U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID

Congressional Presentation
Fiscal Year 1998

BEST AVAILABLE

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

The Administrator

February 21, 1997

TO THE CONGRESS OF THE UNITED STATES

On behalf of the U.S. Agency for International Development, I am pleased to transmit the Agency's request for authorization and appropriations for fiscal year 1998.

The economic development of other nations is in both the U.S. national interest and the national interest of the nations to which we provide assistance. The following material and accompanying volumes describe in detail the Agency's programs, objectives and results.

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1998 CONGRESSIONAL PRESENTATION

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INTRODUCTION

The U.S. Agency for International Development's (USAID) FY 1998 Congresssional Presentation (CP) reflects the Administration's program and budget justification for the bilateral foreign assistance program.

The **Main Volume** of the CP document summarizes the budget request and discusses the programs and activities implemented through USAID's centrally funded programs and through the four geographic regions (Africa, Asia and the Near East, Europe and the New Independent States, and Latin America and the Caribbean).

Four regional annexes to the Main Volume discuss our programs in the geographic regions, including program narratives and activity data sheets. **Annex I** details programs and activities for Africa, **Annex II** details the programs for Asia and the Near East, **Annex III** details the programs for Europe and the New Independent States of the former Soviet Union, and **Annex IV** details the Latin America and Caribbean programs.

A separate volume of **Summary Tables** is included with this Congressional Presentation. These tables illustrate the foreign assistance budget request for FY 1998 and provide a detailed tabular breakout of the foreign assistance budget for FY 1996 (actual), FY 1997 (estimate), and FY 1998 (request) for the entire International Affairs (Function 150) account.

Finally, a separate **Statistical Annex (Annex V)** providing details for the USAID-managed programs will be submitted to the Congress following enactment of the FY 1998 appropriations.

STATEMENT OF THE ADMINISTRATOR

USAID directly contributes to the achievement of U.S. foreign policy goals, as articulated by the President and the Secretary of State, through our development and humanitarian assistance programs. I am proud to report that USAID is realizing measurable results in addressing the social, political and economic problems facing today's world. Consequently, U.S. interests are better protected, and the United States maintains its leadership role in international affairs.

The new challenges of the post-Cold War era require that we help countries move from states of conflict and repression to circumstances of economic and political rebirth. We also must assist countries to avoid implosion due to failed governance and violent competition over scarce resources. Finally, we must form effective partnerships to deal with the global problems that impact directly on the well-being of American citizens.

Our best weapons in addressing these challenges are programs that foster sustainable development and democratic institutions. Our efforts, however, will succeed only in those countries where all parties, including both the governmental and nongovernmental sectors, share a commitment to the development process. Thus, we can no longer afford to provide assistance to countries that fail to incorporate basic principles of good governance and sound economic liberalization into their development strategies.

The fact that much of the world has overcome many of the development problems evident three decades ago is a tribute to the unprecedented achievements made by our foreign assistance program. But the job is not complete. In many countries democratic institutions remain fragile, while in other countries endemic poverty persists. The countries of the former Soviet Union and Eastern Europe are in the process of initiating or consolidating political and economic reforms after more than 50 years of stagnation under communist rule. If we do not make modest investments to address these challenges now, we may have to bear the much heavier burden of responding to complex emergencies, which require the presence of peacekeeping forces and massive amounts of humanitarian assistance.

Our established agency goals remain tied to the following U.S. national interests:

- Promoting U.S. economic security to create markets abroad for U.S. goods through programs that support lasting economic growth in developing countries.

- Enhancing prospects for peace and stability in areas such as Central and Eastern Europe, the Middle East, and Central America by helping build institutions that support democracy, free enterprise, the rule of law, and a strengthened civil society.

- Preventing humanitarian and other complex crises before they occur, in an effort to stem the high financial and human costs of peacekeeping, refugee crises, and emergency relief operations.

- Protecting the United States from such specific global threats as unchecked population growth, the loss of biodiversity, and narcotics trafficking.

FUNDING TRENDS AND IMPACT

Funding for USAID-administered programs, other than food assistance, is proposed to rise from $5.8 billion in FY 1997 to $6.3 billion in FY 1998. This modest increase comes on the heels of several years of decline in the level of development assistance.

The programmatic impact of the proposed assistance has far-reaching consequences. Trade now accounts for almost one-third of our gross domestic produce (GDP) and U.S. exports are growing fastest in those countries where USAID is or has recently been engaged. Developing countries have proven to be particularly good customers for our high-value exports. A recent report from the International Food Policy Research Institute found that, for each dollar of assistance to agricultural research for developing countries, the export market available for donor countries expands by more than four dollars, of which more than one dollar is for agricultural commodities.

Economic cooperation creates American jobs through reductions in foreign trade barriers and through the development of strong overseas markets. USAID's assistance to further financial sector reforms help safeguard the integrity of U.S. financial institution lending overseas.

Our environmental activities protect U.S. citizens from disease, air and ocean pollution, and ozone depletion. We also support efforts to preserve species that might hold medical and agricultural value for future generations.

The distortions to economic and political systems stemming from narcotics, not to speak of senseless violence, place the democratic institutions of many countries at risk. USAID, through judicial training and drug awareness and law enforcement programs, helps strengthen democratic institutions in countries resisting the influence of drug traffickers.

Our health activities support the containment, treatment, and research into the causes of such diseases as polio, AIDS, and malaria and are vital to the protection of the health of U.S. citizens. USAID's efforts to reduce child mortality have led to the prevention of the deaths of an estimated four million infants and children annually. Family planning programs have contributed to stabilization of population growth rates in many countries, while at the same time reducing the numbers of elective abortions.

We also continue providing humanitarian assistance, including food aid, in countries facing natural or man-made disasters. Since joining the agency, I have emphasized the importance of linking our relief efforts with our broader development goals. The President's Greater Horn of Africa Initiative, which focuses on food security and conflict prevention, reflects our efforts to operationalize the relief to development continuum.

This year, we have requested funds for a food security initiative in Africa. Unless there is sufficient food produced and available for consumption in Africa the prospects for sustainable development are minimal. Conflicts within and between states will emerge from the shortages, with the inevitable tragic humanitarian consequence. I am convinced that, acting together with our development partners -- in the United States, in the developed world and in the African countries -- we can prevent, or at least minimize the impact of starvation, malnutrition and violent confrontation.

USAID cannot focus its programs just on survival, but must also help to build sustainable, long-term solutions to development problems. For example, we must not just seek to save children's lives, but also must help those children obtain food, health care, and basic education that enable them to grow up and become productive citizens with families of their own.

In a regional and worldwide context, USAID seeks solutions for a sustainable planet. For example, we work to help preserve vital environmental resources such as rain forests for future generations.

Our programs are designed to produce an integrated whole, i.e., healthy, productive people who are able to take care of their families and participate in and contribute to their nation's future in those developing countries with democratic institutions and free market economies. These countries then become partners in and contributors to a peaceful, stable world.

USAID: FUTURE PROSPECTS

Despite all of the tasks to be accomplished and the noble aspirations expressed, there are still questions raised about why USAID needs to exist. Four years ago I believe that was a fair question to be asked, and in fact, I asked it myself. We believe, however, that our success in reforming the agency and producing results answers that question effectively. More than any other agency, we have taken to heart the Congressional requirement for a results-driven allocation of funds, and we have applied that tough criteria to every one of our programs. We have also:

- Shifted our emphasis from welfare programs to self-help programs like microenterprise lending;

- Focused our programs on helping countries graduate from aid to trade;

- Graduated countries and left countries that were not interested in helping their own people; and

- Opened the door for more U.S. institutions to work with the agency in its programs -- 800 new partners in three years.

Fiscal year 1997 represents the first full fiscal year using the program, policy, and administrative guidance emanating from our reengineering exercise. Based on our experience, we can report concrete results in terms of improved efficiencies, more effective programs, and more focused and defined goals and objectives. We also have expanded partner and customer participation in activity and program design. We are daily demonstrating to the American people the value and efficiency of our activities. The reforms undertaken by the agency have resulted in a leaner, more focused and more effective foreign assistance program.

During the past year, USAID has delineated three categories of countries where we work. Our "full" missions are located in countries where specific development needs have been identified, where measurable results can be achieved, where distinct foreign policy interests are at stake and where the governments and other institutions demonstrate commitment to the achievement of our mutual objectives. U.S. assistance levels have forced the agency to reduce its staff to the bare minimum level required to manage the programs. If further budget declines occur in FY 1998, additional program reductions and mission closures will have to occur.

USAID also has the capacity to work in a maximum of ten "transition" countries that have moved from political and economic crises to more stable conditions of growth and development. Such programs are currently active in Bosnia, Rwanda, South Africa, Haiti, and Cambodia. While it is difficult to project the precise location of similar assistance efforts five to ten years hence, USAID is ready and able to respond quickly and effectively, in collaboration with other U.S. Government agencies, to specific foreign policy priorities in a post-conflict or rapid transition setting.

A second category of countries will have a more limited USAID presence. In these settings, USAID's programs will be restricted to two or three agency goals. Nonetheless, our presence will permit ongoing policy dialogue with the government and will allow us to maintain the same management-for-results standards as exist in our full missions.

A circumscribed amount of foreign assistance resources also will be expended in countries where there is no U.S. direct-hire presence. Programs in these countries will focus on discrete objectives, often involving specific global problems such as the environment or rapid population growth, or addressing particular foreign policy priorities such as support for a transition election. The programs in these settings will be managed by the Centers of Excellence in USAID's Global Bureau and will be implemented by USAID's nongovernmental and private sector partners.

To ensure continued effective implementation of program activities and the attainment of measurable results, USAID will maintain the skills necessary to help nations manage natural disasters, emerge from civil conflict, encourage conflict resolution and address the problems facing the poor worldwide. We will also maintain a modest research and evaluation budget, which will allow us to develop mechanisms that enhance our development capabilities and to learn from our experience.

Development and humanitarian assistance remain crucial components for realizing this Administration's and Congress's vision for our nation's future and its relations with the rest of the world. The FY 1998 request is the minimum level necessary to address the Administration's foreign policy goals; it is also consistent with President Clinton's plan to balance the budget by 2002.

The employees of this agency recognize that the United States has neither the solutions nor the resources to deal with all the needs that exist in the world today. But we know that this nation's history, -- with its commitment to democratic freedoms, values, and the rule of law, respect for the rights and dignity of the individual, and reliance upon individual initiative and self-help -- has made the United States the continuing envy of much of the rest of the world. Let us combine our innate strengths with the experience of more than three decades of leadership in the development arena to actively represent the interests of the American people in expanding our nation's values and standard of living around the world.

I look forward to working with each of you in this effort.

SUMMARY OF USAID
FISCAL YEAR 1998 BUDGET REQUEST

For Fiscal Year 1998, the President is requesting appropriations of $7,201,855,000 for USAID-administered programs, including those jointly administered with the State Department. The FY 1998 request compares to the FY 1997 appropriation level of $6,725,176,000. The FY 1998 USAID request includes funding for Development Assistance (DA), the Development Fund for Africa (DFA), the Economic Support Fund (ESF), Support for East European Democracy (SEED), and Assistance for the New Independent States (NIS) of the former Soviet Union. P.L. 480 Titles II and III Food for Peace resources administered by USAID are formally requested as a part of the U.S. Department of Agriculture (USDA) budget.

The following chart and subsequent descriptions provide further details in support of the budget request.

(in $ thousands)

Appropriation	FY 1996 Appropriated level	FY 1997 Appropriated level	FY 1998 Budget Request
Sustainable Development Assistance (DA)[1]	1,617,306	1,132,500	998,000
Child Survival and Disease Programs[2]	--	500,000	--
Development Fund for Africa (DFA is included in the 1997 DAF level above)	--	--	700,000
International Disaster Assistance	180,951	190,000	190,000
Credit Programs	13,000	11,500	11,000
USAID Operating Expenses[3]	494,317	488,250	473,000
Inspector General Operating Expenses	30,163	30,000	29,047
Foreign Service Disability & Retirement	43,914	43,826	44,208
Economic Support Fund & International Fund for Ireland	2,341,000	2,362,600	2,497,600
Assistance to the New Independent States	516,000	625,000	900,000
Assistance for Eastern Europe and the Baltics	644,000	475,000	492,000
P.L. 480 Food For Peace Title II	821,100	837,000	837,000
P.L 480 Food For Peace Title III	50,000	29,500	30,000
USAID Total:	6,751,751	6,725,176	7,201,855

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[1] The FY 1996 and FY 1997 appropriated DA levels exclude transfers to the African Development Foundation and Inter-American Development Foundation, totaling $31.5 million. FY 1996 DA also excludes $25 million to be used for operating expenses; FY 1997 DA excludes $17.5 million to be tranferred to operating expenses.

[2] Child Survival and Disease Programs covered under DA and DFA in FY 1998 request.

[3] The FY 1996 level includes $25 million DA and $500,000 SEED funds to be used for operating expenses. FY 1997 includes $17.5 million of the Sustainable Development Assistance account to be used for operating expenses.

DEVELOPMENT ASSISTANCE

The Sustainable Development Assistance account and the Development Fund for Africa provide support for activities worldwide that are designed to promote sustainable development in some of the poorest countries in the world. These nations represent the world's last great underdeveloped markets; USAID strongly believes that the modest and well targeted investments we make today in the form of human capital and the partnerships we establish with their communities will pay economic and political dividends to the United States well into the future.

Sustainable Development Assistance

The request for this acount in FY 1998 is $998 million. Sustainable Development Assistance is the core of USAID's program and is based on four integrated, interrelated and mutually reinforcing goals that are aimed at addressing the long-term interests of the United States. (The fifth goal of humanitarian Assistance includes USAID's request for International Disaster Assistance and the Food For Peace accounts.) These four goals include activities aimed at promoting broad-based and sustainable economic growth ($508 million); stabilization of population growth rates and protecting human health ($765 million); protection of the environment ($290 million); and increased democratic participation in open governments ($136 million). Through these programs USAID strives to create the economic and social stability needed for the next wave of U.S. trading partners to evolve, to increase our democratic allies around the world, and to enhance U.S. security by helping to prevent costly crises.

USAID's programs address the primary causes of social instability and underdevelopment by joining in partnership with the government and citizens of the country to address mutually identified problems. Development is sustainable when it permanently enhances the capacity of a society to improve its quality of life. Thus, while addressing problems in any one of the agency's four major goals, USAID also can achieve the facilitation of progress in the other areas. This is because USAID programs aim at increasing participation and empowerment; the impact of agency activities is felt far beyond any one specific development problem. USAID programs bring people at all income levels into the economic, social, and political processes in order that they may contribute to and benefit from national progress, with women and ethnic minorities emphasized. This is what sustainability is all about. It is also the process to create lasting trade and social linkages between the United States and the developing world.

Development Fund for Africa.

USAID has also implemented high impact, innovative programs under the Development Fund for Africa, for which $700 million is requested in FY 1998. The Administration is requesting reinstatement of a separate appropriation to underscore the United States' commitment to tackling Africa's complex development challenges. Though modest in scope, the resources requested for the DFA are a sound and critical investment for improving millions of lives in sub-Saharan Africa and will enable the United States to meet the challenges and opportunities for sustainable development in that region. As with the Sustainable Development Assistance account, DFA programming incorporates the four goals listed above. These resources are concentrated in those countries which are committed to sound economic policies and democratic governance. USAID is also making investments which reduce the likelihood of costly future humanitarian and disaster relief requirements and growing new markets for American trade and investment. Our efforts to promote market-based economic policies and stimulate economic growth in Africa also help fuel demand for U.S. goods and services from those countries.

USAID Credit Guaranty Programs

USAID's credit guarantee programs include the Micro and Small Enterprise Development Program, the Urban and Environmental Credit Program (formerly the Housing Guaranty program), and a request for new authority to transfer up to $10 million from Sustainable Development Assistance for an Enhanced

Credit Authority program. USAID believes there are significant instances in which U.S. development priorities can be best funded through credit, especially in emerging market countries and in countries moving toward graduation status. Credit resources permit the leveraging of private sector resources to support sustainable development and to enable USAID to reach populations it would not otherwise be able to reach. These programs enable people to feed themselves and their families better, educate their children, improve their health, and upgrade housing standards. Ultimately, the goal of all USAID credit programs is to allow the citizens of the developing world to concentrate on something beyond their next meal and free up economic growth potential of the next generation of U.S. economic partners.

Micro and Small Enterprise Development Program

This program requests appropriations totaling $1,500,000 for credit subsidies and $500,000 for program administration. The program uses loans and guaranties to encourage financial institutions to extend and expand credit to microenterpreneurs and small businesses. The Micro and Small Enterprise Development program is a grass-roots program. It is designed to help poor people create employment for themselves, acquire incomes, build assets, and join in the strengthening of the formal sector of the economy. Microenterprise and small loan programs provide the bridge to society for poor people, who until now have had no real connection to the economic mainstream.

Enhanced Credit Authority

The Enhanced Credit Authority will provide the agency with an important and timely tool to address its four strategic priorities. It will leverage agency resources more effectively through the use of market rate loans and guarantees to finance sovereign and non-sovereign development projects that are both developmentally sound and creditworthy and could be used to finance such projects as a municipal bond guarantee program to provide infrastructure project financing or a pilot waste water treatment facility. Budget authority is being requested to use up to $10 million in FY 1998 for this program, including up to $1.5 million for administrative expenses.

Urban and Environmental Credit Program (formerly the Housing Guaranty Program)

This USAID program extends guarantees to U.S. private sector investors who make loans to developing countries to support the formulation and implementation of sound housing and community development activities. These activities are targeted exclusively to meet the needs of lower-income groups in the assisted country with an emphasis on addressing the urban and environmental problems that impair human health, decrease child survival rates and prevent economic growth. The FY 1998 request for these activities totals $3,000,000 for subsidies and $6,000,000 for program administrative costs. The subsidies will leverage approximately $45 million in loan guaranties to help creditworthy borrowers.

International Disaster Assistance

USAID requests $190 million for this program, which includes $165 million for disaster relief managed by the U.S. Office of Foreign Disaster Assistance (OFDA) and $25 million for programs managed by the agency's Office of Transition Initiatives (OTI).

OFDA funds support emergency relief efforts. They also are used to improve the capacity of foreign nations to prepare and plan for disasters, mitigate their effect, and teach prevention techniques increasing the skills available locally to respond when disaster strikes.

OTI funds underwrite longer-term rehabilitation and recovery efforts for countries emerging from complex crises. It focuses on the special post-crises needs of nations that are not addressed by either emergency relief of long-term development programs. These efforts are designed to help nations return

to the path of sustainable development, prevent crises from becoming more impacted, and minimize the need for future, ongoing humanitarian and disaster relief.

Operating Expenses

This appropriation covers the salaries and other support costs associated with the operations of USAID worldwide. Operating expenses for USAID's Inspector General, and the costs associated with the administration of USAID's credit programs are requested separately.

During the past four years, USAID has undergone massive changes, some of them very traumatic, such as the reduction in force implemented at the end of FY 1996. Other changes have included: the closing of 26 missions by the end of FY 1996, with six more closing planned by the end of FY 1998; introduction and implementation of reengineering for many agency processes and practices; introduction of new management systems; development and implementation of methods of measuring results of agency development activities; and the pending move of agency headquarters into a single building during 1997. In FY 1998, USAID will continue to reduce staff in both Washington and overseas. As a result of these cost-saving actions, which are offset in part by increases due to worldwide inflation and the impact of pay raises, the FY 1998 request is $473 million, a reduction of about 8% from the FY 1995 appropriated level.

Inspector General Operating Expenses

This appropriation covers salaries and other support costs associated with USAID's Inspector General FY 1997 operations worldwide. Activities covered include audits, investigations, and security relating to USAID's worldwide programs and operations. The Office of Inspector General has reduced the number of supervisors, managers, and Senior Foreign Service-designated positions as well as overall staffing levels worldwide during the past two years. The Inspector General can operate at the requested funding level by using $4 million in no-year and multi-year funds to support FY 1998 operations.

