

**LINKING RELIEF AND DEVELOPMENT  
IN THE GREATER HORN OF AFRICA  
USAID CONSTRAINTS AND RECOMMENDATIONS**

**Prepared by the Inter-Agency Team on  
Rapid Transitions from Relief to Development,  
The President's Greater Horn of Africa Initiative (GHAI)**

**May 1996**

*We constantly hear "this isn't development"...or, "this isn't emergency"... We have decided that when we receive such comments, it's a good indication that we are really focusing on transition issues. We need to stop looking at the "gray area" as a nuisance and start seeing it as an opportunity.*

*-- USAID/Rwanda Mission, November 1995*

## Table of Contents

Executive Summary . . . . .	i
A. Background . . . . .	i
B. Key Issues Identified . . . . .	ii
C. Recommendations . . . . .	ii
I. Introduction . . . . .	1
II. Building on Past Progress . . . . .	2
III. Linking Relief and Development: Principles and Operating Guidelines . . . . .	4
IV. USAID's Corporate Culture . . . . .	7
A. The Issue . . . . .	7
B. Historical Perspective and Current Structures . . . . .	7
C. Challenging False Perceptions . . . . .	8
D. Positive Changes . . . . .	8
E. Further Changes Are Needed . . . . .	9
F. Recommendations . . . . .	10
V. Legislation and Regulations . . . . .	12
A. The Issue . . . . .	12
B. Relevant Foreign Aid Accounts . . . . .	12
1. IDA Resources . . . . .	12
2. DFA Resources . . . . .	13
3. P.L. 480 Titles II and III . . . . .	13
4. Development Assistance (DA) Funds . . . . .	14
5. 116(e) Funds . . . . .	14
6. Ambassador's Special Self-Help Fund . . . . .	15
7. Economic Support Funds (ESF) . . . . .	15
C. Legislative and Regulatory Constraints . . . . .	15
Legislative Issues . . . . .	15
1. Congressional Earmarks . . . . .	15
2. Country Prohibitions . . . . .	16
3. Military Aid . . . . .	17
4. Separate Accounts . . . . .	17
5. Source-Origin Requirements . . . . .	18
6. Congressional Notifications (CN) and Technical Notifications (TN) . . . . .	18
7. Separation of Related Programs across Agencies . . . . .	18
Regulatory Issues . . . . .	18
1. OMB Provisions . . . . .	18
2. Federal Acquisition Regulations . . . . .	19
D. Recommendations . . . . .	19

VI. Resources: Financial and Human	21
A. The Issue	21
B. Financial Resources	21
1. Resource Flows	22
2. Perceived Disparities	23
3. Lack of "All Spigots" Reporting	23
4. Central vs. Field Managed Resources	23
C. Human Resources	24
1. Declining Staff Levels	25
2. Lack of Transition Expertise	25
3. Withdrawal of Experienced Staff during Crises	25
4. Insufficient Staff to Manage all Resources	25
D. Recommendations	26
VII. Program Planning	27
A. The Issue	27
B. Historical Perspective	27
1. AFR Planning	27
2. BHR Planning	27
3. Linking Relief and Development Programs	28
C. Reengineering and Strategic Plans	28
D. Constraints	29
E. An Integrated Strategic Planning Process	30
F. Identifying Transition Countries	31
G. Recommendations	32
VIII. Policies and Procedures	34
A. The Issue	34
B. Discussion	34
1. BHR Emergency Requirements	34
2. Prevention, Mitigation and Preparedness (PMP) Activities	35
3. Requirements for Establishing a USAID Mission	35
4. Support to Host Governments in Transition	35
5. PVO Registration Requirements and Local/International PVO Partnerships Policies	36
6. Obligation Requirements	37
7. Evaluation Methodology	37
C. Recommendations	37
IX. Next Steps	41
Annexes	42
I. Characteristics of Relief Planning and Longer Term Food Security Planning	43
II. Steps Taken to Make the Transition from Relief to Development in USAID/Ethiopia	44
III. Summary of Recommendations	47
IV. GHAI Transitions Team	55
V. Linking Relief and Development -- Conceptual Framework	56

# Linking Relief and Development in the Greater Horn of Africa USAID Constraints and Recommendations May 1996

## Executive Summary

### A. Background

This paper has been prepared under the aegis of the President's Greater Horn of Africa Initiative (GHAI). It was written by the USAID staff on the GHAI Inter-Agency Team established to promote rapid transitions from relief to development. It looks historically at internal USAID constraints that have inhibited smooth transitions between relief and development programming in countries in the Greater Horn of Africa.<sup>1</sup> The transition experience in post-war Ethiopia was a central point of reference for this paper; experiences of USAID staff in Washington, Eritrea, Somalia and Rwanda and other Greater Horn countries were also drawn upon.

The team conducted a comprehensive review of the many challenges facing USAID staff in the Greater Horn of Africa region (GHA) as they sought to effectively respond to urgent needs of countries "in transition," that is, moving into or out of crisis, with the goal of making recommendations that could assure more timely, appropriate responses to transition situations.

The paper builds on the already significant USAID planning, programmatic and organizational efforts to integrate relief and development resources and improve overall responses during transition periods. These efforts include the development of an Agency goal that recognizes the importance of relief, rehabilitation and other transition assistance to the overall Agency mission of sustainable development; the empowerment of this Team to review current approaches and make recommendations for improved linkages; the creation of two relatively new offices within the Africa Bureau and the Bureau for Humanitarian Response which concern themselves with relief-development linkages; and the implementation of some key program approaches, for example in the areas of demining, demobilization and human rights monitoring, that address requirements of many countries transitioning from conflict to peace.

---

<sup>1</sup> This region comprises Sudan, Ethiopia, Eritrea, Djibouti, Somalia, Kenya, Uganda, Rwanda, Burundi and Tanzania.

## B. Key Issues Identified

The Team identifies five areas where further adjustments can be made to improve linkages between relief and development. The key issues within those five areas are as follows:

- Within USAID's **corporate culture**, disaster and development experts are philosophically, fiscally and physically divided, with separate offices, programming systems and objectives, and funding sources. These lead to different values and agendas within country specific contexts.
- Some **legislative and regulatory requirements** inhibit effective transitions from relief to development. In addition, USAID staff do not always know what restrictions exist and how activities can be designed within those that do.
- **Financial and human resource** limitations as well as the way that USAID manages these resources constrain our ability to respond quickly or fully to needs identified in transition countries.
- While reengineering efforts promote integrated planning among USAID offices, **program planning** processes in the African context are still conducted in relative isolation from one another, limiting the Agency's ability to effectively combine resources to meet country needs. In addition, potential synergies between USAID and other U.S. Government programs are not fully considered, especially as they relate to areas with refugee or returnee populations.
- USAID has certain current **policies and procedures** that hinder successful linkages between relief and development.

## C. Recommendations

The Team provides recommendations related to each of these five areas but recognizes that not all constraints can be removed. While flowing from an analysis of transitions in the Greater Horn, most of the recommendations have relevance outside of the Greater Horn region. Some of the key recommendations are:

- **Employee evaluation and promotion criteria changes** that will demonstrate the value the Agency places in staff who have experience working in complex emergencies and transition situations, and who can demonstrate their role in effectively promoting relief to development linkages.
- **New training programs** that can promote dialogue between relief and development experts, and promote greater understanding of what linking relief and development means and how we can work to implement basic principles (as outlined in this paper) of linking relief and development given existing legislative restrictions and flexibilities. Such training would be offered on an inter-Agency basis and with our implementing partners as well.

- **Key program planning changes**, including the promotion of an Integrated Strategic Planning (ISP) process for designated transition countries. As outlined in this paper, the ISP process operationalizes the reengineering concept of participation within the Agency and promotes the active participation by other U.S. Government agencies working in a country on an integrated, inter-Agency strategy.
- **Supplementary guidance and technical support** to help Missions understand and operationalize USAID's new Results Reporting and Resource Request (R4) requirements. The requirements relate to incorporating into strategic plans a discussion of root causes of crisis and preventive actions that can be taken in a country to address those problems.
- **Agency adoption of the Team's Principles and Operating Guidelines** to Linking Relief and Development as an Agency policy paper and reference tool for strategic planning.
- **A USAID, and possibly an inter-Agency, approach to Congress** both to identify problems that certain legislation creates -- including earmarks -- and to propose recommended changes. USAID options for relief from earmarks in the Greater Horn of Africa region are listed in the paper.
- **A series of policy and procedural changes** to improve relief-development linkages, including:
  - consideration of special procedures for operating in GHAI and/or designated transition countries. (For example, automatic exemption from certain reporting requirements; expanded use of the Disaster Assistance Response Team concept to assure staff with appropriate skills are immediately available in a transition situation; commitment of International Disaster Assistance funds for more than one year for rehabilitation activities, on a funds available basis; and honoring of the legislatively mandated two-year authority for obligation of development assistance funds.)
  - better support to host governments in a transition context, e.g., greater flexibility to allow the pooling of resources with other donors in support of host government programs; consideration of the pros and cons in the use of Non Project Assistance for new governments; and increased channeling of relief and rehabilitation funds through responsible host governments.
  - revision of Bureau for Humanitarian Response (BHR) emergency proposal guidelines to assure that appropriate elements of the basic principles of linking relief and development are applied in the design and approval of activities.
  - stronger BHR/Africa Bureau collaboration in each other's activity design and approval processes.

- establishment of alternative mechanisms to the traditional partnering between international and local groups to promote use of indigenous organizations.
- **New standards for Agency evaluations** to assure that the activity under review is adhering to key principles of linking relief and development.

The Team will be presenting its findings and recommendations to USAID senior management with the hope that they will embrace its concepts and provide appropriate guidance to relevant Bureaus and offices to effect change along the lines outlined in this paper.

The Team also proposes that other U.S. Government agencies, other donors and our implementing partners conduct similar reviews of their own internal constraints in order that we might all work more effectively together in promoting rapid transitions from relief to development.

# I. Introduction

This paper has been prepared under the aegis of the President's Greater Horn of Africa Initiative (GHAI). It has been written by the USAID staff on the GHAI inter-Agency team established to consider how to promote more rapid transitions from relief to development.<sup>2</sup> It follows a Team paper on *Principles and Operating Guidelines for Linking Relief and Development* and is designed to look historically at internal USAID constraints that have inhibited smooth transitions between relief and development programming in countries in the Greater Horn of Africa.<sup>3</sup> The transition experience in post-war Ethiopia was a central point of reference for this paper; the Team also drew upon experiences of USAID staff in Washington, Eritrea, Somalia, Rwanda and the other Greater Horn of Africa countries that have either moved into or out of crisis over the past few years.

The Transitions Team sought to conduct a comprehensive review of all the challenges facing USAID staff as they attempted to respond effectively to urgent needs of countries "in transition" in the Greater Horn of Africa.<sup>4</sup> The Team recognizes that some of the constraints outlined in this paper are reasonable restrictions related to assuring appropriate oversight of U.S. Government funds or reflect the will of Congress and are not likely to be addressed in the near term. Team recommendations therefore focus primarily on those constraints which we believe can be appropriately and realistically addressed through adjustment of USAID policies and practices. While the recommendations flow from a Greater Horn context, almost all of them have broader implications for the Agency. They are targeted either at USAID policies and procedures for designated transition countries anywhere in the world, or promote Agency change that is not country-specific, (e.g., initiation of training in the concepts of linking relief and development).

The Team also recognizes that USAID's ongoing reengineering exercises, coupled with the current USAID debate regarding how the Agency can function most effectively with lower program and operating expense (OE) budgets, will affect the way in which USAID will handle programs in transition countries in the future. Some of the recommendations identified by this group may need to be revisited in light of new approaches identified during those reviews. Conversely, the constraints and recommendations outlined in this paper may also inform those processes.

---

<sup>2</sup> Hereafter referred to as "Transitions Team" or "Team". USAID/W representatives on the team are drawn from the Bureau for Humanitarian Response, the Africa Bureau, the Global Bureau and the General Counsel's Office. "Virtual" USAID team members include staff at USAID missions in the Greater Horn of Africa. They have contributed significantly to the content of this report.

<sup>3</sup> This region is comprised of Sudan, Eritrea, Ethiopia, Djibouti, Somalia, Kenya, Uganda, Rwanda, Burundi and Tanzania.

<sup>4</sup> In this paper, "transition" refers to periods when countries are either emerging from crisis or moving from relative stability into crisis.

## **II. Building on Past Progress**

Recommendations in this paper are designed to build upon the already significant progress that USAID has made over the past few years in integrating Agency relief and development resources more effectively and improving overall response during transition periods. The Agency's commitment in this regard is evident in its planning, programs and organizational structure. For example:

- The Agency has created a fifth Agency goal -- "Lives Saved, Suffering Reduced and Development Potential Reinforced" -- to contribute to its overall mission of sustainable development. Establishment of this goal formally recognizes the important inter-relationships between emergency humanitarian relief, disaster prevention, preparedness and mitigation programs, transition assistance and the Agency's overall sustainable development mission.
- USAID has begun to embrace the concepts of the Greater Horn of Africa Initiative, including a commitment to seek more effective ways to link relief and development resources. It has empowered the Team to review current approaches and make recommendations for improved linkages.
- USAID's Africa Bureau, traditionally focused on development activities, has created a Disaster Response Coordination unit that focuses on coordination of resources in countries that draw upon USAID's development and relief resources.
- The Bureau for Humanitarian Response now houses an Office of Transition Initiatives (OTI) to address political development challenges previously unaddressed by USAID in transition countries.
- Missions are devising strategies that recognize the potential development impact of food aid and using what has traditionally been viewed as an emergency or separate resource to address long term food security issues. USAID/Ethiopia is in the forefront in this regard in the Horn of Africa region.
- USAID has responded to some of the critical challenges of transitional societies by adopting new programs in the areas of demobilization, demining, human rights monitoring and local governance.
- USAID has initiated the New Partnerships Initiative (NPI), which encourages Missions and relevant regional bureaus to seek new ways to strengthen and empower indigenous capacity and to work with indigenous organizations in conducting relief and development activities.

These initiatives reflect USAID's acknowledgement of the changing world environment -- especially the rise of complex emergencies and the varying ability of developing countries to meet the array of challenges they face in the aftermath of the Cold War -- and its awareness of the need to both adjust and better integrate its traditional relief and development programs

in response to those changes. They also demonstrate USAID's leadership role among U.S. agencies working in societies in transition.

