

PD-ABP-419

***OFFICE OF SOUTHERN
AFRICA***

ACTION PLAN

FY 97

07/10/95

AFR/SA				
FY - 95 APPROPRIATED AND				
FY 96 - 97 RESOURCES				
MISSION	FY - 95	FY 96 - 97 (\$Million)		
		HIGH	LOW	CHANGE
Angola	4.0	15.0	10.0	-33%
Malawi	30.3	65.8	58.4	-11%
Mozambique	38.0	76.8	70.2	-9%
Namibia	6.8	18.3	15.6	-15%
ISA (RCSA)	75.0	100.0	80.0	-20%
South Africa	100.0	220.0	160.0	-27%
Zambia	19.8	48.0	38.0	-21%
Zimbabwe	17.7	41.0	37.0	-10%
TOTAL	291.6	584.9	469.2	-20%

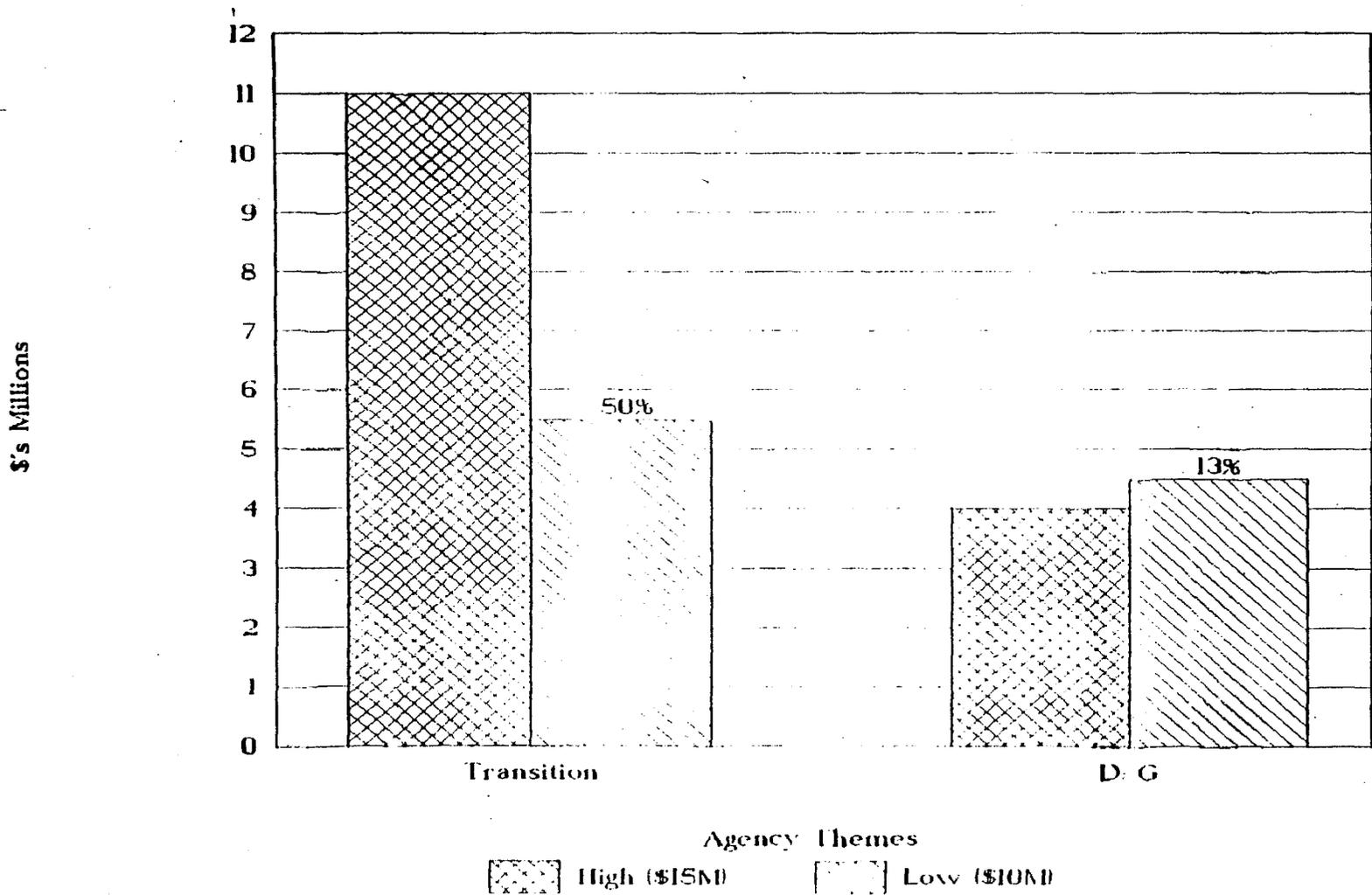
(1) Note: FY-95 is current OYB as of 6/2/95 and does not include funds transferred to Global Bureau

(2) For ISA (RCSA), \$60M is regular OYB. Other funds carried over and for Enterprise Fund.