The request of $29.047 million covers both the domestic and overseas operations of USAID's Inspector General.

Foreign Service Retirement and Disability Fund

These funds cover the mandatory costs associated with the inclusion of USAID foreign service employees in the fund. The FY 1998 request is $44.208 million.

ECONOMIC SUPPORT FUND

The Economic Support Fund advances economic and political foreign policy interests of the United States. To the extent feasible, the use of ESF conforms to the basic policy directions underlying sustainable development assistance. ESF can finance balance of payments and economic stabilization programs, frequently in a multi-donor context.

The FY 1998 request of $2.497 billion will be used to support countries in transition such as Haiti and Cambodia, to promote peace and stability in such countries as Israel, Egypt, West Bank and Gaza, and Turkey, Ireland and Cyprus and to assist countries in sub-saharan Africa with elections, political party building, and legislative training.

SUPPORT FOR EAST EUROPEAN DEMOCRACY

This funding supports activities authorized under the Support for Eastern European Democracy (SEED) Act of 1989. SEED is a transitional program designed to aid central and eastern European countries

through their difficult passage to democracy and market economies. These programs help establish competitive, market-oriented economies, build democratic institutions and establish linkages to the democracies of the west, and help sustain the neediest sector of the population during the transition period. USAID assistance helps provide the skills and attitudes of a modern accountable state, strengthen the rule of law, and advance the restructuring of these formerly socialist economies. As countries consolidate their political and economic transitions, they will be graduated from the assistance category, and funding for bilateral SEED programs will be phased out. The FY 1998 request is $492 million, including $225 million for Bosnian reconstruction and $267 million for other countries in the Northern and Southern Tiers, of which 45% will go to the Southern Tier.

ASSISTANCE TO THE NEW INDEPENDENT STATES OF THE FORMER SOVIET UNION

These funds support the activities established under the FREEDOM Support Act. USAID's assistance supports the fundamental U.S. foreign policy goals of consolidating improved U.S. security, building a lasting partnership with the individual New Independent States (NIS) of the former Soviet Union, and providing access to each other's markets, resources and expertise. The FY 1998 request is $900 million, of which $528 million is for the new Partnerships for Freedom program which will build on achievements to date and reorient U.S. assistance program, first to Russia and then for the other NIS countries, towards longer-term and more cooperative activities to spur economic growth and develop lasting links between our peoples.

P.L. 480 FOOD FOR PEACE PROGRAMS

USAID's Food for Peace programs (P.L. 480) provide both humanitarian and sustainable development assistance in the form of U.S. agricultural commodities. In addition, P.L. 480 also funds the farmer-to-farmer exchange program and a grant program to U.S. private voluntary organizations and cooperatives implementing P.L.480 activities. Although requested by the Department of Agriculture, P.L. 480, Titles II and III are administered by USAID.

Title II provides resources to U.S. private voluntary organizations (PVOs) and the World Food Program to implement sustainable development programs targeted to improve the food security of needy people, either by the direct distribution of agricultural commodities or the use of local currencies generated by the sale of these commodities in the recipient county. Title II also provides the vast majority of U.S. food assistance used to respond to emergencies and disasters around the world. The FY 1998 request is $837 million.

The Title III Food for Development program provides country-to-country grants of agricultural commodities to improve food security in the developing country and to promote agricultural policy reforms that encourage food production. These programs are tightly targeted on the poorest, most food-deficient countries in the world. The FY 1998 request is $30 million.

PROGRAM PERFORMANCE OVERVIEW

U.S. foreign policy and the national interest continue to be well served by sensible investments promoting economic growth and political stability abroad. From the visionary Marshall Plan 50 years ago that helped to rebuild Europe in the wake of the Second World War to creating a new generation of export markets across Asia, Latin America and Africa, foreign assistance remains a vital instrument of America's international leadership.

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

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

The U.S. Agency for International Development (USAID) administers America's foreign assistance programs, which account for less than one-half of 1% of the federal budget. The USAID strategic framework established goals in five areas.

- Broad-based economic growth achieved;
- Sustainable democracies built;
- World's population stabilized and human health protected in a sustainable fashion;
- Environment managed for long-term sustainability; and
- Lives saves, suffering reduced, and development potential reinforced.

These strategic objectives reflect the following U.S. foreign policy interests:

- Promoting U.S. economic security by creating markets abroad for U.S. goods and services through programs that support lasting economic growth;
- Enhancing prospects for peace and stability in Central and Eastern Europe, the Middle East, and Central America by building institutions that support democracy, free enterprise, and the rule of law and civil society;
- Preventing humanitarian and other crises before they occur in an effort to stem the high financial and human costs of peacekeeping and refugee and emergency relief operations; and
- Protecting the United States from the loss of biodiversity, unchecked population growth, and the spread of communicable diseases.

USAID is making tangible progress in achieving measurable results by concentrating its resources on a few pivotal and mutually reinforcing performance objectives within each strategic goal. Much of the progress in recent years is credited to the agency's focus on performance results. These efforts are centered on the implementation of country strategic plans that consider the agency's comparative advantage and the specific developmental needs of the recipient country. The indicators and targets together with actual performance data permit measurements of program impact that inform budget allocations, providing important incentives to the operating unit to produce results.

This overview of agency performance highlights the effectiveness of USAID's programs in 1995-1996 to support the advancement of the foreign policy agenda of the United States.

BROAD-BASED ECONOMIC GROWTH ACHIEVED

The growth in the importance of exports to the American economy is clear. The 1996 Economic Report of the President projects that this sector will grow faster than any other part of the U.S. economy over the coming decade. The growth of U.S. exports to countries receiving U.S. foreign assistance increased by 76% between 1990-1995. It is anticipated that four out of five consumers in the year 2000 will live in developing countries. The 64 of the 87 countries USAID works with have active socioeconomic growth strategies that are beginning to achieve positive growth rates. Tangible manifestations of the reduction in poverty that USAID has helped promote in the developing world include: increased incomes and expanded access to economic opportunities, improvements in life expectancy, increased literacy rates.

Despite tremendous advances in feeding a growing population, some 800 million people are still hungry, with concentrations in Africa and South Asia. And global food requirements are expected to double in the next 25 years. USAID is taking steps to meet this challenge through food security activities ranging from relief to long-term development.

A major new initiative in FY 1998 will focus directly on enhancing Africa regional food security by addressing: (1) major bottlenecks in agricultural policy, technology and rural infrastructure in several key African countries to support rural growth; (2) the need for tighter linkage between food aid and development assistance resources, better sectoral coordination of activities, and African "ownership" of programs; and (3) the linkages between better nutrition and agricultural growth. USAID will provide key research and policy support to the Africa initiative through its central program partnerships with centers of excellence, for example, U.S. universities and International Agricultural Research Centers.

To achieve broad-based economic growth, USAID has three primary objectives:

- Strengthened markets;
- Expanded access and opportunity for the poor; and
- Basic education expanded and improved to increase human productive capacity.

Strengthened Markets

USAID's economic growth programs are designed to enhance the productive capacity, both physical and human, of the developing world including those countries in transition. USAID programs spur income growth by helping government institutions become more efficient; by helping unleash vibrant, competitive, private markets to produce and distribute most goods and services; and by increasing worker productivity through basic education and technology transfer.

- Although per capita gross domestic product (GDP) fell by 8% during the 1980s in the Latin America and Carribbean region, it grew by 6% over the last four years, and total GDP

increased by an average of 3.4% during 1991-1994. This pattern slowed in 1995, largely due to the economic setbacks experienced in Mexico and Argentina. Excluding these two countries, all others in the hemisphere continued their positive growth trends. Nevertheless, real per capita GDP remains below 1980 levels for the region as a whole.

The gains from market liberalization are widespread in sub-Saharan Africa where 19 out of 26 countries registered economic growth in excess of 2% per annum last year. The continuation of these gains will lead to increased food security and the rise from poverty levels of increasing numbers of this continent's inhabitants.

- In Zimbabwe, grain marketing reform gave rural households cheaper and more varied food choices. Communities also are experiencing expanded entrepreneurship that resulted in the formation of 15,000-20,000 new microenterprises and 30,000-40,000 new jobs.

- In Ghana, the abolition of foreign exchange controls spurred a 30% increase in nontraditional exports to $180 million in 1995.

USAID cental programs support sustainable agricultural growth through the efforts of the International Agriculture Research Centers, collaborative research with U.S. universities aimed at expanding income and food purchasing power in rural societies, and reducing the incidence of hunger and poverty. Food security is a key part of USAID's integrated sustainable development program, and agriculture research is one of the most effective and sustainable investments. Through its central programs, USAID will provide key research and policy support to the Africa food security initiative.

USAID's agricultural research and technology development and transfer programs have increased yields, boosting agricultural growth around the world.

- In Bangladesh, a former major food importer, domestic vegetable production grew 50% between 1980-1994, with a 10% increase in the last three years, and a tenfold rise in maize production since 1992. These increases, combined with breakthroughs in rice production, are essential for the achievement of Bangladesh's food security goals.

By giving the citizens of the developing world the tools to advance their own economic well-being, the United States also helps its citizens. Direct assistance is provided to the private sector in countries around the world to improve entrepreneurial skills, productivity, and competitiveness. USAID efforts focused on helping nations develop the requisite skills to expand private sector economic participation, with an emphasis on activities to increase exports, including the implementation of appropriate macroeconomic policies and infrastructure, as a means for achieving measurable sustainable development results.

Accelerated economic growth in USAID recipient countries results in increased foreign trade and investment, which in turn creates new jobs and higher incomes for U.S. citizens. U.S. exports of goods and services increasingly drive the U.S. economy, and U.S. exports to developing countries now account for 44% of total exports.

- In Nicaragua, the value of USAID-supported nontraditional manufacturing exports increased 23%, from $13.5 million in 1994 to $18.5 million in 1995-1996, while the value of non-traditional agricultural exports rose from $54 million in 1994 to $75 million in 1995. Similar gains were reported in Costa Rica, Ecuador, El Salvador, Jamaica, Madagascar, Peru, Uganda, and Zambia.

- The key to growth in Central and Eastern Europe and the New Independent States of the former Soviet Union is the transfer of economic power from the state to the private sector. By 1995, the private sector in Albania, the Czech Republic, Estonia, Hungary, Latvia, Lithuania,

Poland, Russia, and Slovakia accounted for more than 50% of GDP, up from an average of less than 12% in 1989.

Weak infrastructure is a major impediment to the efficient operation of markets and the expansion of trade. In 19 countries, USAID supports the construction and maintenance of road networks, rail links, telecommunications, and power facilities.

- In the Philippines, the General Santos City development project helped complete a 110-mile road, modernize the airport to provide for aircraft as large as a Boeing 747, and improved the port through the provision of open-storage, container-handling equipment. As a result of these improvements, the city attracted more than 2,000 investors who created more than 60 joint ventures leading to a 18% increase in nontraditional Philippine agricultural exports to $565 million.

- The Municipal Infrastructure and Services program provided $70 million to help Bosnia rebuild its schools and health clinics and to re-establish water services, sanitation, electricity, communication and transportation systems. At the program's completion, more than 40,000 jobs will have been created for community residents and demobilized soldiers.

Expanded Access and Opportunity for the Poor

USAID programs help to address the credit and savings needs of countries that have liberalized their financial and macroeconomic policies, and to increase their access to new technologies and productive processes. Working with financial institutions throughout the developing world, USAID is recognized as one of the experts in microenterprise development. The agency's experience has shown that, while macroeconomic reforms are essential to the attainment of sustainable development, efficient markets can produce uneven economic benefits because not everyone has the same access to information, technology, credit, and other resources. Programs must also focus on expanding market access for rural dwellers, legal protection for women, financial services for microenterprises, land reform and titling, and housing.

- USAID helps expand access to financial services for microenterprises, smallholders, and rural business in 44 countries. Last year, support of these institutions resulted in more than 300,000 loans to small-scale entrepreneurs. Women make up 80% of the borrowers.

USAID has successfully expanded access to financial services through its programs.

- Progress towards alleviating poverty continues in Bolivia through BancoSol, a licensed commercial bank focusing on poor microentrepreneurs. More than 100,000 households are receiving micro-loans, compared to fewer than 10,000 in 1989.

- In the Dominican Republic, the FondoMicro project helped 22,000 microentrepreneurs establish and expand businesses; women constituted almost half the loan recipients.

- In El Salvador, 80,000 beneficiaries -- 68% men and 32% women -- received credit to improve farm production and to establish small agribusiness ventures.

- Similar success is reported in Armenia, Cambodia, Haiti, Indonesia, Kenya, Nicaragua, South Africa, and Zimbabwe.

- USAID programs provide credit to the poor without subsidies. In Uganda, repayment rates exceed 95% for the 10,000 rural businesses that have received credit, auguring well for program sustainability.

Land titles enable farmers to secure loans and increase production and incomes, which in turn discourages out-migration to the United States.

- With USAID help, Honduras achieved an 80% increase in land titles to reach 9,600; Albania issued more than 256,000 land titles; and Peru, 154,000.

USAID programs support technology and information dissemination.

- The high-yield rice varieties developed by USAID-supported international research institutions helped Indonesia reduce poverty from 65% in 1965 to 15% today.

- In Peru, 59,688 rural families, mainly from indigenous communities, adopted improved food production technologies, increasing yields by 47%.

- In Tanzania, the transfer of technology on edible oil extraction created 4,000 seasonal jobs and more than $1 million in income for small-scale metal workshops and artisans in the oilseed industry.

Social norms, low status, and political and religious constraints limit women's opportunities, leading to female-headed households being poorer than those headed by males. In 11 countries, USAID targeted credit programs specifically to women, including 14 micro-finance projects. The projects, in all four geographic regions, provide credit to an estimated 282,000 women.

- With USAID support and technical resources, Bangladesh established 25 poverty lending programs that reached more than 900,000 poor borrowers, of which 25% were women.

- A USAID-sponsored activity provided 10,555 loans in Guinea, with 68% of the loans valued at $2.8 million allocated to women.

- In El Salvador, village banking reached a cumulative total of 40,000 beneficiaries, of whom 82% were women in extreme poverty.

- Ninety-six percent of women trained through a USAID-backed job placement service in the Dominican Republic have found jobs.

USAID is not neglecting other disadvantaged groups. Agency programs target the urban poor, the majority black population in South Africa, the indigenous populations of Central and South America, and groups disenfranchised by past beliefs.

- USAID's private sector housing program cut the cost of construction of low-income structures by 41%-50% in Zimbabwe, and a similar program in Sri Lanka benefited more than 62,000 poor families.

Expanded and Improved Basic Education

Investments in education, especially basic education, offer high returns across many sectors by increasing national productivity, improving health, slowing population growth, and strengthening democracy and sound environmental management. Improving literacy and access to education is fundamental to all efforts to ensure sustainable development by supporting the critical element for addressing a range of transnational and trans-sectoral issues. USAID programs address the difficulties that many developing countries face, including a lack of budgetary resources, poorly trained teachers, inappropriate curricula, a shortage of supplies, and inadequate building structures.

- There has been a more than 60% increase in school enrollment in Benin, Guinea, and Mali. That, together with a 50% increase in Malawi, means that 2.3 million additional children have access to education.

- In Guatemala, grade three mathematics achievement test scores increased 22% and language scores 13% within a year, while in Honduras graduates from grades one through nine rose 23% between 1993-1995 and standardized test scores increased 79%.

- There also has been an increase from 66% to 78% in the percentage of Africans in South Africa passing the secondary school final exam.

- The enrollment of Mayan students in Guatemala increased by an average annual rate of 8.75%. This surpassed both the program target and the population growth rate and represented a real increase in Mayan enrollment.

An important focus of USAID efforts is education policy reform. Encouragement of adequate national budget allocations has taken center stage. Another emphasis is decentralization to ensure greater local participation. A third emphasis is the work in 18 USAID programs to improve teaching, curricula, and educational materials.

- Because of USAID's help, Benin, Ethiopia, Guinea, and Malawi increased the share of the education budget going for primary education and raised the non-salary share of the budget, permitting more monies to be spent on much needed school supplies.

- Guatemala's Congress passed a law permitting local parents' committees to assist in selecting teachers, a task previously done entirely by the Ministry of Education.

- In Uganda, the monopoly on instructional materials shared by two suppliers was broken. Seventeen different private groups now provide materials to schools, and the decision about which materials to procure was decentralized to the school level.

- In Ghana, textbook production and distribution using 50 local, private printers has increased the percentage of school children with books from 10% in 1989 to 96% in 1995.

USAID programs in 19 countries work to expand access to education for girls and other disadvantaged groups. Education improves women's income-earning potential, in addition to reducing birth rates. This is especially important in Africa, given the key role that women play in providing for the economic welfare of the family unit.

- In Malawi, USAID-supported social mobilization campaigns and the elimination of school fees raised the net enrollment rate for girls from 55% in 1992 to 95% in 1995.

SUSTAINABLE DEMOCRACIES BUILT

The explosive increase in embryonic democracies since the fall of the Berlin Wall marks this era of unparalleled political change. USAID is helping scores of nations make the transition from autocratic regimes to representative democracies. This agency is uniquely positioned to advance the U.S. foreign policy agenda and to promote democratic values internationally because of its long history of support for grass-roots participatory activities across its assistance portfolio. USAID's efforts to promote the transition to democracy is contained in a four-pronged objectives strategy:

- Strengthened rule of law and respect for human rights;

- More genuine and competitive political processes;

- Increased development of politically active civil society; and

- More transparent and accountable government institutions.

Progress has been made. A decade ago, Freedom House characterized 42% of countries as democracies; today that percentage stands at 61%. Over the past year, Freedom House noted progress in Africa, including Eritrea, Ethiopia, Mali, and Tanzania, four countries in which USAID programs contain democracy components.

Strengthened Rule of Law and Respect for Human Rights

A predictable legal environment, including an independent, fair, and effective judicial system, is essential for protecting citizens against arbitrary use of authority and lawlessness. Ensuring legal protection of citizen's rights and interests is the cornerstone of the rule of law. USAID programs work to strengthen the administration of justice.

- USAID helped Ethiopia and Ukraine draft new constitutions, and due to the agency's efforts, new or modified criminal procedure codes have been adopted in Bolivia, Colombia, Guatemala, Panama, and Russia, with draft codes under review in Armenia, Ecuador, El Salvador, Georgia, Honduras, and Peru.

- Judicial schools have been introduced, established, or strengthened in Bolivia, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Peru, and Russia. Public defender programs were introduced in Bolivia, Cambodia, El Salvador, Honduras, and Panama and legal aid programs in Latvia, Macedonia, Peru, Romania, and Slovakia. As a direct result of USAID's magistrates training program, a prominent opposition member of Parliament was released in Kenya, and 56% of 204,000 cases have been resolved in Sri Lanka through community-based mediation boards that USAID supported in 1995.

More Genuine and Competitive Political Processes

USAID supports free and fair elections around the world by helping to create impartial and open electoral procedures, laws, and regulations, and a better informed electorate; to improve local and international monitoring; and to make political parties more responsive to their constituents.

- February 1996 marked the first time in Haitian history that power was peacefully transferred from one democratically elected leader to another. USAID provided assistance for civic education, training of poll workers, and ballot procurement, security, and monitoring.

- In West Bank and Gaza, 80% of eligible voters participated in elections which were judged free and fair by an international monitoring delegation and 70% of the Palestinians polled. USAID funded voter and civic education programs, including voter workshops, and through NGOs, printed special central election commission identification cards and monitored 70% of the polling sites.

- Support was provided for national elections in Mongolia, Dominican Republic, and Bangladesh and local elections in Albania, Armenia, Azerbaijan, Bolivia, Bulgaria, Croatia, Guatemala, Peru, South Africa, Thailand, and Ukraine.

- USAID financed programs to strengthen political parties in Lithuania and Mozambique.