Despite these positive changes, the Team has identified five areas within USAID where it feels that further progress can be made to improve linkages between relief and development. They are:

- **corporate culture,**
- **legislation and regulations,**
- **financial and human resources,**
- **program planning, and**
- **policies and procedures.**

Each is discussed in detail below. Recommendations are provided following the discussion of each issue. They are also listed in summary form in Annex III.

### **III. Linking Relief and Development: Principles and Operating Guidelines**

The Principles and Operating Guidelines for Linking Relief and Development, prepared by this Team, are provided below as a backdrop for this paper. They distill Team thinking on what linking relief and development means and reinforce the point that linkages are relevant all along the relief-development continuum. While the constraints discussed in Sections IV through VIII may seem technical and complex, our over-arching goal is to enact changes within the Agency which move us closer toward the "model" approaches described below.

---

#### **LINKING RELIEF AND DEVELOPMENT: Principles and Operating Guidelines**

##### **Preamble:**

These Principles and Operating Guidelines have been prepared by the GHAI Team on Rapid Transitions from Relief to Development as a way to identify "best practices" toward which we believe the U.S. Government and its partners should aspire. They are based on the premise that achieving sustainable development requires new approaches that recognize the complex inter-relationships of relief and development activities and of the many actors in a country (including political and military actors) who affect those activities. Given that relief and development activities have traditionally been designed and implemented in isolation from one another, institutional reform will likely be required in any organization that seeks to adopt these principles and guidelines. We believe that all of the principles have relevance whenever relief and/or development programs are undertaken.

##### **Definitions:**

The Foreign Assistance Act of 1961, as amended, was used to define general parameters of relief and development programs. *Relief* activities seek to alleviate human suffering caused by natural and human-caused disasters. *Development* activities seek to alleviate the worst physical manifestations of poverty; promote conditions conducive to self sustaining economic growth with equitable distribution of benefits; encourage development processes in which individual civil and economic rights are respected and enhanced; and integrate developing countries into an open and equitable international economic system. These definitions are meant to provide context but are illustrative only.

---

## **LINKING RELIEF AND DEVELOPMENT: Principles and Operating Guidelines**

### **I. Local Responsibility: Countries have primary responsibility for their transition from relief to development.**

#### Operating Guidelines

- a. Each country shall set its own standards, priorities and goals for moving from relief to development.
- b. Design and implementation of development and relief programs shall embrace a participatory approach, including a wide range of actors in a country such as government entities, nongovernmental organizations, private businesses and local community members, including women and disaster survivors.

### **II. International Responsibility: International partners have responsibility for assuring the positive impact of their programs through effective strategic coordination that upholds Principles I, III and IV.**

#### Operating Guidelines

- a. Strategic coordination through integrated planning shall maximize the comparative advantages of each and the combined advantages of all partners. Partners can include relief, development, political and military entities.
  - b. This strategic coordination shall take place within a government and between governments and other partners -- from program planning through implementation -- to assure effective linkage between relief and development programs.
  - c. International aid shall:
    - . support and supplement, not displace, indigenous attempts to recover from relief and provide for development;
    - . neither raise false expectations nor establish goals that are beyond the capability of the affected country to meet; and
    - . be based on respect for the local cultures.
-

---

**LINKING RELIEF AND DEVELOPMENT: Principles and Operating Guidelines**  
(continued)

**III. Relief for Development: Relief programs shall reinforce development objectives.**

Operating Guidelines

Relief programs shall:

- a. assess existing indigenous capacities for responding to the disaster (conduct a capacities assessment);
- b. conduct a needs assessment in relation to local capacities;
- c. provide assistance in a way that supports existing capacities--including those of local and national institutions and networks--when identified needs surpass indigenous capacities to respond;
- d. set standards of service that are sustainable for local populations; and
- e. sustain livelihoods while saving lives.

**IV. Development for Disaster Prevention: Programs shall be designed to help prevent disasters (natural and human-caused) or mitigate their effects so that the developmental progress of countries is not undermined.**

Operating Guidelines

Programs shall:

- a. identify the vulnerabilities (natural and human) of countries and groups within countries;
  - b. address root causes of disaster vulnerabilities, recognizing the possibility that a society may regress; and
  - c. incorporate disaster preparedness into development objectives.
-

## **IV. USAID's Corporate Culture**

### **A. The Issue**

Within the USAID "corporate culture," disaster and development experts are philosophically, fiscally and physically divided, with separate funding sources, offices, programming systems and objectives. These lead to different values and agendas within country specific contexts.

### **B. Historical Perspective and Current Structures**

Like most donor, multilateral and implementing partner institutions, the current USAID corporate structure still largely reflects traditional disaster delivery and development implementation systems, which were institutionalized during the Cold War. Historically, disaster assistance response systems were designed to provide, from a centralized location, short-term, rapid response to quick onset natural disasters. Development assistance systems were designed on a country by country basis to address long term needs in stable environments. Targeted countries were generally not perceived as vulnerable to crisis -- particularly human-induced crisis.<sup>5</sup>

**Despite a dramatically different post-Cold War environment, with long-term, complex emergencies demanding the majority of humanitarian assistance resources, USAID's corporate structure remains unchanged. This is reflected in four tangible ways:<sup>6</sup>**

1. Organizational separation of the two professional groups: Disaster planners are housed in the Bureau for Humanitarian Response (BHR) and development planners in the Africa Bureau (AFR);
2. Different planning processes in AFR and BHR: AFR uses a long term (5-7 years) country strategic plan for sustainable development countries as its defining planning document. It also uses a Performance Based Budgeting System (PBBS) to measure a country's performance in such areas as economic growth and democracy/governance and to help rationalize allocation of AFR resources. BHR's formal, long term strategic plans relate to relief and prevention, mitigation and preparedness objectives worldwide; its country specific plans are less formal, shorter term and change quickly according to evolving needs. It does not have the equivalent of a PBBS system to measure country performance and allocate resources.

---

<sup>5</sup> See Annex I, a matrix designed by Simon Maxwell, illustrating the different characteristics of relief and longer term development planning.

<sup>6</sup> Because the primary resources flowing into Greater Horn countries emerging from complex emergencies have traditionally been from AFR and BHR, analysis in this section focuses on the relationship between these two entities. The Team recognizes that the Global Bureau and the development assistance resources it manages can and do play a role.

3. Different programming and procurement processes in AFR and BHR: AFR programming is undertaken primarily in the field. It usually involves extensive in-house activity design work and competitively-bid requests for contract proposals. BHR programming is primarily based in Washington and typically funds grants based on unsolicited proposals from private voluntary organizations (PVOs) and international organizations.
4. Three separate funding sources, managed by up to five different USAID entities, all contribute to humanitarian assistance programs. These sources are the Development Fund for Africa (DFA) for AFR, and P.L. 480 and the International Disaster Account (IDA) for BHR. In addition, two of these sources are linked by the borrowing authority attached to the IDA account, which allows BHR to use -- without required repayment -- funds from the DA and DFA accounts for disaster relief and rehabilitation programs.

In the late 1980s and early 1990s the number of multi-year complex emergency response programs in Africa rose significantly. As a result, the amount of funds borrowed from development accounts by BHR's Office of Foreign Disaster Assistance (OFDA) grew in order to respond to these crises. The loss of those funds, in turn, limited AFR's development programs.

### **C. Challenging False Perceptions**

**Traditional delivery mechanisms, especially the borrowing authority associated with the IDA account, have fostered perceptions which we are challenged to break down, namely:**

1. Development planners traditionally regard disaster assistance and the associated borrowing authority that accompany disaster funds as a potential danger to the development mandate. Similarly, they often view the notwithstanding authority under IDA -- which allows for quick programming of funds -- as a license for funding hastily conceived projects as BHR lacks the formal country strategy and review process AFR uses to allocate funds.
2. Disaster response planners view development assistance staff as immersed in complex, over-analytical planning and approval processes that hamper flexibility and delay action until it is no longer effective. They expect development planners to be resistant to the assumption of long term funding and management responsibility for activities originally instituted as disaster responses but now moving closer to traditional development programs.

### **D. Positive Changes**

**Despite the constraints outlined above, there are indications that USAID's corporate culture is changing. In addition to the positive changes noted in Section II of this report, the Team notes the following:**

1. As the relationship between relief and development is being more clearly defined through the Agency's strategic planning processes, and with heightened interest from Congress, the National Security Council, advocacy groups and others, AFR is responding differently to stabilize countries emerging from crisis. DFA legislation has been interpreted more liberally and AFR is engaging in rehabilitation and recovery programs. AFR programs in Somalia and Rwanda, for example, fall squarely in this category.
2. The recently formed Global (G) Bureau is becoming more engaged as well. Its Center for Democracy and Governance has worked extensively with BHR's Office of Transition Initiatives on transition programs in Bosnia, Haiti and Angola. Its Office of Agriculture and Food Security has embraced food security as its organizing theme and has mobilized resources to focus on problems of the Greater Horn of Africa region.
3. Both BHR and AFR are learning from the strengths of the other: BHR is taking a more systematic view of its country programming; AFR is seeking ways to program more flexibly. This corporate culture change is evident in the ad hoc short-term "integrated" planning instituted between BHR and AFR for Somalia, Sudan and Rwanda. (Outside of the Horn of Africa region, joint planning is underway for Angola and Liberia as well.)

#### **E. Further Changes Are Needed**

**Key problems remain in changing the corporate culture, however.** Perhaps the most significant ones identified by the Team are:

1. The lack of an awards or incentive system for development experts to gain disaster management experience and vice versa.  
  
Disaster and development specialists need incentives to learn to speak one another's languages, and to work together to assure that relief and development linkage principles are implemented.
2. Too few mechanisms exist in the Agency to understand and incorporate linkages, including opportunities for "cross training" on the inter-relationship between relief and development.

Improved collaboration is needed if we are to address the perception that there are competing considerations facing disaster and development planners as countries make transitions in and out of crises. They have different philosophical approaches to such issues as government to government assistance versus aid through private voluntary and nongovernmental organizations (PVOs/NGOs), and the extent to which scarce resources should be channeled to high potential regions versus low potential but more disaster-prone areas.

The shortcomings with regard to dialogue between relief and development planners are also paralleled in the PVO/NGO community. This Team recognizes the need to identify and engage a cadre of PVO/NGOs to promote improved linkages between relief and development. This should be done in consultation with individuals working on USAID's New Partnerships Initiative and with the GHAI PVO/NGO Partnership Team.

## F. Recommendations

1. Establish a team, drawn from M, AFR, BHR, G, PPC and other regional Bureaus to establish concrete, measurable incentives for USAID staff to acquire skills and experience in linking relief and development. Incentive and training suggestions provided to the Transitions Team have been numerous and are outlined below. Each one should be given full consideration by the inter-Bureau team:

- a. Amend the new Agency Annual Evaluation Form (AEF) to reflect USAID's commitment to assisting countries facing complex emergencies or in transition and to furthering linkages between relief and development.

For example, incorporate into Section III of the AEF (*Specific Skills Area, Quality of Work*), a section on *Humanitarian Assistance Knowledge*, or include humanitarian assistance explicitly as a subset in the *Development Assistance Knowledge* category. Within this, there should be a point on understanding relief to development linkages. As currently written, the evaluation form suggests that the Agency does not value humanitarian assistance expertise.

A change in Section III of the AEF would also require revision of the related USAID performance guidelines, used to help make determinations on foreign service promotions.

- b. Encourage all USAID officers with policy and program responsibilities, including senior managers, working on or in countries that have substantial humanitarian assistance programs or that are considered to be "in transition" to have at least one AEF work objective that discusses their role in effectively promoting relief to development linkages.
- c. Revise the Agency's staff assignment process to assure bids are reviewed in the context of placing individuals in varied assignments over their career span that would include relief, development, transition and graduation scenarios.
- e. Create a new "backstop" category within USAID to enable Foreign Service Officer commitment to careers in emergency/transition work.
- f. Develop a "linking relief and development" course curriculum and require both disaster and development planners in Washington and the field to take this course. Offer this training to other U.S. Government agencies and promote similar training for our implementing partners (e.g., PVOs/NGOs) to assure they are able to reorient their operations and philosophies as we reorient ours.

- g. Incorporate aspects of "linkage" training into existing related institutional training activities, including BHR/OFDA's Disaster Assistance Response Team (DART) training and the new cd-rom Development Studies Program.
- h. Promote partnering and teamwork across Bureaus, especially through cross training of designated USAID staff outside of their areas of expertise.

For example, more development specialists (as well as State Department and Department of Defense staff) should be included in BHR/OFDA's DART training and relief specialists should be encouraged to take development courses. In addition, Washington-based officers working on emergency or transition country programs might usefully "shadow" for a period their counterparts in other offices monitoring the same country program.

## **V. Legislation and Regulations**

### **A. The Issue**

Some legislative and regulatory requirements constrain effective transitions from relief to development. In addition, many USAID staff do not know what restrictions actually exist and how activities can be designed within those that do. There is the misimpression that IDA and DFA accounts are more restrictive than they are in reality.

### **B. Relevant Foreign Aid Accounts**

Foreign assistance falls into two categories: economic and military. USAID provides only economic assistance. The primary economic assistance resources that have been available for programs in transition between relief and development in the Greater Horn of Africa are:

1. International Disaster Assistance (IDA) Account
2. Development Fund for Africa (DFA) Account
3. P.L. 480 Titles II and III (food aid resources)
4. Development Assistance (DA) Account
5. 116(e) funds (from DA account)
6. The Ambassador's Self Help Fund (from DA account)
7. Economic Support Funds (ESF)

The IDA, DFA and Titles II and III accounts have traditionally played the central role in the implementation of relief and development programs in this region. The purposes of these accounts are described below. The Financial section of this paper explains the funding trends within the accounts.

#### **1. IDA Resources**

International Disaster Assistance (IDA) funds, which are managed by BHR/OFDA and BHR's Office of Transition Initiatives (OTI), can be used for relief, rehabilitation and reconstruction from disasters and for prevention, mitigation of and preparedness for potential disasters. This mandate permits the use of IDA funds for a broad range of transitional activities. However, IDA funds cannot be used to meet local needs that do not stem from a disaster. At times, this may be perceived as unfair since it may be difficult to separate chronic conditions of poverty and need from requirements directly resulting from a disaster. IDA funds are released after a disaster is formally declared by the U.S. Ambassador in a country. A disaster can stem from natural causes, be human-caused or result from a combination of the two.

