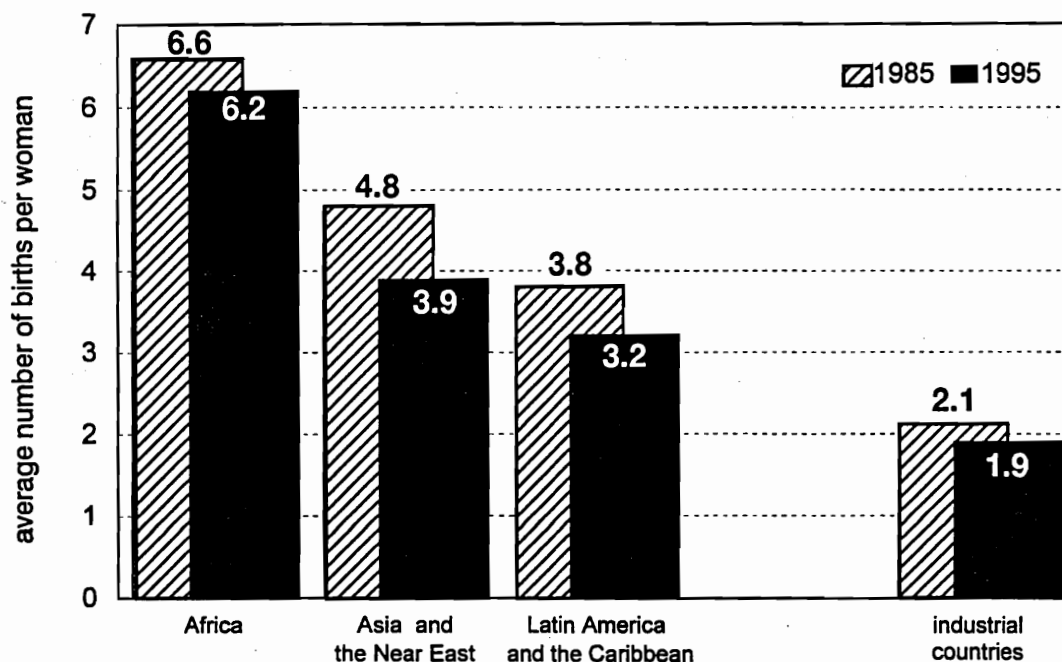
The overall effect of USAID assistance is not limited to those most directly served. The

Agency's role in providing demonstration models, in building capacity for subsequent larger scale efforts, and in promoting new norms to guide provision of reproductive health services—these all have far-reaching impact. The wide dissemination of data, research findings, training curricula, and programmatic lessons learned further increases the impact of Agency assistance. As USAID is the largest donor in the population and health sector, its technical leadership also influences the programs of other donors and partners.

USAID-financed demographic and health surveys (DHS) provide much of the data on development results in the population and health sector. During 1995, USAID supported such national surveys in 12 countries. Data from population-based surveys and other data collection tools enable country programs to monitor progress. Although DHS have made an immense contribution to the worldwide body of knowledge on demographics and health, USAID acknowledges that the periodicity and cost of such surveys may limit access to current data on health status indicators. These issues are being addressed in the design of the follow-on project.

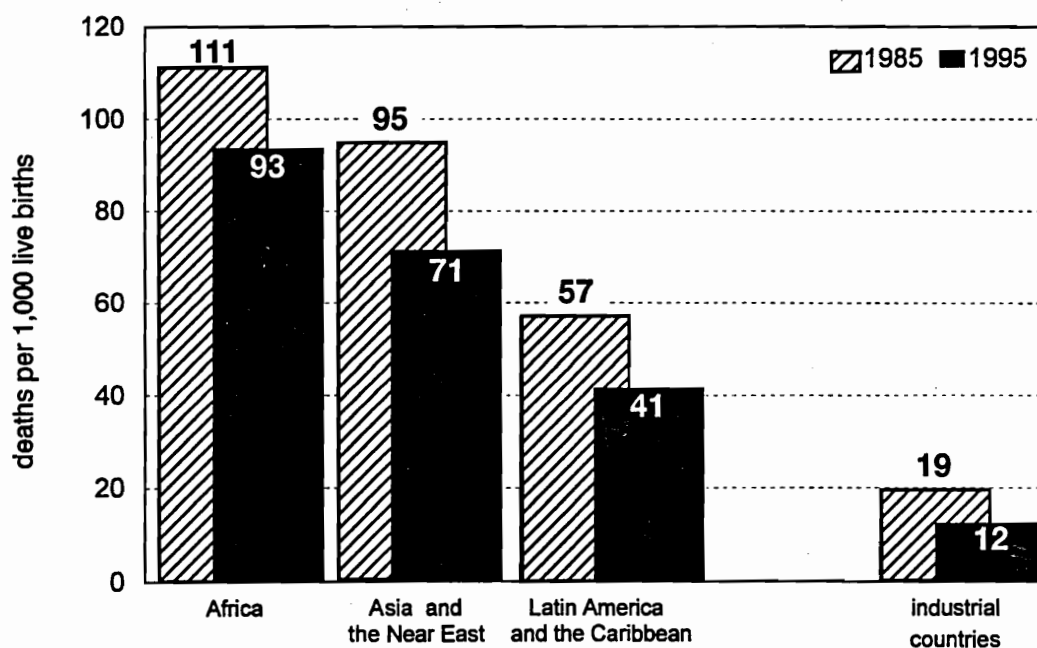
Appendix B includes tables that suggests the dated nature of data available on national-level indicators. With its partners, USAID is seeking the means to obtain health-status data in countries during years when

Figure 3.1. Regional Changes in Total Fertility Rates (1985–95)



Note: Figures reflect weighted averages by region. Asia and the Near East figure excludes China.
Source: Center for International Health Information, 1996.

Figure 3.2. Regional Changes in Infant Mortality Rates (1985–95)



Note: Figures reflect weighted averages by region. Asia and the Near East figure excludes China.
Source: Center for International Health Information, 1996.

DHS do not take place. If national data are unavailable, USAID programs may rely on subnational or project-specific data to obtain information on performance for management purposes. Maternal health and prevention of HIV and other sexually transmitted infections—which have fewer validated, standard indicators to measure performance—are receiving particular attention.

In 1994, USAID formulated a new strategy for Agency programs in support of stabilizing world population and promoting human health. Calling for special attention to the reproductive health needs of women and adolescents, and encouraging closer integration of family planning with mater-

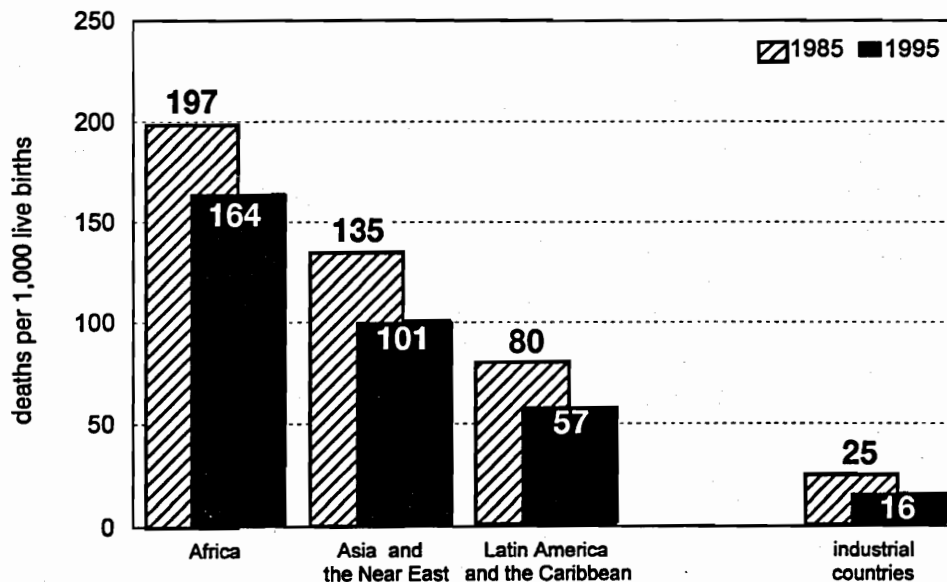
nal and child health programs, it built on USAID's strengths in family planning and maternal and child health. USAID's strategy was affirmed by the Cairo Program of Action, adopted by over 180 countries at the International Conference on Population and Development held in September 1994. USAID participated in preparation for the conference and in the conference itself. The Cairo Program of Action outlined a comprehensive vision of development built around the core values of human rights, gender equality, and improved quality of life for all.

Gender and an increased emphasis on women are an important consideration in many of USAID's population,

health, and nutrition programs. Programs in **Haiti, Jamaica, Mali, Morocco, Nepal, Nicaragua, and Peru** make explicit connections between health and Women in Development programs, such as girls' education and women's literacy.

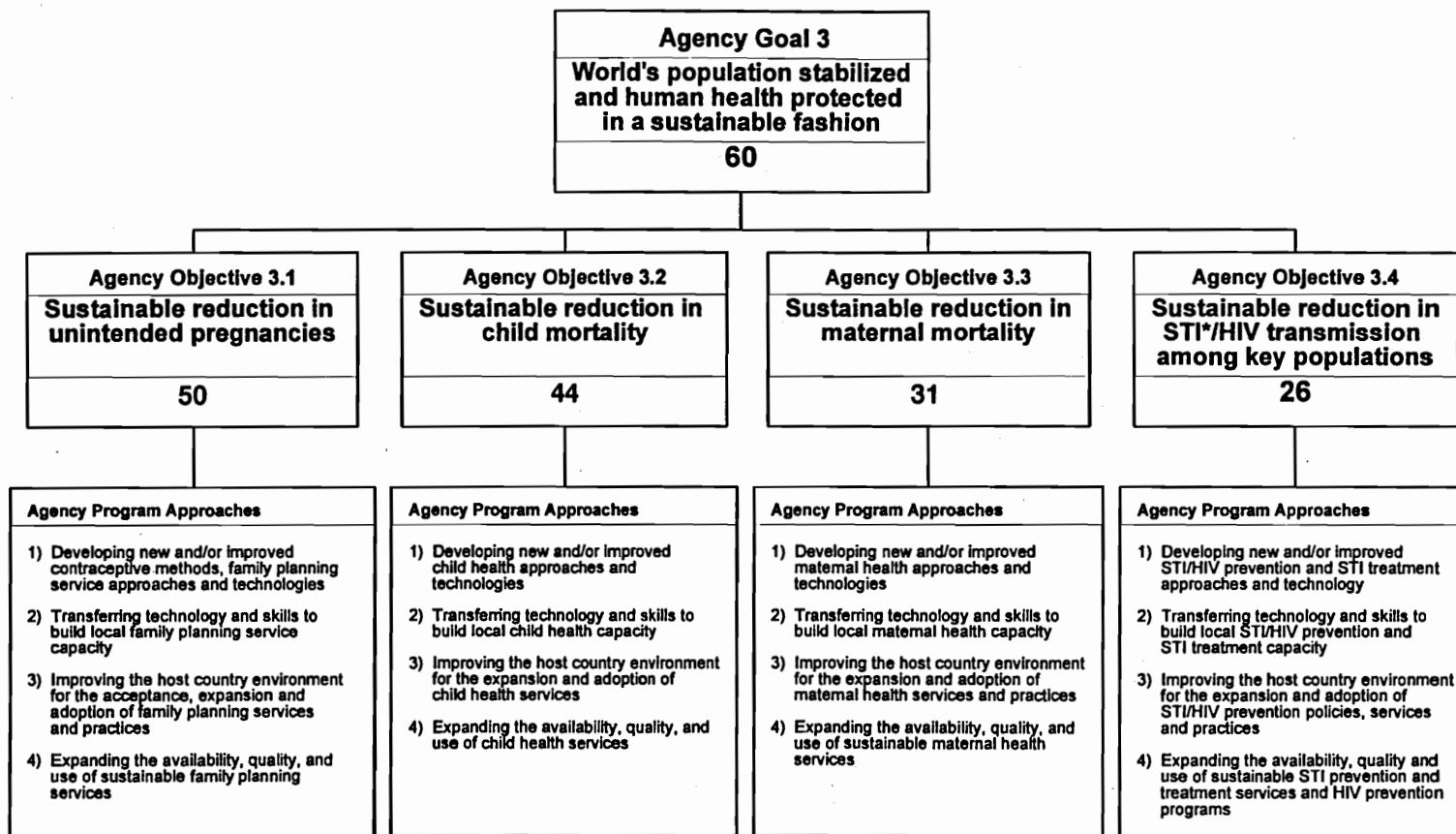
Stabilizing world population and protecting human health contribute to improving food security in developing countries. Reduced population growth rates ultimately lower the demands on food production. Better health improves food utilization by improving the ability of individuals to absorb nutrients. Improved health means improved labor productivity, enhancing the ability to earn and purchase food.

Figure 3.3. Regional Changes in Mortality Rates of Children Under 5 (1985–95)



Note: Figures reflect weighted averages by region. Asia and the Near East figure excludes China.
Source: Center for International Health Information, 1996.

Figure 3.4. Agency Population, Health, and Nutrition Strategic Framework



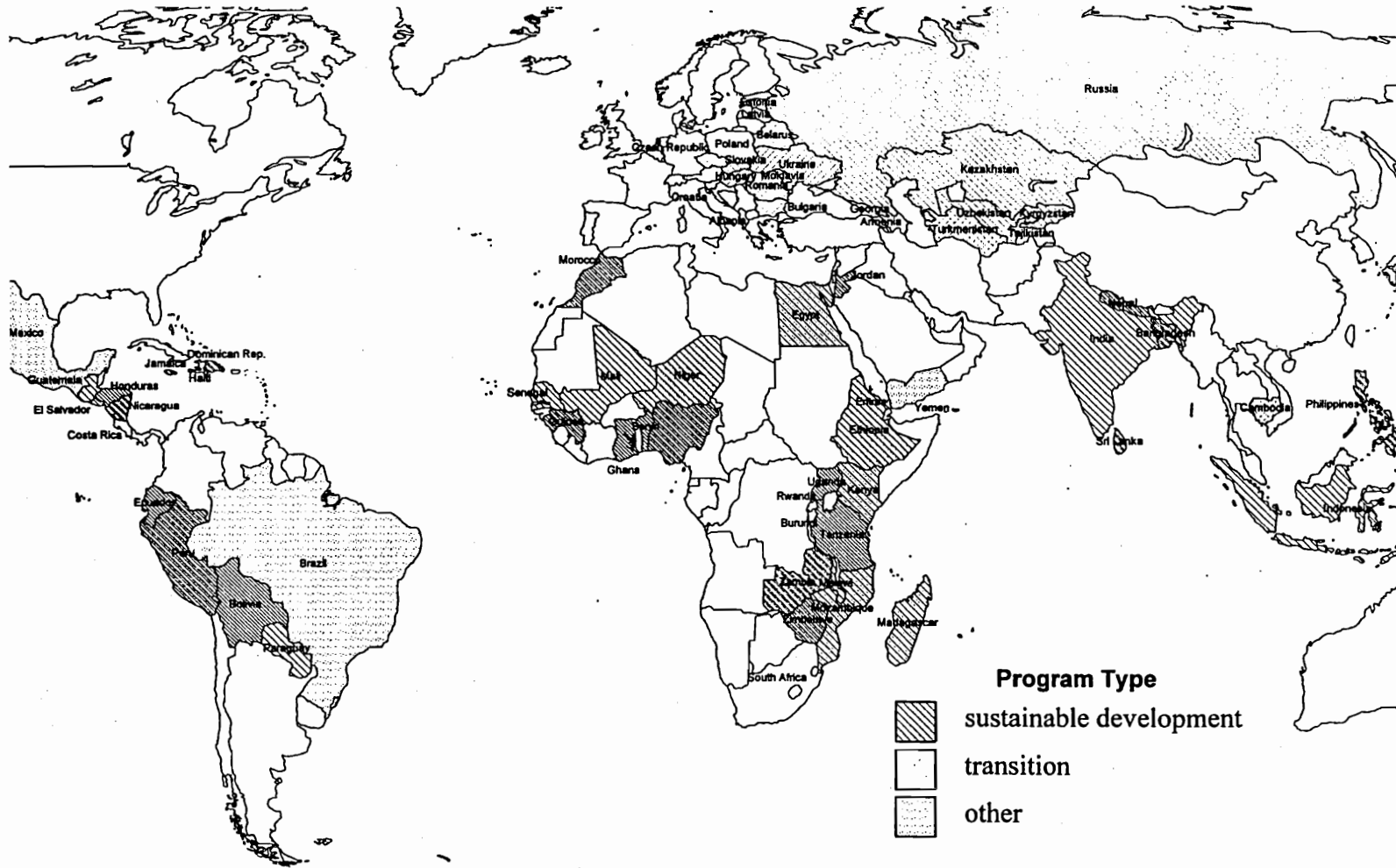
*Sexually transmitted infections

Table 3.1. USAID Country Programs with Population, Health, and Nutrition Objectives in 1996*

	Africa	Asia and the Near East	Eastern Europe and the New Independent States	Latin America and the Caribbean	Total
Total number of programs	27	15	29	16	87
Number with PHN objectives	17 (63%)	11 (73%)	19 (66%)	13 (81%)	60 (69%)
Objective 3.1: Reduction in unintended pregnancies	Benin, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Senegal, Tanzania, Uganda, Zambia, Zimbabwe (16)	Bangladesh, Cambodia, Egypt, India, Indonesia, Jordan, Morocco, Nepal, Philippines, Yemen (10)	Albania, Estonia, Kazakstan, Kyrgyzstan, Latvia, Moldova, Romania, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan (12)	Bolivia, Brazil, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru (13)	51 (59%)
Objective 3.2: Reduction in child mortality	Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Senegal, Zambia (11)	Bangladesh, Cambodia, Egypt, India, Morocco, Nepal, Philippines, Yemen (8)	Albania, Armenia, Belarus, Bulgaria, Czech Republic, Georgia, Hungary, Kazakstan, Kyrgyzstan, Latvia, Moldova, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan (18)	Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Peru (9)	46 (53%)
Objective 3.3: Reduction in maternal mortality	Eritrea, Ethiopia, Kenya, Mali, Mozambique, Niger (6)	Bangladesh, Egypt, India, Indonesia, Morocco, Nepal, Philippines, Yemen (8)	Albania, Estonia, Kazakstan, Kyrgyzstan, Latvia, Moldova, Romania, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan (12)	Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Peru (7)	33 (38%)
Objective 3.4: Reduction in STI/HIV transmission among key populations	Benin, Ethiopia, Ghana, Kenya, Malawi, Nigeria, Senegal, Tanzania, Uganda, Zambia, Zimbabwe (11)	Cambodia, India, Indonesia, Nepal, Philippines, Sri Lanka (6)	Russia (1)	Brazil, Dominican Republic, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru (8)	26 (30%)

* Excludes regional and global bureaus with major population, health, and nutrition objectives.

Map 3.1. USAID Country Programs Working in the Population, Health, and Nutrition Goal



Stabilizing World Population and Protecting Human Health

Following the declaration of polio's eradication in the Americas in 1994, for which USAID was the lead donor, USAID in 1996 launched a new global polio eradication initiative. Working with other development partners, the Agency seeks to eradicate polio worldwide by the year 2000.

As part of a U.S. government effort, USAID will concentrate on combating emerging and reemerging infectious diseases that affect global health objectives. Priorities include reducing antimicrobial resistance in pneumonia, diarrhea, malaria, and sexually transmitted infections, and supporting surveillance and response activities in polio eradication, measles, and HIV/AIDS. In support of these efforts, increasing attention is being paid to reforming health systems, instituting approaches for financial sustainability, and ensuring technical and managerial sustainability for country partners.

USAID's population and health sector overall sustained a decline in 1996 funding levels compared with fiscal year 1995. Congress not only cut population funds by 35 percent from 1995 levels, but also imposed unprecedented restrictions on the timing of funding availability. This dramatic funding reduction, coupled with these restrictions, will have severe negative effects on USAID's results over the next several years. Nonetheless, USAID remains the major bilateral

Box 3.1. Health Sector Reforms in Central and Eastern Europe and the New Independent States

USAID promotes more efficient, cost-effective health care systems by supporting systemic improvements in financing, payment, service delivery, management, and quality control in Central and Eastern Europe and the new independent states.

■ In Kemerovo, in **Russia**, a new project has merged hospital and polyclinic settings with modern managed-care principles, including utilization management, provider incentives, and quality of care. This has led to greater efficiency overall. The share of contracted care has increased by 25 percent, 30 percent of beds have been eliminated, and hospital cases are now treated in more cost-effective outpatient settings.

■ USAID and the World Bank have collaborated closely in central **Russia**. USAID's ZdravReform project helped Tver and Kaluga states implement payment, information, and quality-control systems. Eighty major health institutions throughout the two states will benefit from the new systems through a \$70 million World Bank loan, scheduled to be signed in January 1997. The USAID investment of \$1.2 million will help improve health care delivery for a population of 1.5 million Russians and provide reform models for use throughout the region.

■ USAID's Medical Partnerships Program in the **new independent states** develops institutional management capacity. Sokolov Medical Center adopted new hospital administration methods, becoming a working model for 85 hospitals across Russia. Average length of stay in the center has decreased, from 16.7 days in 1992 to 12.4 days in 1995. The number of patients treated has increased, from 10,800 in 1992 to 14,000 in 1995.

donor in population, child survival, maternal health, and HIV/AIDS prevention, accounting for roughly 50 percent of bilateral donor resources.

Reducing Unintended Pregnancies

Unintended pregnancies can pose a serious threat to women's health and well-being.

The consequences may be particularly severe for women in developing countries, where more than one third of all births result from unintended pregnancies. Such births may affect the individual woman's health, her economic situation, and, in a ripple effect, the well-being of her family. The high levels of fertility that result in part from unintended pregnancies trans-

late into rapid population growth. Rapid population growth impedes economic growth, contributes to environmental deterioration, and strains fragile political and social institutions.

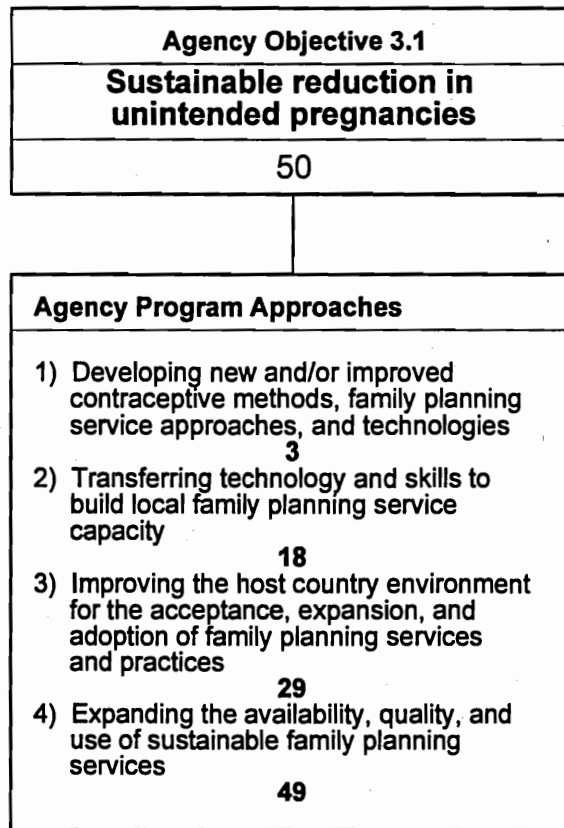
High rates of unintended pregnancies result from many factors associated with poverty. These include low status of women, low educational status, lack of information about and access to family planning services, and lack of male support and involvement in use of family planning.

Child survival also influences fertility decisions. Recognizing that family planning programs alone will not sufficiently reduce fertility levels, most USAID programs simultaneously address maternal and child health (see figure 3.5). USAID's programs under other Agency goals—particularly in economic growth (including education) and democracy and governance—address many socioeconomic factors that contribute to high fertility.

Developing New and Improved Approaches And Technologies

USAID supports the development of new and improved contraceptive methods and innovative approaches to family planning service delivery. Improving existing methods and developing and adopting new contraceptives is a long-term process. Technologies and program approaches are gener-

Figure 3.5. Number of Country Programs Contributing to Agency Objective 3.1



ally tested and adapted in a variety of field settings and, in partnership with host countries, applied on a national scale and institutionalized in national programs. USAID's contraceptive development research activities range from clinical trials to adoption by national service delivery programs.

In 1995 the clinical trial for Lea's Shield, a female barrier contraceptive method, was completed with positive results. A multicenter clinical trial of Femcap, another female barrier

method, is under way. USAID supported development of the Reality female condom, which has been approved by the U.S. Food and Drug Administration and is the first female-controlled barrier method that prevents both pregnancy and sexually transmitted infections. USAID currently supports research on two dozen potential new contraceptive methods and drug delivery systems in 80 facilities in the United States, Europe, and developing countries.

USAID-supported research has demonstrated that hormonal contraceptive methods for men can be highly effective, and research continues to identify appropriate agents. In addition, clinical trials continue on nonlatex condoms for men designed to be more acceptable to users than standard condoms. USAID and other donors promote collaboration with the private sector, in part through the newly established Consortium for Industrial Collaboration on Contraceptive Research.

Operations research efforts have provided important information on the effectiveness of different approaches and the cost-effectiveness of family planning programs and integrated approaches. Research findings have led to programs that more effectively meet the needs of USAID's ultimate customers. Currently, operations research projects are under way in about 30 countries.

In **Bangladesh** for example, operations research findings in 1995 led to increased provision of injectable contraceptives through community-based distribution, improving access and use. In **Senegal**, the early stages of operations research yielded unexpected results that are already being applied at the national level. After studies drew attention to the limited access to injectable contraceptives, a number of NGO clinics began to offer this effective method.

USAID-sponsored operations research has led to definitive conclusions as to the effectiveness of the lactational amenorrhea method, which relies on breastfeeding for child-spacing. USAID research developed the method, which defined the conditions necessary for breastfeeding to protect women from unintended pregnancies. The lactational amenorrhea method is proven to be over 98 percent effective when used correctly. It improves breastfeeding practice and may increase use of other family planning methods.

For example, during clinical trials in **Ecuador**, the duration of exclusive breastfeeding for women using the method increased from 3.9 to 5.7 months, approaching the ideal for child survival of 6 months. Among users of the method, 95 percent opted to continue using family planning and adopted a modern contraceptive. Originally tested in four clinic sites, the method is being introduced in 26 sites.

A USAID-supported operations research project in **Indonesia** early in 1996 examined the apparent large backlog of women who, according to service records, had not had Norplant implants removed at the end of the five-year life span of the contraceptive's effectiveness. A survey of Norplant acceptors revealed that many removals had taken place in the private sector, by nurse practitioners and other private service

providers, who had few incentives to report removals to the government.

While the study determined that the backlog of removals was less severe than feared, it found that some women faced difficulties in receiving implant removal on request and in paying fees for removal. The findings are being used to improve the quality of Norplant services nationwide. Given that the family planning program in Indonesia is the world's largest provider of Norplant, the potential impact is considerable.

USAID also supports research to identify, develop, and test new and improved tools and technologies for management, training, information, education and communication, policy, data collection, and evaluation. During the past year, accomplishments included

- Publication and dissemination of a series of handbooks of reproductive health indicators to measure program progress, for program managers and evaluators

- Development and field testing of a computerized model, PROTRAIN, for projecting family planning training needs

- Development and field-testing of interactive, computerized training modules on intrauterine device insertion that permit family planning trainees and service providers to learn at their own pace

■ Use of the Internet to improve the dissemination of management problem-solving tools

Transferring Technology And Skills

A strategic emphasis for USAID in coming years will be developing programs that will continue after outside assistance has ended. Transferring technology and skills to build local capacity helps to ensure the sustainability of efforts to reduce unintended pregnancies. The skills imparted to developing countries must incorporate improvements in policies, service delivery, the financial resource base, and the institutional capacity of the public and private sectors.

Cost recovery and the broader financial independence it promotes together represent an essential element of ensuring sustainability. In **Egypt**, cost-recovery schemes contribute to improved long-term prospects for financial sustainability. The model USAID-supported family planning NGOs now generate more than 50 percent of their operating costs from user fees. In **Indonesia**, nearly 75 percent of the users of family planning services now pay for those services. Use of private sector services increased from 12 percent in 1987 to 28 percent in 1994.

The Agency's emphasis on training leads to sustainable local capacity-building with significant results. In the past year, the USAID family plan-

ning project in **India** has provided training to 500 government doctors, paramedical staff, and nurses in contraceptive technology and trained 800 private and NGO practitioners in approaches to family planning and reproductive health. Coverage by public providers has increased from 230,000 customers to more than five million.

In **Peru**, USAID training efforts target both facility- and community-based family planning services. During 1995, 2,864 Ministry of Health workers were trained in family planning, for a total of 4,454 over the period 1993-95. About half the reproductive health personnel in USAID priority regions in the country—and 39 percent of personnel in nonpriority regions—have received training.

Improving the Host Country Policy Environment

Sustainable programs rely in large measure on a supportive policy environment. As governments have come to understand the benefits derived from lower fertility for improving health and achieving national socioeconomic goals, national policies over the past 10 years have shifted significantly in favor of family planning. USAID has been at the forefront in the policy dialog that has led to these shifts.

Under a USAID initiative, **Maximizing Access and Quality**, new service-delivery guidelines are being developed in 32 countries. For example,

■ In **Jordan**, USAID assistance led to a series of changes to the policy environment, including the development in 1996 of the first national population strategy; registration of two effective contraceptives, Depo-Provera and Norplant; and approval by the Ministry of Health of the use of mass media for promoting family planning.

■ Developed with USAID's assistance, **Senegal's** first family planning service-delivery guidelines were approved in June 1996 by the Ministry of Health.

■ Through its work with the National Population Council in **Yemen**, USAID supported the incorporation of family planning objectives into both the Ministry of Public Health's Five-Year Health Development Plan and the National Five-Year Development Plan. USAID's assistance led to the development of national family planning guidelines and medical standards. These advances help lay the foundation for the government and other donors to proceed as USAID phases out of its assistance to the country.

Such guidelines represent one aspect of the shift in the Agency's policy work in population. Assistance now increasingly seeks to move governments from rhetoric to action, to make policies more

applied and therefore more effective. Technical assistance seeks to empower actors in the population sector to push for needed changes and resources.

In Mali, partners' use of the USAID-developed computer model known as RAPID (resources for the awareness of the impact of population on development) galvanized the planning process in the government. The presentation, showing the effect of different fertility rates on development over a 30-year time frame, stimulated consensus among an interministerial committee to increase the percentage of the budget allocated to health and education.

USAID's technical assistance in Bangladesh led to the development of a 10-year prospective family planning program plan. The plan, approved by the government of Bangladesh in 1995, calls for strategies that are client oriented, based on the most recent survey data, and produced through a participatory process.

With USAID's assistance, in 1994 Brazil's Bahia state developed a six-year reproductive health strategic plan. It will help ensure continuity of services when USAID's assistance ends.

Expanding Service Availability, Quality, And Use

Expanding the availability, quality, and use of family planning services is one of the most direct and cost-effective approaches for reducing unintended pregnancies and thereby decreasing fertility rates. In turn, reduced fertility contributes to declines in infant and maternal mortality. Countries that have been major recipients of USAID assistance have made steady progress in the use of family planning. Increased use of modern contraceptives, measured by the contraceptive prevalence rate, translates into reductions in the total fertility rate.

Going by recent data from 36 USAID-assisted countries, the average modern contraceptive prevalence rate in these countries is estimated to be over 34 percent. In comparison, the contraceptive prevalence rate in the United States is about 70 percent. Results in increased use from individual countries reflect the effect of USAID's contributions in family planning. Box 3.2 illustrates the effect such use can have on reproductive health, specifically in this case on the prevention of abortion.

During 1995 in Bangladesh, USAID, in partnership with other donors, NGOs, the Social Marketing Company, and the government, provided family planning services to 5.6 million married couples. This represents a 19 percent increase over the

number reached in 1994. The average annual increase in contraceptive use has been 2 percent a year for the past decade, one of the highest sustained rates of increase in the world. Increases in contraceptive use from 1991 through 1994 contributed to a significant decline in the total fertility rate, from 4.3 to 3.4.

Owing in part to the magnitude, duration, and consistency of USAID support, Kenya offers one of sub-Saharan Africa's emerging family planning success stories. USAID's assistance has led to steady increases in the numbers of public and private sector sites offering services. Modern contraceptive use is estimated to have increased from 10 percent in 1984 to 25 percent in 1995. In Egypt, where USAID has been the largest foreign donor since the 1970s, the total fertility rate has declined from 5.3 children per woman of reproductive age in 1980 to 3.6 in 1995.

Providing couples with a choice of contraceptive methods increases their potential satisfaction with family planning services and enhances the likelihood that they will continue using a contraceptive method. Following approval in 1993 by the U.S. Food and Drug Administration, the injectable contraceptive Depo-Provera was introduced into USAID-supported programs, expanding the choice of methods. During 1995, USAID supported provision of almost

three million doses of Depo-Provera to 47 countries, an increase from the 835,000 doses sent to 18 countries in 1994. Overall, in 1995 USAID shipped \$47 million in contraceptives, concurrently providing technical assistance to ensure quality use.

In addition, USAID is a leader in helping countries develop and implement effective commodity management systems for family planning programs. USAID currently helps to reduce contraceptive shortages and stock-outs in 26 countries. With USAID's assistance, for example, **Kenya** now uses a locally designed management information system. This enables the country to use available transportation efficiently to resupply clinics. As a result, the need for warehouse space and the size of local inventories is minimized.

Couple-years of protection represents an aggregate of the amount of protection provided by the various forms of contraceptives distributed in a given country. Increases in couple-years of protection provide an important preliminary indication of the availability and acceptability of contraceptives. In **Peru**, total couple-years of protection in the public and NGO sectors together increased from almost 600,000 in 1993 to 1.1 million in 1995—an 89 percent increase over a two-year period. In **Ghana** the couple-years of protection level estimated for 1995, 493,000, is nearly five times higher than the

Box 3.2. Family Planning Helps Prevent Abortion

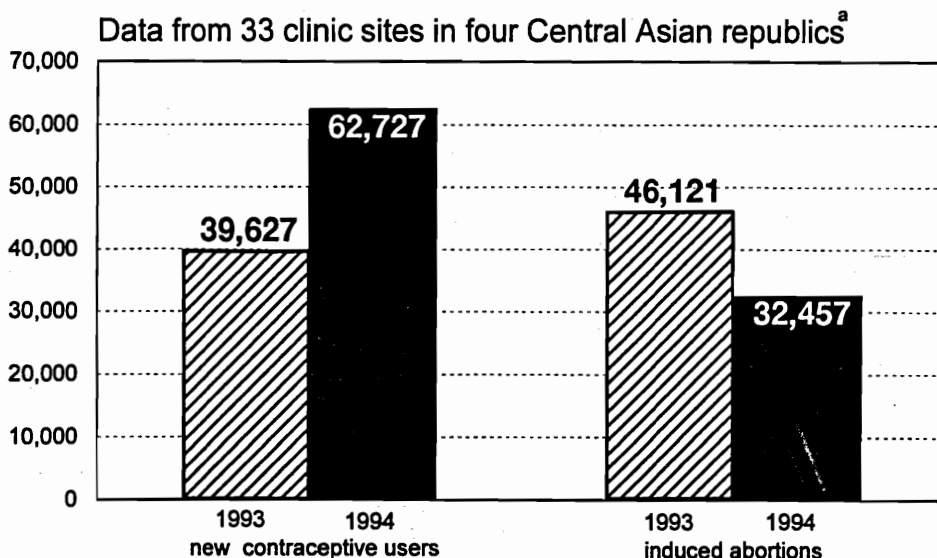
USAID's program to improve women's reproductive health services in **Central Asia, Moldova, Russia, and Ukraine** is in its third year. The Agency also funds reproductive health programs in Albania and Romania. The Women's Reproductive Health Services Expansion project increases access to family planning services, reducing women's reliance on abortion. The major method for fertility control throughout Eastern Europe and the new independent states, abortion can result in high levels of maternal mortality and other adverse health consequences. USAID programs conduct training of trainers and provide technical assistance to improve the development and management of sustainable family planning services.

Preliminary data suggest the positive effect of service improvements. In Central Asia, data from 33 clinic sites in four countries indicate a 58 percent increase in new contraceptive users and a 30 percent decrease in induced abortions during 1994–95. Figure 3.6 illustrates these changes. In Russia, where in the early 1990s women reported an average of seven abortions, women in two USAID studies in 1995 reported an average of three abortions. In Ukraine the Ministry of Health reported an 8.6 percent reduction in induced abortions in the first six months of 1996 and attributed the decrease directly to USAID's family planning assistance.

1988 baseline of 107,000, following a steady climb in the 1990s. The share of longer acting contraceptive methods has also reportedly risen from 21 percent in 1988 to an estimated 31 percent for 1995, suggesting a better balance between short-term and longer acting methods. **Senegal's** results show significant progress for 1995. The 1995 couple-years of protection figure of about 164,000 is more than triple the 1986 baseline of 54,000.

Though these examples are encouraging, USAID recognizes that many other factors determine the quality, use, and sustainability of services. In **Brazil**, the Agency supported client satisfaction surveys to study the effect of quality on sustainability. Interviews with more than 1,300 clients indicated that satisfied clients refer more than 75 percent of new users, underscoring the importance of quality in achieving high levels of use—and eventually sustainability.