Increased Development of Politically Active Civil Society

Active citizen participation at all levels in the democratic process is key to maintaining stable democratic governments. USAID helps a variety of private voluntary and nongovernmental organizations working to achieve the political reforms needed to extend the democratic practices to overcome the legacies of authoritarian rule.

- A 1995 law in Russia encouraged the development of the nongovernmental (NGO) sector, a vital channel for conveying the interests of the public to the government. NGOs now number 40,000 compared to only a handful in 1991.

- USAID is encouraging women's participation in labor unions in Argentina, Bangladesh, Brazil, Chile, Indonesia, the Philippines, and Sri Lanka. Established in 1994, the Bangladesh Independent Garment Workers Union represents more than one million mostly female garment workers.

- USAID works with NGOs to strengthen the oversight of public institutions in Indonesia, Guinea Bissau, Mozambique, and the Philippines. USAID-supported NGOs in Indonesia identified the misappropriation of reforestation trust funds and helped indigenous people retain the rights to their land.

- Surveys of emerging leaders who participated in a USAID-funded training programs in Guatemala reveal increasing levels of support for democratic liberties.

USAID supports independent media in Ukraine, Cambodia, and throughout Latin America.

- An independent Ukrainian television station was licensed, 40 independent newspapers are now published in Cambodia, and our Latin American journalism program has trained more than 5,400 journalists since it began in 1988.

More Transparent and Accountable Government Institutions

To build and sustain democracy, governments must perform effectively and efficiently, respect rights, and respond to citizens' interests. The goal of USAID's decentralization program is impartial and informed government decision-making.

- In El Salvador, seven USAID-assisted municipalities increased locally generated revenues by 30%, and USAID helped draft a law that will allow local governments, private organizations, and communities to manage their own water systems.

Strong legislatures give citizens greater access to the policy process and more control over the executive branch.

- In Namibia, the first public hearing by a standing committee heard expert testimony and public comment on proposed legislation in 1996.

- A series of citizen radio broadcasts brought together for the first time members of Parliament and their constituents to discuss national and local issues in Mozambique.

WORLD'S POPULATION STABILIZED AND HUMAN HEALTH PROTECTED IN A SUSTAINABLE FASHION

The achievement of stable population growth rates are essential to the success of USAID's attempts to achieve sustainable development. The agency's strategy to stabilize the global population level and protect human health, including child survival, is based on the following four objectives:

- Sustainable reductions in child mortality;
- Sustainable reductions in maternal mortality;
- Sustainable reductions in unintended pregnancies, and
- Sustainable reductions in sexually transmitted diseases and human immunodeficiency virus (HIV) infection.

Despite impressive improvements in health status in the past ten years, nearly 12 million children in developing countries under age five die each year. Most of these deaths are preventable. USAID approach to improving child survival focuses on effective low-cost interventions that address the principal causes of morbidity and mortality, particularly diarrheal and vaccine preventable diseases, acute respiratory infection, malaria, and malnutrition.

USAID's health, nutrition, and population programs saved lives and provided access to appropriate health care and family planning services to millions. The agency's success in this area is seen in average population growth rates in developing countries of 2.2%, down from 3% thirty years ago, while infant mortality has declined from an average 107 deaths per 1,000 live births in 1980 to 77 in 1995. But, much work remains before sustainable population growth rates will be achieved. World population levels, now at 5.7 billion, will reach 10 billion by the year 2050, or the equivalent of an additional New York City each month. This occurs while more than 12 million children under five and 7 million adults die each year in the developing world of preventable or treatable ailments.

Sustainable Reduction in Child Mortality

USAID's health efforts have led to the prevention of the deaths of an estimated four million infants and children annually. USAID's child survival programs target the principal causes of these deaths, including vaccine preventable disease, diarrhea, malnutrition, acute respiratory infections, and malaria. Success was achieved under the Expanded Program for Immunization (EPI) with global vaccination coverage rates increasing from 44% to 80% between 1984-1990.

- Polio immunization coverage increased worldwide from 48% to 83% over 1985-1995. The countries reporting zero cases of polio have risen from 132 in 1992 to 150 in 1995, with Latin America and the Caribbean remaining polio free. The incidence of diphtheria in Russia declined for the first time in six years because 97 million people were vaccinated.

Last year, work financed by a USAID grant led 27 African countries to adopt a new malaria control strategy to address one of the major causes of death among children in the region. In 1993, following a malaria policies, plans, and programs assessment, supported by USAID and the Centers for Disease Control and Prevention, Malawi became the first African country to officially change its national drug policy.

- Despite increased hospital admissions for malaria among children under five -- up 23% over 1992-1995 -- the case fatality rate declined by 13% for all malaria, including 19% for cerebral malaria and 13% for anemic malaria. Malaria programs are also supported in El Salvador, India, Pakistan, Sri Lanka, and Thailand.

Malnutrition is a major contributor to the death of over half the children who die each year from preventable causes. An estimated 200 million children worldwide are malnourished. USAID-funded research has shown that adequate vitamin A intake can reduce morbidity by at least one-fourth.

- USAID has carried out vitamin A programs in 50 countries, including Nepal where the program reaches 1.5 million children and averted 13,000 deaths and Bangladesh where a home gardening program serves 2.5 million people in 90 districts.

USAID actively promotes new health treatment protocols and technology. This includes support to the Integrated Management of Child Illness program, which combines interventions in a single package targeting pneumonia, diarrhea, malaria, and measles for a more effective public health intervention.

- USAID is helping introduce a vaccine for hemophilus influenza type B (HiB), the first one in a decade. Field tested successfully in the Gambia, the vaccine is 95% effective against meningitis due to HiB and 100% effective against HiB pneumonia. A vaccine vial monitor, another USAID-financed breakthrough, will save at least $10 million a year by verifying the potency of polio vaccines, ending the needless discarding of unused vaccines.

Sustainable Reduction in Maternal Mortality

Maternal mortality remains high throughout the developing world despite overall improvements in health status in developing countries. Annual maternal deaths during pregnancy and childbirth are estimated at 600,000, roughly 100 times those of developed countries. Major pregnancy and birth complications can be prevented or treated through family planning and appropriate obstetric care for pregnancy and birth complications. Thirty-one USAID programs have maternal health objectives.

- In Bolivia, where USAID focused early on the problem, maternal mortality fell from 480 deaths per 1,000 live births in 1989 to 390 per 1,000 in 1994.

- As a result of a task force funded by USAID's medical partnership program, Albania's perinatal mortality fell from 31 to 23 deaths per 1,000 deliveries in 1994-1995, and neonatal mortality dropped from 28 to 25 deaths per 1,000 deliveries.

- In Egypt, the number of women receiving four or more prenatal visits increased from 22% to 28% between 1992-1994. In Morocco the percentage of women receiving prenatal care rose from 32% in 1992 to 45% in 1995 and deliveries assisted by trained personnel rose from 31% to 40% in the same period.

USAID initiated programs to address the health and human rights aspects of the traditional practice of female circumcision in Egypt, Eritrea, Guinea, Kenya, and Mali.

Sustainable Reduction in Unintended Pregnancies

High levels of fertility from unintended pregnancies translate into rapid population growth that impedes economic progress, contributes to environmental degradation, and strains fragile political and social institutions. More than one-third of all births in the developing world are the result of unintended pregnancies. USAID efforts target the more than 150 million women who have expressed an unmet need for family planning. The agency has made remarkable progress in expanding service availability and use in a number of countries.

- More than 50 million couples worldwide use family planning as a direct result of USAID programs, and desired family size is moving rapidly downward in USAID-assisted countries.

- Average annual contraceptive use increased by 2% per annum over the past decade in Bangladesh, leading to a decline in total fertility over 1991-1994 from 4.3 to 3.4, and in Egypt where fertility has fallen, from 5.3 children per woman in 1980 to 3.6 in 1995.

- In Peru, total contraceptive couple years of protection increased from 600,000 in 1993 to 1.1 million in 1995, an 89% increase.

- Senegalese contraceptive prevalence has gone from 2.4% to 6.1% over 1986-1995, influenced by USAID-financed distribution of nearly 900,000 condoms through 252 pharmacies and 80 depots.

Following approval by the U.S. Food and Drug Administration (USFDA) in 1993, the injectable contraceptive Depro-Provera was added to USAID-supported programs, expanding the choice of methods. Three million doses were provided to 47 countries, an increase from the 835,000 doses in 18 countries in 1994.

USAID is contributing to future progress through supporting operations research in 30 countries. In 1995, the clinical trial of a female barrier method was completed with positive results. USAID-funded research suggests that the lactational amenorrhea method, relying on breast feeding for child-spacing, is 98% effective. USAID also supported development of the Reality female condom, recently approved by the USFDA, increasing options for women.

An important focus of USAID efforts is the sustainability of its programs, for example, through the use of service fees and training.

- USAID-supported Egyptian family planning NGOs generate more than 50% of their operating costs through user fees.

- Seventy-five percent of users in Indonesia now pay for family planning services.

- USAID trained 4,454 Peruvian Ministry of Health workers over 1993-1995.

Sustainable Reduction in STI/HIV Transmission Among Key Populations

Twenty-eight million people were infected with HIV by the mid-1990s, with almost eight million developing AIDS. More than six million people have died from this disease worldwide, and 5,000 new HIV infections occur daily. As a result, hard-won gains in the health field are being eroded, and the mounting demands for increased health care and social support have put pressure on health systems and local and national governments' budgets. The loss of adults in their most productive years places burdens on families, communities, and industries. By the year 2010, individual life expectancy rates will decline by more than 25 years in several African and Asian countries.

Improving control of sexually transmitted infections (STI) is one of the most effective strategies for limiting the spread of HIV/AIDS. Hence, USAID is using family planning and maternal and child health programs for STI/HIV prevention and control. USAID also financed research that led to the development of low-cost, rapid diagnostic tools for STIs appropriate for countries with limited resources. NGOs are helping USAID to control the spread of AIDS and have demonstrated effective community programs to mobilize HIV/AIDS prevention and care.

USAID initiated HIV/AIDS prevention programs in 32 countries that have reached 3.2 million people and trained 58,000 people to implement programs in their own countries. An important program component is encouraging countries to budget more funds to fight the disease.

- Indonesian health resources allocated to HIV/AIDS increased by 40% from $2.5 million to $3.5 million in 1995.

- The Kenyan government for the first time included a chapter on HIV/AIDS in its development plan and increased budget allocations by 49% to control the disease in 1995-1996.

Increased condom use is a key intervention to prevent the spread of AIDS and other sexually transmitted diseases. In 1995, USAID shipped 520 million condoms to developing countries.

- In 1995, condom sales in Haiti increased 40%, condom distribution rose 20% to reach 55 million in Nigeria, and the seven million condoms distributed exceeded the USAID target for Honduras.

- Condoms sold in Kenya through the USAID social marketing program increased from 26,000 per month in 1990 to 500,000 per month in 1995. Condom use averted an estimated 110,000 HIV infections and 1.3 million other STI cases.

- During 1995, condom sales increased 61% in Brazil, and almost 69,000 STI patients received proper diagnosis and treatment. USAID-supported comprehensive HIV prevention education reached more than 4.4 million people and trained 72,000 others to serve as educators and counselors.

- A USAID program distributed 4.2 million condoms in a 22 district area in Nepal in 1995.

Clear progress is being reported.

- USAID efforts in Uganda led to a decline in HIV prevalence among pregnant women attending urban antenatal clinics in urban areas between 1992-1995, the first sustained drop in HIV prevalence in Africa.

ENVIRONMENT MANAGED FOR LONG-TERM SUSTAINABILITY

America's own well-being is directly threatened by worldwide environmental degradation. Environmental degradation respects no national borders and ultimately threatens the economic and national security of the United States. In the long run, the United States cannot escape the effects of global climate change, biodiversity loss, and natural resource depletion. Last year, an estimated 25 million acres of forest, an area the size of Virginia, were felled in Africa, Asia, Latin America, and Russia. Careful management of natural resources is essential if development investments are to yield sustainable benefits. Unpolluted productive lands and water are necessary for long-term economic growth. Clean air and potable water are fundamental to the health of communities.

USAID's environmental strategy addresses global environmental threats and promotes sustainable development through the pursuit of five objectives:

- Biological diversity conserved;
- Global climate change threat reduced;
- Sustainable urbanization promoted and pollution reduced;
- Increased provision of environmentally sound energy services; and
- Sustainable natural resource management.

Biological Diversity Conserved

USAID's 29 programs focus on biological diversity, whose disappearance has serious implications worldwide. USAID resources strengthened 100 protected areas, more than 100 million acres worldwide comparable to the size of California. These areas cover a wide range of ecosystems -- deserts, wetlands, savannas, rain forests, and coral reefs -- in countries ranging from Brazil to Uganda, with incentives to the poor to eliminate such destructive practices as "slash-and-burn" cultivation. A million acres were added to Mexico's protected area system alone since 1990, resulting in 45% more forested land under protection.

- The international donor community has identified Madagascar as "the single highest biodiversity conservation priority in the world," since 80% of the country's flora and fauna exist nowhere else on the earth. USAID support has expanded the amount of land under protection and developed Madagascar's first National Parks System. This program ensures that the local population in and around protected areas has a financial incentive to protect the parks. Tourist visits increased over 100% last year, and the village development committees received a share of park entrance fees for use in community-managed projects.

- To ensure the long-term economic viability of its conservation programs, the agency established environmental endowment funds in Costa Rica, Honduras, Indonesia, Jamaica, Madagascar, Mexico, Panama, and the Philippines, committing $95 million of its own funds that leveraged an additional $51 million.

- Guaranteeing community land tenure rights is a crucial step in making the communities stakeholders in conservation. In Bolivia, Indonesia, Peru, and the Philippines, USAID helped 26 indigenous communities maintain their ancestral lands for sustainable resource use. In Indonesia, USAID worked closely with indigenous people to stop the deforestation of 400,000 acres of rain forest.

Global Climate Threat Reduced

There is growing evidence linking human-induced emissions of greenhouse gases to increases in average global surface temperatures. These gases could have profound negative consequences on the quality of life and food production by inducing shifts in agricultural zones, higher sea levels, and more frequent weather-related disasters. The agency's global climate change strategy is reducing greenhouse emissions from energy and land use. The energy sector is the principal source of greenhouse emissions in many of USAID's major climate-change countries.

- In India, USAID supported a joint venture to manufacture air pollution-control equipment for the cement, steel, and power industries. Sales exceeded $10 million and, where the equipment was installed, air pollution declined 80%.

- USAID rural electrification activities in the Philippines reduced average power-line losses by 3%, eliminating annual emissions of nearly 250,000 metric tons of greenhouse gases from a heavily polluting coal-powered plant.

Sustainable Urbanization Promoted and Pollution Reduced

At current trends, more than 50% of the world's population will live in urban areas within ten years. There are already 22 "megacities," with populations over 8 million where residents lack access to such basic services as clean water and latrines. Women and children are most vulnerable. More than 3 million children, many in urban areas, died in 1995 as a direct result of water-borne diseases stemming from unsanitary drinking and bathing water. In 23 programs, USAID supports efforts to increase

access to water and sanitation services, to provide decent and affordable shelter, to improve urban management, and to promote pollution prevention and control.

- With USAID help, an innovative solid waste program in Lima, Peru's shantytowns operated by four women-owned and managed microenterprises is collecting domestic solid wastes, reclaiming recyclables and disposing of the remainder in landfills. Only six months into the activity, 20 metric tons of waste are being collected daily. As an added benefit, the program also provides employment for residents.

- In the past year, completion of construction projects in Cairo and Suez made safe water available to more than 3 million additional people and gave 1.2 million more people access to sewage and waste water treatment. That brings to 20 million the number of Egyptians that have benefited from the USAID work in this sector since 1980.

- Decentralization is an important focus of USAID's work in improving urban management. Honduras has formalized the transfer of water authority to two municipalities and plans to devolve authority to an additional 22 municipalities as a measure to improve local water resources management.

- In Central and Eastern Europe and the New Independent States, the legacy of command-control economies, which relied on heavy industry and lax enforcement of environmental regulations, resulted in the dangerously high levels of pollution that USAID is addressing. USAID identified 20 potential waste minimization programs at five chemical plants in Romania where participating plants earned savings through the recovery of waste water oil residue and reducing water discharge.

Increased Provision of Environmentally Sound Energy Services

Energy demand is increasing seven times faster in developing countries than in developed nations, where the developing countries' inefficient energy services contribute to the global greenhouse burden through pollution, and to the depletion of non-renewable fuel resources. In these countries, the introduction of appropriate energy technology could achieve a 20%-30% savings in use by increasing sector efficiencies.

- To cut energy costs and reduce pollutants in Egypt, USAID acquired portable gas analyzers and sensors; 92 were distributed to 60 factories.

- Since May 1995, a USAID program has sold electricity users more than 500,000 compact fluorescent lamps through Mexico's Central Utility.

- USAID advisers helped Hungary's Energy Office to develop a grid code and regulatory framework that attracted $1.3 billion in financing for six electricity distribution companies and two power generation companies.

An added benefit to the United State from these activities is business for U.S. companies.

- For example, a wind turbine demonstration project in Indonesia produced sales and related procurement worth almost $1.5 million for a U.S. company.

Sustainable Natural Resource Management

To arrest the rapid degradation of renewable resources in Africa, Asia, and Latin America, USAID is focusing on the four resources that provide the greatest benefits to the largest number of people: forests, water, agricultural lands, and coastal zones.

- With USAID help, Haiti planted more than five million trees in the most important watersheds, and community-based management is occurring on 217,000 hectares in the Philippines, up from 19,600 hectares in 1994. A USAID study shows community management is an important contributor to the retention of forest cover.

USAID assists 11 countries in addressing their most pressing water management issues. The 200 million people living in countries where water scarcity is a major developmental constraint will increase to one billion by 2050.

- Because of USAID activities, Kazakhstan, Turkmenistan, and Uzbekistan are collaborating on a regional plan to improve water quality and distribution around the Aral Sea that should ultimately benefit 1.5 million people.

To practice agriculture sustainability, the agency focuses on technology transfer, including improved crop and land management and the development of drought-resistant crop varieties through its Collaborative Research Support Program.

- Mali increased crop production by 59% in five years due to USAID support for improved farming and soil conservation techniques.

- In such countries as Honduras, Indonesia, and the Philippines, the agency is working to minimize the environmental damage associated with intensive farming through integrated pest management for both traditional and nontraditional crops. Benefits include reductions in environmental damage and increases in production and income.

The agency supports nine USAID mission-based coastal resource management programs and several of a regional nature. More than half the world's coasts are under moderate or high risk of degradation.

- USAID works with Jordan and Israel on the binational Red Sea Marine Peace Park. In addition to encouraging Jordanian and Israeli cooperation in marine research, environmental monitoring, and data collection, USAID finances reef protection and basic infrastructure for park maintenance and operation.

LIVES SAVED, SUFFERING REDUCED, AND DEVELOPMENTAL POTENTIAL REINFORCED

The United States has a long and generous tradition of aiding the victims of man-made and natural disasters, with many instances of USAID assistance making the difference in the survival of victims. The demand for this assistance has increased sharply in recent years with the proliferation of complex emergencies, e.g., Bosnia and Haiti. This unfortunate aftermath of the Cold War is one of the most challenging issues facing the U.S. today. In 1996, USAID allocated almost $760 million to 65 declared emergencies.

The agency continued its response to numerous complex emergencies as well in Rwanda, Sudan, and Bosnia-Hercegovina. The objective of this assistance is to reduce the suffering and the need for future funds. USAID increasingly focuses its humanitarian assistance on prevention and transition out of crises. The agency targets three areas: prevention, relief, and transition. An additional component is reinforcement of development potential.

Potential Impact of Humanitarian Crises Reduced (Prevention)

While it is not always possible to prevent emergencies, their potential adverse impact can be reduced. Droughts may be unavoidable, but famine is not; internal tensions are inevitable, but social collapse

is not. USAID seeks to prevent transient difficulties from becoming complex crises. This requires a strategic approach involving planning, prevention, and regional initiatives.