***AFR/SA Strategic Choices
by Agency Themes***

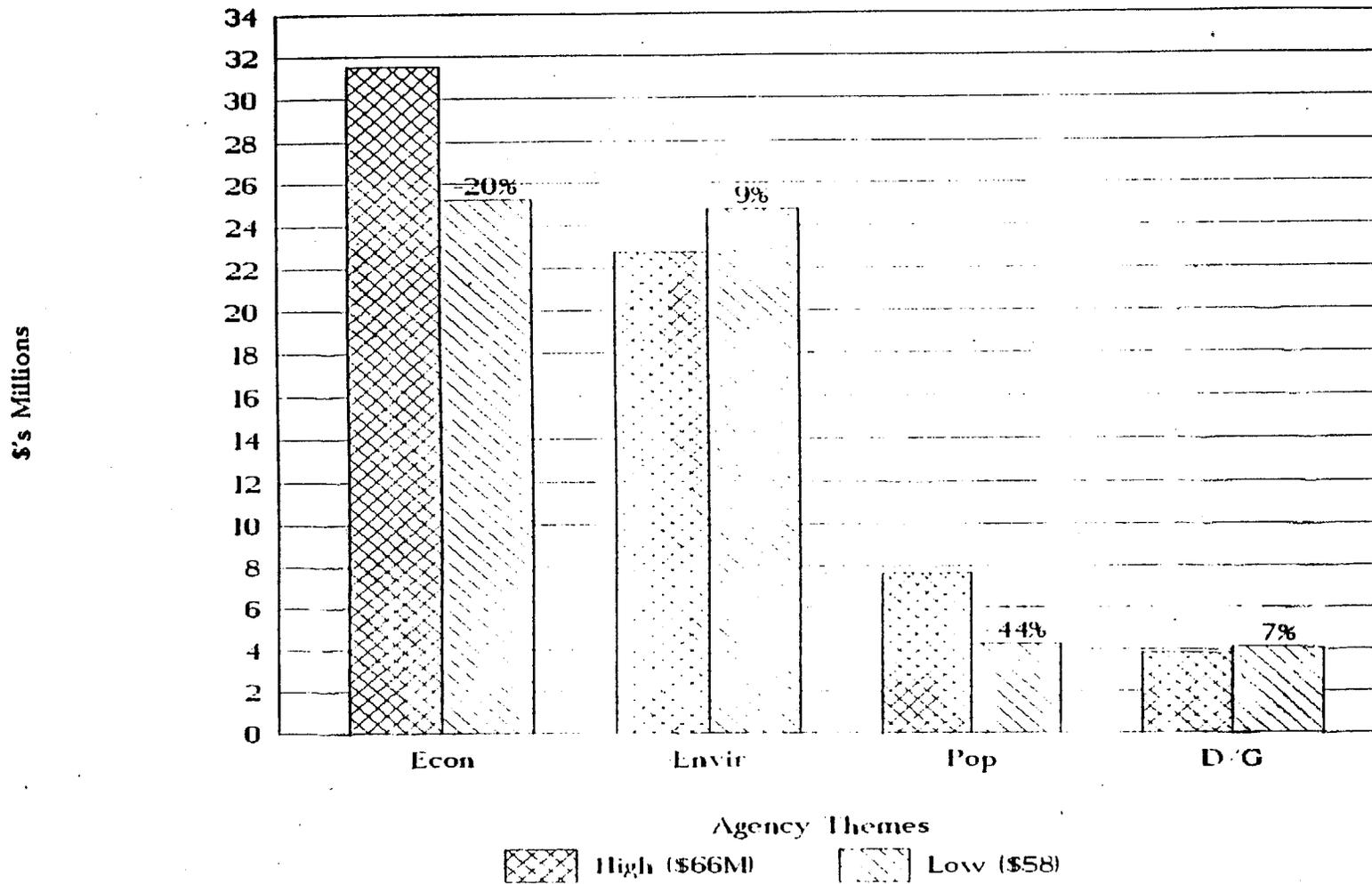
ANGOLA FY-96/97 Strategic Choices

Contribution to Agency Themes



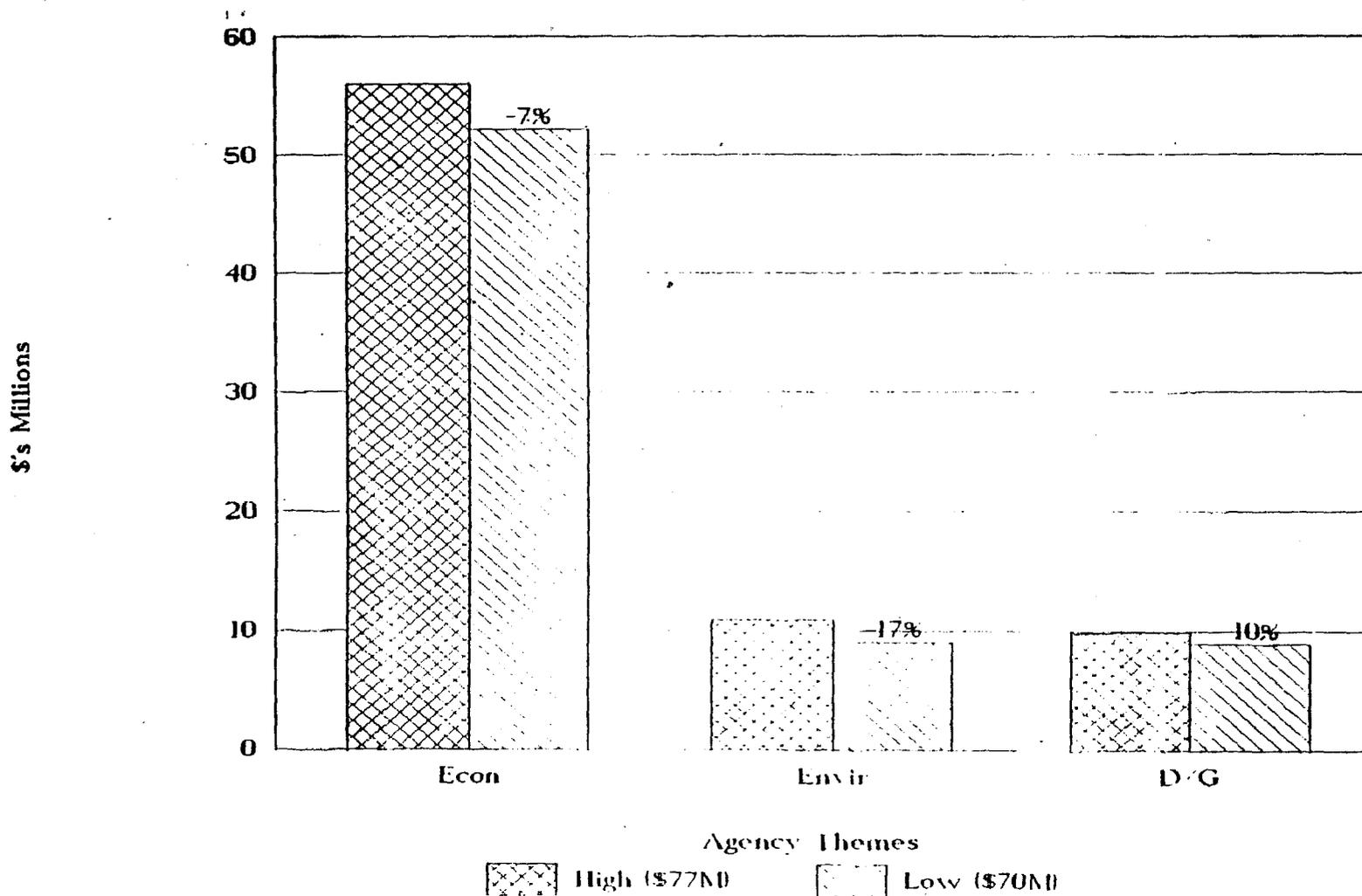
MALAWI FY-96/97 Strategic Choices

Contribution to Agency Themes



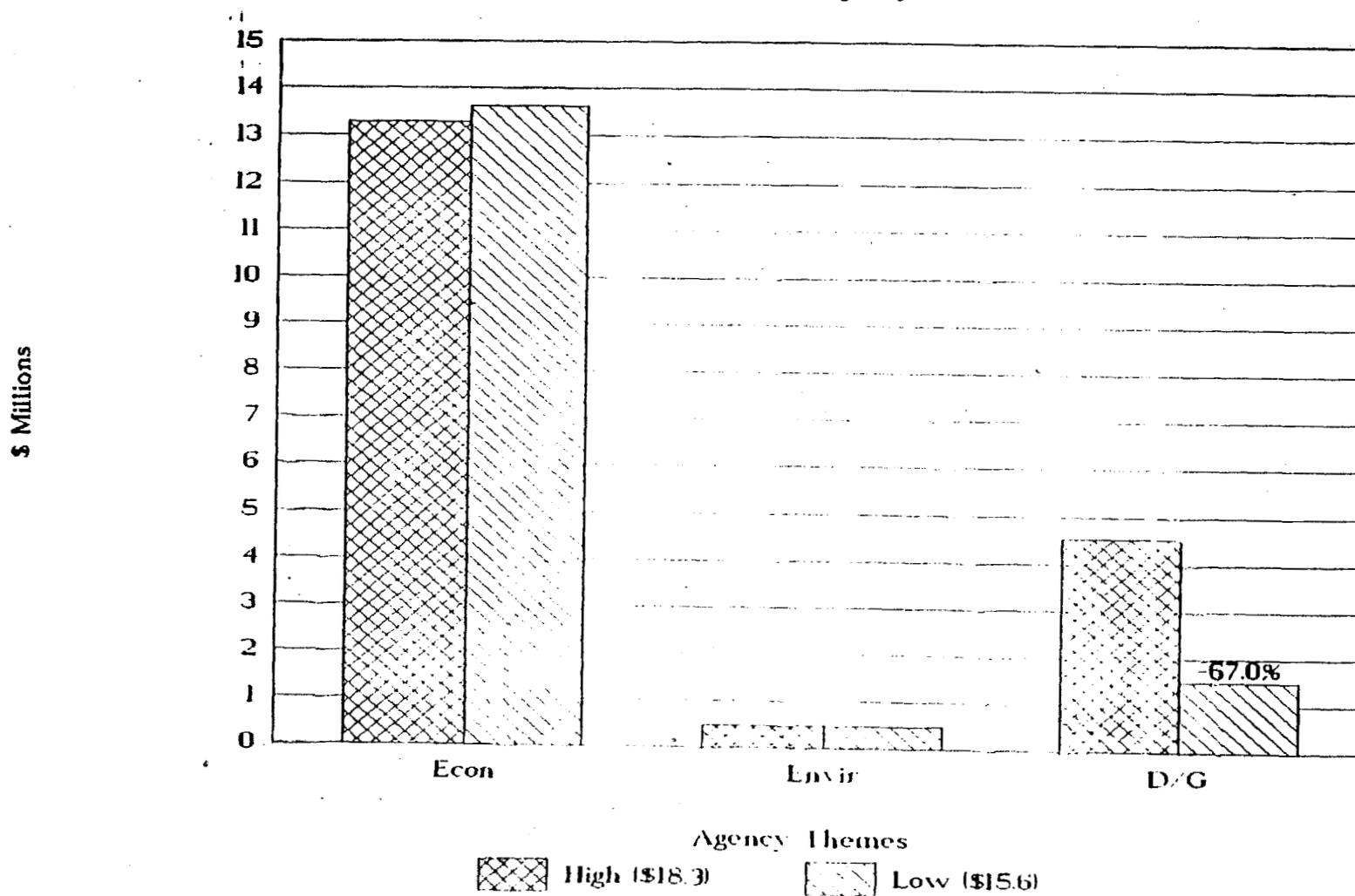
MOZAMBIQUE FY-96/97 Strategic Choices

Contribution to Agency Themes



NAMIBIA FY-96/97 Strategic Choices

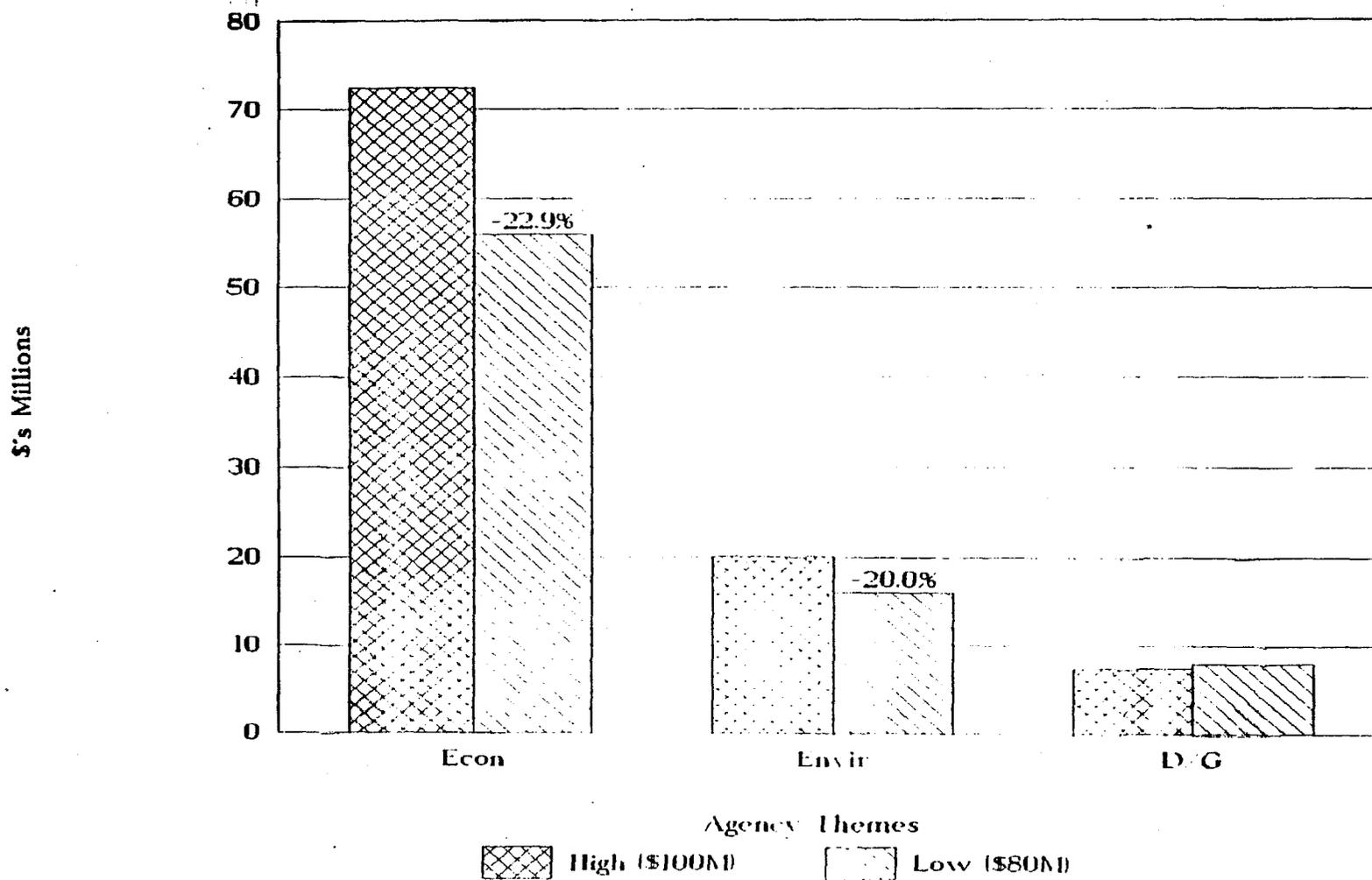
Contributions to Agency Themes



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RCSA FY-96/97 Strategic Choices

Contribution to Agency Themes

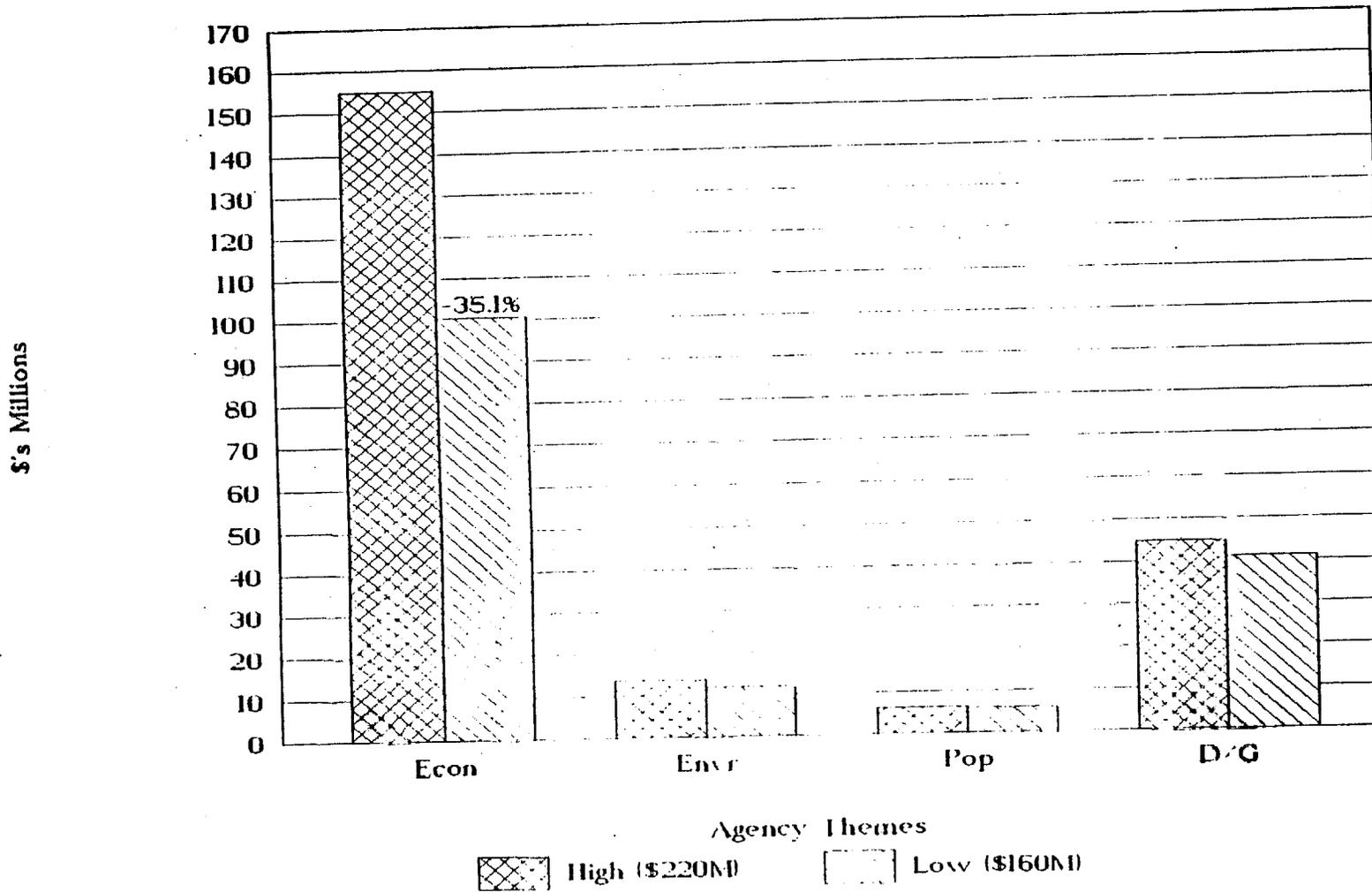


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SOUTH AFRICA FY-96/97 Strategic Choices

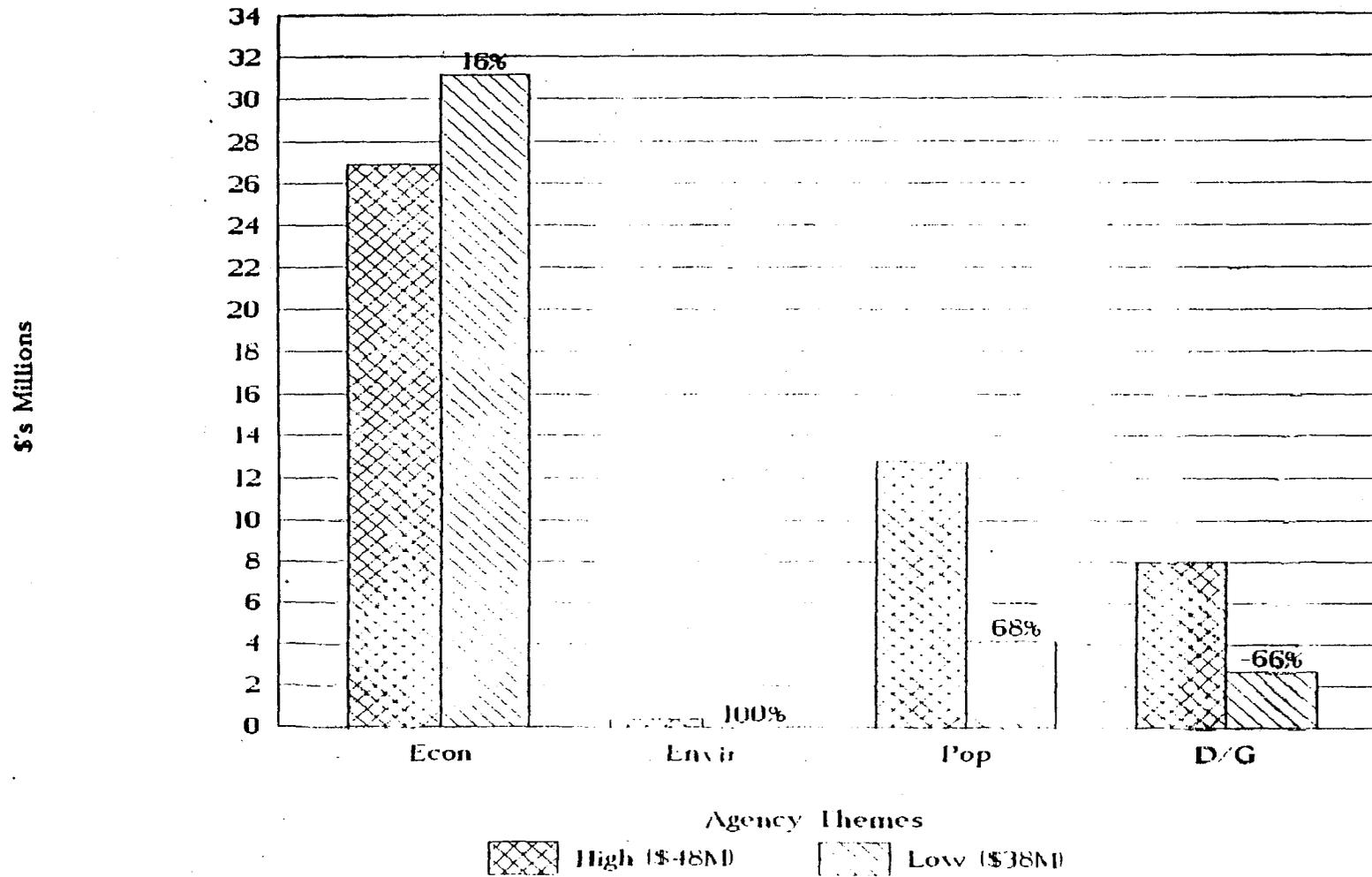
Contribution to Agency Themes



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ZAMBIA FY-96/97 Strategic Choices

Contributions to Agency Themes

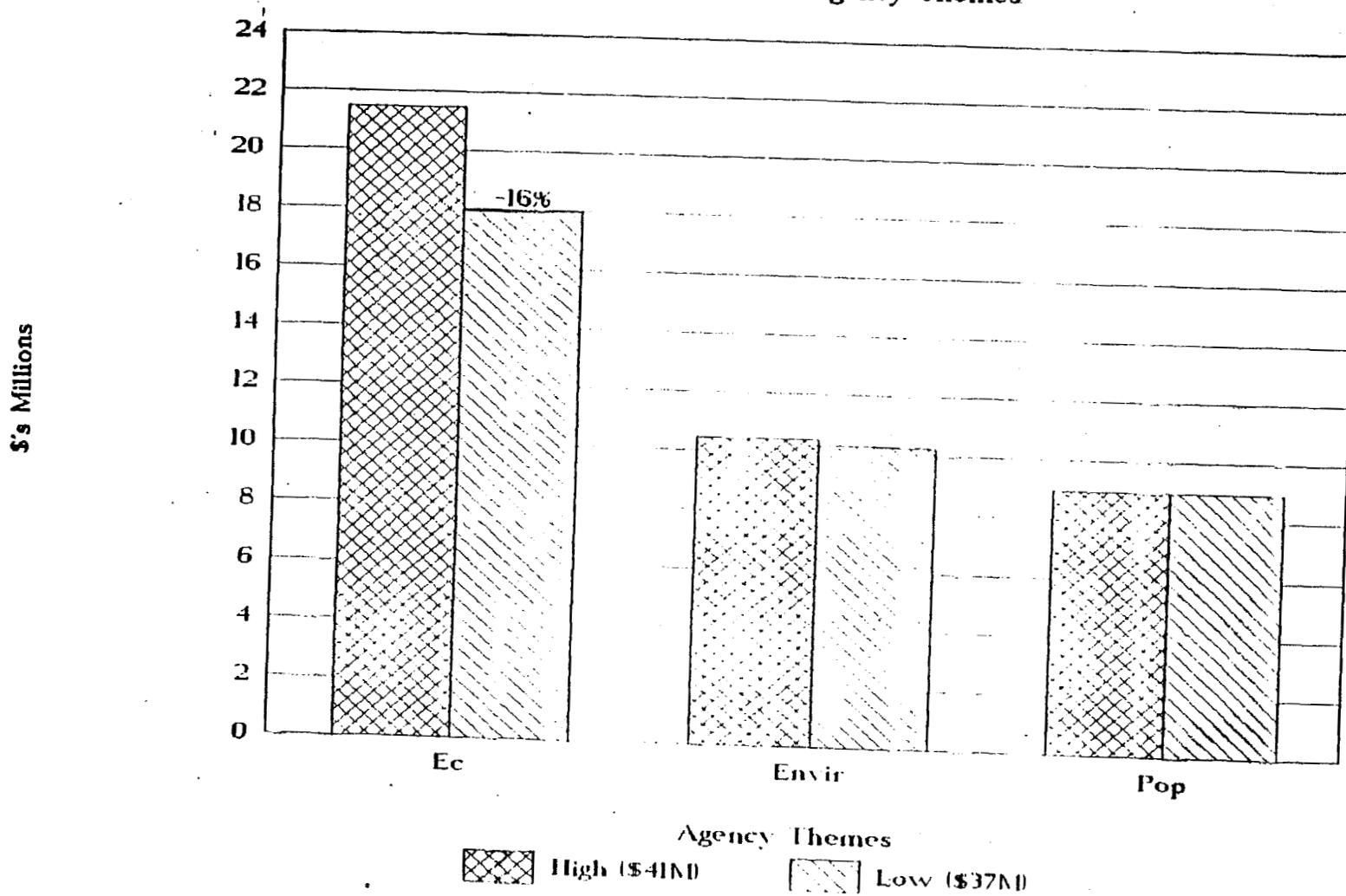


\$'s Millions

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ZIMBABWE FY-96/97 Strategic Choices

