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**Managing for Results in a Regional Mission
USAID/Central Asia's Experience**

by

Jonathan Addleton, USAID/CAR
Harriett Destler, USAID/PPC/CDIE
Marilynn Schmidt, USAID/CAR

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Center for Development Information and Evaluation

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MANAGING FOR RESULTS IN A REGIONAL MISSION

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SUMMARY

Current budget and personnel limitations are requiring USAID to rethink how it helps countries and staffs its Missions. One model that has been broadly discussed is the creation of "hub" or core Missions that manage programs in multiple countries.

For the past four years, the USAID Regional Mission for Central Asia (USAID/CAR) has functioned as such a core Mission with responsibility for planning, achieving, and judging programs in five newly independent central Asian republics: Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. USAID/CAR differs from other USAID regional Missions in several ways:

1. It manages country-specific as well as regional or multinational programs. This has important management consequences. USAID/CAR not only provides technical support and regional resources to ongoing country-specific USAID programs, it also manages programs in five countries, works with five sovereign governments and ensures that its program supports U.S. foreign policy objectives through close consultation and coordination with five U.S. ambassadors.

2. While the program operates in an environment similar to many development assistance

countries and contributes to all USAID development assistance goals, it is focused on helping these new independent states (NIS) make the transition to effective, market-based democracies. It is funded through the Freedom Support Act and operates within the special parameters of that program.

3. USAID/CAR primarily uses contracts and grant mechanisms negotiated and executed in Washington to implement its programs. Funds are not provided to host countries through project-specific bilateral agreements, as is the case in most bilateral USAID Missions.

USAID/CAR sees some important benefits from regional management of country programs. These include economies of scale; rapid sharing and use of lessons learned; and the development of regional institutions and solutions to shared problems. USAID cannot afford five separate Missions. Approaches, models, and lessons learned in one country are quickly disseminated and used in the others. Good examples of this include the sustainable health care delivery models that, while initially developed for one country, are being assessed, adapted, and adopted in others with multidonor and host country support.

USAID/CAR staff are challenged to develop with finite

resources synergistic programs that contribute to more than one objective and goal in more than one country. They have, therefore, worked with host country partners to develop regional solutions for regional issues. Examples include USAID's work in energy and the Aral Sea.

Regional management of five country programs is not easy. Dealing with multiple governments, U.S. government partners, and contractors and grantees creates a substantial management burden. This burden falls particularly on USAID/CAR staff who must manage numerous activities in broadly dispersed sites. That involves travelling long distances under difficult and sometimes unsafe conditions.

Sharing responsibility for carrying out programs with regional or global contracts and cooperative agreements raises other issues. The fact that most USAID staff are based in one country inevitably leads to concerns that other countries do not receive the management attention they would likely get under a bilateral program. There are issues of contractor or grantee responsiveness to country needs and requirements, and their accountability and reporting on results.

From a programming perspective, regional work means the demands of any single assignment are

multiplied by five. For example, last year, USAID/CAR submitted five country-specific R4s as well as a sixth, regional R4-type overview document.

USAID/CAR PROGRAM OPERATIONS

USAID/CAR has a program that averages \$80-\$100 million ¹ a year. The USAID/CAR program responds to each of the 11 mandated ENI strategic objectives with country-specific combinations. These objectives are grouped under three primary assistance areas.

1. A competitive market-oriented economy in which the majority of economic resources are privately owned and managed.
2. Transparent and accountable governance and the empowerment of citizens.
3. A strengthened capacity to manage the human dimensions of the transition to democracy and a market economy.

The five central Asian republics USAID helps face common constraints and challenges after seven decades of Soviet domination. The breakup of the Soviet Union has been accompanied by severe economic dislocation, including disruption in production, supplies, and

trade patterns, reduced real national ² and personal incomes, high inflation, and unraveling of the social safety net.

The republics inherited highly centralized, inefficient, and unsustainable public systems as well as an old and deteriorated physical infrastructure. At independence the republics lacked almost all the institutions and systems associated with a market economy. They had no prior experience with a constitution or court system, a free press, or nongovernmental organizations (NGOs). In addition, these republics were isolated historically, and relied heavily on budget transfers from the center.

The combination of these factors has meant that central Asian societies have lagged behind those in Eastern Europe, the Baltics, and most other areas of the NIS in understanding the structural and institutional changes needed to build and sustain a market economy. While change is occurring and occurring rapidly, these are not economies or democracies that can be jump-started. The frameworks for a market economy and a participatory democracy must be built almost entirely from scratch. At the same time, elements of the social sector, such as health, housing, and education, that had been considered entitlements must be

reorganized to meet the societal requirements of these new frameworks.

A common heritage, interdependence, and shared needs support a regional assistance strategy. The USAID program has always been regional in scope. However, there are real differences among the republics in the pace of political and economic reform, economic structures, labor force skills, and natural resource bases. That means that country programs increasingly have to be adapted to respond to both funding realities and individual country conditions.