- The Greater Horn for Africa initiative (GHAI) is putting into practice the "crisis prevention" concept. The GHAI was born of necessity in 1994 where it became evident that development progress in the region was repeatedly destroyed by recurrent crises. The initiative has revitalized governments, donors, and local institutions in the region to take on broader roles in regional cooperation and development.

To lessen the effects of humanitarian crises, USAID identifies the potential effect of the crises on the populations at risk, works with groups that mediate between potential combatants, and aids in conflict resolution. Other avenues consist of early-warning systems and disaster mitigation, preparedness and relief.

- USAID invested in preparedness activities in Bangladesh, increasing host country capacity to deal with cyclones. In 1995, 25% of the population of the country had access to relief supplies within 72 hours of the end of a storm.

- USAID established a Burundian radio production facility, staffed by Hutu and Tutsi journalists, to reduce ethnic violence and counter hate radio by stressing themes of peace and conciliation.

- The USAID-supported Sahel Regional Program established early-warning systems for droughts, famine, and pest infestations, created food crisis networks, set up disaster monitoring and mitigation systems that identified vulnerable populations, and helped put into place mechanisms to minimize the potential impact of natural and complex disasters. As a result, there has not been a single drought-related emergency in the region in the past ten years.

Urgent Needs Met in Crisis Situations (Relief)

Timely and effective emergency relief activities consist of meeting critical human needs, providing for near-term food needs, and coordinating emergency responses with other countries and relief organizations. USAID assistance helps meet victims' needs, the majority of whom are women and children, and aids their resumption of productive lives.

Over the past year, USAID responded to 48 natural disasters, including 22 floods, 2 droughts, 3 epidemics, 2 tornados, 3 cyclones, 6 earthquakes, 2 winter emergencies, 1 fire, 1 volcanic eruption, and 1 mud slide. The agency implemented continuing complex emergency relief efforts in such countries as Angola, Bosnia-Herzegovina, Burundi, the Caucasus, Liberia, and Rwanda.

- A total of 4.2 million refugees, 7.5 million internally displaced people, and 9.2 million others affected by emergencies received emergency food assistance, with the majority of the emergency assistance allocated to man-made disasters.

- In the Philippines, typhoon Angela killed 600 people, destroyed almost 100,000 homes, and produced damage estimated at $83 million. One million people were affected. USAID provided emergency relief to 636,645 evacuees and homeless people, transporting them to 1,085 evacuation centers and furnishing the victims with clothing, utensils, potable water, and plastic sheeting.

- In Rwanda, USAID provided daily rations of 2,000 calories to refugees and displaced persons affected by the civil war, protecting them from starvation and severe malnutrition.

- Efforts to reconstruct Bosnia saw the delivery of more than $1 billion in humanitarian aid to enable 2.4 million people to resume normal lives. In addition, USAID provided help for de-mining, police training, human rights monitoring, elections, and the War Crimes Tribunal. USAID's present focus is on reviving the economy through programs that fund emergency repairs to private and public infrastructure projects, job creation for demobilized soldiers, financial lending facilities for job and enterprise creation, and technical assistance to economic and democracy-related activities.

Security Established and Basic Institutions Functioning to Meet Critical Needs and Basic Rights (Transition)

USAID assistance targets the unique needs of nations emerging from crisis to enable them to return to normalcy and resume their sustainable development efforts. Since these crises frequently occur in the poorest, most unstable countries, a primary goal is to provide "transition" assistance to return them to sustainable development schedules. This assistance includes programs to reinforce local security through demobilization and de-mining, to strengthen the local governance and institutions that promote peaceful conflict resolution and reconciliation, and to restore social and physical infrastructure.

- In Cambodia, the war and unexploded ordnance left behind 135,00 disabled citizens, and land mines continue to claim 150 civilian lives a month. In response, the USAID-supported Vietnam Veterans of America is providing 3,000 prosthetics to land-mine and polio victims, in addition to working to strengthen the Cambodia National Rehabilitation Center.

- In El Salvador, because of USAID efforts, four out of five ex-combatants are fully reintegrated into productive civilian life. USAID helped 34,000 ex-combatants and squatters receive land titles. USAID also provided vocational and technical training and agricultural or microenterprise credit to many ex-combatants.

- USAID is supporting programs to demobilize soldiers and re-integrate ex-combatants into civilian society in El Salvador, Ethiopia, Mozambique, Nicaragua, Sierra Leone, and Uganda.

Over the past decade, more than a million children have lost one or both parents as a result of war. In response, USAID launched the Fund for Displaced Children and Orphans and collaborated with the Red Cross, United Nations Children's Fund (UNICEF), and NGOs to reunite orphaned, lost, or abandoned children with family members. The programs focus on reuniting unaccompanied children affected by war, street children, and orphans of the HIV/AIDS pandemic with their remaining relatives.

- The Fund helped reunite 10,000 children in Angola, Bosnia, Croatia, and Rwanda with their families in 1996.

War victims need help if they are to once again contribute to their societies. Under the War Victims Fund, USAID provides prosthetic and related medical, surgical, and rehabilitation services to civilians and has helped more than 30,000 persons in Angola, Armenia, Cambodia, and Mozambique.

- USAID's Armenia winter warmth program, supplied kerosene to more than 175,000 families, 35,000 shelters, and 1,100 schools, enabling schools to remain open in winter and increasing school attendance by 54%. USAID also provided food aid and pharmaceutical coverage to children under 15 nationwide.

Emergency and development assistance were combined innovatively to produce encouraging results in Haiti in terms of malnutrition and micro-infrastructure activities.

- The incidence of malnutrition among children under 5 fell from 28% in 1994 to 21% in 1995 due to P.L. 480 Title II feeding programs for 1.2 million people.

- Approximately 2,000 community groups representing 50,000 Haitians are involved in job-creating, micro-infrastructure projects under the communal governance program. Results include the rehabilitation of 1,000 miles of canals, the repair of 550 miles of roads, and the cultivation of 67,000 acres.

Development Potential Reinforced

Improving agricultural infrastructure to bring about sustainable improvements in agricultural productivity is a major focus of the non-emergency Public Law Title II and Title III food programs. The Title II programs support labor-intensive, food-for-work activities aimed at building rural roads, small-scale irrigation works, and other infrastructure, promoting reforestation, preventing floods, and establishing village-level grain and seed storage facilities. Title III programs form essential components of USAID's macroeconomic and sectoral policy reforms and food security activities and complement USAID field mission programs.

- In Ghana, Title II wheat is monetized, generating local currencies to finance small farmer and cooperative activities to increase yields of nutritionally essential foods and selected nontraditional export crops.

Other Title II activities include feeding programs at health centers to encourage mothers to bring their children for immunizations and for the mothers to receive training in nutrition, health, family planning, and increasingly community leadership and literacy.

- Food security is guaranteed to almost 1.4 million Bosnians as a demonstration of U.S. concern for their well-being.

- The world's largest maternal and child health and education program in India focuses on the nutritional status of women and children, especially girls, and on strengthening their abilities to attain optimal health and nutritional services in their own communities.

- Approximately 11,500 temporary jobs are provided monthly in eight areas of Bolivia to improve health and sanitation infrastructure.

Title III accomplishments in FY 1996 include:

- The multi-year Title III program in Ethiopia furthers efforts to liberalize food markets and develop targeted food safety net programs. Specific planned actions consist of the restructuring and ultimate privatization of state-owned enterprises engaged in agro-based manufacturing, distribution, and marketing; and the creation of an enabling environment for the private sector to develop an efficient agricultural inputs market, with particular emphasis on fertilizer, and grain distribution.

- In Haiti, the program builds on the continuing commitment of the Haitian government to economic policy reforms, including enhancement of food security, trade liberalization and rehabilitation of the environment. Wheat flour is now commercially imported and sold through private sector channels. The Haitian government has developed a draft national environmental action plan that has the enhancement of agricultural productivity as one of its objectives.

RELEVANCE OF USAID EXPERIENCE TO U.S. PROBLEMS

Since its inception two years ago, USAID's Lessons Without Borders program has brought together hundreds of development practitioners from the United States and abroad to discuss such issues as childhood immunizations, economic empowerment, family planning, and the environment. These discussions and information exchanges have led to local groups in the four cities participating in the

program -- Baltimore, Maryland; Boston, Massachusetts; Seattle, Washington; and Washington, D.C. -- to engage in several follow-up exchanges between local development practitioners and international development experts. As a result, local groups have leveraged private donations to pursue several activities based on the lessons learned from USAID programs overseas.

- The director of Baltimore's Healthy Start program instituted a peer review process based on his observations of USAID's conflict resolution programs in Jamaica.

- Women Entrepreneurs of Baltimore implemented a peer-lending program to help women finance businesses, ranging from catering to family day care based upon a USAID-funded program in Kenya.

- Using some of the social marketing techniques observed in Kenya, the City of Baltimore launched a public health campaign that boosted the school-age immunization rate from 62% to 96%.

- A local Boston organization received private funding to train recipients of Aid to Families with Dependent Children as volunteer community outreach workers. Using a model adapted from one financed by USAID in Bangladesh, these volunteers work in their own communities to provide education and health services to under-served minority and immigrant families, concurrently fulfilling the mandatory community work requirements under the Massachusetts welfare reform effort.

USAID employees are exceptionally experienced in many of the problems facing the poorest neighborhoods in U.S. cities, and the agency is well situated to help address these issues. Of special note is USAID's assistance to the nation's capital through a targeted program with a D.C. public housing community. Through this program, the community has leveraged private funds and pro bono support from a number of non-profit organizations to expand access to public health services, thereby improving the general level of health standards for its residents.

DEVELOPMENT ASSISTANCE ALLIANCES

The United States provides less than 20% of the official development assistance going to developing countries. If U.S. bilateral assistance resources are to have the desired impact, then it is crucial to leverage the remaining 80% of official assistance resources to support as far as possible U.S. assistance and foreign policy priorities. Consequently, USAID places a high priority on donor coordination, both in the field and at the policy level with other donors' decision-makers.

The only regular forum for policy-makers of donor countries is the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). Almost all major industrialized donors face constrained budgets for development assistance, and as a result, the commitment to improving the quality and impact of development assistance through the DAC is stronger than ever.

At the May 1996 DAC High Level Meeting, 21 donor countries approved a forward-looking rationale and strategy for development cooperation, *Shaping the 21st Century: The Contribution of Development Cooperation*. This consensus vision provides an overarching policy framework for partnerships for development and endorses many of the ideas pioneered by USAID.

This is the first time that donors have collectively endorsed a set of key results-oriented goals. The ambitious but achievable targets agreed upon include goals in the following areas: poverty reduction, primary education and gender equality, reduced mortality for infants, children, and mothers, access to reproductive health services, and national strategies for environmentally sustainable development.

The goals are important as representing a vision. But the vision must be pursued country by country, based on locally owned national goals.

The ideas in *Shaping the 21st Century* draw upon a broad experience of donors, multilateral institutions, global conferences and the aspirations of developing countries. There is room in this framework for many initiatives. There should also be room for increased harmonization and more effective coordination. It is the partnership concept and the opportunity for concerted action to advance a broadly shared concept that are key to implementation of the DAC strategy.

Japan, the world's largest donor country since 1993, was a major force behind the DAC's adoption of *Shaping the 21st Century*. Japan continues to work closely with the United States and other countries to implement the strategy. The commitment of the government and people of Japan to development assistance remains strong. Japan is one of the few major industrialized countries which continues to increase development assistance funding. (A 2.1% increase is expected in 1997.)

As a world leader in development assistance, Japan is becoming increasingly active in areas outside Asia, including Africa and Latin America. Japan has moved substantially away from its prior mode of almost exclusive focus on infrastructure and equipment assistance to join the United States in such major areas as HIV/AIDS, polio eradication, child survival and health, environment, and civil society and democracy. We now have a substantial portfolio of cooperative projects with Japan in these areas around the world.

Many of USAID's more recent project cooperation efforts with Japan are associated with the U.S.-Japan Common Agenda. Although the Common Agenda covers U.S. and Japanese cooperation in areas of global importance beyond development assistance, its development assistance components have been particularly successful.

The U.S.-Japan development partnership also has contributed to strengthened U.S.-Japan relations in areas of particular foreign policy interest. Japan has become a solid and dependable partner in areas such as Bosnia, South Africa, the West Bank and Gaza, and Haiti.

In large part, the success of the USAID-Japan relationship is attributable to the annual high-level coordination meetings which have taken place between the United States and Japan on development assistance since the late 1980s. Staff exchanges and joint programming and evaluations have become a regular part of U.S.-Japanese cooperation and contribute to closer and more effective coordination. USAID and Japan are just beginning an assessment of their cooperation, drawing from the more than 200 ongoing cooperative activities worldwide.

The European Commission (EC), with an annual development budget of about $7.5 billion, is another major donor with which USAID maintains an increasingly close and mutually beneficial relationship. U.S.-EC cooperation took a higher level of importance following the 1995 launching of the New Transatlantic Agenda (NTA) by Presidents Clinton and Santer of the European Commission. Under the umbrella of the NTA, USAID and the EC now hold annual high-level U.S.-EC Assistance Consultations. USAID and the EC jointly support programs in democracy and governance, civil society, health and population, environment, and humanitarian assistance.

There are numerous examples of successful project cooperation between USAID and the EC. We jointly supported the successful elections in Nicaragua. Collaborative programs on civil society have been launched in Bangladesh, and in Benin, a joint assessment of the transition to a democratic government has just been completed. Programs in the environment are moving forward in the Congo Basin, and in Bulgaria, USAID and the EC are working together to strengthen the forestry and national parks services. In the NIS we have continued to build the program to develop regional environmental centers. We have worked very closely on humanitarian assistance for the Great Lakes region and in the recent crisis in Zaire. We have supported the new democratic government in Haiti through

complementary programs, such as the EC-funded program to establish a Public Defenders Office in Cap Haitien, and the U.S. support for legal assistance for prisoners.

The October 1996 High-Level U.S.-EC assistance consultations concluded with agreements on major democracy and governance programs in Central and South America and will move forward on specific activities in Nicaragua, El Salvador, and Mexico. We will also move forward on specific programs in civil society in the Andean region, Guatemala, Nicaragua and Mexico. In Asia and the Near East, we will cooperate on environment and clean energy technologies, as well as specific programs for health and population and macroeconomic policy reform for Egypt and Morocco. We will exchange staff to learn from each other's modes of operation in the area of humanitarian assistance. In Haiti, we will continue to complement our programs by supporting the Judicial Training School, decentralization, and local governance.

A major objective of USAID's donor coordination efforts is to engage the entire donor community in support of an approach which recognizes the significance of strengthening civil society and promoting strategic partnerships as vehicles for sustainable development and community problem solving. The New Partnerships Initiative (NPI) is a critical tool in this donor dialogue. Announced by Vice President Gore at the United Nations World Summit for Social Development in March 1995, NPI emphasizes the strategic value of a strong and vibrant civil society and looks to strategic partnering among nongovernmental organizations, the business community, and institutions of local democratic governance to help break the dependence of developing countries on external support.

After publication of the *Core Report of the New Partnerships Initiative* in July 1995, the USAID Administrator authorized agency-wide implementation of the initiative by FY 1998, preceded by an eight-month learning phase. Pilot activities were subsequently concentrated in eight USAID "leading edge missions" (Bangladesh, Bulgaria, Guinea, Haiti, Kenya, Philippines, Sri Lanka and Zambia) and seven "partner missions" (Ecuador, Indonesia, Madagascar, Panama, Romania, Russia and South Africa) from March through October 1996.

The experiences and lessons learned from the pilot USAID missions were distilled in the *NPI Resource Guide* and published as a report of the NPI learning team in January 1997. The Resource Guide -- which brings together the work of the learning team in Washington and working groups in the areas of local capacity building and partnerships, the enabling environment and performance measurement -- provides a practical "tool kit" for USAID missions interested in implementing an NPI approach.

MANAGING FOR RESULTS

WHERE WE WERE

When the Clinton Administration came into office in 1993, USAID was a troubled organization. Some observers were calling for the agency's abolition, and there was near-universal agreement that serious management reforms were needed. USAID's staff -- some of the finest development experts in the world -- were trapped in a management system plagued by duplication, conflicting mandates and outdated information systems. Management problems were so severe that they were in danger of eclipsing the agency's fundamental mandate of promoting sustainable socioeconomic development, free markets, and democracy around the globe.

Since 1993, a series of sweeping reforms have been put into place. As a consequence, USAID has experienced one of the most dramatic turnarounds that can be found in government.

During this period, USAID also faced significant resource reductions. The agency made dramatic cuts in the number of overseas missions and personnel, both in Washington and in the field. After both program and operating funds were further cut in FY 1996, the agency was forced to resort to a reduction in force and again reassess the need for additional post closings.

WHERE WE ARE

Since 1993, USAID has:

- Focused on fewer, more attainable objectives;
- Streamlined the agency's organization and empowered its staff;
- Redesigned and simplified the ways it does business;
- Cut personnel on a percentage basis more than any agency in the federal government except one; and
- Established a worldwide information system for its core business areas.

USAID has reported in depth on these reforms in *Toward the New USAID II: Three Years of Reform Progress* (October, 1996), a companion document to this year's budget request. The key reforms and issues still facing USAID are highlighted here.

The USAID Strategic Framework

Since 1961, the USAID has carried out America's economic development and humanitarian assistance programs abroad. Throughout the period, U.S. foreign assistance served to further America's foreign policy interests. In the aftermath of the Cold War, USAID has focused its programs and has been able to become more results oriented. Over the past three years, continual efforts have led to a strategic planning process that includes:

- Articulated strategies for USAID's five interrelated development goals in the *Strategies for Sustainable Development* (March 1994);
- Issued implementation guidelines that help each operating unit to select strategic objectives and develop plans for implementing programs (March 1995); and

- Set out explicit goals and objectives, approaches, and performance indicators in an *Agency Strategic Framework*. This "menu" of five goals and 19 supporting objectives is being used to inform programming decisions and select indicators to monitor performance (1995).

- Virtually all USAID operating units now have strategic plans. The "terms of engagement" of these plans are being incorporated into "management contracts" that establish agreements between each operating unit and senior management. The contracts reflect a five-to-eight year plan for each mission or Washington office that manages program resources and set out the agreed-upon "results packages" and the resources needed to achieve them. This tool helps the agency focus on what it plans to achieve, holds individuals and units accountable, and informs the agency and the Congress when programs are going off-track or are being successful.

- This year, each USAID operating units submitted for the first time a *Results Review and Resource Request* (R-4). These documents were used by Washington central and regional bureaus to assess overall progress toward the achievement of each unit's strategic objectives. The outcome of the R-4 process was then fully incorporated into the FY 1998 submission to the Office of Management and Budget (OMB), which for the first time linked the USAID budget request to what the agency would achieve with the resources.

- Significant progress has been made in meeting the requirements of the Government Performance and Results Act (GPRA). The agency's draft strategic plan was submitted to OMB in November 1996, as a part of continuing consultations leading up to a final agency plan by September 1997. USAID is now planning consultations with its partners, including its Congressional oversight committees.

Core Values

Five core values have guided the design and implementation of every aspect of agency reforms; they include:

- **Customer Focus.** Both partners and customers are now more consistently and systematically included in the planning, implementation and evaluation of assistance. By learning from these parties, USAID is better able to frame strategic objectives and design effective action.

- **Results Orientation.** The goal of USAID programs is to promote change. Each of the new processes is centered on the requirement of producing results rather than satisfying bureaucratic, regulatory or administrative requirements.

- **Empowerment and Accountability.** Empowerment involves giving those who must carry out programs the authority and responsibility to make and implement decisions as close as possible to where the action takes place. It also involves providing the resources to carry out decisions and allowing sufficient flexibility to respond to changing conditions while holding them accountable for the end result.

- **Teamwork.** USAID has adopted teams as an effective way for individuals to work together to achieve agreed-on objectives or results.