The IDA account may be used notwithstanding any other provision of law. Thus, IDA funds may be used despite some of the legislative provisions described below (e.g. relating to country prohibitions). IDA funds may also be used without regard to Federal Acquisition Regulations (FAR) and AIDAR (USAID procurement regulations) provisions. IDA funds need not be obligated within a specific timeframe (i.e. they are "no-year money").

IDA has a borrowing authority that allows it to use, without required repayment, up to \$50 million in funds from the DA/DFA account.

## 2. DFA Resources

While the fiscal year (FY) 1996 appropriation does not appropriate a specific amount for the Development Fund for Africa (DFA), it states that funds made available for sub-Saharan Africa are to be in "substantially the same proportion" as DFA was to the DA account in FY 1995 (roughly 39 percent). The legislative history makes clear that the 1996 funds for sub-Saharan Africa for the DA account will be programmed in accordance with DFA authorization legislation. (Note: Although there is no longer a separate DFA appropriation account, the DFA continues to exist as part of the Foreign Assistance Act [FAA] of 1961.)

Concerned about the future of development in Africa, Congress provided USAID with the DFA in 1987 as part of the Development Assistance Account. As outlined in the 1993 Africa Bureau report entitled *Africa: Growth Renewed, Hope Rekindled*, there were three key elements of this new agreement between Congress and USAID: [a] "A Commitment to Secure Funding. Congress and the President would agree to a fixed amount of development resources going to Africa, thus ensuring that these funds would not be residual or a hostage to more pressing political issues. As a result, economic support funds largely disappeared, and the importance of the U.S. Government's focus on development as its primary foreign policy interest was clarified. [b] Flexibility. Congress abolished functional accounts, permitted, among other things, the use of DFA resources as nonproject assistance to promote economic policy reform and encouraged more flexibility in procurement. [c] Results Orientation. USAID agreed to program its DFA resources so as to achieve strategic results. This involved concentrating resources in countries where the economic and political environment was conducive to success; focussing resources on fewer, but high level objectives in each country; and developing a comprehensive monitoring, evaluation and reporting system."

The DFA funds have been managed by the Africa Bureau and its field missions. By law, they have a two-year window to obligate the funds. DFA is quite flexible in the area of procurement, (e.g., as noted below, it contains an exemption from the FAA's source origin requirements) and the scope of activities for which it may be used is expansive. It has, however -- perhaps unwittingly -- engendered complex internal procedures by requiring that DFA funds be used: (a) for "long-term development through economic growth that is equitable, participatory, environmentally sustainable, and self-reliant" and (b) in accordance with prescribed "critical sectoral priorities."

## 3. P.L. 480 Titles II and III

The overall policy objective of Public Law 480 (P.L. 480) is to enhance the food security of the developing world. P.L. 480 provides for food aid to combat world hunger and malnutrition and their causes; promote broad-based equitable and sustainable development, including agricultural development; expand international trade; develop and expand export markets for US agricultural commodities and foster and encourage development of private enterprise and democratic participation in developing countries. Programs administered

under P.L. 480 are known as Titles I, II and III. Title I is a concessional loan program administered by the U.S. Department of Agriculture.

**Title II** programs use U.S. Government food resources to provide food aid grants that are implemented by PVOs, cooperating sponsors and intergovernmental organizations such as the United Nations' World Food Program. Title II has both development and emergency programs. Two thirds of Title II resources are to be allocated for development programs, unless USAID waives the allocations and increases the amount of resources that may be used for urgent emergency food requirements. Title II emergency programs respond to both natural and human-caused emergencies that create unanticipated food shortages. The majority of Title II food aid is now used for emergencies -- increasingly those associated with complex emergencies that involve protracted political conflict.

**Title III** programs provide government-to-government multi-year grants for development activities. Title III commodities are transferred to the recipient government and sold; local currency proceeds of the sales are used for development programs. In exchange for the grant resources, a country is usually asked to undertake policy reforms designed to remove constraints to food security in that country. Up to 50% of Title III resources can be transferred to Title II, usually for emergency programs.

USAID is responsible for programming and monitoring -- but not procuring -- commodities financed under P.L. 480 Titles II and III. USAID directly administers these funds and makes donations primarily to PVOs and international organizations for ocean freight; internal transportation, storage and handling (ITSH) for Title II emergency programs; and distribution of commodities. USAID does not have statutory authority to cover ITSH for Title II development programs.

#### 4. Development Assistance (DA) Funds

DA funds have traditionally supported USAID's development activities outside of Africa. Within the continent, DA funds have been used only in a limited way in support of transition situations. For example, the Global Bureau manages DA funds in countries emerging from crisis, especially for programs assisting displaced, unaccompanied and war-affected children and orphans, child soldiers and other civilian victims of war.

#### 5. 116(e) Funds

The 116(e) funds are drawn from the DA/DFA accounts but are managed by a joint State/USAID committee. Section 116(e) of the FAA authorizes funding for programs and activities that "encourage or promote increased adherence to civil and political rights," and thus, is known as democracy and human rights funds. These funds are used for very small grants to groups building democracy at the grassroots level. They are management intensive, requiring significant USAID/State monitoring. They are usually limited to about \$25,000 per recipient, who are usually PVOs/NGOs.

## 6. Ambassador's Special Self-Help Fund

Self-help funds are drawn from DA/DFA accounts but managed by the State Department with programming done by posts in the field. Funds are used to provide small grants to community-based, usually income-generating, projects in almost all African countries, subject to Brooke Amendment sanctions. Grant recipients are expected to provide additional contributions to the project, in the form of labor or materials. Grants average approximately \$4-5,000. Activities in excess of \$25,000 require written approval from appropriate State Department and USAID/Washington offices.

## 7. Economic Support Funds (ESF)

ESF funds are authorized to promote economic and political stability. This account generally is used to achieve foreign policy interests of the United States. While USAID implements most ESF-funded projects, it is the Department of State that, in consultation with USAID, initiates proposals regarding how the ESF money will be utilized. Since the Camp David peace accords, the majority of ESF has gone to support the Middle East peace process. Current U.S. Government policy is now to use ESF primarily for democracy programs or to support conflict resolution and peacekeeping operations.

ESF is considered a highly flexible resource. With the broad statutory authorization and the underlying goal of furthering U.S. national interests, ESF can be used for budgetary support of recipient governments, a process which requires less documentation than do development projects. Processing is therefore faster. In addition, funds for ESF projects are sometimes transferred to other U.S. Government agencies, using mechanisms that require less direct USAID oversight.

## **C. Legislative and Regulatory Constraints**

The listing below provides a summary of some of the legislative and regulatory controls that have slowed USAID's response to transitional needs in Greater Horn of Africa countries. We list them to itemize some of the many challenges facing USAID staff in this context, but recognize that it is not possible, nor in some cases desirable, to change these restrictions.

Perhaps more daunting than the restrictions themselves is the Team's finding that often staff do not know what restrictions actually exist and how activities can be designed within those that do. There is the misimpression among USAID staff that IDA and DFA accounts are more restrictive than they really are.

### **Legislative Issues**

#### 1. Congressional Earmarks

In the Greater Horn of Africa, functional earmarks often prevent Missions from directing resources to sectors they deem most critical and can thwart efforts to promote transitions between relief and development. For example, critical food security programs may be

underfunded or simply not initiated in favor of activities that meet functional earmarks (e.g., child survival and HIV/AIDS.)

In addition to earmarks stipulated explicitly in the appropriations bill (in FY 1996 the earmark relates to child survival and infectious diseases), USAID also faces Congressional directives in House and Senate reports accompanying the bill. Because the reports are not identical, USAID needs to reconcile the differences and determine which directives they have to meet, after rather intensive consultations with Congress. While technically report language is not as binding as statutory language, the Agency cannot ignore the intent of Congress in these reports.

Finally, there are also Administration priorities (e.g., the environment) which lead to self-imposed earmarks.

Functional earmarks in the appropriations bill and report language relate primarily to DA and DFA funds. While for Africa the DFA legislation was crafted to allow for considerable flexibility in how funds could be used, **the earmarks often hamper this flexibility.** IDA funds are rarely subject to Congressional earmarks. When they are, the earmarks usually require that a certain amount be expended to assist disaster survivors in a specific geographic area rather than that functional categories be met. The Agency generally does not count funds expended in disaster assistance programs toward functional earmarks because it can hamper a flexible response to emergencies. As an exception, some IDA funds are calculated towards the child survival earmark.

## 2. Country Prohibitions

Country prohibitions preclude funding activities with governments that are (a) in default on debt (this restriction is known as the Brooke Amendment), (b) have overthrown a duly elected regime, (c) perpetrate terrorism or human rights violations or (d) conduct drug trafficking. Country prohibitions designed to limit the provision of U.S. Government funds to a particular regime sometimes remain in place even after the sanctioned government has lost power.

As a general matter, such prohibitions apply to the use of DFA funds. Waivers to country prohibitions can be obtained but the process can slow program implementation and delay much needed resources for new governments. This was the case in Ethiopia, for example, when USAID sought a waiver to the Brooke Amendment after the fall of the Mengistu regime and the installation of a new government.

In some instances funds may be expended notwithstanding country prohibitions or other provisions of law. For example, IDA and emergency Title II funds may be used notwithstanding country prohibitions. Activities to assist Ethiopia, Somalia and Sudan under Section 6 of the Horn of Africa Recovery and Food Security Act, may be conducted notwithstanding other provisions of law that would otherwise restrict assistance to those countries. Similarly, Section 522 of the FY 1996 appropriations act permits funding for such activities as child survival and AIDS programs notwithstanding any provision of law.

Alternatively, there are "exceptions" to country prohibitions; these apply to certain DFA-funded activities. For example, Section 123(e) of the FAA permits PVOs and cooperatives to continue ongoing activities when country prohibitions go into effect. There are legal and procedural features unique to each exception that are pursued by the Agency and in some cases Congress must be notified. As is the case for waivers, the process can be cumbersome and delay implementation.

### 3. Military Aid

USAID provides only economic assistance. Accordingly, USAID is prohibited by law from providing assistance to foreign militaries. Past experiences show that this can limit USAID's ability to respond to some aspects of demobilization campaigns during transition periods. However, this is an area where, with growing experience in transition situations, USAID has made strides in finding ways to assist with various aspects of demobilization and still adhere to legal requirements.<sup>7</sup>

This constraint holds for IDA, DA/DFA and Title II and III resources.

### 4. Separate Accounts

In response to host government corruption and mismanagement of U.S. Government funds, Congress has required since 1990 that host governments maintain separate accounts for local currency generated from U.S. Government assistance. Section 532 of the FY 1996 appropriations act contains the requirements at present. While prudent, the requirement can overwhelm newly formed, inexperienced governments or frustrate multi-donor efforts to pool resources to leverage reforms and maximize impact of donor resources. This was USAID/Ethiopia's experience when it tried to pool resources with other donors to support the Ethiopian government at a critical point in Ethiopia's transition.

USAID/Ethiopia, working in consultation with USAID's General Counsel's office, now is considering innovative methods of maintaining local currency accounts so that it may pool local currency with other donors in Ethiopia to support sectoral reforms. The purpose is to maximize collective donor resources in order to increase leverage over the government's policy reform agenda and promote open and transparent financial management systems on the part of the government. The government welcomes this initiative because it would allow it to focus on one set of mutually agreed upon donor procedures, rather than a multitude of different ones for different donors.

---

<sup>7</sup> For an excellent summary discussion of USAID's experiences with regard to demobilization programs, see *Fostering a Farewell to Arms: Preliminary Lessons Learned with Demobilization and Reintegration of Soldiers*, prepared by Kimberly Mahling Clark for the Africa Bureau Information Center (ABIC), Research and Reference Services, USAID Center for Development Information and Evaluation (CDIE).

## 5. Source-Origin Requirements<sup>8</sup>

Section 604(a) of the FAA limits USAID procurement from non-U.S. sources.

Although deviation from this provision generally requires waivers, the DFA contains an exemption "in order to allow . . . assistance . . . to be furnished as efficiently and expeditiously as possible." The report language accompanying that provision, however, directs USAID to use U.S. procurement whenever practicable to the extent consistent with program objectives. As a result, USAID uses the exemption granted it under the DFA in procuring commodities for its programs in a very limited manner. The IDA account may be used to procure from appropriate sources notwithstanding this provision, although FAA section 636(i) contains separate vehicle procurement restrictions that OFDA applies as is possible in accordance with USAID procurement policy.

## 6. Congressional Notifications (CN) and Technical Notifications (TN)

CNs and TNs are required to notify Congress when DA/DFA funds are being obligated. CNs are required for projects that were not included in the Agency's Congressional Presentation (CP), when the scope of the projects has changed significantly, or in selected program and country circumstances. TNs are required when funding levels for programs have changed more than 10 percent.

The CN and TN process can significantly slow obligation of funds for activities that were unforeseen when the CP was prepared.

## 7. Separation of Related Programs across Agencies

This separation imposes constraints on USAID and other U.S. Government agencies. The overlapping mandates of these programs can restrict a comprehensive approach to linking relief and development. For example, the State Department is responsible for providing assistance to refugees and USAID is responsible for aid to internally displaced persons, even though these populations often require similar assistance and may even be co-located. Similarly, USAID and the Department of Defense (DoD) at times undertake similar -- even parallel -- activities that could be more effective if the applicable governing legislation were coordinated. (These other agencies also face internal constraints related to legislative restrictions on the use of their resources, which merit examination but are beyond the scope of this paper.)

### **Regulatory Issues**

#### 1. OMB Provisions

Compliance with provisions promulgated by the Office of Management and Budget (OMB) are mandatory throughout the U.S. Government. These include OMB Circulars: A-133,

---

<sup>8</sup> This is USAID's version of the Buy America Act.

which pertains to audit of not-for-profit organizations; A-110, which sets forth the "Common Rule" for the administration of grants; and A-122, which contains allowable cost principles for assistance instruments and contracts with not-for-profit organizations.

PVOs often claim that Circular A-133 is a constraint to channeling funds quickly to indigenous NGOs, in part because the NGOs' accounting and financial systems cannot meet the Circular's requirements. (Working through responsible local organizations is one of the key Operating Guidelines of linking relief and development identified by this Team.) USAID and its partners are developing ways to expedite this process, however. In Somalia, for example, the U.S. PVO umbrella grantee, CARE, in consultation with USAID's Office of Procurement and OMB, has developed an extensive sub-recipient monitoring system that allows for a "deviation" from OMB A-133. This approach assures accountability but also gives CARE flexibility to fund grants of less than \$250,000 to responsible local groups.