Contribution to Agency Themes



\$'s Millions

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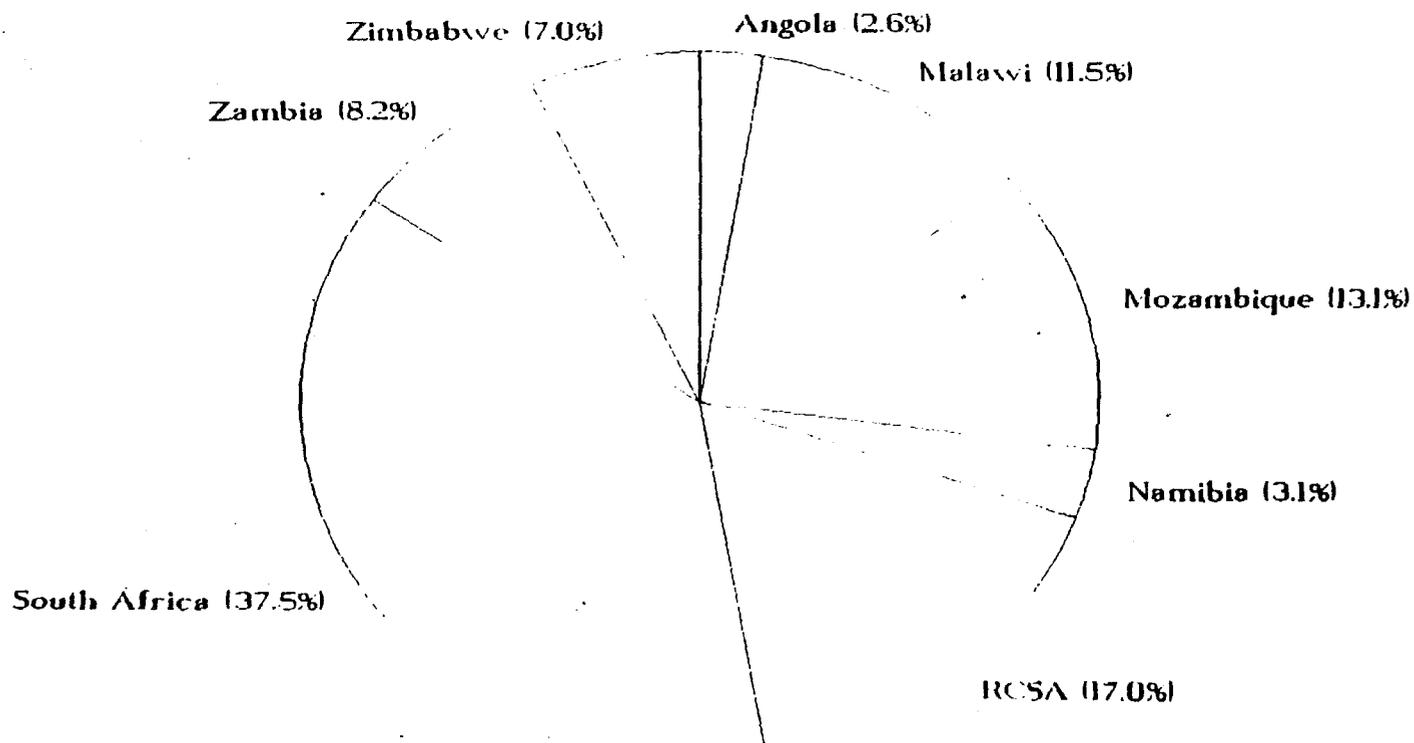
***AFR/SA Contributions to
Agency Themes***

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AFR/SA Two-Year Budgets by Mission

SCENARIO I HIGH BUDGET

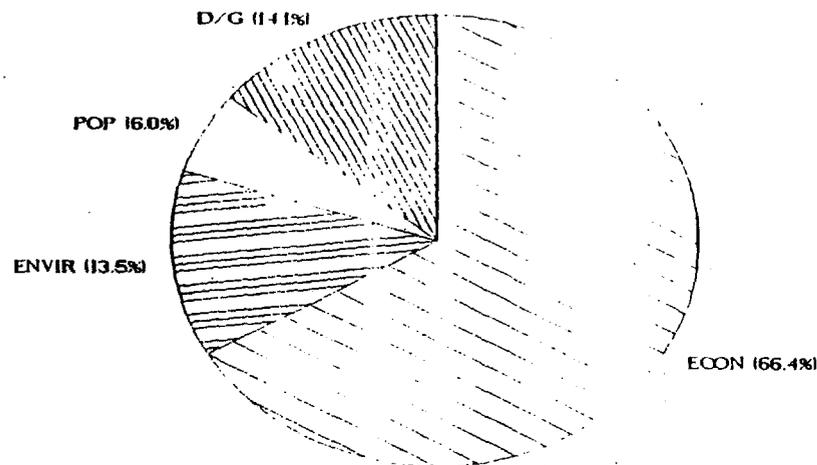


Effect of Budget Changes on Missions' Contributions to Agency Themes (\$Million)

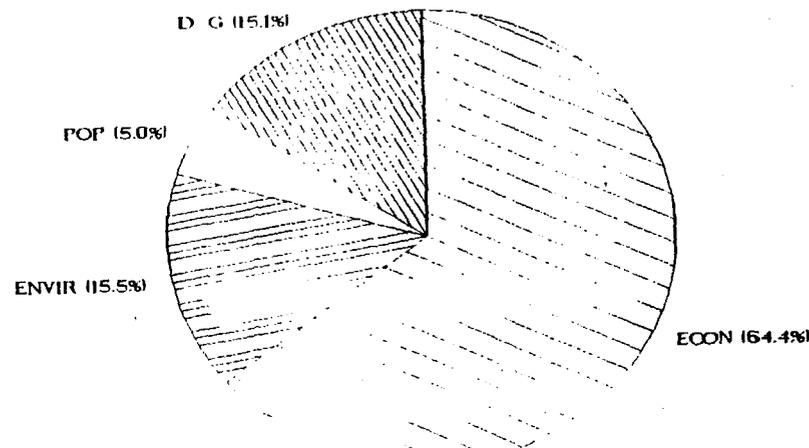
07/10/95

AGENCY THEMES										
MISSION	ECONOMIC		ENVIRONMENT		POPULATION		D/G		TOTAL	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Angola	11.0	5.5					4.0	4.5	15.0	10.0
Malawi	33.5	25.2	22.7	24.7	7.6	4.3	3.8	4.1	67.6	58.3
Mozambique	55.9	52.1	10.9	9.0			10.0	9.0	76.8	70.1
Namibia	13.3	13.6	0.5	0.5			4.5	1.5	18.3	15.6
RCSA	72.5	56.0	20.0	16.0			7.5	8.0	100.0	80.0
South Africa	155.0	100.0	14.0	12.0	6.5	6.1	44.8	41.0	220.0	159.1
Zambia	27.0	31.0	0.4		12.0	4.1	8.0	2.7	48.1	37.8
Zimbabwe	21.5	18.0	10.5	10.3	9.0	9.0			41.0	37.3
TOTAL	389.7	301.4	79.0	72.5	35.1	23.5	82.6	70.8	586.8	468.2
CHANGE		-23%		-8%		-33%		-14%		-20%

AFR/SA Contribution to Agency Themes
SCENARIO 1 HIGH BUDGET

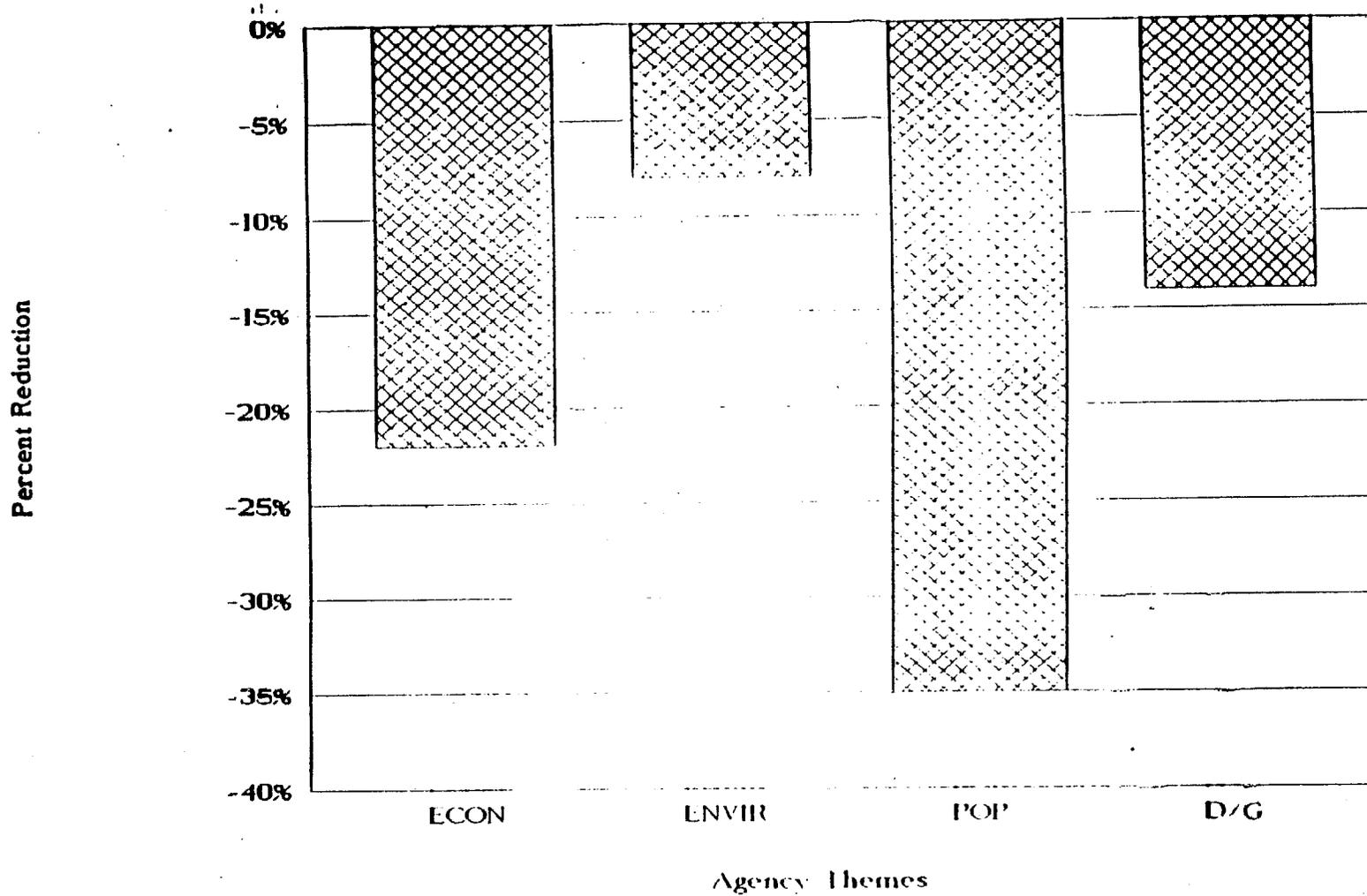


AFR/SA Contribution to Agency Themes
LOW BUDGET SCENARIO 3



Impact of Reductions by Agency Themes

AFR/SA



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***AFR/SA Workforce
Response***