- **Diversity.** USAID must ensure a workplace environment in which each employee values the richness of diversity, experience, and contributions of others.

Further challenges exist in fully embodying these values, but USAID is well on the road to making them a reality in all aspects of the agency's work.

ACCOMPLISHMENT	DATE
Announced USAID's new organization structure	October 1993
Issued Agency "Strategies for Sustainable Development"	March 1994
Completed "rightsizing" of USAID organizational units	March 1994
Implemented procurement reforms	August 1994
Initiated pilot project in performance planning and measurement under GPRA	August 1994
Issued Agency Customer Service Plan	September 1994
Closed five field missions	FY 1994
Issued Agency Strategic Implementation Guidelines	March 1995
Implemented new Personnel Performance Evaluation System	July 1995
Issued Agency Strategic Framework and Indicators for FY 1995 and FY 1996	September 1995
Closed 10 field missions	FY 1995
Implemented new program operations procedures/managing for results	October 1995
Implemented Agency Automated Directives System	October 1995
Began testing and training on New Management System	October 1995
Issued Agency Annual Performance Report for FY 1995	February 1996
Began limited implementation of entire New Management System	July 1996
Closed 11 field missions	FY 1996
Began using New Management System worldwide	October 1996
Submitted draft strategic plan required by GPRA to OMB	November 1996

The National Performance Review: the Agency as an Experimental Laboratory

USAID was one of only two instances (the other being the Federal Emergency Management Agency) in which the entire agency was designated a "reinvention laboratory." During the summer of 1993, a National Performance Review (NPR) team studied the agency, and developed seven major recommendations and 37 proposed actions. Most other departments and major agencies were covered in a parallel fashion. There were a number of cross-cutting studies on such topics as human resources, procurement reform, and information management. USAID implemented all NPR recommendations which were feasible (some being impossible to carry out because of Congressional or OMB inaction or opposition). The General Accounting Office (GAO) concluded, in early 1996, that USAID's reporting on the status of NPR implementation had been honest and complete.

Reorganization, Rightsizing and Realignment

The USAID Administrator announced the agency's reorganization plan on October 1, 1993. It reflected the basic principles presented in the NPR, including a focus on streamlining the structure and procedures, cutting unnecessary layering, broadening the span of control, and eliminating duplicative processes. The reorganization:

- Abolished one high-level management layer between the administrator and the bureaus and independent offices;
- Reduced the number of major organizational units by five; and
- Realigned certain functional areas and geographic regions to facilitate cooperation among all bureaus, offices, missions and personnel.

With the structural reorganization complete, USAID launched an internal rightsizing analysis for each of the new organizational entities. Rightsizing was accomplished overseas through the closure of selected overseas missions and programs, and in Washington through a review of each bureau and independent office.

Post Closings and Overseas Restructuring

On November 19, 1993, the Administrator announced the closing of 21 USAID field missions to be accomplished by the end of FY 1996. This action was a vital part of efforts to better achieve results by focusing the shrinking resources on those countries where real development results could be expected. Thus, while a few of the post closings were because countries had "graduated" from USAID assistance, a larger number were closed because of the poor quality of the partnership with host countries.

In 1995, the Vice President charged the foreign affairs agencies to again examine the question of post closings. USAID announced its intention to close five additional posts. Twenty-six posts were closed by the end of FY 1996.

KEY USAID MANAGEMENT REFORMS

- Defined a clear mission for USAID to advance U.S. national interests by promoting sustainable development and focusing its resources on five core goals.
- Closed 26 overseas missions, with three more to close during FY 1997.
- Reduced total staff by over 2,738 or 25.5%.
- Cut senior management positions by 38%.
- Reduced project design time by 75%.
- Cut competitive contract time by over 50%.
- Developed an integrated management information system that is replacing 65 different systems.
- Put information on upcoming USAID procurement requirements on the Internet, simplified the procurement process, and held procurement conferences across the U.S. to open up USAID's procurement.

In the face of dramatic budget cuts in FY 1996, USAID once again returned to the question of post closings. However, this time the exercise was based on a set of explicit factors and was driven not only by the budget imperative but by the desire to focus on the time horizons for country graduations. USAID used four criteria to make the difficult decisions on which country programs to reduce, close, or graduate.

- Country Need and Level of Development. This assessment was based on an index that considered such socioeconomic indicators as per capita income as measured in purchasing power terms and by infant mortality and fertility rates.

- Impact on Global Problems. Consideration was given to the importance of each country to addressing problems of rapid population growth, the spread of AIDS, climate change, protecting biodiversity, and promoting democracy.

- Quality of Partnership, Commitment and Performance. This criterion involved a judgment about whether countries were making their best efforts to help themselves.

- Foreign Policy. This criterion sometimes became an over-arching one in cases where, for example, relative need was lower than other candidates for closure.

In the summer of 1996, USAID completed NSDD-38 consultations with the State Department and received the Department's support to establish closings and down-sizing plans over a ten-year period. As a result, USAID now has established internal planning guidance that establishes dates for additional closings, down-sizing or graduation in 25 countries.

To enhance senior management's direction of overseas program activities, all USAID missions were placed in administrative categories according to the size and complexity of their programs. In 1996, policy guidance on the number and type of staff in each of these missions for all occupational categories was developed and disseminated as part of a management study, *Overseas Workforce Restructuring Analysis*.

While there will certainly be new countries where a USAID presence will be needed to respond to changing international events, the current plan is that USAID, by the year 2000, will have fully staffed missions in about 30 countries and more limited programs in another 20. In addition, USAID will maintain the institutional capacity to mount programs for ten additional countries where USAID might be called upon to deliver "transitional" assistance. Program resources for such assistance would be needed, but USAID will retain the core staff that can be redeployed for high priority needs.

Reengineering USAID Business Processes

Much of the work of developing the "new USAID" was carried out through a series of related studies and evaluations of the agency's core business areas: program operations, accounting, procurement, budget, human resources, and property management. Each of these business area analyses (BAA) represented a major reform effort; collectively, they provide the potential for a radically new and improved way of doing business. Following the completion of each BAA, business system design work was undertaken to develop a suite of integrated automated data systems which are collectively referred to as the USAID new management systems (NMS).

The major systems that were examined in the BAAs and then reengineered were:

- **Program Operations** developed new, more coherent processes. The reengineered operations system establishes the agency's new program procedures and processes for planning, implementing, monitoring and evaluating the foreign assistance programs.

- **Accounting** which had over the years grown to be an overlay of multiple systems that contained incomplete, inaccurate and duplicative information. One of the most ambitious efforts has been to replace 11 disparate financial management systems with a single integrated worldwide financial and information management system. The new AID Worldwide Accounting Control System (AWACS) will allow all financial transactions to be entered when and where

they take place; reduce the creation and flow of paper; and generate information which is both current and accurate.

- **Procurement** reforms were needed to establish systems to award and administer public resources responsibly and effectively. Eighteen target areas for reform were identified in early 1994, including one that would establish a policy preferring performance-based contracting. As a result, in FY 1995, performance-based agreements totaled approximately $240 million. A second major effort was development and installation of acquisition and assistance (A&A) software which complements and is integrated with the other modules of the NMS.

- **Budget** reforms were needed to make information available more quickly and in forms that enabled decision-making on resource allocation, to streamline the control and distribution of funds, and to find simpler ways of preparing budgets. The major innovation was the development of the budget module in the NMS. This part of the overall system is the key link between the AWACS (accounting) and A&A (procurement) components. It allows staff to track the flow of funds through the system from planning to final payment of bills.

- **Human Resources** management needed more efficient supporting systems and policies. Of over 100 specific recommendations, about 80% pertained to changes in policy and procedures and the remaining 20% to information technology. The single most important change was the institution of a new employee performance evaluation system (EEP) in 1996. Performance standards are established in relation to unit goals and performance is rated based on feedback from a full circle (360 degrees) of peers, supervisors and partners.

Information Technology

The new management system (NMS) uses an integrated computer-based management information system which encompasses the agency's core business practices. The system will correct longstanding management problems. Four components of the NMS are operational: program operations, acquisition and assistance, budget and AID Worldwide Accounting and Control (AWACS).

The NMS also will include subsystems for human resources management and property management. The business system design is currently under way for human resources, and the planning and evaluation phase of the property management business area analysis is nearly completed.

System refinements and improvements are being introduced as problems emerge -- the problems inherent in the development of such a large and sophisticated system. Among the accomplishments over the past three years in establishing NMS are the following:

- Designed, developed and installed communications equipment throughout the world;

- Purchased hardware and deployed it worldwide;

- Distributed a practice version of the NMS in the first quarter of FY 1996;

- Began to use the system in Washington offices in January 1996 to develop strategic objectives, activities and other information related to program operations;

- Issued guidance on and created NMS access and user roles;

- Established an extensive help network to assist operating units with problems and questions;

- Migrated over 5,600 records from the old procurement system, the Contract Information Management System (CIMS), into NMS and began to make corrections and add missing data;

- On July 15, 1996, began processing Washington-funded travel and some new awards;
- Released worldwide on October 1, 1996 an update of the NMS and activated the system worldwide, addressing telecommunications and technical problems as they arise; and
- Began using the system on October 1, 1996 to issue budget allowances for program and operating expense funds, to accomplish new procurement actions, and to make payments.

The agency has now moved into the most challenging and exciting phase of making the system fully operational. The following is currently under way:

- Migrating data from the old financial system into the AWACS module;
- Reconciling data with information in the budget and A&A components as the migration occurs;
- Recording of FY 1997 obligations as funds become available;
- Posting payments which were accomplished outside NMS at the beginning of FY 1997 when the data migration and correction was being accomplished; and
- Training and other efforts to speed up operations in the system.

Country Experimental Laboratories

In October 1994, the country experimental laboratories (CELs) program was established whereby "learning labs" were challenged to work out the kinks in the newly designed processes before full implementation throughout the agency was to begin one year later. From the missions that volunteered to participate, ten were selected to test the new business practices: Dominican Republic, Guatemala, Jamaica, Madagascar, Mali, Bangladesh, Niger, the Philippines, Poland, and Senegal. The one-year laboratories provided an experimental period for learning and testing the new systems and approaches.

Customer Service Planning

An executive order of September 1993 required that all federal agencies develop and implement customer service plans to measure customer satisfaction and improve program responsiveness and performance. USAID customers are the beneficiaries of its overseas programs. Customer service officers were appointed and trained to help missions and Washington offices develop plans and surveys. These efforts were followed by on-the-ground testing and experiences that were then shared widely throughout the agency.

Customer service plans have now been prepared by USAID missions and operating units that identify customers, indicate how the agency obtains their input and feedback, set service delivery principles and standards, and give specific contact points for inquiries. USAID published and disseminated the agency's customer service plan in 1994, drawing praise from the National Performance Review.

Regulations Reduction

On September 11, 1993, the President signed an executive order requiring all departments and agencies to reduce their internal management regulations by no less than 50% within three years.

The Automated Directive System (ADS) replaced the previous handbooks which were cumbersome. Information was difficult to find and often ambiguous about what was mandatory and what was optional. The ADS is two-tiered, separating core policy from essential procedures and putting each

in clear, concise statements in a readily accessed form. The ADS on CD-ROM is a portable and easy-to-use program, replacing 33 large handbooks and some 12,000 pages of text.

After a successful pilot test, the new system was made effective on October 1, 1995, making it possible to disseminate new policy guidance quickly and uniformly. As of April 1, 1996, with the new system nearly completed, USAID has fulfilled the executive mandate to reduce the agency's internal directives and regulations by at least 50%.

Consolidated Administrative Services

USAID is implementing, with the State Department, a cooperative administrative services system. It effectively merges the overseas support functions that are truly common to all the foreign affairs agencies. The International Cooperative Administrative Support Services (ICASS) is a customer-driven foreign affairs system for managing and funding administrative support systems. ICASS was developed in response to concerns of the President's Management Council, the Vice President's National Performance Review, Congress and the GAO.

The agency is committed to making ICASS a success and has adopted it worldwide. The agency is working with counterparts in the State Department to ensure an effective system. Given the agency's unique statutory mandate and operational purpose, ICASS represents the best and most economical approach for consolidation of administrative functions.

Reduced Vulnerabilities

For FY 1996, USAID will submit to OMB for the first time a consolidated financial management statement, as required under the Chief Financial Officers Act of 1990.

USAID management is continuing to build a partnership with the Office of the Inspector General (OIG) to maintain a strong and effective audit program. Important improvements have been made.

- A single agency audit information and tracking system was developed and became operational on April 1, 1996.
- USAID management and the OIG jointly conducted pilot training in the Europe and New Independent States (ENI) region for USAID personnel, grantees, and audit firms on the recipient-contracted audit program and recent changes in audit management.
- Agency management has adopted more stringent criteria for the final action of audit recommendations.

WHERE WE ARE GOING

USAID is now completing one of the most sweeping management improvement initiatives in the federal government, involving dramatic changes in almost every business operation. The organization is positioned to become one of the most efficient agencies in the federal government. It must now capitalize on its initial gains and move aggressively to make these changes a permanent feature. This means further institutional and cultural changes will be needed. And, it means that there are still ways to make the agency more efficient, more responsive and less costly.

Over the next two years, USAID will:

- Ensure that the resources and commitment are there to make major initiatives such as the NMS and ICASS work efficiently and effectively.

- Fully meet the requirements of GPRA. USAID will finalize the strategic plan this year and submit the first annual performance plan to OMB in the Fall and to Congress in the next budget cycle. USAID has been preparing annual performance reports since 1993. While the GPRA requirement for such a plan does not formally fall due until 1999, USAID is well ahead of this requirement. The first such plan will be linked to the FY 1999 budget request.

- Continue to implement post closings, down-sizing and graduations, including the three planned in FY 1997 and another three in FY 1998.

- The Office of Management Planning and Innovation and others in the agency are working to ensure that reforms are institutionalized in a systematic way. Late last year, the office together with the human resource staff embarked on a major effort to reform guidance and procedures for organizational structures, personnel position management and classification, and improving incentives.

- USAID will continue to look for ways to streamline operations, structures and systems to find ways that work better and cost less, especially given the opportunities presented by co-locating all staff in the Ronald Reagan Federal Building.

- It will intensify the training needed to reorient the culture of USAID to instill the core values and to use the new information and operations systems. Training is being carried out at all levels but is vitally important for senior managers to help them replace traditional hierarchical relationships with coaching and leadership.

- USAID has become a "learning organization," an agency which is continually transforming and improving. The agency's quality council and other mechanisms will be used to assess and recommend further changes in systems and policies to support the emphasis on results.

Ultimately, USAID's success must be measured by whether its work contributes to building a more peaceful world where all people have the opportunity to make better lives for themselves and their children. This is the real goal of USAID's reinvention and reforms. The agency has made tremendous progress in revitalizing the institution and its management systems so that it can make its contribution to this goal.

AFRICA

FY 1998 Development Fund for Africa	**$700,000,000**
FY 1998 P.L. 480 Title II	**$262,147,000**
FY 1998 P.L. 480 Title III	**$19,900,000**
FY 1998 Economic Support Funds	**$25,000,000**

"When we speak about Africa, we must of course recognize its great diversity. But many African nations have this in common: they are at a crossroads ... much of Africa is at a fragile mid-point, the point at which good leadership, sound policies, and steady international support and engagement can make the greatest difference. That's where the opportunity lies."

Former Secretary of State, Warren Christopher

Introduction

Opportunities exist today in Africa that haven't existed before: increasingly, Africans define the solutions to their economic and political problems, chart routes to become full-members of the world economy, and strive, across the continent, to realize the potential of their people and their resources. Africa is changing because Africans are changing; and the United States, as USAID, is with them as partners in this change. Thus, despite the challenges facing the region and despite the seemingly inescapable crises confronting many African countries, great gains are being made in Africa, and being made at an increasing pace:

- infant mortality rates are falling, and fell below 100 per 1,000 births for the first time in 1995
- of 47 nations in Africa, the Freedom house in 1990 considered 5 free, 14 partly free, and 27 (59%) not free; by 1996 these numbers changed dramatically to 9 free, 19 partly free, and 19 (40%) not free, and those that moved to free and partly free status did so in peace
- U.S. imports from Africa, primarily oil, remained steady, but U.S. exports to the region increased by 25% between the early and mid-1990s
- fertility has declined dramatically in countries such as Kenya and Zimbabwe
- primary school enrollments have increased, and especially among girls in countries such as Malawi and Uganda, and literacy is growing rapidly.

This opportunity is unprecedented, but opportunity alone does not guarantee success. Wise leadership and thoughtful investments transform these opportunities into successes. Several phases of investment may be necessary to achieve that transformation, but the rewards -- to those whose lives are changed and to those for whom change makes real the dream of peace and growth -- are tremendous and give hope and inspiration to a continent.

The Development Challenge in Africa

In Africa, the overall economic outlook is improving, but daunting problems of debt, strife, environmental stress and inadequate investment remain.

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It is in our interest to help the region's leaders overcome these problems and to build an Africa that is more prosperous, democratic and stable.

We know, however, that the primary impetus for development here, as elsewhere, must come from the private sector.

It is encouraging, therefore, that many African governments are facilitating growth through policies that allow private enterprise to take hold, while investing public resources wisely in education, health and measures that expand opportunities for women.

[If confirmed], I will place great emphasis on working with Africa's democratic leaders to broaden and deepen these trends.

Secretary of State, Madeleine K. Albright, January 8, 1997

Despite the opportunities, problems remain. The development challenges facing Africa are legion:

- More African infants die before their first birthdays than anywhere else on earth, and HIV/AIDS infection rates are the highest in the world and continue to climb.

- Fewer children and fewer adults can read and write in Africa than anywhere else.

- Population growth is more rapid in Africa than other places in the world, with land and governments less able to support that rapidly growing population.

- Africa is both land-rich and land-poor -- there are extensive stretches of sparsely populated, marginally productive lands and isolated patches of densely populated, highly productive lands. Thus relatively high investments in physical infrastructure -- from roads to schools and health clinics -- are required to reach people. And all types of investment are required -- a health clinic with no road has neither drugs nor patients.

- Agricultural and climatic diversity complicates the task of adapting a single food-grain such as corn or wheat to satisfy sub-Saharan Africa's nutritional demands; instead extensive investments are required to develop, adapt, and produce a variety of crops to correspond to those soil and climatic variations and to reach food security in the region.

- Climate also predisposes the continent to drought, because soil conditions are fragile, rainfall variable, and irrigation is costly and uncommon.

- Responding to natural disasters such as drought and equitably exploiting natural wealth such as oil is complicated by the continent's tremendous ethnic diversity, political fragmentation, and nascent democratic institutions. As a result, the continent continues to be ravaged by war and strife.

- Incomes are the lowest on earth, values for traditional exports remain stagnant, and external debt is high and rising -- external debt in Asia is 35% of GNP, in Latin America is 37% of GNP, and in Africa is 78% of GNP. As a result, African nations are highly indebted with few prospects for repayment without significant reforms by both lenders and borrowers.

Africa's Needs Are Greatest

Socio-Economic Indicator	Africa	Latin America	Asia
GNP per Capita	$460	$3340	$639
Life Expectancy (years)	52	65	68
Infant Mortality (/1000)	92	51	41
Adult Literacy (%)	57	69	87
Primary School Enrollment (%)			
female	64	104	105
male	77	115	108
Total Fertility Rate	5.9	2.8	2.9
Annual Population Growth Rate	2.7	1.6	1.8

Africa Matters -- to our self interest, to our foreign policy, and to our human compassion

Promoting Africa's development is in the U.S. national interest ...