Figure 3.6. Contraceptive Use and Abortion Rates



^a Clinic sites located in Kazakstan, Kyrgyzstan, Turkmenistan, and Uzbekistan.
Source: Women's Reproductive Health Services Expansion project, USAID, 1996.

Increased use depends not only on the availability of high-quality services, but also on increasing levels of awareness (see box 3.3). USAID supports the innovative use of communications to disseminate information. Knowledge of the benefits of family planning and the services available is a critical precursor to use. Examples:

■ **Bolivia's** 1995 reproductive health mass media campaign boosted clinic attendance by 66 percent. One study indicated that among viewers of television spots, more (over 90 percent of the sample) could correctly identify the national logo indicating a family plan-

ning service delivery site than could recognize the Bolivian flag or Coca-Cola's logo.

■ **Two radio programs** launched in **Kenya** in 1995 target youth. One interactive program, the "Youth Variety Show," features well-known personalities and live telephone calls; responses to questions are provided on the air. The shows link youth to services, delivering information on the availability of reproductive health services. A survey found that nearly 55 percent of 15-to-24-year-olds reported listening to the "Youth Variety Show." By the fourth month of the campaign, 56 percent of new clients at three youth clinics cited radio as their source for referral information.

■ **In Peru** a 1995 campaign reached 3.5 million people through television spots and 1.8 million people through radio messages. A toll-free telephone counseling service received almost 30,000 calls in 1995, surpassing the activity's target by 75 percent.

Reducing Child Mortality

Every year, an estimated 12 million infants and children die of preventable diseases in developing countries. If the 1985 rates of infant and child mortality had remained constant, the annual number of deaths today would exceed 16 million. Instead, owing in part



to USAID's efforts in child survival, almost four million infant and child deaths are prevented each year.

Child survival programs target the principal causes of death among infants and young children: vaccine-preventable diseases, diarrheal disease, malnutrition, acute respiratory infections, and malaria. Child survival interventions not only save lives, but they also contribute to stability in developing countries and help reduce U.S. health-care costs. Global eradication of polio, for example, could save \$230 million a year in the United States by eliminating the need for polio immunization.

USAID's efforts to reduce child mortality are part of an unprecedented worldwide crusade. Developing countries, the UN Children's Fund (UNICEF), the World Health Organization, private voluntary organizations, universities and research institutions, private industry, and donor countries—including the United States—have joined forces in the common cause of saving children's lives.

The USAID child survival program, which has played a vital role in preventing childhood illness and death around the world, marked its decade anniversary in 1995. Progress continues toward the goal for the year 2000 set by the 1990 World Summit for Children: an annual rate of 70 deaths of children under 5 per 1,000 live

Box 3.3. Men Well-Served by Family Planning

In 1992 a USAID program trained Dr. Rakotomalala Hubert from the town of Antsirabe, in central **Madagascar**, in the no-scalpel technique of vasectomy. The story of one of his clients reveals the potential effect of outreach education coupled with high-quality services.

In May 1995, Ranarivelo Haja, from a village about 50 kilometers outside Antsirabe, listened to a discussion given by the local family planning worker. Haja and his wife were eager to prevent another pregnancy: they had five living children and had suffered three stillbirths. They had decided that any more children would risk her health and the family's ability to feed itself. After hearing from the health worker about all available methods, Haja and his wife went to the clinic in Antsirabe to learn more about vasectomy. After discussing the advantages, disadvantages, the procedure, side effects, and follow-up, Dr. Rakotomalala set up an appointment for Haja to have a vasectomy.

Two weeks after the procedure, Haja mentioned his experience to his brother Nirina. So interested was the brother that he immediately told his wife, who decided they should find out more. The following month Nirina had a vasectomy. By September, the word had traveled so well that all six of Haja's brothers had received vasectomies.

births. In 1995, among the 17 USAID country programs reporting changes in the infant mortality rate and the under-5 mortality rate, 75 percent of the countries with data reported reductions. Figure 3.7 shows the number of USAID country programs that apply each of the four programmatic approaches to reduce child mortality.

Developing New and Improved Approaches And Technologies

USAID played a lead role in researching and developing low-cost interventions to treat

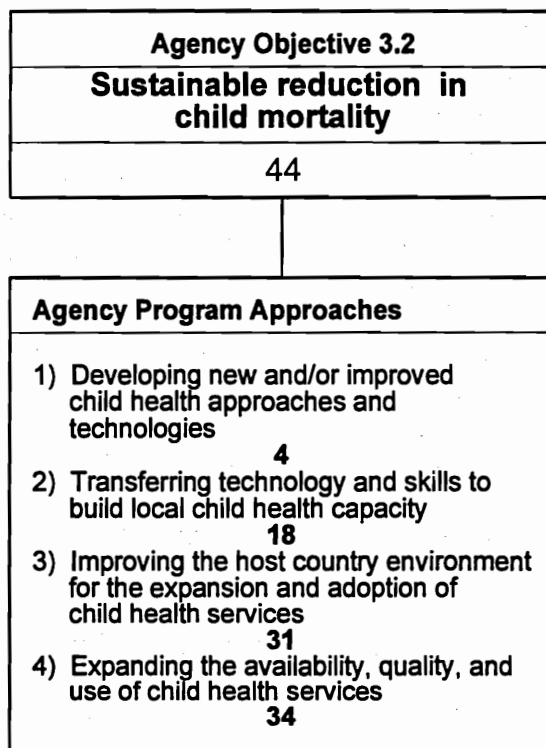
diarrhea, a major cause of death in young children. Oral rehydration therapy has since become a crucial component of programs in diarrheal disease control. In 1995 the Agency began supporting field trials of a new formulation of oral rehydration solution, modifying the quantity of sugar to improve absorption in cases where the standard solution proved ineffective. Integrated management of child illness represents another new approach for USAID and its partners (see box 3.4).

Despite progress in raising vaccination coverage rates, immunization of the world's children remains a challenge. As a major partner in the global effort to eradicate preventable diseases, USAID implemented new and improved technologies during the past year.

Through development of the vaccine vial monitor, the Agency has achieved a technological breakthrough that enables health care providers to verify the potency of oral polio vaccines. Previously, health workers discarded unused vaccines at the end of the day, unsure of their efficacy. UNICEF estimates that the monitor, which changes appearance if the vaccine is no longer viable, will save at least \$10 million a year. As of January 1996, all vials of oral polio vaccine meeting WHO standards were fitted with the monitors. Millions of vials of oral polio vaccine with the new monitors have reached developing country immunization programs. UNICEF alone will use at least 700 million doses with the new monitor in the next two years.

A major effort to introduce a new vaccine for hemophilus influenza type B (HiB) has made significant progress. In developed countries where the HiB vaccine has been used, HiB-associated disease has essentially disappeared. In 1994, USAID helped finance field-testing of HiB in the **Gambia**. In fully vaccinated children, the vaccine proved 95

Figure 3.7. Number of Country Programs Contributing to Agency Objective 3.2



percent effective against meningitis due to HiB and 100 percent effective in preventing HiB pneumonia. The remarkable results—the outcome of a collaborative process with the National Institutes of Health, UNICEF, and others—paved the way for the first introduction of a new vaccine into the successful Expanded Program on Immunization strategy in the last decade. During 1995, USAID worked closely with the Children's Vaccine Initiative and others to develop a comprehensive plan to introduce the vaccine. With USAID support,

vaccines to prevent malaria and combat cholera are also being developed.

USAID seeks innovations to address other health problems as well. In 1995 the Agency served as a catalyst to create an alliance among soap manufacturers in **Central America** to promote the fundamental action of washing hands. Corporate interests benefit by increasing markets, while supporting the public health objective of disease prevention.

In **Bangladesh**, malnutrition rates are among the highest in the world. Sixty-five percent to 75 percent of children under 5

years of age are severely or moderately malnourished. Vitamin A deficiency is a major public health problem. USAID and its partners implemented efficient and cost-effective home-gardening programs to increase production of fruits and vegetables. Since its inception in 1988 in North Bengal, the program has served more than 2.5 million people in 90 of Bangladesh's 460 subdistricts.

A USAID grant to WHO contributed to building capacity in malaria control and prevention throughout **Africa**. By 1996 more than 27 African nations had adopted a newly developed malaria control strategy. USAID also has supported successful malaria control programs in **El Salvador, India, Pakistan, Sri Lanka, and Thailand**, reducing deaths due to this preventable disease.

Transferring Technology And Skills

A major challenge for the 1990s in USAID's child survival programs is promoting activities that preserve and build on progress made while decreasing host country dependence on donor-provided resources and technical assistance.

Increasing the number and capacity of local NGOs is one way to sustain child survival efforts. In **Benin**, with USAID's support, in 1995 the number of NGOs working in health or family planning jumped from 7 to 18. In **Bolivia**, PROCOSI, the

Box 3.4. Integrated Management of Child Illness

USAID has supported the development and testing of a new approach to the care of sick children. World Bank analyses have shown that combining interventions in a single package makes integrated management of child illness one of the most cost-effective public health interventions. Integrated management addresses a larger share of the global burden of disease than any other approach to the primary causes of child illness.

Following the success of oral rehydration therapy, USAID supported development of additional treatments for pneumonia and malaria, two of the other major causes of infant and child death in the developing world. Bringing these new interventions to children presented another challenge. At the country level, the Agency and its partners recognized that adding a new, separate program for each new treatment would be neither efficient nor sustainable. At the health facility level, separate training of health workers for each disease left it to the worker to decide which diagnosis and treatment to apply. Increasing evidence showed that symptoms of childhood diseases overlap and that many young children who come to health facilities require treatment for multiple conditions. Finally, fighting these illnesses alone missed the opportunity for preventive care, such as immunizations, provided by a child's visit to a health facility.

This analysis led USAID to collaborate with WHO and UNICEF to develop integrated management of child illness. This approach links the newly developed treatments and adds appropriate preventive steps for each health encounter. By maintaining and building on the key components of child survival, integrated management responds to the needs of children, health workers, and developing countries. Its introduction around the world has met with rapid acceptance. Ministries of health once reluctant to add new programs to their diarrheal disease control and immunization programs readily accepted this integrated approach. As one of the best tools for expanding and sustaining essential child health services, integrated management of child illness should become a major element of child survival programs in most developing countries within the next five years.

USAID-supported network, increased its NGO membership from 10 to 24. In **El Salvador**, 18 NGOs previously funded by USAID will now be paid and

monitored by the government of **El Salvador**, increasing the effect of USAID's funding.

Developing skills through training also enhances local capacity. In **Peru**, USAID supported training of 25 percent

of the Ministry of Health workers in four principal subjects of primary health. In Nepal, USAID in 1995 assisted the Ministry of Health in training community volunteer workers to diagnose and treat pneumonia.

In the first five months after training, the workers treated 2,012 cases and referred an additional 550 cases. Follow-up visits were made in 70 percent of the cases, exceeding the 50 percent target. Because untreated pneumonia in Nepal has a 20 percent fatality rate, this pilot program has contributed to saving over 400 lives in its first five months.

Educating caretakers is another cornerstone of USAID's activities. Education and training on breastfeeding can modify mothers' behavior. For example, the Agency's work to promote breastfeeding through lactation management training has resulted in supportive breastfeeding policies in 22 countries. Six regional and seven national lactation education centers have been established.

A recent USAID-funded study concluded that investments in breastfeeding led to substantial reductions in costs for maternity care and pediatric infections. CONASUMI, an NGO consortium in the Dominican Republic, achieved impressive results in promoting breastfeeding. In 1995, 99 percent of targeted mothers knew the benefits of breastfeeding, an almost 25

percent increase from the previous year. From 1993 through 1995, breastfeeding rates doubled in targeted areas.

USAID has made great strides in addressing malnutrition and micronutrient deficiencies through measures including research, policy reform, and support of health sector programming. Addressing micronutrient deficiencies through food fortification—such as Sri Lanka's national-level program to fortify wheat flour with iron to reduce anemia in women and children—is increasingly important. Such strategies have a high potential to reach a large percentage of a country's population.

In Eritrea and Ethiopia, goiter afflicts nearly one fourth of the population. An estimated 80 percent of the population is at risk for one or more of the hidden health disorders related to iodine deficiency. In 1993 Eritrea and Ethiopia issued a joint statement of their intent to eliminate iodine deficiency disorders. In late 1995, Eritrea inaugurated two large salt iodization facilities on its Red Sea coast. USAID is helping establish quality assurance standards for iodized salt production and will help develop systems to monitor the effectiveness of interventions. Iodized salt should have a major impact on eliminating iodine deficiency disorders in Eritrea and Ethiopia, which receives 85 percent of its salt from Eritrea.

Eritrea will also reap economic benefits from sales of iodized salt to the region.

Improving the Host Country Policy Environment

A supportive host country policy environment is essential to the success of child survival programs. USAID assistance develops and strengthens host country political commitment, promotes participation of local organizations, and encourages increased allocation of local resources to the sector.

Worldwide, research has shown that even the poorest consumers are willing to pay a small amount for high-quality care for their children. Most health care financing activities carried out through the child survival program capitalize on the link between the quality of services and the potential for sustainability.

USAID is the principal source of financial and technical support to Kenya's national health care financing program. Primarily owing to USAID support, the Ministry of Health national cost-sharing program has generated more than \$12 million in local revenue since 1990 for curative and preventive health services.

Cost-sharing revenue now provides nearly \$1 million a year in additive funding to

support maternal and child health services and control of infectious diseases, improving the coverage and efficiency of health and family planning services. In addition, the Agency shares successes throughout the region, through south-to-south consultancies, regional and country workshops, conferences and seminars, study tours, and a regional newsletter.

Programs in **Eritrea, Ethiopia, Mozambique, Tanzania, and Uganda** have benefited. As a result of the information transfer from Kenya, Ethiopia drafted a national health finance policy, a hospital system in Tanzania adopted a health insurance program, and a USAID project in Uganda shifted its emphasis.

Through a series of national workshops, USAID has influenced immunization policies in the **new independent states**. For example, all of the countries have updated their policies on vaccine schedules and contraindications, and several have revised service delivery and support strategies, making them more appropriate and cost-effective. An estimated \$800,000 in annual savings resulted from changes in national immunization schedules alone.

Expanding Service Availability, Quality, And Use

Box 3.5. USAID Helps Stem Spread of Diphtheria

With assistance from the U.S. Centers for Disease Control and Prevention (CDC), USAID has provided technical assistance and supplies to **Ukraine**, including 32 million doses of adult diphtheria toxoid vaccine, to help control a diphtheria epidemic. After a mass immunization control strategy, the epidemic is showing signs of abating. In seven regions that carried out mass campaigns in early 1995, incidence for the first half of 1996 has decreased by as much as 80 percent from the previous year. Nationwide, 1996 diphtheria incidence is 33 percent below 1995 levels (see figure 3.8).

In **Russia**, where USAID and the CDC are improving health surveillance and information, education, and communication efforts, the incidence of diphtheria is decreasing for the first time in six years. According to figures released by the Ministry of Health, during the first five months of 1996, 58 percent fewer cases occurred than in 1995. Since 1993 the ministry has vaccinated 97 million people against diphtheria, 70 million of whom are targeted adults.

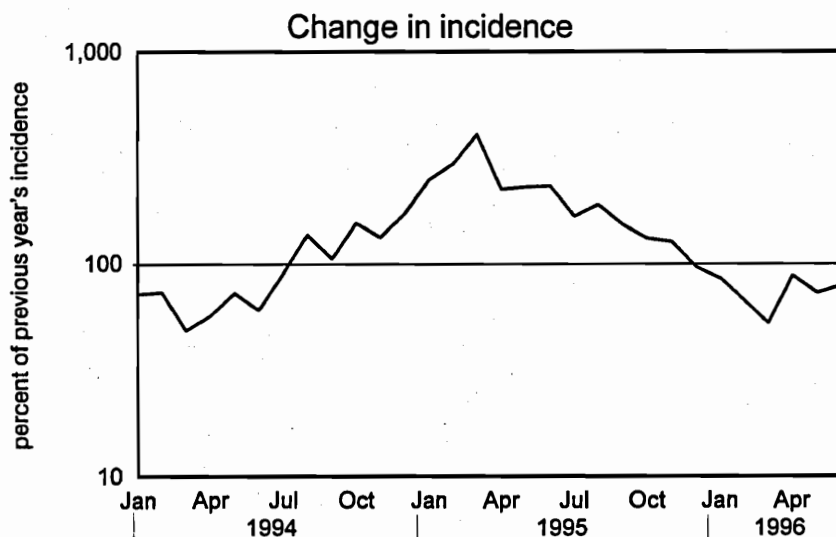
USAID's child survival programs develop and apply cost-effective, sustainable interventions to reduce and prevent the principal causes of illness and death in infants and children. The Expanded Program on Immunizations is a crucial element of child health programs. In only six years, from 1984 to 1990, the Agency and its partners raised global vaccination coverage rates to 80 percent from 44 percent. While progress has been made in many USAID-assisted countries, gains in coverage in 1995 were particularly notable in **Bangladesh, Bolivia, Guatemala, Honduras, Morocco, Niger, and Peru**. In **Ukraine**, USAID has helped to control a diphtheria epidemic (see box 3.5).

Efforts in polio eradication, supported by USAID and others, have made several significant recent advances:

- Polio immunization coverage has increased worldwide, from 48 percent in 1985 to 83 percent in 1995
- Globally, fewer than 7,000 cases of polio were reported in 1995, an 82 percent decrease since 1988
- Countries reporting zero cases of polio increased, from 132 in 1992 to 150 in 1995
- **Latin America and the Caribbean** remain free of polio, as confirmed by ongoing surveillance

In the five new **Central Asian republics**, training and technical assistance since 1992

Figure 3.8. Diphtheria in Ukraine, 1994–96



Source: Ukraine Ministry of Health / Program for Appropriate Technology in Health (PATH), 1996.

has enabled annual immunization of 1.5 million infants. In 1995, polio eradication campaigns achieved 97 percent coverage. As of March 1996 the entire region has been polio-free.

Innovative combinations of interventions are on the rise. For example, vitamin A capsule distribution is piggybacking on national immunization days, building on the advanced distribution and logistics system already in place. Already used in several countries, this approach will be adapted as part of the planned global polio initiative.

When an infant or child has diarrhea, caretaker behavior may prove critical. Information, education, and communication interventions promote relevant

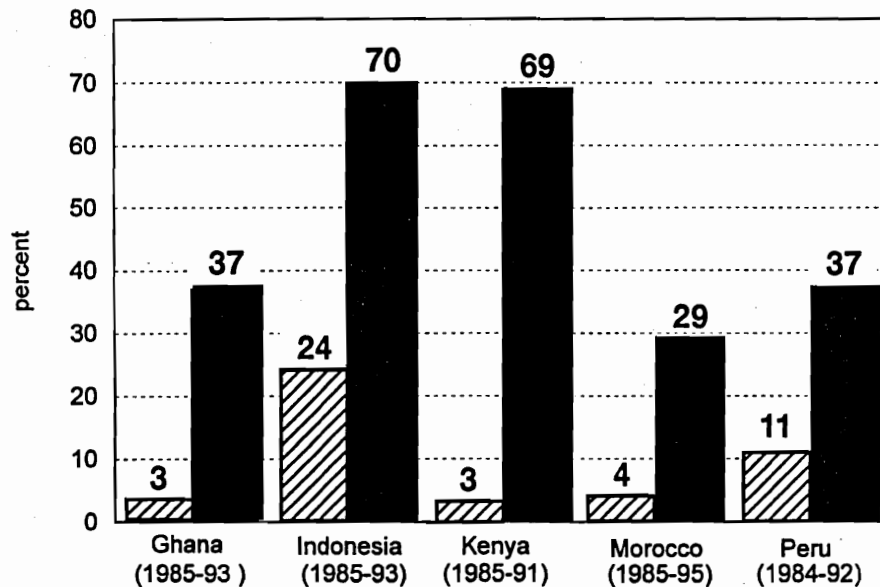
behavioral change among caretakers. In **Morocco**, the proportion of children who received oral rehydration solution or recommended home fluids—such as a mixture of sugar, salt, and water prepared according to established standards—after diarrheal episodes almost doubled in three years, from 15 percent in 1992 to 29 percent in 1995. In USAID project areas in the **Dominican Republic**, from 1993 to 1995 the use of oral rehydration therapy for children under 5 increased from 49 percent to 72 percent, a 53 percent increase in two years (see figure 3.9).

Malnutrition and micronutrient deficiencies contribute to child morbidity (the rate of disease) and mortality. Even mild malnutrition increases a

child's chance of dying. An estimated 200 million children worldwide are malnourished. More than a third of all children in the developing world are underweight, decreasing their ability to ward off disease. Overall, the effects of malnutrition contribute to more than half of child deaths in the developing world.

Adequate vitamin A intake can reduce child mortality by at least one fourth; in some areas, vitamin A can reduce infant mortality by more than 40 percent. USAID has carried out vitamin A programs in 50 countries. **Nepal's** National Vitamin A Program, supported by USAID, has expanded from 8 districts to the 23 where vitamin A intake has been a problem. The program has trained 14,000 health workers

Figure 3.9. Change in Oral Rehydration Therapy Use Rates in Selected Countries



Source: World Health Organization and Demographic and Health Surveys, 1985-95.

and to date has reached 1.5 million children twice a year with vitamin A capsules, or 86 percent of all targeted children in the 23 districts. Vitamin A capsule distribution through this program is estimated to have averted 13,000 childhood deaths in Nepal. USAID also assists NGOs working on strategies to increase production and consumption of vitamin A-rich foods, a more sustainable approach.

Reducing Maternal Mortality

Maternal mortality remains high throughout the developing world. In 1995, UNICEF and the World Health Organization

sponsored a study that led to a recalculation of 1990 maternal mortality data. The result raises the estimate of annual maternal deaths during pregnancy and childbirth to nearly 600,000 from 500,000. The vast majority of these maternal deaths occur in developing countries.

Half of all maternal mortality occurs in just five countries, listed here in descending order: India, Nigeria, Ethiopia, Bangladesh, and Indonesia. For each maternal death, an estimated 100 cases of acute illness occur, with long-term consequences for women's health and well-being and the health and survival of their newborn infants. Figure 3.10 illustrates the extent of the reproductive health problems that afflict women worldwide.

The major complications of pregnancy and birth can be prevented or treated with known interventions. Relevant interventions include family planning, appropriate prenatal and postpartum services, and obstetric care for pregnancy and birth complications. The most common direct obstetric causes of maternal death in developing countries are hemorrhage, infection, hypertensive disorders of pregnancy, obstructed labor and the consequences of unsafe abortion. Contributing to morbidity and mortality are conditions that are far too common in developing countries—namely, poor maternal nutrition, acute or chronic infection, and too little time between births.

Reducing maternal mortality is a relatively new strategic objective for USAID (see figure 3.11). Considerable synergy exists among the Agency objectives in population, health, and nutrition, particularly given the new emphasis on reproductive health. Reductions in unintended pregnancies contribute to reductions in maternal mortality. Moreover, interventions to promote maternal health are essential to achieve further reductions in infant mortality. Beyond the population, health, and nutrition sector, interventions such as women's empowerment, girls' education, and economic growth also contribute to improved health status for women.

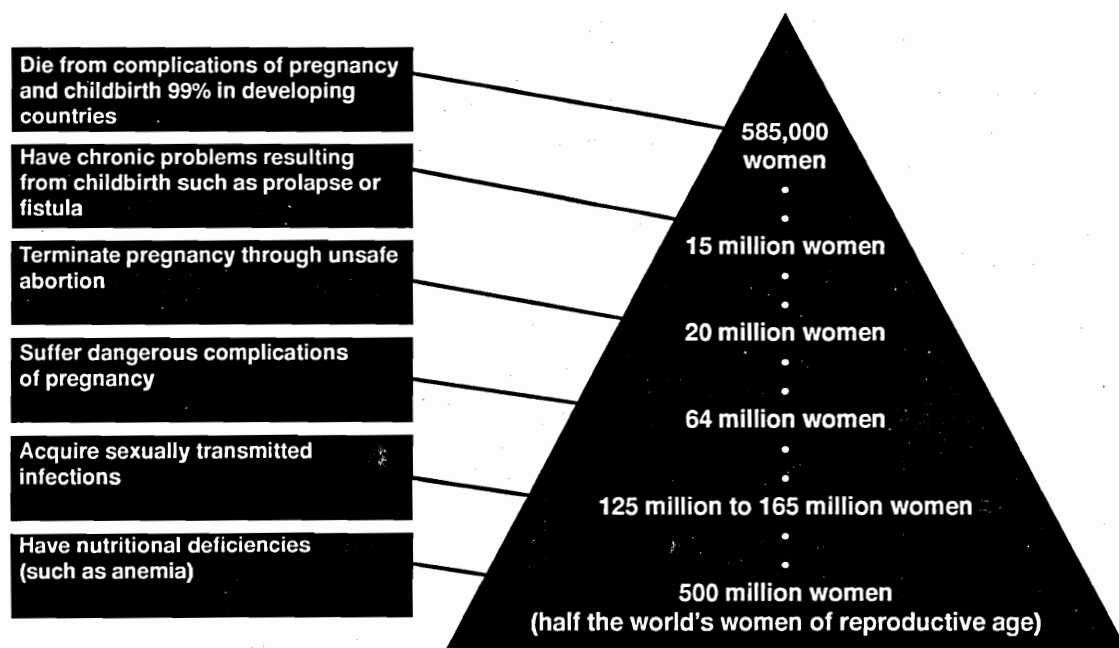
Developing New and Improved Approaches and Technologies

USAID interventions to reduce maternal mortality stress keeping women on the "pathway to survival." The construct, illustrated in figure 3.12, indicates the four steps necessary to achieve a positive birth outcome in the face of an obstetric or newborn complication. First, the woman, her family, or the attending provider must recognize that a problem exists. A decision must then be made to seek care. A woman must be able to reach or use a facility that can provide appropriate services of sufficient quality to save her life and that of her newborn. In addition to individual women's knowledge, husbands, families, and commu-

nities must be involved in supporting progress along the pathway.

USAID develops new models for delivering prenatal, postpartum, and lifesaving obstetric care, and tests and adapts them during extensive field evaluations. To assess the results of these interventions, USAID projects conduct surveys and review facility records to gather baseline data against which to measure impact. Previously, improvement in the use of maternity services, such as prenatal care and trained birth attendants, served as the final measure of program success. Now field sites are testing indicators more closely associated with maternal survival, such as the fatality rate for

Figure 3.10. Women's Reproductive Health: Annual Statistics



Source: The Mothercare Project, 1995

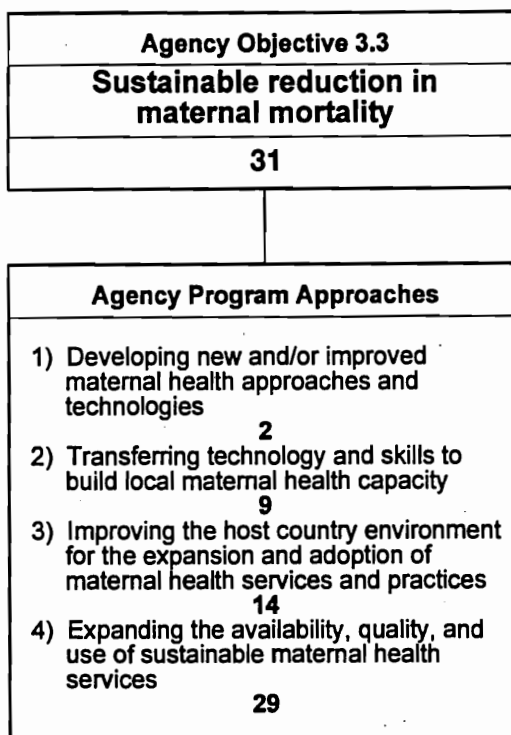
obstetric and newborn complications at individual health facilities.

Currently, 10 of the 31 USAID country programs with maternal health objectives use the actual maternal mortality ratio—the number of maternal deaths per 100,000 live births—to measure progress. In Latin America and the Caribbean, USAID supports information systems that will provide data to guide program design and implementation. With USAID support, **Peru** is implementing a perinatal information system that will provide valid, timely data on hospital-based maternal mortality at the local level. The current best estimate from the system is 268 maternal deaths per 100,000 live births in 1994, down from estimates of 303 per 100,000 in 1991.

In **Bolivia**, one of the countries where USAID centered early attention on maternal mortality, 1989 estimates were 480 deaths per 100,000 live births. The 1994 demographic and health survey documented a much improved level of 390 maternal deaths per 100,000 live births. The U.S. average ratio is 7 maternal deaths per 100,000 live births.

Maternal mortality remains a serious problem throughout the Asia and Near East region. **Nepal**, at the high end of the region's range, has a maternal mortality ratio of 800 deaths per 100,000 live births. Integrated NGO programs supported by USAID serve 25 of Nepal's 75

Figure 3.11 Number of Country Programs Contributing to Agency Objective 3.3



districts and provide community-level access to family planning spacing methods for couples in remote and difficult-to-serve locations. As of 1995 the NGO activities include literacy classes for women to further encourage changes in health and family planning behavior.

In **Bolivia, Guatemala, Honduras, India, Indonesia, Malawi, and Peru**, studies are under way to determine the effectiveness of different strategies to improve the distribution of iron supplements primarily to pregnant women and improve their compliance in

taking the supplements. Micro-nutrient supplementation decreases the prevalence of iron deficiency anemia, a significant risk factor associated with maternal and perinatal mortality.

Such research helps validate interventions that other countries and programs can adopt. Syphilis represents a significant problem for many women and newborns. Determining the extent of the problem is the first step. In areas of high prevalence, USAID has designed a program for decentralized screening and treatment for syphilis during prenatal care. Shown to be highly effective in

Kenya, the same program will be introduced in **Bolivia**. In **Uganda**, a study of the presumptive treatment of sexually transmitted infections in pregnant women is under way. Preliminary results show lower prevalence of syphilis, trichomonas, and bacterial vaginosis in the postpartum period for women treated during pregnancy. As the study continues, it will obtain impact data on maternal and neonatal postpartum infection—including HIV—and newborn survival.

Transferring Technology And Skills

USAID has used a variety of strategies to transfer technology and build local capacity. The Agency has been a leader in promoting a strategy centered on quality assurance, based on a problem-solving approach. Using minimal external resources, this strategy has brought substantial progress. Instilling such an approach represents a cornerstone of sustainable capacity-building. Results include an increase in prenatal care coverage from 56 percent to 72 percent over a six-month period in 1995 in a rural **Niger** clinic, and a decrease in infections following cesarean sections in a hospital in **Guatemala** from 25 percent in 1994 to 11 percent in 1995.

With USAID and other donor support, a lifesaving skills training curriculum has been developed to address obstetric and newborn complications.

Tested first in **Ghana, Nigeria, and Uganda**, the curriculum is now being adapted for use in **Bolivia and Indonesia**. New training curricula are also being developed for USAID-sponsored efforts in the latter two countries to address normal birth and improve prenatal and postpartum care.

During 1995, participating U.S. partners in the Agency's Medical Partnership Program in the new independent states formed a task force to address women's health issues, producing tangible results in an area traditionally neglected in this region. For example,

■ Working in partnership with Jacobi Medical Center in New York City, **Albania's** Maternity Hospital in Tirana achieved a decline in maternal mortality. During 1994–95, perinatal mortality fell from 31 to 23 deaths per 1,000 deliveries, while neonatal mortality dropped from 28 to 25 deaths per 1,000 deliveries.

■ In **Russia**, Savior's Hospital in Moscow, with its partner, Magee Women's Hospital in Pittsburgh, Pennsylvania, developed Savior's Women and Family Education Center. The center offers comprehensive health education classes on such topics as childbirth preparation, prenatal and newborn care, stress management, and nutrition. The program, which has attracted funding from several sources, including the Ministry

of Health, will be replicated in 20 new educational centers across Russia.

■ The Second State Medical Institute of Tashkent, **Uzbekistan**, and the University of Illinois Hospital in Chicago, have formed a partnership that emphasizes obstetrics and neonatology. It has created a high-risk pregnancy center based on modern perinatal care standards. The Ministry of Health has allocated \$200,000 to renovate the high-risk pregnancy center as a model to identify and treat high-risk pregnant women.

Improving the Host Country Policy Environment

Protocols and guidelines developed by USAID can influence national programs. Building on USAID-supported activities in both the rural and urban areas of **Bolivia**, the government developed a national plan to speed the reduction of maternal mortality. Now in effect, the plan continues to draw lessons from a USAID-supported demonstration project covering a population of one-half million. Protocols developed for the demonstration project to manage obstetric and newborn complications have been disseminated nationwide.

Data on the magnitude and severity of maternal health problems provide a powerful tool to inform policymakers and decision-makers in developing countries. USAID data collec-



tion programs, including the demographic and health surveys, increasingly address the full range of reproductive health issues. During 1995, USAID supported national demographic and health surveys in 12 countries. The core questionnaire for all new demographic and health surveys includes questions on delivery and obstetric complications and use of services, and on sexually transmitted infections, including HIV. Additional survey modules have addressed maternal mortality in 20 countries, HIV/AIDS in 20 countries, and female genital mutilation in 8 countries.

USAID programs have begun to address the health and human rights aspects of the traditional practice of female genital mutilation. Both the UN Cairo Program for Action and the Beijing Platform for Action condemned this practice, prevalent mainly in East and West Africa. Global estimates indicate that annually at least two million girls are at risk. USAID collaborates with the State Department and other government bodies to improve efforts to eliminate genital mutilation. Projects have been initiated in **Egypt, Eritrea, Guinea, Kenya, and Mali**. USAID and its partners work to strengthen the capacity of indigenous women's groups and community organizations to educate communities, the media, and policymakers as well as to advocate preventive programs and policies, including necessary legal reform.

Expanding Service Availability, Quality, and Use

Information, education, and communication programs need to target women, their husbands and mothers-in-law, and others who influence decision-making. Communications techniques to encourage behavior change are designed and tested through USAID activities in selected countries. A methodology using self-diagnosis of maternal and neonatal health problems, which USAID introduced in **Bolivia** for women in rural Andean communities, reduced perinatal deaths by more than 50 percent. **Peru and Pakistan** are currently carrying out a similar methodology. In **Bolivia**, the methodology is now being used by NGOs throughout the country.

USAID has also begun activities with NGOs and professional organizations in **Bolivia, India, Indonesia, Malawi, and Pakistan** to build their capacity to deliver reproductive health services, targeting maternity care, women's nutrition, and sexually transmitted infections.

To reduce the morbidity and mortality associated with pregnancy and delivery, the quality of care in referral facilities must be upgraded. Several **Ukraine** cities have introduced a client-centered maternity care model. The

model increases the confidence of women and their families to assume responsibility for certain decisions related to pregnancy and delivery, contributing substantially to the quality of care. In **Bolivia, Guatemala, and Indonesia**, USAID has helped develop protocols and practice guidelines for obstetric emergencies. Such tools serve to both standardize and promote excellent obstetric care.

While maternal mortality has probably been declining owing to the widespread use of modern contraceptives and increased use of professional delivery assistance, the **Egypt National Maternal Mortality Study** of 1992 documented the national ratio of 174 maternal deaths per 100,000 live births. The study also identified avoidable factors in maternal deaths. The findings informed efforts to improve care for pregnant women and increase the use of related health services. Child survival model clinics, operational in nine governorates, introduced quality assurance processes into public sector facilities. The increase in the number of women who receive four or more prenatal visits—from 22 percent in 1992 to 28 percent in 1995—suggests the improvements in quality.

Data show that in geographical areas with high maternal mortality, 70 percent to 90 percent of associated births occur at home. This common practice poses a serious obstacle: during home deliveries,

life-threatening complications cannot be treated adequately. Increasing both the demand for and the availability of appropriate services is essential to improving access to care. Communication campaigns increase awareness of the importance of both prenatal care and assistance from a trained health care worker at delivery. They teach adults to recognize treatable life-threatening complications of pregnancy. In **Morocco**, the percentage of women receiving prenatal care rose from 32 percent in 1992 to 45 percent in 1995, and deliveries assisted by trained personnel rose from 31 percent in 1992 to 40 percent in 1995.

Indonesia, despite substantial success in family planning, still has high maternal mortality. In response, the government has implemented a strategy to train certified midwives to work at the village level. USAID assists the government with the lifesaving skills training. Midwives are trained to better recognize, refer, and stabilize women and newborns with complications.

In addition, the Agency assists with the establishment of a clinical training network. The network emphasizes clinical and teaching skills in reproductive health in 70 sites throughout seven target provinces. Indonesian researchers docu-

mented high levels of iron-deficiency anemia among pregnant women: 55 percent are mildly or moderately anemic. Moderate anemia is associated with maternal mortality. USAID supports several activities that target women of reproductive age, especially adolescent girls, for increased micronutrient intake, specifically from foods rich in vitamin A and iron and from vitamin A capsules and iron tablets.

Reducing Transmission Of HIV and Other Sexually Transmitted Infections

HIV/AIDS is recognized as one of the most urgent health problems of our time. Since the late 1970s, close to 28 million people have been infected with HIV.

Almost eight million people have developed AIDS, and more than six million people have died from it. It is estimated that by the year 2000, an additional 20 million will become infected with HIV and an additional 8 million to 10 million will die of an AIDS-related illness.