In the future, "deviations" from OMB's A-133 will not be necessary. Plans are underway to revise A-133 to apply only to U.S.-based organizations. Non-U.S. groups will adhere to alternative audit procedures that are now being developed using the Standard Provisions For Non-U.S., Nongovernmental Grantees as a point of departure. This is just one of several initiatives underway in USAID to utilize indigenous organizations more frequently.

## 2. Federal Acquisition Regulations

USAID development resources are also subject to the Federal Acquisition Regulations (FAR), which outline required acquisition practices. As many observers have noted, FAR can be cumbersome and delay procurement.

### **D. Recommendations**

1. The General Counsel's Office (GC), in concert with the Bureau for Legislative and Public Affairs (LPA), should conduct seminars at regular intervals that will educate staff as to existing legislative restrictions and flexibilities. These seminars would allow for discussion of ways to address relief and development needs in conjunction with existing accounts so that funding for activities can be allocated in a way that minimizes restrictions. Representatives from other U.S. Government agencies as well as USAID implementing partners should also be invited to some of these sessions.
2. In the process of preparing for and conducting seminars, GC and LPA should create a summary reference guide that describes legislative and regulatory requirements and, where applicable, USAID flexibilities in interpreting those restrictions.
3. With respect to removing or modifying legislative constraints that do exist, the Team recommends that USAID/LPA initiate a dialogue with other U.S. Government agencies. If interest and commitment is evident, they should together designate a lead Agency to organize an inter-Agency working group to consider a DoD, State and USAID comprehensive inter-Agency approach to Congress that both identifies the broad problems the legislation creates and recommends specific measures for alleviating them across agencies.

4. Ideally, the coordinated approach proposed above would address the constraints that all Agencies face because of earmarks. However, the group also recommends that, given the high priority the GHAI and countries in transition have within the U.S. Government, USAID should consider one or more of the following options, namely:
  - a. seek approval in the near term to exempt the Greater Horn of Africa region from meeting earmarks;
  - b. seek a broader description of activities qualifying for earmarks in all Greater Horn countries, thereby allowing maximum flexibility in meeting GHAI objectives;
  - c. seek a broader description of activities qualifying for earmarks in all countries designated to be in emergency or transition status, thereby allowing maximum flexibility for such countries worldwide;
  - d. adhere only to those earmarks legislated by Congress. Limit self-imposed earmarks where possible.

The Team recognizes that without overall earmark relief from Congress, enactment of recommendation 4a) would place a greater earmark burden on other country programs. This option is included due to the high priority earmark relief was given by Missions in the Greater Horn region as they provided input for this paper.

5. USAID might seek "notwithstanding" authority for all DA/DFA funds in GHA countries. This would provide some of the other flexibilities described in the discussion section above that relate to IDA funds.
6. The Transitions Team should monitor and document USAID/Ethiopia's efforts to pool local currency with other donors. If successful, it should determine its applicability to other contexts, and if relevant, widely disseminate the information.
7. AFR should work in consultation with the Team to consider various options to help ensure that a CN/TN process for unforeseen needs does not slow response in the field. Reengineering's focus on results packages instead of projects may provide the needed flexibility (although it is not clear that Congress has embraced this approach).
8. With regard to audit procedures, the GHAI PVO/NGO Partnership Team should work with PVOs/NGOs and the Office of Procurement (OP) regarding the design of alternative audit procedures for non-U.S. PVOs. OP is seeking PVO input but has received little to date.

## **VI. Resources: Financial and Human**

### **A. The Issue**

Financial and human resource limitations as well as the way that USAID manages these resources constrain our ability to respond quickly or fully to needs in transition countries.

### **B. Financial Resources**

#### **Discussion**

DFA funding has varied from year to year, but the FY 1996 projection for DA funds to be used in Africa, estimated at approximately \$640 million, is significantly lower than last year's DFA appropriation of \$802 million (but in "substantially the same proportion" as DFA was to DA last year, in accordance with the requirements of the FY 1996 appropriation).

Title III dollar program levels (worldwide) were down from \$255 million in FY 1994 to \$117.4 million in FY 1995. The number of countries receiving Title III food aid dropped from 13 to 7 in the same period. The FY 1996 projection is \$50 million and even fewer countries will benefit.

Title II development program dollar levels (worldwide) were at \$357.7 million in FY 1995, down from \$425.9 million in FY 1994. The FY 1996 projection is approximately \$378 million. Overall declines in development programs reflect in part a lack of strong proposals in this area.

While ESF resources have been highly valuable for transition countries in the past -- in 1992 in Ethiopia, for example, \$3 million of ESF was allocated to the transitional government with minimal increases in workload for both parties -- it is unlikely that they will become a significant resource for Greater Horn of Africa countries in the near term. With the exception of a separate allocation for Angola, all of Africa is expected to have approximately \$8 million in ESF available to it in FY 1996. The majority of ESF funds continue to go to Israel and Egypt.

Downward trends in development assistance reflect overall Agency budget cuts, which in part reflect the will of certain members of Congress who question the impact of USAID's development programs and seek to reduce greatly U.S. Government foreign assistance.

Humanitarian relief programs have had stronger support. The level of funds in the IDA account has risen dramatically over the past several years, from the traditional level of \$25 million in the 1980s to \$170 million (before borrowing) in FY 1995.<sup>9</sup> IDA's appropriated

---

<sup>9</sup> In FY 1994 Congress increased the IDA appropriation to \$146 million from the FY 1993 level of \$49 million. This increase reflects the incorporation into IDA of \$100 million which was separately appropriated in FY 1993 for sub-Saharan Africa relief and recovery assistance.

budget level for FY 1996 is \$181 million (before borrowing). This includes \$20-25 million for BHR's Office of Transition Initiatives with the remainder managed by BHR/OFDA.

Title II emergency resources have also increased over time to respond to the growing number of emergencies worldwide. Emergency food resources were in the \$200-300 million range in the late 1980s and were \$502.6 million in FY 1995. The Title II emergency program budget projection for FY 1996 is \$473.5 million. This is before any borrowing which could occur from the Title III program.

Commodity prices, e.g., for wheat and corn, are presently at their highest level in 15 years, meaning that the same amount of funds procures less tonnage for its programs. This may be a short term constraint which will depend on a number of factors, including weather in the U.S. this spring. On the other hand, the emergency reserve has been changed from only wheat to include other grains that might be more useful for emergencies in Africa.

**It remains to be seen if the reductions in overall Agency resources will further constrain efforts to effectively link relief and development.** It is possible that relief and development planners will retrench, guarding their scarce resources for programs that they can define distinctly as "development" or "relief" activities, respectively. This would reverse progress made to date, as outlined in the *Building on Past Progress* and *Corporate Culture* sections of this paper.

Alternatively, the Team hopes that both relief and development planners will seek new ways to combine resources and achieve program synergies on a country-wide and regional basis. The fact that Title II dollar resources have not been reduced should reinforce USAID's efforts in seeking new ways to combine food and non-food resources to achieve our goals.

### **Financial Constraints**

Despite the potential for better use of USAID's existing resources, it is likely that transitions from relief to development will continue to be constrained by a number of finance-related issues, namely:

#### **1. Resource Flows**

Some Greater Horn of Africa countries undergoing a transition between relief and development have experienced a "drying up" of resources during critical transition periods. This relates to limited availability of DFA funds and the fact that many countries facing complex emergencies are not designated as sustainable development countries. This has been a key constraint to USAID support for a country moving through the transition between relief and development. For example, while Somalia received huge quantities of emergency funds at the height of its crisis in 1992 and 1993, it receives minimal resources today in this post-acute crisis stage. Eritrea and Rwanda face similar plights.

## 2. Perceived Disparities

Similarly, Agency programs that, separately, provide humanitarian assistance or foster sustainable development in a region, can lead to stark regional disparities when viewed side by side. For example, in FY 1994, Sudan, a U.S. Government-certified terrorist state, received more than twice as much in USAID resources as did Uganda, a strong development performer, because of the need to provide humanitarian aid to victims of the ongoing civil war in Sudan. This disparity increases adversity within USAID as the borrowing authority is used to draw upon the country accounts of strong development performers to meet emergency requirements in other countries. From the outside, it can even indicate to aid recipients that it "pays" to be in chaos, although the distinction must be made that humanitarian aid is intended for needy victims and not governments.

## 3. Lack of "All Spigots" Reporting

Mission Operating Year Budgets (OYB) do not fully reflect the resources coming from all other Agency spigots (e.g., humanitarian resources). Program resources from the IDA account as well as Title II emergency resources are not established as part of a Mission's OYB and Mission decision making authority regarding how these funds are used is more limited than with development funds. Consequently, they are not required to report on the presence or use of these funds in the country in their OYB reporting cables.

This arrangement may discourage Missions from trying to understand how those centrally funded programs are working positively or negatively or are related to ongoing development programs. Similarly, BHR has little incentive to understand the relationship of their programs to the DFA-funded programs and to stated Mission goals and objectives.

With regard to annual reporting, USAID's new Results Reporting and Resource Request (R4) process, which among other things assesses progress toward objectives in a country, is designed to capture the inter-relationships of all USAID funding sources going into a country. The R4 guidance asks Missions to include performance indicators and results for all USAID program resources going into a country, including IDA and P.L. 480 funds. Most Mission strategic plans are not crafted to capture results related to BHR emergency resources, however. (See the Program Planning Constraints section for further discussion.)

In addition, the Agency's new Agency Wide Accounting and Control System (AWACS) should eventually allow for a fast "all spigots" accounting of what resources are flowing into a country. The system is not yet configured to account for BHR food aid resources, however.

## 4. Central vs. Field Managed Resources

The above constraint relates to a failure to think holistically about all potential resources flowing into a country, including the relationship between centrally-managed and field-managed program funds. Missions concerns regarding centrally managed funds relate in part to their perception that the approval process (especially for Title II development food aid) is lengthy and too far removed from in-country contexts.

For BHR managers, decentralization concerns relate to: a Mission's ability and interest in management and reporting on centrally funded programs; the worldwide budget allocation flexibility required, especially for emergency resources; and the Bureau's special responsibilities to Congress regarding the management of and reporting on the separate IDA and P.L. 480 funding accounts.

In the context of reengineering, there is ongoing discussion regarding the extent to which decision-making related to some Washington-managed resources should be decentralized. The result of these discussions to date is that some changes are already underway with regard to decentralization of BHR's Office of Food for Peace (FFP) Title II development programs.

- a. BHR/FFP's new Development Activity Proposal guidelines approve food aid programs on a multi-year basis, eliminating the need for cooperating sponsors and Missions to engage in annual updates for BHR/FFP approval.
- b. Ethiopia and Bolivia have been selected by BHR/FFP as experimental, field test cases for Title II development in-country reviews. (Reviews are normally held in Washington.) This is a first step in a cooperative BHR\field Mission look at how further decentralization of decision making on Title II development programs might work.
- c. BHR/FFP is standardizing results reporting indicators on Title II development programs. Such standardization will facilitate decentralization by assuring a common cooperating sponsor, Mission and BHR/FFP approach to evaluating program impact.

The Team believes that the decentralization issue will continue to be a subject of discussion in the reengineering context and that it merits further review as USAID seeks ways to improve linkages between relief and development. Such analysis could not be undertaken in the context of preparing this paper, however, and the Team should attempt to address it separately (see the recommendation in this section). The Team encourages discussion of decentralization issues as well on a case-by-case basis in the context of country strategic planning exercises. (see the Program Planning Constraints section).

## **C. Human Resources**

### **Discussion**

Human resources are financed primarily through the operating expenses (OE) account, albeit with numerous program-funded, non-direct hire staff for development activities in the field. BHR also employs several program-funded, non-direct hire staff for emergency programs, primarily in Washington. USAID's OE budget declined significantly in FY 1996 and future OE budgets are uncertain. In addition, the Agency has imposed ceilings on development program funded non-direct hires.

## **Human Resources Constraints**

Human resource constraints include the following:

### **1. Declining Staff Levels**

Given the declining OE and program budgets, we can anticipate a decline in availability of staff for all USAID programs, including those in the Greater Horn of Africa, over the next few years. While fewer staff need not necessarily constrain linkages between relief and development, trying to do business differently is a time consuming, often labor intensive process. Overburdened staff may be less likely to see the value of adopting new approaches.

### **2. Lack of Transition Expertise**

The lack of qualified development staff on site during critical planning stages for transition countries constrains effective relief to development transitions. This was certainly the experience in Ethiopia and Eritrea. In Eritrea, for example, there was only one direct hire staff person for the first three years of the program. This person was responsible for establishing the Mission, conducting intensive consultations with a new government and designing and implementing a complex program that encompassed resources (both developmental and emergency) from three different USAID Bureaus.

Insufficient personnel at critical times can result from a number of factors: slow personnel procedures; debate over the appropriate number of scarce USAID staff to commit to the transition; and difficulty in finding officers willing to work in a transition country. Lack of staff interest could relate to a number of factors, including: development officers' view that work in transition countries is a poor career move; the work can require long hours in extreme hardship and sometime dangerous conditions; and those countries designated as "unaccompanied" posts require staff to be separated from their families for extended periods.

### **3. Withdrawal of Experienced Staff during Crises**

Failure to retain staff in countries going into crisis, and to train them to think about development and relief linkages, can also lead to lost opportunities. Development experts on staff in a country going into crisis may have "tunnel vision" as they remain committed to meeting development objectives that may no longer be appropriate in an environment where crisis is looming. They are not evaluated on their efforts to adjust programs in a way that might address some of the root causes of the increasing tensions. Moreover, as crisis erupts, they are often evacuated at the very time when critical thinking by a small core staff on the ground could be most useful. (The recent decision to retain staff in Burundi -- despite its move toward crisis -- may be a sign that this is already changing.)

### **4. Insufficient Staff to Manage all Resources**

Failure to provide Missions with sufficient and properly trained staff to oversee all resources in a country, not just those counted as OYB, can also constrain efforts to link resources. While USAID Missions are sometimes faulted for not fully monitoring all USAID resources

in a country and not assessing how they are interrelated (see the Financial Resources section), this weakness is in part due to the fact that Missions have insufficient staff to oversee these other resources. The situation is further exacerbated by the fact that there are few direct hire staff within the system with the skills necessary to monitor non-development resources, especially large food and non food aid emergency programs.