Workforce Response to FY 96 - 97 Budget Changes

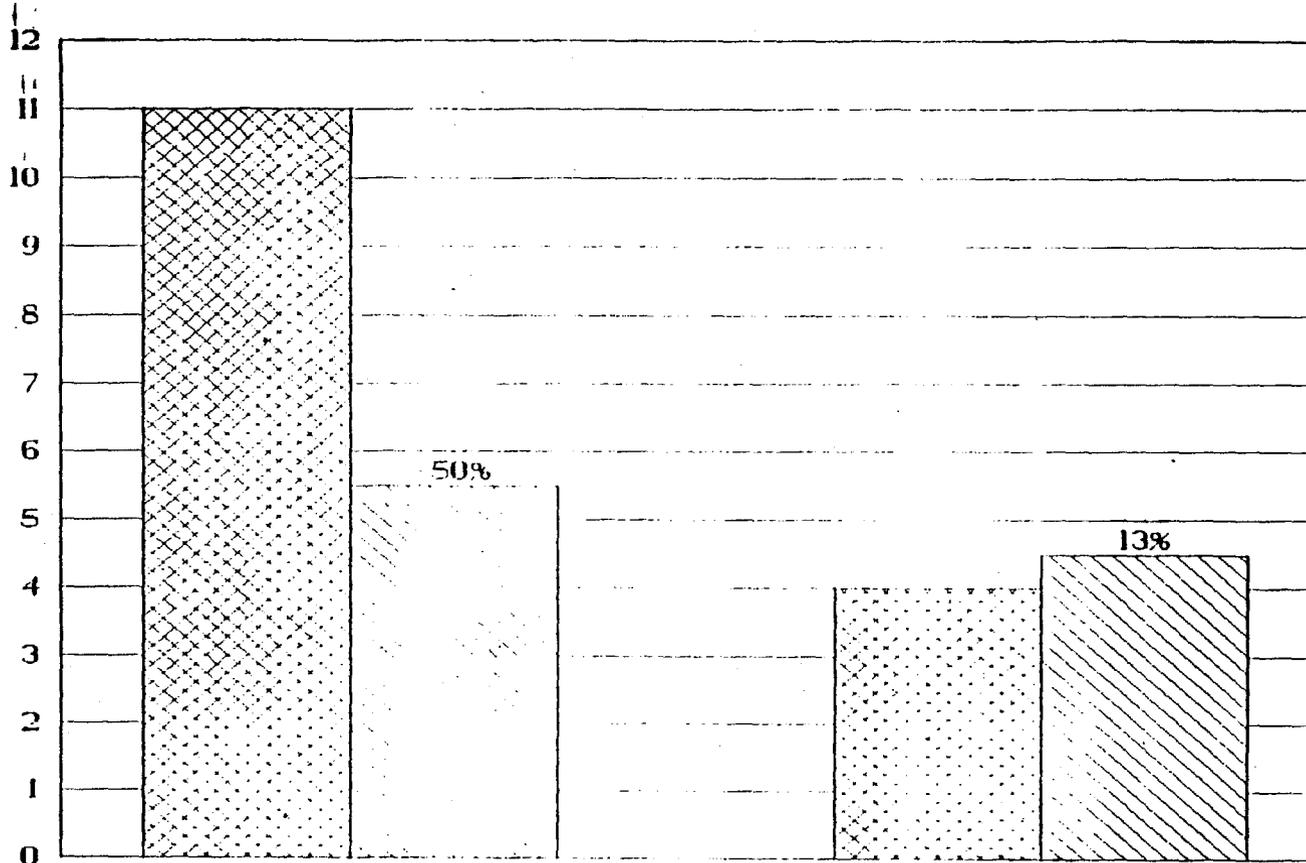
MISSION	FTE		USDH		USPSC		FSN	
	High	Low	High	Low	High	Low	High	Low
ANGOLA								
TOTAL	9	9	1	1	1	1	7	7
OE Only	9	9	1	1	1	1	7	7
MALAWI								
TOTAL	93	93	13	13	7	7	73	73
OE Only	87	87	13	13	3	3	71	71
MOZAMBIQUE								
TOTAL	142	142	18	18	11	11	113	113
OE Only	118	118	18	18	2	2	98	98
NAMIBIA								
TOTAL	39	27	5	4	3	1	31	22
OE Only	26	20	5	4	0	0	21	16
RCSA								
TOTAL	94	95	15	15	12	12	67	68
OE Only	77	78	15	15	6	6	56	57
SOUTH AFRICA								
TOTAL	163	153	30	28	18	14	115	111
OE Only	87	80	26	24	8	5	53	51
ZAMBIA								
TOTAL	100	100	11	11	3	3	86	86
OE Only	85	85	11	11	1	1	73	73
ZIMBABWE								
TOTAL	87	85	13	13	7	6	67	66
OE Only	17	33	13	13	4	2	0	18
TOTAL	727	704	106	103	62	55	559	546
OE Only	506	510	102	99	25	20	379	391

***AFR/SA Strategic Choices
by Mission SOs***

ANGOLA FY-96/97 Strategic Choices

Mission Strategic Objectives

\$'s Millions



Ag Health

D G

Mission Objectives

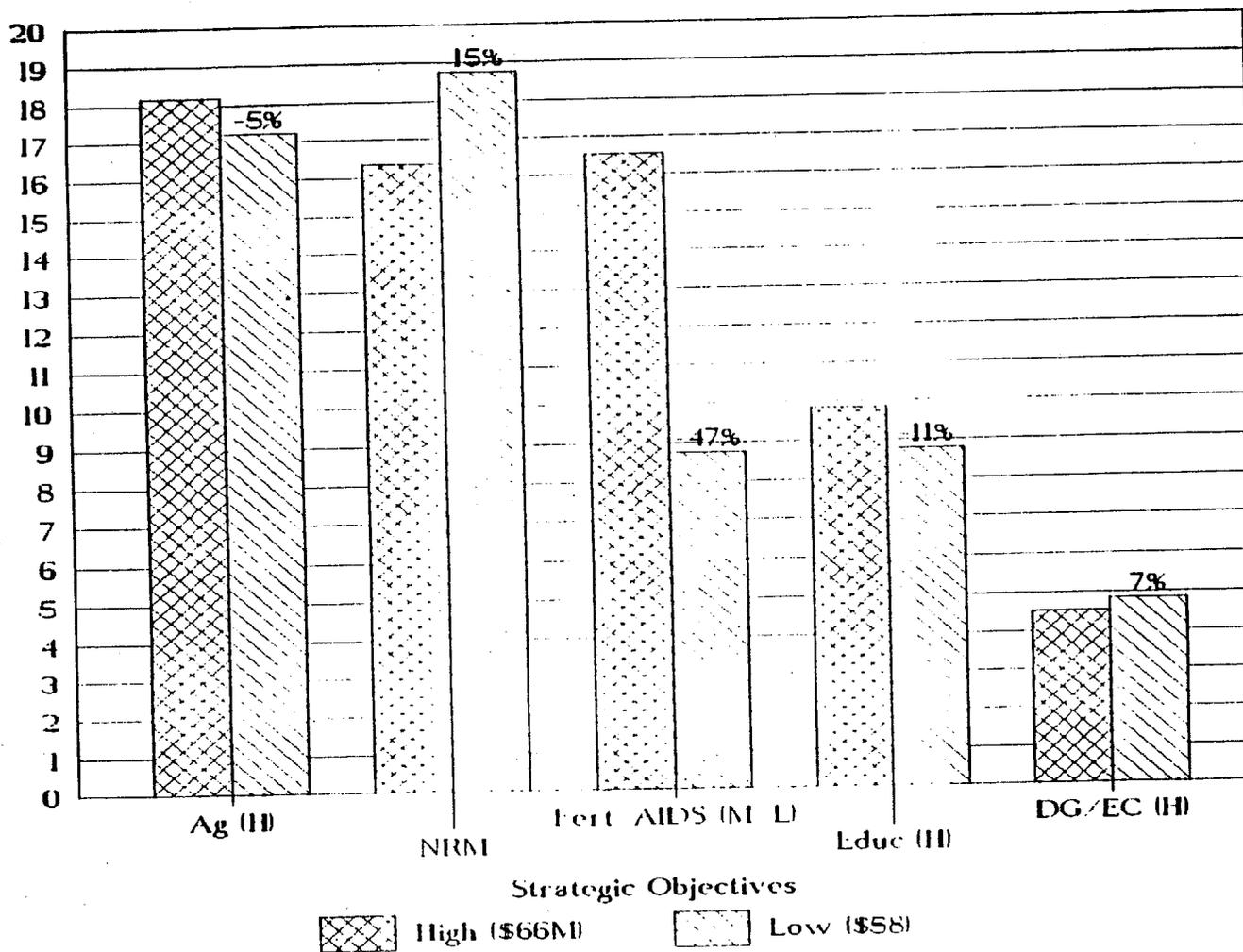
High (\$15M)

Low (\$10M)