> *"Today, Africa needs the support of all its many friends ... The United States will do its part, not only because it is right, but because it is in our national interest to help Africa succeed."*
>
> Former Secretary of State Warren Christopher, October 12, 1996

Africa shares its produce and people, skills and ideas with the United States everyday in important ways. The U.S. imports 15% of its total oil imports from Africa, with the world's largest oil reserves recently discovered in Angola and likely to further increase U.S. imports from that country. The largest gas fields in the world have just been discovered in Mozambique. Non-ferrous metals are imported from Africa, as are diamonds, cocoa, and coffee. Even small flowers are important: In 1960, a child with leukemia had a one in five chance of surviving; today, that child has a four in five chance of survival, thanks to the Rosy Periwinkle -- a wild flower of Madagascar's rapidly disappearing rainforest. African grain varieties are being used by agronomists today to strengthen U.S. wheat and corn seed, making them more disease and drought resistant. Beyond commodities and crops, Africa also brings us ideas. In her address to a USAID-sponsored "Lessons Without Borders" Conference in Baltimore last September, First Lady Hillary Rodham Clinton noted:

> *"here in Baltimore, we are seeing how grassroots strategies pioneered [by USAID] in Nairobi, Kenya, can be used to improve childhood immunization rates and encourage economic development in America. As you may know,*

Baltimore has increased its childhood immunization rates from 62 to 95% by adopting [these] simple strategies."

... USAID is making investments for the future ...

All USAID programming represents investment for the future -- for the independent and sustainable well-being of African partners. For FY1998, the Administration has announced a major new initiative to focus directly on enhancing the region's food security.

The Administration's Initiative "Promoting Food Security: Africa and Beyond" is a FY1998 budget request, designed to address a growing food and poverty crisis in Africa. Several recent projections all point to a major food gap emerging in Africa unless current trends -- rapid population growth, stagnant food production, and only modest income growth -- change. Some African countries are now beginning to change and are starting to provide the incentives and policy environment needed to get agriculture and food production moving. Elsewhere, civil strife, poor policies, and lack of investment mean continued stagnation and declining per capita production and nutrition. Striking statistics point to sharply increased numbers of malnourished children unless a concerted effort is made by both Africans and donors to turn things around. USAID has a strong track record and has traditionally been a leader in addressing food security issues (much of the hard-won success in several countries is due to USAID's past investments), but in recent years has been rapidly losing the resources needed for lasting results: the evidence of increasing malnutrition is particularly worrisome. USAID also remains committed to improving child survival and health in Africa. This new Initiative is innovative in its combination of health and agricultural resources to promote sustainable improvements in the health of Africa's children.

Agriculture and rural development are inseparable from economic growth in Africa -- in most countries, over 85% of the population earns its livelihood from the agricultural sector. By addressing major bottlenecks in agricultural policy, technology and rural infrastructure in several key African countries, this Initiative will support rural growth which in turn will enhance rural food security and rural health. It will also more tightly link food aid and development assistance resources, and focus on African "ownership" of programs and better sectoral coordination. In addition, the initiative will explicitly address the linkages between better nutrition and agricultural growth in selected countries. The Initiative will begin with a relatively modest pilot phase, focussed on the most promising countries in each region; the pilot will expand as USAID gains experience and begins to demonstrate results.

The cost of not acting now is high, and there is good evidence to demonstrate that investments made today are a win-win situation for both Africa and the U.S. economy. Past investments in international agriculture have brought exceptionally high returns to the United States in the form of increased exports and genetic improvements to U.S. crops.

Beyond investing for the future of Africa, the United States is also investing for the future well-being of Americans. Americans are not an isolationist people nor does America have an isolated national economy. U.S. businesses import from the developing world and export to the developing world -- American jobs depend on international trade. In addition, American, and European and Japanese, experience has repeatedly demonstrated that investments in broad-based growth in the developing world help develop markets for goods and services. American experience around the world demonstrates that the United States benefits directly from the expansion that American foreign aid helps fuel. But it requires American involvement.

This argument has been proven in Latin America and for Asia, but is it relevant to Africa? Yes. Not only is Africa's market growing, the U.S. share of that market is growing rapidly as well. Africa's market has been dubbed the "final frontier of the world's emerging markets ... producing dramatic returns for investors." With nearly $6 billion in exports to Africa, U.S. exports to sub-Saharan Africa continue to grow rapidly and continue to outdistance those to the states of the former Soviet Union.

This level of trade supports more than 100,000 American jobs today -- but the implications of export growth are even more impressive.

... *the United States is practicing preventive diplomacy ...*

> *"[USAID] programs promote free market reform, privatization, job creation, democracy, the environment, the advancement of women and peace -- all of which contribute to American interests and reflect our values ... Measures to prevent famine, deter violence, and help people solve their own problems generally provide a greater dollar-for-dollar payoff than the contribution of relief funds after a crisis has occurred."*
>
> Secretary of State, Madeleine K. Albright

Practicing preventive diplomacy makes strategic sense, and it also makes economic sense: USAID estimates that nearly $300 was spent per Rwandan refugee during last year's crisis. While costs could have been higher had military intervention proved necessary, they could also have been much lower -- total U.S. development assistance to those countries with full USAID programs in place averages about $1.50 per person. Clearly, it is in the U.S. national interest to help avert these crises from both a humanitarian and a financial perspective.

The roots of these crises lie in poverty: inadequate incomes and nutrition, inadequate access to health and educational facilities, food insecurity exacerbated by fragile lands and drought. Such problems have been heightened by the political use of ethnicity across the continent and the historical failure of colonial, and many independent, governments to use the positive contributions of ethnic diversity in building strong nations and strong economies.

The risks of failure in this area are great, as are the benefits of success. Somalia, Liberia, and Rwanda stand as the most strident reminders of what is at risk. Yet Rwanda also offers hope: the end of 1996 did not see that nation torn apart again, but saw instead an amazing expression of faith in the new government as a million refugees returned home -- frightened at first, but peaceful and willing. The destiny of other nations, such as Angola, Sudan, and Zaire, are not yet clear. What is clear is that waiting for crisis to erupt is the most costly route -- for Africans and for Americans.

... *and the United States is demonstrating its national values.*

USAID's assistance program to Africa also reflects national values. Americans are a caring and compassionate people, and this nation is premised on the philosophy that people should have the opportunity to make a better life for themselves. USAID's development assistance programs foster economic and political empowerment; the United States offers a helping hand, not a hand-out. Nowhere is the justification for foreign aid clearer and more compelling, in terms of U.S. national values, than in Africa. It is a program that American citizens can understand and support.

Beyond compassion, Africa matters to the United States because there are deep historical and cultural ties to the continent. With nearly 15% of Americans of African descent, as a nation we have a special interest in Africa's development.

> *"We cannot and we will not walk away from Africa."*
>
> Former Secretary of State, Warren Christopher

USAID's assistance program to Africa mirrors U.S. foreign policy objectives.

The Administration retains five foreign policy goals in Africa:

- supporting long lasting improvements in the lives of average Africans
- alleviating suffering and hunger
- fostering democracy and respect for human rights
- promoting peace by preventing and resolving conflict, and
- increasing American private sector involvement in Africa, as the United States seeks to help integrate Africa into the global economy.

USAID manages the foreign assistance program in Africa to achieve these post-Cold War foreign policy objectives. USAID has taken a long-term perspective on Africa's development objectives, to systematically address the root causes of its poverty and to lay the foundation for long-lasting improvements in average lives. The Agency uses investments in economic growth and social equity to achieve these long-lasting improvements, by:

- promoting broad-based economic growth with equity, through investments in small-holder agriculture and small enterprises and complementary investments in people through basic education;
- stabilizing population growth and improving health conditions;
- protecting the environment;
- fostering democracy and participation in social and economic decision-making; and
- providing emergency relief to help nations make the transitions from crisis to long-lasting development.

Achieving Results -- USAID has Changed, is Making a Difference, and there is Hope

USAID has changed and continues to learn ...

USAID programs in Africa continue to emphasize results, teamwork, and partnerships with Africans in the execution of U.S. development programs.

To improve the impact of the funds USAID manages, missions reorganized to focus more financial and human resources on the strategic objectives of USAID country programs. Program design and implementation more clearly emphasize results, and engage more and earlier participation of counterparts in defining and assessing results. Finally, program funds and staff are formally and increasingly being allocated on the basis of demonstrated results.

Reorganization, reductions in force, and reduced staff movement within the Africa region have all been dictated by tight operating budgets. This has placed increased urgency on USAID's efforts and technological capacity to work in teams within the Agency and with development partners -- utilizing technologies such as e-mail and video-conferencing to supplement USAID field presence with additional Washington-based expertise.

USAID has achieved this by making more and better use of regional offices and missions to provide leadership and an increasing array of technical and administrative support to bilateral USAID missions. At the same time, these regional resources have increased USAID's flexibility in the field by providing administrative coverage which has facilitated opening new USAID missions, such as Angola, closing out other USAID missions, and by assuming management of regional initiatives such as the Initiative for Southern Africa and the Greater Horn of Africa Initiative.

Teams have reached across and outside USAID to strengthen relationships with African partners. USAID looks to Africans to drive the decision-making process on how to best achieve joint objectives in Africa. The Greater Horn Initiative is the hallmark of a partnership effort, with President Isaias of Eritrea the most outspoken advocate for this approach and the success of USAID as its pioneer. Similarly, USAID's New Partnerships Initiative (NPI) has set new standards for collaboration with indigenous community organizations in Guinea and Kenya, and USAID and the U.S. PVO community continue working to improve collaboration and cooperation between institutions.

Together, these changes increase USAID's capacity to achieve results in Africa.

Changing Resources in Africa

	1993	1996	1998
Core Missions	23	13	12
US Direct Hire Employees	382	250	228
Development Assistance Funds	$822 million	$675 million	$700 million

*... **USAID programs are making a difference in** ...*

Encouraging Broad-Based Economic Growth ...

> *"'Aid then Trade' is how it works in the real world . And why is this important to the United States? Foreign assistance creates trade opportunities and jobs and protects the public well-being here in the United States. One could conservatively estimate that our investment in foreign aid brings a return of at least $2 for every dollar of assistance."*
>
> J. Brian Atwood, Administrator, USAID, January 15, 1997

Investments in the productive capacity of African nations increase their ability to become self-sufficient in food grains, to market crops, to begin and grow small businesses, and to generate the incomes which lead to increased imports from the rest of the world. As incomes grow, nations and people begin to buy U.S. grains and tractors, U.S. pharmaceuticals and airplanes, U.S. cars and computers. Without production and productivity gains, incomes cannot grow and the capacity to import stagnates and declines. Thus, USAID begins with aid productively and equitably invested.

... in agriculture ...

By helping US universities and the International Rice Research Institute develop new varieties of grains, and by helping African countries adopt those technologies within an environment that

encourages private trading, **Mali's** grain production increased by 44% and **Senegal's** rice yields increased by 20% without fertilizers -- important steps toward food self-sufficiency.

In **Malawi**, agricultural marketing reforms continue to have significant impact on a growing number of rural Malawian families. The number of farm families actively participating in the program expanded to over 90,000 by last year, producing a variety of export and non-maize domestic crops for sale. Administrative controls on agricultural trade have been eliminated, and the Government has given up its previous monopoly trade position on smallholder crops. Incomes have increased, and families are sending their children to school, buying bicycles and radios, and fertility and infant deaths have declined.

Throughout the region, USAID's regional programs are working to improve the efficiency of African National Agricultural Research Systems to conduct research in staple crops and improve food security -- in one example, support to the potato network in **East Africa** since the 1980s made important contributions to the 40% increase in potato yield.

The Government of **Mali** privatized its four largest rice mills and allowed a private Malian to develop 7500 hectares of irrigated rice land -- thus opening the rice sector to competitive forces and large-scale private initiative for the first time. In addition, the value of non-traditional agricultural exports, including vegetable and flower exports to Europe, increased by 61% last year.

Trade in livestock, and important agricultural commodity in the Sahel, was increased, and profitability to producers and traders rose by as much as $10 million in 1995. This came about through agreements among several states in **West Africa** to eliminate trade barriers such as export taxes. USAID brought together representatives of the three countries' private sectors and policy decision-makers to define and implement the steps necessary to eliminate these barriers.

... in business ...

USAID's private sector activities encourage private sector investment and growth in the economy to generate jobs and income for Africans. Depending on local needs and opportunities, activities supported by USAID funding include economic or financial sector reforms, credit and business advisory services, or training of local entrepreneurs.

USAID/ Mozambique noted that "the *sine qua non* for both rapid economic growth and democratization is focussed development assistance interventions that are supported by policy reform." The U.S. business community engaged in active investment in Africa has told us exactly the same thing -- that reforms which control inflation and stabilize monetary variables are among the most important to U.S. firms doing business in Africa. Thus, it is significant that inflation has been reduced from 45% in 1995 to 20% in 1996, that commercial banks have been privatized, that over 700 state-owned firms have been sold to the private sector, and that the customs and tax sectors are undergoing reform with U.S. assistance. Such reforms set the stage businesses need to create Mozambican jobs.

The micro-enterprise program in **Guinea** has delivered nearly 33,000 loans of an average $240 to rural entrepreneurs, two-thirds of whom are women. With an overall repayment rate of over 98%, these funds primarily have been used to increase rural agricultural trade. Borrowers under this program have seen the value of their assets double.

Through the Leland Initiative, USAID is supporting the linking of researchers and other policy-makers across Africa through the Internet and other electronic communications systems. In nine African countries, including **Ghana**, **Mali**, **Madagascar**, **Mozambique**, and **Guinea**, the

regional program is supporting the restructuring of telecommunications policy to promote sustainable, low-cost internet availability.

In **Uganda**, USAID has made crucial contributions to improving the agriculture and business environment and farmers and entrepreneurs are responding. Over 100,000 new small and micro-businesses began business in the past five years. In addition, over 6500 kms of rural feeder roads were rehabilitated with proceeds from P.L. 480 resources, helping expand internal and regional grain markets.

The **Southern Africa Enterprise Development Fund** is poised to begin disbursements to support indigenous small and medium scale business development, and has received support from participating countries through the recent signing of a Trade Protocol to establish a free trade area among 11 of the 12 countries in the region. The first six loans for small business development in the region -- accounting for over $1 million and including Namibia, Zimbabwe, and Angola -- are scheduled for presentation to the Board of Directors in February 1997.

The **West Africa Enterprise Network (WAEN)**, an organization of second-generation African entrepreneurs, was created with USAID technical and financial support. In 1995, the WAEN began a service of monthly flash bulletins to its members in 11 West African countries to circulate information on trade flows, supplies, prices, volumes and transport costs. It also held a regional meeting in Ghana where it directly engaged with several banks on cross-currency transactions, signed an agreement with the French Development Bank for access to business loans, agreed on the analysis of transportation regulation to present to the heads of state of the Economic Community of West African States (ECOWAS) and scheduled a meeting with Air Afrique on dismantling the airline's virtual monopoly on freight transport in the region.

... in infrastructure ...

Transportation is critical to agricultural marketing and access to quality social services. Through USAID support in **Mozambique**, over 1200 miles of rural access roads, as well as a strategic bridge, have been demined and repaired, linking the north and south of this vast country and allowing local capacity to move surplus food stocks to food-deficit areas.

In **Guinea**, the rehabilitation of nearly 600 miles of critical rural roads has resulted in a one-third reduction in the cost of transporting agricultural commodities, including basic foodstuffs, within the country, has nearly cut in half transportation times, and increased trade in more valuable crops, such as tomatoes, by almost 40%.

... in basic education ...

Recent efforts, including donor coordination, policy reform, and grass-roots community development, all supported by USAID, are reaping dramatic gains in basic education -- gains which help remove impediments to foreign and domestic investment and continued economic growth on the continent: for the first time **Malawi's** drop-out rate for girls is lower than that for boys, the number of years it takes to complete primary school has declined in **Benin**, the Government of **Guinea** doubled its financial commitment to primary education, and the number of girls attending school continues to increase in **Guinea** (by over 60%).

In **Ethiopia**, USAID is helping rebuild the devastated basic education system. USAID contributed to improved quality and equity of primary education by providing support to the teacher training facilities and supporting increased numbers of women trainees.

In **Uganda**, four years of support to Government-led efforts to reform primary education have yielded significant results: 8,000 principals, teachers, and tutors -- representing 11% of the

primary teaching force -- enrolled in USAID-sponsored in-service training programs; policy dialogue with the Government tripled its support to primary education; primary school teachers now earn a wage they can live on ($72 per month); and, the Government monopoly on text book production and acquisition has been dissolved, resulting in a vibrant local industry and individual schools having control over their choice of instructional materials.

In **Mali**, USAID has supported efforts to promote community-managed and community-financed schools which contributed to increasing primary school enrollment rates from 22% in 1989 to 42% in 1995 and by another 9% last year, including increases in girls' enrollment from 16 to 34% over this same time period.

USAID regional programs highlighted the basic education problem in Africa, and now, through research and information-sharing, enhance the effectiveness of programming by supporting USAID efforts to build more effective and financially sustainable education systems, and to leverage an increasing level of country financing for primary schooling.

In **Malawi**, USAID encouragement and support has increased primary school enrollment by more than 50%, and its particular and insistent focus on girls' education has increased the numbers and proportions of girls in primary, secondary, and tertiary school levels.

Stabilizing World Population Growth and Protecting Human Health ...

Africa's population growth rate today is the highest of any region in the world at any time in history. Unless slowed, sub-Saharan Africa's population of 600 million will reach one billion by 2015 and 1.2 billion by 2020. Neither the land nor the governments nor the economies of the continent will be capable of supporting this level of growth or the resulting population level.

But there is cause to hope. Almost all African nations now have policies and programs supporting family planning. As a result of persistent effort coupled with broad donor support and coordination, growth rates have declined in **Kenya**, **Zimbabwe**, **Botswana**, and **South Africa**. **Ghana**, **Tanzania**, and parts of **Nigeria**, Africa's most populous nation, are showing promise of fertility declines.

USAID has provided the intellectual and financial leadership on these issues for over twenty years, and has been instrumental in the successes that are turning the tide on population growth in Africa.

In **Ghana**, the family planning program has succeeded in lowering the fertility rate by one child per woman, down from an average 6.4 to 5.5 children per woman between 1988 and 1993. This dramatic change in a remarkably short time frame is due to a doubling of the use of modern contraceptives; USAID expects HIV infection also to fall.

In **Madagascar**, as a direct result of USAID efforts to increase the number of health centers offering quality family planning and child survival services, the use of modern contraceptives more than doubled in one year, from 5% in 1995 to 11% in 1996.

In **Benin**, USAID has supported HIV/AIDS prevention activities primarily through the social marketing of condoms, community education campaigns, and institutional strengthening of the national AIDS Control Program. This emphasis saw condom sales expand seven-fold between 1990 to 1995, from 355,000 to 2.2 million. Child survival efforts have also increased through the social marketing of oral rehydration salts (ORS), training village health volunteers in diarrhea prevention and management, and through a grant to UNICEF to support related activities. As a result, ORS use in target regions increased three times, from 10 to 30% of the target population.

USAID remains particularly committed to reducing infant and child deaths and improving child survival. The **infant mortality rate** declined from an average of 113 deaths per 1000 live births prior to the Development Fund for Africa (DFA) in 1988, to 102 in 1993 and 100 in 1995 -- with reductions despite the negative effect of the HIV pandemic on child mortality. Seven African countries, including **Kenya and Zimbabwe** had infant mortality rates in 1993 below the international target of 75 deaths per 1000 live births.

In **five Southern African countries**, the infant mortality (IMR) and under-5 mortality rates (U5MR) have shown sustained long term declines: from an approximate regional average IMR of 135/1000 live births in 1970 to 100 in 1995 and from a regional average U5MR of 225 deaths/1000 live births to 150 in 1995, a decline of one-third. The same pattern holds for the West Africa region.

One common indicator of how well USAID is doing to improve child health is the use of oral rehydration therapy -- a sugar-salt clean water preparation designed to avert death by dehydration, particularly in young children suffering from diarrhea. In **Malawi**, the use of this therapy by families rose from 63% in 1992 to 78% in 1995.

In **Mali**, USAID support for full immunization coverage led to a dramatic rise from 5% in 1987 to 58% of all children in 1994.

... in mitigating the devastation of HIV/AIDS ...