The high prevalence of other sexually transmitted infections (STIs) exacerbates the spread of HIV. The presence of other STIs dramatically increases the efficiency of HIV transmission. In addition, the same behaviors that put people at risk of acquiring STIs can also lead to

HIV infection. The World Health Organization estimates that 333 million new cases of STIs other than HIV/AIDS occur every year.

As countries begin to experience the devastating social and economic effects of HIV/AIDS, the pandemic has emerged as a serious threat to sustainable development. The demand for increased health care and social support has put additional economic pressure on health systems and local and national governments. HIV/AIDS has considerable social and economic impact in developing countries, with the loss of adults in their most productive years placing burdens on families, communities, and industries.

AIDS is the leading cause of death in Africa in adults between 15 and 49 years of age. Because of AIDS, by the year 2010, life expectancy will decline by more than 25 years in several Asian and African countries. The 1990s have seen an increase of HIV/AIDS outside Africa, particularly in Asia, which will soon have more new HIV infections than any other region of the world. Although Latin America and the Caribbean have fewer cases of HIV infection than Asia or Africa, HIV infection rates in the region almost tripled from 1988 through 1992, and they continue to rise.

Since 1986, USAID has led the international response to the HIV/AIDS pandemic (see figure 3.13). Through its

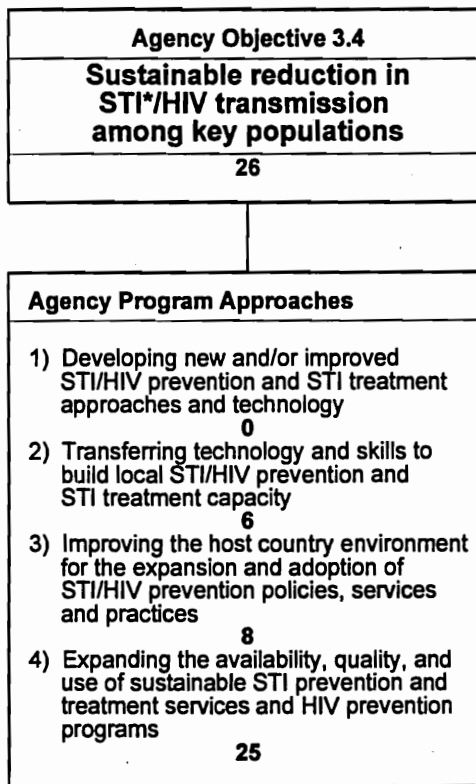
support in more than 40 countries and its commitment of more than \$700 million, the Agency works to reduce the further spread of HIV and mitigate the pandemic's impact on sustainable development. USAID has established effective partnerships with national governments, international organizations, donors, and NGOs to develop strategies for HIV/AIDS prevention and to build community capacity to slow the spread of the disease. Box 3.6 highlights certain results. Partnership and prevention are the guiding principles of USAID's response to the challenge of HIV/AIDS.

Developing New and Improved Approaches And Technologies

USAID's approach to slowing the spread of HIV/AIDS relies on strategies tested and refined over the past 10 years. The Agency has provided global leadership in monitoring and evaluation by collaborating with the World Health Organization/Global Program on AIDS to establish standardized prevention indicators for worldwide use. Developed for use with general populations, the prevention indicators have been adapted to evaluate the results of specific prevention activities.

USAID has demonstrated that prevention and control services for sexually transmitted infections can be integrated effectively into family planning and maternal and child health

Figure 3.12. Number of Country Programs Contributing to Agency Objective 3.4



*Sexually transmitted infections

programs, thus dramatically expanding access for women. In **Kenya**, USAID led the way in integrating HIV/AIDS and family planning services. Local organizations now adapt programs to promote AIDS prevention education and counseling through integrated service delivery programs at the work place, in health clinics, and through community outreach programs.

Improving control of sexually transmitted infections is one of the most effective strategies for limiting the spread

of HIV/AIDS. USAID leadership helped develop and promote this approach to STI management. It is cost-effective in settings where laboratory services are not available or affordable.

USAID supports research to develop low-cost, rapid diagnostic tools for STIs that are appropriate for limited resource settings. Several countries now produce a simple dipstick test for detecting HIV antibodies. A second groundbreaking technology developed with USAID support, the plasma separator

card, allows syphilis testing using a drop of blood taken from the finger. The test provides results within 20 minutes so that infected individuals can be treated immediately.

Patients' beliefs about the causes of illness and their perceptions of the quality of available services influence whether, where, and when they seek care. USAID has developed and field-tested the target intervention research (TIR) methodology to bridge the gap between research and practice. To improve the quality of care, TIR uses qualitative research to identify current STI health-seeking behavior including local perceptions, terminology, practices, and beliefs. This methodology has improved country-level programs in **Ethiopia, Swaziland, and Zambia**. TIR studies are ongoing in **Benin, the Philippines, Senegal, and South Africa**.

USAID improved methodologies to inform policymakers of the relative effectiveness of various prevention strategies against the spread of HIV/AIDS. The most recent, a model named AVERT, serves as a planning tool for stakeholders and project managers to assess the effectiveness and impact of HIV prevention programs by estimating the number of HIV infections averted.

USAID's early response to the emerging pandemic in Asia includes HIV/AIDS prevention

Box 3.6. Preventing STI: Do the Interventions Work?

USAID's interventions have contributed to reducing the further spread of HIV/AIDS and to promising declines in STI/HIV transmission in specific populations. Efforts by USAID and others are beginning to show results.

■ The spread of HIV/AIDS has been slowed in San Pedro Sula, the epicenter of the disease in **Honduras**, which has 57 percent of all the reported cases of HIV/AIDS in Central America. For example, the 1994 HIV seroprevalence of 4 percent in prenatal women and 13 percent in commercial sex workers has remained constant at the 1991 level.

■ Implementation of a 100 percent condom-use policy in commercial sex establishments in **Thailand** has reduced STI incidence from 13 percent to 0.3 percent per month. The use of condoms by commercial sex workers has increased from 14 percent in 1989 to 94 percent in 1996.

■ In **Uganda**, data suggest progress in reducing the spread of HIV infection. For the third consecutive year, HIV prevalence has declined among pregnant women attending sentinel antenatal clinics in urban areas, signifying the first sustained drop in HIV prevalence in Africa. At one clinic in Kampala, HIV seroprevalence among pregnant women aged 15 through 19 declined from 26 percent in 1992 to 22 percent in 1995.

■ In the **Philippines** the HIV infection rate is still one of the lowest in Asia. Mass media, outreach interventions, and peer counselors promote behavioral changes in people that reduce the transmission of HIV. These efforts have had an impact: the HIV seroprevalence rate among groups that practice high-risk behaviors continues to remain at the 1993 baseline of less than 1 percent.

programs in **Bangladesh, India, Indonesia, Nepal, and the Philippines**. The role of mobile populations in the rapid spread of the virus in Asia has directed attention to the importance of cross-border transmission and the need for regional approaches to HIV/AIDS prevention.

Transferring Technology And Skills

The transfer of technology and skills helps ensure that local programs are effective and sustainable. Over the past decade, NGOs have demonstrated that they are in the best position to mobilize communities for HIV/AIDS prevention and care. USAID provides

financial support to NGOs and builds their strengths by improving their ability to design, implement, and evaluate HIV/AIDS programs.

Sustained, long-term capacity-building requires significant resources and specialized technical assistance. USAID used a cost-effective NGO "cluster approach" to capacity-building in **Tanzania**. Under this model, several NGOs train together, immediately apply the learned skills, and then receive timely feedback and follow-up. Since that project's inception in 1994, USAID has facilitated the creation of NGO clusters in nine regions, with participation from more than 100 NGOs. These clusters are an innovative approach to HIV/AIDS prevention programming, building on the strengths of existing organizations. Recognizing the limits to the level and duration of USAID support, the clusters are encouraged to address sustainability by generating more community support, recovering their costs, and promoting income-generating activities.

In **Senegal**, USAID provided capacity-building and training to more than 100 NGOs, community leaders, and decision-makers who are now able to design, implement, manage, and evaluate STI prevention and control programs. The involvement of religious leaders in

these programs has brought about a more open dialog on HIV/AIDS prevention.

During 1995 the Agency assisted in **Uganda's** training of health workers to utilize the syndromic diagnosis of STIs and new, effective treatment regimens. The first round of monitoring indicated that the trained staff improved their performance in diagnosing and managing STI cases.

USAID provided training and technical assistance in the **Dominican Republic** to develop plans for long-term sustainability in HIV/AIDS prevention. Such plans strengthen local organizations. They provide the framework for future assistance requests and serve as the basis for the NGOs to leverage support from other donors.

Improving the Host Country Policy Environment

USAID's leadership role in policy development at the international, country, and local levels and in the public and private sectors has helped create an environment where HIV prevention programs can operate effectively and efficiently. USAID assistance has strengthened country political commitment, promoted participation of local organizations, built capacity to conduct policy dialog, and encouraged increased allocation of resources to prevent and reduce STI transmission.

In **Indonesia**, since the creation of the national HIV/AIDS program in 1995, the government has formulated two new prevention policy statements: an endorsement of condom use as one of several risk-reduction strategies, and a statement ruling out euthanasia for people with AIDS. In addition, with USAID's support, the government developed implementation plans for HIV/AIDS prevention. In a dramatic indication of the government's increased commitment, the 1995 government health resources allocated to HIV/AIDS increased by 40 percent, from \$2.5 million to \$3.5 million.

Computerized presentation models can dramatically demonstrate to policymakers the socioeconomic and epidemiological effects of the disease. The AIDS Impact Model, developed with Agency support, has been effective in raising AIDS awareness and influencing policymakers and opinion leaders. In **Ghana** it has guided policy formulation and the programming of resources for preventing HIV/AIDS.

USAID's efforts to encourage policy dialog in **Kenya** have resulted in increased public awareness and political support

for HIV/AIDS prevention. In 1994-95 the government for the first time included a chapter on HIV/AIDS in its development plan. In addition, owing in part to USAID's advocacy, the 1995-96 government financial commitment to the National AIDS and STIs Control Program increased by 49 percent over the previous year's level.

Expanding Service Availability, Quality, and Use

Increasing condom use is a key intervention to prevent the spread of AIDS and other sexually transmitted diseases. In 1995 USAID shipped a total of 520 million condoms for family planning and HIV/AIDS prevention programs. Applying social marketing techniques to distribute condoms is now an established strategy for preventing sexually transmitted diseases. Efficient and cost-effective, social marketing increases condom availability to specific target populations and the general population. Condom sales for HIV/AIDS prevention have increased dramatically in many countries.

The 1995 demographic and health survey report in **Haiti** revealed a 40 percent increase over 1994 for condom sales levels and an increase in the treatment of STIs from 10 percent in 1991 to 69 percent in 1995. Condom distribution in **Nigeria** increased over 20 percent in one year, from 45

million in 1994 to 55 million in 1995. In **Honduras** the seven million condoms distributed in 1995 exceeded USAID's target.

Knowledge and attitudes necessary for AIDS prevention are widespread in **Kenya**, where USAID has been the lead donor in this effort. Protective behaviors are widely practiced. Condoms sold through the USAID social marketing program increased from 26,000 per month in 1990 to 500,000 per month in 1995. It is estimated that through 1995, condom use averted more than 110,000 HIV infections and 1.3 million other STI cases.

The Agency has introduced an innovative social marketing program in **Zambia** by training and selling condoms to traditional healers. This program has expanded the social marketing of condoms in rural areas through nontraditional outlets. It has also elevated the role of the traditional healers and peer educators as change agents in HIV/AIDS prevention and control. Over 50 percent of all traditional healers participating in this process are women.

The USAID-supported program in **Brazil** has generated an increased demand for condoms. During 1995, condom sales increased 61 percent over the previous year. USAID helped to strengthen the surveillance system, which monitors STI prevalence. In addition, access to STI clinical services expanded: almost 69,000 STI patients have received proper

diagnosis and treatment. Improved referral systems ensure that commercial sex workers, in particular, have access to and use the STI clinical services.

Mass media can raise awareness, change attitudes, and promote behavior change. These campaigns can be more effective when coordinated with supporting interpersonal communication interventions implemented through peer educators. USAID has served as a catalyst in moving HIV/AIDS prevention programs from providing basic information about transmission to designing communication strategies to influence individual behavioral and social norms. It has reached more than 3.4 million people with comprehensive HIV prevention education and trained more than 72,000 people to serve as educators and counselors.

In **Nepal**, where USAID is the lead donor for STI-prevention activities, the AIDS epidemic remains at low levels in groups that practice high-risk behaviors, despite the high rates seen in neighboring India. This suggests that prevention efforts in Nepal targeting these vulnerable groups may be working. In 1995, a USAID-supported program distributed 4.2 million condoms in a 22-district target area. Under this prevention program, peer educators also reached 14,000 men and women who engage in high-risk sexual behaviors.



Adolescents and sexually active adults are two target groups identified in **Tanzania** for mass media intervention. In response to research findings that showed that young people both lacked a reliable source of information about sexually transmitted infections and responded well to mass media, USAID developed several print media. One magazine, targeted to adolescents and youth, provides accurate information on AIDS and other sexually transmitted infections. This popular magazine, distributed through all government secondary schools, has fostered greater demand for the introduction of a family life and AIDS curriculum.

Conclusion

USAID's 1995 Annual Performance Report touched on the challenges ahead as the Agency moves toward the goal of stabilizing population and protecting human health. These challenges included reaching the millions and growing numbers of women who do not have access to basic health and family planning services; institutionalizing prevention services to keep millions of children from dying each year; curtailing the rapid spread of HIV/AIDS; and building sustainable systems—all with declining resources. In 1996 the decrease in development assistance funds for USAID,

staffing cuts, and closings of country programs all intensify these challenges.

The new environment for development assistance underscores the need to concentrate on sustainability. USAID promotes programs that preserve and build on progress while decreasing host country dependence on donor-provided resources and technical assistance. Interventions develop the capacity of institutions in developing countries. Ultimately, these institutions must prove capable of supporting services without external assistance. USAID's population, health, and nutrition programs address this aim.

Integrated programming capitalizes on the linkages between the four objectives, building on the Agency's strengths in developing new approaches and technologies. A new program in West and central Africa, for instance, seeks ways to support family planning and HIV/AIDS programs in countries where USAID does not maintain a Mission, working through local and international NGOs. A new breastfeeding program, to be managed by USAID/Washington, integrates into a single program elements previously supported as separate activities for family planning, child survival, and maternal health.


Programs place considerable emphasis on the need to build local capacity. Local NGOs are more often the target of a broad

range of technical assistance. Strategies include promoting cost-recovery, training of trainers, and development of curricula and cross-cutting systems.

In addition to capacity-building, a number of programs in population, health, and nutrition have incorporated cost-recovery elements into their strategic plans. Countries and programs addressing cost recovery in their plans represent a broad range of stages of development. They include **Bangladesh, Bolivia, Ecuador, Ethiopia, Indonesia, Jamaica, Kenya, Morocco, and Peru.**

In certain countries in the past year, the Agency began to develop phase-out strategies that can serve as models for other countries and sectors. In **Morocco**, the transition plan for population, health, and nutrition applies a definition of sustainability geared to strengthen the capacity of the public and private sectors to provide high-quality services. Ensuring that services are valued by the population helps to guarantee that adequate national resources will be committed for their continued delivery.

The host country policy environment will become more critical as USAID identifies the necessary conditions for sustainability. USAID assistance develops and strengthens host country political commitment, promotes participation of



local organizations, and encourages increased allocation of local resources to the sector. Policy work will look more to quality of care, government budget allocations, advocacy skills building, and strategic planning. As health programs become more decentralized, subnational regions require the capacity to lobby and plan for their specific needs. USAID policy development activities also recognize that sustainability of programs depends on broadening the base of support for policies. Programs support increased participation by beneficiaries in policymaking, outreach to national and community leaders outside the population and health sector, and wide dissemination of policy-relevant data and information.

Lessons learned will continue to inform program design and implementation. While there have been advances in integration of obstetric services and reduction of maternal mortality in some model areas, USAID will continue to advocate the necessary political will and

resource allocations to address the problem. The Agency will continue to seek even more cost-effective models of care for maternal mortality reduction.

HIV knows no borders. The response to the HIV/AIDS pandemic must be equally dynamic. It requires a unified global response to HIV/AIDS prevention, research, care and management. In 1997 the Agency will launch the third major phase of its HIV/AIDS program, building on lessons learned during the past decade.

USAID's interventions to expand service availability, quality, and use will build on effective approaches that produce results in an efficient, sustainable manner. The Agency's development of Integrated Management of Child Illness, in collaboration with WHO and UNICEF, provides a striking example. The approach to child survival programming maintains and builds on the key components of child survival, yielding a functional, sustainable package.

An emphasis on systems enhances the sustainability of interventions. Efforts to piggy-back essential drugs onto contraceptive distribution systems, and vitamin A distribution onto immunization programs, are two illustrations of making the most of logistics systems. USAID will combine with ongoing immunization programs its efforts to replicate worldwide polio eradication in **Latin America and the Caribbean**. Progress to eradicate polio will concurrently strengthen related immunization and surveillance systems.

USAID's emphasis on sustainability is an increasingly important aspect of the Agency's population, health, and nutrition programs. In addition, USAID programs continue to address the life-threatening, urgent health needs in developing countries. The Agency and its partners have made considerable progress toward reducing unintended pregnancies, child and maternal mortality, and spread of sexually transmitted infections among key populations, but considerable work remains.





Protecting the Environment



Environment Highlights

For at least two decades, USAID has operated with the conviction that fostering a healthy environment is essential to supporting sustainable development across the board. Economic growth, democracy, population and health, humanitarian assistance—all sectors are affected in some way by environmental health, or lack of it. Moreover, the Agency recognizes that environmental degradation outside U.S. borders ultimately threatens the economic and national security of the United States. USAID's goal of protecting the environment rests on five objectives:

Conserving the World's Biodiversity

Since 1987, USAID has worked in more than 100 protected areas in 60 countries to conserve globally significant habitat.

■ In Guatemala, USAID's work with 16,000 people living outside the Maya Biosphere Reserve, one of the Central America's most biologically rich areas, has saved 410,000 hectares of rain forest.

■ USAID helps nongovernmental organizations (NGOs) and local communities, which protect biodiversity throughout Africa, Asia, and Latin America. In Latin America alone, these NGOs contributed to more than 90 national and international environmental policy initiatives in 1995.

Mitigating Global Climate Change

USAID is reducing net emissions of greenhouse gases and, at the same time, promoting economic growth and environmental management in nine partner countries.

■ A rural electrification program in the Philippines reduced power-line losses by 3 percent, averting emission of 250,000 metric tons of greenhouse gases a year from a heavily polluting coal-powered plant.

■ In Mexico a high-efficiency lighting program reduced electricity costs while averting annual emissions of 118,000 metric tons of carbon dioxide.

Improving the Urban Environment

USAID assistance to 24 countries has helped improve the quality of life for millions of city dwellers.

■ Since 1980, 20 million Egyptians have benefited from USAID work to provide water and wastewater services to Alexandria, Cairo, and other cities.

■ With the help of a housing guaranty loan, a town in the Czech Republic was able to connect all of its homes to natural gas, thus allowing the town to have its first clean winter ever. The natural gas also helped bring back to productivity a brick factory that had been idle since 1934.

■ In the Philippines a demonstration program in cost-effective pollution prevention has reduced the country's emission of industrial organic pollution by almost 2 percent and yielded an estimated \$30 million in annual savings to the private sector.



Encouraging Environmentally Sound Energy Services

The Agency is helping 16 countries shift to sustainable energy systems that yield economic and environmental benefits.

■ The Indonesian government purchased 30 wind turbines from an Oklahoma-based firm after an initial USAID investment of less than \$25,000 for a wind power demonstration project. The Indonesian purchase has yielded \$1 million in direct U.S. exports to date.

■ USAID advisers helped the Hungarian Energy Office develop the grid code and regulatory framework that attracted \$1.3 billion in financing for six electricity distribution companies and two generation companies.

Sustainably Managing Natural Resources

USAID is helping communities and governments in 35 countries manage coasts, forests, fresh water, and agricultural lands more productively and with less environmental damage.

■ Throughout sub-Saharan Africa, the Agency is increasing the food security of millions of people. In food-insecure Niger, such techniques as planting trees for windbreaks and building water conservation ditches helped increase crop yields by as much as 50 percent,

■ In water-scarce Morocco, USAID assistance in passing a water law and introducing new irrigation technologies has led to a 20 percent water saving in agriculture.

Protecting the Environment

Since the 1970s, one principle has guided USAID's environmental programs: careful management of natural resources is essential if investments in development are to yield sustainable benefits. Unpolluted and productive lands and waters are essential for food security and long-term economic growth. Clean air and potable water are fundamental to the health of communities. Global environmental degradation ultimately threatens not only developing countries but also the economic and national security of the United States and the rest of the world. For this reason, USAID's environment program is vital to the achievement of its overall sustainable development goals.

USAID and its partners from more than 50 countries made significant inroads this year in addressing environmental problems that affect developing nations, countries in transition, and the global community (see map 4.1 for country programs with strategies contributing to the environmental goal). In countries as different as **Guatemala** and **Ukraine**, the Agency achieved measurable progress toward reducing two threats to the global environment—loss of biological diversity and global climate change.

USAID support for innovative environmental policies and technical approaches both promotes environmental sustainability and bolsters other sustainable development goals: promoting democracy, economic growth, improved public health, and natural disaster prevention.

For instance, Agency-supported sustainable agriculture activities helped farmers conserve soil and water resources while increasing their crop yields and incomes. USAID assistance also helped environmental NGOs and indigenous communities conserve **Indonesia's** world-renowned biological diversity and fostered a stronger civil society. USAID support to poor urban communities in **Lima, Peru**, encouraged simple solutions for solid-waste disposal and reduced the danger of cholera and other waterborne diseases. Assistance to farmers in **Senegal** helped them manage their fragile lands to increase their incomes and improve food security.

USAID's environmental initiatives have also led to larger multilateral programs with the World Bank, host country governments, and other international donors. Moreover, the Agency has brokered partnerships that helped U.S. businesses realize new opportunities in the growing international environmental management industry.

USAID helped countries improve the sustainability of their development efforts. Much work remains to be done, however, to arrest environmental degradation. For example, an estimated 10 million hectares of forest—an area the size of Virginia—were cut down in 1995 in Africa, Asia, Latin America, and Russia. Trees were felled to expand cropland, build cattle ranches, and extract timber. Profitable in the short run, ultimately most of these activities will fail because they are poorly suited to local ecological conditions. Negative trends persisted in other areas: loss of biological diversity, climate instabilities (which many attribute to greenhouse gas emissions) increase in air and water pollution, and degradation of natural resources.

Map 4.1. Programs With Strategies Contributing to the Environment

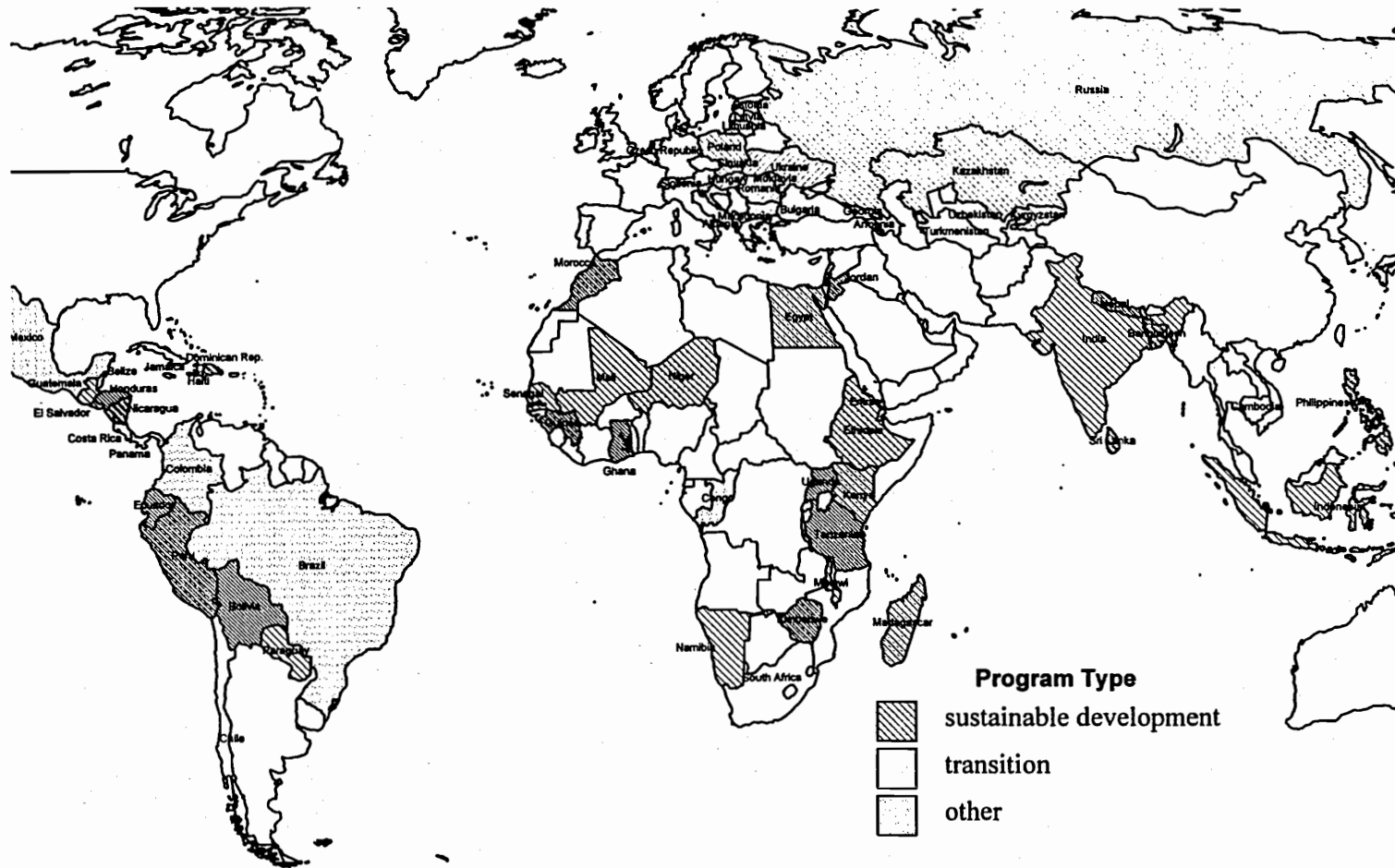
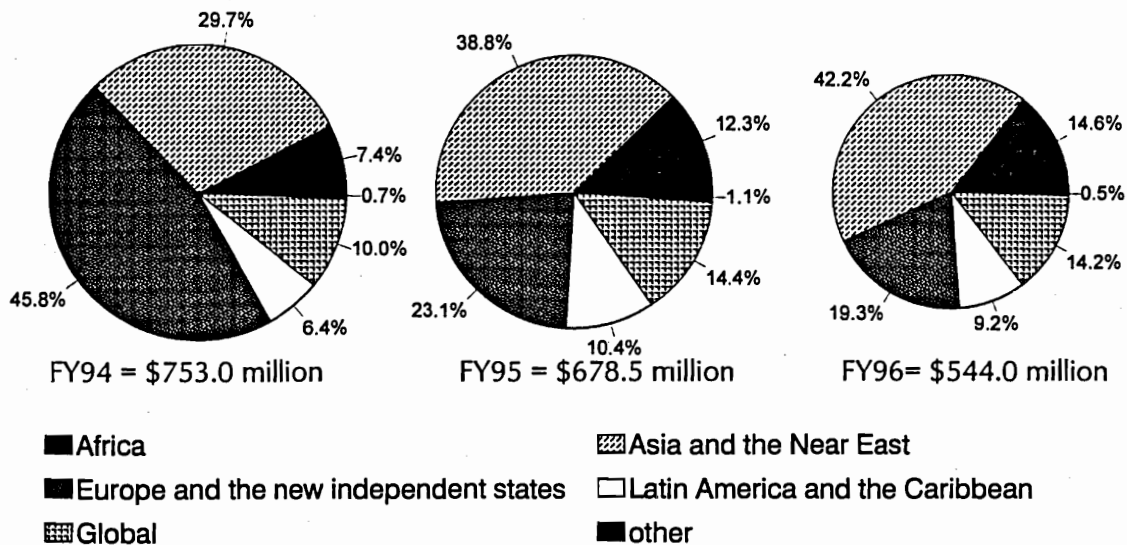


Figure 4.1. USAID Environment Obligations By Region, 1994–96



Note: Egypt alone accounts for more than 20 percent of the environmental budget.
 Source: USAID; Europe and the new independent states percentages are based on best estimates.

Budget cuts jeopardize USAID's ability to achieve results in environmental protection in the face of negative trends. The Agency's 1995 environmental obligations total \$678.5 million, nearly a 10 percent drop in funding from last year's \$753.0 million (see figure 4.1). The 1996 environment budget is expected to be cut by another 20 percent, to \$544 million.

Already, the Agency's environmental funding to central and Eastern Europe and the former Soviet Union has been halved, although the region is among the world's most polluted. Should these trends continue, the United States risks losing its leadership role in the environment among international donors. It may also

lose its effectiveness in helping countries adopt solutions that protect the environment and meet their economic and social needs.

Repercussions from budget cuts include

- Impairing USAID's ability to identify potential pilot investments in central and Eastern Europe through the Environmental Action Program, a multidonor effort to address environmental degradation in the region
- Diminishing the ability of Indonesian municipalities to reduce pollution through provision of environmental infrastructure and by reducing participation of local NGOs and communities in urban environmental issues

- Shrinking the number and scope of existing environmental investments.

USAID's 1995 Environment Objectives

The environmental strategic framework (see figure 4.2) developed last year established the following objectives for USAID's goal, "environment managed for long-term sustainability":

- Conserving biological diversity
- Reducing the threat of global climate change
- Promoting sustainable urbanization and improving pollution management

■ Increasing the provision of environmentally sound energy services

■ Sustainably managing natural resources

In 1995, 52 Missions, or 60 percent of USAID's field-based programs, pursued at least one of these objectives (see table 4.1). Washington-based regional and global bureaus also supported environment objectives.

To achieve the greatest impact from the Agency's environmental programs, each region concentrated its efforts on particular Agency objectives. USAID programs in **Africa** reflected "green" priorities—biodiversity conservation and natural resource management. Programs targeted sustainable agriculture, community-based natural resource management, and wildlife conservation. Environmental objectives in **central and Eastern Europe** and the **new independent states** were directed to "brown" environmental problems—air and water pollution and inefficient energy generation. However, because of budget cuts, only 12 Missions pursued environmental objectives in 1995, down from 20 in 1994.

In **Latin America and the Caribbean**, the Agency maintained strong biodiversity and natural resource management programs. In 1995, following the establishment of the Environmental Initiative for the Americas (see box 4.1), Missions in Latin America assumed objectives to address the region's growing urban and industrial pollution. In **Asia and the Near East**, the most geographically and ecologically diverse region in the portfolio, strategic objectives encompassed both green and brown issues.

Measuring Environmental Performance

Field Missions and Washington bureaus took several steps this year to measure environmental performance. The Global Bureau's Environment Center adopted a new strategic plan with performance indicators for its three environment offices. A team of environmental and performance measurement experts helped USAID/**Philippines** in a pilot effort to develop indicators that capture that Mission's full range of environmental impacts.

These developments highlighted several inherent challenges and lessons in measuring environmental performance. Since environmental trends often take a long time to emerge and change, USAID's results may not be immediately apparent. Monitoring environmental change can be expensive and complex when the full spectrum of ecological systems is taken into account. Finally, many environmental problems are cross-sectoral. Measuring program outcomes requires monitoring systems that take into account economics, governance, health, and benefits that are difficult to quantify, such as the benefits of breathing unpolluted air.

Despite these challenges, the Agency has made significant progress over the last few years in identifying and documenting its environmental performance and results. Through procedures adopted under reengineering in 1995, Missions actively monitored their environmental performance, and they used this information to manage their programs. Four Missions—**Brazil, El Salvador, Honduras, and Jamaica**—sorted their results data by gender.

Figure 4.2. Environmental Strategic Framework, 1996: Number of Country Programs Contributing to Each Objective

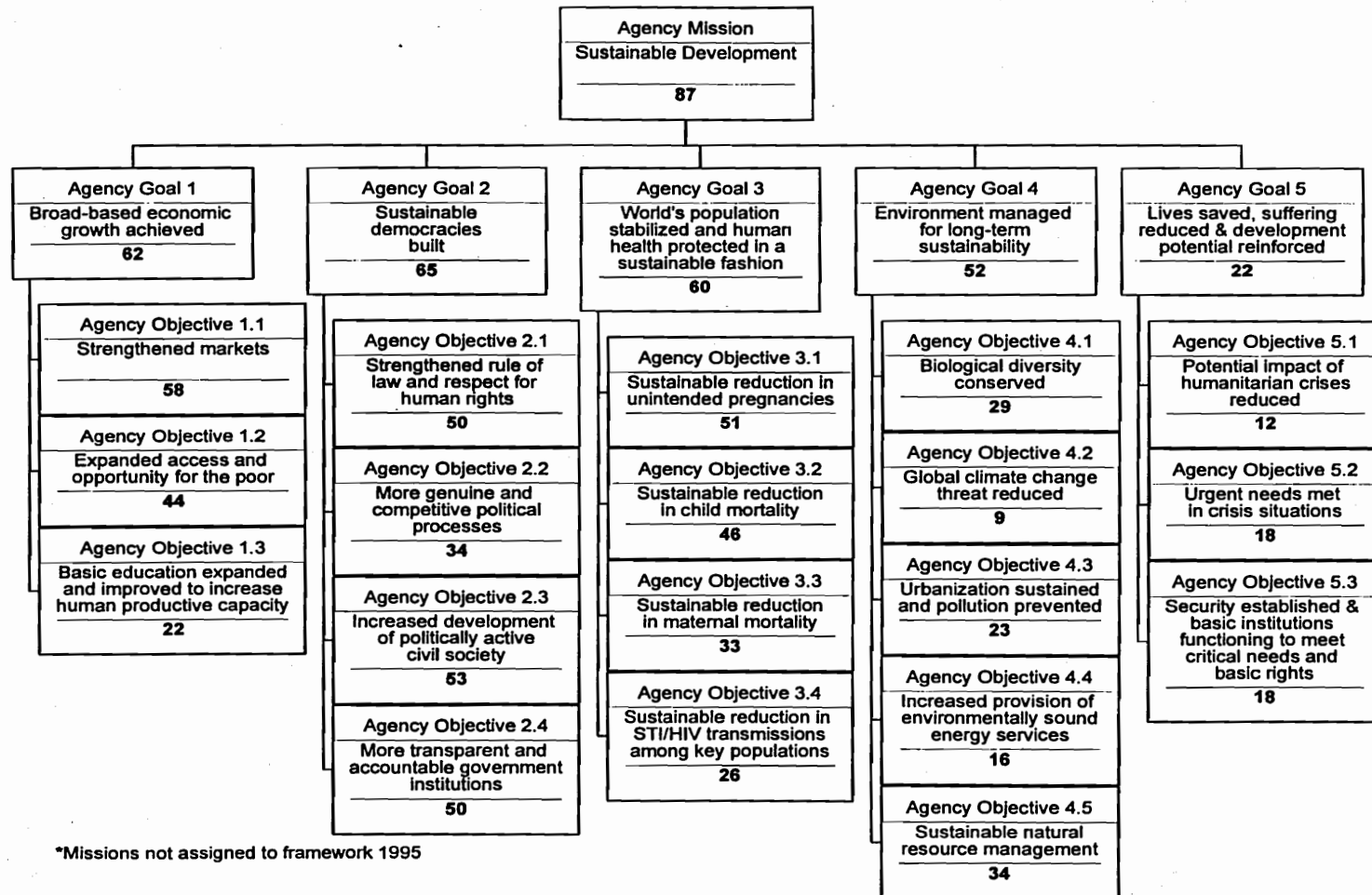


Table 4.1. USAID Missions with Environmental Objectives in 1995

	Africa	Asia and the Near East	Europe and the New Independent States	Latin America and the Caribbean	Total
Number of countries	27	15	29	16	87
Number with environmental objectives	14 (52%)	11 (73%)	12 (41%)	15 (94%)	52 (60%)
Objective 4.1: Biological diversity conserved	Congo, Ghana, Kenya, Madagascar, Malawi, Mali, Namibia, Tanzania, Uganda, Zimbabwe (9)	Egypt, India, Indonesia, Nepal, Philippines, Sri Lanka (6)	Bulgaria (1)	Bolivia, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru (13)	29 (33%)
Objective 4.2: Global climate change threat reduced	None	India, Indonesia, Philippines (3)	Kazakstan, Poland, Russia, Ukraine (4)	Brazil, Mexico (2)	9 (10%)
Objective 4.3: Sustainable urbanization promoted and pollution management improved	None	Egypt, India, Indonesia, Jordan, Morocco, Philippines, Sri Lanka, West Bank-Gaza (8)	Bulgaria, Kazakstan, Lithuania, Romania, Russia, Slovakia, Ukraine (7)	Dominican Republic, Ecuador, Haiti, Jamaica, Mexico, Panama, Paraguay, Peru (8)	23 (26%)
Objective 4.4: Increased provision of environmentally sound energy services	None	Egypt, India, Indonesia, Philippines (4)	Armenia, Georgia, Hungary, Lithuania, Moldova, Poland, Romania, Russia, Ukraine (9)	Brazil, Dominican Republic, Mexico (3)	16 (18%)
Objective 4.5: Sustainable natural resource management	Ethiopia, Guinea, Madagascar, Malawi, Mali, Namibia, Niger, Senegal, Tanzania, Uganda (10)	Bangladesh, Egypt, Indonesia, Jordan, Morocco, Nepal, Philippines, Sri Lanka, West Bank-Gaza (9)	Kazakstan, Ukraine (2)	Bolivia, Brazil, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru (13)	34 (39%)
Other: National institutional and policy strengthening	Guinea, Madagascar, Malawi, Namibia, Tanzania, Uganda (6)	Cambodia, Indonesia, Morocco, Sri Lanka (4)	Russia (1)	Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Peru (6)	17 (20%)

¹ Environmental objectives are based on 1995 field mission submissions of approved strategic and performance monitoring plans. This table excludes all regional and global bureaus, such as the Latin American and Caribbean Regional Program (G-CAP), the Asia Environment Partnership, and the Global Bureau's Environment Center.