MALAWI FY-96/97 Strategic Choices

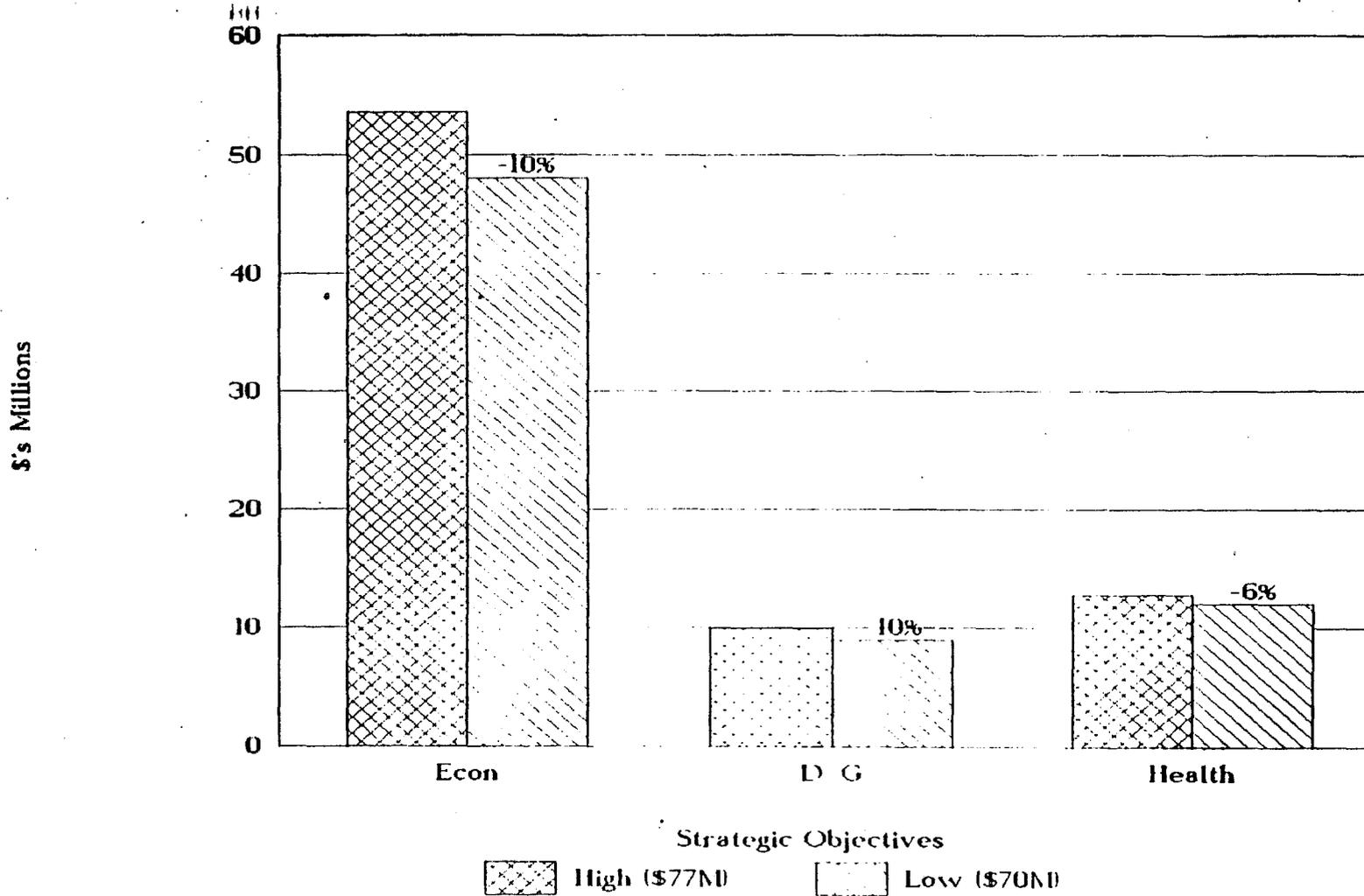
Mission Strategic Objectives

\$'s Millions



MOZAMBIQUE FY-96/97 Strategic Choices

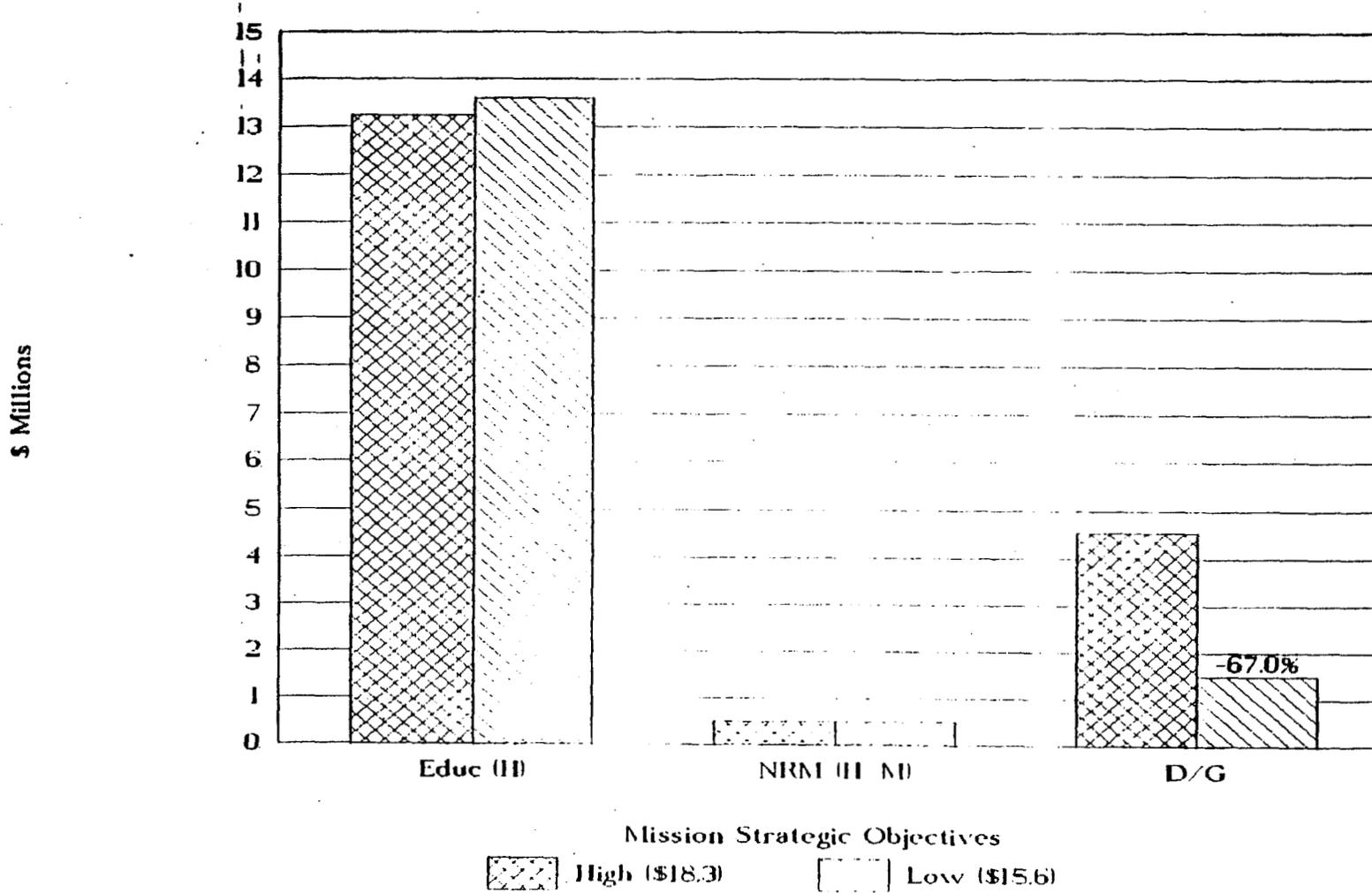
Mission Strategic Objectives



NAMIBIA FY-96/97 Strategic Choices

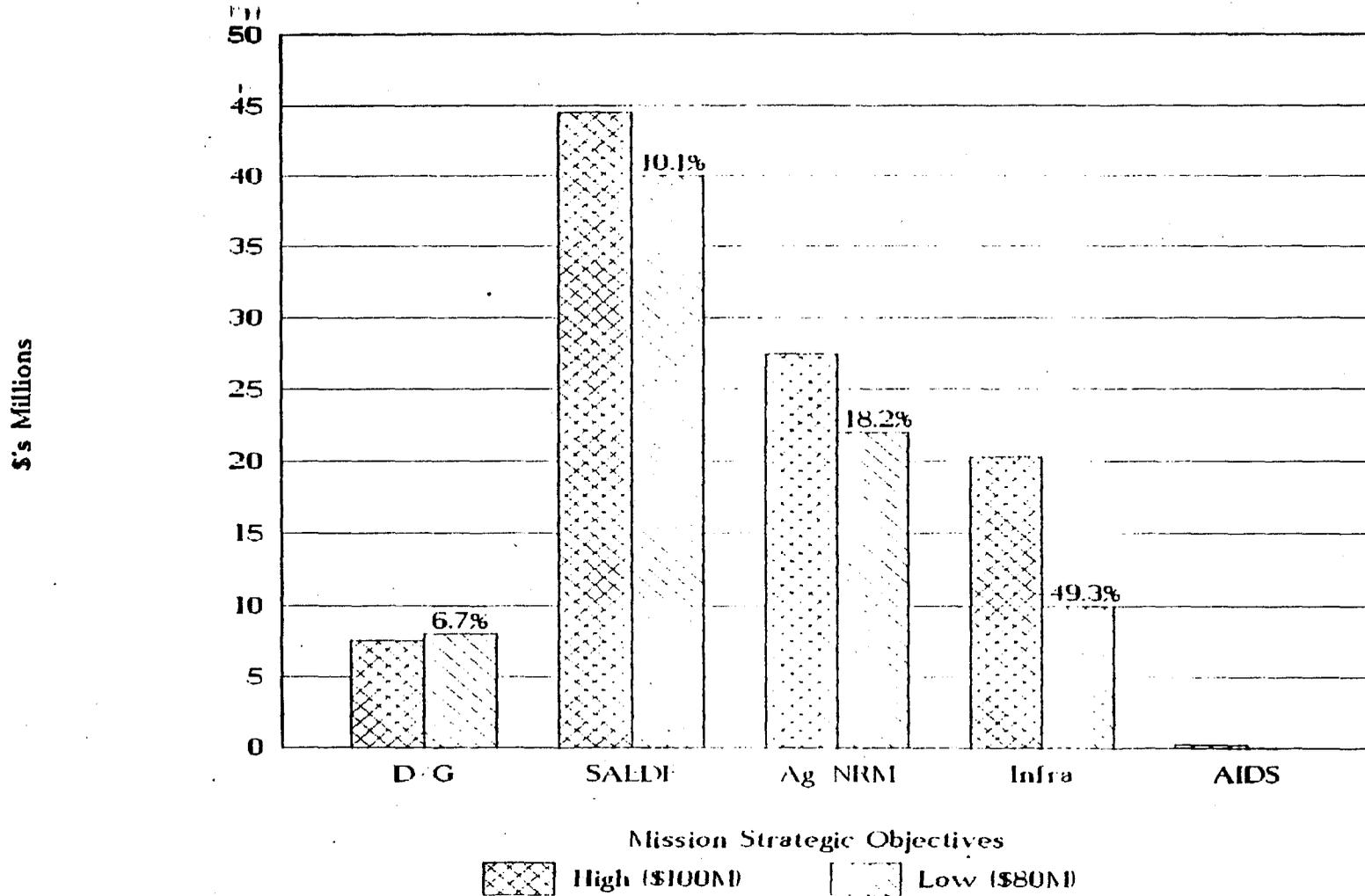
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Mission Strategic Objectives



RCSA FY-96/97 Strategic Choices

Mission Strategic Objectives

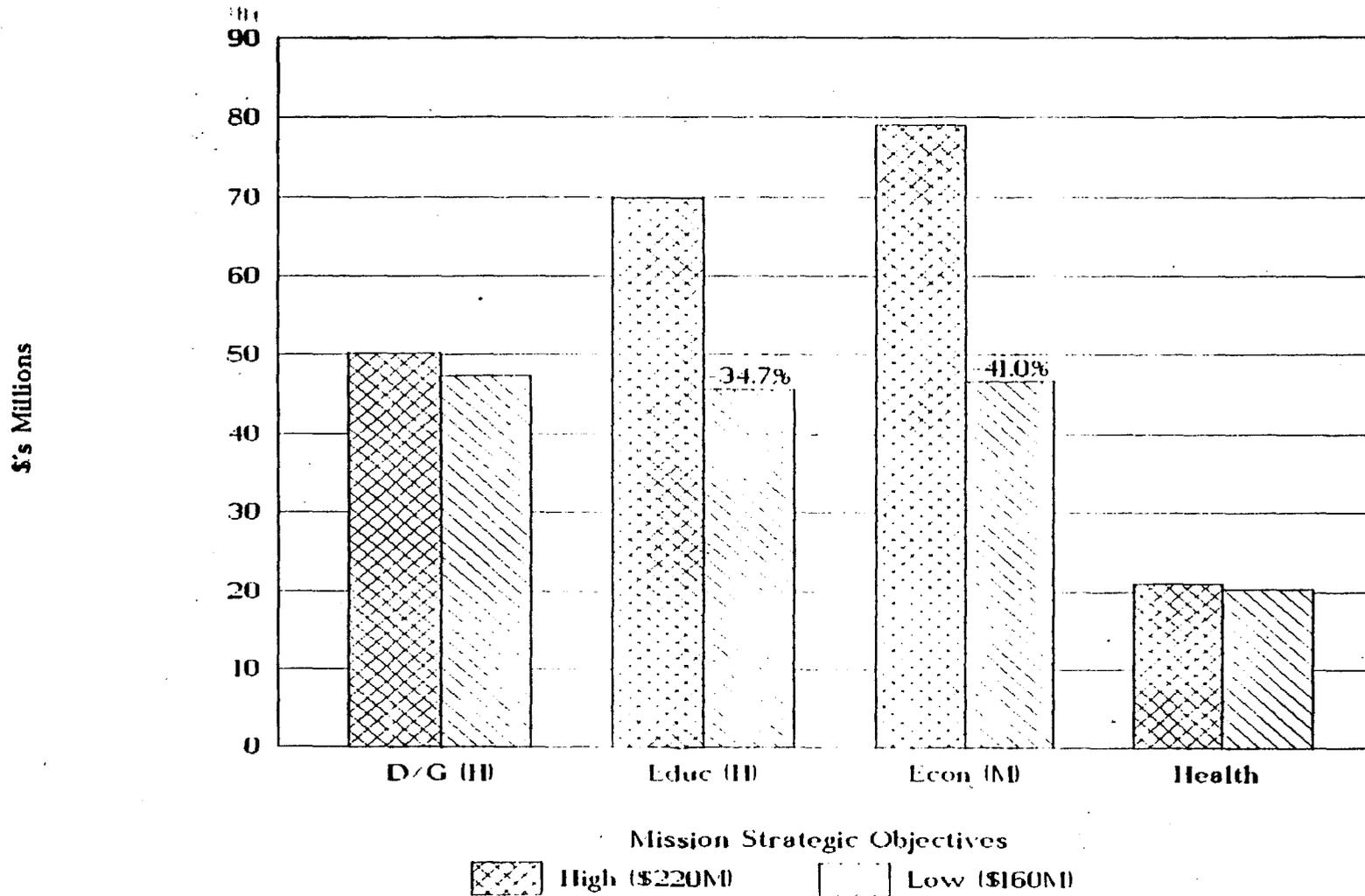


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SOUTH AFRICA FY-96/97 Strategic Choices

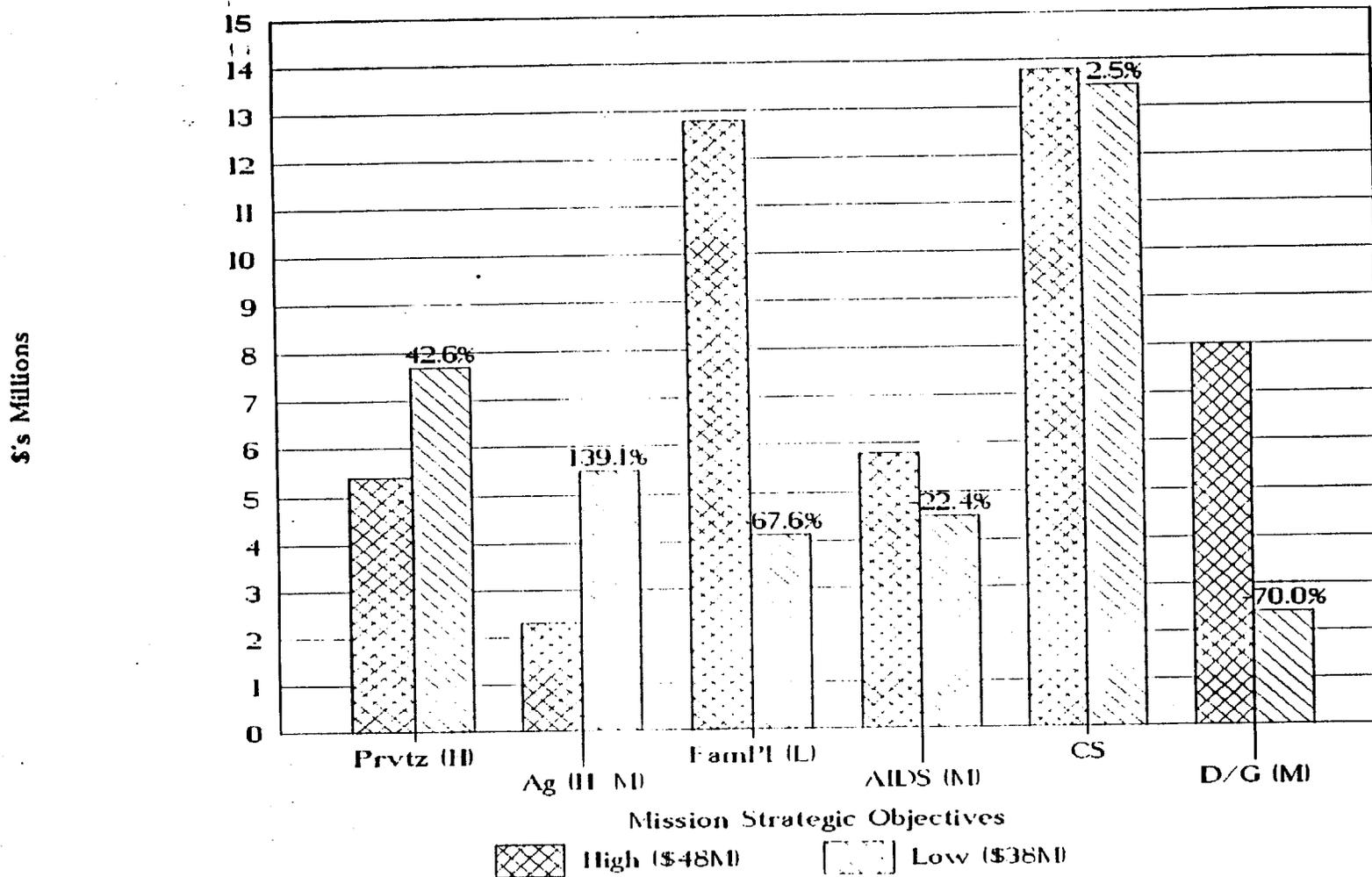
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Mission Strategic Objectives