#### **D. Recommendations**

The Team recognizes that discussions are underway regarding how USAID might be reconfigured to allow for continued operations with fewer financial and human resources. This review may lead to significant changes in how Missions are staffed and managed and how scarce financial resources are allocated. Team recommendations are put forward with the recognition that the issues we are seeking to address will be affected by the larger human/financial resource issues facing the Agency.

1. The integrated strategic planning process outlined in the following section is relevant for addressing the Agency practice of neglecting to look comprehensively at all USAID resources going into a country.
2. Upon review of country strategic plans, USAID/W should base staff allocation levels on the number of personnel needed (direct hires or non-direct hires) to monitor and manage effectively the total amount of USAID resources flowing into that country from all accounts, including food aid. (Staff levels have traditionally been linked to DFA OYBs.)
3. The Team should prepare a discussion paper examining the resource decentralization issue. The paper should consider the various interpretations of decentralization that exist within the Agency and their relationships to reengineering and related changes in field mission management.
4. To address lack of sufficient staff in transition periods, USAID should retain the Disaster Assistance Response Team (DART) concept used at the height of emergency operations to place sufficient numbers of staff with appropriate skills in transition countries. Similarly, development experts should be included on emergency DART teams to provide the developmental perspective on relief activities.
5. USAID should exempt countries in transition from PSC (non-direct hire) and FSN (foreign service national) ceilings set by the Agency. (A USAID process for designating countries as "in transition" and therefore triggering this exemption is recommended in the following section.)
6. The cross training recommendations between relief and development staff and other personnel changes outlined in the "corporate culture" recommendations section are also relevant here.

## **VII. Program Planning**

### **A. The Issue**

Despite excellent reengineering guidance which requires that Mission strategic plans reflect Agency wide goals and objectives at the country level, the African country plans continue to focus on objectives which are meant to be achieved primarily via resources available through development funds administered by the Africa Bureau. This limits USAID's ability to think holistically about country problems and effectively combine resources to meet country needs. In addition, strategic planning, despite strong guidance on the participatory nature of the process, does not capture well the critical resources from other U.S. government agencies flowing into transition countries.

### **B. Historical Perspective**

#### **1. AFR Planning**

Prior to the advent of reengineering, each USAID Mission in Africa in a "sustainable development" country was required to have a Country Program Strategic Plan (CPSP) which laid out a five year plan for Mission activities. The Mission was required to justify its proposed activities against a range of criteria, including the ability to show "people level impact" with a given DFA resource level. (DFA legislation required that programs demonstrate this impact.) While this requirement can be liberally interpreted, it has been often used to justify the channeling of resources to highly productive, high potential areas of a country, where there is likely to be the greatest perceived development impact. Reasons for avoiding less productive areas with refugees/returnees include the belief that the level of investment needed to show "impact," at least traditional measures of impact, are prohibitive in these areas.

#### **2. BHR Planning**

BHR, with its history of "quick in, quick out" natural disaster assistance, has had a much less formal approach to programming its emergency resources, primarily relying on rapid needs assessments followed by the funding of unsolicited proposals from PVOs, UN agencies and other implementing partners. BHR-funded emergency programs generally are approved for periods ranging from three months to one year, based on the historically short term nature of natural disasters. (There is no legislative restriction on when this "no-year" money must be spent.) The chronic nature of "complex emergencies" in Africa, however, has resulted in the provision of humanitarian aid year after year in many of the same countries.

Programming approaches have varied widely within the three BHR offices charged with providing disaster and transition assistance, namely the Office of Food for Peace (FFP), the Office of Foreign Disaster Assistance (OFDA) and the Office of Transition Initiatives (OTI). Although FFP and OFDA conduct joint reviews when a proposal seeks joint funding from them, there is no Bureau-imposed requirement that the three offices coordinate their responses in a given country.

### 3. Linking Relief and Development Programs

The multi-year effort required to address complex emergencies and transitions has fostered a growing recognition of the links between relief and development. AFR's Office of Sustainable Development (AFR/SD), BHR/OFDA and USAID's Center for Development Information and Evaluation (CDIE) have all initiated studies that focus on linkages.

In addition, an informal process of integrated planning has occasionally emerged in response to the need to operate more effectively in the "gray area" between acute emergency and long term sustainable development activities. AFR and BHR have collaborated in program planning for Somalia, Sudan and Rwanda, but with the exception of Somalia, the process has not been formalized into true strategic planning.

Advances in BHR/AFR collaboration are also evident in the changes underway for the Title II development program, as outlined in the Financial Constraints section (B4).

#### **C. Reengineering and Strategic Plans**

##### **Discussion**

USAID has outlined its new strategic planning approach to both relief and development programs in the Automated Directive System (ADS) Series 200 on Program Assistance, Chapter 201, Managing for Results: Strategic Planning. In addition, its new guidance (State cable 36070, 23 February 1996) on Results Reporting and Resource Requests (R4) also has important implications for the way in which strategic plans are prepared at the country level. Critical reengineering changes that should dramatically increase the Agency's ability to strategically link relief and development are as follows:

- The Mission strategic plans, known in the Africa Bureau as Country Strategic Plans (CSPs), are now "required to reflect joint planning principles; therefore operating units are responsible for consulting with relevant and affected USAID/W offices and field missions throughout the strategic planning process, as appropriate." Instead of a Bureau CPSP, the CSP is now designed to reflect overall AGENCY objectives.
  
- Management contracts (which consist of the strategic plan together with an official record of the guidance emerging from the review of the plan) shall be approved by the submitting operating unit as well as the Assistant Administrator (AA) of the operating Bureau, with clearance from PPC, M, BHR (as appropriate), G and the regional Bureaus (for G and BHR plans) in light of each operating unit's respective responsibilities. This begins to further the consultative process across Bureaus.
  
- Operating units within BHR and the G Bureau must also have strategic plans. This formalizes the traditionally more ad hoc programming approach of BHR described above.

- In addition to CSPs for sustainable development countries, there will be modified CSPs for emergency programs in the field as well. These can be brief and limited to a planning period appropriate to the program. Start up programs are exempted from strategic planning requirements for the first year of operations.
- In their R4 results reporting, Missions are also instructed to talk about the impact of all resources going into a country, including DA/DFA, ESF, Titles II and III food aid, IDA resources and others. Implicit in this is the suggestion that country strategies include strategic objectives, intermediate results and indicators that will capture results of those other resources. While consultation with other Bureaus has been undertaken in an ad hoc manner, this guidance appears to formalize the relationship between resources in a new way.
- While not outlined in ADS Chapter 201, the R4 guidance elaborates on relief to development linkages. It states that "future strategic plans should include an analysis and a discussion of the role of USAID programs in addressing the root causes of crisis and any further preventive actions/strategies that should be implemented to address those problems. Crisis prevention is a cross-cutting issue, not a separate objective, and is key to our entire program."

This latter point is an important change that may affect the traditional approach outlined in the CPSP discussion above, which allocates resources at the country level to the high productive, high potential areas of a country. Under the lens of crisis prevention, strategies may shift resources to more crisis prone, vulnerable areas of a country with the objective of avoiding destabilizing events that can wipe out development investments and generate high cost relief efforts in the future.

- Finally, the new R4 guidance requires Missions to answer a series of questions with regard to how/if the strategy is addressing root causes of conflict, the extent to which it is helping to prevent, mitigate or prepare a country for disasters, and the extent to which relief resources are programmed in a way that enhances development prospects in the longer term.

#### **D. Constraints**

The team believes that the reengineering guidance alone has not yet translated into strong CSPs that effectively link relief and development in the African context. To date we have found that in countries with relief and development issues:

1. Country strategic plans still largely reflect the old CPSP approach. True integration of relief and development goals have not been well addressed.
2. The country strategic planning process is still one of consultation rather than active engagement by all relevant parties. Thus, ownership is still largely limited to the Mission and the regional Bureau. (This is also reflected in the management contract, which is approved by the AA of the regional bureau only).

3. It is rare that there are country level strategic objectives that relate to food or non food relief. Therefore, the R4 guidance that requests results information on the impact of all USAID resources going into a country cannot be obtained from most Mission strategic plans as currently written.
4. While emergency program strategic plans can be limited in duration, there is no flexibility explicitly given in the ADS guidance for countries "in transition" from relief to development or vice versa.
5. There is a dearth of understanding about what crisis prevention means. Operationalizing the R4 guidance to look at crisis prevention comprehensively in the context of strategic planning is therefore open to question.
6. While BHR operating units are all developing strategic plans, how those plans will be coordinated is not yet clear. In addition, they will likely be reporting results at a level higher than country level results, where resource integration is most important. This leaves some question regarding the relationship between BHR centralized reporting and country level reporting.
7. In addition, despite the monitoring and reporting burden often placed on a USAID Mission by the presence of refugees in-country, the impact of these populations as well as the assistance provided to them, are usually omitted in strategic plans and results reporting on transition countries because those resources are managed by the State Department Bureau for Population, Refugees and Migration (PRM). Explicit reference to the inter-relationship or potential synergies between State PRM resources and USAID resources is rare.

#### **E. An Integrated Strategic Planning Process**

The Team is promoting an Integrated Strategic Planning (ISP) process for transition countries that aims to overcome some of the deficiencies we have noted to date in terms of striving for country strategies that truly integrate resources and thus reflect Agency-wide interests. The process aims to both operationalize the reengineering guidance on joint planning and integrated resource approaches, and to expand the CSP concept to assure that the State Department foreign policy and refugee strategies are included for transition countries.

An ISP process is currently underway for the Somalia CSP and includes the following elements:

1. It fully operationalizes a multi-Bureau, multi-Agency team approach to strategic planning. Consultation is not enough. State Department and USAID staff from all relevant offices are actively engaged in every stage of the planning process. State and USAID/Washington staff serve as virtual team members during field design; Washington team members from State, AFR and BHR travel to the field to engage in strategic planning.

2. Parameter setting meetings, as explained in the ADS Chapter 201, include multi-Bureau guidance to the field on indicative resource levels and program direction, and conveys U.S. foreign policy, including refugee, interests. The parameter setting meeting is jointly chaired by involved Bureaus and the State Department.
3. The Issues Paper for the parameters meeting is a jointly drafted paper by the multiple USAID Bureaus involved and the State Department. It includes certain key questions which must be answered regarding projected funding levels from all Agency spigots. This Issues Paper process serves as a consensus building exercise.
  - Parameter setting for transitional countries should help foster more realistic expectations on the part of the U.S. Government and others regarding the immediate and future levels of U.S. resources to flow into that country. It should also provide some guidance regarding the mix of resources for crisis prone areas to help stabilize a region versus the traditional high potential "development areas."
4. The Team's *Principles and Operating Guidelines to Linking Relief and Development* are used as a tool in the strategic planning process.
5. The CSP document ultimately crafted with this approach includes the State Department perspective on foreign policy interests and State PRM's refugee strategy. It also deals directly with such issues as crisis prevention, mitigation and preparedness. (It is not yet clear how the State/PRM strategy will be merged with the traditional CSP strategic framework.)
6. Inclusion of multiple Bureaus activities within a strategy as well as State Department programs raises questions as to how the management contract will work in plans undertaken with the ISP approach.

## **F. Identifying Transition Countries**

The parameter setting exercise used during the CSP process for sustainable development countries often relies on the annual Performance Based Budgeting System (PBBS) that the Africa Bureau has devised to rationalize resource allocation of DFA resources based on country performance (as opposed to USAID program performance). It follows a complex "threshold analysis process," scoring sustainable development countries against need, economic policy and democracy/governance performance. While the PBBS forms the basis for the allocations, there are also more subjective aspects to the analyses, such as U.S. Government foreign policy interests, USAID program performance, etc., which factor into the final decision on DFA funding. Though narrowly applied, the PBBS is a starting point for promoting a systematic and transparent allocation process for some countries.

There is presently no way to rationalize systematically the allocation of resources across designated transition countries. Indeed, the very notion of what a transition country is remains open to question. Currently, the CSP process is basing resource allocations for many transition countries on a country by country basis based on Congressional earmarks, what is "left over" after allocations to sustainable development countries have been made,

and on general perceived level of foreign policy interest. The Team believes USAID programming in transition countries would benefit from discussion about how to identify transition countries and what kind of rational, transparent resource allocation process can be applied.

## **G. Recommendations**

1. AFR/SD, BHR/OFDA, CDIE and others engaged in research and writing related to linking relief and development should form a team to coordinate research efforts and determine how their findings can be practically applied to USAID programming.
2. Reengineering staff, in consultation with USAID Bureaus, should reconcile the current strategic planning and R4 ADS guidance, ensuring that they send a consistent message with regard to Missions' need to consider crisis prevention in their strategic plans. The strategic planning guidance will likely need to be amended to capture the new crisis prevention information provided in the R4.
3. Reengineering staff and USAID Bureaus should work together to provide supplementary guidance and technical support to help Missions understand and operationalize the R4 requirement that CSPs fully consider the concept of crisis prevention in the context of strategic planning. Some technical assistance (relating to prevention and mitigation of human-caused crises) might be obtained through the G Bureau, Democracy and Governance Center, Indefinite Quantity Contracts.
4. The Transitions Team should document the Somalia ISP process to delineate the steps taken during the process and consider, in concert with reengineering staff, how future strategic planning guidance might be amended or supplemented to reflect this process. It should provide guidance to others initiating an ISP process for other strategies.
5. USAID should promote an ISP process for all CSPs undertaken for countries in transition from relief to development, or vice versa. This would include countries in which there are not multiple sources of funding, e.g., the Sudan program where no DFA funds are expended, or the Eritrea program, where no IDA funds are presently being used. **The team considers all the Horn countries to be close enough to dramatic transitions from or to relief that they deserve the designation "transition" for the purposes of the ISP process.** (Djibouti might be an exception, where there is no USAID program at all.) The ISP process, in fact, has relevance for all countries in which USAID works and might ultimately be used widely beyond the Greater Horn region.
6. The Agency should adopt the *Principles and Operational Guidelines to Linking Relief and Development* as an Agency policy paper and reference tool for strategic planning.
7. Reengineering staff and USAID Bureaus should further consider the relationship between country level Mission strategic frameworks and central Bureau (G and BHR) strategies to assure that results relating to all Agency resources are being captured at the appropriate levels.

8. Reengineering staff and USAID Bureaus should participate together in a series of discussion sessions, to include State Department staff, to consider how to identify transition countries and what system should be applied to rationalize resource allocations to them. The Transitions Team should be prepared to chair such sessions, if appropriate.

## **VIII. Policies and Procedures**

### **A. The Issue**

Certain USAID policies and procedures hinder successful relief-development linkages.