² The Africa Bureau has launched CARPE, a major global climate change program.

³ National environmental institutional and policy strengthening is a major component of USAID's portfolio that currently falls outside the environmental strategic framework's five objectives.



Box 4.1. New Beginnings: Regional Energy Initiatives

In the past year, USAID has launched several initiatives that integrate activities in energy efficiency, renewable energy, and cleaner technology to benefit entire regions. Asia's Sustainable Energy Initiative (ASEI) capitalizes on the expertise of various Agency energy programs to address Asian energy needs. For example, USAID-ASEI has created a Utility Partnership Program through the U.S. Energy Association. The program establishes cooperative relationships between U.S. and Asian utilities to improve the environmentally sound use and supply of electric power. U.S. partnerships have been established with utilities in **India, Indonesia, and the Philippines**. They will address such issues as identifying technical losses in transmission and distribution lines, and building the appropriate level of management skills to manage plants more efficiently.

USAID created another regional program, the Environmental Initiative for the Americas (EIA), in response to an agreement reached at the Summit of the Americas in 1994. The North and South American countries agreed to form partnerships to "guarantee sustainable development and conserve our natural environment for future generations." The EIA is designed to complement existing bilateral environmental cooperation. Its special emphasis is on industrial and urban pollution, sustainable energy production, and coastal zone management. The energy component of EIA promotes three strategies for sustainable energy production and use: developing low-cost, reliable, clean systems; utilizing conservation principles and renewable energy resources; and improving the management of power use and consumption in the urban, industrial, rural, and transportation sectors. Several EIA-supported activities are described in this chapter.

The following sections provide an overview of the environmental results that USAID and its partners achieved in 1995. These accomplishments illustrate the need to continue support for the environment to achieve the Agency's goal of helping nations move toward sustainable development.

Conserving Biological Diversity

This year more than 1,500 leading scientists from around the world, working under the auspices of the UN Environ-

ment Program, reached a consensus: the destruction of natural habitat has accelerated species extinctions from 50 to 100 times above natural levels. Evidence shows this rate will only increase if habitat loss continues at the present rate. The disappearance of biological diversity has serious implications for humans. Maintaining biological diversity is crucial for economic sectors including agriculture, pharmaceuticals, and tourism. The bulk of the world's food supply depends on genetic variability to maintain resistance to pests, droughts, and other natural disasters. The 20 best-selling drugs in this country—representing \$6

billion in sales—were derived from plants, animals, and microbes. Plants and animals are also a source of food, medicine, clothing, and labor for people in developing countries.

USAID's commitment to conserving biological diversity centers on working with countries to stem habitat loss. Since 1987 the Agency has supported the largest biodiversity program of any bilateral donor. It has helped more than 60 countries maintain the integrity of biologically diverse ecosystems of national and global value. To guide the direction of the Agency's biodiversity portfolio,

USAID completed an Agency-wide strategy and policy in 1996 that systematically targets assistance to the world's most biodiverse and unique habitats.

This year 29 USAID country programs, the regional bureaus, and the Global Bureau's Environment Center pursued at least one of three approaches in the Agency environmental strategic framework (see figure 4.3):

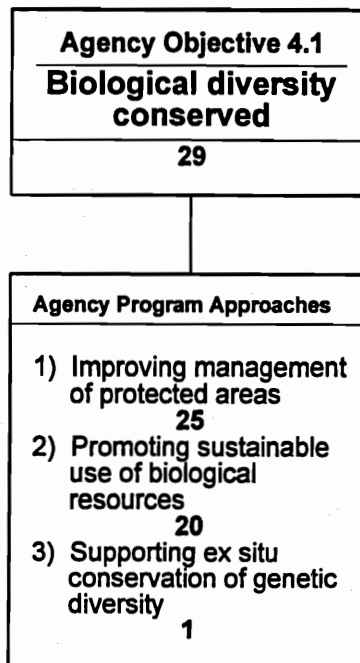
- Conserving biodiversity inside protected areas
- Encouraging sustainable use of biological resources in protected and critical unprotected habitats
- Promoting *ex situ* conservation (conservation of animals and plants outside their natural habitats) to preserve species and their genes in managed environments such as seed banks

Improving Management Of Protected Areas

USAID's primary approach is to work with countries to strengthen protected areas, safeguarding a wide range of ecosystems—deserts, wetlands, savannas, rain forests, and coral reefs. The Agency has pursued a multipronged strategy in more than 100 protected areas that cover more than 40 million hectares worldwide, an area nearly the size of California. This approach encompasses four basic strategies:

- Designating species-rich and unique habitats and ecosystems for legal protection

Figure 4.3. Number of Country Programs Contributing to Agency Objective 4.1



- Building in-country institutional capacity to manage these areas

- Linking the benefits of promoting parks to the people who live in and around them

- Securing long-term financing to ensure the viability of conservation initiatives beyond USAID assistance

Globally, countries have made impressive strides in incorporating additional habitat into their protected areas. The total land area under legal protection over the last decade has doubled (see figure 4.4).

USAID played a role in ensuring that critical habitat is protected in several countries with exceptional biological wealth, including **Bolivia, Ecuador, Guatemala, Madagascar, and Uganda**. The Agency helped add more than 405,000 hectares to **Mexico's** protected-area system since 1990. As a result, 45 percent more forested land is now under protection. Although countries made headway in protecting their land, more work is needed. The area set aside for protection in tropical developing countries, the storehouse of most biologi-

cal diversity, falls far short of the global average and is insufficient. Left unprotected or poorly managed, vital terrestrial and marine ecosystems remain vulnerable to many threats.

USAID has achieved notable success in building local and national capacity in protected areas management, as documented in a USAID evaluation released in 1995. Parks in Peril, the Agency's largest regional program devoted to strengthening protected areas, has improved on-site management in

28 parks in Latin America covering 7.8 million hectares. USAID support included training park guards, building basic infrastructure, and demarcating borders. In five countries, seven parks covering an area the size of Vermont have progressed to the point where USAID funding is no longer required. Parks in Peril also has strengthened 19 Latin American NGOs, several of which have become highly influential in their own countries and internationally. In 1995 these NGOs helped build a stronger civil

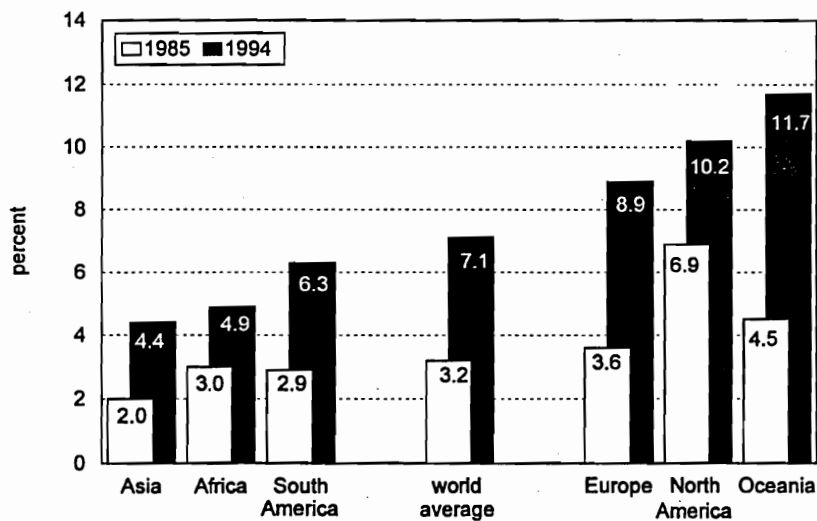
society in Latin America through their active involvement in more than 90 national, regional, and international environmental policy initiatives.

Encouraging communities living in and around parks to benefit from biodiversity conservation is another area showing promising results. In Madagascar, USAID helped women from seven villages near Ranomafana National Park realize a direct link between conservation and income generation. The women had sold flowerpots made of forest ferns. Because of overharvesting, they lost their earnings.

USAID helped them establish an artisan group and kiosk near the park entrance and taught them how to make crafts from sustainably harvested natural materials. The women report they are now able to buy basic food staples that once were too expensive, and the ferns are growing undisturbed in the park. The USAID-supported national park service has begun coordinating environmental management activities in and around protected areas.

These kinds of community-based initiatives play an indispensable role in reducing serious threats to biodiversity. In Madagascar's Mantadia National Park, for example, *tavy*, or slash-and-burn agriculture, had been a major problem before USAID entered the area in 1991. The Agency introduced alternative agricultural systems, agroforestry, environmental

Figure 4.4. Percent of Land Area Under Protection, 1985–94



Source: World Resources Institute.

Table 4.2. USAID-Supported Environmental Endowment Funds

Endowment	Year Established	USAID Funding (\$US millions)	Amount Leveraged (\$US millions)
Costa Rica Cordillera Development Foundation	1990	10.0	N/A
Jamaica National Parks Trust Fund	1990	0.2 ^a	0.8
Foundation for the Philippine Environment	1992	18.0	0.2
Honduras Environmental Trust Fund	1993	10.0	6.2
Indonesia Biodiversity Foundation	1995	16.5	4.7
Panama Ecological Trust	1995	8.0	17.0
Madagascar National Environmental Endowment Fund ^b	1996	12.0	12.0
Mexico Nature Conservation Fund	1996	19.5	10.0
Total		94.2	50.9

^aUSAID purchased \$0.4 million in debt through an initial \$0.19 million investment.

^bUSAID's nonproject assistance contribution led to a Madagascar contribution of \$12 million in local currency for that country's environment fund.

education, and measures to strengthen park management and enforcement. By 1994, tavy was reduced 65 percent inside the park. It was arrested completely in 1995. Tavy ceased in Ranomafana National Park following USAID assistance as well.

Another Agency priority is to secure financing to ensure the long-term economic viability of USAID's conservation programs. According to a 1996 USAID study, the Agency is a leader among donors in establishing environmental endowment funds. Since 1990 it has

committed \$94.2 million to launch eight environmental endowments, leveraging \$50.9 million in actual or expected contributions from donors, governments, and other outside sources (see table 4.2).

Funds have helped countries realize a broad range of benefits for sustainable development. In the case of the Mexico Nature Conservation Fund, hundreds of NGOs and community leaders joined together to lay the groundwork for the endowment. This, in turn, helped strengthen Mexico's civil society. The establishment of Madagascar's

fund led to legislation to create the country's first private foundation. That precedent is expected to set the stage for other foundations. Assistance in establishing Indonesia's Biodiversity Foundation helped build the local NGO that manages the foundation into one of the country's premier environmental organizations. The NGO has contributed to several non-USAID projects, including designs for a \$150 million multidonor coral reef protection program.



The Agency also has encouraged innovative financing plans to link the benefits of biodiversity conservation with their costs. USAID and its partners are studying a proposal to set up a groundbreaking fund with the water authority of Quito, **Ecuador**. The fund, financed by a \$2 annual fee from the city's 250,000 paying water users, will support management of a park that provides the city's water and is home to the endangered condor. This could link beneficiaries of conservation (Quito's water users) to the cost of managing a precious resource—the capital city's primary source of potable water. If successful, this effort will serve as a model for similar programs in other countries.

Such innovative financing schemes have led to significant leveraging of resources from other development agencies and the private sector.

■ The Agency's modest support in **Nepal's** Chitwan National Park and Makalu-Barun National Park, averaging \$200,000 a year since 1989, contributed to additional donor involvement valued at \$3 million. With secure funding in hand, the Nepalese parks were phased out of USAID's program in late 1996.

■ USAID assistance to bolster ecotourism in **Uganda** helped its park service increase revenues by nearly 900 percent in the last three years. A portion of park user fees was to have been set aside for local commu-

nities beginning in 1996. Moving ahead as a test case, one national park gave the local park management advisory committee \$50,000 for community-initiated projects.

Promoting Sustainable Use of Biological Resources

The biological diversity in the 93 percent of land area not officially protected must also be managed to ensure the integrity of ecosystems and sustainable development. Mismanagement of unprotected lands makes them and adjacent protected lands vulnerable to habitat and species loss. USAID's strategy is to help lay a firm foundation for local people, the private sector, and governments to capture economic and social benefits through sound use of biological resources. This motivates citizens to value and protect their natural resources (see box 4.2).

Ensuring that communities have legal tenure over their land is a crucial step in making them stakeholders in conservation. In **Bolivia, Indonesia, Peru, and the Philippines**, USAID's Peoples and Forests Program has helped 26 indigenous communities maintain their ancestral lands for sustainable resource use.

In East Kalimantan, a province of Indonesia, the program worked closely with the Bentian Dayak people to

keep 150,000 hectares of rain forest from being cut down. The land was used for generations under a strict regime of rotational gardening, hunting, and gathering that met the community's subsistence needs. Although this regime conserved the forest, the land was at risk of being converted for a logging or resettlement venture.

Lacking official land title, the Bentian community had little say over the future of their territory. USAID helped the community map its forest and document traditional land-use practices. This is expected to lead to the Bentian securing tenure over their ancestral land. It has already contributed to a national dialog on the role of community forest management in Kalimantan.

Similar efforts with the Tarahumara indigenous community in northern **Mexico** motivated local people to regain control of their land and way of life. Their forests were threatened by unregulated logging and encroaching marijuana and opium farms. A USAID-supported grass-roots effort, led by a Mexican NGO, resulted in official recognition of a 17,000-hectare community forest reserve for Tarahumara lands. Since the reserve's establishment, deforestation has decreased, two illegal logging operations have been closed, and drug growers have been driven from indigenous lands. Moreover, the leader of the effort was given the prestigious Goldman Environmental Prize

for North America for his work defending the human rights and lands of the Tarahumara.

Supporting Conservation Of Genetic Diversity

To complement programs that maintain biodiversity in their natural setting, USAID promotes ex situ conservation. The goal is to preserve the genetic diversity of species outside their natural habitats in managed environments, such as seed and sperm banks. Ex situ conservation is critical to regional and global food security. Preserving the genetic variability of crops is essential for agricultural systems to maintain resistance to environmental stresses such as pest infestations and droughts.

The Agency carries out its ex situ conservation program primarily through support for the Consultative Group on International Agriculture Research centers (CGIAR). The centers manage the world's largest international effort to preserve and use agricultural biodiversity through gene banks.

The CGIAR program covers crops and their wild relatives, forest and agroforestry species, livestock, and aquatic resources. For instance, following the civil war in Rwanda, CGIAR worked with other international donors to reintroduce planting material adapted to the local environment. This assistance, combined with food aid in some areas, allowed farmers to begin replanting immediately after

Box 4.2. Alleviating Poverty Through Sustainable Rain Forest Use

Subsistence farmers living outside one of Central America's most biologically rich areas are learning nondestructive ways of harvesting the forest to achieve a better quality of life. It was the search for a better way of life that first brought waves of farmers to **Guatemala's** Petén region in the 1970s. Living outside the Maya Biosphere Reserve, they practiced slash-and-burn agriculture and unsustainable harvesting with great hardship. Each farmer earned an average \$70 a month and contributed to one of the highest deforestation rates in Latin America.

USAID and various Guatemalan and U.S. organizations have helped more than 16,000 people in the region lower the "deforestation curve." In the village of San Miguel, for instance, USAID helped residents gain land security and forest management rights in return for assuming responsibility for maintaining 5,000 hectares of forest cover. Residents learned to make fine furniture using a sustainably produced and harvested rattanlike vine. Rather than burning an additional 10 acres of forest each year to plant corn, farmers now earn more than \$250 a month each from furniture sales.

As a result of USAID assistance, an estimated 410,000 hectares of natural habitat has been saved from conversion to cropland in the Petén. In addition, the Agency has helped the National Council for Protected Areas, USAID's primary government counterpart, increase its non-USAID financing from \$80,000 in 1990 to \$885,000 in 1995. That exceeded its target of \$800,000.

hostilities ceased. Similar activities have taken place in **India and Somalia.**

Reducing the Threat Of Global Climate Change

Evidence continued to build this year in support of the theory that human-induced emissions of greenhouse gases such as carbon dioxide and

methane, which trap heat in the earth's atmosphere, have caused a measurable rise in average global surface temperatures since the turn of the century. The findings from a recently released report of the Intergovernmental Panel on Climate Change indicate that observed temperature changes in the past century are unlikely to be the result of natural climatic variation alone. According to the latest climate models, if population growth and eco-

conomic expansion continue at moderate rates with no attempt to reduce current greenhouse gas emissions, the earth's surface temperature could rise by as much as 2°C by the year 2100. An increase of this magnitude is predicted to cause shifts in agricultural zones, higher sea levels, and more frequent weather-related disasters in both industrial and developing countries.

Greenhouse gas emissions from industrial countries continue to increase. However, emissions from developing countries will increase at almost double that rate for the immediate future because of rapid economic expansion, high population growth, and continued use of highly polluting

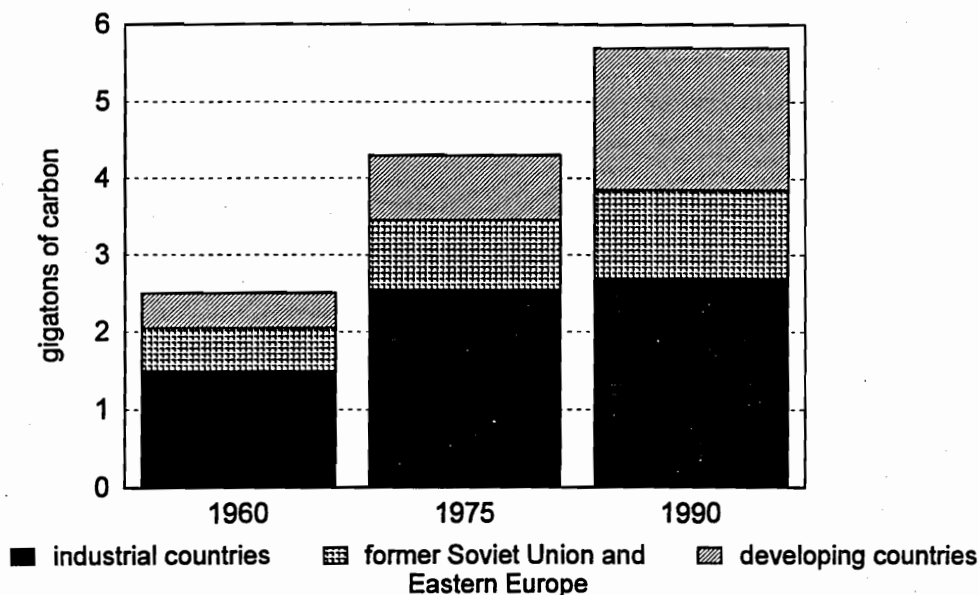
technologies (see figure 4.5). As a result, developing countries will increase their share of global emissions of carbon dioxide from less than one third to almost one half by the year 2010. USAID's global climate change strategy, therefore, demonstrates a strong commitment on the part of the U.S. government to work with developing countries to reduce this global threat.

The Agency's global climate change strategy aims to reduce greenhouse gas emissions from energy and land use in developing countries and countries in transition. The program targets nine countries (see figure 4.6) and central Africa. In 1992 these countries were responsible for 22 percent of the global

industrial emissions of carbon dioxide. Two major climate-change countries, Brazil and Indonesia, lead the developing world in carbon dioxide emissions from land-use change, primarily owing to deforestation. USAID's sustainable energy and forestry programs in other countries also contribute to slowing possible climate change. And all climate-change programs contribute to economic growth and address local environmental needs.

The Agency is also involved in the international Climate Technology Initiative. This endeavor encompasses a set of integrated national and international activities sponsored by member countries of the Organization for Economic

Figure 4.5. Global Carbon Dioxide Emissions From the Energy Sector



Source: Second Assessment Report of the IPCC, Scientific-Technical Analyses, 1996.

Cooperation and Development. The initiative accelerates the development, application, and diffusion of climate-friendly technologies. USAID also collaborates in two multiagency efforts advancing the U.S. commitment to climate-change mitigation (see box 4.3).

Reducing Greenhouse Gas Emissions From Energy Use

The energy sector is the principal source of greenhouse gas emissions in many of USAID's major climate-change countries. To reduce these emissions, the Agency promotes dissemination of energy-efficient and renewable-energy technologies in the nine key

Missions. USAID collaborates with developing-country partners to promote better demand-side management to reduce inefficient energy use. The Agency also helps electric utilities increase the efficiency of power production and distribution. For example, USAID-sponsored rural electrification in the **Philippines** reduced average power-line losses by 3 percent, eliminating annual emissions of nearly 250,000 metric tons of greenhouse gases from a heavily polluting coal-powered plant.

In **Mexico**, USAID carried out a high-efficiency lighting program that reduced electricity costs and consumer power bills, averting annual emissions of

118,000 metric tons of carbon dioxide. Another demand-side management program provided 23 firms with low-cost and no-cost industrial audits and sector-specific strategies for saving energy. Enacting the recommendations from these audits has reduced carbon dioxide emissions by 10,000 metric tons a year.

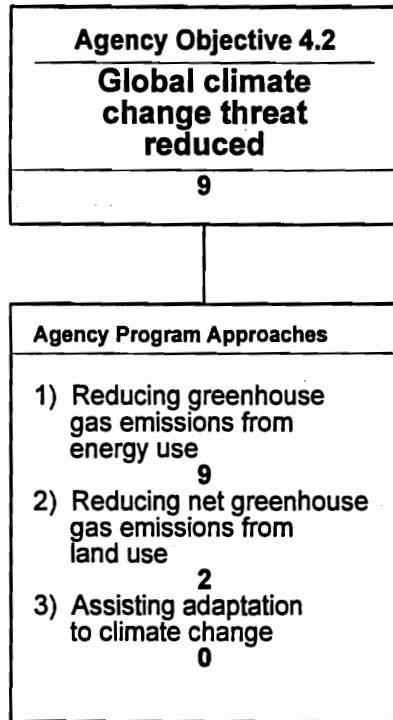
Conversion to less-polluting technologies can produce significant economic savings and reduce greenhouse gas emissions. USAID support for equipment and technical assistance helped the eight largest fossil fuel plants in **Ukraine** increase overall efficiency by 3 percent to 5

Box 4.3. Interagency Cooperation for Climate-Change Mitigation

The Agency participates in two programs that support the United States' commitment to the UN Framework Convention on Climate Change. The U.S. Country Studies Program is a collaboration between USAID and nine other U.S. government agencies. It works with developing nations and countries in transition to assess their greenhouse gas emissions, develop strategies to lower net greenhouse gas emissions, and formulate strategies for adapting to potential adverse effects of global climate change. This initiative has now supported studies in 55 countries. A recently launched follow-on program, Support for National Action Plans, helps eight countries formulate national climate-change action plans. Other countries have requested assistance. USAID funding will help support action plans in countries such as **Indonesia, Mexico, and the Philippines**.

USAID also participates in the U.S. Initiative on Joint Implementation, an interagency program carried out under the Clinton administration's Climate Change Action Plan. This initiative encourages the development and execution of voluntary, cost-effective projects between the U.S. private sector and non-U.S. partners aimed at reducing or sequestering greenhouse gas emissions. USAID is helping administer this program, which has approved 15 projects in six countries and has sponsored eight international workshops. In 1996, USAID worked with government, nongovernment, and private sector partners in **Guatemala** to develop a work plan for establishing the national joint implementation program and office.

Figure 4.6. Number of Country Programs Contributing to Agency Objective 4.2



percent a year. This translates into \$48 million in potential savings.

USAID's ongoing policy dialog with the government of **Indonesia** and financial support from USAID's Asia Sustainable Energy Initiative (see box 4.1) are leading to increased use of renewable energy resources for electricity generation. The most recent power plant completed using renewable energy resources added 55 megawatts in generating capacity. The Agency plans to help Indonesia produce nearly 600 megawatts

of generating capacity from renewable energy sources by the year 2000.

Reducing Net Greenhouse Gas Emissions From Land Use

Changes in land use in developing countries, particularly deforestation, have produced significant greenhouse gas emissions. USAID forestry programs in key countries support initiatives to reduce deforestation, increase carbon storage in existing and new forests, and support the Agency's goal of protecting

biological diversity. Forest conservation and reforestation activities in other countries also make valuable contributions to reducing greenhouse gas emissions.

USAID worked to slow climate change through improved forest management in **Brazil**. The Agency funded the first full demonstration of low-impact logging for the Amazon region. This demonstration now serves as a model for adoption by private timber companies. One firm is using the demonstrated techniques to better manage an 80,000-hectare forest tract in the state of Amazonas. In the Atlantic Forest, USAID partners have worked with the Brazilian Ministry of the Environment in the state of Bahia to institute a new forest conservation policy. This policy allocates a portion of state taxes to municipal governments that adopt measures to protect forests surrounding a protected area.

In **Mexico**, USAID has pursued forest management and conservation activities in 11 protected areas totaling 3.1 million hectares, or the equivalent of 3.8 percent of the country's remaining forests. Since the inception of these programs, the estimated rate of deforestation has dropped from 1.3 percent on average to 0.9 percent last year in the target areas. The Agency is also helping marginalized local communities develop alternative economic activities to prevent further deforestation.

Russia's forest reserves, totaling nearly one fifth of the world's forest cover, are threatened by poor economic management and environmentally unsustainable forestry practices. USAID is addressing these threats through an array of programs. The Agency has partnered with the U.S. Forest Service and its Russian counterpart to construct greenhouses in the region. These greenhouses are ensuring the provision of commercially valuable tree seedlings for the regeneration of extensive burned or cleared areas. USAID is also helping promote nontimber products, which may provide sustainable alternatives to logging. The Agency is helping private processors of nontimber forest products acquire low-cost equipment and develop access to markets.

Assisting Adaptation to Climate Change

USAID's strategy centers on activities designed to slow predicted climate change. Developing countries are particularly vulnerable to the consequences of possible climate change, such as droughts, sea-level rise, and increased damage from storms. To date, the Agency has not targeted objectives to assist developing countries in reducing vulnerability caused by climate change and increasing adaptive capacity. However, USAID programs in coastal zone management, drought and water management, and famine early-warning systems all help

countries increase their capacity to respond to any adverse effects of climate change. In addition, the U.S. Country Studies Program has included vulnerability and adaptation assessments in 40 reports.

Promoting Sustainable Urbanization and Reducing Pollution

In 1975 roughly one third of the world's population lived in urban regions. If current trends continue, more than 50 percent of the world's population will live in urban areas within 10 years. In developing nations and countries in transition, urban environmental degradation is a significant threat to the well-being of urban populations and natural ecosystems. Lack of access to clean water and sanitation services contributes to high infant and child morbidity and mortality and increases the risk of other health problems. The cost of these problems, combined with those resulting from high ambient outdoor and indoor air pollution, poses a serious obstacle to development.

Problems of the urban environment have received significant attention during the last year. The recently concluded Habitat II conference, held in Istanbul, brought to the fore the many environmental hazards that city dwellers worldwide face on a daily basis. Cities produce the majority of

any country's gross domestic product. Participants emphasized that addressing brown environmental issues of water and sanitation, municipal management, and air pollution is crucial if efforts at sustainable development are to succeed. Additionally, Habitat II emphasized the intrinsic link between these efforts and that of strengthening local governments and facilitating private partnerships to fund environmentally sound urban development.

USAID's sustainable urbanization strategy seeks to improve urban management and ameliorate poor living conditions in the world's cities. This year 23 programs had sustainable urbanization and pollution management strategies (see figure 4.7). The number of Missions pursuing this objective in Eastern Europe and the new independent states dropped as the budget for sustainable urbanization and pollution control decreased. The Environmental Initiative for the Americas has led to increased activities in the Latin America and Caribbean region. USAID's program approaches in this objective are

- Increasing access to safe water and sanitation services
- Promoting improved urban management
- Supporting pollution prevention and control

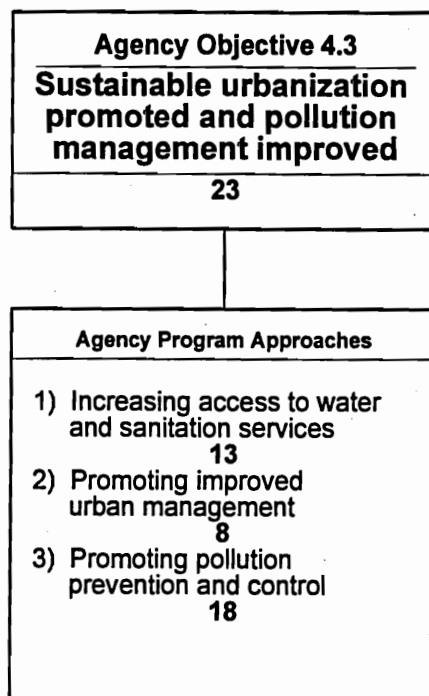
These approaches are intricately linked. It is common for USAID efforts targeting one area of sustainable urbanization and pollution management to lead to improvements in others.

Increasing Access to Water And Sanitation Services

According to the World Resources Institute, more than 220 million people in the developing world had no access to clean water in their homes in 1994, and more than 420 million did not have access to a latrine. Poor sanitation and the lack of access to potable water services have led to outbreaks of cholera and plague. The costs of fighting these outbreaks far outweigh the costs of preventive measures to provide sanitation and water services. USAID seeks to enhance access to water and sanitation services through interventions that improve and expand water supply, wastewater treatment, and solid-waste management.

The urban environment of Lima, Peru, has long suffered from inadequate solid-waste collection and disposal. Urban residents dump solid waste in rivers and open landfills without environmental controls, leading to severe water pollution. In a first step to reduce this environmental health hazard, USAID helped carry out an innovative solid-waste program in the shantytowns of Lima run by four women-owned and -managed microenterprises. These businesses collect domestic solid wastes, reclaim

Figure 4.7. Number of Country Programs Contributing to Agency Objective 4.3



recyclables, and dispose of the remainder in sanitary landfills, thus improving sanitation, protecting the environment, and providing employment for residents. Just six months into the project, 60 percent (20 metric tons) of solid waste is being collected daily in the targeted area.

Since 1980, 20 million Egyptians have benefited from USAID-supported expansions in water-treatment capacity and distribution and collection networks in major cities. In the past year, completion of construction projects in Cairo and Suez made safe water available

to more than 3 million additional people and gave 1.2 million more people access to sewage and wastewater treatment. In the West Bank and Gaza, USAID is supporting feasibility studies, planning, and construction of water systems for 150,000 residents who face a critical water shortage. Early returns indicate positive results. One intervention, for instance, has benefited 3,000 residents through support for a two-village water system and five water catchments.

In the **Czech Republic**, 40 environmental and energy-related municipal infrastructure projects, funded with a housing guaranty loan, directly benefited more than 35,000 households and 124,000 people in 26 municipalities. These projects include new sanitary sewers (to replace open drains in the nation's rivers), water lines, environmental landfills, natural gas distribution and conversion, and heat metering and control devices on residential buildings. Hundreds of Czech municipalities and commercial banks are using debt-financing techniques USAID taught them to pay for environmental infrastructure projects.

Promoting Improved Urban Management

Improved urban management is critical for sustainable urbanization and industrial pollution prevention and control as well as for promoting democracy. Direct support for infrastructure projects that alleviate the effects of urbanization and industrialization is frequently beyond the financial capacity of USAID. However, working with local partners to help establish the legal and institutional frameworks for public-private partnerships can have positive results. USAID seeks to improve urban management through training and technical assistance in legal, financial, environmental, and administrative municipal management, and through outreach programs to change public attitudes.

Using capital resources available under the housing guarantee program, USAID/**India** and USAID/**Indonesia** are helping local governments access the capital market to finance urban infrastructure investment. Recently, USAID facilitated the completion of the first credit rating of an Indian municipal government—assignment of an A+ rating to the Ahmedabad Municipal Corporation. The rating is a landmark in municipal reforms and has had a ripple effect. USAID will help the country's rating organization complete additional ratings of municipal authorities. Ahmedabad, with USAID assistance, is currently exploring the potential for capital market financing of major improvements in water supply and sewage projects for the city's more than three million residents.

Agency policy assistance and institution building have helped many partner countries improve municipal water management. USAID/**Guatemala**—Central American Programs and bilateral Mission assistance helped Central American governments transfer authority for municipal services to local governments to improve management of local water resources.

El Salvador delegated water authority to municipalities, part of the restructuring of its national water policy. **Honduras** formalized the transfer of water authority to two municipalities and plans to devolve authority to an additional 22 municipalities. In **Indonesia**, USAID assistance resulted in new procedures for initiating local government agencies' sale of municipal revenue bonds. It has helped create new community-led environmental infrastructure plans.

The Agency has helped develop guidance for the appraisal and approval of privately financed urban infrastructure projects. In **Eastern Europe and the new independent states**, USAID supported training in environmental impact and risk assessment, development of environmental management frameworks, and assistance in planning, designing, and financing wastewater and solid-waste management systems.

Pollution Prevention And Control

In many countries, inadequate treatment and emission standards for industrial municipal waste place the environment and human health at significant risk. In the **new independent states**, the legacy of central planning and unregulated industrialization continues to pose a threat to people living in highly industrial regions. In many developing countries, economic expansion requires



enhanced efforts in pollution prevention and control, since the majority of industrial facilities that will be on-line in 2010 have yet to be built. USAID interventions seek to promote pollution prevention and reduction through advocacy for policy reform, adoption of best urban management practices, and promotion of clean production-waste minimization technologies.

The Global Bureau's Environment Center promotes the adoption of cleaner industrial production techniques in Africa, Asia, and Latin America. A combination of policy advice, capacity building, and technical assistance has ensured sustainability of the program's pollution prevention initiatives.

In **Chile**, USAID provided facility assessments to identify pollution prevention opportunities in various pollution-producing industries. Assessments at 28 firms led to capital improvements that decreased pollution and provided financial benefits ranging from \$23,000 to \$76,000. USAID supported pollution assessments at four industrial plants. Adjustments at the plants will save \$886,000 a year and will reduce energy use and pollution. In **Mexico**, USAID is supporting workshops for pollution prevention and energy efficiency.

In **Romania**, USAID's Waste Minimization Impact Program has identified 20 potential waste minimization programs at five chemical plants. Plants that

Box 4.4. Achieving Cost-Effective Pollution Prevention

In the **Philippines**, USAID's program to promote cost-effective pollution prevention has reduced national emissions of industrial organic pollution by almost 2 percent in the demonstration phase. A \$21 million voluntary capital investment has yielded \$30 million in annual savings to the private sector.

The program promotes waste minimization and pollution prevention as cost-effective and environmentally beneficial alternatives to costly cleanup; it links its benefits to operating efficiency and increased profit for participating plants. USAID provided pollution management appraisals to more than 130 firms working in highly polluting industries. Appraisal teams, including local experts, helped managers identify technologies and practices. These included improved equipment maintenance and other no-cost measures to achieve such economically beneficial results as reduced emissions and wastes, avoidance of fines and material costs, and improved employee health. The money firms invested was often recouped in a matter of months. Among the results:

- Pollution load reduction and waste sharing with a beverage company helped a coconut-processing firm reduce pollution by 50 percent, cut treatment costs by 10 percent, and increase workers' efficiency.

- Technical improvements in feeders at a large pig farm paid for themselves in 2½ months and reduced feed spills by 40 percent, water consumption by 50 percent, and wastewater by 85 percent.

- Process changes, improved equipment maintenance, and recycling and sale of waste at a glue and coconut flour manufacturer eliminated the generation of wastewater laden with suspended solids (and the need for settling basins and sludge disposal). The measures also reduced total wastewater generation by 20 percent and diminished offensive odors, which had caused complaints.

implemented the program reaped annual savings ranging from \$8,500 by recovering wastewater oil residue to \$140,000 from reducing water discharge. One participating chemical company avoided a \$700,000 investment for capital plant improvements.

USAID is also providing support for pollution prevention and control in Asia, where rapid industrialization has generated environmental pollution (see box 4.4). The program is helping the government of **Indonesia** incorporate cleaner production incentives into the

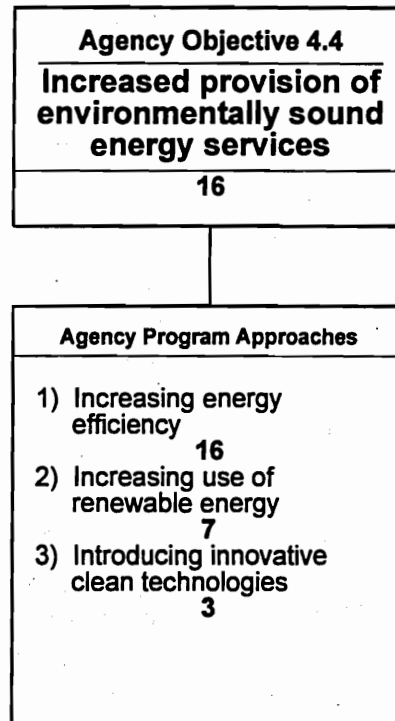
environmental impact analysis process. In India the Agency is working to reduce pollution in wastewater and improve air quality at selected industrial sites. USAID supported a joint venture to manufacture air-pollution-control equipment for the cement, steel, and power industries. Sales exceed \$10 million, and where the equipment has been installed, air pollution has been reduced 80 percent. USAID also helped develop a technology licensing agreement for water-pollution-abatement equipment. The equipment will reduce water pollution at paper mills using the technology by 60 percent.