The USAID/CAR program developed in response to this situation is substantial and multifaceted. It affects the lives of more than 50 million people in countries with an overall gross national product comparable to that of Pakistan or Peru. Three of the countries have per capita incomes of less than \$1,000 a year, placing them firmly in the ranks of less developed countries.

USAID's field presence has been important both in developing regional responses to regional issues and ensuring that each country program reflects that country's needs, experience, and expertise. USAID/CAR uses a variety of approaches to ensure that its programs reflect country-specific conditions and priorities.

These include meetings with host countries and other partners, survey research, focus groups, media campaigns with feedback mechanisms, and periodic evaluations to assess the effectiveness of initiatives. A sustained, on-ground advisory presence has also been important in establishing trust and oversight.

USAID's program operations differ from those of a traditional bilateral development assistance program in several ways.

First, although there is a broad bilateral aid agreement in each country establishing the parameters of a technical cooperation program, funding is not provided through bilateral project agreements. Rather, interventions are organized based on discussions with the host country line agencies most directly concerned. Occasional memoranda of understanding are negotiated and signed to reflect common understandings and operating mechanisms, but these do not commit USAID funding resources and are not considered obligating documents.

Second, USAID/CAR is using the combination of a strong central office and small satellite offices to manage its programs and provide logistical and other support in an area larger than Western Europe. USAID/CAR's senior management and technical

staff³ are in the main office in Almaty, Kazakstan. In Almaty, the staff have three technical offices and ten strategic objective teams.

While all projects are managed from the Mission there, USAID has satellite offices in the other four countries. These are staffed in three cases with one U.S. direct hire and in one with a local hire U.S. personal services contractor. They serve as the central contact on the country development team for USAID issues and maintain regular communication with counterpart governments. They also enhance program oversight, provide donor coordination, act as liaisons with embassies and provide early warning on potential management problems before they turn into crises.

As an ENI Mission functioning under the Freedom Support Act, USAID/CAR works with a shorter time horizon than that of a typical development assistance Mission. Freedom Support Act funds have historically been viewed as short term. The strategic planning timeframe is typically three to five years⁴. The Missions' R4s submitted in April 1996 set performance targets through 1999. Possible funding mechanisms beyond the year 2000 are now being discussed.

This shorter time horizon causes the Mission to focus directly on results. A major goal is to ensure that what might otherwise be a disparate

collection of contractors and grantees (some of whom have a high political profile) is aimed at a cohesive and well-integrated set of programs pursuing common strategic goals. The Mission is making a concerted effort to ensure that activities are mutually supportive and programmed synergistically. Two examples follow.

1. Congressionally mandated family planning earmarks are being shaped to address wider social transition and economic restructuring concerns. Family planning consultants are working with newly privatized pharmacies to promote market-driven distribution strategies.

Similarly, health reform contractors work with privatization teams to bring about a restructuring of the pharmaceutical subsector. This effort to develop a private-sector health delivery capacity helps overcome previous constraints in service availability, quality, and sustainability.

2. At USAID/CAR's request, IESC, the International Executive Service Corps, and several farmer-to-farmer grantees shaped their programs to provide short-term technical assistance to local entrepreneurs. The goal was to develop bankable business plans to present to the Central Asian American Enterprise Fund (CAAEF) for funding. As a result, the

CAAEF has moved forward more quickly than most comparable enterprise funds elsewhere in Eastern Europe and the former Soviet Union.

The Mission is carrying out its program through task orders, buy-ins, and other mechanisms that allow it to draw on contracts or grants executed by ENI or other USAID bureaus to get the required technical assistance and training resources. In a number of cases, the Mission has deliberately broken technical assistance or training activities into short, discrete tasks to ensure that critical steps are taken and results achieved. This supports the Mission's results-oriented management.

BENEFITS OF REGIONAL PROGRAMMING

Regional activities have been an essential feature of USAID/CAR's program from the beginning. USAID/CAR sees real advantages to such an orientation and approach. These include an enhanced ability to coordinate across countries, promote regional solutions to regional problems, and ensure that experience and lessons learned in one setting are quickly applied in another.

Three recent examples from the social sector demonstrate some of the benefits of regional management. The first two deal

with the need to address serious health concerns with limited public resources and inefficient and inappropriate health systems left over from the Soviet era.

The central Asian republics inherited a costly, inefficient health care system that placed the highest priority on hospital and specialty care, resulting in a severely deficient primary care system. Determined to provide better care with existing financial resources, health planners in Kyrgyzstan with USAID technical assistance developed a new health service delivery model, Family Group Practices. This uses savings from closing excess hospitals and other health facilities to support teams of primary care physicians who are financially rewarded for providing direct quality care to families. Since physicians' pay is determined by the number of families who enroll and remain in the group practices, customers or clients influence the type and quality of services. With major support from the World Bank, family group practices are being developed elsewhere in Kyrgyzstan. About 75 percent of the population will have access to such care. The model, and some of the lessons learned about which elements of the former Soviet health system most need to be changed, are being applied and tested in Kazakhstan.