ZAMBIA FY-96/97 Strategic Choices

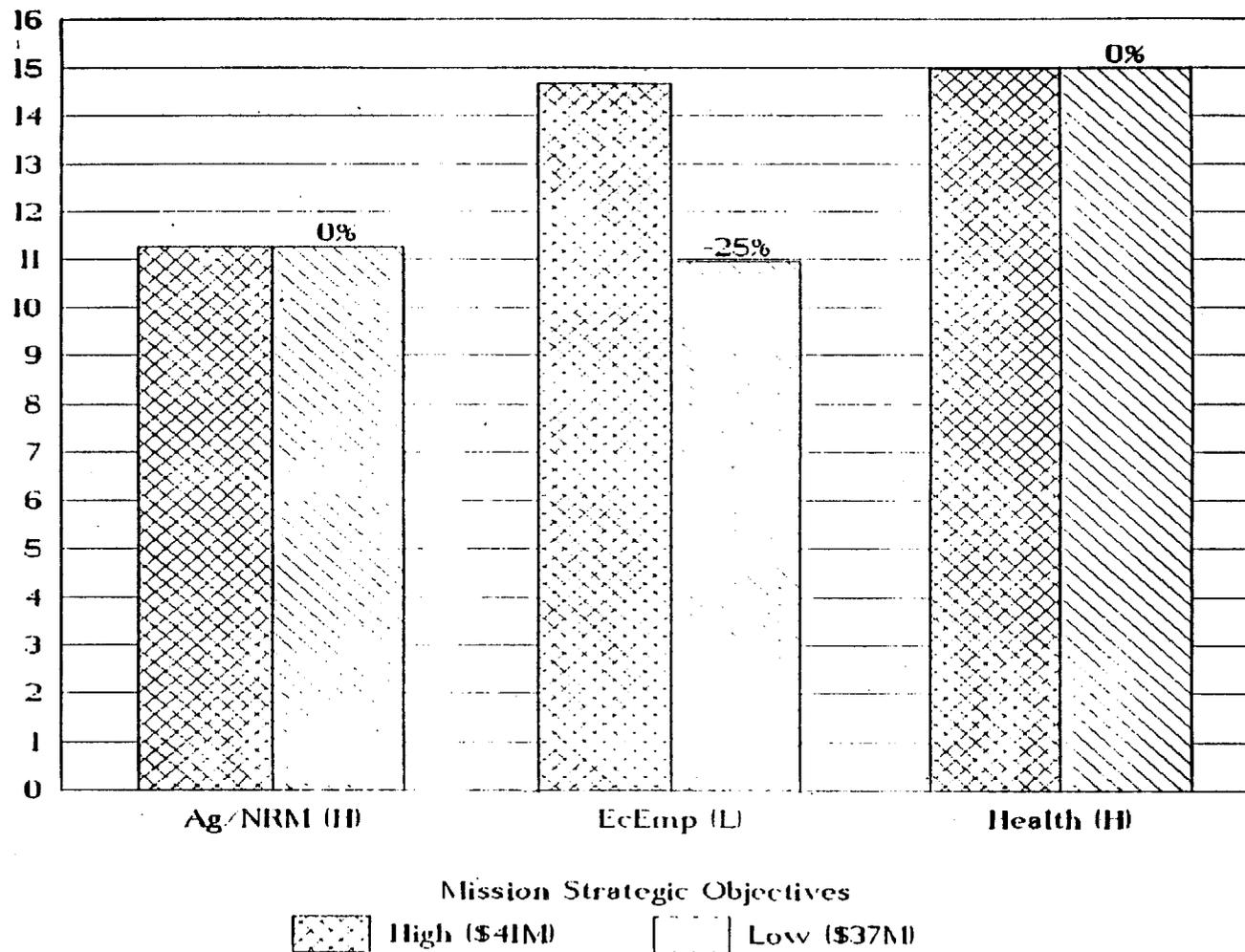
Mission Strategic Objectives



ZIMBABWE FY-96/97 Strategic Choices

Strategic Objectives

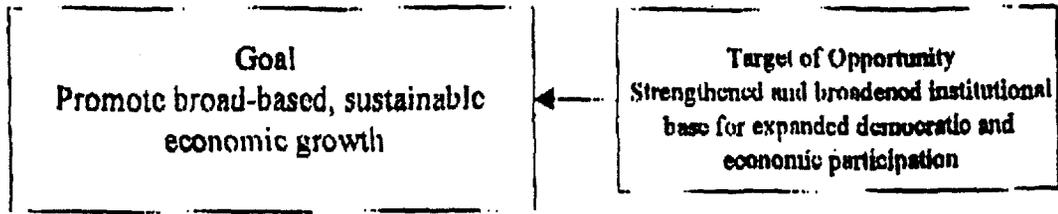
\$'s Millions



***AFR/SA Objective Tree
Impact Changes***

USAID/MALAWI: CPSP OBJECTIVE TREE
1995 - 2000

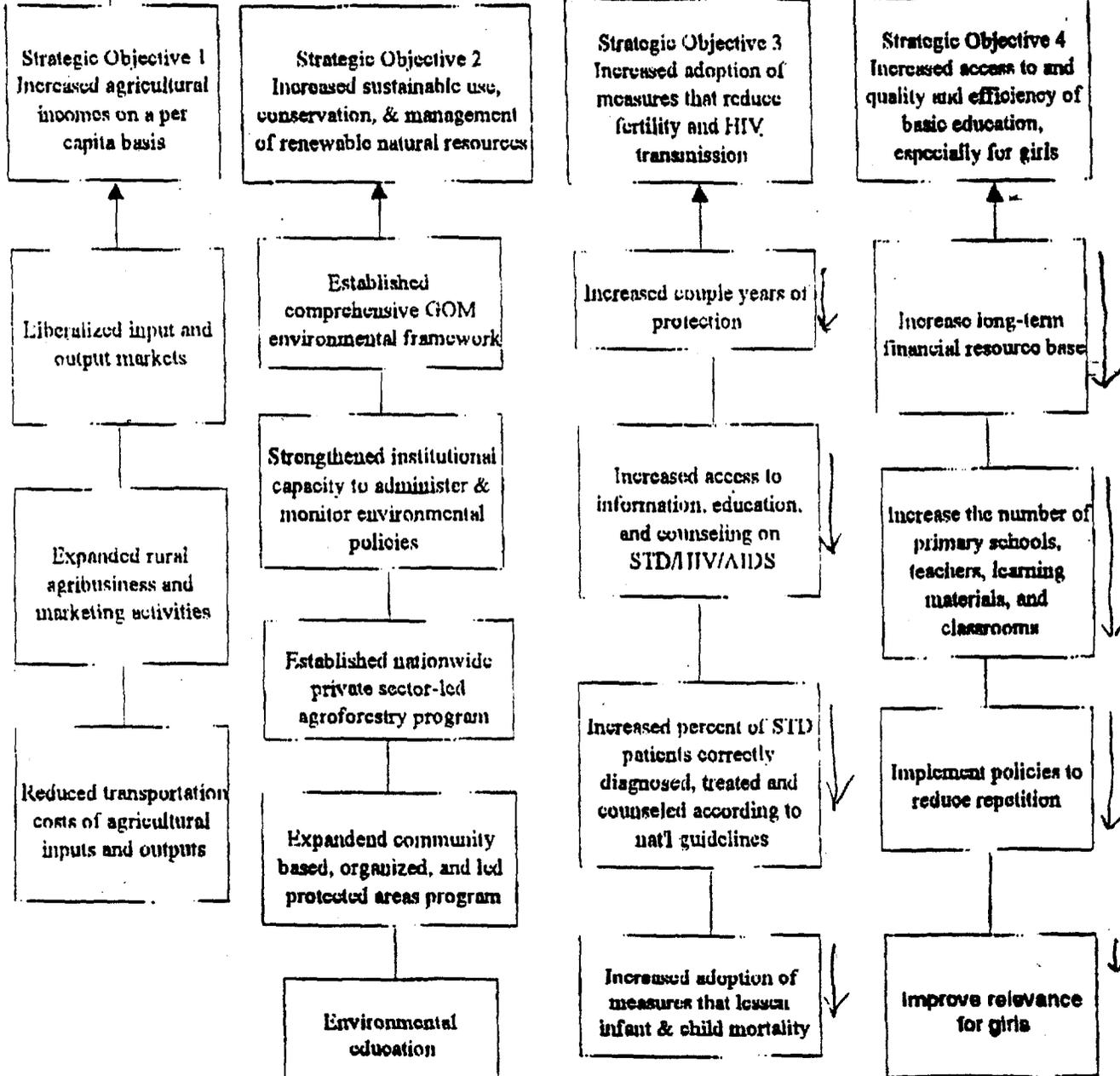
SD=1



SD=1

SD=2/3

SD=1



USAID/NAMIBIA
Objective Tree

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GOAL: THE ECONOMIC, SOCIAL AND POLITICAL EMPOWERMENT OF NAMIBIANS HISTORICALLY DISADVANTAGED BY APARTHEID

SD = 4

S.O.1: Improved performance by HDNs in critical skills areas.
1.1: Increase in # kids graduating Grade 4. [↑]
1.2: % kids achieving higher than baseline competencies increases. [↑]
1.3: Improved performance of adult HDNs. [↑]
1.4: Increased # NGOs providing part. nonformal education

PO 1.1: Improved delivery of quality education to learners in the most disadvantaged schools.

PO 1.2: Improved delivery of training services to adult HDNs in critical skills areas.
1.2.1: Increase in # target trainers trained and del. non-formal ed & trg services
1.2.3: target organizations are sustainable [↑]

PO 1.3: Increased number of HDNs with formal training in critical skills areas. [↑]

S.O.3: Increased accountability of Parliament to all Namibian citizens.
3.1: Larger % leg. reflects citizen-generated concerns. [↑]
3.2: Improved media involvement in raising & rept. citizen-generated issues
3.3: Election campaign contested more often on constituency-generated issues.

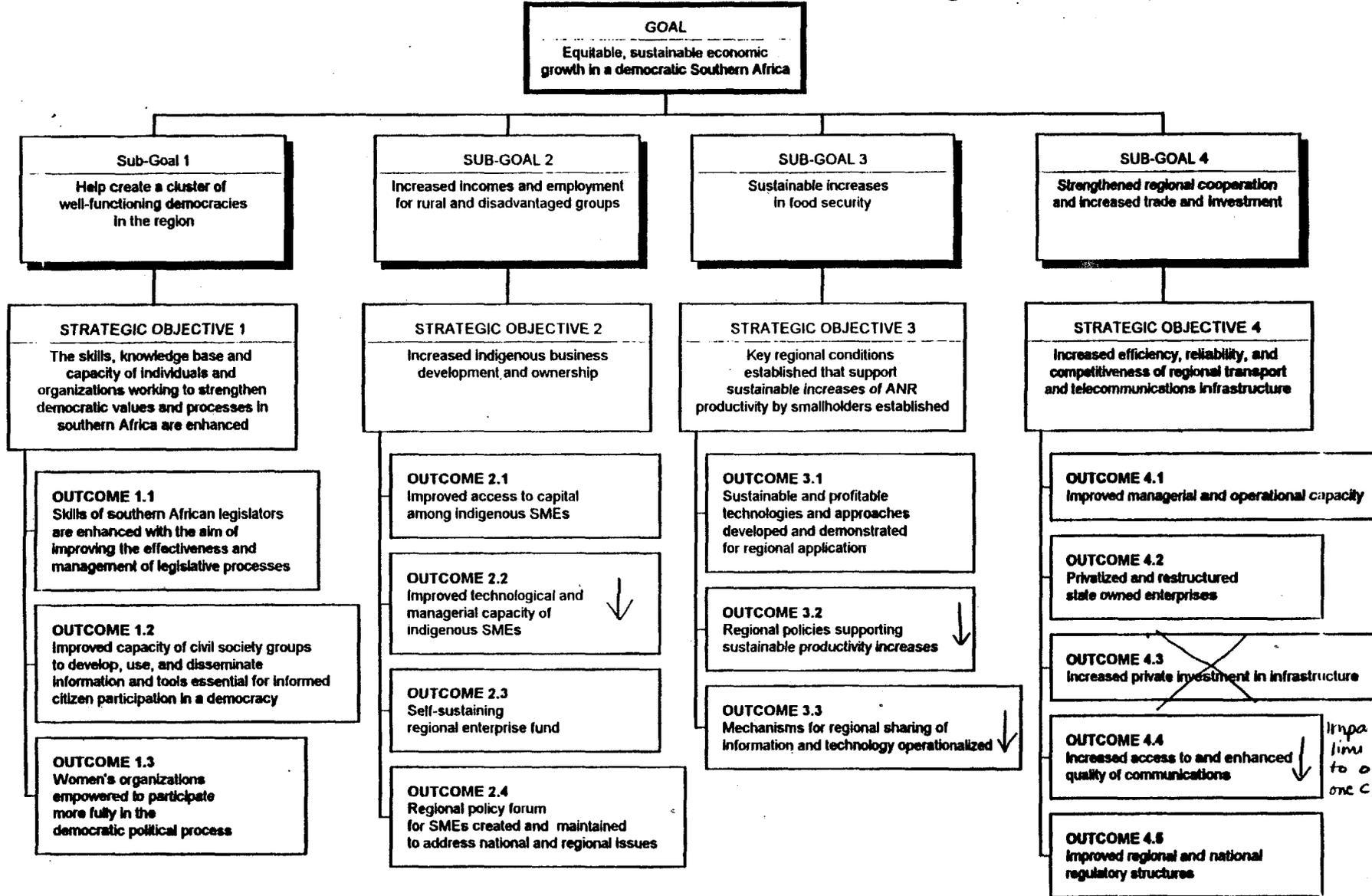
PO 3.1: Parliamentary proceedings increasingly promote citizen participation.
3.1.1: Increased & improved media coverage of parliamentary proceedings.
3.1.2: New procedures adopted to promote public participation
3.1.3: Incr. # open public hearings held. [↑]

PO 3.2: Enhanced skills of parliamentarians to represent their constituencies.
3.2.1: Statements by Parliamentarians incr. deal with constituent-generated issues. [↑]
3.2.2: # of local fora on constituency-generated issues in which parliamentarians participate [↑]
3.2.3: Incr. use of Parl. Office & Resources by Parliamentarians [↑]

PO 3.3: NGOs and Civic Advocacy Groups strengthened to effectively articulate interests of constituents in local, regional and/or national fora.
3.3.1: Incr. # visits to parliament initiated by NGOs & civic advocacy groups [↑]
3.3.2: Incr. # NGOs and CAGs consulted and/or participating in dialogues on behalf of constituents. [↑]

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INITIATIVE FOR SOUTHERN AFRICA PROGRAM OBJECTIVE TREE



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Figure 1

NOTE: ↓ means minimal progress is expected due to limited resources

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GOAL: SUSTAINABLE TRANSFORMATION

SUB GOAL: POLITICAL, ECONOMIC, AND SOCIAL EMPOWERMENT

SD=1

SD=2/3

SD=2/3

STRATEGIC OBJECTIVE 1
To help consolidate sustainable democratic governance

STRATEGIC OBJECTIVE 2
To support the development of policies, systems, and capacities for the integration of the education system

STRATEGIC OBJECTIVE 3
To help increase opportunities for access and ownership of assets by historically disadvantaged while supporting economic development

STRATEGIC OBJECTIVE 4
To support the development of a unified system to provide integrated primary health care to underserved populations

1.1 Capacity for free and fair elections institutionalized

1.2 Capacity of political parties strengthened

1.3 Access to justice systems by the underserved majority increased

1.4 Respect for human rights reflected in the constitution

2.1 Establishment of systems to manage national and provincial education services assisted

2.2 National and provincial systems for basic education strengthened

~~2.3 Proven basic education model disseminated~~

2.4 Systems and institutions for further education (beyond high school but below university or technikon) improved

3.1 Quality of public debate on economic policy issues improved thru functioning economic policy forums on economic growth issues

~~3.2 Quality of public debate improved thru functioning policy forums on policy and regulatory constraints, increased ownership of businesses by historically disadvantaged~~

3.3 Quality of public debate improved thru functioning policy forums on ways to maximize the role of the private sector in providing better and env sound urban services

3.4 Access to capital for expanded ownership of business by historically disadvantaged increased thru strengthened financing mechanisms and new structures to expand ownership

4.1 Access to and use of integrated package of primary health care increased

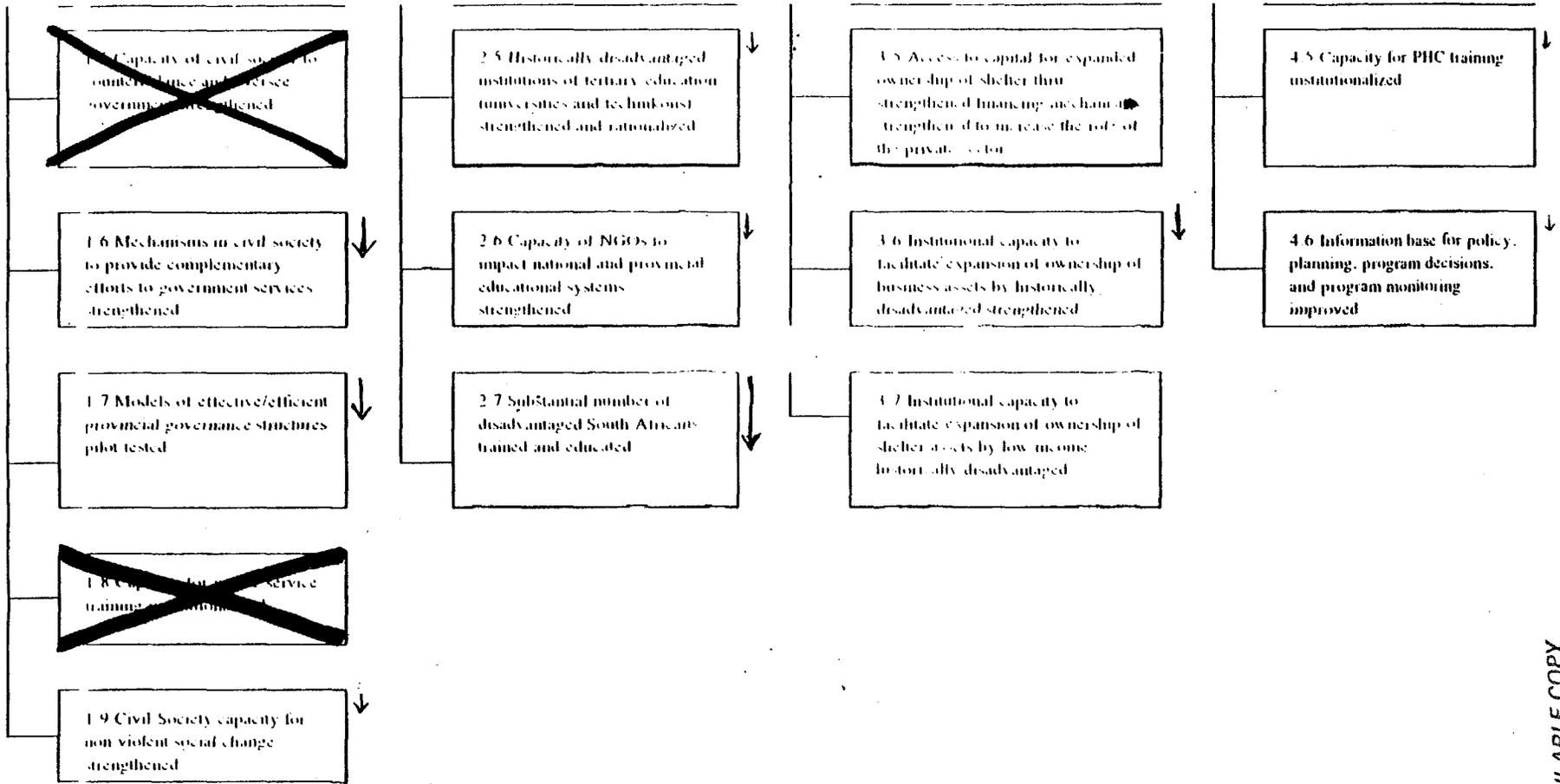
4.2 Referral system utilized in focus province