The Agency is helping the government of Indonesia address air and water pollution resulting from rapid industrialization. There, it provides technical assessments of industrial concerns and training for these firms. USAID has also helped the government establish a business rating program that rewards firms meeting environmental standards.

Increasing the Provision Of Environmentally Sound Energy Services

USAID recognizes the strong link between sustainable development, economic growth, environmental protection, and energy consumption in the developing world. The Agency promotes market-based activities that address those issues in

Figure 4.8. Number of Country Programs Contributing to Agency Objective 4.4



three programming areas (see figure 4.8): 1) increased energy efficiency, 2) expanded use of renewable energy sources, and 3) introduction of clean-energy technologies. Activities in these areas often achieve secondary benefits, such as reducing the rate of increase in global emissions of carbon dioxide and local pollutants such as sulfur dioxide, nitrous oxides, and suspended particulate matter. USAID has provided technology transfer and direct technical assistance. In addition, in 1995 alone, the Agency trained more than 1,300 energy professionals

(both men and women), some of whom have reached high levels of decision-making authority. This kind of local expertise is the building block for sustainability.

Increasing Energy Efficiency

Inefficient power production, weak energy policies and institutions, and wasteful consumer use of electricity contribute to elevated levels of harmful emissions and reduced productivity in developing countries. In most developing countries, cost-effective energy-efficiency technology could

achieve 20 percent to 30 percent savings in energy consumption, with no loss in energy services (see figure 4.9). To promote energy efficiency, the Agency supports price restructuring, policy reform, conservation programs for users, increased provision of decentralized and private-sector services, provision of U.S.-manufactured pollution prevention equipment, and pairing of developing-country utilities with highly efficient U.S.-based utilities.

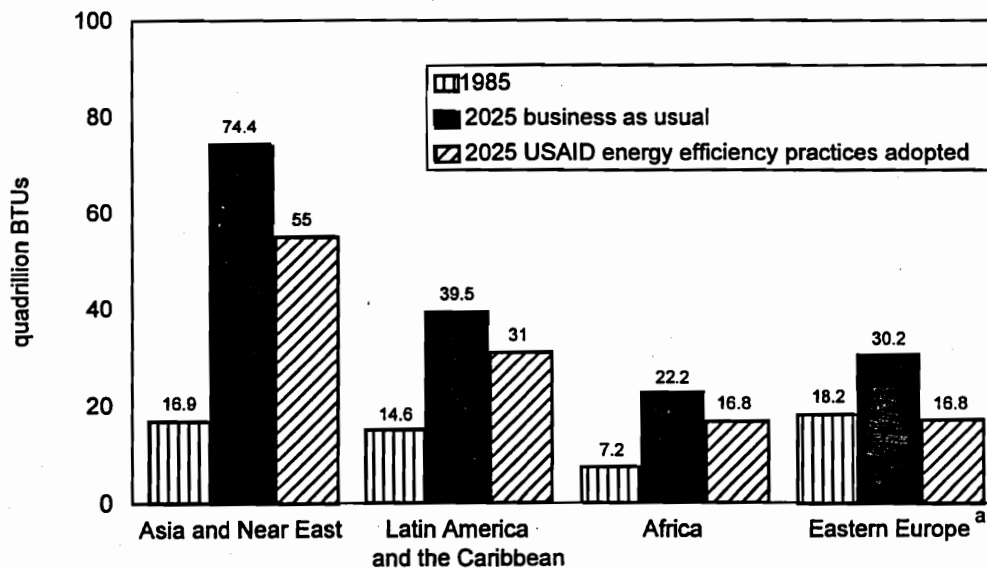
To help cut energy costs and reduce pollutants in **Egypt**, USAID acquired portable gas analyzers and sensors. The analyzers measure global and local emissions and increase efficiency at little cost. Ninety-two of them were distributed to

60 factories. Their long-term use has averted emissions of 596,000 metric tons of carbon dioxide and 15,600 metric tons of sulfur dioxide, saving \$26 million in fuel costs. Lower emissions reduce human health risks.

In **Mexico** the Ilumex program, a model energy efficiency activity started with USAID funds, has reduced electricity costs and consumer power bills. At the same time, it is preventing annual emissions of 118,000 metric tons of carbon dioxide and 3,000 metric tons of sulfur dioxide. Since May 1995, the program has sold electricity users more than 500,000 compact fluorescent lamps through the Mexican Central Utility. The utility's

monitoring and evaluation process demonstrates that from April 1995 to January 1996, Ilumex averted generation of 24,400 kilowatt-hours. It also saved 31 megawatts in capacity, 7.1 million liters of fuel oil, and 90,000 metric tons of carbon dioxide. The utility is trying to replicate the success of this program by offering other demand-side management rebates and incentive programs, including measures to reduce energy waste in the industrial and commercial sectors with more efficient motors, compressors, lighting, and municipal pumping.

Figure 4.9. Primary Energy Use by Region, 1985–2025



^a Excludes the former Soviet Union.

Source: "Energy Efficiency, Developing Nations, and Eastern Europe," Secretariat, Global Energy Efficiency Initiative/U.S. Working Group on Global Energy Efficiency, 1991.

Increasing the Use of Renewable Energy

Renewable energy offers a way of supplying clean energy and reducing the environmental and health problems associated with fossil fuel or wood-fired energy. The biggest barrier manufacturers of renewable-energy technologies have faced in the developing world has been not a lack of technical solutions, but a lack of investment opportunities. The Agency is addressing this and other issues by supporting feasibility studies, offering policy and technical assistance, and providing training aimed at demonstrating and institutionalizing the use of alternative sources of energy. These include photovoltaic, solar thermal, hydro, wind, geothermal, and biomass energy (see box 4.5).

Agency support for financing studies in sugarcane cogeneration has been particularly successful. (In cogeneration, waste heat is used to generate electricity.) In **India**, where the investment climate favors renewable energy, USAID supported a \$200,000 study on the potential of sugarcane cogeneration at several mills in 1992. One of the mills is generating electrical power and selling to the grid with a total installed capacity (on-line) of 18.6 megawatts. The sugar industry is now selling more than 40 megawatts of export capacity (additional) to the grid. The planned installed capacity is 285 megawatts. Potential generation capacity from India's

Box 4.5. Indonesia and Wind Power

In 1992 USAID/Indonesia gave a \$24,900 grant to the Oklahoma-based firm Bergey Windpower Company for a small wind-turbine demonstration project on the island of Timor. The project was to show the reliability and cost-effectiveness of replacing highly polluting diesel-powered irrigation pumps with cleaner wind power. It was jointly funded by the Japanese International Cooperation Agency (JICA), which provided a grant to cover equipment costs.

As a result of the demonstration, the Indonesian Ministry for Public Works is installing 30 more small wind turbines to provide irrigation and drinking water for farming communities. A Japanese trading group fully funded wind turbines for Timor, providing \$500,000 to purchase Bergey systems. The low-maintenance, nonpolluting wind turbines have a 25-year operational life. They replace two-horsepower diesel pumps, which emit greenhouse gases (as well as harmful local pollutants) and have an operational life of only five years. A second JICA procurement has been delivered, yielding \$1 million in direct U.S. exports to date from the initial USAID investment.

sugar industry is estimated at 3,000 megawatts. That would represent a \$1.5 billion investment in new electrical generating capacity (preinstalled, but not yet on-line).

A \$150,000 study in **Guatemala** contributed to the development of more than 130 megawatts of installed capacity there. These USAID-assisted activities total less than \$650,000. Yet they've resulted in more than 260 megawatts of installed generating capacity (valued at \$130 million) in 12 sugar-producing countries (excluding the United States). At least 300 more megawatts are under construction or in the planning stage. Most of this new capacity was installed in

the last five years. Hundreds of millions of dollars have been invested, and banks no longer view as too risky an investment in power generation by the sugar industry.

Five years ago, funding for clean, renewable energy other than large-scale hydro projects was virtually nonexistent. USAID has taken several steps to increase availability of loans and local currency in support of renewable energy projects. Toward that end, the Agency has sought to broaden the pool of renewable energy programs and services, to increase access to funding and technology, and to encourage multilateral development banks to increase loan disbursements for renewable energy programs.

These efforts have helped **Brazil, Central America, and Indonesia** increase their lending portfolios in these technologies. USAID has also provided technical assistance that has resulted in loans from numerous multinational banks, and increased support from other U.S. agencies for renewable energy. Today, the portfolio of renewable energy projects has grown to more than \$1 billion in 10 countries.

Introducing Innovative Clean Technologies

USAID seeks to help governments and communities in developing nations reap environmental and economic benefits from cleaner fossil-fuel techniques such as coal washing, retrofitting, and desulfurization. Clean coal technology, for example, reduces the environmental impact of energy production and transportation. In addition, USAID is helping countries limit emissions of local pollutants without detriment to economic growth. The Agency's approach has paved the way for many partnerships between U.S. businesses and developing-country organizations interested in protecting the environment. Those partnerships have increased environmentally sound energy production and use, and economic growth.

In 1982, USAID initiated a project to improve the reliability and economic efficiency of the Aswan High Dam Hydroelectric Power Station. This facility,

Egypt's largest electrical energy source, produces nearly eight billion kilowatt-hours of electrical energy annually—equivalent to that produced by burning two million tons of oil. USAID financed foreign exchange costs for the design, manufacture, testing, and commissioning of the replacement or rehabilitation of the mechanical equipment for the dam's 12 hydroturbogenerators. In the past year, USAID's contribution to major efficiency improvements has extended the life of the power station. It has also averted use of two million tons a year of oil and annual emissions of 7.7 million tons of carbon dioxide, 118,000 tons of sulfur dioxide, and 2,000 tons of nitrous oxides.

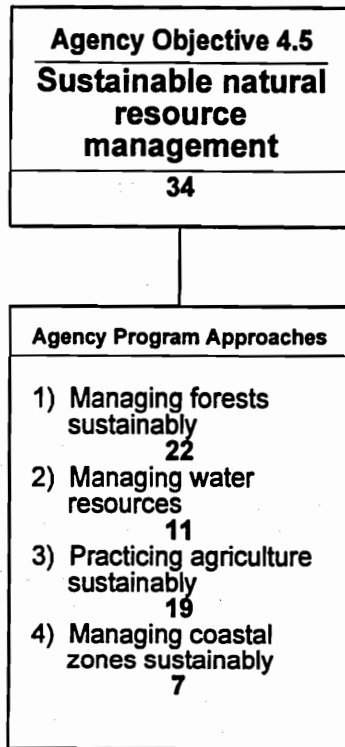
USAID assistance was instrumental in furthering privatization of the power sectors in **Hungary and Kazakstan**. A goal of the privatization scheme was to introduce clean technologies for energy production. USAID advisers helped the Hungarian Energy Office develop a grid code and regulatory framework. That attracted \$1.3 billion in financing for six electricity distribution companies and two generation companies in the first phase alone. USAID supported demonopolization and regulatory reform of the Kazakstan system. That change permitted the recent sale of three major generation units, including a large thermal plant, from a U.S. company.

USAID is working with the government of **Mexico** to reduce pollution at the Manzanillo power plant. This six-unit 1,900 megawatt oil-fired power plant generates power for the industries of Guadalajara. Polluted plumes from the plant's stacks are clearly visible at nearby tourist locations, including world-renowned beaches and Las Hadas resort. The hardware for the plant—reduced-emissions and advanced-combustion technology—will be installed in late 1996 in two of the Manzanillo units. It will be tested for efficiency following installation. This technology is expected to increase the boilers' efficiency by 1 percent, reducing oil consumption by 35,000 barrels per unit annually, with a corresponding drop in operating costs. It will also reduce particulate emissions by 50 percent, including an 8,800-ton reduction in carbon dioxide emissions and a 20 percent to 40 percent reduction in nitrous oxide production.

Sustainable Natural Resource Management

The long-term productivity of renewable natural resources is vital to the economic and social development of all countries. USAID's objective in natural resource management (see figure 4.10) targets the four resources that provide the greatest range of benefits to the largest number of

Figure 4.10. Number of Country Programs Contributing to Agency Objective 4.5



closely linked to the need for greater food and timber production as populations increase. It is also related to poorly conceived policies. Land conversion has been increasing steadily and is most acute in developing countries. In the 1980s, tropical deforestation in Africa, Asia, and Latin America averaged 16.9 million hectares a year (about 1 percent). That represents a 50 percent increase over the deforestation rate for the years from 1976 to 1980, according to the UN Environment Program's *Environmental Data Report 1993-94*. USAID is responding to this challenge by working with countries to balance the need for agriculture and timber with the value of natural forests in terms of recreation, climate, and biodiversity. In the last few years, the Agency has increased the number of programs that explicitly link these environmental interests. Twenty-two operating units now have objectives in sustainable forest management.

people: forests, coastal resources, agricultural lands, and freshwater resources.

USAID natural resource management programs for each of the four resources have a central purpose: to help men and women make environmentally and economically sound decisions about how to use them. Better management of these resources requires a greater understanding of the direct social and economic needs of the farmers, fisherfolk, and forest dwellers who use

them. Thus, the Agency's approach to natural resource management concentrates on testing and disseminating culturally appropriate management practices and technologies, and bringing diverse stakeholders together to forge equitable solutions.

Managing Forests Sustainably

Forty percent of the world's land area now planted for crops or used for pasture was formerly forest or grassland. The rate of land conversion is

In the **Latin America and Caribbean** region, several countries have expanded or strengthened forestry components of environmental programs. USAID-supported scientific research in Brazil is providing answers to fundamental questions about forest fires and global climate change. Multiagency training programs are increasing local capacities in forest management and fire control in the Amazon basin.



USAID has greatly improved resource management by working with governments and communities to increase local involvement and investment in forest resources. According to a USAID study released in 1995, communities that have greater authority over forest resource use are seeing increases in tree growth, ground cover, and soil moisture retention, and decreases in erosion. The Agency helped the governments of **Indonesia** and the **Philippines** expand their national commitment to community-based natural resource management. Indonesia has achieved its first-ever forest stewardship agreements, transferring 2,000 hectares to communities. The Philippines has authorized community management of 217,000 hectares of forests, up 1,100 percent from 19,600 hectares in 1994. The World Bank and the Asian Development Bank have adopted USAID's community-based approach in 30 sites in the Philippines.

In Africa, USAID has helped the governments of **Tanzania** and **Uganda** strengthen the links between their existing biodiversity programs and forestry activities. **Guinea** and **Mali** have augmented agriculture programs to include stronger agroforestry components. In Guinea, 574 villagers, nearly half women, have

planted 50,000 forest and fruit trees. That has reduced erosion and improved water quality. Positive experiences with community forest management have encouraged Guinea to expand this approach to water resources.

In **Sri Lanka**, USAID is testing participatory approaches, using a package of measures that include new crops, appropriate land and water conservation practices, and user rights, to integrate conservation with production goals. This approach has taken hold in 28 subwatersheds, where 6,780 farm families are collaborating with 70 user groups, farm companies, government agencies, NGOs, and the private sector. A total of 570 user groups jointly manage their natural resources, nearly double the USAID target of 308 groups.

Ecuador has taken community management one step further. In 1995, USAID/Ecuador helped train 17 community representatives, including six women, as paralegals, to help their communities obtain ownership rights over lands and establish resource management plans.

Managing Water Resources

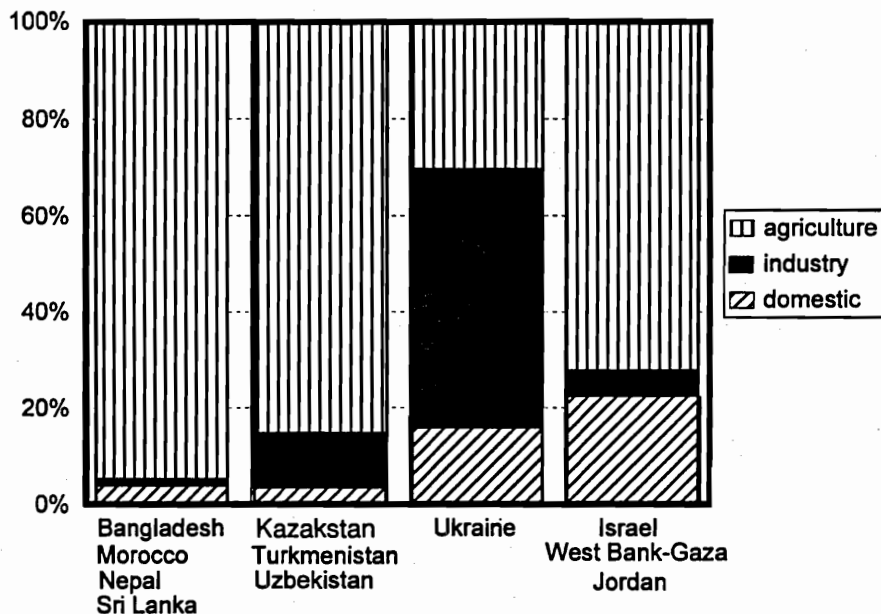
Dealing with competition for a clean, reliable water supply is one of the great environmental challenges of the coming years. This competition occurs not only among countries and regions but also among sectors of the economy—agriculture,

industry, and domestic use. Competition will increase as populations and economies grow. In 1992, 200 million people were living in countries where water scarcity hindered economic growth, human health, and resource productivity. By 2050, about one *billion* people will live in water-scarce countries.

USAID is helping 11 countries in all regions address the most pressing water management issues. Agency approaches to managing water resources emphasize reducing the volume of pollutants entering water systems and improving their technical and fiscal management.

As figure 4.11 shows, water use for agricultural development is a critical issue in **Bangladesh**, **Morocco**, **Nepal**, and **Sri Lanka**, where agriculture accounts for an average of 90 percent of all water withdrawals. USAID has promoted adoption of water conservation technologies and policies and creation of water user associations to distribute water more efficiently and equitably. In Nepal the Agency has helped boost the efficiency of irrigation, increasing the number of crops planted each year on a unit of land from 1.53 in 1994 to nearly 1.74 in 1996. **Bangladesh**, **Guinea**, and **Mali** have reported similar successes with communal management of water resources.

Figure 4.11. Use of Fresh Water by Sector



Source: World Resources Institute.

In arid **Morocco**, Agency assistance helped pass a comprehensive new water law that radically improves the planning and allocation of water systems. The Agency also introduced new irrigation technologies that led to a 20 percent water saving in the agricultural sector. Many of USAID's improvements have been adopted or replicated in the World Bank's \$365 million loan to improve water management in the country's nine irrigated regions.

In the **Central Asian republics** and **Ukraine**, industrial effluent has contaminated water supply and distribution systems, threatening human health. In Ukraine, the Agency is providing water-monitoring and purification technologies.

Kazakhstan, Turkmenistan, and Uzbekistan are collaborating on a regional plan to improve water quality and distribution, centered on the Aral Sea. The Aral Sea initiative should ultimately benefit more than a million people by increasing potable water and up to 1.5 million people through a public health program.

In **Jordan** and the **West Bank-Gaza**, where water shortages affect nearly every human activity, USAID is taking a multifaceted approach. It includes more efficient irrigation technologies, industrial water-use audits, and metering and household conservation measures for domestic users. In the last year, this

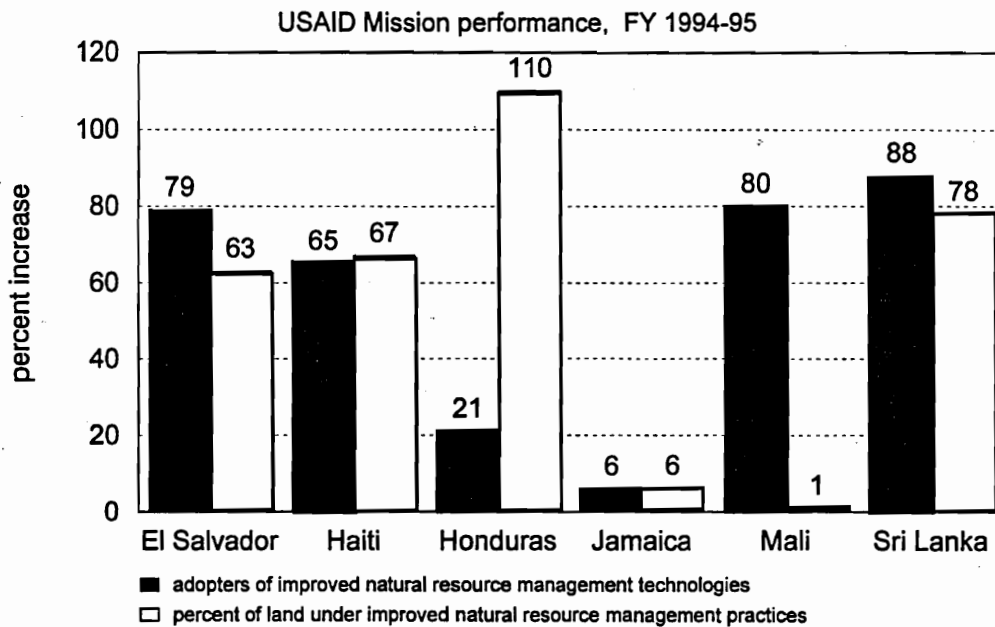
approach helped increase Jordan's water availability by 19 percent.

Practicing Agriculture Sustainably

Global agricultural production continues to grow, but the rate of increase is slowing. In the world's poorest countries, rapid population growth has sharpened problems of food scarcity and undernutrition. In countries with high agricultural productivity, intensive farming has led to soil erosion, forest clearing, and pesticide pollution.

A recent USAID evaluation covering 30 years of agricultural assistance to low-income countries concludes, "The main

Figure 4.12. Adopters of Natural Resource Management Technologies



Source: USAID Mission 1995 Results Review and Resource Request.

bottlenecks binding agricultural growth are most likely to be inadequate policies, technologies, and rural infrastructure.” The Agency’s current agriculture approach reflects this lesson, emphasizing technology transfer for improved resource production and conservation (see figure 4.12.)

The Agency’s largest portfolio of natural resource management activities is in sustainable agriculture. Nineteen Missions are pursuing sustainable agriculture. Sustainable agricultural production is integrally linked to all USAID objectives, especially economic growth. This relationship is particularly evident in Africa. Nine countries there have objectives in sustainable agriculture, and in

six of them, economic growth objectives are linked to agricultural production.

USAID/Mali reports a 59 percent increase in crop production in the last five years. The increase is, in large part, a result of USAID support for introduction of improved farming and soil conservation techniques coupled with expansion of agricultural land.

In Senegal, USAID has merged programs dealing with crop productivity and tree production. Thanks to the introduction of antisalt and water-retention dikes, 20 percent more land (10,000 hectares) is under cultivation in Senegal’s Casamance region, contributing to a 21 percent

increase in rice production. The fertility of some land has been restored sufficiently to allow double cropping.

USAID’s long history of involvement in Jamaica’s agricultural sector has provided valuable lessons and concrete results. Aiming to help farmers in the country’s steep hills improve productivity and protect watersheds, the Agency’s initial approach—to construct dikes and channels—failed to generate significant farmer support. The Agency learned from this experience and readjusted its program to encourage farmers to adopt improved technologies and conservation practices related to tree crops they were familiar with. This initiative, now in its

10th year, has helped 18,500 farmers plant and improve the health of 3.5 million economically valuable trees.

With Agency help, **Haiti** planted more than five million trees in the most important watersheds. The Agency also promoted sustainable agricultural practices, which were adopted by 91,000 farmers working 100,000 hectares. More than 30 local NGOs are helping develop Haiti's national environmental action plan.

Nontraditional agricultural exports can potentially revitalize stagnating agricultural economies. However, intensive farming associated with nontraditional agriculture also causes potential environmental damage, including pesticide poisoning. USAID and its partners are working to minimize the environmental impact by introducing integrated pest management and sustainable production technologies. In **Costa Rica, the Dominican Republic, Ecuador, Guatemala, Honduras, Indonesia, Nicaragua, and the Philippines**, Agency-promoted integrated pest management, for both traditional and nontraditional crops, has produced positive results with benefits beyond increased production and income.

In Ecuador, for example, USAID encouraged 270 large and small firms to reduce employee exposure to pesticides. This has been particularly beneficial to women, who have in the past experienced increased prevalence of spontaneous abortion, premature birth, and children with congenital malformations after working in floriculture.

Managing Coastal Zones

More than half the world's coasts are under moderate or high risk of degradation (see map 4.2). Destruction of coral reefs, depletion of fish stocks, increasingly frequent die-offs of seals and dolphins, and greater incidence of algal blooms indicate that the health of coastal ecosystems is in steady decline. The consequences for coastal resource users—loss of food, tourist income, and employment, and harmful effects on indigenous cultures—are serious. They are clear signs of the urgency of improved management of coastal resources.

For more than a decade, USAID has sustained its commitment to promoting integrated coastal management in developing countries (see box 4.6). The Agency supports nine Mission-based coastal resource management programs and several regional initiatives. In the international arena, the Agency supports the Interna-

tional Coral Reef Initiative, a partnership of nations and organizations seeking to foster sustainable use of marine and coastal resources. The initiative is the first global program to address policy, implementation, research, and monitoring capacity in an integrated fashion.

In **Latin America and the Caribbean**, several countries have begun coastal activities that target the sustainable use of marine resources (see box 4.7). In **Nicaragua**, USAID has helped a cooperative of 90 families increase shrimp harvests from a few hundred pounds to 1,800 pounds per hectare in 1995. The Agency is introducing environmentally sound techniques to ensure that shrimp farming can provide long-term employment and income. USAID is promoting harmonizing national environmental policies among eastern Caribbean states to encourage regional coastal zone management. More than 20 USAID-supported small projects at three demonstration sites are helping communities recognize the importance and fragility of the coastal environment and encouraging them to become more active in coastal management.

In a test of its commitment to regional peace and to coastal resource management, USAID has been working with **Jordan**

Box 4.6. Successful Integrated Coastal Management Strategies

USAID has learned a great deal from a decade of coastal management pilot programs, as documented in a recent Agency publication on the coastal portfolio. The Agency has applied the following lessons in a variety of settings:

■ *Link local and national efforts to encourage participatory identification of problems and solutions.* **Ecuador's** Coastal Resource Management Program first introduced a two-track approach—residents' local knowledge was combined with that of national and international experts to identify and set priorities for issues affecting Ecuador's coasts.

■ *Build national capacity through short- and long-term training and long-term partnerships with host country colleagues.* The Environmental and Coastal Resources project in the eastern **Caribbean** has sponsored training courses for more than 700 NGOs, community members, and government personnel to ensure that member countries have the technical and administrative

capability to carry out coastal management guidelines and strategies.

■ *Use small demonstration projects to show the effectiveness of innovative policies.* Several Asian and Pacific nations have received funding to test the viability of business ventures founded on sustainable use of coastal biological resources. In the eastern Caribbean island of **Dominica**, communities have experimented successfully with using pumice for local construction instead of destroying beaches and habitats by mining beach sand.

■ *Set specific targets and monitor and self-evaluate performance.* On average, 32 percent of coastal resource management grants of the Biodiversity Conservation Network (part of the Global Bureau's Biodiversity Support project) is allocated for monitoring the social, economic, and ecological effects of environmentally based business ventures, with a view toward replicating successful activities.

and **Israel** to make the binational Red Sea Marine Peace Park a reality. The Agency is encouraging Jordanian–Israeli cooperation in marine science and biological research, environmental monitoring, exchange of environmental data, and staff training in coral reef management. USAID and the State Department are providing funding for mooring buoys to protect the world-famous reefs and to establish basic infrastructure for park maintenance and operation.

Conclusion

In 1995 the Agency achieved substantial outcomes, despite mounting evidence that environmental degradation is increasing, with negative consequences for the United States and the rest of the world. Though the task of reversing global environmental trends is herculean, the Agency and its partners made numerous inroads. In more than 50 countries, USAID helped strengthen environmental

policies and institutional capacity, increase community stewardship of natural resources, and encourage adoption of technologies and practices that lead to sound urban growth and sustainable energy development. A major goal of these initiatives was to ensure the sustainability of environmental activities beyond USAID's presence.

USAID programs motivated other players in development to take action. The Agency pioneered programs to help partner governments solve their envi-

Box 4.7. USAID Capacity-Building Support to Central America

In 1989 the presidents and environmental officials of five Central American countries established a regional forum for action—the Central American Commission for Environment and Development (CCAD)—to consolidate their pursuit of environmental sustainability. USAID's regional environmental offices were among the most important supporters of CCAD's institution-building process in the last six years in terms of financial and technical support.

USAID Mission staff provided financial and technical assistance and counsel. This allowed CCAD to bring about significant results for the region.

■ CCAD helped develop and promote ratification of 11 regional treaties and agreements on issues ranging from biodiversity protection to the cross-border transfer of hazardous wastes.

■ Commission efforts helped integrate environmental concerns into other sectors at the national and regional levels. For example, CCAD's experiences in regional coordination helped solidify the 1994 Alliance for Sustainable Development, a regional plan to promote not only peace and democracy but also sustainable development.

■ CCAD has been successful in leveraging USAID contributions for regional environmental initiatives from other donors and governments. The commission has also helped involve NGOs in regional decision-making.

ronmental problems and benefit millions of people at all levels of society. The Agency also engaged NGOs, communities, and developing-country businesses in environmental initiatives that are profitable and socially sound.

The Agency's leadership among international donors in several critical areas—notably biodiversity conservation, renewable energy, and community resource management—paved the way for major multilateral programs. In addition, USAID's leadership fostered strong links between the U.S. private sector and growing environmental markets abroad. These accomplishments

yielded a wide array of benefits, contributing to improved environmental management as well as to economic growth, democracy-building, and healthier and well-nourished populations—crucial factors in sustainable development.

But continued budget cuts will inevitably impede USAID's ability to achieve these kinds of results in the future. Already, the Agency's role in central and Eastern Europe and the new independent states has been curtailed significantly. Further cuts will have a cascading effect. USAID will lose its ability to motivate other development partners to support and

replicate successful environmental strategies. Continued environmental degradation could undermine other Agency achievements, particularly in food security, public health, and economic growth.

Endnotes

¹Philip E. Church and Katrina Brandon. 1995. *Stemming the Loss of Biological Diversity: An Assessment of USAID Support for Protected-Area Management*. Washington: U.S. Agency for International Development.



² Center for Development Information and Evaluation. 1996. *USAID Working Paper No. 221. Endowments as a Tool for Sustainable Development*. Washington: U.S. Agency for International Development.

³ Philip E. Church and J. Laarman. 1995. *Forestry and the Environment: An Assessment of USAID Support for Forest Stewardship*. Washington: U.S. Agency for International Development.

⁴ Donald G. McClelland, Center for Development Information and Evaluation. 1996. *Investments in Agriculture*. Washington: U.S. Agency for International Development.





Providing Humanitarian Assistance



Humanitarian Assistance Highlights

Humanitarian assistance is in the national interest of the United States and is considered an investment in the future.

The Agency estimates that this year alone it has spent more than \$756.2 million on relief for 65 declared emergencies. Some \$477 million covered PL 480 Title II emergency food aid for nearly 21 million people. Of the 65 declared emergencies in 51 countries, 17 were complex, or man-made, and 48 were natural.

Prevention: Reducing Potential Impact Of Crises

■ The Agency monitored the potential for a 1995–96 drought in southern Africa and estimated food requirements to plan for effective and timely response.

■ The Greater Horn of Africa Initiative (GHAI) held a pivotal conference in 1996. USAID and the State Department joined forces with 10 Missions to incorporate into their strategic plans efforts to prevent future crises, link relief and development, and include long-term food security in sustainable development programs. The underlying emphasis is to ensure African ownership of GHAI strategies, policies, and activities and to use regional approaches to solve problems in the Greater Horn.

Relief: Meeting Urgent Needs

USAID responded to 48 natural disasters: 22 floods, 2 droughts, 2 epidemics, 2 tornados, 6 typhoons and cyclones, 6 earthquakes, 1 fire, and 1 volcanic mud slide.

■ The Agency implemented relief efforts in Bosnia–Herzegovina, Burundi, the Caucasus, Liberia, Rwanda, and other countries facing man-made disasters.

■ 4.2 million refugees, 7.5 million internally displaced people, and 9.2 million others affected by emergencies received emergency food assistance

■ Owing to greater stability in Mozambique, 21 million people returned to their homes from October 1992 through 1995 and reestablished farms and businesses. That cut dependence on free-food aid dramatically.

Transition: Establishing Security and Getting Basic Institutions Functioning

■ USAID helps countries make the transition from war to peace by working to restore security, demobilize the military, defuse land mines, and establish local governance.

■ In Haiti a major USAID initiative is under way to demobilize and train the army in vocational skills, promote community initiative, and restore social services such as water and sanitation throughout the country. Similar initiatives in Angola, Bosnia, and El Salvador enable people to return to normal life.

Development Linkages

■ USAID helps countries repair infrastructure, build local institutions, and provide technical and financial assistance to citizens.

■ To strengthen the link between emergency assistance and development, USAID programs increasingly include prevention, relief, and transition objectives in their long-term development planning.

Providing Humanitarian Assistance

In 1995 at least 41 million people depended on international humanitarian assistance. This is twice the number reported in 1983. Over the past decade, the number of people killed, injured, or otherwise affected by human or natural disasters has increased alarmingly. The level of destruction wrought is multiplying with each decade, particularly in developing countries. On the basis of this experience, the International Federation of the Red Cross estimates that by the year 2000, the number of people affected by disasters will reach 300–500 million.

Worldwide spending on humanitarian assistance rose to \$7.2 billion in 1994, compared with \$2.7 billion in 1985.

The thrust of humanitarian assistance has shifted in recent years, reflecting the explosion of man-made, or “complex” disasters, which now surpass the cumulative destructive force of drought, earthquakes, hurricanes, volcanoes, and other natural disasters.

In **Angola, Bosnia–Herzegovina, Burundi, El Salvador, Haiti, Liberia, Rwanda, Sierra Leone**, and other sites of complex disaster, the demands on international humanitarian assistance have far outstripped those stemming from traditional natural disasters. The violence unleashed by complex disasters has the potential to create and maintain a long-term cycle of destruction, provoking protracted civil strife and massive disruption of populations.

Complex emergencies accounted for 41 percent of all international disasters to which the United States and the rest of the international donor community responded in 1996.

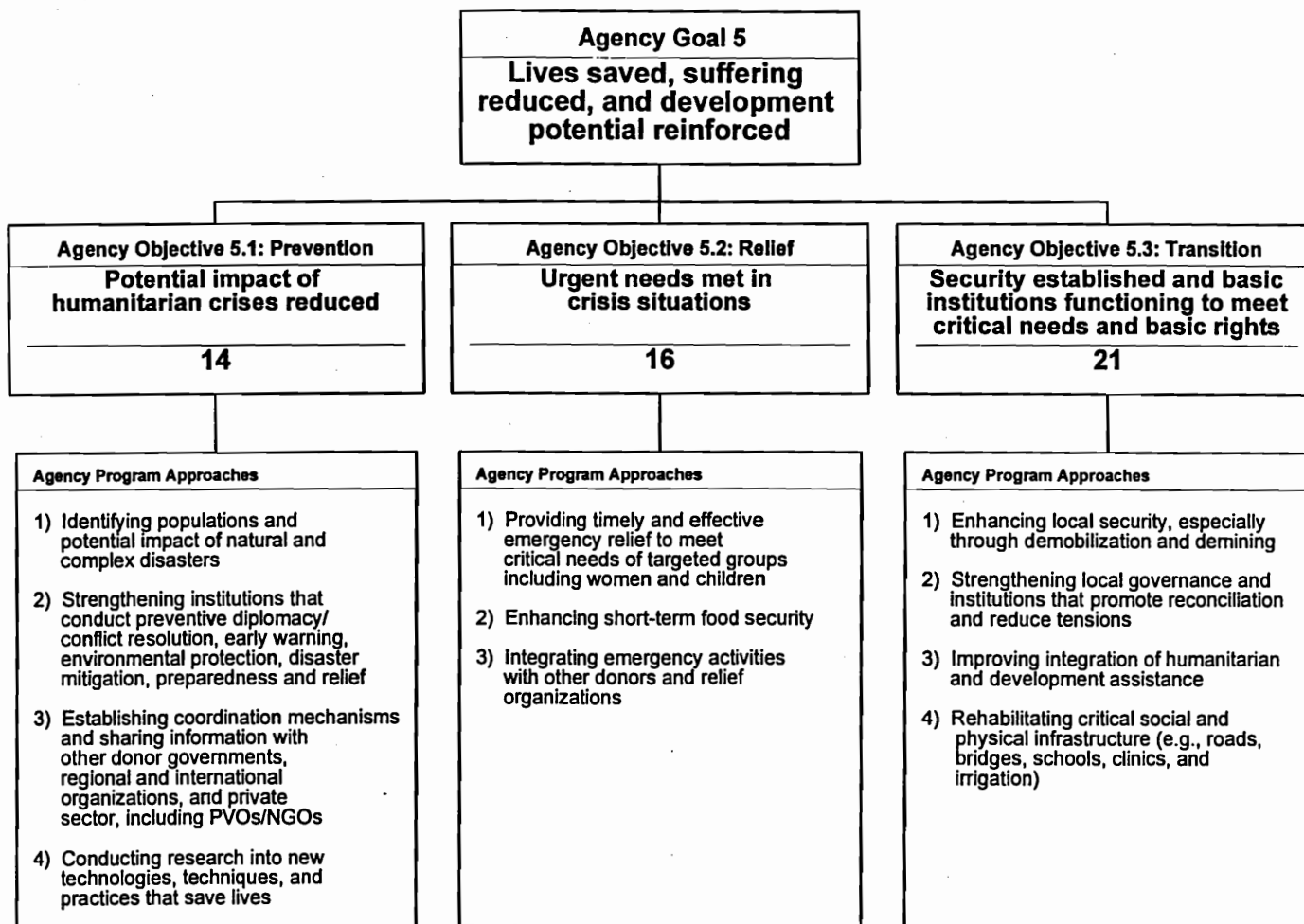
USAID humanitarian assistance looks beyond short-term emergency relief to supporting the transition to long-term sustainable development.