Not only was health care inefficient and expensive, the quality was poor, especially in the area of women's reproductive health. Abortion and maternal morbidity and mortality rates were high. In Kazakhstan, a joint public-private initiative is changing client and provider knowledge and practice and increasing contraceptive choice and supply. In less than two years, abortions dropped 20 percent.

Important elements of this program include privatizing pharmacies and strengthening pharmaceutical service delivery, creating a viable market for retail sales of contraceptives, and offering multimedia client and provider information. These elements are being adopted and adapted in Uzbekistan. USAID's approach to women's reproductive health was noted in the *Congressional Record* in 1994 and recommended as a model for other NIS countries.

The U.S.-Aral Sea Program demonstrates how a regional approach can focus multiple resources on a critical problem and promote regional cooperation and solutions rather than conflict.

Extensive irrigation and overuse of farm chemicals created a major ecological disaster⁵ in the Aral Sea region of the central Asian Republics. Several million people do not have access to

safe water and are dying at abnormally high rates. The major cause is the contamination of surface and ground water owing to declining flows of water into the sea and increasing pollution of the surrounding delta areas.

In late 1993 USAID became the first donor to provide on-ground assistance to the three countries most affected: Kazakstan, Turkmenistan, and Uzbekistan. U.S. assistance is directed at improving water quality, addressing immediate public health needs, and developing effective regional water management.

USAID brought together policymakers from all three countries to discuss common concerns and forge rational, market-based allocation for water. This contributed to the first water-sharing agreement among Central Asian states. USAID helped promote a multidonor effort, leveraging from other donors such as the World Bank, the European Union's technical assistance group, TACIS, and UNICEF.

ISSUES IN REGIONAL PROGRAM MANAGEMENT

Regional management of programs is not easy, especially when operating expense budgets are limited. USAID/CAR's staff carry a heavy management burden. The same number of people who might work on one bilateral

program must plan and manage activities in five countries. Routine programming assignments or information requests that could be easily handled in one country are more complicated with five countries, five embassies, and five operating expense and program budgets to manage.

Country differences require that successful approaches and practices from one country be adapted to meet the needs of a neighboring country. For example, in Uzbekistan SOMARC, a Futures Group International social marketing program, is successfully using the materials developed for social marketing of contraceptives in Kazakstan. However, its implementation is different, especially when it comes to host country government involvement. This reflects differences in the two countries' transition from a command to a market economy.

Country differences and regional requirements necessitate the field presence of both USAID direct hire and contract or grant staff. The region is larger than western Europe, has massive mountain ranges and limited transportation and infrastructure. This causes travel delays and can at times pose risks to personal safety, especially in winter. It is also not possible to provide all the management oversight, coordination, or consultation with partners or customers that would be feasible in a

smaller area. This is an important reason for USAID's satellite offices.

Finally, regional programming with a wide range of contractors and grantees who have relationships and mandates from USAID/Washington offices and bureaus makes coordination and focus a particular challenge.

USAID/CAR believes its role includes setting strategic directions, managing interventions, and providing a field-tested reality check for programs that Washington may mandate but only distantly monitor. A technical officer in Washington is less well-placed to promote the networking and make the connections between field activities (and other donors) essential for program success.

Getting contractors and grantees to work together when they are supported by different funding sources and projects is labor-intensive and demanding. However, as USAID funding drops and the demands to do more with less increase, it is increasingly important not only to manage activities effectively, but also to use activities as catalysts for other USAID programs and to leverage additional donor resources.

1.FY 1991-1996 funding totals \$460 million.

2.Real GNP declined in Kazakstan by 21% between 1990 & 1992 and an additional 11% in the first half of 1993. Kyrgyzstan experienced a 24% decline in real GNP and 36% decline in real disposable income

in 1992. Real GNP declined 10% and average real wages by 54% in Uzbekistan in 1992. National income fell by 30% in 1992 and additional 28% during the first half of 1993 in Tajikistan. After several years of negative economic growth, all five Central Asian countries are expected to have positive growth rates in 1996 or 1997.

3. USAID has an authorized U.S. direct hire staff of 18, fifteen of whom are assigned to Almaty and three of whom are assigned to regional satellite offices in Bishkek, Dushanbe, and Tashkent. The full complement of 15 USDH staff in Almaty has never been reached, and more typically only 11 or so staff have been charged with managing the program out of the headquarters office in Almaty.

4. The country strategy approved for Central Asia in July 1994 was seen as guiding USAID assistance for the next two to three years. The May 1996 R4 submissions, while not representing a full-blown strategy, provide strategic direction and incorporate several elements that are more usually included in USAID strategic planning documents.

5. Then, Senator Al Gore identified this as a priority for USAID Assistance in 1990.