4.3 Capacity to manage the integrated PHC program at central level and focus province enhanced

4.4 Effectiveness and efficiency of PHC services increased

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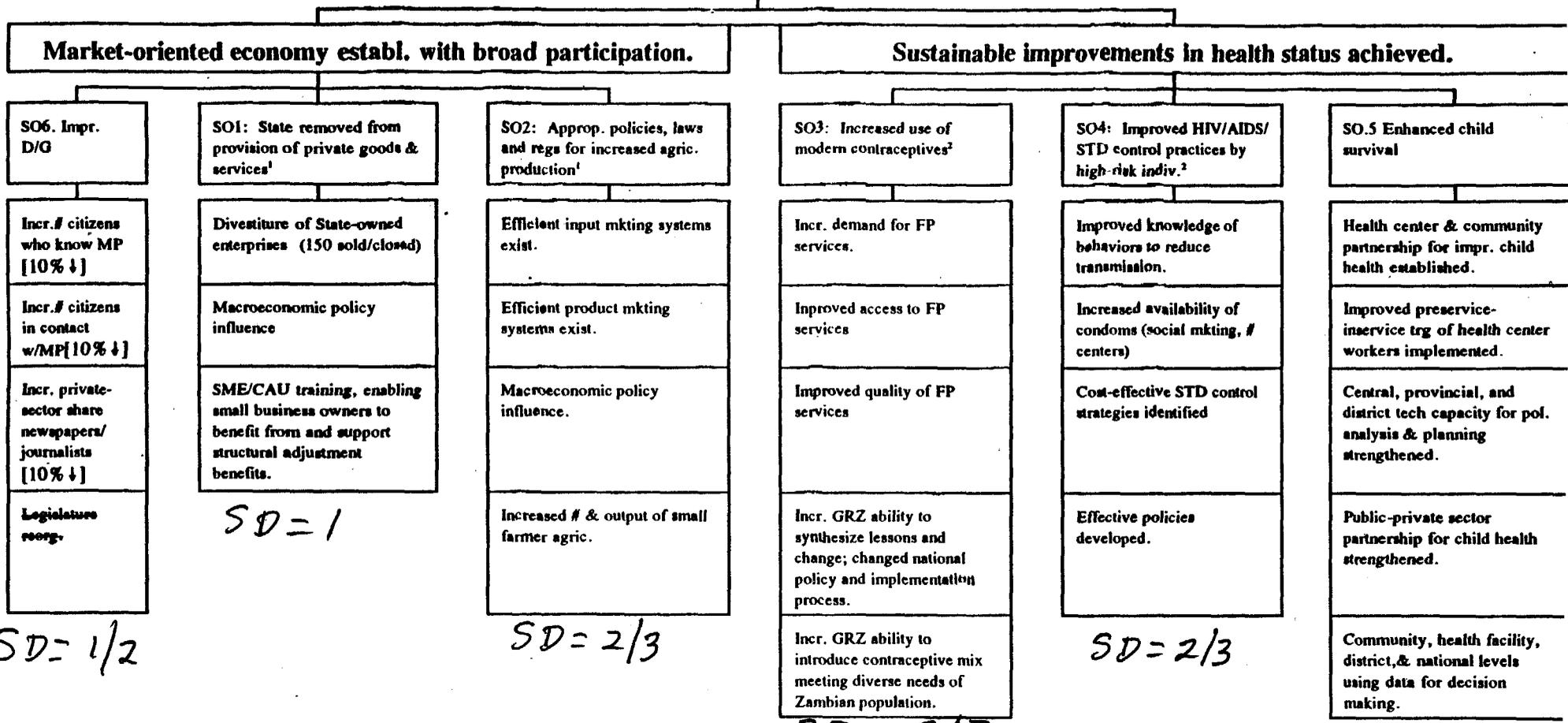
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USAID South Africa Action Plan - June 19, 1995
 PROGRAM STRATEGIC TREE FOR USAID/SOUTH AFRICA

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Goal: Socially Stable, Economically Productive, Politically Active Population Status Achieved



N.B., the lack of impact from the reduced budget is based on a large pipeline in earmark areas and the assumption the Mission can absorb the entire reduction in these earmark areas.

¹ USAID/Zambia developed Scenario 1 trying to meet most of the requested earmarks, which total \$16 million or 2/3 Zambia's OYB. Under the low-budget scenario, USAID/Zambia would decrease funding for Family Planning, AIDS, and DG, and increase funding to SOs 1 and 2, where impact is greatest. IF USAID/Zambia is forced to put the same \$ amount or percent of its budget into earmarks under the low-budget scenario, funding for SOs 1 and 2 will be drastically reduced as well impact.

² Given the large pipeline, a decreased level of funding will have little impact on Family Planning and HIV/AIDS. Indeed, the Mission would prefer to reduce funding for both areas under the high-budget scenario.

USAID/ZIMBABWE PROGRAM OBJECTIVE TREE

*AT "DRACONIAN" CUT
= 790*

PROGRAM GOAL
Increased economic growth that is participatory and equitable

SUB-GOAL
De-controlled enabling environment conducive to investment

TARGET OF OPPORTUNITY
Decreased HIV high risk behavior by selected occupational groups

SD = 1

SD = 2/3

SD = 1

STRATEGIC OBJECTIVE No. 1
Increased household food security in communal areas of Natural Regions IV and V

STRATEGIC OBJECTIVE No. 2
Increased black ownership and investment at all levels of Zimbabwe's economy

STRATEGIC OBJECTIVE No. 3
Sustainable decrease in fertility

TARGET 1.1
Increased production and productivity of sorghum and millet by farm households in communal areas of Natural Regions IV and V

TARGET 2.1
Increased black access to efficient infrastructure that reduces the transactions cost of trade and production

TARGET 3.1
Increased contraceptive use

TARGET 1.2
Increased household income generated by community-based natural resources management activities

TARGET 2.2
Improved policy and regulatory environment

TARGET 3.2
Better contraceptive use

TARGET 1.3
More marketed grain available, at lower cost, for rural households in communal areas of Natural Regions IV and V

TARGET 2.3
Improved technical and management capacity of the private sector

TARGET 3.3
Increased private sector support for family planning

TARGET 2.4
Improved access to capital

TARGET 3.4
More sustainable financing of public sector family planning service delivery

Legend
 = Bilaterally funded
 = SARP funded

Under the reduced funding levels of scenarios 2 & 3, all cuts (\$2.3 million) would be in SO 2. This SO is being revised to focus more on the small & medium enterprise sector and to account for SARP activities being transferred.

Because the indicators are being revised currently, an assessment of impact cannot be quantified.

AFR/SA

EARMARKS/TARGETS

AFR/SA EARMARK / TARGET
SCENARIO #2 (\$Million)

07/10/95

	RCSA		MALAWI		MOZAMABIQUE		NAMIBIA		SOUTH AFRICA		ZAMBIA		ZIMBABWE	
	-	+	-	+	-	+	-	+	-	+	-	+	-	+
HEALTH			4.8		6.6		0.8		4.5		3.3		1.4	
-Health				0.4	0.5				2.3					
-CHS			1.6		3.7				0.8		4.1			
-AIDS			3.5		2.4		0.8		3.0		0.8		1.4	
POPULATION			4.2		3.0				1.1		2.9		3.6	
EDUCATION		1.5	6.1				1.2		12.5					
D/G				1.0	2.3		0.5		0.4		2.9			
NRM	1.4			9.6	4.1						0.1		3.0	
ENVIRONMENT	0.2			12.7	3.0				2.4		0.2		2.4	
BIO-DIVERSITY													5.1	
PVO		4.9			6.9		2.5		32.0		2.0		4.3	
TOTAL	1.6	6.4	15.1	23.3	9.6	16.3	1.3	3.7	20.9	32.0	6.1	5.3	7.5	12.3

AFR/SA ACTION

PLAN ISSUES

OFFICE OF SOUTHERN AFRICAN AFFAIRS

OVERARCHING SUBREGIONAL ACTION PLAN ISSUES

Issue No. 1: Several AFR/SA field missions have not satisfied their contributions to the AFR Bureau funding level targets/earmarks in areas of special interest in their FY 1997 Action Plans, as requested by AFR Bureau Action guidance.

Discussion:

1. **Malawi:** Under the best case scenario in the Malawi Action Plan, there were unexpected and dramatic reductions in Health/AIDS activities, even though adherence to earmarks in health was supposedly mandatory. USAID/Malawi fell short of its targets by \$5 million in Family Planning and \$1.9 million in Child Survival.

The Mission asserts that while it continued to adhere to mandated earmarks in FY 1996, it was unable to maintain the same obligation pace for the new, integrated health SO in FY 1997 because it would have to obligate a level of resources amounting to almost twice the remaining mortgage for the projects now supporting the health SO (STAPH and CHAPS). Also, this would preclude the Mission from satisfying commitments for its remaining SOs. In addition there is the issue of the manageability of the relatively large pipelines for the projects operating in the health SO.

2. **Mozambique:** Under its new program strategy, USAID/Mozambique's profile of targets and earmarks shifts markedly, with a significant reduction in contributions to child survival and concomitant increases in contribution to broad-based sustainable economic growth and global environment. The Mission's contributions to AFR Bureau targets in child survival, AIDS and POP do not adhere to the FY 1996 CP levels as the Action Plan guidance required. In the area of child survival, the Mission should be contributing \$8.632 million to the target, but the actual level of funding is only \$5.387 million (a \$3.245 million shortfall). On the AIDS target of \$2.744 million, USAID/Mozambique is contributing only \$252,000 (a shortfall of \$2.492 million). In the POP area, the target is \$3.024 million, and the Mission is not/not contributing anything to the target funding level (the shortfall is \$3.024 million).

3. **Namibia:** USAID/Namibia has been asked to program \$1.4 million for AIDS in each of FY 1996 and FY 1997. The Mission had planned to obligate only \$500,000 in each of the fiscal years under the READ project because they thought this was the agreement they had with the AFR Bureau prior to the issuance of the Action Plan guidance. They had settled on \$500,000 in attempt to keep the Mission's program effectively focussed and managed. The Action Plan guidance requested that the Mission

obligate \$1.4 million for AIDS in FY 1996 and FY 1997. This would make an important contribution to the AFR Bureau's AIDS target level of funding. However, the increased amount of AIDS funds suggested by the Action Plan guidance represents approximately 10 percent of the Mission's OYB and would necessitate a substantial redirection of focus as well as a dilution.

4. **South Africa:** Apparently, the Mission can make adjustments to meet its contributions to the basic education and environment targets in FY 1996 and satisfy its contribution to the child survival target. However, the South Africa Mission asserts that it can not meet all of its expected contribution to the health targets because the overall target contribution of \$12.6 million exceeds planned funding for the EQUITY project (in primary health care) which is the Mission's only SO implementation mechanism in the health area. The Mission feels it can meet the FY 1996 environment target contribution of \$8.6 million. However, it will not be able to continue this level for FY 1997. Further, the Mission asserts that for sound programming reasons, only \$7.3 million can be provided out of the Shelter and Urban Development Support (SUDS) project.

5. **Zambia:** The Zambia Mission has been asked to spend \$15.975 million of its \$24.1 million FY 1996 OYB and \$24 million FY 1997 OYB in making contributions to the AFR Bureau target funding levels/earmarks. This is approximately two-thirds of the OYBs for the respective fiscal years. Under these circumstances, the Mission would be required to reduce funding for SOs #1 and #2 (privatization). However, this is where USAID is demonstrating the best results. In addition, the D/G contribution level assigned to Zambia (\$4 million for each of the fiscal years) exceeds what the Mission believes can be spent effectively in Zambia.

6. **Zimbabwe:** USAID/Zimbabwe is not meeting its target contributions in POP and Health. In the POP area, the Mission's contribution target for FY 1996 is \$7.8 million. However, the Mission plans to obligate only \$4.7 million in POP. The Mission's contribution target in Health (plus AIDS) was \$4.2 million for FY 1996. The Mission has proposed a Health (plus AIDS) contribution level of \$3.146 million in FY 1996. It decreases in FY 1997.

Recommendation: The field missions present a panoply of reasons why it would not be feasible for them to make greater levels of contributions to the AFR Bureau special interests targets. The AFR Bureau should decide the level of flexibility which can be tolerated on a regional and subregional basis, redistribute the shortfall on the basis of which bilateral programs are the least negatively affected by assuming an additional share of the burden. The apportioned target area contribution levels of each

of the above missions should be re-examined to determine and prioritize the level of impact on the missions' programs and tradeoffs.

Issue No. 2: Despite declining program levels, most AFR/SA field missions have not significantly reduced their OE-funded staff. Also, in many instances, their OE budget levels have been straight-lined. Is this a meaningful exercise with practical implications for net savings?

Discussion:

1. **South Africa:** Mission asserts that the OE funding can be straight-lined, if USAID/W allows the mission to reduce OE-funded staff costs by transferring certain staff to program funding. The Mission states that to fully implement the comprehensive program outlined in the Action Plan, it either needs an increase in OE funding or the ability to transfer certain OE-funded staff to program funding. The Mission does not want OE budget constraints to force it to cut from interrelated SOs. Overall staff levels must be maintained to cover program requirements. The Mission believes that the nature of the SOs dictate that attainment of the desired program outcomes will require the Mission to continue the use of PVO/NGO grants while expanding its use of bilateral and umbrella delivery mechanisms.

2. **Malawi:** The most significant factor affecting the FY 1995 budget was the 200 percent devaluation of the local currency. This has resulted in savings associated with local currency costs. The OE budget levels appear to remain the same for FY 1995 - FY 1997. The alternative 25 percent reduction budget scenario (which is actually nine percent for Malawi) has no significant impact on OE. Under the three percent budget scenario, the OE budget actually increases.

3. **Zambia:** Apparently, there is no increase in the work force level. The Mission asserts that there may be a decrease in emphasis on certain projects, but the basic level of activities to be carried out by USAID/Zambia personnel will not change.

4. **Zimbabwe:** The Mission asserts that the currently approved program levels, regional responsibilities of the Controller's office, and responsibilities for the Southern Africa Regional Program (SARP) residual activities (those not transferred to the Regional Center), require the current level of staffing to meet monitoring and management requirements. By the end of FY 1997 the Mission expects that all SARP activities will have been transferred to the Regional Center in Botswana and the residual activities managed by the Mission will be closed.