Coordination with host governments, international organizations, nongovernmental organizations (NGOs), and other donors is essential to this effort. Examples of successful international coordination include **Bosnia–Herzegovina, the Caucasus and Croatia, Haiti, Liberia, and Rwanda.**

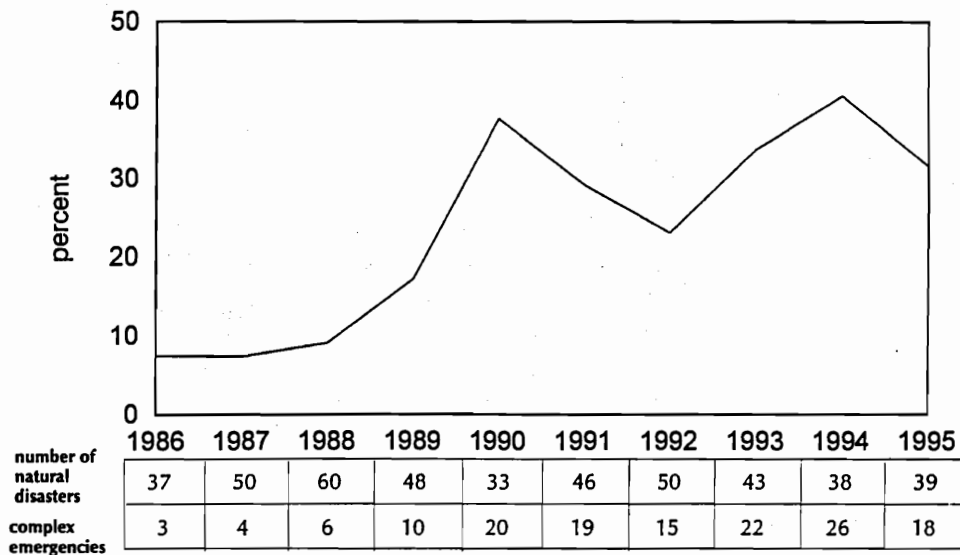
■ “Lives saved, suffering reduced, and development potential reinforced” is the USAID goal for humanitarian assistance. Three strategic objectives underpin it (see figure 5.1): 1) crisis prevention, 2) emergency relief, and 3) transition to sustainable development.

A crisis occurs when local authorities or communities are unable to cope with a disaster. Crisis prevention includes strengthening institutions that engage in conflict resolution. It also involves early-warning systems, environmental protection, and disaster mitigation, preparedness, and relief. When emergency assistance for relief is necessary, USAID aims to provide timely, targeted aid to meet the needs of identified groups, returning them to stability and short-term food security. Transitional efforts that move people from relief to a stable life include strengthening local governance and support institutions that promote reconciliation. Rehabilitating social and physical infrastructure is also a part of transitional efforts. Building long-term capacity for achieving food security and integration of humanitarian and development assistance is critical. Linking relief to development is basic to all programming.

Figure 5.1. Humanitarian Assistance Strategic Framework 1996



**Figure 5.2. Complex Disasters as a Percentage
Of Total US Government Declared Complex Disasters 1986–95**



Source: OFDA Annual Report FY 1995.

The Humanitarian Assistance Picture

Humanitarian assistance is in the national interest of the United States and is considered an investment for the future. In recent years, concern over complex emergencies has prompted U.S. intervention. Such emergencies commonly involve conflict and often include disruption of food and market systems. From 1989 through 1994, the number of complex emergencies to which the U.S. government responded soared from 17 percent to 41 percent of all officially declared emergencies. In 1995–96, 90 percent of USAID’s emergency assistance money went to

complex emergencies (see map 5.1 on page 5-6 for USAID programs with strategies contributing to humanitarian assistance). This trend continued through 1996, even though there were more natural disasters than man-made ones. In 1996 to date, USAID has spent more than \$756 million on relief in 51 countries, responding to 65 disasters. Of those, 17 were complex and 48 were natural (see figures 5.2 and 5.3).

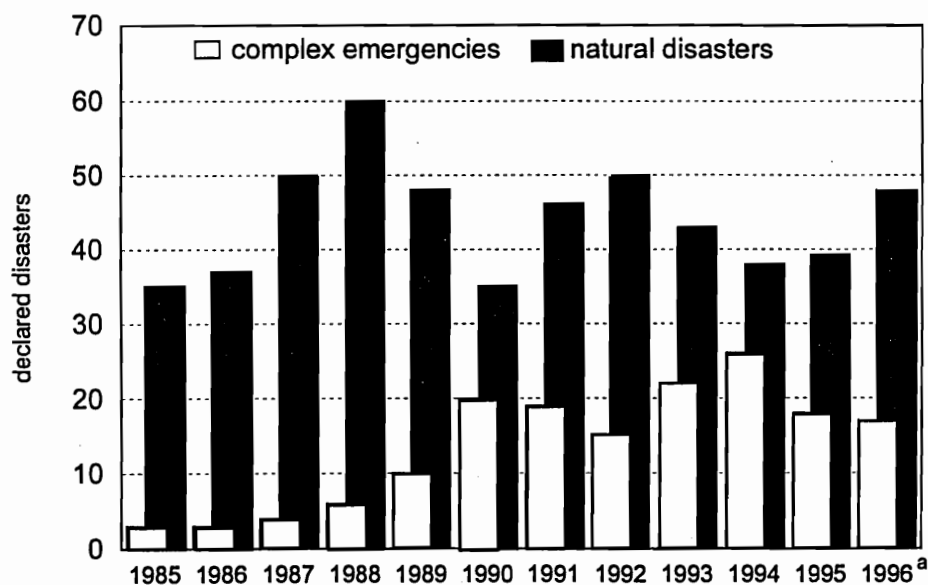
Worldwide spending on humanitarian assistance rose from \$2.7 billion in 1985 to \$7.2 billion by 1994 (the most recent worldwide figures available). In 1994 the United States and the European Union supplied 86 percent of food aid

money to 50 countries. The United States is also a member of the Organization of Economic Cooperation for Development. It provided 40 percent of worldwide funding for humanitarian assistance in 1994.

Measuring Performance

Efforts are under way to identify core indicators for tracking the Agency’s humanitarian assistance. Two workshops involving USAID/Washington, USAID field Missions, private voluntary organizations, academia, and international organizations identified common indicators to

Figure 5.3. Number of OFDA-Declared Disasters



^a Includes information through September 12, 1996.
Source: Office of Foreign Disaster Assistance, 1996.

measure performance of humanitarian assistance and food security. The challenges ahead include defining quantifiable indicators, collecting baseline data for certain countries, and documenting project activities. Owing to the difficulty in quantifying the benefits of this type of aid, much of the performance measurement data will continue to be qualitative and descriptive.

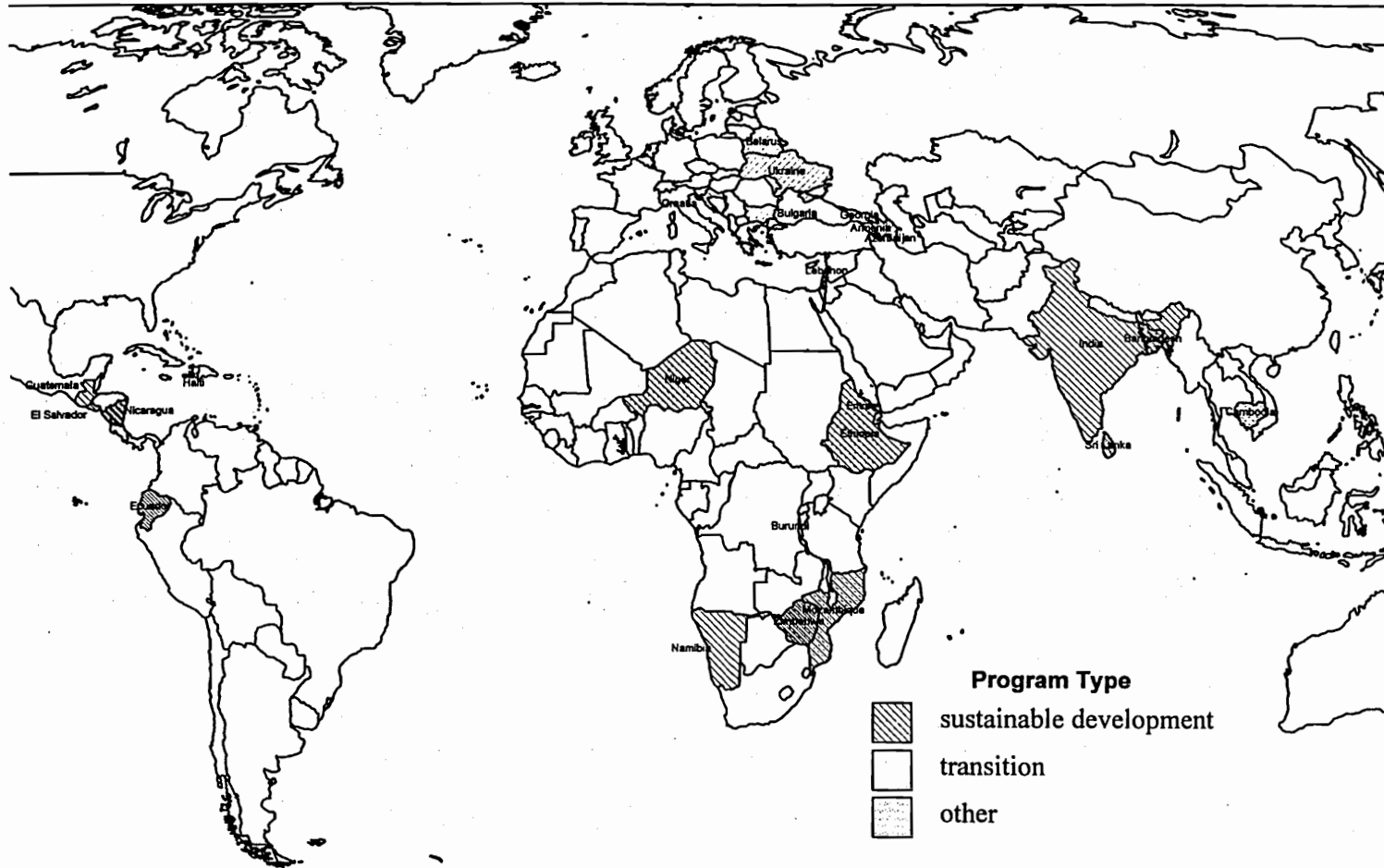
Prevention: Reducing Potential Impact Of Humanitarian Crises

While it is not always possible to prevent disasters, their effects can be reduced. Historically, USAID has emphasized mitigating the effects of natural disasters. Complex emergencies, however, demand a different response, and USAID is increasingly involved in responding to them. The Agency, therefore, is developing a more strategic approach to help identify and address the causes of these

crises as well as to establish better disaster preparedness plans.

To lessen the effects of humanitarian crises, USAID takes several prevention approaches—identifying the potential effect of the crises and the populations at risk, working with groups that mediate between potential combatants, and aiding in conflict resolution. Other approaches include early-warning systems, environmental protection, and disaster mitigation, preparedness, and relief.

Map 5.1. Programs with Strategies Contributing to Humanitarian Assistance



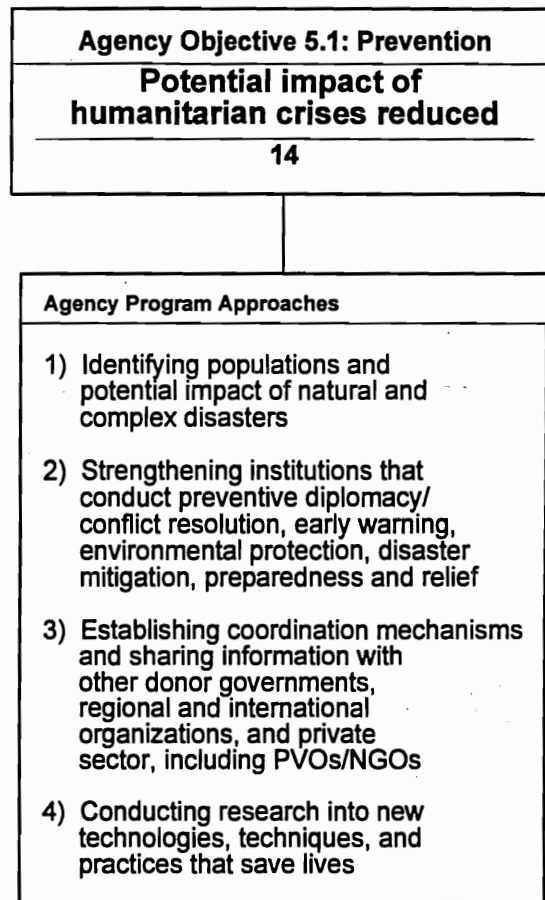
Establishing coordination mechanisms and sharing information with other donor governments, regional and international organizations, the private sector, and private voluntary organizations and nongovernmental organizations are also part of disaster prevention. Finally, prevention involves conducting research on new lifesaving technologies, techniques, and practices.

To avert a recurrence of crises, USAID uses these approaches in countries undergoing the transition from a state of emergency to one where sustainable development can take root. For example, in **Angola, Haiti, and Mozambique**, USAID is helping develop stable government institutions and establish national security. Early intervention, in the form of dialog between well-established development partners, can avert an impending conflict or lay the groundwork for planning a response to conflict.

In Africa, USAID regularly addresses natural crises such as drought and famine. Some examples follow.

USAID is using integrated pest management, which involves biological control of insects, to minimize the impact of locust and grasshopper infestations in the Sahel. During the last year, the project conducted five training-of-trainers sessions in emergency pest management. More than 300 lead farmers and crop protection and field agents were trained.

Figure 5.4. Agency Program Approaches Contributing to Agency Objective 5.1



The trainers and their trainees put into practice what they learned and lessened the effect of the 1995 locust outbreak in **Botswana, Eritrea, and Ethiopia**.

In **Ethiopia** the aim is to improve food security through timely food aid, environmental protection, increased agricultural production, and better delivery of health and nutrition services. Grain and pulse

(leguminous plant) production increased from 7.9 million megatons in 1994 to 9.1 million megatons in 1995, an increase of 15 percent. Good harvest years without drought cut the number of Ethiopians requiring emergency food aid a dramatic 47 percent, from 4.0 million in 1994 to 2.1 million in 1996.

In **Somalia** field visits to investigate crop failure and food insecurity in the Juba Valley provided valuable information for the final phase of development of the Multidonor Action Plan for the area. The plan's successful execution stemmed the flow of people from the Juba Valley. However, more than a million people in Somalia still depend on donated food aid.

USAID is devising crisis prevention mechanisms to curb political instability in **the Gambia, Guinea, Liberia, Niger, Senegal, and Sierra Leone**. Such instability has obstructed development in the region. The Agency's top priority remains regional emphasis on famine prevention. For example, its technical experts provided critical support to improve the management and effectiveness of West African research networks that develop and transfer crop technology for maize, rice, and sorghum.

The Sahel Regional Program established early-warning systems for droughts, famine, and pest infestations; created food crisis networks; and set up disaster monitoring and mitigation systems that identify vulnerable populations and help put into place mechanisms to minimize the potential impact of natural and complex disasters.

USAID involvement in **Zimbabwe** centers on increasing production of millet and sorghum rather than maize in drought-prone areas. A recent survey showed that in 1995, sorghum and millet constituted 15 percent and 33 percent, respectively, of total grain produced, compared with 3 percent and 9 percent, respectively, in 1993. In the same period, maize production dropped 45 percent. This is positive because sorghum and millet, unlike maize, are drought-resistant crops that afford security against a poor season.

In Asia an example of successful early-warning surveillance occurs in **Bangladesh**. Through a USAID-supported private voluntary organization (PVO), a timely early-warning surveillance system provides monthly information to decision-makers on the status of crop production and yields. It also routinely monitors nutritional status of children under 5. This has enabled timely responses to food needs.

The Agency has also invested in preparedness activities for floods and cyclones, increasing indigenous capacity to deal with natural disasters. In 1995, as a result of USAID-supported preparedness activities, relief supplies were provided within 72 hours to 25 percent of the population, in comparison to the expected coverage of 20 percent.

In Latin America and the Caribbean, the Agency is addressing the dangers posed by natural disasters, especially hurricanes. In **Ecuador**, USAID is working with its development partners to build earthquake-resistant schools, train government workers in disaster management, disseminate information in disaster-prone areas, and protect the environment.

In **Haiti** the Agency is working with PVOs, the United Nations, and local communities to provide disaster management training and to stockpile food staples. The goal is to increase the government's capacity to prepare for and respond to natural disasters. The government established a commission on disaster preparedness and preparation that has set up a database with an inventory of resources available in the event of a disaster. Haiti is now part of the Caribbean Disaster Mitigation Project.

In **Jamaica**, USAID is engaged in disaster prevention and mitigation for floods, hurricanes, and tropical storms through the Regional Housing and Development Office of the Caribbean and the Caribbean Disaster Mitigation project. For example, the Agency is providing shelter to low-income families through a housing-guarantee program.



Because of drought in southern Africa in 1994 and 1995, USAID country programs in the region developed contingency plans to deal with a possible recurrence in the 1995–96 growing season. The Agency conducted a needs assessment and prepared an emergency assistance plan for the region. Staff from the Agency-supported Famine Early Warning System (FEWS) collected and analyzed information that helped USAID Missions identify aid requirements and surplus availability outside the region. That reduced the amount of food aid required from sources outside sub-Saharan Africa. For instance, a follow-up assessment of relief efforts in **Zambia** found that food security had improved, providing greater household food access.

USAID is enhancing disaster preparedness and promoting effective delivery of humanitarian assistance to **Rwanda** and **Burundi** and refugee camps in neighboring countries. The Agency addressed the immediate crisis by procuring commodities and services in a timely manner. The Agency also provided oversight for Famine Early Warning System activities in the Greater Horn of Africa and support for developing bilateral food security strategies in **Eritrea, Ethiopia, and Tanzania**. With USAID assistance, **Niger's** early-warning unit has begun to produce annual vulnerability assessments to mitigate local famines.

Box 5.1. Latin American Partners Take On Prevention Training

In 1996, for the first time partner countries in Latin America and the Caribbean will have spent more money for disaster training than USAID. The government of **Chile**, for example, budgeted \$225,000 for disaster management training in 1996. In **Bolivia**, the Development Corporation of Santa Cruz committed \$100,000 for regional disaster management training.

One of the main factors contributing to the effectiveness of FEWS over the past year has been the system's development of products made available over the Internet. These have improved information links between the U.S. early-warning system and the Food and Agriculture Organization's Global Information Early Warning System. As a result, decision-makers responsible for helping prevent or mitigate famine are receiving more timely and useful information about the risk of famine throughout Africa.

Disaster management training in Latin America also has had positive results (see box 5.1). Since December 1994, when the Popocatepetl volcano erupted near **Mexico City** threatening 45 million people, the Agency and the U.S. Geological Survey have worked with Mexican civil defense scientists to improve equipment that interprets volcanic activity. As a result of the Agency's assistance, Mexican civil defense officials have developed extensive emergency plans

to manage various scales of eruptions and mitigate potential large-scale disaster.

The Greater Horn of Africa Initiative (GHAI), a presidential initiative conceived in 1994, began as an idea to develop regional approaches to the underlying causes of food security and conflict in a newly defined region. It includes 10 countries: **Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania, and Uganda**. This year the leaders of those nations revitalized their regional organization, the Intergovernmental Authority for Development, to coordinate activities among member countries and with donors.

Under GHAI, USAID resources for development assistance, refugee programs, food aid, and other relief involve active collaboration with the State Department, other U.S. government agencies, and African leaders. GHAI provides a framework to report on results across the bilateral and regional programs in all 10 countries.

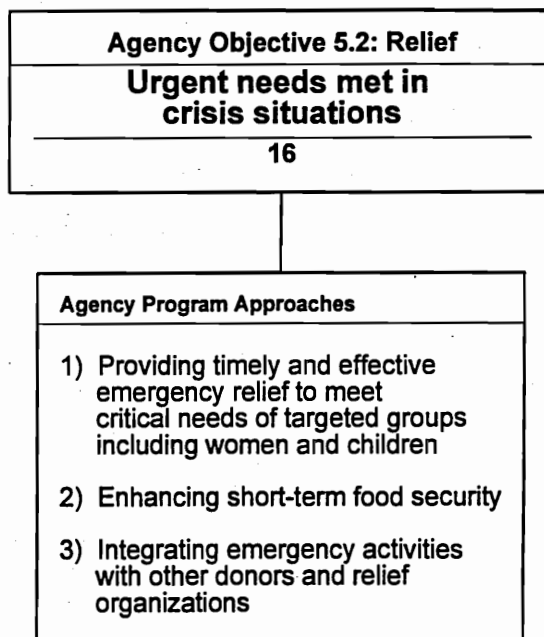
Early in 1996, USAID Mission directors and State Department chiefs of mission committed themselves to the GHAI goals of food security and conflict prevention. They also committed themselves to the principles of African ownership, donor coordination, intensification of regional approaches, and linking relief and development. These goals and principles are included in a strategic plan.

GHAI set up task forces and interagency teams with international and local partners, donors, and nongovernmental organizations (NGOs). It trains personnel in conflict prevention and its application to the initiative. GHAI prepared and widely distributed a manual that summarizes tools that can be used in conflict prevention. GHAI created a database of food security projects to improve coordination with other donors, NGOs, and other partners.

Relief: Meeting Urgent Needs In Crisis Situations

USAID emergency relief activities help meet the critical needs of targeted groups (particularly women and children), enhancing short-term food security and coordinating emergency activities with other countries and relief organizations (see figure 5.5). Relief continues to be the primary

Figure 5.5. Agency Program Approaches Contributing to Agency Objective 5.2



response in humanitarian assistance since it addresses the most immediate need.

In 1996, 21 million people received emergency food aid. Food resources for emergency relief were channeled through the World Food Program, of which the United States is the largest contributor, or through PL 480 and International Disaster Assistance programs.

PL 480 food aid (see table 5.1) provided rations for 4.2 million refugees, 7.5 million displaced persons, and 9.2 million additional emergency recipients. In 1996 at least two million fewer people required food aid than in 1995. This

resulted from lower demand in Africa, with resettlement programs under way in **Angola, Mozambique, and Sierra Leone**. It may also be the result of improved targeting of food to vulnerable groups. USAID contributed technical assistance and resources to achieve both outcomes (see box 5.2).

Timely and Effective Response to Meet Critical Needs

As mentioned, of the 65 disasters to which USAID responded in 1996, 17 were man-made and 48 were natural. In **Somalia** civil strife continues to make more than a million people unable to return to normal agricultural activity;

Table 5.1. PL 480 Emergency Food Aid Recipients

(In million of persons)

Region	Refugees	Emergency	Disabled Persons	Total
Africa	2.8	4.7	5.0	12.5
Asia and the Near East	1.4	3.6	.3	5.3
Europe and the new independent states	—	.6	1.9	2.5
Latin America and the Caribbean	—	.3	.3	.6
	4.2	9.2	7.5	20.9

Source: Office of Food For Peace, 1996.

they still depend on emergency food aid. This year USAID provided food, water, sanitation assistance, and emergency and preventive health care.

The CARE/World Food Program food monetization program, which began in 1993 with USAID support, continues to create employment through labor-intensive cash-for-work programs. These have created 50,000 short-term and 4,000 permanent jobs repairing irrigation canals.

The program also supports health and sanitation endeavors and promotes livestock and agricultural activities. As a result, Somalis have more access to stable food markets. CARE, with USAID support, maintains basic services and agriculture systems that support

the community. Other programs deliver emergency health care to insecure areas and short-term rehabilitative assistance where productive capacity can be restored. USAID implements these programs in partnership with NGOs and PVOs.

In 1996 the United States suspended its diplomatic presence in **Sudan** because of intense political turmoil. That places more than four million people in need of relief. USAID provided Sudan with funding for emergency water, sanitation, health care, and agricultural rehabilitation. The strategy meets food, shelter, and health needs countrywide while supporting rehabilitation to

increase the country's ability to meet its own needs and reduce the costs of U.S. assistance.

In **Burundi**, as violence and other signs of insecurity continue to escalate, USAID partners are providing emergency medical assistance. The Agency provides funds to the UN International Children's Fund (UNICEF) to stockpile emergency nonfood items, including medical supplies, and to CARE to repair water systems. Emergency food needs are addressed through a grant to the World Food Program for Rwandan refugees in Burundi. USAID provides funds for air transport. This ensures secure access for all NGOs and UN agencies to areas outside the capital, Bujumbura, since it is unsafe to travel overland. Over the last two years, USAID

Box 5.2. Women: Hunger and Basic Rights

Most humanitarian assistance goes to women and children. Women, especially those who are pregnant or nursing, and children under 5 are the primary victims of food shortages in complex emergencies. Programs for complex emergencies attempt to provide a full range of reproductive health services for women, including maternal health, family planning, breast-feeding promotion, and prevention and treatment of sexually transmitted diseases, such as AIDS.

Because of cultural factors, women tend to suffer disproportionately from hunger and malnutrition, a problem made worse in refugee situations. Emergency feeding programs should target reproductive-age women to ensure adequate consumption of calories and protein and essential micronutrients such as vitamin A, iron, and iodine. Discrimination against women often worsens in wartime. International emergency aid incorporates measures to protect women's rights to property and other assets and to bolster their participation in politics.

In the Rwanda crisis, the plight of survivors, especially women, has been seriously neglected. As much as 70 percent of humanitarian assistance went to refugees in asylum countries, instead of to the needy in Rwanda. Widows and orphaned daughters risk losing property to male relatives of their deceased husband or father. Some of the women, raped by the men who killed their families, are pregnant; others are infected with HIV. Yet not a single national-level program addresses the special needs of these women. USAID financed the Women in Transition initiative, which provides women with vocational training, microenterprise credit, and small grants for construction.

Perpetrators of violence against women go unpunished in many parts of the world because women are relegated to second-class status. Gender-based discrimination and crimes persist both in times of peace and in war. The international community must ensure that violence against women is treated with the same gravity as other crimes against humanity.

provided emergency assistance to displaced persons in Burundi and in neighboring states such as **Tanzania** and **Zaire**, where large numbers of refugees from **Rwanda** and Burundi still seek asylum.

Food assistance is still a primary need in some countries. In 1996, USAID funded significant amounts of food assistance for Rwandan refugees both within the country and in neighboring states. The Agency also provided funds for primary health care and water systems rehabilitation. In **Liberia**, with

fighting escalating between rebel factions, an estimated 1.5 million citizens, including more than 700,000 internally displaced persons, still need humanitarian assistance. During 1995–96, USAID provided humanitarian assistance to Liberia for emergency food, water and sanitation, and health care. The Agency continued to provide disaster assistance and emergency food aid in 1996. Some of this aid provides transition support for people returning to agricultural production. Food assistance not only supplies needed nutrition but

also helps reintegrate people into economic life through food-for-work and monetization programs.

In Asia, USAID helped combat the effects of floods and tropical storms. In **Bangladesh**, the Agency is developing systems to evacuate people to safe shelters before natural disasters strike. It is also working to increase the level of other disaster preparedness measures. These measures include providing faster and better delivery of relief supplies to disaster victims, minimizing postdisaster nutritional wasting

of infants and children and reducing postdisaster distress sales of land, cattle, and other assets.

In the **Philippines**, typhoon Angela killed 600 people and destroyed almost 100,000 homes in November 1995—the worst storm in the Philippines since 1987. Total damages were estimated at \$83 million. More than a million people were affected. USAID provided emergency relief to 637,000 evacuees and homeless, transporting them to 1,085 evacuation centers. Victims received clothing, transportation, utensils, potable water, and plastic sheeting.

In the Near East, conditions remain precarious for populations in northern **Iraq**. In 1996, USAID resettled, to their villages of origin, families of Kurds who had been displaced by the Iraqi army following the Gulf War. The Agency also provided heating fuel for social service centers.

In Eastern Europe (see box 5.3) and the new independent states, the three Caucasus republics, **Armenia**, **Azerbaijan**, and **Georgia**, have suffered from conflict, civil strife, and economic dislocation since the breakup of the Soviet Union. All three republics have had to deal with large populations of refugees and displaced persons. By 1996 there were still 800,000 refugees and displaced persons in Azerbaijan,

377,000 in Armenia, and 280,000 in Georgia. USAID delivered supplementary food and fuel to the most vulnerable groups in each country. Stabilization is progressing, and economic recovery is beginning in Armenia and Georgia.

Enhancing Short-Term Food Security

Establishing short-term food security, especially emergency relief, is inherent in humanitarian assistance. Appropriate donors can provide short-term food security to the most needy in emergency and postemergency societies.

Relief in complex emergencies addresses short-term food security needs and is often part of a country's transition out of crisis. USAID's collaborative relief efforts in **Angola** illustrate this. Since Angola's peace accord was signed in fall of 1994, security has gradually improved, allowing relief organizations to help the neediest. Because of the vast numbers of malnourished Angolans and conflicting information on where the greatest needs existed, NGOs and UN agencies needed a rapid nutritional assessment to target food aid. Action Internationale Contre La Faim/USA, a PVO, received Agency funding to conduct regular food security surveys. These surveys identified groups and areas with the greatest need and are helping humanitarian organizations plan and target activities. As a result,

in less than six months during 1996, the malnutrition rate dropped from 40 percent to below 5 percent in one of the areas surveyed.

Transition: Establishing Security and Getting Basic Institutions Functioning

Transition activities (see figure 5.6) include

- Enhancing local security, especially through demobilization and demining
- Strengthening local governance and institutions that promote reconciliation and reduce tensions, improving integration of humanitarian and development assistance
- Rehabilitating social and physical infrastructure (roads, bridges, schools, clinics, irrigation systems)

In Africa, the transition program in **Mozambique** has successfully provided food aid for two million returnees from six neighboring countries of asylum. The international donor and World Bank cash support has allowed for a peaceful resettlement, as well as increased farming and infrastructure improvements. With these advances, 1997 will see the elimination of emergency food aid to Mozambique, with the exception of that needed in response to drought (see box 5.4).

Box 5.3. U.S. Foreign Assistance Helps a Nation Rebuild

Six months after the November 1995 signing of the Dayton Peace Accords, international reconstruction efforts continued in the former Yugoslavia. The U.S. foreign assistance program in **Bosnia–Herzegovina**, carried out primarily by USAID, includes humanitarian aid and reconstruction. Humanitarian assistance programs are helping 2.4 million people resume normal lives. The balance of U.S. aid goes to demining, police training, human rights monitoring, and activities supporting the Bosnian elections and the War Crimes Tribunal. In addition, the U.S. government delivered more than \$1 billion in humanitarian assistance to the former Yugoslavia since 1991. The program is endeavoring to create a stable, democratic postwar Bosnia–Herzegovina with strong institutions and a free-market economy.

To build the momentum for peace in the region, USAID has begun efforts to promote economic revitalization through five programs:

1. *Emergency shelter repair.* The immediate emphasis is on accelerating the return of displaced Bosnian families and Bosnian refugees to their homes through civilian economic recovery programs. Through NGOs, USAID is providing basic emergency repairs of 2,500 single-family houses, home to 12,500 people in 44 villages. The program has allowed families to resume agricultural and other productive activities, thereby contributing to economic revitalization.

2. *Municipal infrastructure and services.* This finances the repair and reconstruction of basic economic infrastructure damaged during the war.

Activities include electricity, communication, sanitation, water services, transportation systems, and community facilities such as health clinics and schools. About 30 projects are under way; construction will be completed on all but the largest projects by the end of 1996. These activities are generating civilian jobs for former soldiers. Some 40,000 jobs will be created during the life of the program.

3. *Bosnian reconstruction finance facility.* The program's primary objective is to increase employment by providing quick disbursing loans to restart and expand viable enterprises. As of September 1996, 16 loans had been approved that will create 1,900 jobs. They include financing for producers of roofing materials, a fruit-and-vegetable processing plant, a clothing firm, and a furniture plant.

4. *Economic transformation.* A priority task facing Bosnia–Herzegovina is the transition to a market economy. USAID is helping accelerate development of an efficient private sector in the postwar rebuilding process. The Agency is providing technical assistance in five areas: customs, privatization, financial sector reform, enterprise restructuring, and tax and budgetary reform.

5. *Democratic reforms.* The United States is providing technical assistance to help build strong, enduring democratic institutions. USAID supports the growth of open media, free elections, responsive government, and a fair judiciary.

In **Angola** food aid also played an important role in moving the country out of the emergency stage. Now, the central political development needs are to build peace, establish some freedom of

movement, and expand local self-governance. USAID made a substantial investment in keeping war-affected citizens in Angola alive with food and emergency medical assistance during the past seven years. The

number of beneficiaries reached a high of more than 800,000 a month in 1994. By 1996 the monthly average had dropped to 400,000.

To further the transition to democracy in **Lebanon**, USAID is resettling families, implementing rural community rehabilitation and reconstruction, and strengthening community organizations. In **Cambodia** the Agency is reconstructing infrastructure destroyed during war and providing relief and rehabilitation to orphans, displaced persons, and victims of land mine explosions. USAID also provides security and rehabilitation to Burmese refugees from **Burma** along the Thai-Burmese border.

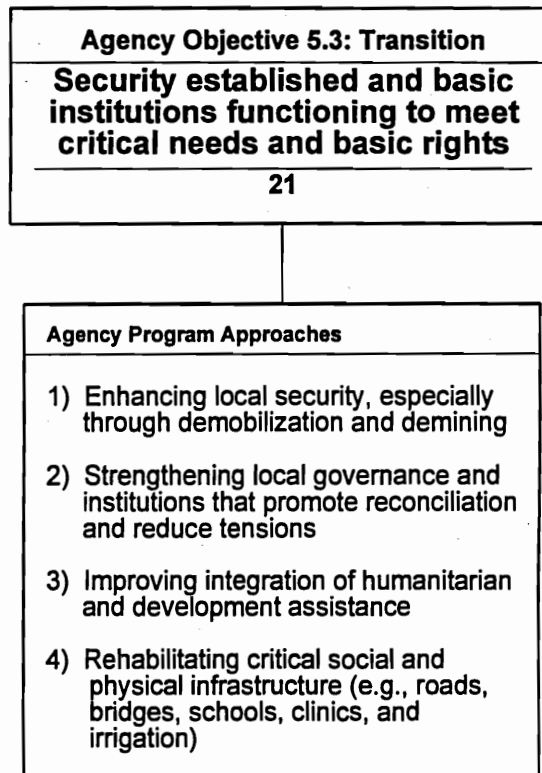
In Eastern Europe and the new independent states, USAID is easing the transition to democracy by alleviating animosities between organizations and providing relief to vulnerable groups. Among the interventions:

■ In **Azerbaijan** USAID is targeting refugees and other vulnerable groups for food aid, shelter, and health care and is developing income-generating agricultural activities.

■ In **Belarus** USAID provides relief and transition assistance to long-term victims of the 1986 Chernobyl nuclear accident.

■ In **Bulgaria** the Agency is helping the government develop a social security system.

Figure 5.6. Agency Program Approaches Contributing to Agency Objective 5.3



■ In **Croatia** the Agency seeks to resettle, train, and provide employment to displaced persons; reduce violence in families; arrest and convict human rights violators; and restore interethnic communities.

■ In **Georgia** USAID is developing a database to monitor the number of vulnerable people to better target assistance to the needy and help in the design of emergency response plans. It meets relief needs (for nutrition, shelter, and

clothing) of vulnerable groups, monetizes food aid, and links relief to development activities.

■ In **Ukraine** the Agency is providing relief and rehabilitation to orphans and the elderly, supporting development of local NGOs, implementing disease control, and training Ukrainians in emergency medical procedures.

In Europe and the new independent states, an example of a successful transition program that addresses the basic ability of families to become

Box 5.4. Crossing the Bridge to Peace

On his way home from work, Leonardo Mulvani, a former soldier, crosses the recently reconstructed Dona Ana Bridge, once the longest rail bridge in Africa. Until recently, this damaged bridge symbolized the destruction and damage caused by civil war. In December 1995, as a result of USAID rehabilitation financing, the Dona Ana's fallen spans were raised from the riverbed, and the bridge was converted for vehicular use. Today that same bridge is a link across the Zambezi River, benefiting all Mozambicans. It offers a symbol of hope for a reunified **Mozambique** at peace.