### **B. Discussion**

The list of policies and procedures outlined below is meant to highlight some of the challenges USAID staff working in transition situations have faced. The Team recognizes the valid intent behind many of the requirements discussed. We were not, within the context of this review, able to explore fully how some processes and procedures could be streamlined to facilitate USAID work in the field. In some cases, we recommend further review, perhaps using the Case Study funds available to the Team, to explore some of the identified constraints in more detail. Some of them may also be addressed within the context of USAID reengineering and the New Partnerships Initiative (NPI).

#### **1. BHR Emergency Requirements**

BHR/OFDA releases IDA funds based on a "disaster declaration" from the U.S. Ambassador in the affected country. Disaster declarations must be made annually in order to assure continued allocation of IDA funds to the affected country. Should the Ambassador decline to re-declare the disaster, IDA funds become unavailable for rehabilitation as the country situation moves into transition. This is true despite the fact that IDA funds are designated not only for immediate disaster relief, but also for rehabilitation and reconstruction.

As a result, the requirement encourages the re-declaration of disasters for countries that in fact have moved into transition status. This may be unpalatable to both the U.S. Government and the affected country since governments often do not want to declare to the international community that it is facing a "disaster" at the time it is seeking to stabilize. This was recently the case for Ethiopia as it sought to receive IDA funds to complement an ongoing Title II emergency feeding program. (Note: A disaster declaration is not required for the release of Title II emergency food aid resources.)

Consistent with the annual disaster declaration requirement, BHR/OFDA program activities are only funded up to 12 months at a time, despite the fact that many programs are multi-year. While this is done to ensure that funding is available for quick onset disasters, it limits the extent to which longer term funding can be planned for recovery and rehabilitation.

Review of emergency proposals at BHR/OFDA is focused in the first instance on a grantee's ability to save lives and reduce human suffering quickly. Current proposal review guidelines do not address elements of participation and other principles of linking relief and development, however, such as empowering disaster survivors and reducing the potential negative impact of relief programs on long-term development prospects. BHR/FFP currently does not have guidelines for emergency food aid proposals.

BHR/OFDA and BHR/FFP rely almost exclusively on PVO/NGO and multilateral organizations for the delivery of U.S. Government humanitarian and transition assistance. This can cause tension between the implementors and transition governments, as the new governments observe the majority of donor resources being funnelled through nongovernmental agencies. (See the discussion in Section 5 below.)

## 2. Prevention, Mitigation and Preparedness (PMP) Activities

Historically within USAID, prevention, mitigation and preparedness (PMP) activities have focused primarily on natural disasters. BHR's PMP Division within OFDA has achieved significant results in strengthening the capacity of many governments, particularly in Latin America, to respond to natural disasters. Although the preponderance of OFDA resources is now going to complex, long-term humanitarian assistance programs, the adaptation of PMP concepts for this context has lagged behind. Some creative work was done in the area of indigenous seed replication during the Rwanda crisis. BHR/OFDA/PMP is now recrafting its PMP strategy to increase its relevance to complex emergencies.

The Africa Bureau also funds PMP activities, most notably FEWS (the Famine Early Warning System), which focuses primarily on early warning of potential disasters due to drought and other natural occurrences. The vast majority of development activities programmed by AFR, however, have not been undertaken with PMP objectives in mind (although some do serve those objectives). The fourth principle of linking relief and development is "Development for Disaster Prevention," in which development programs are consciously designed to address root causes of disaster vulnerabilities and incorporate disaster preparedness into development objectives. USAID's new R4 guidance asks Missions to address these issues but this is a new way of doing business and many Missions may have difficulty operationalizing the concepts.

## 3. Requirements for Establishing a USAID Mission

The formidable and numerous requirements that need to be met in order to re-establish a USAID presence in countries emerging from crisis, as well as the lengthy activity approval process for new development activities, slow our ability to promote effective transitions. These procedures slowed our response to the Ethiopia, Eritrea and Rwanda transitions and will impede our ability to move quickly in countries such as Sudan or Somalia should USAID in-country presence become warranted. (Annex II documents the lengthy processes that slowed our ability to respond to the transition in Ethiopia.)

## 4. Support to Host Governments in Transition

In most transition situations, there is debate about the extent to which USAID and other donors should provide direct support to a newly formed government. If such support is desirable, there are a number of policies that limit USAID's ability to provide it.

-- Non Project Assistance (NPA), i.e. cash transfers to a government to support policy reform, can play an important role in stabilizing new governments. It promotes a participatory dialogue and emphasizes African ownership of the myriad policy issues a new

government faces. It can build the capacity of the relevant institutions to make choices regarding reform, while providing them with the necessary resources to support those choices. USAID's policies governing NPA limit the use of NPA as a tool in transition situations. In order for a government to receive NPA cash transfer funds, it needs to have a clear policy direction, an established foreign exchange system, and the ability to manage its budgetary resources and track local currency. These financial requirements, while very important to preclude support for corrupt governments, are often difficult for new or transition governments to demonstrate and impede USAID's ability to support such governments (e.g. Eritrea and Rwanda).

-- BHR/OFDA policy is to channel IDA funds for relief and rehabilitation through the PVO community and international organizations. It is rare to see funds channeled through host governments. Similarly, BHR/FFP Title II emergency programs are largely channeled through PVOs and the UN World Food Program. While these approaches are sometimes appropriate to the situation, there are times when support for government assistance efforts might serve to stabilize the situation and speed transitions from relief to development.

#### 5. PVO Registration Requirements and Local/International PVO Partnerships Policies

In 1986, Congress established a statutory requirement that all PVOs receiving development assistance funds be registered with USAID's Office of Private and Voluntary Cooperation (BHR/PVC). Since 1984, Congress has also required that PVOs receiving development assistance derive at least 20 percent of their funds for international activities from non U.S. Government sources. While the registration requirement was eliminated from the FY 1996 Appropriations Act, the 20 percent funding requirement was not.

Accordingly, USAID has continued to require registration as a matter of policy. The registration process enables PVC to ensure that U.S. PVOs are meeting the statutory requirement to receive 20 percent of their financial resources for their international activities from sources other than the U.S. Government. The information PVC gathers in the registration process also identifies who the PVOs are, what services they provide, where they are active and how to contact them.

However necessary or useful, the Agency's registration requirements were long considered cumbersome and slow. In the context of reengineering, PVC streamlined the registration process for U.S. PVOs in 1995. Also in the context of reengineering and the Agency's New Partnerships Initiative (NPI), BHR/PVC solicited input from USAID missions and has nearly completed streamlining the process for local NGOs. This reform is important if USAID is to do more in the area of strengthening local capacities. Such strengthening has been identified by the Team as key to avoiding the creation of long-term local NGO dependency.

Streamlining the registration process is only a first step, however. If a local NGO does not qualify for funding, USAID often recommends that that organization partner with a recognized international PVO. The international PVO is then responsible for both program results and accountability of funds. While this can be an excellent way to provide mentoring for local groups, this approach is not always practical or appropriate. It can provide loaded costs to doing business and can create forced collaboration between organizations.

Some governments in the Greater Horn of Africa have raised concerns that international PVOs and their local counterparts are usurping both resources and authority from government structures. USAID and other donors rely primarily on PVO/NGO and multilateral organizations to deliver humanitarian and transition assistance. These organizations are often perceived as competition, draining human and financial resources away from struggling new governments, and also as operating very independently, sometimes in ignorance or defiance of government policies. Increasing tension over this issue has occasionally resulted in the expulsion of these organizations, most recently in Rwanda.

## 6. Obligation Requirements

(Note: this constraint is mentioned given its historical importance and the fact that the FY 1996 appropriation retains the two-year obligation availability for DA funds.)

As noted in the discussion on legislation and regulations, DFA is "two-year" money, which means that it does not have to be obligated in the year that it is authorized or allowed. In practice, however, this is almost never the case. Missions are usually required by USAID/Washington to obligate the funds within one year or run the risk of either having the money rescinded or seeing a reduction in their OYB levels the following year by the amount not previously obligated. This practice relates to the need to find unobligated funds to use for unforeseen requirements and to the fear that Congress and OMB may reduce overall budgets if funds are not obligated in the same year as provided. This contradicts the very flexibility intended to be given to the Agency by the DFA.

AFR also often moves to quickly deobligate development funds from countries that experience crisis and transfer these monies to other sustainable development countries. While this policy may be appropriate in some cases, in others -- where transition into and out of crisis occurs relatively quickly -- it may be a shortsighted approach.

## 7. Evaluation Methodology

Currently, evaluations of USAID disaster relief programs are not conducted to assess the extent to which they have promoted relief to development linkages. Similarly, evaluations of development activities do not consider the extent to which root causes or potential for conflict are being addressed through development.

## C. Recommendations

1. Revise BHR/OFDA policy to allow IDA funds to be obligated for longer than 12 months at a time on a funds available basis in designated transition countries.
2. Revise BHR/OFDA proposal guidelines and develop BHR/FFP emergency proposal guidelines to assure that implementing partners address the relevant principles and operational guidelines of linking relief and development. Assess at BHR proposal reviews the extent to which the implementing partner does so and include a written statement on these issues on the funding authorization form. Include in grant

documentation a requirement that these issues be addressed in any evaluations conducted by the grantee.

BHR should take a "phased" approach to this procedure, applying the "test" of the principles initially to rehabilitation activities and applying them to acute emergencies within one year.

3. As noted in the *Program Planning* recommendations, USAID should provide supplementary guidance and technical support to USAID missions seeking to operationalize the new R4 requirements. (The new guidance states that strategic plans should consider the concept of crisis prevention, including the root causes of disaster and disaster preparedness, mitigation and response.)
4. BHR should establish formal mechanisms whereby AFR and G technical staff participate in BHR proposal reviews for relief and rehabilitation programs.
5. Similarly, AFR and the G Bureau should establish BHR participation in technical review panels for relevant regionally and centrally funded development activities.
6. BHR should participate on Mission Strategic Objective teams as virtual members or through its field representatives to assure participation on relevant development activity designs and approval processes.
7. Using the revised BHR/OFDA/PMP strategy as a starting point, BHR should establish mechanisms for expanding its Prevention, Mitigation and Preparedness (PMP) activities beyond those related to natural disasters to address complex emergencies.
8. The Team, in concert with reengineering staff, should review Annex II requirements (*Steps Taken to Make the Transition from Relief to Development in USAID/Ethiopia*). It should consider if USAID's reengineering and "downsizing" adjustments effectively streamline those processes. If needed, they should commission a case study to:
  - a. review all documentation and other procedural requirements related to the opening of a Mission and recommend alternative practices, such as streamlining the processes involved with establishing an in-country USAID presence.
  - b. examine whether a minimum direct hire presence should always be maintained if a certain level of USAID humanitarian assistance is expected to be provided.
  - c. consider whether reengineering fully provides the kind of programming flexibility and reduced reporting requirements that Missions in previous transition contexts have called for. USAID may still require some special procedures and reporting exemptions if Missions are to take full advantage of program opportunities in transition contexts.

9. The Team should commission a case study to explore the issue of direct support to host governments in countries transitioning from relief to development. This case study should consider the comparative advantages of NPA to new governments and the effectiveness of this approach in countries where it has been done by USAID or other donors. It could include a review of the availability of different resources for use as NPA by USAID (DA, ESF, Title III and the resulting local currency generated), and consider if potential modifications of USAID regulations to facilitate NPA during transition periods are desirable. In addition, the case study could consider other comparative advantages of channeling relief and rehabilitation resources through new governments and the effectiveness of this approach where it has been done by USAID and other donors.
10. The GHAI PVO/NGO Partnership Team, in consultation with the appropriate USAID offices, should consider what alternatives exist to "partnering" between indigenous and international PVOs that will also assure accountability and enhance local capacity.

One current proposal to address partially this constraint is to engage the services of an established local or regional accounting firm to handle administrative/financial oversight functions. NGOs and governments might be less adverse to this strategy since it employs local mechanisms and provides the added benefit of keeping all grant resources flowing within the country or region.

11. The GHAI PVO/NGO Partnership Team, in consultation with the appropriate USAID offices, should also develop guidelines to assure that partnering arrangements include the transfer of capacity from the international PVO to the local NGO in a prescribed time period.
12. The GHAI PVO/NGO Partnership Team (in consultation with NPI staff and relying heavily on field input) should conduct a policy review and provide recommendations to address tensions between PVOs/NGOs and governments in the GHA region, or assist field Missions in conducting such a review.
13. AFR should allow Missions and other operating units with programs in the Greater Horn region to utilize the legislatively mandated two-year authority for obligation of DFA funds as a way to promote better programmatic decision making and greater program impact. USAID should first explain the rationale to OMB and the Congress prior to granting this flexibility to assure that following year funding levels are not affected.
14. AFR should refrain from rapid deobligation of development funds from a country that moves into crisis and first consider the merit of retaining at least some of those funds to support potential transition programs.
15. With regard to USAID evaluations, the Team recommends:
  - a. USAID humanitarian assistance programs should be evaluated to determine the extent to which they adhere to relevant relief-development principles.

- b. Development program evaluations should also include assessment of the extent to which the relevant principles were observed.
- c. USAID's Center for Development Information and Evaluation (CDIE) should be charged with modifying relief and development evaluation methodologies currently utilized by the Agency to assure that they examine how relief programs promote or hinder development and how development programs are addressing potential root causes of conflict.

## **IX. Next Steps**

The Team plans to present its findings and recommendations to senior managers of USAID with the hope that the Agency will embrace these concepts and provide appropriate guidance to relevant Bureaus and offices to effect change along the lines outlined in this paper.

In addition, the Team, through discussions with the PVO/NGO community and other U.S. Government agencies, will recommend that these entities conduct a similar review of their own internal constraints in order that we might all work more effectively together in promoting rapid transitions from relief to development.

**LINKING RELIEF AND DEVELOPMENT  
IN THE GREATER HORN OF AFRICA**

**USAID CONSTRAINTS AND RECOMMENDATIONS**

**Annexes**

- I** Characteristics of Relief Planning and Longer Term Food Security Planning
- II** Steps Taken to Make the Transition from Relief to Development in USAID/Ethiopia
- III** Summary of Recommendations
- IV** GHAI Transitions Team
- V** Linking Relief and Development -- Conceptual Framework\*

\* This conceptual framework was used by the Team to present orally the findings and recommendations contained in this paper.