5. **Namibia:** At the current OE budget level, the Mission is staffed to effectively manage its portfolio. The Mission's

support activities can not be altered significantly because of the on-going administrative requirements generated by the existing mission program. The Mission asserts that should there be a deep cut in the OE budget from the planned levels for FY 1996 and FY 1997, or even a straight-lined OE budget, the impact on USAID/Namibia's operations would be potentially devastating.

6. Regional Center for Southern Africa (RCSA) in Botswana: The RCSA FY 1996 OE budget provides for the continuation and competition of the staff buildup. The FY 1997 budget request is the first budget which represents the normal operations of the RCSA. The Center asserts that the work force planning levels provided by the AFR Bureau for FY 1996 and FY 1997 are not sufficient to manage the Initiative for Southern Africa (ISA) portfolio. The US/TCN PSC ceiling is four positions short of the absolute minimum requirement. The Center believes that there will be little or no direct impact on the OE budget requested due to a 33 percent reduction in the Center's program budget for FY 1997 and the out years. The core, OE-funded staff would not be expected to change under this scenario.

7. Mozambique: By the end of FY 1996, USAID/Mozambique will be fully staffed at the level approved by the AFR Bureau. The Mission asserts that in order to provide adequate management coverage to implement the CPSP and to ensure that the Mission does not increase its vulnerability from either a financial, technical or general management perspective, it is absolutely essential that the Mission's staffing level is maintained.

Recommendation: A more rigorous analysis of each of the country-specific situations is required for objective decision-making concerning OE budget levels, work force planning and diminishing program resources. These three areas are interrelated in a more complex manner than is revealed in the Action Plans.

COUNTRY-SPECIFIC ACTION PLAN ISSUES**ANGOLA**

Issue No. 1: Allocating resources to Angola (essentially a new budget line item) when the Agency's budget is being cut will require making hard decisions about which country programs will be "contributors" to the cause.

Discussion: The U.S. has a discernible national interest in Angola. Our involvement in Angola dates back to independence (1975) and we have been actively engaged in the Angola civil war and its resolution during most of that time. Significant resources have been expended in emergency assistance and, more recently, \$100 million has been pledged to the UN peacekeeping operation there. U.S. private sector interests are substantial and a significant proportion of American oil imports come from Angola. While an argument can be made that USAID should not move into "new" activities in Africa, the Angola situation presents itself as an opportunity to further reinforce regional economic and political stability in the promising Southern Africa region, enhancing the benefits accrued from the significant humanitarian assistance provided over the years.

Recommendation: That USAID allocate resources for a 5-year "transitional" program in Angola on the order of \$7.5 million per year. A USDH and an experienced PSC, as well as an OE budget, would be necessary to properly manage the portfolio which would be implemented primarily through NGOs.

Issue No. 2: While locating the proposed management team (1 USDH "Program Officer" and 1 USPSC) in Luanda makes the most sense from an activity management perspective, OE cuts force AFR to think seriously about savings to be gained by "regionalizing" the program.

Discussion: For a development agenda as complicated as Angola presents, which demands substantial amounts of in-country travel, on-the-ground presence in Luanda seems essential. It would afford USAID staff the opportunity to work on a day-to-day basis with the Government of Angola, PVOs/NGOs and other donors in development partnerships. Gaborone, because of the management structure available at the Regional Center and the potential OE savings that budget cuts may force, remains a possibility. Windhoek and Nairobi are possibilities as well, though logistics would be difficult in and out of a country that is not serviced by extensive airline carrier traffic.

Recommendation: That the Angola management team be based in Luanda.

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BOTSWANA

USAID/Botswana is a closeout mission. There are no issues.

LESOTHO

USAID/Lesotho is a closeout mission. There are no issues.

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MALAWI

Issue No. 1: Democracy/Governance initiatives have been reduced from their strategic objective status in the recently submitted USAID/Malawi CPSP to a target of opportunity in the new Action Plan.

Discussion: The CPSP that was reviewed in March of this year noted that "USAID's opportunity to contribute to Malawi's democratic and economic development is unparalleled. Malawians' enthusiasm and openness to ideas is unbridled, and their desire to strengthen democratic and economic institutions and people's participation in them is consonant with USAID's draft guidelines for promoting democracy and economic growth." The USAID assessed its effectiveness in the role that it had assumed in these activities since 1990 as "above average" (i.e., top 25%). Three months later, however, the mission observed that "The decision to change the D/G strategic objective into a target of opportunity is based on the mission's assessment of its current and likely future financial resources balanced against its manageable interest...the mission [has] determined to retain activities in this strategic area, but reduced funding...will require a reduction in the depth of our activities which requires us to reduce our level of manageable interest."

Recommendation: The Mission appears to have devoted a considerable amount of thought to the budgetary implications of a reduced volume of resources. However, the Action Plan fails to present the alternatives that were considered and the rationale for whatever weights that were assigned to them. Considering the relatively high favorable impact of previous USAID interventions in this area, we are left to speculate as to precisely how and why proposed D/G activities received relatively lower weights.

Issue No. 2: Under the best case scenario in the Action Plan, there were unexpected and dramatic reductions in health/AIDS activities, even though adherence to earmarks in health was supposed to be mandatory. USAID/Malawi fell short of its targets by \$5.0 million in Family Planning and \$1.9 million in Child Survival.

Discussion: The recent CPSP combined three separate and distinct strategic objectives related to health into a single SO 3. In addition, a basic education project (GABLE) was also considered to support the Mission's family planning strategic objective on the grounds that better educated women had fewer children. Under the new strategy, GABLE now supports a separate strategic objective on its own (SO 4). These programmatic decisions were supported by the Malawi Program Week Review, which was held last March. The Mission notes that while it continued to adhere to "mandated" earmarks during FY 1996 in the Action Plan, it was

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unable to maintain the same obligation pace for the new, integrated health SO in FY 1997. Were it to do so, the mission would have to obligate a level of resources amounting to almost twice the remaining mortgage for the projects now supporting the health SO (STAPH and CHAPS). The Mission asserts that it would be unable to devote the large volume of resources required to the SO and also meet the financial commitments for its remaining strategic objectives. In addition, there would also be concerns regarding the manageability of the relatively large pipelines for the projects operating in this SO as well.

Recommendation: The Mission's concerns on this point appear to be well thought out. To assuage the Mission's serious concerns regarding this issue, there should be further dialogue with the Mission in determining the current feasibility of the apportioned target funding levels.

Issue No. 3: Malawi could emerge as a chronic food deficit country, even when there are no droughts on the horizon. The Action Plan does not address this concern.

Discussion: The Mission agrees that, at some point, Malawi may become a chronic food deficit country. However, it pointed out that the Action Plan guidance requested information for Title II non-emergency food aid requirements only. The mission's best judgement now is that for FY 1996 and FY 1997 there will be no non-emergency food aid requirements. No request was made for Title III resources because it was unaware that any were available.

Recommendation: If surplus Title III resources prove to be available, the Mission would be asked to submit a proposal for how it would propose to use them. However, if the Title III resources only prove to be available for one or two years the Mission would have reservations about initiating a program.

Issue No. 4: The Mission plans to employ an extraordinarily high level of nonproject assistance (NPA) resources under the Action Plan scenarios. There is much concern about the impact of the nonavailability of NPA resources on the Mission's program during the planning period.

Discussion: The Mission asserts that it considers NPA to be an important foreign assistance resource that has proven to be extremely effective in achieving major policy reforms. The reforms included are initiatives to liberalize the cultivation and marketing of smallholder crops and free public primary education. Nonproject assistance has proven to be an extraordinarily effective tool in Malawi for achieving policy reforms that impact very favorably upon the Mission's strategic objectives consistent with AFR Bureau policy guidance. It appears economic growth sector funds will become increasingly

AFR/SA
OE REQUESTS
1995 - 2000

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AFR/SA
OE REQUESTS (\$Million)
1995 - 2000

07/10/95

MISSION	1995			1996			1997			1998			1999			2000		
	OE	TF	TOTAL															
ANGOLA			0.0	0.1		0.1	0.1		0.1	0.1		0.1	0.1		0.1	0.1		0.1
MALAWI	1.8	0.2	2.0	1.8	0.2	2.0	1.9	0.2	2.1	2.1		2.1	2.4		2.4	2.6		2.6
MOZAMBIQUE	3.9	0.5	4.4	4.3	0.5	4.8	4.0	0.5	4.5	4.3	0.6	4.9	4.2	0.6	4.8	4.5	0.5	5.0
NAMIBIA	1.0		1.0	1.0		1.0	1.3		1.3	1.0		1.0	1.0		1.0	1.0		1.0
RCSA	1.5		1.5	4.3		4.3	4.3		4.3	4.5		4.5	4.8		4.8	4.6		4.6
S.AFRICA	0.7		0.7		0.8	0.8	0.8		0.8	0.9		0.9	0.9		0.9	1.1		1.1
ZAMBIA	2.3		2.3	3.0		3.0	2.8		2.8	2.8		2.8	2.8		2.8	2.8		2.8
ZIMBABWE	1.4	1.9	3.3	1.5	2.0	3.5	1.6	0.5	2.1	1.6	0.6	2.2	2.1	0.8	2.9	2.6	1.0	3.6
TOTAL	12.6	2.6	15.2	16.0	3.5	19.5	16.8	1.2	18.0	17.3	1.2	18.5	18.3	1.4	19.7	19.3	1.5	20.8

AFR/SA

GLOBAL BUREAU

RESOURCES REQUESTS

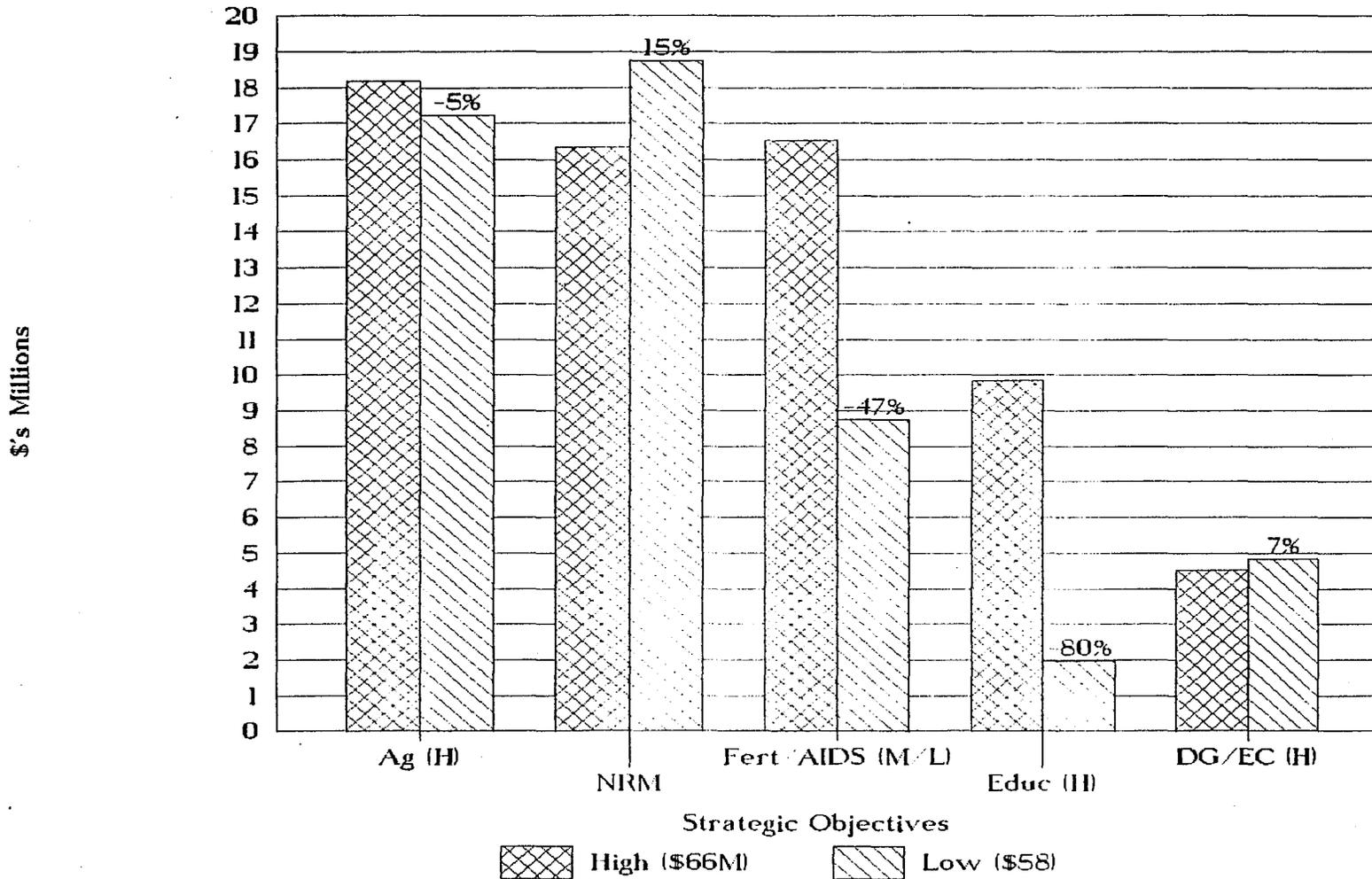
1996 - 1997

GLOBAL BUREAU RESOURCE REQUESTS (\$Million)

MISSION	FY 1996	FY 1997	Difference
Angola	1.5	1.5	0.0
Malawi	1.9	1.7	-0.2
Mozambique	0.5	0.5	0.0
Namibia	3.0	1.0	-2.0
ISA (RCSA)	1.0	0.5	-0.5
South Africa	6.0	0.2	-5.8
Zambia	3.1	2.7	-0.4
Zimbabwe	2.3	2.5	0.2
TOTAL	19.3	10.6	-8.7

MALAWI FY-96/97 Strategic Choices

Mission Strategic Objectives



NS

AFR/SA
OE REQUESTS (\$Million)
1995 - 2000

07/11/95

MISSION	1995			1996			1997			1998			1999			2000		
	OE	TF	TOTAL															
ANGOLA			0.0	0.1		0.1	0.1		0.1	0.1		0.1	0.1		0.1	0.1		0.1
MALAWI	1.8	0.2	2.0	1.8	0.2	2.0	1.9	0.2	2.1	2.1		2.1	2.4		2.4	2.6		2.6
MOZAMBIQUE	3.9	0.5	4.4	4.3	0.5	4.8	4.0	0.5	4.5	4.3	0.6	4.9	4.2	0.6	4.8	4.5	0.5	5.0
NAMIBIA	1.0		1.0	1.0		1.0	1.3		1.3	1.0		1.0	1.0		1.0	1.0		1.0
RCSA	1.5		1.5	4.3		4.3	4.3		4.3	4.5		4.5	4.8		4.8	4.6		4.6
S.AFRICA	5.7		5.7	5.7		5.7	5.7		5.7	5.5		5.5	5.3		5.3	5.3		5.3
ZAMBIA	2.3		2.3	3.0		3.0	2.8		2.8	2.8		2.8	2.8		2.8	2.8		2.8
ZIMBABWE	1.4	1.9	3.3	1.5	2.0	3.5	1.6	0.5	2.1	1.6	0.6	2.2	2.1	0.8	2.9	2.6	1.0	3.6
TOTAL	17.6	2.6	20.2	21.7	2.7	24.4	21.7	1.2	22.9	21.9	1.2	23.1	22.7	1.4	24.1	23.5	1.5	25.0