Mulvani himself has gone through a remarkable transformation much like that of the Dona Ana. USAID provided job and training opportunities and small grants for 15,000 ex-combatants to reintegrate themselves into civilian life. This former soldier updated his welding skills, got a new welding kit, and took courses in microenterprise

start-up and management. With a \$1,500 reintegration grant and his own \$1,000 in-kind investment, he started a small welding enterprise and trained six other ex-soldiers. He employs them in automobile repair, rehabilitating trucks and minibuses that transport people across the Dona Ana.

Today, Mulvani's profits have replaced his monthly reintegration subsidy. He has financed construction of a small commodities shop, run by his wife. He now provides short-term loans to his employees, enabling them to buy their own welding kits. Mulvani's services are in such demand that he plans to train and hire more demobilized soldiers. He has applied for credit to finance this expansion. In one short year, Mulvani has built a new business, created employment, and provided services in high demand, benefiting his family, his community, and his country.

financially self-sufficient is **Armenia**. But unless economic conditions improve to generate significant employment and household income, impoverished conditions will continue (see box 5.5).

USAID's efforts in Latin America and the Caribbean are helping countries make the transition from war to peace and democracy. Most of these activities include rehabilitation, infrastructure reconstruction, provision of social services, resumption of economic activity, development of civil society, and vocational and financial assistance to ex-combatants and vulnerable groups.

■ In **Guatemala** the Agency is helping bolster the peace accords, resettling uprooted populations, and establishing a more responsive judicial system to reduce human rights violations.

■ In **Haiti** USAID is helping train and deploy a new police force to provide security.

■ In **Nicaragua** USAID is helping civil rights associations protect human rights by monitoring violence against members of the demobilized Sandinista army. Murders dropped from 31 in 1990-91 to 13 in 1995.

USAID recognizes the need to rehabilitate war victims and help them become citizens who can once again contribute to society. Under the War Victims Fund, USAID provided assistance to establish sustainable prosthetics and related medical, surgical, and rehabilitative services for civilian victims of war. Activities are ongoing under this fund in **Angola, Armenia, Cambodia, Laos, and Mozambique** to facilitate reintegration of the wounded into normal life. Since the fund was established, USAID has helped more than 30,000 civilian victims of war, ensuring

that victims have long-term access to prosthetic and orthopedic services.

In Laos although 20 years have passed since the end of armed conflict, unexploded ordnance detonates weekly in the province where the War Victims Fund center is located. Most victims are children. Typically, these explosions kill or maim more than one person. USAID is funding programs that teach women and children how to identify and avoid land mines. This year funding was provided for prosthetics to help improve the lives of amputees in Cambodia.

The Vietnam Veterans of America is providing prosthetics and orthotics to 3,000 Cambodian land-mine and polio victims, working with local institutions to enhance the Cambodian National Rehabilitation Center. In partnership with the American Red Cross, USAID provides additional assistance in prosthetics in Cambodia, where war and ordnance left behind have disabled 135,000 citizens. Land mines continue to claim 150 civilian lives a month.

Over the past decade, more than a million children worldwide have lost one or both parents as a result of war. To reach children displaced or orphaned by war, in 1989 USAID launched the Fund for Displaced Children and Orphans. The Agency has collaborated with the International Committee for the Red Cross,

Box 5.5. Armenia: Moving Toward Self-Sufficiency

Owing in part to the 1988 earthquake and the breakup of the Soviet Union, a large proportion of Armenians live below the poverty level. The average wage of \$4–5 a month does not meet the cost of sustaining an average family, estimated at \$141 a month.

USAID assistance created a computer database of 600,000 registered households and ranked them by level of poverty. All major international donors, including the United Nations, use the database to compile vulnerable population lists. It is managed by government social workers and verifies household vulnerability. Humanitarian interventions are then designed targeting those most in need.

The program, for instance, targeted kerosene distribution during the winter of 1995–96. The Winter Warmth Program then supplied kerosene to more than 175,000 families, 35,000 shelters, and 1,100 schools. As a result, schools remained open in winter and school attendance increased by 54 percent. As a disaster-prevention measure, USAID provided food aid to 71,000 needy Armenian families before winter and supplied basic commodities to 50,000 vulnerable households. USAID, through PVO partnership, funded two projects providing pharmaceutical coverage to 368,000 women in one area, and nationwide to children under 15. It created employment opportunities for hundreds of unemployed workers in agriculture and light industries.

UNICEF, and NGOs to implement programs that reunite children with family members.

The programs first identify and document unaccompanied children, then trace families or relatives. Children are reunited with their natural or appropriate substitute families as quickly as possible. These programs also address the psychological and social after-effects of stress and trauma caused by war. The fund benefits children affected by war, street children, and orphans of the HIV/AIDS pandemic in more than 30 countries. In 1996

the fund helped 10,000 children in **Angola, Bosnia, Croatia, and Rwanda.**

The Role of Food Aid In the Transition To Development

USAID employs food aid resources to alleviate long-standing complex emergencies of **Angola, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, and the former Yugoslavia.** An increasing amount of food aid is being directed toward transition needs. Programs are implemented through USAID PVO partners and through the World

Food Program. Millions of refugees and displaced persons benefit from these programs yearly. In addition to saving lives, food programs build food security for vulnerable groups during and after emergencies.

The food-for-work project in **Bangladesh** is one of the largest labor-intensive public works projects in the world. It generates more than 70 million workdays of rural employment a year. Implemented through the World Food Program, the project has made considerable progress in moving programs into the mandated developmental bodies such as the Ministry of Local Government.

Infrastructure improvement boosted development in rural areas. USAID also supports the Food for Education Program, which increased the percentage of total public food distribution to target groups from 39 percent in 1992 to 68 percent in 1995. These activities have improved children's nutritional status, decreasing the number of underweight children and the amount of wasting and stunting.

In **Eritrea** a USAID-funded project lowered food aid dependency 75 percent in 1995. Farmers' income rose 25 percent. Crop production went up 40 percent and yields increased. There was also more water for human and livestock consumption, and improved soil and water conservation through tree-planting.

Programs implemented by PVOs in **Ethiopia** enhanced food security, improved primary infrastructure services, rehabilitated agricultural production, and helped conserve soil and water. These activities led to increased production and crop yields, and they improved food access for families through food rations and increased incomes. Projects maintained the nutritional level of target groups while meeting short-term food needs, thus preventing malnutrition in the event of future food shortage.

In **Haiti** the incidence of malnutrition of children under 5 fell from 28.4 percent in 1994 to 20.8 percent in 1995. Surprisingly, programs in urban slum areas, where more children are expected to be malnourished, showed only 15 percent of children under 5 suffered from malnutrition. Much of this improvement can be attributed to PL 480 food aid, which constitutes 80 percent of the food aid distributed to vulnerable groups in Haiti. In addition, the number of people receiving food aid declined from a high of 1.3 million at the end of 1994 to 875,000 one year later. Improved nutrition is one indicator that Haiti is exiting the emergency phase. With the shift from emergency aid, food distribution integrated with health programs (which is more successful in combating malnutrition) doubled, from 6 percent in 1995 to 12 percent in 1996.

Improved targeting of food to vulnerable groups can produce significant results. For example, in **Rwanda**, Title II emergency programs provided daily rations of 2,000 calories to refugees and displaced families affected by the civil war, protecting them from starvation and severe malnutrition. Programs reestablished farming activities for returning families and provided salary supplements enabling 24,000 civil servants and teachers to return to work. In **Sierra Leone**, between August 1995 and June 1996, food targeted to children and needy adults in two areas reduced overall malnutrition rates from more than 25 percent to less than 8 percent.

Demobilizing and Reintegrating Ex-Combatants

Since the early 1990s, USAID has supported demobilization of soldiers and reintegration of ex-combatants into civilian society as a pivotal aspect of transition from complex emergencies to development. Together with its international partners, USAID has supported programs in **El Salvador, Ethiopia, Mozambique, Nicaragua, Sierra Leone, and Uganda**. Successful demobilization and reintegration programs reestablish civilians' personal security.

Sierra Leone is experiencing a critical transition from military rule to elected civilian government. Several rounds of peace talks sponsored in part by USAID led to the end of a five-year civil war. USAID's objectives are to consolidate the peace process and empower civilians to prevent the recurrence of violence. The Agency is also seeking to complete the transition from emergency relief to resettlement and reintegration and to address the causes of the conflict.

In **El Salvador**, as part of the Peace and National Recovery project, the Agency designed and implemented activities to demobilize and reintegrate ex-combatants into civilian society. The project was based on an intensive Agency study of other postcomplex-emergency assistance programs in **Colombia, Nicaragua, and Zimbabwe** and an extensive assessment of the infrastructure in El Salvador's former conflict areas.

January 1992 marked the end of the 12-year civil war in El Salvador. The war claimed 75,000 lives and crippled basic infrastructure and services. The U.S. government mediated El Salvador's transition from war to peace and contributed \$300 million of the total donor pledge of \$860 million for a five-year program. Launched in May 1992, the Peace and National Recovery project addresses the root causes of political instability—inequality, poverty, and landlessness. It builds local

democratic institutions to encourage full participation in national recovery. The project has achieved USAID's strategic objective of helping El Salvador make the transition from war to peace.

The program links relief and transition with economic growth and food security:

■ Some 34,000 Salvadoran ex-combatants and squatters received land, enabling them to grow food.

■ Almost 97,000 Salvadorans (71 percent men and 29 percent women) received vocational and technical training, or high school- or university-level education. The project trained more than 23,300 people in 1995, far surpassing the target of 8,300.

■ The project provided agricultural or microenterprise credit to more than 83,000 Salvadoran beneficiaries (68 percent men and 32 percent women).

The project prompted creation of new and expanded businesses. Overall household incomes of beneficiary families increased by an average of 35 percent. An estimated 65 percent of male and 67 percent of female beneficiaries earned higher incomes. The project also aligned relief and transition with infrastructure, democracy, and governance:

■ One hundred thirty-six NGOs (125 Salvadoran and 11 international) participated in the project, channeling \$100 million to beneficiaries.

■ The project helped organize 365 open municipal town meetings in the 15 project municipalities. Turnout in 1995 increased 15 percent because of the success of the meetings in 1994. In 1995, 89 percent of the 871 communities participated.

■ The Peace and National Recovery project provided benefits to more than 26,000 ex-combatants.

■ The project improved 23 percent of damaged roads in the former conflict zones and restored access to basic services. From 1992 to 1996, the project rehabilitated more than 2,000 kilometers of roads.

In **Liberia** the civil war ongoing since December 1989 has put 1.5 million people in need of humanitarian assistance. In response, the U.S. government provided emergency aid to Liberia from 1990 through 1996. In 1995–96, USAID provided almost one fourth of its total funding for emergency aid, resettlement, rehabilitation, and reintegration. The Agency supports the following activities:

Democratic Transition

Peace talks.

USAID supported peace negotiations in collaboration with its partners. Representatives from the Economic Community of West African States, the UN, and various warring factions worked

together to devise a new formula for the Liberian peace process.

Civic awareness.

The Agency promoted conflict resolution and reconciliation and supported preparations for national elections. It encouraged grass-roots organizations to become involved in civic advocacy and sponsored endeavors to rebuild civil society, including voter education, media skills training, and human rights awareness and monitoring.

Civil society.

USAID gave more than 20 local NGOs grants for projects to build civil society. For example, the NGO Women in Action for Goodwill conducts radio programs in 16 Liberian languages imploring combatants to disarm and return home to rebuild their communities.

Transition From Relief To Recovery

■ ***Transition services.*** Liberia is working toward the transition from relief by enhancing security, establishing political stability, improving social and economic infrastructure, and resuming social services. USAID is phasing out general distribution of food to concentrate on those most in need. The Agency supports psychological trauma counseling and vocational schools offering training in skilled trades, primary health care, and laboratory technician work. These activities encour-

age ex-combatants and others to reintegrate and become productive members of civilian society.

■ ***Seeds and tools.*** More than 68,000 Liberian farmers received seeds and tools, enabling them to meet their own food consumption needs, which reduced the need for food aid. Combined with food-for-work activities, this program has increased the amount of land under cultivation, facilitating the return to productive lives. USAID improved food security so general mass feeding is no longer essential.

Reconstruction. USAID financed 42 projects in Liberia during 1996 to rebuild communities, schools, clinics, shelters for displaced persons, wells, roads, and markets.

Strengthening Local Governance and Institutions That Promote Reconciliation

In Haiti, USAID continued to work to transform the political environment from one of intimidation to an atmosphere that supports broad-based, sustainable development. USAID enlisted the help of the Geneva-based International Organization for Migration to develop a Communal Governance Program.

Characterized by rapid action and high visibility, the program has implemented microprojects in all regions of Haiti. More than 2,000 community groups representing 50,000 Haitians are involved. Microprojects range from rebuilding community

schools, roads, markets, canals, and bridges to organizing and running civic education, literacy, public health, reforestation, and sanitation activities. USAID funding for these activities has leveraged significant resources from local communities (primarily through in-kind donations), the United States, and other foreign militaries operating in Haiti, and from UN agencies.

The hallmark of the program is the participatory process it uses to empower communities. Now in its second phase, the project emphasizes bringing locally elected representatives together with community groups to address local needs. It is contributing to democratization by promoting dialog between elected officials and their constituents. It is also helping local groups begin problem-solving after years of inaction, caused by repression and lack of resources.

The crisis in Rwanda in April 1994 tested the capacity of the international humanitarian community to respond. An estimated 500,000 to 800,000 people were massacred in less than 10 weeks of genocide and civil war. Unprecedented numbers of people were uprooted from their homes; tens of thousands of refugees suffered the immeasurable physical and psychological traumas of maiming, rape, and other acts of violence.

A multidonor team including USAID evaluated the performance of human rights assistance. Among the recommendations:

1. Establish a small high-caliber unit to analyze information on alleged crimes, ranging from conspiracy to genocide.
2. Provide sufficient funds, clear mandates, and qualified professional staff to coordinate activities.
3. Conduct an independent evaluation of the UN human rights field operation for Rwanda, with specific recommendations for optimal response to human rights violations.

The international donor community undertook initiatives to investigate alleged human rights violations during the war, monitor the human rights situation, reestablish confidence, and provide technical assistance in the administration of justice. The international community established the International Tribunal for Rwanda, reconstructed the justice system, and helped the UN human rights field operation. It collaborated to provide needed assistance for the judicial system. USAID provided supplies and equipment.

It will take time for this effort to produce tangible results. The real challenge is for Rwanda to put into place a new political culture. The international community can play a limited,

though significant, role in helping the government meet this challenge.

Conclusion

USAID faces growing humanitarian assistance challenges. Recent evaluations capture some of the deeper dimensions of what the Agency has been learning about its humanitarian assistance work over the past year.

Prevention initiatives. As the Agency continues to increase its investments in prevention activities, a more rigorous review of crisis-prone countries is needed to curtail the need for disaster response over time. The relationship of humanitarian assistance to long-term development strategies is a critical part of this analysis. The rise in the occurrence of complex emergencies calls for improved prediction and crisis management.


Agricultural research and improved natural resource management can help prevent famine. For example, new varieties of fast-growing groundnuts, rice, cow pea, maize, millet, and sorghum have made it possible for farmers in the drought-prone Sahel to adapt to shorter and more variable planting seasons. Natural resource management practices in food-insecure regions can also improve production. For example, trees planted along field boundaries

acted as a wind barrier and contributed to a 20 percent increase in food crop yields in Niger in 1996.

Developing an effective early-warning system for impending crises is also important. In the Sahel, USAID created a timely communication system that cut information transmission time from seven days to minutes.

Meeting emergency relief needs. Most humanitarian assistance, particularly relief, is targeted to the most vulnerable groups—women and children. Too often men control food distribution, diverting commodities to arms purchases, to support for combatant forces, or as a tool for sexual exploitation. Relief organizations now recognize the critical role of women in managing food distribution to achieve adequate nutrition levels and food security in emergencies. Generating separate data on vulnerable groups by sex, age, and physical status is important for the design of programs that meet the needs of these primary disaster victims (especially in complex emergencies) when there are high risks for both malnutrition and exploitation.

Development of databases and registration programs in several countries has helped donors target humanitarian assistance to those most in need. Household data on income, nutrition, sex, and health status establish vulnerability criteria.



Relief organizations then use the information to coordinate assistance.

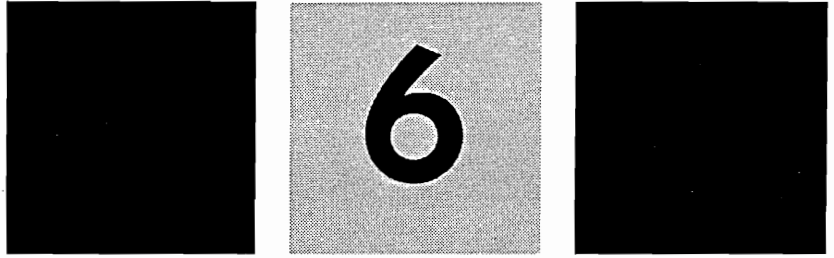
Transition to development.

Food assistance must be flexible to respond to changing needs in a complex emergency, taking advantage of brief opportunities to build popular participation and political will. An example of a successful relief-to-development program is the distribution of agricultural seed packs to help farmers in southern Africa begin planting once drought has ended.

Food security is enhanced when linked with longer term health interventions, such as programs to promote child survival. Because child survival interventions alone do not lower malnutrition, USAID pursues a food security strategy that incorporates feeding of mothers and children with other child survival initiatives. The program in Kenya illustrates. In

that country, a model links research, development, and technology transfer with agricultural policy reform, which frees local markets from policy restrictions so that food can move from surplus to deficit areas, increasing food security.





Managing for Results



Managing for Results Highlights

USAID continues to be a leading agent of change among U.S. government agencies. 1995-96 saw another year of intense internal reengineering to advance the efficiency and effectiveness of programs. Essential to successful reengineering is widespread adoption of the Agency's core values: results orientation, customer focus, teamwork and participation, and empowerment with accountability. To further these core management values, USAID during the past year has

- Issued directives to guide planning, achieving, and monitoring program performance and results
- Formulated customer service plans, sought customer involvement at the planning stage, and solicited regular customer feedback as programs were carried out
- Formed teams around program objectives to more actively engage USAID staff, partners, and customers in developing programs and activities

■ Continued to seek proper degrees of increased empowerment for decision-making by staff and teams while ensuring an adequate understanding of accountability responsibilities between management tiers

Essential to managing for results is reviewing and rating performance and using that analysis for decisions on programs and resource allocation. During the year USAID

- Emphasized the requirement that program managers regularly revalidate the underlying logic of their strategies
- Continued to improve the reliability and validity of the data generated for Agencywide performance information systems
- Worked to standardize tenets of strategic planning, performance measurement, and reporting across Missions and bureaus
- Extended use of the new Results Review and Resource Request (R4) system and made this new system the basis of the annual performance and budget reviews

USAID for now must plan to manage less *with* less. Management initiatives to reconfigure staff and program during 1996-97 include

- Issuing a restructuring guide on the overseas work force establishing staff size and skills for various country program situations
- Narrowing the scope of country programs, given the reality of limited human and financial resources
- Increasing attention to ensuring that institutions and programs in graduating countries will be sustainable once assistance is phased out

USAID is sharing its field experience with reengineering through a series of publications on best practices. In 1996, the Agency published six reports from Missions in Bolivia, Central Asia, the Dominican Republic, and the Philippines. Two general reports cover a year of experience among country experimental labs, and planning and managing for results under reengineering.

Managing for Results

Now in its third year as a "reinvention laboratory," the Agency is designing and implementing management systems and tools that respond to the Government Performance and Results Act of 1993. The act seeks to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for performance and to measure results.

The act requires pilot agencies to write performance plans that describe goals and objectives, summarize resources to be used, and list indicators for measuring results. To build on the establishment and use of results-oriented management approaches, USAID has begun putting into effect new program, procurement, and human-resource systems; instituting new policies and procedures for Agencywide reporting and for reviewing performance; and developing new management approaches.

As the Agency reengineers systems, it faces new management challenges. They include

- Finding ways to integrate new operational management and implementation teams into existing organizational structures
- Grappling to identify the range and level of authority to be delegated to those teams
- Finding cost-effective strategies for including customers' perspectives in program design and implementation

In addition, a decreased operating budget has led to a substantial reduction in personnel. These cuts have forced the Agency to make difficult choices. They include assessing where scarce USAID resources can be spent most effectively, determining how Agency programs can best be managed to achieve sustainable results, and gauging when and how to exit once development gains have been realized.

The preceding chapters detail results achieved and progress made over the last year under each of the Agency's five development goals. This chapter discusses the initiatives USAID has taken to better manage its staff, programs, and financial resources to achieve those results.

Implementing Reengineering

USAID has always worked with partners to achieve sustainable results. For some time, though, the Agency has recognized the need for a more responsive and supportive operations system. From an analysis aimed at building on

what has been done well and learning from mistakes, the Agency is changing how strategic plans are developed, how programs are managed, and how performance is monitored, evaluated, and rewarded.

Through reengineering, USAID seeks to ensure that its staff have the necessary information, authority, and incentives to respond to the perspectives of beneficiaries in developing countries, the customers of the development assistance USAID provides. Four core values guide USAID's efforts:

- A results orientation (rather than managing by inputs)
- Customer focus (rather than letting internal procedures define purposes and constrain performance)
- Teamwork and participation (interdisciplinary teamwork within the Agency and with partners and customers)
- Empowerment with accountability (giving teams the necessary authority to make decisions, with clear accountability for results)

With these mutually reinforcing values, the Agency continues to develop better targeted, better informed programs with a higher probability of success. Reengineering is giving new meaning to "participation" by



formalizing teamwork with partners and involving ultimate customers wherever possible in designing and implementing programs. In short, USAID is building a results-oriented management system that invests in countries where the commitment to achieving results is shared by both host country and development partners.

USAID is building on best practices that have emerged from decades of experience in strategic planning, program implementation, performance measurement, and evaluation. To further streamline operations, USAID is completing a new Agencywide management information system. It is designed to enable managers worldwide to better share information, collaborate on teams, and learn from one another's experiences.

Applying the Core Values

USAID seeks to achieve results in collaboration with its customers—the ultimate beneficiaries. Agency staff have begun organizing themselves into results-oriented teams empowered with the information and authority necessary to achieve results and be held accountable for them. These teams solicit the participation of stakeholders—that is, all who influence or have an interest in development results. In building ownership and sustainability

Box 6.1. Customers Help USAID Refine Its Programs

From April through November 1995, USAID/Bangladesh conducted two customer assessments. They examined the needs and perceptions of Bangladeshi men and women regarding democracy and governance. One was done just before embarking on developing the Mission's strategic plan, and the other was done just before completing that plan.

USAID/Bulgaria learned through a series of workshops that duplication of effort, poor communication, and unmet client needs were limiting the potential results of private enterprise programs. With its customers and partners, the Mission established a consortium of organizations to address these problems.

In Bolivia, the USAID Mission recognized that for forest resource conservation and environmental management programs to be sustainable and effective, end-users' own priorities must shape design and execution of activities. Through interviews, meetings, and workshops, 7,500 indigenous people in the program region have collaborated with USAID in developing a model program for biodiversity conservation in their region of Bolivia.

into the Agency's activities, it is especially important to involve the customers and the implementing partners (see box 6.1).

Orientation on Results

Managing for results—and, ultimately, *achieving* results—is supported by each of the other three core values. The Agency has issued directives to guide planning, achieving, and monitoring and evaluating performance and results. They exemplify a conscious effort to create an organization whose structure, policies, and procedures enhance the ability to manage programs, personnel, and budgetary resources to achieve results. Customer service planning, engaging

partners and customers in defining and validating strategic plans, and empowering USAID staff to make and be responsible for decisions—these approaches form the underpinnings of managing for results. On its own, each of these values is equally valid with the others. Collectively, they are the tools to achieve and sustain results.

Strengthening Customer Focus

A customer focus in designing and managing USAID programs requires managers to seek input and feedback from each link in the chain of service delivery. Customer involvement, both when programs are being planned and while they

Box 6.2. In Paraguay, Building Ownership Through Participation

USAID/Paraguay faced hard decisions about investing limited resources effectively. Toward this task, the Mission engaged in a partnership approach to assemble the in-country knowledge needed to develop its strategic plan.

The Mission considered the extended team members of this process to be customer-partners. Participants included members of the Paraguayan government (including the attorney general and justices of the Supreme Court), Paraguayan nongovernmental organizations, other donors, U.S. and international private voluntary organizations, and USAID/Washington.

The approach proved effective. The extended strategic objective team developed a tightly defined plan grounded in country realities and stakeholder interests. "This approach makes us owners of the strategic plan," remarked one participant, "because we have been fully incorporated in the results." Conducting the process entirely in Spanish enhanced the experience. Customer-partners said they felt genuinely committed to the strategy and to working with USAID to achieve the results.

USAID/Paraguay's success was based on several elements: Mission staff engaged in broad advance consultation with participants. They conducted a customer-partner needs survey and shared the results before beginning to work together on developing the strategy. The Mission communicated to customer-partners USAID program outlines and preliminary strategic objectives. It hosted a week-long strategic-planning workshop with 80 customer-partners to determine the highest priorities and work together to elaborate on strategic objectives and results frameworks.

The final strategy was prepared by smaller partner working groups, and the full plan was later shared with the larger partnership group. Organizations were asked to send their most informed people in the sectors and ongoing programs to facilitate this and future collaborations. USAID/Paraguay's approach to program planning represents a model for other Missions for designing effective and inclusive strategies and for developing enduring working partnerships as well.

are being carried out, increases the Agency's ability to achieve its objectives (see box 6.2).

USAID Missions have developed customer service plans to systematically incorporate customer feedback into the assessment of program performance. "Customer focus" is not a new concept to USAID. But by reengineering, the Agency is strengthening its attention to the low-income individual and community—the intended beneficiary of USAID assistance.

To design an effective democracy support program, USAID/Bangladesh conducted surveys to identify the needs and perceptions of ordinary people regarding democratic participation. USAID/Panama held focus group discussions with 40 newly elected mayors and municipal officials before designing its municipal development program. The Mission relied on U.S. Information Service surveys to identify citizen perceptions of the criminal justice system, which USAID sought to strengthen.

Creating and Working in Teams

Using teams as a planning and management vehicle is indispensable for increasing participation. As the Agency's experience in planning with partners has broadened, partner involvement and integration of customer focus into planning and implementation has begun to produce more effective outcomes than activities undertaken independently (see box 6.3). Working with partners is not new to USAID, but the Agency has formalized that

process through the New Partnerships Initiative and by expanding on donor coordination committees and sector working groups.

Empowerment And Accountability

Empowering strategic objective teams requires support of senior management and delegation of decision-making authority (see box 6.4). The challenge for empowerment *within* these teams, as well as of the teams as collective units, is being felt across the Agency. Promising approaches include contracts between teams and Mission management, careful selection of team leaders by team members, and joint team leadership.

Reaching agreement on accountability between USAID/Washington and its Missions is also essential. Mutual understanding of respective roles and responsibilities is established first during development of the country strategic plan. It is explicitly defined in the management contract for that program. The agreement is

Box 6.3. The Hard Facts About Teamwork

USAID/Dominican Republic, a country experimental laboratory, believed that staff and partners would have to buy in to the team concept for reengineering to be successful. The Mission also knew that team-building raises new management issues. For example, staff are inevitably anxious about turf. They need to decide how much time to devote to team versus individual duties. They must adjust supervisory responsibilities, clearly delineating relationships and lines of responsibility. And they need to make determinations about delegations of authority. Staff need training to manage teams productively. And teams need to define their objectives clearly.

reaffirmed annually, in the review of results achieved and resources requested to continue programming in each host country.

performance against targets and budget constraints and make corrections.

Performance measurement has been part of program management in USAID since the mid-1980s. Increasingly, program management and budget decision-making are supported by data generated from Agencywide performance information systems. USAID is working to develop common, transparent approaches for evaluating program performance and using evaluation to inform program decision-making.

Managing for Results As an Agency

Essential to managing for results is reviewing and rating performance and using that analysis to inform decisions in programming and resource allocation. Country program managers constantly assess

The Agency Strategic Framework, completed during 1995, helps guide this process. It provides country program managers with a clear articulation of USAID development objectives. USAID created this framework to enable managers to align their strategies and activities such that they would contribute significantly to those objectives within the context of the country they work in.

Box 6.4. Empowerment of Strategic Objective Teams

USAID/Honduras staff is organized in strategic objective teams. Mission management has delegated to team leaders a number of management authorities. Team leaders are empowered to approve funding actions up to \$100,000 and to issue implementation letters up to \$100,000. They may authorize in-country travel of team members and approve evaluation documents. They may determine the adequacy of host country contributions. They may authorize project completion reports. And they may approve vouchers.

Operating unit programs are now clearly linked to Agency goals, objectives, and approaches, and annual reviews are becoming more performance based than ever before.

The Agency's reengineered systems and approaches are placing greater emphasis on managing for results. They do so by working to standardize the tenets of strategic planning, performance measurement, and reporting across bureaus; to underscore results at the strategic objective level; and to define roles for central and regional bureaus in the annual sectoral and program performance reviews.

The reviews provide an annual opportunity for USAID's Washington-based development and management professionals to work directly with field staff in assessing progress toward achieving program results. In the reviews, managers compare actual performance against stated strategic objectives. They capture experience and lessons learned, and they gain a better sense of the Agency's contributions to development. A discussion of reviewing and rating performance follows.

The R4 Process: Reporting, Reviewing, And Rating Program Performance

Reengineering introduced changes in Agency requirements for strategic planning and performance monitoring and reporting. The Results Review and Resource Request (better

known as the R4) is among the most significant of the reengineering innovations. In submitting the R4, Missions will report on their progress toward meeting the intermediate and longer term results that they determined in their strategic plans were likely to be achievable. These submissions and the strategies that underlie them also serve to link field Mission and Washington bureau objectives with USAID's primary development goals and objectives, defined in the Strategic Framework. Moreover, the R4s provide the basis for determining future funding and staffing needs.

In 1996 the R4 was the basis of performance and budget reviews throughout the Agency. The results-reporting portion of the R4 includes 1) the operating unit's assessment of whether the program is achieving expected results, 2) how actual results compare with the performance targets set earlier for each strategic objective, and 3) the particular contribution USAID-supported activities made toward achieving the objective.

The Asia and Near East (ANE) Bureau's critique of its 1996 R4 illustrates the utility and the complexity of the new results-oriented system. As a general concern, the bureau's R4 consistently pointed to a familiar conflict between a desire for real and sustained development, on the one hand, and declines in budget and staff, on the other.

In the current environment, ANE found, Missions often are taking different approaches to country development. They now are less likely to propose broad, comprehensive programs, tending instead to concentrate on narrower interventions in areas with high potential for substantial development impact. They are placing more emphasis on program and financial sustainability.

They are intensifying efforts to tap into the energy of others in the donor community and the private sector and among nongovernmental organizations. They are devoting more attention to new ideas and information, both as inputs to Mission operations and as substantive characteristics of Mission programs. They are redoubling their efforts in policy dialog, particularly on potentially high-impact areas.

They are building complementarity across their strategic objectives in economic growth, environment, and democracy and governance. They are investing effort to draw in partners to share commitment to common development efforts. And they are encouraging cooperation among Missions on regional concerns and opportunities.

In reporting on results, Missions or offices discuss shortfalls as well as successes and indicate how they are using performance information in making program and management decisions. Bureaus are

seeking ways to better integrate strategic objective performance into budget and other program decisions. Performance in strategic objectives, however, is only one of many factors bureaus use to set country or office support levels. Other factors include level of development and need, host country performance, foreign policy considerations, and global development issues such as population growth, global warming, and threats to biodiversity.

Managing With Less

USAID faces the cumulative impact of years of budget cuts. It no longer is able to do "more with less."

—Statement of the Administrator, FY 1997 Congressional Presentation

If the current trend continues, USAID will be managing less, *with* less. Program and management practices are adjusting to this likely reality. The Agency is obtaining legislative accommodations giving it some greater flexibility in using appropriated money. Policy guidelines are being set on the appropriate staff size and composition of overseas posts. And Missions are taking a hard look at programs put in place when funding and staff expectations were rising.

The following discussion looks at the new realities through the prism of appropriations and legislation, Mission

management, program categories, overseas work force, strategic changes, and graduation.

Appropriations and legislation. The Agency is taking management action to ensure that recent declines in money and staff do not impinge on achieving good development results. USAID's future program-funding levels are uncertain. Table 1 in Appendix C portrays actual and projected amounts.

The ratio of operating costs, measured in dollars, to program effort remains stable at about 10 percent (see table 2 in Appendix C).

Mission management and country program principals. Decentralization of decision-making and empowerment of staff are USAID watchwords. Earlier, the Agency devoted effort to laying out its development goals and strategic objectives. More recently, management considerations have come to the forefront. In this era of downsizing and transition, it is management's fundamental responsibility to inform those charged with directing programs what they are expected to do and what resources they can expect to do it with.

Country program categories. To inform internal discussion and decision-making, policy guidance establishes four categories of country aid programs:

FULL MISSIONS. These will support 3–4 Agency goals.

LIMITED MISSIONS. These will support 1–2 Agency goals.

LIMITED HUMANITARIAN. These will provide on-the-ground humanitarian or reconstruction assistance.

EXIT. These are programs that are expected to close by the year 2000.

Overseas work force Restructuring Guide. Along with the recent policy statement on country program categories, the Agency issued a detailed companion *Restructuring Guide* on the overseas work force. This guide, prepared by Washington and field managers and staff, determines the number of staff and the skills needed for various overseas assistance situations. USAID's full Missions will have a U.S. direct-hire staff of 8 to 19 people and a foreign service national staff in the range of 61 to 105. Staff levels for more narrowly focused field offices will range from 2 to 9 direct-hire staff and 19 to 58 foreign nationals.

The guide is useful in helping managers adjust to diminished overhead funding. Each U.S. direct hire stationed abroad can cost several hundred thousand dollars a year. The guide does several things. First, it sets reasonable limits on the numbers of overseas direct-hire staff USAID will support—the number sufficient to adequately manage programs.

Second, it recognizes that foreign service national staff are professionally and administratively important to the USAID Mission and that they are far less costly. The overall staffing ratio for U.S. direct hires to foreign service nationals set down by the guide for each class of Mission is roughly 1 to 9.

Third, the guide establishes internal skills allocations, within Missions, for direct hires and foreign service nationals. Missions will depend almost exclusively on foreign service nationals for financial management and administrative and clerical support. The ratio here is 2 to 50. Within the U.S. direct-hire skills category, the *Restructuring Guide* advances the importance of management responsibility. U.S. overseas staff are identified principally with oversight, management, and support functions. Fifty percent or more of all direct-hire staff serving abroad should be assigned to support, general management, and administrative functions.

Strategic changes. With fewer staff and less money, but more clarity of purpose, Missions are making strategic changes intended to produce narrower but still important results.

Because of falling funding levels and a high rate of overall economic growth, the **Indonesia** program is working toward transition in its strategy for economic growth. The Mission

now features assistance in growth that promotes a joining of Indonesian institutions with counterparts in the United States.

In **Kenya**, because of democracy-and-governance concerns, the program is reclassified from a full Mission to a limited assistance program. The strategy and in-country staff have been pared back accordingly.

El Salvador will soon complete many activities under its war-to-peace strategic objective. With less funding available overall, a new strategic plan for 1997–2002 is in preparation. In economic growth, the previous emphasis on macroeconomic reform will shift to alleviating rural poverty.

Graduation. An increasingly important part of USAID planning is ensuring that the institutions, programs, and objectives the Agency supports will be sustainable once assistance is phased out. In planning for sustainability, the Agency looks to the institutional, sectoral, and country program levels. Strategic planning therefore includes establishing thresholds, or “graduation points,” and designing exit strategies to ease the transition from USAID-assisted interventions to locally self-sufficient systems and results.

At the institutional level, USAID works to strengthen sustainable governmental and nongovernmental organizations. It helps these organizations generate private and public

resources to become self-sufficient. In most cases, this means helping them develop more cost-effective programs. Often it means helping them generate cost-recovery programs or public-private partnerships. For certain key institutions, the Agency has helped develop endowments that draw on special funds to provide continuing support even after USAID leaves the country.

USAID also lays emphasis on graduating major program areas, or sectors. Progress is not always parallel across sectors. Therefore, planners must examine each sector to determine what institutions and what systems must be developed for results to be sustained without additional USAID support. Here, leveraging other resources can be an important part of the strategy. This has been particularly true in Eastern Europe. In the **new independent states** of the former Soviet Union, experience has shown that USAID’s comparative advantage often lies in providing technical leadership and policy-reform advice. Multilateral donor groups, meanwhile, provide multimillion-dollar loans for the actual building of infrastructure. Leveraging other donor resources is an important step toward ensuring sustainability of developmental programs.

In earlier years USAID advisers conducted the necessary studies for a \$346 million World Bank loan to rehabilitate **Romania’s** upstream-petroleum

sector (that is, all facets of the industry before refining). USAID continues to support this loan by providing technical assistance and training to the National Agency for Mineral Resources, a regulatory agency responsible for managing the exploration, production, and protection of Romania's mineral resources.