**Annex I**  
**Characteristics of Relief Planning and Longer Term Food Security Planning**

Objectives	Relief Planning	Longer term food security planning
General	Immediate relief for a population from inadequate access to food, and the threat of excess mortality	Longer term and sustainable improvement in a population's access to food, increasing self-reliance to reduce dependence on externally provide resources
Timescale	Short term, urgency	Long term, evolutionary

<b>Approach to Planning and Implementation</b>		
Level of Planning	Centralized	Decentralized
Style	Top down, often hierarchical	Bottom up, participatory*
Management	Resource intensive, predominance of expatriate personnel	Resource extensive, emphasis on indigenous management
Information requirements	Specific information on relief need to direct immediate action - who and how much. Emphasis on early availability of information	Detailed information on food insecurity: types of food insecurity, who, and why cumulative process of information collection over time
Information collection	Rapid, often formal surveys carried out by visiting teams	Flexible systems of data collection usually emphasizing participation of target population
Role of target population	Passive	Active, participatory providing key resources*
Source of resources	Heavily donor dependent	Recipient government and local community contributions expected as well as resources provided by donors
Mobilization of resources	Rapid emergency procedures for releasing donor resources	Procedures for releasing funds (both by donors and recipient government) often require detailed and lengthy processes of appraisal and approval

<b>Interventions</b>		
Type	Usually standardized, single tracked activity	Multidimensional, varied activities
Profile	High profile	Low profile

<b>Winding-up of Donor Support</b>		
Process	Emphasis on rapid withdrawal of relief, often abrupt removal of donor supported structures and systems	Emphasis on handing over local management and funding, leaving systems in place*

\* Indicates characteristics which are most difficult to achieve in practice.

## Annex II

### Steps Taken to Make the Transition from Relief to Development in USAID/Ethiopia

In November, 1991, USAID made a commitment to help the new Transitional Government of Ethiopia (TGE) move away from relief to rehabilitation and development. The process of creating a program fully capable of managing this transition was not completed until September, 1993, when the last of the staff arrived in Addis. Below is a list of steps (administrative, legal, and programmatic) that had to be taken.

- "Redesignate from Office of the AID Representative/Ethiopia to a full USAID Mission" memo. Approver: Administrator. Clearances: AFR/EA, AFR/DP, GC/AFR, DAA/AFR, State/AF/E, AFR/MRP, OPS, FA/B, AA/FA. (Note: in the case of Eritrea, a Request to Establish an AID Office memo was required. This memo took over a year to get clearance from M.)
- "Establish USAID/Ethiopia as a Schedule B Mission under DOA 551" memo. Approver: AA/AFR. Clearances: AFR/EA, AFR/DP, GC/AFR, DAA/AFR.
- "Authority to Negotiate and Sign AID Agreements with Ethiopia" memo (Circular 175). Approver: Administrator. Clearances: AA/POL, AA/OPS, GC, DAA/AFR, AFR/EA, State/AF/E, State/L/AF, State/L/T.
- Payment of Brooke Amendment debt after a Section 614 Waiver of Brooke Amendment Debt failed. Clearances from both State and AID. Required extensive discussions with DoD, USDA, AID and the TGE.
- "620(q) Waiver" for late debt payments, including "Deputy Secretary's Determination" and "Memorandum of Justification" for the Hill. Approver: Secretary of State. Clearances: State/AF/A, State/AF/EPS, State/AF/E, State/T, State/P, State/D/P&R, State/H, State/PM, State/EB/IFB, State/L/PM, AA/POL, AA/POL/PAR, AA/OPS, AA/AFR, GC, GC/AFR, FA/B, AFR/EA.
- Section 812 Waiver of the prohibition on the assistance to Ethiopia contained in the International Security and Development Assistance Authorization Act of 1985. Approver: President. Clearances: ?
- "Determination and Certification Under Section 8 of the Horn of Africa Recovery and Food Security Act" memo in order for USAID to provide assistance to the Ethiopian Government. Approver: the President. Clearances: numerous throughout AID, State, the NSC and the White House.
- "Taking into Consideration Certain Statutory Provisions Regarding the Provision of Assistance to Ethiopia" memo to ensure the government is not in violation of any of the provisions of the FAA. Approver: Administrator. Clearances: AA/OPS, AA/AFR, AFR/EA, GC, GC/LP, GC/AFR, State/AF/E.
- Bilateral Agreement with the TGE (Required extensive consultations with the Ethiopians). Approver: Administrator. Clearances: AFR/EA, AA/AFR, GC/AFR.
- Paris Club Agreement on Rescheduling Ethiopia's Debt.
- Transition Assistance Concept Paper.
- Concept Paper (strategy document) that outlined steps for a longer term development strategy.
- Annual "Country Checklist" of FAA requirements. Approver: AA/AFR. Clearances: AFR/EA, AFR/DP, State/AF/E, GC/AFR.

•Personnel Actions taken to increase staff from three professional USDH with humanitarian experience to six USDH with administrative and development expertise (does not include the de facto AID representative for Eritrea) in Spring/Summer, 1992, and to ten USDH in September, 1993:

- NSDD-38 approval cable and waiting period for each increase in staff. Approver: Ambassador. Clearances: AFR/EA, AFR/MRP, State/AF/E, State/FM/MP.
- FEOC Justification for Mission Director.
- Position Descriptions
- Old and new Mission functional statements
- Old and new Mission staff patterns
- Old and new Mission organizational charts
- advertise each position
- assignment process

•The transitional assistance program consisted of the following relief, rehabilitation and development activities:

- Title II Emergency
- Title II Regular
- Title III
- OFDA grants
- Demobilization (ADA)
- Program Support Grant (ESF)
- Orphans (DFA)
- Prosthetics (DFA)
- Development of Competitive Markets Program (DFA)
- Support to AIDS Control (DFA)
- Support for Democracy/Governance (DFA)

•The following steps were needed for all DFA and the Title III programs:

- Draft PAIP/PID (project documentation)
- Review PAIP/PID in AID/W through an issues meeting and then an Executive Committee Project Review (ECPR).
- Provide a reporting cable summarizing decisions and giving a delegation of authority to the Mission and REDSO to review and approve the next level of project documentation in the field.
- Draft PP/PAAD (project documentation).
- Project Checklist listing FAA requirements (Mission Action).
- Mission/REDSO review and approval.
- Draft Program Agreement, grants, etc. for obligation
- NPA programs required a number of analyses, such as institutional capacity, cost/benefit, social soundness, etc.
- "Host Country 25% Contribution Waiver" memo (AID/W action). Approver: AA/AFR. Clearances: AFR/EA, AFR/DP, GC/AFR
- "Initial Environmental Examination" memo to ensure that the project would not negatively impact the environment (AID/W Action). Approver: AFR/SD Environmental Officer. Clearance: AFR/EA, GC/AFR.

- In the case of NPA, a "Cash Transfer Approval" memo is required (AID/W Action). Approver: AA/OPS. Clearances: AFR/EA, AFR/DP, GC/AFR, AA/AFR.
- Congressional Notification (AID/W Action). Approver: Congress. Clearances: AFR/EA, AFR/DP, GC, AA/AFR, LEG.
- Budget Allowance (AID/W Action). Approver: FM. Clearances: AFR/EA, AFR/DP.

**Annex III**  
**Summary of Recommendations**

**USAID's Corporate Culture (Section IV)**

**Recommendations**

1. Establish a team, drawn from M, AFR, BHR, G, PPC, and other regional Bureaus to establish concrete, measurable incentives for USAID staff to acquire skills and experience in linking relief and development. Incentive and training suggestions provided to the Transitions Team have been numerous and are outlined below. Each one should be given full consideration by the inter-Bureau team:

- a. Amend the new Agency Annual Evaluation Form (AEF) to reflect USAID's commitment to assisting countries facing complex emergencies or in transition and to furthering linkages between relief and development.

For example, incorporate into Section III of the AEF (*Specific Skills Area, Quality of Work*), a section on *Humanitarian Assistance Knowledge*, or include humanitarian assistance explicitly as a subset in the Development Assistance Knowledge category. Within this, there should be a point on understanding relief to development linkages. As currently written, the evaluation form suggests that the Agency does not value humanitarian assistance expertise.

A change in Section III of the AEF would also require revision of the related USAID performance guidelines, used to help make determinations on foreign service promotions.

- b. Encourage all USAID officers with policy and program responsibilities, including senior managers, working on or in countries that have substantial humanitarian assistance programs or that are considered to be "in transition" to have at least one AEF work objective that discusses their role in effectively promoting relief to development linkages.
- c. Revise the Agency's staff assignment process to assure bids are reviewed in the context of placing individuals in varied assignments over their career span that would include relief, development, transition and graduation scenarios.
- e. Create a new "backstop" category within USAID to enable Foreign Service Officer commitment to careers in emergency/transition work.
- f. Develop a "linking relief and development" course curriculum and require both disaster and development planners in Washington and the field to take this course. Offer this training to other U.S. Government agencies and promote similar training for our implementing partners (e.g., PVOs/NGOs) to assure they are able to reorient their operations and philosophies as we reorient ours.

- g. Incorporate aspects of "linkage" training into existing related institutional training activities, including BHR/OFDA's Disaster Assistance Response Team (DART) training and the new cd-rom Development Studies Program.
- h. Promote partnering and teamwork across Bureaus, especially through cross training of designated USAID staff outside of their areas of expertise.

For example, more development specialists (as well as State Department and Department of Defense staff) should be included in BHR/OFDA's DART training and relief specialists should be encouraged to take development courses. In addition, Washington-based officers working on emergency or transition country programs might usefully "shadow" for a period their counterparts in other offices monitoring the same country program.

## **Legislation and Regulations (Section V)**

### **Recommendations**

1. The General Counsel's Office (GC), in concert with the Bureau for Legislative and Public Affairs (LPA), should conduct seminars at regular intervals that will educate staff as to existing legislative restrictions and flexibilities. These seminars would allow for discussion of ways to address relief and development needs in conjunction with existing accounts so that funding for activities can be allocated in a way that minimizes restrictions. Representatives from other U.S. Government agencies as well as USAID implementing partners should also be invited to some of these sessions.
2. In the process of preparing for and conducting seminars, GC and LPA should create a summary reference guide that describes legislative and regulatory requirements and, where applicable, USAID flexibilities in interpreting those restrictions.
3. With respect to removing or modifying legislative constraints that do exist, the Team recommends that USAID/LPA initiate a dialogue with other U.S. Government agencies. If interest and commitment is evident, they should together designate a lead Agency to organize an inter-Agency working group to consider a DoD, State and USAID comprehensive inter-Agency approach to Congress that both identifies the broad problems the legislation creates and recommends specific measures for alleviating them across agencies.
4. Ideally, the coordinated approach proposed above would address the constraints that all Agencies face because of earmarks. However, the group also recommends that, given the high priority the GHAI and countries in transition have within the U.S. Government, USAID should consider one or more of the following options, namely:
  - a. seek approval in the near term to exempt the Greater Horn of Africa region from meeting earmarks;

- b. seek a broader description of activities qualifying for earmarks in all Greater Horn countries, thereby allowing maximum flexibility in meeting GHAI objectives;
- c. seek a broader description of activities qualifying for earmarks in all countries designated to be in emergency or transition status, thereby allowing maximum flexibility for such countries worldwide;
- d. adhere only to those earmarks legislated by Congress. Limit self-imposed earmarks where possible.

The Team recognizes that without overall earmark relief from Congress, enactment of recommendation 4a) would place a greater earmark burden on other country programs. This option is included due to the high priority earmark relief was given by Missions in the Greater Horn region as they provided input for this paper.

- 5. USAID might seek "notwithstanding" authority for all DA/DFA funds in GHA countries. This would provide some of the other flexibilities described in the discussion section above that relate to IDA funds.
- 6. The Transitions Team should monitor and document USAID/Ethiopia's efforts to pool local currency with other donors. If successful, it should determine its applicability to other contexts, and if relevant, widely disseminate the information.
- 7. AFR should work in consultation with the Team to consider various options to help ensure that a CN/TN process for unforeseen needs does not slow response in the field. Reengineering's focus on results packages instead of projects may provide the needed flexibility (although it is not clear that Congress has embraced this approach.)
- 8. With regard to audit procedures, the GHAI PVO/NGO Partnership Team should work with PVOs/NGOs and the Office of Procurement (OP) regarding the design of alternative audit procedures for non-U.S. PVOs. OP is seeking PVO input but has received little to date.

## **Resources: Financial and Human (Section VI)**

### **Recommendations**

The Team recognizes that discussions are underway regarding how USAID might be reconfigured to allow for continued operations with fewer financial and human resources. This review may lead to significant changes in how Missions are staffed and managed and how scarce financial resources are allocated. Team recommendations are put forward with the recognition that the issues we are seeking to address will be affected by the larger human/financial resource issues facing the Agency.

1. The integrated strategic planning process outlined in the following section is relevant for addressing the Agency practice of neglecting to look comprehensively at all USAID resources going into a country.
2. Upon review of country strategic plans, USAID/W should base staff allocation levels on the number of personnel needed (direct hires or non-direct hires) to monitor and manage effectively the total amount of USAID resources flowing into that country from all accounts, including food aid. (Staff levels have traditionally been linked to DFA OYBs.)
3. The Team should prepare a discussion paper examining the resource decentralization issue. The paper should consider the various interpretations of decentralization that exist within the Agency and their relationships to reengineering and related changes in field mission management.
4. To address lack of sufficient staff in transition periods, USAID should retain the Disaster Assistance Response Team (DART) concept used at the height of emergency operations to place sufficient numbers of staff with appropriate skills in transition countries. Similarly, development experts should be included on emergency DART teams to provide the developmental perspective on relief activities.
5. USAID should exempt countries in transition from PSC (non-direct hire) and FSN (foreign service national) ceilings set by the Agency. (A USAID process for designating countries as "in transition" and therefore triggering this exemption is recommended in the following section.)
6. The cross training recommendations between relief and development staff and other personnel changes outlined in the "corporate culture" recommendations section are also relevant here.

## **Program Planning (Section VII)**

### **Recommendations**

1. AFR/SD, BHR/OFDA, CDIE and others engaged in research and writing related to linking relief and development should form a team to coordinate research efforts and determine how their findings can be practically applied to USAID programming.
2. Reengineering staff, in consultation with USAID Bureaus, should reconcile the current strategic planning and R4 ADS guidance, ensuring that they send a consistent message with regard to Missions' need to consider crisis prevention in their strategic plans. The strategic planning guidance will likely need to be amended to capture the new crisis prevention information provided in the R4.
3. Reengineering staff and USAID Bureaus should work together to provide supplementary guidance and technical support to help Missions understand and

operationalize the R4 requirement that CSPs fully consider the concept of crisis prevention in the context of strategic planning. Some technical assistance (relating to prevention and mitigation of human-caused crises) might be obtained through G Bureau, Democracy and Governance Center, Indefinite Quantity Contracts.