In Africa, USAID is emphasizing a strategy of HIV/AIDS prevention and mitigation. Concurrent with implementing health sector programs aimed at preventing transmission of HIV, other development sector activities (e.g., human resource development, private enterprise, education, agriculture) are attempting to mitigate the adverse consequences, on society and the economy, of the premature adult deaths due to AIDS. The framework for HIV/AIDS activities are to increase the awareness of policy-makers of the impact of HIV/AIDS on their societies, focus on prevention of the infection, create sustainable programs, and emphasize continual program monitoring and evaluation. The strategic approaches of the Agency's HIV/AIDS prevention activities focus on reducing the sexual transmission of HIV, concentrating resources in key countries, developing public-private sector partnerships, conducting community-based approaches/interventions, expanding knowledge about sexual behavior and applying that knowledge toward the design of more effective interventions.

A major constraint is that investments in HIV/AIDS control are limited by the interests and policies of African governments. Other constraints include government absorptive capacities for preventive health and competing public health priorities. USAID has tailored its response to specific country situations, emphasizing interventions ranging from heightening the awareness and commitment of governments to combat HIV/AIDS to increasing the use of condoms and changing sexual behavior. USAID has emphasized community-based education programs focused on changing attitudes and behavior. Other activities include monitoring HIV/AIDS, increasing government and public awareness, assisting African countries with the development/implementation of AIDS prevention programs, and conducting applied research to improve preventive measures.

- To ensure that HIV/AIDS and family planning programs were mutually supportive, USAID regional office mounted case studies in five Eastern and Southern African countries -- **Kenya, Uganda, Zimbabwe, Botswana**, and **South Africa** -- to understand the costs and potential benefits of integrating HIV/AIDS prevention with ongoing maternal-child health and family planning programs.

- In **Kenya**, a program designed to train community health workers in AIDS prevention has demonstrated the advantages to be gained from integrating intervention programs into existing institutional structures. In the program, USAID provided training in community education and

counseling techniques to clinical and service staff of Kenya's Crescent Medical AID (CMA). This training provided CMA staff and a network of community health workers with the resources to build awareness of HIV/AIDS in the community, distribute condoms and diagnose STDs. Annually, the program was able to provide information and education to 26,000 people through the community health workers, and reached 54,000 high risk STD patients through CMA's eight STD clinics. Additionally, the program distributed approximately 2.4 million condoms annually.

- Another early success story was recorded in a five-country evaluation of newly developed rapid tests for HIV. These tests require no instruments or electricity, can be performed by minimally trained technicians, and are faster and much less expensive than currently-used technologies. This assessment led to a major policy change by the Government of Kenya to purchase rapid HIV tests for use in emergency situations such as emergency blood transfusion services and for routine use in district and rural hospitals. Other African countries are considering similar policy changes.

- In **Uganda**, outreach efforts including information, testing, and counseling may have helped see a leveling or falling of sero-prevalence among women visiting ante-natal clinics in Kampala.

Preventing Crises and Building Peace and Democracy ...

> *"[The] hopeful trend toward freedom and democracy is neither inevitable, nor irreversible, nor has it extended to the real lives of hundreds of millions of people across the globe ... we must continue to stand up for the proposition that all people ... should have a chance to live up to their potential."*
>
> President Bill Clinton, December, 1996

GHAI works closely with the Intergovernmental Authority on Development (IGAD) in the Greater **Horn of Africa**, supporting their leadership in addressing pressing regional problems such as food insecurity, crisis prevention, post-crisis rehabilitation, and development. With GHAI support, IGAD has revitalized itself to take on a broader role in regional consensus building and cooperation regarding these issues. The IGAD charter has been expanded to include conflict, and the governing structure and secretariat have been reorganized to create greater efficiency in operations and increasing responsiveness to regional crises.

In **Angola**, U.S. national interest and natural compassion combine. Currently, seven percent of U.S. petroleum imports come from this troubled country where U.S. firms have investments worth some $3 billion. U.S. interests are growing, with petroleum imports scheduled to increase to 15% of the total within five years. Yet the country has been savaged by civil war. U.S. efforts to establish a lasting peace between factions has been supported by an emergency food aid and medical interventions program estimated to have saved hundreds of thousands of lives. In addition, USAID has helped resettle 215,000 internally displaced Angolans with food, seeds, tools, resettlement kits, and some agricultural training. Nearly 1,000 Kms have been demined along with thousands of acres of agricultural lands. USAID's support to Angola evolved considerably in 1996 with the opening of a resident mission and through the expansion of the program to strengthen civil society -- with a focus on human rights and civic education.

Last year, **South Africa** solidified its transition to a pluralistic democracy: a new constitution and bill of rights were drafted, local elections were successfully held with local and provincial governments becoming more organized, non-governmental organizations are remaining active in political debate, the judiciary is being reformed, human rights are being promoted, and freedom of expression is a reality.

In **Rwanda**, the achievements of the post-1995 crisis period have been remarkable. The USAID/Rwanda has defined the principal challenges facing a transition from crisis to development; they are promoting social stability, gaining increased confidence in judicial processes and democratic governance, promoting resettlement and reintegration into the economy of all Rwandans, and seeking and supporting African-led efforts to extend stability and return to development. When recent conflict in Zaire precipitated the return of nearly one million refugees to Rwanda, the strength and resilience of the Government of Rwanda was tested; the world prepared for disaster. Rather than nightly broadcasts of resumed fighting, however, the world saw cautious but continuous streams of refugees returning to Rwanda. That nearly one million returned is testimony to Rwandan willingness to trust the newly strengthened judicial and democratic systems -- systems strengthened under the guidance of African partners with USAID assistance. USAID assistance also helped reunite over 5,500 children with their families, and increase agricultural production to nearly 4/5 of its pre-war level. But the peace remains fragile and susceptible to unrest in Zaire.

Ghana saw successful general elections which strengthened the country's efforts to consolidate democracy and increase participatory development. Non-governmental institutions, including public policy and research institutions, are numerous and actively engaged in raising awareness and encouraging public debate on all aspects of economic, political, and social issues facing Ghanaian society. The private media, particularly print media and radio, have expanded significantly over the past few years, offering alternative views, including criticism of government, on a wide range of policy issues.

In **Ethiopia**, USAID-supported legislative and executive elections at the regional and federal level were lauded as effective by the international community. The newly elected Parliament will help resolve inter-regional disputes and facilitate efficient and effective appropriation of funds to regional and federal activities. In addition, the last year has seen increased resources flow to strengthen the institutional capacities of local NGOs and to improve their legislative and regulatory rules.

Protecting the Environment ...

The international community identified **Madagascar** as "the single highest biodiversity priority in the world" due to the combination of the great variety of species found nowhere beyond this island and the tremendous threat to the existence of plants and animals posed by human poverty and public mismanagement. To protect these resources, USAID has supported activities to increase the stake local community residents have in the maintenance of their natural resources -- local community groups now retain half of park-entry fees and a share of rising forest-cutting fees. Land protected has increased, tourism has increased 108%, and local revenues increased 44%. Developed with assistance from USAID, this last year saw the first environmental impact law adopted.

Community-based management of the environment and natural resources has been the hallmark of USAID's program in **Zimbabwe**. As USAID country program heads toward graduation, increasing attention has been paid to ensuring that a durable policy and operational framework is in place for the long-term protection of these resources. Thus, it is especially encouraging that Zimbabwe's widely regarded and community-based CAMPFIRE program has more than doubled the number of districts in which it works -- now covering some 57 districts representing most of the country. The CAMPFIRE program gives local community residents a financial stake in maintaining the long-term usefulness -- while improving the actual management -- of its natural resources. At current levels, CAMPFIRE is now shifting more than $1 million per year to local groups while at the same time reducing poaching in Zimbabwe's parks.

The Central African Regional Program for the Environment (CARPE) is an example from the environment sector of USAID working successfully with other donors to achieve significant results. Together with the EC and the World Bank, USAID is creating an international awareness and developing a strategy to address the issues of deforestation and loss of biodiversity in the second largest rainforest in the world located in the **Congo Basin**, thus ensuring that this valuable resource is managed in a more sustainable manner.

and Providing Humanitarian and Emergency Assistance ...

For 1996, USAID provided some $436,000 in humanitarian and emergency assistance -- Title II and Title III Food Aid plus OFDA and OTI resources -- to 13 countries in Africa. The major recipients of these resources were Rwanda, Ethiopia, Liberia, Angola, and Sudan. With the world's highest numbers of refugees, funds were provided primarily to assist in refugee camps and with resettlement efforts.

Building Peace and Making Peace Work -- the Uganda Transition story

Too often, development seems a series of discrete actions and abstract numbers -- a growing proportion of the population using oral rehydration therapy, greater non-traditional agricultural exports, or more girls in school. It can be difficult to see in the accumulation of these actions and numbers a success that fundamentally transforms a society, moving it from decades of domestic turmoil to a land of hope and promise for its people and the people of its region. The Uganda example helps tell that story.

Just 11 years ago, Yoweri Museveni became Uganda's President, presaging a period of peace and prosperity for this small nation. After the new government's troops swept through Kampala and its agricultural lands, families returned to their fertile farms in Luwero. Pyramids of bones and skulls stood in mute testimony to the suffering of family members; yet people returned -- the land was fertile, the future held a tangible hope of growth through rehabilitation.

The North was different -- as lands of former oppressors Amin, Obote, and Okello, retreating armies were pursued aggressively; as productive cotton and sesame farms supporting state-owned processing facilities, productive capacity was decimated by neglect; and as the region closest to Sudan, a thriving regional trade was disrupted and replaced by a staging ground for mountains of relief supplies en route to southern Sudan. Empty fields and dilapidated processing plants stood their own testimony to neglect. People did not return -- they had never left their impoverished lands. The future shouted its challenge of basic and broad-based economic development to give the North an equal stake in a prosperous and stable Uganda.

Museveni inherited little beyond the determination of the Ugandan people: a nation needed to be rebuilt, the infrastructure developed over half a century, and destroyed during decades of war and neglect, needed to be recreated, and a people ravaged by war had found a new scourge -- AIDS. One of only a few bilateral donors present at the end of hostilities and active when the World Bank was just moving in, USAID began to work in close partnership with Ugandans to build their peace and make it work. Early efforts facilitated return of displaced Ugandans, seeds and tools were provided to returning soldiers and credit to returning farmers. USAID worked with the IMF, World Bank, and other donors to stabilize the economy and rehabilitate financial institutions as well as key economic infrastructure such as roads and bridges. USAID worked with the people to help heal the wounds of AIDS and war.

As the peace became established, USAID's program shifted to help Ugandans make the peace work by increasing access to and investment in a thriving economy and prosperous future. Over the last five years, USAID has made crucial contributions to improving the agriculture and business climate in the country, and farmers and entrepreneurs are responding. More than 100,000 new small and micro-businesses have been established in the last five years, and agricultural sector growth has exceeded 5% a year since 1991. Coffee exports, principally produced by smallholders, grew by 16% last year,

with high value non-traditional crops, such as flowers and vanilla (grown by women), showing 26% growth per year. Total annual agricultural exports -- to the region and beyond -- grew four-fold between 1990 and 1995, with maize and bean exports enhancing regional food security. Infrastructure remains critical, and P.L. 480 Title III resources financed the rehabilitation of over 6,500 kilometers of rural feeder roads.

At the same time, USAID investments have emphasized social equity. Thus, investments in primary education have achieved significant results for ensuring future participation in economic growth by all: 11% of the primary school labor force -- teachers, principals, and tutors -- have been trained with USAID support; Government of Uganda resources for primary education tripled, and primary school teachers are now paid a living wage -- up from $8 per month to $72 per month. Books and materials are now competitively purchased at a lower cost, and can be selected directly by schools to meet their needs. After years of few students or teachers, fewer schools, and no materials, Uganda has created a professional cadre of primary school teachers committed to students and equipped with 1.5 million text books purchased last year alone. Gross enrollment of the school-aged population increased from 55% to 73% by last year. USAID is continuing to work with Ugandans to expand this ratio to 85% by 2002, and to make this investment level financially sustainable.

USAID has also worked closely with Ugandans on issues of maternal and reproductive health, HIV/AIDS and sexually transmitted disease, and fertility. Important gains have been made, though much remains to be done. USAID has worked with Ugandans in developing major and continuing initiatives to upgrade the skills of health care providers in family planning and maternal health, mass-media communications, community education, contraceptive social marketing, and HIV testing and counseling. Although cause and effect are difficult to establish, it appears that USAID's efforts have had an impact on reducing fertility by nearly 10%, infant and child mortality by 20 and 17% respectively, and stabilized or reduced sero-positive cases among women visiting ante-natal clinics in Kampala -- and it appears that this may be the result of reducing high-risk sexual behavior.

Reflecting on the schism between north and south 11 years ago, it is the gains in the political arena that speak most strongly to national reconciliation. From dictatorship and coup, the country moved to establish democratic principles and test them over the last two years. In 1995, a new constitution establishing Uganda as a representative democracy was adopted. In 1996, successful democratic elections were held at the presidential and parliamentary levels.

Thus, a democratic transition coupled with pro-business monetary and economic policies and pro-equity social investments have led to increased security, renewed investor confidence, and supported robust economic growth (nearly nine percent last year). But much remains to be done, and a durable peace is still in the making:

- households remain poor -- average annual expenditures range from only $43 to $52 per family, barely enough for food or school fees or needed drugs -- so income growth is vital to improving lives and increasing the financial sustain ability of social programs;

- fertility remains high at 6.8 children per woman, HIV infection rates remain high, as do infant and child mortality;

- natural resources of global significance, such as the mountain gorilla and its forest habitat, are in danger of extinction -- while this is exacerbated by regional instability, hope for protection in a stable Uganda is real;

- regional disparities need to be overcome to ensure political stability; and

- nascent democratic institutions need to be strengthened and tested, as well as public fora enhanced to encourage broad domestic debate without tension, and the role of Uganda as a

regional model and leader for democratic opportunity and economic growth firmly established.

Continued investments in the democratic sector, in economic growth and the social sectors, and in the environment are required to make the peace hold and give everyone a stake in a stable future.

... Thus, though the progress is fragile, there is reason to Hope -- not only in Uganda, but throughout the Greater Horn of Africa and beyond.

The FY 1998 Budget Proposal

Progress in Africa, and performance of USAID programs in Africa, is real and encouraging. But challenges remain, and investments in economic growth combined with increased social equity and improved democratic participation are required to ensure that the gains remain real and sustained. Such investments will serve to help people help themselves and prosper over the long-term and avoid costly relief efforts in the short-term.

Encouraging Broad-Based Economic Growth Request **$ 335,900,000**

Promoting broad-based economic growth is fundamental to the success of USAID's sustainable development strategy in Africa. American assistance must stimulate growth to move beyond dependency of individuals upon the state and of states upon donors. Thus, it is critical that USAID continue support for those sectors that promote the health and independence of African economies: smallholder agriculture and small and medium enterprises.

Agriculture remains the backbone of most African economies, affecting the well-being of virtually all Africans in terms of household income and food security and the national economy. Small and medium scale enterprises are also vital to the health of African economies because this is the source of job growth and diversification of production. Thus, USAID will support the expansion of non-traditional export and market liberalization and small and medium enterprise development.

For FY1998 USAID requests Development Funds for Africa and Economic Support Funds to support agricultural and small and medium scale enterprise development in Angola, Benin, Eritrea, Ethiopia, Ghana, Guinea, Malawi, Mali, Mozambique, Namibia, Senegal, South Africa, Uganda, and through regional programs in the Greater Horn of Africa (GHAI), the Initiative for Southern Africa (ISA), and the regional support program. In addition, USAID expects to provide an additional $19,900,000 in P.L. 480 Title III assistance to Eritrea, Ethiopia, and Mozambique.

***Food Security Initiative*:** ($25,000,000)

Not requested as a separate account, but significant in its intent and potential impact, USAID is proposing a new Food Security Initiative in Africa. Recognizing the increasing threat to food security in the region posed by trends in agricultural production and population growth, the new initiative will underscore policy, technology, and infrastructure constraints to enhancing food production and marketing. In this pilot year of a ten-year effort, USAID will highlight programs in Ethiopia, Uganda, Malawi, Mozambique, and Mali to increase attention and resources on these constraints. At the same time, these resources and programs will be supplemented by activities proven to enhance child survival. USAID's goal for this program over the ten-year period is to increase child survival by increasing access to food and other services so as to reduce child survival rates in a sustainable manner.

Stabilizing World Population Growth and Protecting Human Health **$241,300,000**

Stemming Africa's high population growth rate is a typical strategic objective in USAID's full sustainable development country programs, because there id great synergy with other USAID objectives: unchecked

population growth erodes economic growth, undermines the ability to reach food security, exacerbates environmental degradation, and fuels political instability. Thus, it is critical both to sustainable development and crisis prevention.

Infant and Child mortality rates in Africa remain the highest in the world, and USAID will continue its significant assistance to strengthening health delivery systems and expanding immunization and oral rehydration therapy coverage. Of increasing importance, however, is the positive relationship between food security and child survival. Therefore, those countries selected to participate in the new Food Security Initiative are those where need and opportunity combine to suggest that important gains in child survival can be gained -- USAID will be watching performance in these countries closely. Since child survival is so important, USAID programs in this area are extensive.

Finally, HIV/AIDS is and will remain a major health and economic problem in Africa for the foreseeable future. USAID will continue its efforts to increase public awareness of its causes and of the behavioral changes needed to prevent transmission of this disease.

In population, child health, and AIDS/HIV area programming, USAID's FY1998 request will support activities in Angola, Benin, Eritrea, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia, Zimbabwe, and through regional support programs for Africa and West Africa. Of the total funding requested, $86.6 million is planned for population activities and $154.7 million is planned for health activities.

Protecting the Environment Request: **$100,500,000**

Africa's lands are fragile and subject to uncertain rains and drought, yet it remains a continent of vast but still-untold natural resource wealth. Thus, managing the natural resources (NRM) of this immense continent is vital to sustainable agricultural production and far beyond. USAID programs that have agricultural development as an objective are also commonly supporting development of sound NRM policies and host country capacity to monitor environmental changes and early warning systems. Such programs also develop and demonstrate environmentally sound production and processing techniques. For FY1998, USAID proposes funding major NRM programs in Ethiopia, Ghana, Madagascar, Malawi, Mali, Mozambique, Senegal, South Africa, Tanzania, Uganda, Zimbabwe, and in regional programs such as the GHAI and ISA.

Building Democracy Request: **$67,200,000**

Africa is changing. No longer a continent of dictatorship and authoritarian regime, Africa's people are demanding increased transparency, accountability, participation in national economies and government and governments are becoming increasingly free and democratic. USAID support for democratization and civil society includes electoral support, strengthening democratic institutions such as free press and independent legislatures and judiciary branches, developing NGOs, as well as promoting conflict resolution and demobilization of troops. For FY1998, USAID proposes funding for important democratic governance efforts in Angola, Burundi, Ethiopia, Kenya, Liberia, Madagascar, Malawi, Mozambique, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and through regional programs such as the GHAI and ISA.

Humanitarian Assistance: **$262,147,000**

USAID plans to provide $262,147,000 in P.L. 480 Title II assistance to Angola, Benin, Eritrea, Ethiopia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Mozambique, Rwanda, Somalia, and Uganda. The emergency component of these resources cannot be predicted at this time.