In **Russia**, USAID provided \$1.5 million in technical feasibility assistance, which will leverage a \$550 million World Bank loan for the Krasnodar power plant. The loan will go for board approval this fall and become part of a \$950 million project.

In **Lithuania** the Agency is helping the government meet conditions associated with a \$26.4 million World Bank loan to rehabilitate thermal units. Advisers have helped the Lithuanian Electric Company revamp its financial statements in accordance with international accounting standards. USAID has also provided energy regulatory assistance, including support to the new Energy Pricing Commission.

This year saw the phaseout or graduation of a number of USAID assistance programs. Some were wide-ranging and long-standing, as in **Costa Rica**. In that vibrant Central American

nation, the Agency and its predecessors for half a century played a pivotal role in nurturing sustainable development. Some of USAID's more limited and targeted assistance programs, in the **Czech Republic**, for example, are also coming to a close as the objectives of both USAID and host country are realized. More generally, the number of sustainable development sectors in the Asia and Near East region will decline from 46 now to 34 in 1998.

Conclusion

USAID has carried out many new initiatives over the last year to increase its ability to manage its staff, programs, and financial resources effectively and efficiently and to better plan, achieve, and evaluate results. The Agency is committed to results-oriented management approaches based on listening to and working with its partners and customers in developing countries.

The Agency officially implemented reengineering in October 1995. Since then, the concept and the opportunities it presents have been embraced by many field operating units. Though USAID staff and the Agency's partners are still

climbing the learning curves together, a great deal can be learned from their experiences.

USAID is documenting experiences and lessons learned from the field. Suggestions for strengthening teamwork and customer and partner participation are being shared throughout the Agency and beyond. Such exchanges are essential to ensure that the Agency continues to grow as a learning organization.

In June 1996 USAID sponsored two workshops and a session at its annual Summer Seminar on reengineering. The sessions sought to explore recent experience with two central features of reengineering: working with teams and working with customers and partners. More than 120 USAID professionals shared the observations and first-hand experience of technical assistance and training teams that had visited 29 Missions since October 1995.

In addition, USAID has developed several Internet venues to facilitate sharing and learning from experiences from across the Agency. Information shared through Internet exchanges sparks new ideas—ideas that help engender more effective approaches to advancing results-oriented programs.



Ap pend ices



Appendix A. Programs Included in the Agency Performance Report, 1996

For purposes of reporting the results of USAID programs in 1996, we have classified programs in three groups:

1. Sustainable development country programs	39
2. Transition country programs	31
3. Other country programs	16

Most of the tables in this report are based on information from 86 countries: 39 sustainable development, 31 transition, and 15 others for which we have performance data for 1996 included in the performance monitoring database.

Details of program performance are taken from their current strategic plans and the

annual performance reports submitted by each Mission between January and July 1996. These data have been supplemented with information from evaluation reports and special studies and direct communications with Missions.

Results of the regional and centrally managed programs are reported in the appropriate section of each chapter. Information was collected in the same way for these programs.

Table A.1. Sustainable Development Programs

All are included in the tables generated for the report

Africa	ANE	LAC
Benin	Bangladesh	Bolivia
Eritrea	Egypt	Dominican Republic
Ethiopia	India	Ecuador
Ghana	Indonesia	El Salvador
Guinea	Jordan	Guatemala
Guinea-Bissau	Morocco	Guyana
Kenya	Nepal	Honduras
Madagascar	Philippines	Jamaica
Malawi	Sri Lanka	Nicaragua
Mali		Paraguay
Mozambique		Peru
Namibia		
Niger		
Senegal		
South Africa		
Tanzania		
Uganda		
Zambia		
Zimbabwe		
19 programs	9 programs	11 programs

Total sustainable development programs: 39

Definitions of Program Categories and Notes

Sustainable development programs. Programs that principally address one or more of the following sustainable development goals: economic growth, democracy, population and health, environment, and humanitarian assistance. These programs are conducted in countries having an excellent chance of achieving both financial and environmental sustainable development. Additional factors are also considered. These include minimum population size, higher-than-threshold real income, the political- and human-rights situation, and the potential for significant impact of donor assistance.

Transition programs. Programs that address problems arising in countries during their transition from centrally planned economies to market economies and from man-made and natural disasters to sustainable development.

Other country programs. Programs that do not fit into the sustainable development and transition groups. Their objectives address foreign policy concerns, global concerns, or other overriding issues.

Table A.2. Transition Programs

All are included in the tables in the report

ENI

Albania
Belarus
Croatia
Hungary
Latvia
Moldova
Russia
Tajikistan
Uzbekistan

Armenia
Bosnia–Herzegovina
Czech Republic*
Kazakstan
Lithuania
Poland
Slovakia
Turkmenistan

Azerbaijan
Bulgaria
Georgia
Kyrgyzstan
Former Yugoslavian
Republic of Macedonia
Romania
Slovenia*
Ukraine

Africa

Burundi
Rwanda

ANE

West Bank–Gaza
Mongolia
Cambodia

LAC

Haiti

Total transition programs: 31

*Closed in FY 96

Table A.3. Other Country Programs

Programs with global and foreign policy objectives

Africa

Angola
Nigeria
Somalia
Liberia
Sudan

ANE

Israel
Lebanon
Yemen

LAC

Brazil
Colombia
Mexico
Panama

ENI

Cyprus, Ireland, Turkey

Total other country programs: 16

Appendix B

Table B.1. Average Age of Data (in years) on the Three Social Indicators

The table below gives the average age of the latest internationally available data for three key indicators—the under-5 mortality rate, the percentage of children who reach grade 5, and the percentage of under-5s who are underweight.

The more up-to-date statistics used by most governments and international organizations are often interpolated or extrapolated from past surveys. The table shows the number of years that have elapsed, on average, between the last national on-the-ground surveys and the year 1995.

In some cases, governments may have more recent statistics that have not yet been made available to the United Nations.

A small number of countries have no known date at all for certain indicators. Published data for such countries usually represent estimates based on neighboring countries at similar levels of gross national product per capita. New nations are excluded from this list when most of the available statistics predate independence.

Sub-Saharan Africa

Madagascar	2.3	Mauritius	4.7	Central African Rep.	10.7
Kenya	2.7	Niger	4.7	Gambia	10.7
Burkina Faso	3.3	Cameroon	5.0	Mozambique	10.7
Ghana	3.3	Zambia	5.0	Sierra Leone	10.7
Malawi	3.3	Côte d'Ivoire	5.3	Benin	11.3
Namibia	3.3	Nigeria	5.3	Guinea	11.3
Tanzania	3.3	Uganda	5.7	Angola	11.7
Zimbabwe	3.3	Eritrea	6.0	Chad	12.0
Burundi	3.7	Botswana	6.3	Gabon	12.0
Senegal	3.7	Togo	6.3	Guinea-Bissau	12.3
Rwanda	4.0	Zaire	6.3	Somalia	12.7
South Africa	4.0	Ethiopia	6.7	Liberia	14.0
Mauritania	4.3	Mali	7.0		
Lesotho	4.7	Congo	9.0		

Middle East and North Africa

Turkey	2.7	Iraq	4.3	Tunisia	5.3
Egypt	3.3	Jordan	4.3	Israel	6.3
Morocco	3.3	Sudan	4.3	Saudi Arabia	9.0
Oman	3.3	Algeria	4.7	U. Arab Emirates	9.0
Syria	3.7	Yemen	4.7	Lebanon	12.3
Iran	4.3	Kuwait	5.0	Libya	15.0

**Table B.1. Average Age of Data (in years) on the Three Social Indicators—
continued**

Central Asia

Afghanistan	12 *	Kazakstan	—	Turkmenistan	—
Armenia	—	Krgyzstan	—	Uzbekistan	—
Azerbaijan	—	Tajikistan	—		

Asia and Pacific

New Zealand	2.0 *	Philippines	4.7	Myanmar	7.3
Australia	2.5 *	Vietnam	4.7	Singapore	7.3
China	2.7	Malaysia	5.0	Mongolia	8.0
India	2.7	Bangladesh	5.3	Hong Kong	8.3
Japan	3.0 *	Indonesia	5.3	Korea (South)	8.3
Nepal	3.0	Pakistan	5.3	Papua New Guinea	9.7
Sri Lanka	4.0	Thailand	6.0	Cambodia	10.3
Laos	4.3	Bhutan	7.0	Korea (North)	12.7

Americas

Chile	2.3	Panama	4.3	Honduras	5.7
Costa Rica	2.3	Jamaica	4.7	Trinidad/Tobago	5.7
Bolivia	3.0	Paraguay	4.7	Peru	6.0
Canada	3.5 *	Colombia	5.0	Brazil	6.3
United States	3.5 *	El Salvador	5.0	Cuba	6.3
Dominican Rep.	3.7	Venezuela	5.0	Ecuador	7.7
Haiti	4.3	Mexico	5.3	Argentina	11.7

Europe

Bulgaria	1.5 *	Finland	2.0 *	Spain	2.5 *
Estonia	1.5 *	Italy	2.0 *	Greece	3.0 *
Hungary	1.5 *	Lithuania	2.0 *	Norway	3.0 *
Poland	1.5 *	Romania	2.0 *	Albania	3.5 *
Russian Fed.	1.5 *	Slovakia	2.0 *	Netherlands	4.0 *
Slovenia	1.5 *	Ukraine	2.0 *	Portugal	8.5 *
Sweden	1.5 *	Belarus	2.5 *	United Kingdom	9.0 *
Switzerland	1.5 *	Denmark	2.5 *	Bosnia–Herzegovina	—
TFYR Macedonia	1.5 *	France	2.5 *	Croatia	—
Austria	2.0 *	Germany	2.5 *	Georgia	—
Belgium	2.0 *	Ireland	2.5 *	Moldova	—
Czech Republic	2.0 *	Latvia	2.5 *	Yugoslavia	—

* Underweight not included.

Source: The Process of Nations 1996, United Nations Children's Fund, New York.

**Table B-2. Distribution of Countries and of Population
By Region and Recency of Reliable Data on Population Size**

Region	Year of latest data									
	Total	Number of countries				Total	Midyear population: 1996 (millions)			
		1990-95	1985-89	1980-84	Before 1980 or none		1990-95	1985-89	1980-84	Before 1980 or none
World	227	110	57	40	20	5,772	2,909	2,256	480	128
Less developed countries	171	63	48	40	20	4,601	2,226	1,768	480	128
More developed countries	56	47	9	-	-	1,171	683	488	-	-
Africa	57	13	20	16	8	732	225	257	220	30
Sub-Saharan Africa	51	13	17	14	7	594	225	155	190	25
North Africa	6	-	3	2	1	137	-	102	30	5
Near East	16	4	4	4	4	157	66	27	23	41
Asia	27	13	7	4	3	3,271	1,660	1,382	194	35
Latin America and the Caribbean	45	25	4	14	2	489	396	46	42	4
Europe and the New Independent States	56	41	14	-	1	800	507	276	-	17
Western	28	28	-	-	-	387	387	-	-	-
Eastern	13	13	-	-	-	120	120	-	-	17
New independent states	15	-	14	-	1	293	-	276	-	17
Baltics	3	-	3	-	-	266	-	266	-	-
Commonwealth of independent states	12	-	11	-	1	285	-	268	-	17
North America	5	3	2	-	-	295	29	267	-	-
Oceania	21	11	6	2	2	29	27	2	-	(Z)

Region	Percent distribution of									
	Total	Number of countries				Total	Population			
		1990-95	1985-89	1980-84	Before 1980 or none		1990-95	1985-89	1980-84	Before 1980 or none
World	100	48	25	18	9	100	50	39	8	2
Developing countries	100	37	28	23	12	100	48	38	10	3
Industrial countries	100	84	16	-	-	100	58	42	-	-
Africa	100	23	35	28	14	100	31	35	30	4
Sub-Saharan Africa	100	25	33	27	14	100	38	26	32	4
North Africa	100	-	50	33	17	100	-	74	22	4
Near East	100	25	25	25	25	100	42	17	15	26
Asia	100	48	26	15	11	100	51	42	6	1
Latin America and the Caribbean	100	56	9	31	4	100	81	9	9	1
Europe and the New Independent States	100	73	25	-	2	100	63	34	-	2
Western	100	100	-	-	-	100	100	-	-	-
Eastern	100	100	-	-	-	100	100	-	-	-
New independent states	100	-	93	-	7	100	-	94	-	6
Baltics	100	-	100	-	-	100	-	100	-	-
Commonwealth of independent states	100	-	92	-	8	100	-	94	-	6
North America	100	60	40	-	-	100	10	90	-	-
Oceania	100	52	29	10	10	100	92	6	2	(Z)

- Represents zero.

(Z) Fewer than 500,000 or less than 0.5 percent

Source of Tables B.2-B.5: U.S. Bureau of the Census, Report WP 96, World Population Profile, 1996, by Thomas M. McDevitt, U.S. Government Printing Office, Washington, 1996.

**Table B-3. Distribution of Countries and of Population
By Region and Recency of Reliable Data on Fertility**

Region	Total	Year of latest data					Total	Midyear population: 1996 (millions)				
		1990-95	1985-89	1980-84	Before 1980 or none	Before 1980 or none		1990-95	1985-89	1980-84	Before 1980 or none	
World	227	137	42	19	29	5,772	4,970	294	282	226		
Developing countries	171	84	40	18	29	4,601	3,799	294	282	226		
Industrial countries	56	53	2	1	-	1,171	1,171	(Z)	-	-		
Africa	57	23	10	12	12	732	308	113	265	45		
Sub-Saharan Africa	51	20	9	12	10	594	240	50	265	39		
North Africa	6	3	1	-	2	137	68	64	-	6		
Near East	16	11	1	1	3	157	95	2	16	45		
Asia	27	14	5	-	8	3,271	2,995	145	-	131		
Latin America and the Caribbean	45	28	14	2	1	489	454	33	1	1		
Europe and the New Independent States	56	55	-	1	-	800	800	-	-	-		
Western	28	27	-	1	-	387	387	-	-	-		
Eastern	13	13	-	-	-	120	120	-	-	-		
New independent states	15	15	-	-	-	293	293	-	-	-		
Baltics	3	3	-	-	-	266	266	-	-	-		
Commonwealth of independent states	12	12	-	-	-	285	285	-	-	-		
North America	5	3	2	-	-	295	295	(Z)	-	-		
Oceania	21	3	10	3	5	29	23	1	(Z)	5		

Region	Number of countries					Population				
	Total	1990-95	1985-89	1980-84	Before 1980 or none	Total	1990-95	1985-89	1980-84	Before 1980 or none
World	100	60	19	8	13	100	86	5	5	4
Developing countries	100	49	23	11	17	100	83	6	6	5
Industrial countries	100	95	4	2	-	100	100	(Z)	-	-
Africa	100	40	18	21	21	100	42	15	36	6
Sub-Saharan Africa	100	39	18	24	20	100	40	8	45	7
North Africa	100	50	17	-	33	100	50	46	-	4
Near East	100	69	6	6	19	100	60	1	10	28
Asia	100	52	19	-	30	100	92	4	-	4
Latin America and the Caribbean	100	62	31	4	2	100	93	7	-	-
Europe and the New Independent States	100	98	-	2	-	100	100	-	-	-
Western	100	96	-	4	-	100	100	-	-	-
Eastern	100	100	-	-	-	100	100	-	-	-
New independent states	100	100	-	-	-	100	100	-	-	-
Baltics	100	100	-	-	-	100	100	-	-	-
Commonwealth of independent states	100	100	-	-	-	100	100	-	-	-
North America	100	60	40	-	-	100	100	(Z)	-	-
Oceania	100	14	48	14	24	100	78	4	1	17

- Represents zero.

(Z) Fewer than 500,000 or less than 0.5 percent

**Table B-4. Distribution of Countries and of Population
By Region and Recency of Reliable Data on Mortality**

Region	Year of latest data									
	Total	Number of countries				Midyear population: 1996 (millions)				
		1990-95	1985-89	1980-84	Before 1980 or none	Total	1990-95	1985-89	1980-84	Before 1980 or none
World	227	125	47	15	40	5,772	3,665	356	1,361	391
Developing countries	171	71	45	15	40	4,601	2,494	356	1,361	391
Industrial countries	56	54	2	-	-	1,171	1,171	(Z)	-	-
Africa	57	21	10	6	20	732	293	206	100	126
Sub-Saharan Africa	51	19	8	6	18	594	234	134	265	39
North Africa	6	2	2	-	2	137	59	73	-	6
Near East	16	7	3	2	4	157	85	6	20	47
Asia	27	11	5	3	8	3,271	1,745	86	1,232	207
Latin America and the Caribbean	45	24	19	1	1	489	423	57	8	(Z)
Europe and the New Independent States	56	56	-	-	-	800	800	-	-	-
Western	28	28	-	-	-	387	387	-	-	-
Eastern	13	13	-	-	-	120	120	-	-	-
New independent states	15	15	-	-	-	293	293	-	-	-
Baltics	3	3	-	-	-	266	266	-	-	-
Commonwealth of independent states	12	12	-	-	-	285	285	-	-	-
North America	5	3	2	-	-	295	295	(Z)	-	-
Oceania	21	3	8	3	7	29	23	1	1	5

Region	Percent distribution of									
	Number of countries					Population				
World	100	55	21	7	18	100	63	6	24	7
Developing countries	100	42	26	9	23	100	54	8	30	8
Industrial countries	100	96	4	-	-	100	100	(Z)	-	-
Africa	100	37	18	11	35	100	40	28	14	18
Sub-Saharan Africa	100	37	16	12	35	100	39	23	17	21
North Africa	100	33	33	-	33	100	43	53	-	4
Near East	100	44	19	13	25	100	54	4	13	20
Asia	100	41	19	11	30	100	53	3	38	6
Latin America and the Caribbean	100	53	42	2	2	100	87	12	2	(Z)
Europe and the New Independent States	100	100	-	-	-	100	100	-	-	-
Western	100	100	-	-	-	100	100	-	-	-
Eastern	100	100	-	-	-	100	100	-	-	-
New independent states	100	100	-	-	-	100	100	-	-	-
Baltics	100	100	-	-	-	100	100	-	-	-
Commonwealth of independent states	100	100	-	-	-	100	100	-	-	-
North America	100	60	40	-	-	100	100	(Z)	-	-
Oceania	100	14	38	14	33	100	78	3	2	17

- Represents zero.

(Z) Fewer than 500,000 or less than 0.5 percent

**Table B-5. Distribution of Countries and of Population
By Region and Recency of Reliable Data on Contraceptive Prevalence**

Region	Year of latest data									
	Total	Number of countries				Total	Midyear population: 1996 (millions)			
		1990-95	1985-89	1980-84	Before 1980 or none		1990-95	1985-89	1980-84	Before 1980 or none
World	227	74	41	18	94	5,772	4,190	1,071	99	412
Developing countries	171	59	33	13	66	4,601	3,638	668	37	259
Industrial countries	56	15	8	5	28	1,171	552	404	63	153
Africa	57	23	11	3	20	732	445	187	22	77
Sub-Saharan Africa	51	21	9	3	18	594	386	115	22	71
North Africa	6	2	2	-	2	137	59	73	-	6
Near East	16	4	5	-	7	157	96	27	-	35
Asia	27	11	6	1	9	3,271	3,029	171	3	68
Latin America and the Caribbean	45	14	11	4	16	489	122	283	7	77
Europe and the New Independent States	56	22	6	4	24	800	498	119	34	149
Western	28	4	4	4	16	387	167	107	34	78
Eastern	13	3	2	-	8	120	37	12	-	71
New independent states	15	15	-	-	-	293	293	-	-	-
Baltics	3	3	-	-	-	266	-	266	-	-
Commonwealth of independent states	12	12	-	-	-	285	285	-	-	-
North America	5	-	1	1	3	295	-	266	29	(Z)
Oceania	21	-	1	5	15	29	-	18	5	6

Region	Percent distribution of									
	Number of countries					Population				
World	100	33	18	8	41	100	73	19	2	7
Developing countries	100	35	19	8	39	100	79	15	1	6
Industrial countries	100	27	14	9	50	100	47	34	5	13
Africa	100	40	19	5	35	100	61	26	3	11
Sub-Saharan Africa	100	41	18	6	35	100	65	19	4	12
North Africa	100	33	33	-	33	100	43	53	-	4
Near East	100	25	31	-	44	100	61	17	-	22
Asia	100	41	22	4	33	100	93	5	(Z)	2
Latin America and the Caribbean	100	31	24	9	36	100	25	58	1	16
Europe and the New Independent States	100	39	11	7	43	100	62	15	4	19
Western	100	14	14	14	57	100	43	28	9	20
Eastern	100	23	15	-	62	100	31	10	-	59
New independent states	100	100	-	-	-	100	100	-	-	-
Baltics	100	100	-	-	-	100	-	100	-	-
Commonwealth of independent states	100	100	-	-	-	100	100	-	-	-
North America	100	-	20	20	60	100	-	90	10	(Z)
Oceania	100	-	5	24	71	100	-	63	16	21

- Represents zero.

(Z) Fewer than 500,000 or less than 0.5 percent

Appendix C

Table C.1. USAID Program Funding Levels

	FY 95 Actual	FY 96 Enacted	FY 97 Request	FY 97 Enacted
Development Assistance	2,220	1,872	1,954	2,003
Economic Support Fund	2,314	2,340	2,408	2,343
Europe and the new independent states	971	1,163	1,115	1,100
Total	5,505	5,375	5,477	5,446
		(-2.4%) ^a	(+1.9%) ^a	(+1.3%) ^a

^a Change from previous year.

The trend for USAID's overhead accounts is less upbeat. Levels are declining. But the Agency is preparing for that: internal economies are being put into place, posts are closing down, and staff

are being pared and reallocated. Moreover, the ratio of operating costs, measured in money, to program effort remains stable at about 10 per cent.

Table C.2. USAID Operating Costs (millions of dollars)

	FY 95 Actual	FY 96 Enacted	FY 97 Request	FY 97 Enacted
Appropriated to USAID	518	494 ^a	495	495 ^a
Trust Funds ^b	40	52	37	37
Total	558	546	532	503
		(2.2%) ^c	(2.6%) ^c	(7.9%) ^c

^a Includes program funds to be transferred to operating costs.

^b Trust funds are not appropriated by the Congress.

^c Change from previous year.

Country Index

A

Africa 3-19
Albania III, IV, 1-1, 1-9, 1-11,
1-12, 1-18, 2-7, 2-10, 2-19,
3-8, 3-26
Algeria 1-2
Angola II, X, 2-7, 5-1, 5-2, 5-7,
5-10, 5-13, 5-14, 5-16, 5-17
Argentina 2-21
Armenia V, 1-9, 1-11, 1-19, 2-1,
2-10, 2-19, 3-8, 4-8, 5-13,
5-16, 5-17
Azerbaijan 1-11, 2-19, 5-13,
5-15

B

Bangladesh IV, V, VI, XIII, 1-1,
1-2, 1-3, 1-9, 1-10, 1-20,
2-1, 2-7, 2-14, 2-17, 2-20,
2-21, 3-8, 3-12, 3-14, 3-18,
3-21, 3-23, 3-30, 3-33, 4-8,
4-27, 4-28, 4-29, 5-8, 5-12,
5-18, 6-3, 6-4
Belarus 1-9, 1-11, 3-8, 5-15
Benin IV, V, XIV, 1-1, 1-9, 1-10,
1-23, 1-25, 1-26, 2-5, 2-8,
3-8, 3-19, 3-30
Bolivia I, II, IV, V, VI, XI, 1-1,
1-2, 1-9, 1-19, 1-24, 2-1,
2-5, 2-7, 2-10, 2-11, 2-12,
2-18, 3-8, 3-16, 3-19, 3-21,
3-25, 3-26, 3-27, 3-33, 4-8,
4-10, 4-13, 5-9, 6-1, 6-3
Bosnia-Herzegovina II, X, 5-1,
5-2, 5-17
Botswana XIV, 1-2, 5-7
Brazil 1-2, 2-21, 3-8, 3-14, 3-15,
3-32, 4-6, 4-8, 4-15, 4-17,
4-25, 4-26
Bulgaria XIII, 1-9, 2-18, 3-8,
4-8, 5-15, 6-3
Burma 5-15
Burundi II, X, 1-9, 2-5, 5-1, 5-2,
5-9, 5-11

C

Cambodia V, VI, 1-9, 1-19, 1-22,
1-27, 2-1, 2-7, 2-12, 2-25,
3-8, 4-8, 5-15, 5-16
Caribbean 4-31
Caucasus II, X, 5-1, 5-2
Central America 4-25
Central Asia XI
Chile 1-2, 2-21, 4-21, 5-9
China 1-6, 3-1
Colombia II, V, VI, 2-1, 2-8,
2-10, 2-13, 4-8, 5-19
Congo 4-8
Costa Rica IV, 1-1, 1-6, 1-12,
4-30, 6-9
Côte d'Ivoire XIV, 1-5
Croatia 1-9, 1-12, 2-19, 5-2,
5-15, 5-17
Czech Republic II, III, V, VIII,
1-1, 1-9, 1-12, 2-1, 2-10,
3-8, 4-1, 4-20, 6-9

D

Djibouti 5-9
Dominica 4-31
Dominican Republic II, V, XI,
1-9, 1-10, 1-19, 1-21, 1-27,
2-1, 2-7, 2-17, 3-8, 3-20,
3-22, 3-31, 4-8, 4-30, 6-1,
6-5

E

Ecuador I, II, IV, V, XII, XIII, 1-1,
1-9, 1-16, 1-19, 1-24, 2-1,
2-10, 3-8, 3-12, 3-33, 4-8,
4-10, 4-13, 4-27, 4-30, 4-31,
5-8
Egypt VIII, 1-9, 1-11, 1-22, 1-25,
1-28, 1-29, 3-8, 3-13, 3-14,
3-27, 4-1, 4-8, 4-19, 4-23,
4-25

El Salvador II, IV, V, VI, X, 1-2,
1-9, 1-11, 1-12, 1-14, 1-16,
1-19, 1-25, 1-26, 1-27, 2-1,
2-10, 2-11, 2-12, 2-27, 2-29,
3-8, 3-19, 4-6, 4-8, 4-20,
4-29, 5-1, 5-2, 5-18, 5-19,
6-8
Eritrea XIV, 1-18, 2-5, 2-7, 3-8,
3-20, 3-21, 3-27, 5-7, 5-9,
5-18
Estonia III, 1-1, 1-12, 1-20, 3-8
Ethiopia II, IV, VI, XIV, 1-1, 1-2,
1-9, 1-10, 1-23, 1-25, 2-5,
2-7, 2-10, 3-8, 3-20, 3-21,
3-23, 3-30, 3-33, 4-8, 5-7,
5-9, 5-18

G

The Gambia 3-18, 5-8
Georgia II, V, 1-9, 1-11, 2-1,
2-10, 3-8, 4-8, 5-13, 5-15
Ghana I, IV, V, VI, XIV, 1-1, 1-9,
1-10, 1-11, 1-16, 1-25, 1-26,
2-5, 3-8, 3-15, 3-26, 3-31,
4-8
Guatemala II, V, VI, VII, XII, 1-2,
1-9, 1-10, 1-12, 1-16, 1-24,
1-26, 1-29, 2-1, 2-5, 2-10,
2-11, 2-18, 2-24, 3-8, 3-21,
3-25, 3-26, 3-27, 4-1, 4-3,
4-8, 4-10, 4-14, 4-16, 4-20,
4-24, 4-30, 5-16
Guinea IV, XIII, 1-1, 1-9, 1-16,
1-20, 1-23, 2-5, 3-8, 3-27,
4-8, 4-27, 5-8
Guinea-Bissau VI, XIV, 1-9,
1-11, 2-5, 2-13, 2-23
Guyana 1-9, 1-11

H

Haiti II, V, VI, X, XIII, 1-9, 1-10,
1-11, 1-19, 1-24, 1-26, 1-27,
2-1, 2-7, 2-11, 2-13, 2-16,
3-6, 3-8, 3-32, 4-8, 4-29,
4-30, 5-1, 5-2, 5-7, 5-8,
5-16, 5-18, 5-20

Honduras I, II, IV, V, VI, 1-1, 1-9,
1-10, 1-11, 1-18, 1-26, 2-1,
2-5, 2-10, 2-11, 2-12, 3-8,
3-21, 3-25, 3-30, 3-32, 4-6,
4-8, 4-20, 4-29, 4-30, 6-5
Hungary I, IV, VIII, 1-1, 1-9,
1-12, 1-14, 3-8, 4-2, 4-8,
4-25

I

India I, IV, 1-1, 1-2, 1-3, 1-9,
1-11, 1-12, 1-13, 1-19, 3-8,
3-13, 3-19, 3-23, 3-25, 3-27,
3-30, 4-8, 4-9, 4-14, 4-20,
4-22, 4-24
Indonesia I, II, IV, V, VIII, XIII,
1-1, 1-2, 1-3, 1-5, 1-9, 1-11,
1-13, 1-18, 1-19, 2-1, 2-20,
2-22, 3-8, 3-12, 3-13, 3-23,
3-25, 3-26, 3-27, 3-28, 3-30,
3-31, 3-33, 4-2, 4-3, 4-5,
4-8, 4-9, 4-12, 4-13, 4-15,
4-16, 4-17, 4-20, 4-21, 4-22,
4-24, 4-25, 4-27, 4-30, 6-8

Iraq 5-13

Israel 4-28, 4-31

J

Jamaica 1-9, 1-11, 1-16, 3-6,
3-8, 3-33, 4-6, 4-8, 4-29,
5-8

Japan XII

Jordan 1-2, 1-9, 1-11, 2-7, 3-8,
3-13, 4-8, 4-28, 4-31

K

Kazakstan 1-9, 1-11, 1-12, 2-21,
3-8, 3-16, 3-23, 4-8, 4-25,
4-28

Kenya II, VI, VII, XIII, XIV, 1-2,
1-9, 1-18, 1-19, 2-5, 2-11,
3-2, 3-8, 3-14, 3-15, 3-16,
3-20, 3-26, 3-27, 3-29, 3-31,
3-32, 3-33, 4-8, 5-9, 5-22,
6-8

Kyrgyzstan IV, 1-1, 1-9, 1-11,
1-20, 2-26, 3-8, 3-16

L

Laos 5-16

Latin America 2-23, 2-25

Latvia IV, VI, 1-1, 1-9, 1-12,
2-12, 3-8

Lebanon 1-9, 5-15

Liberia II, X, 5-1, 5-2, 5-8, 5-12,
5-17, 5-19, 5-20

Lithuania II, IV, V, 1-1, 1-9, 1-12,
2-1, 2-10, 2-19, 4-8, 6-9

M

The Former Yugoslav Republic of
Macedonia II, V, VI, 2-1,
2-10, 2-12

Madagascar II, VIII, XIII, XIV,
1-9, 1-10, 2-5, 2-10, 3-8,
3-17, 4-8, 4-10, 4-11, 4-12

Malawi I, II, IV, 1-1, 1-9, 1-11,
1-23, 1-26, 1-28, 2-5, 2-14,
3-8, 3-25, 3-27, 4-8

Mali IV, XIII, XIV, 1-1, 1-2, 1-9,
1-10, 1-16, 1-17, 1-25, 1-26,
2-5, 3-6, 3-8, 3-14, 3-27,
4-8, 4-27, 4-29

Mexico II, VIII, 1-2, 1-9, 1-10,
1-16, 3-8, 4-1, 4-8, 4-10,
4-12, 4-13, 4-16, 4-17, 4-21,
4-23, 4-25, 5-9

Moldova 1-9, 1-20, 3-8, 3-15,
4-8

Mongolia V, VI, 1-9, 2-1, 2-7,
2-14, 2-16

Morocco IX, 1-9, 1-11, 1-22,
1-28, 2-7, 3-6, 3-8, 3-21,
3-22, 3-23, 3-28, 3-33, 4-2,
4-8, 4-27, 4-28

Mozambique V, X, XIII, XIV, 1-9,
1-11, 1-14, 1-16, 2-5, 2-7,
2-19, 2-23, 2-30, 3-8, 3-21,
5-1, 5-7, 5-10, 5-13, 5-16,
5-18

N

Namibia VI, 1-2, 1-9, 1-11, 1-27,
2-5, 2-30, 4-8

Nepal IV, VI, 1-1, 1-2, 1-9, 1-11,
1-18, 1-19, 1-20, 1-27, 2-10,
2-14, 3-6, 3-8, 3-20, 3-22,
3-23, 3-25, 3-30, 3-32, 4-8,
4-13, 4-27, 4-28

Nicaragua V, VI, XII, 1-9, 1-11,
1-12, 1-16, 1-19, 1-20, 1-21,
1-24, 1-26, 1-27, 2-11, 2-18,
2-21, 3-6, 3-8, 4-8, 4-30,
5-16, 5-18, 5-19

Niger IX, 1-9, 1-10, 3-8, 3-21,
3-26, 4-2, 4-8, 5-8, 5-9

Nigeria 2-8, 3-8, 3-23, 3-26,
3-32

P

Pakistan 3-19, 3-27

Panama II, V, VI, XIII, 2-1, 2-10,
2-11, 2-12, 4-8, 6-4

Paraguay 1-2, 2-7, 3-8, 4-8, 6-4

Peru II, V, VI, 1-2, 1-9, 1-11,
1-14, 1-16, 1-18, 1-20, 2-1,
2-10, 2-11, 2-13, 2-14, 2-19,
3-6, 3-8, 3-13, 3-15, 3-16,
3-19, 3-21, 3-25, 3-27, 3-33,
4-3, 4-8, 4-13, 4-19

Philippines I, II, IV, V, VII, VIII,
XI, XIII, 1-1, 1-2, 1-9, 1-11,
1-13, 1-14, 1-18, 1-19, 2-1,
2-7, 2-21, 2-22, 2-30, 3-2,
3-8, 3-30, 4-1, 4-6, 4-8, 4-9,
4-13, 4-16, 4-21, 4-27, 4-30,
5-13, 6-1

Poland IV, 1-1, 1-9, 1-11, 1-12,
1-13, 2-28, 4-8

R

Romania VI, XIII, 1-9, 2-12, 3-8,
4-8, 4-21, 6-8, 6-9

Russia I, II, IV, V, VI, XIII, 1-1,
1-9, 1-11, 1-12, 2-1, 2-7,
2-8, 2-10, 2-11, 2-15, 2-20,
3-8, 3-10, 3-15, 3-21, 3-26,
4-8, 4-18, 6-9

Rwanda II, X, XIII, 1-2, 4-14,
5-1, 5-2, 5-9, 5-12, 5-17,
5-18, 5-20, 5-21

S

Senegal IV, 1-1, 1-9, 1-10, 1-16,
3-8, 3-12, 3-13, 3-15, 3-30,
3-31, 4-3, 4-8, 4-29, 5-8

Sierra Leone 5-2, 5-8, 5-10,
5-17, 5-18, 5-19

Slovakia, Slovak Republic II, IV,
V, VI, 1-1, 1-9,
1-12, 1-13, 2-1, 2-10, 2-12,
2-24, 3-8, 4-8

Somalia 1-2, 4-14, 5-8, 5-9,
5-10, 5-17

South Africa II, V, 1-3, 1-9, 1-18,
1-19, 1-21, 1-27, 1-29, 2-1,
2-5, 2-18, 3-30

Soviet Union 4-5



Sri Lanka V, VI, 1-2, 1-9, 1-13,
1-16, 1-19, 1-21, 2-1, 2-7,
2-12, 2-13, 2-20, 3-8, 3-19,
3-20, 3-23, 4-8, 4-27, 4-28,
4-29
Sudan 1-18, 5-9, 5-11, 5-17
Swaziland 1-14, 3-30

T

Tajikistan 1-11, 3-8
Tanzania V, 1-2, 1-9, 1-10, 1-14,
1-18, 1-19, 2-5, 2-7, 3-8,
3-21, 3-31, 3-33, 4-8, 4-27,
5-9, 5-12
Thailand 1-2, 2-18, 3-19, 3-30
Turkmenistan 3-8, 3-16, 4-28

U

Uganda I, II, V, VII, 1-2, 1-5, 1-9,
1-11, 1-13, 1-16, 1-18, 1-19,
1-26, 1-27, 2-5, 2-18, 3-1,
3-8, 3-21, 3-26, 3-30, 3-31,
4-8, 4-10, 4-13, 4-27, 5-9,
5-18
Ukraine VI, 1-9, 1-11, 1-14, 2-9,
2-13, 2-19, 2-25, 2-28, 3-8,
3-15, 3-21, 3-22, 3-27, 4-3,
4-8, 4-16, 4-28, 5-15
United States XIII, 1-2, 2-2, 2-9,
3-1, 4-1, 4-3, 5-1, 5-4, 5-14,
5-20
Uruguay 1-16
Uzbekistan 1-9, 1-11, 3-8, 3-16,
3-26, 4-28

W

West Africa 1-13
West Bank-Gaza II, V, 1-9, 2-1,
2-7, 2-15, 4-8, 4-19, 4-28

Y

Yemen 1-11, 3-8, 3-13
Yugoslavia 5-17

Z

Zaire 5-12
Zambia XIII, XIV, 1-9, 1-10,
1-11, 1-14, 2-5, 2-7, 3-8,
3-30, 3-32, 5-9
Zimbabwe 1-9, 1-10, 1-17, 1-18,
1-19, 1-21, 3-8, 4-8, 5-8,
5-19



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