4. The Transition Team should document the Somalia ISP process to delineate the steps taken during the process and consider, in concert with reengineering staff, how future strategic planning guidance might be amended or supplemented to reflect this process. It should provide guidance to others initiating an ISP process for other strategies.
5. USAID should promote an ISP process for all CSPs undertaken for countries in transition from relief to development, or vice versa. This would include countries in which there are not multiple sources of funding, e.g., the Sudan program where no DFA funds are expended, or the Eritrea program, where no IDA funds are presently being used. **The team considers all the Horn countries to be close enough to dramatic transitions from or to relief that they deserve the designation "transition" for the purposes of the ISP process.** (Djibouti might be an exception, where there is no USAID program at all.) The ISP process, in fact, has relevance for all countries in which USAID works and might ultimately be used widely beyond the Greater Horn region.
6. The Agency should adopt the Principles and Operational Guidelines to Linking Relief and Development as an Agency policy paper and reference tool for strategic planning.
7. Reengineering staff and USAID Bureaus should further consider the relationship between country level Mission strategic frameworks and central Bureau (G and BHR) strategies to assure that results relating to all Agency resources are being captured at the appropriate levels.
8. Reengineering staff and USAID Bureaus should participate together in a series of discussion sessions, to include State Department staff, to consider how to identify transition countries and what system should be applied to rationalize resource allocations to them. The Transitions Team should be prepared to chair such sessions, if appropriate.

## **Policies and Procedures (Section VIII)**

### **Recommendations**

1. Revise BHR/OFDA policy to allow IDA funds to be obligated for longer than 12 months at a time on a funds available basis in designated transition countries.
2. Revise BHR/OFDA proposal guidelines and develop BHR/FFP emergency proposal guidelines to assure that implementing partners address the relevant principles and operational guidelines of linking relief and development. Assess at BHR proposal

reviews the extent to which the implementing partner does so and include a written statement on these issues on the funding authorization form. Include in grant documentation a requirement that these issues be addressed in any evaluations conducted by the grantee.

BHR should take a "phased" approach to this procedure, applying the "test" of the principles initially to rehabilitation activities and applying them to acute emergencies within one year.

3. As noted in the *Program Planning* recommendations, USAID should provide supplementary guidance and technical support to USAID missions seeking to operationalize the new R4 requirements. (The new guidance states that strategic plans should consider the concept of crisis prevention, including the root causes of disaster and disaster preparedness, mitigation and response.)
4. BHR should establish formal mechanisms whereby AFR and G technical staff participate in BHR proposal reviews for relief and rehabilitation programs.
5. Similarly, AFR and the G Bureau should establish BHR participation in technical review panels for relevant regionally and centrally funded development activities.
6. BHR should participate on Mission Strategic Objective teams as virtual members or through its field representatives to assure participation on relevant development activity designs and approval processes.
7. Using the revised BHR/OFDA/PMP strategy as a starting point, BHR should establish mechanisms for expanding its Prevention, Mitigation and Preparedness (PMP) activities beyond those related to natural disasters to address complex emergencies.
8. The Team, in concert with reengineering staff, should review Annex II requirements (Steps Taken to Make the Transition from Relief to Development in USAID/Ethiopia). They should consider if USAID's reengineering and "downsizing" adjustments effectively streamline those processes. If needed, it should commission a case study to:
  - a. review all documentation and other procedural requirements related to the opening of a Mission and recommend alternative practices, such as streamlining the processes involved with establishing an in-country USAID presence.
  - b. examine whether a minimum direct hire presence should always be maintained if a certain level of USAID humanitarian assistance is expected to be provided.
  - c. consider whether reengineering fully provides the kind of programming flexibility and reduced reporting requirements that Missions in previous transition contexts have called for. USAID may still require some special

procedures and reporting exemptions if Missions are to take full advantage of program opportunities in transition contexts.

9. The Team should commission a case study to explore the issue of direct support to host governments in countries transitioning from relief to development. This case study should consider the comparative advantages of NPA to new governments and the effectiveness of this approach in countries where it has been done by USAID or other donors.. It could include a review of the availability of different resources for use as NPA by USAID (DA, ESF, Title III and the resulting local currency generated), and consider if potential modifications of USAID regulations to facilitate NPA during transition periods are desirable. In addition, the case study could consider other comparative advantages of channeling relief and rehabilitation resources through new governments and the effectiveness of this approach where it has been done by USAID and other donors.
10. The GHAI PVO/NGO Partnership Team, in consultation with the appropriate USAID offices, should consider what alternatives exist to "partnering" between indigenous and international PVOs that will also assure accountability and enhance local capacity.

One current proposal to address partially this constraint is to engage the services of an established local or regional accounting firm to handle administrative/financial oversight functions. NGOs and governments might be less adverse to this strategy since it employs local mechanisms and provides the added benefit of keeping all grant resources flowing within the country or region.

11. The GHAI PVO/NGO Partnership Team, in consultation with the appropriate USAID offices, should also develop guidelines to assure that partnering arrangements include the transfer of capacity from the international PVO to the local NGO in a prescribed time period.
12. The GHAI PVO/NGO Partnership Team (in consultation with NPI staff and relying heavily on field input) should conduct a policy review and provide recommendations to address tensions between PVOs/NGOs and governments in the GHA region, or assist field Missions in conducting such a review.
13. AFR should allow Missions and other operating units with programs in the Greater Horn region to utilize the legislatively mandated two-year authority for obligation of DFA funds as a way to promote better programmatic decisionmaking and greater program impact. USAID should first explain the rationale to OMB and the Congress prior to granting this flexibility to assure that following year funding levels are not affected.
14. AFR should refrain from rapid deobligation of development funds from a country that moves into crisis and first consider the merit of retaining at least some of those funds to support potential transition programs.
15. With regard to USAID evaluations, the Team recommends:

- a. USAID humanitarian assistance programs should be evaluated to determine the extent to which they adhere to relevant relief-development principles.
- b. Development program evaluations should also include assessment of the extent to which the relevant principles were observed.
- c. USAID's Center for Development Information and Evaluation (CDIE) should be charged with modifying relief and development evaluation methodologies currently utilized by the Agency to assure that they examine how relief programs promote or hinder development and how development programs are addressing potential root causes of conflict.

**Annex IV  
GHAI Transitions Team**

***Washington-Based Team Members***

**USAID**

BHR/PPE, Team Leader:	Dina Esposito
BHR/OFDA:	Polly Byers
AFR/AA/DRC:	Linda Howey
AFR/EA:	Jeanne Pryor
AFR/SD:	William Lyerly
G/EG:	Ralph Cummings
GC/BHR:	Carolyn Karr
GHAI Task Force:	Shirley Hoffmann
ES, GHAI Task Force:	Catherine Stiff

**Department of State**

Bureau of Population, Refugees and Migration (PRM)

**Department of Defense**

Office of the Secretary of Defense, Special Operations, Low Intensity Conflict (OSD,  
SOLIC)  
National Guard Bureau (NGB)

***Field-Based (Virtual) Team Members***

**USAID**

Ethiopia  
Kenya  
Rwanda  
Somalia  
Tanzania  
Uganda  
REDSO/ESA

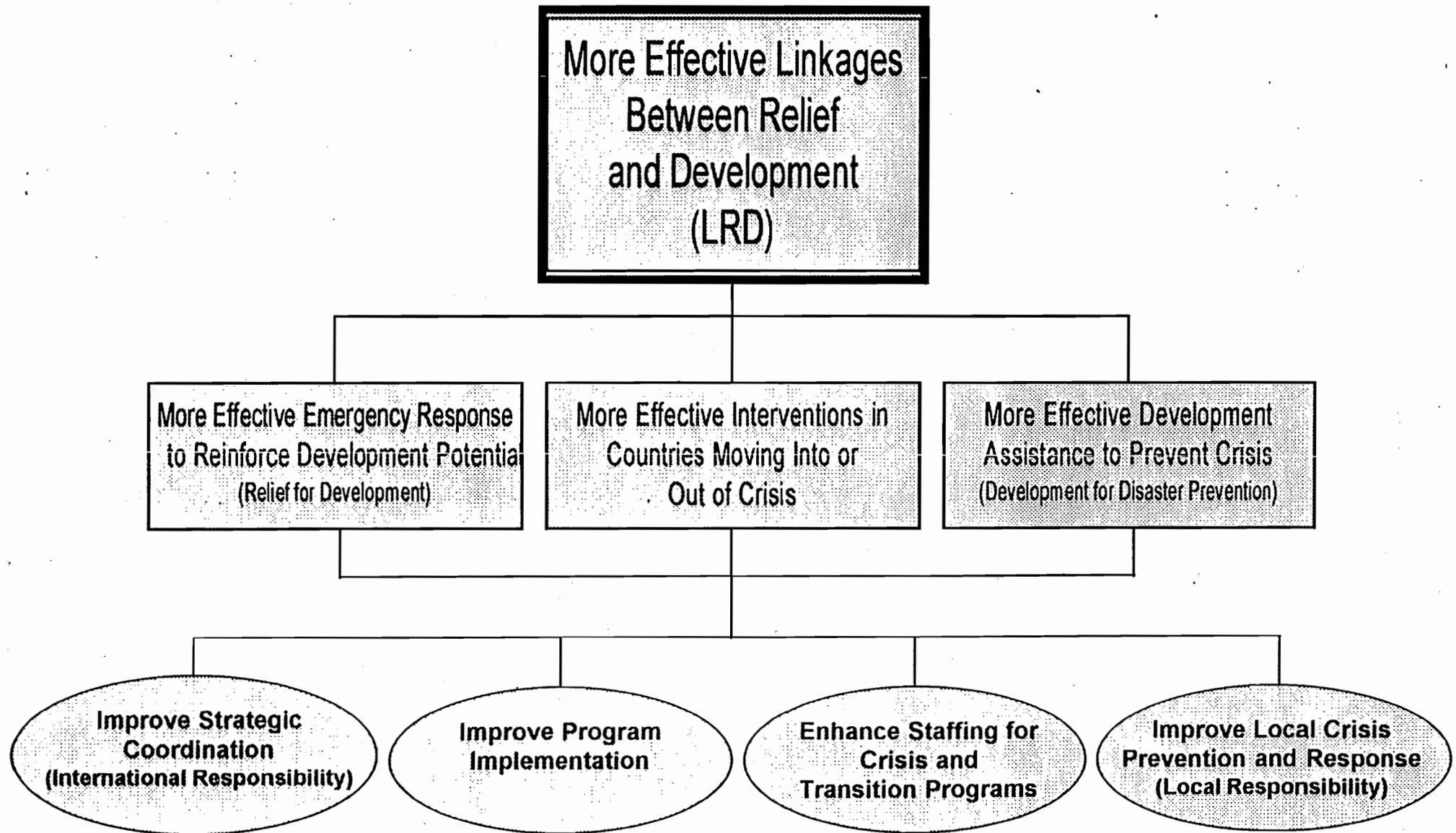
**Department of State**

Bureau of Population, Refugees and Migration (PRM)  
Ethiopia  
Uganda

**Annex V**  
**Linking Relief and Development -- Conceptual Framework**

This conceptual framework was used by the Team to present orally the findings and recommendations contained in this paper.

# LRD CONCEPTUAL FRAMEWORK



# Improve Strategic Coordination

## Planning

- Reconcile strategic planning and R4 guidance re: crisis PMP
- Promote the integrated strategic planning process for transition country strategic plans
- Provide guidance and technical assistance for "operationalizing" crisis prevention
- Develop system to identify transition countries and resource allocations for them
- Adopt LRD principles as Agency policy and reference tool for strategic planning

## Achieving

- Formalize AFR and G participation in BHR proposal reviews
- Formalize BHR participation on AFR and G technical reviews for regionally or centrally funded activities
- Formalize BHR and G participation on Mission SO teams (inc. virtual participation)

## Results

- Create inter-Bureau team to coordinate LRD research and its practical applications
- Amend Agency program evaluation standards and methodology to ensure adherence to LRD principles
- Review relationship between country level strategies and central Bureau strategies to assure all results are being captured

# Improve Program Implementation

## Legislative

- Survey other USG agencies to determine interest in addressing inter-Agency legislative constraints
- Seek earmark relief
- Seek notwithstanding authority for all USAID programs in GHAI countries
- Review options for satisfying CN/TN requirements for unforeseen needs

## Procedural

- Review requirements for Mission startup expansion in transition situations and provide recommendations for streamlining
- Consider need for streamlined procedures for transition programs
- Amend BHR proposal guidelines to reflect LRD principles
- Expand PMP activities to more fully address complex emergencies

## Funding

- Prepare a discussion paper on resource decentralization issue
- Allow IDA funding beyond one year in designated transition countries
- Allow GHAI Missions to utilize 2 yr. obligation authority for DFA
- Refrain from rapid deobligation of DA/DFA for countries facing crisis

# Enhance Staffing for Crisis and Transition Programs

## Training

- Develop and provide LRD training for USAID, USG and implementing partners
- Incorporate LRD training into existing training activities
- Promote inter-Bureau partnering and cross-training
- Conduct staff seminars on legislative constraints/flexibility vis-a-vis LRD
- Create a summary reference guide describing legislative restrictions/flexibilities

## Staff Allocation

- Revise staff assignment process to include LRD experience
- Create new backstop category for emergency/transition skills
- Determine staff allocations based on total resources in a country
- Retain DART concept in transition countries
- Exempt transition countries from PSC and FSN ceilings

## Performance

- Revise Annual Evaluation Form (AEF) and related performance guidelines to reflect importance of LRD knowledge
- Encourage inclusion of LRD work objective in AEF for staff working on transition programs
- Promote individuals who seek out LRD assignments and perform well

Improve Local Crisis  
Prevention and Emergency  
Response

Local Groups

- Support OP efforts to design alternative audit procedures for local NGOs
- Expand options for strengthening local capacity and accountability
- Establish guidelines to ensure transfer of capacity to local NGOs

Host Governments

- Conduct a policy review to determine how USAID can help address PVO/NGO tensions with host governments
- Analyze options, pros/cons of direct support and capacity building for governments in transition