AFRICA
PROGRAM SUMMARY
FY 1998 Funding Request (in Thousands of Dollars)

Country	Encouraging Broad - based Economic Growth	Stabilizing World Population Growth & Protecting Human Health	Protecting the Environment	Building Democracy	Providing Humanitarian Assistance	Total
BILATERAL PROGRAMS						
Angola						
-Dev. Fund for Africa	7,100	3,500	200	2,000	---	12,800
-Economic Support Fund	7,000	---	---	3,000	---	10,000
-P.L. 480 Title II	---	---	---	---	22,594	22,594
Benin						
-Dev. Fund for Africa	8,400	7,000	---	800	---	16,200
-P.L. 480 Title II	---	---	---	---	1,904	1,904
Eritrea						
-Dev. Fund for Africa	5,800	3,200	1,000	500	---	10,500
-P.L. 480 Title II	---	---	---	---	3,178	3,178
-P.L. 480 Title III	5,000	---	---	---	---	5,000
Ethiopia						
-Dev. Fund for Africa	20,110	23,325	2,500	2,350	---	48,285
-P.L. 480 Title II	---	---	---	---	24,453	24,453
-P.L. 480 Title III	9,900	---	---	---	---	9,900
Ghana						
-Dev. Fund for Africa	20,800	14,100	2,000	1,500	---	38,400
-P.L. 480 Title II	---	---	---	---	12,672	12,672
Guinea						
-Dev. Fund for Africa	5,600	6,000	1,100	1,300	---	14,000
-P.L. 480 Title II	---	---	---	---	986	986
Guinea-Bissau						
-Dev. Fund for Africa	2,000	---	---	500	---	2,500
-P.L. 480 Title II	---	---	---	---	562	562
Kenya						
-Dev. Fund for Africa	5,500	11,600	800	2,100	---	20,000
-P.L. 480 Title II	---	---	---	---	5,000	5,000
Liberia						
-Dev. Fund for Africa	4,500	1,000	---	2,000	---	7,500
-P.L. 480 Title II	---	---	---	---	72,403	72,403
Madagascar						
-Dev. Fund for Africa	1,500	6,000	7,000	2,000	---	16,500
-P.L. 480 Title II	---	---	---	---	3,086	3,086
Malawi						
-Dev. Fund for Africa	15,100	11,400	8,400	2,500	---	37,400
Mali						
-Dev. Fund for Africa	19,000	10,900	5,100	1,000	---	36,000

Country	Encouraging Broad - based Economic Growth	Stabilizing World Population Growth & Protecting Human Health	Protecting the Environment	Building Democracy	Providing Humanitarian Assistance	Total
Mozambique						
-Dev. Fund for Africa	14,700	16,400	6,100	2,000	---	39,200
-P.L. 480 Title II	---	---	---	---	14,511	14,511
-P.L. 480 Title III	5,000	---	---	---	---	5,000
Namibia						
-Dev. Fund for Africa	6,800	---	---	1,200	---	8,000
Niger						
-Dev. Fund for Africa	---	2,500	---	1,000	---	3,500
Nigeria						
-Dev. Fund for Africa	---	4,000	---	3,000	---	7,000
Rwanda						
-Dev. Fund for Africa	4,160	1,340	---	2,000	---	7,500
-P.L. 480 Title II	---	---	---	---	44,808	44,808
Senegal						
-Dev. Fund for Africa	10,600	11,500	4,800	200	---	27,100
Somalia						
-Dev. Fund for Africa	2,790	710	---	500	---	4,000
-P.L. 480 Title II	---	---	---	---	4,936	4,936
South Africa						
-Dev. Fund for Africa	40,000	12,000	3,500	14,500	---	70,000
Tanzania						
-Dev. Fund for Africa	2,500	11,000	4,000	2,500	---	20,000
Uganda						
-Dev. Fund for Africa	24,540	16,710	6,300	2,000	---	49,550
-P.L. 480 Title II	---	---	---	---	5,284	5,284
Zambia						
-Dev. Fund for Africa	4,700	11,800	400	700	---	17,600
Zimbabwe						
-Dev. Fund for Africa	3,500	7,000	3,000	1,800	---	15,300
REGIONAL INITIATIVES						
Africa Regional (1)						
-Dev. Fund for Africa	20,534	30,402	24,900	6,200	---	82 036
-Economic Support Fund	15,000	---	---	---	---	15,000
-P.L. 480 Title II	---	---	---	---	45,770	45,770
GHAI						
-Dev. Fund for Africa	9,000	---	2,000	4,000	---	15,000
ISA						
-Dev. Fund for Africa	30,000	---	14,000	3,000	---	47,000
Sahel						
-Dev. Fund for Africa	2,200	868	1,500	300	---	4,868
REDSO/E						
-Dev. Fund for Africa	2,066	2,409	300	450	---	5,225

Country	Encouraging Broad - based Economic Growth	Stabilizing World Population Growth & Protecting Human Health	Protecting the Environment	Building Democracy	Providing Humanitarian Assistance	Total
REDSO/W -Dev. Fund for Africa	500	14,636	1,600	300	---	17,036
SUBTOTALS						
Dev. Fund for Africa	294,000	241,300	100,500	64,200	---	700,000
Economic Support Funds	22,000	---	---	3,000	---	25,000
P.L. 480 Title II	---	---	---	---	262,147	262,147
P.L. 480 Title III	19,900	---	---	---	---	19,900
TOTAL	335,900	241,300	100,500	67,200	262,147	1,007,047

(1) Africa Regional P.L. 480 Title II includes food assistance for Burkina Faso, Cape Verde, Mauritania, Sierra Leone and Sudan.

ASIA AND NEAR EAST

FY 1998 Sustainable Development Request $310,000,000
FY 1998 Economic Support Fund Request $2,264,000,000
FY 1998 P.L. 480 Title II Request $104,522,000

INTRODUCTION

U.S. interest in the Asia and Near East (ANE) region ranks among the top in the world due to the importance of promoting peace and stability in the Middle East and strengthening the development of countries in the Asia region, which is the fastest growing U.S. export market. For the United States, the ANE region poses great development challenges, but it can also yield substantial benefits. USAID's assistance program is a carefully targeted effort that focuses on measurable results and sustained benefits to enhance the interests of the United States.

U.S. NATIONAL INTERESTS

Securing Peace and Enhancing Trade

Two of the highest foreign policy priorities in the ANE region are promoting a comprehensive peace in the Middle East and strengthening trade and cooperation with Asia, the most dynamic and fastest-growing region in the world. In the Middle East, while the peace process requires U.S. leadership in the political arena, USAID plays a critical role in building regional stability and cooperation through economic growth. The equivalent of two million U.S. workers earn a living producing goods that are exported to the Asia region. As a group, Asia's developing countries constitute the fastest growing regional market for U.S. merchandise exports, expanding at over 15% per year. It is anticipated that U.S. trade with Asia will continue to expand dramatically, along with the number of U.S. jobs. However, continuing civil strife and human rights concerns in the ANE region could potentially undermine political and economic progress. Plus, the ANE region suffers from a variety of global problems -- such as endemic poverty and disease, environmental degradation, and rapid population growth -- that affect economic and democratic progress. USAID's program of assistance to the ANE region responds to these challenges with specialized and timely assistance that emphasizes impact and sustained benefits.

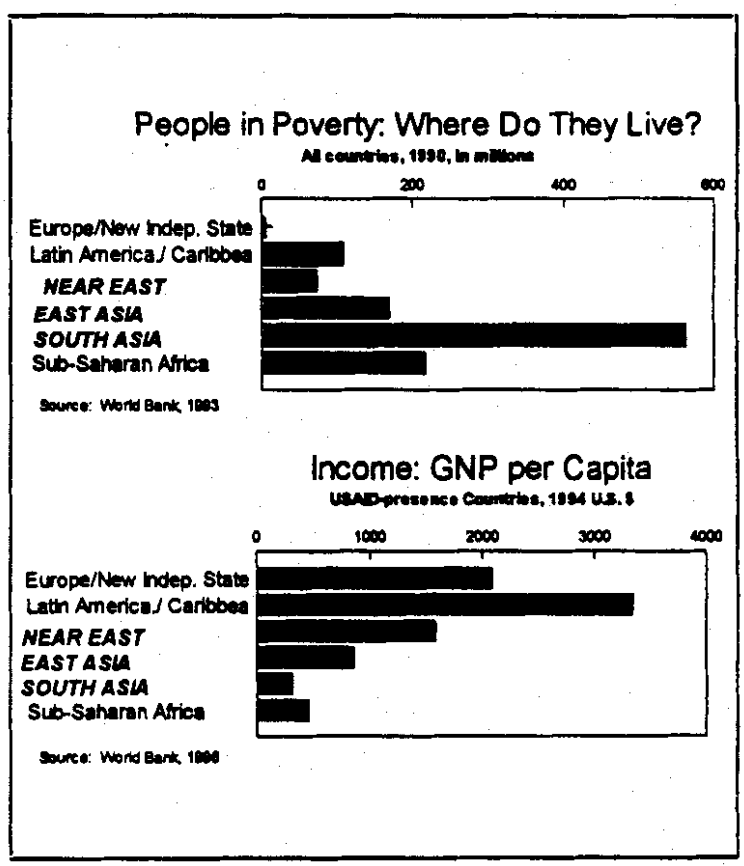


Figure 1

The U.S. Development Challenge

The goal of broadly shared economic growth underpins all USAID efforts in the ANE region. Such growth is essential if USAID partners are to sustain their development successes and increase their capacity to finance continued progress. USAID programs in ANE help create a favorable climate for sustainable development and greater interdependence in the region. Progress towards sustainable development minimizes debilitating domestic and regional conflicts and creates opportunities for private sector linkages with the U.S. economy.

The ANE region has some of the poorest countries in the world, such as Bangladesh, Cambodia, India and Nepal. The populations of USAID-assisted countries in the ANE region, which total two billion people, contain the vast majority of the world's poor (see Figure 1). Over 600 million people living below the World Bank's poverty line reside in the ANE region. If left unchecked, the sheer magnitude of poverty in the region alone could cripple political systems and economic infrastructure, induce mass migration and further damage the environment.

The region's enormous political diversity also influences USAID's assistance programs. There are long-standing democracies (India, Sri Lanka and Israel), nascent democracies (Bangladesh, Nepal and Mongolia), and others that are beginning to grapple with the participatory aspirations of their peoples (Indonesia and Egypt). Political systems are changing throughout the ANE region. In Morocco and Jordan, monarchies are liberalizing. In Cambodia and Mongolia, democratic transitions are emerging. And in the West Bank and Gaza, government branches are evolving. Within this range of political systems, USAID promotes pluralism in societies, transparency and accountability in governments and private institutions, and respect of universal human rights and rule of law.

Achieving Sustainability Through Effective Donor Coordination and Leveraging

Despite declining resources, USAID continues to provide leadership in the region through closer coordination with other donors and targeting of technical assistance. Good examples of recent donor coordination include shared funding of human immunodeficiency and acquired immunodeficiency syndrome (HIV/AIDS) interventions in Indonesia and the Philippines under the Japan-USA Common Agenda, and joint funding of contraceptives with the World Bank in Bangladesh. Increasingly, USAID is pursuing joint formulation and evaluation missions with other donors and development partners to enhance ownership and to leverage funding.

USAID technical assistance that is leveraged with the resources of other partners achieves a greater impact than USAID could achieve acting alone. USAID's Integrated Pest Management program in Indonesia now serves as a model for replication throughout the world. Funding in Indonesia has now been picked up by the United Nations Food and Agriculture Organization (FAO) and the World Bank, and they are supporting similar programs in other countries. In India, USAID's technical support to the Power Finance Corporation, state electricity boards and private power companies has helped leverage millions of dollars of loans from the World Bank and the Asian Development Bank. It has also opened the way for large U.S. private investments in power generation, by improving the policy and institutional environment for investment in the private sector. USAID's approach to improving the efficiency of water resources in irrigation in one area of Morocco is being replicated in nine additional areas under a $365 million World Bank loan.

ACHIEVING RESULTS

The ANE program supports five key priorities:

- securing comprehensive peace in the Middle East;
- strengthening trade and technology links;

- addressing global issues affecting regional stability and economic development (e.g., rapid population growth, HIV/AIDS, and environmental degradation);
- strengthening democratic participation and governance; and
- reducing gender disparities.

Progress in Securing Peace in the Middle East

The United States provides global leadership to the Middle East peace process, and USAID is making significant contributions. The U.S.-Egyptian Partnership for Economic Growth and Development, launched by Vice President Gore and Egypt's President Mubarak in September 1994, is targeting economic growth and job creation in Egypt, as well as economic and commercial ties with the United States. USAID's leadership has focused the combined efforts of the U.S. Government and the private sector to promote increased export-oriented economic growth and help Egypt emerge as an economic base for regional trade. The success of the November 1996 Cairo Economic Conference is testimony to the growing economic linkages between Israel, its Arab neighbors and the United States.

USAID supported the January 1996 elections in the West Bank and Gaza. In this history-making event, the Palestinians elected their first democratically chosen self-governing authority. USAID also provided budgetary support, through the multi-donor fund, to maintain health and education services and to facilitate the transition of key social services to the Palestinians. USAID also helped: create jobs through loans to small businesses; facilitate the development of industrial zones; upgrade water systems in Rafah, Nablus, Hebron, Ramallah and 21 West Bank villages; lay the groundwork for potable water systems that serve 270,000 Palestinians; and reduce sewage flooding in Gaza City.

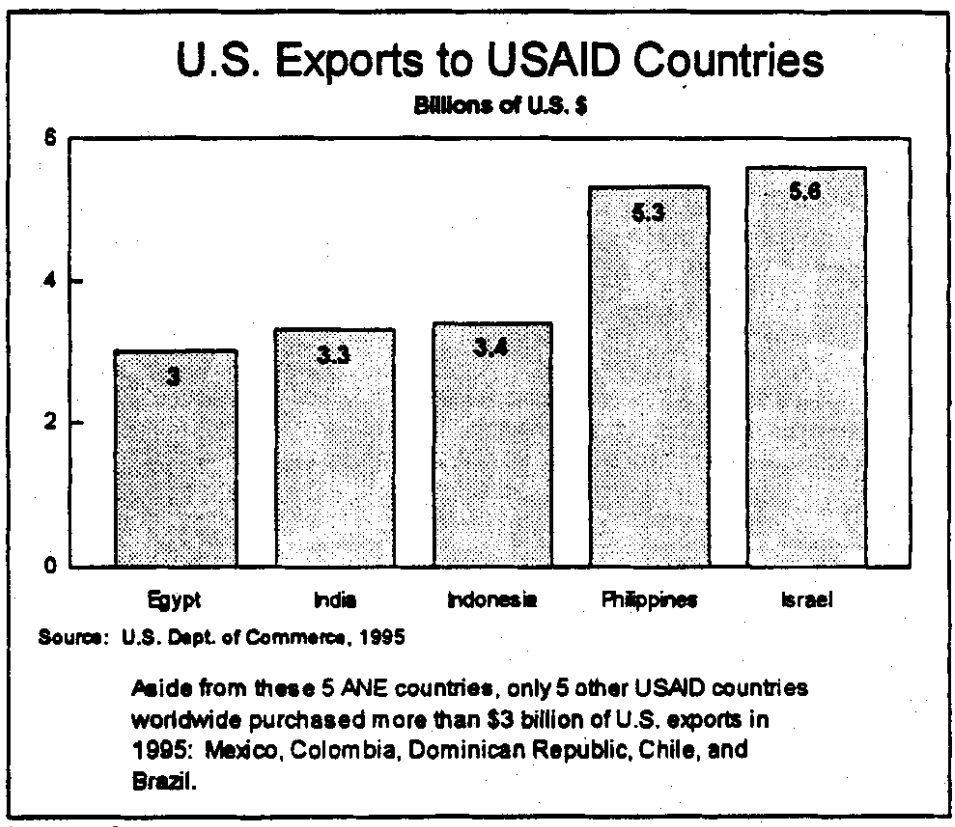


Figure 2

Progress in Strengthening Trade and Technology Linkages

The thriving investment climate in the region is buttressed by selective USAID assistance. Five ANE countries receiving USAID assistance -- Indonesia, Philippines, India, Israel and Egypt -- purchased $3 billion or more of U.S. goods in 1995 (see Figure 2). These countries also received $1.6 billion in U.S. foreign direct investment in 1995, and U.S. investors received $2.8 billion in earnings on past investment. USAID plays an important catalytic role in this dynamic region by supporting key sectoral

reforms and investments that increase incomes and create a growing demand for U.S. exports of all kinds, including agricultural products, and environmental, telecommunications and energy technologies.

Most ANE countries have been lowering both tariffs and non-tariff barriers to imports, many with USAID assistance. For example, USAID provided assistance to Indonesia and the Philippines, two key members of the Asia-Pacific Economic Cooperation (APEC) forum, for the liberalization of trade and investment policies. APEC is the major forum for U.S. Government efforts to reform the trade and investment policies of countries in the Asia-Pacific region. This USAID assistance, complementing that of other donors and the two governments' own resolve, supported the analysis and adoption of trade reform packages in Indonesia and the Philippines. These reforms reduced the average tariff rates from 20% to 15% and committed both countries to a preannounced schedule of tariff reduction. These changes will reduce most tariffs to about 5% by 2004. Nevertheless, comparative tariff rates and import policy indicators demonstrate that these and other USAID-assisted countries in the ANE region still have more protectionist trade policies than do USAID countries in other rapidly developing regions. Therefore, considerable benefit for ANE countries and for U.S. exporters can be achieved by continued USAID efforts to liberalize trade regimes in ANE countries.

USAID assistance for the reform of key sectoral policies also spurs growth of incomes and jobs at the same time that it increases trade and technology links with the United States. In Sri Lanka, Indonesia, India and the Philippines, USAID supports the development of capital markets to mobilize foreign and domestic capital and to improve the efficiency of allocation. More financial resources are being channelled to the private sector. For example, funds raised on the capital markets of India, Indonesia and the Philippines doubled from 1993 to 1995, from about $5.5 billion to almost $11 billion. In India, USAID was instrumental in establishing the automated National Stock Exchange, which has become the country's largest exchange. Mobilizing capital for investment also creates jobs. Firms on the Colombo Stock Exchange in Sri Lanka created over 4,500 new jobs in 1995, for a total of 29,000 jobs since 1990 when USAID assistance began. Overall, 17% of all the jobs created in Sri Lanka's formal sector in the past year can be linked to USAID assistance. In Indonesia, USAID's technical inputs to strengthen capital markets and develop procedures for privatization have resulted in the partial privatization of Indonesia's major telephone and international telecommunications firms, with shares sold on both the Jakarta and New York stock exchanges. And U.S. merchandise exports to Indonesia, Sri Lanka and the Philippines have been increasing by 14%-16% per year.

In areas with persistent pockets of poverty, USAID supports investments in microenterprise credit, agriculture and agribusiness, and rural infrastructure. These investments are designed to reduce poverty and build a sound foundation for the long-term development of future U.S. export markets. USAID micro-finance programs in ANE are among the most successful in terms of scale, profit and targeting of the poor. Sri Lanka, Bangladesh and Egypt, among other ANE countries, have vibrant and successful microenterprise credit programs. Since 1992, USAID support in Bangladesh has helped generate more than 70,000 jobs and increase the incomes of almost 30,000 poor women; and USAID's microenterprise program in Egypt, which has provided small loans to over 42,000 small and microenterprises since its inception in 1989, has been replicated by other donors. Also, a USAID-supported rural electrification program in Bangladesh installed 44,000 irrigation pumps and established 160,000 small rural businesses. USAID investments in infrastructure and improved agribusiness systems in Mindanao, one of the poorest regions in the Philippines, have increased family incomes in southern Mindanao by twice the national average, and were credited with helping to bring an end to the 25-year insurgency. Bangladesh, heavily dependent on food aid prior to 1992, never commercially imported significant amounts of grain. However, USAID-supported privatization of the grain trade and the fertilizer sector, coupled with expanded irrigation, has enabled Bangladesh to become largely self-sufficient in rice and has made it profitable for Bangladeshi grain traders to buy $115 million of U.S. wheat over the past three years.

Progress in Addressing Global Issues: Population, Health and Environmental Problems

USAID encourages an integrated approach to working on global problems, involving linkages among sectors and development partners. Therefore, in dealing with population and health issues, USAID supports mechanisms that facilitate investments in education, family planning, health and nutrition. The success USAID had in reducing population growth directly reduces pressures on the environment. Likewise, many USAID programs link environmental management with economic growth, health and democracy initiatives.

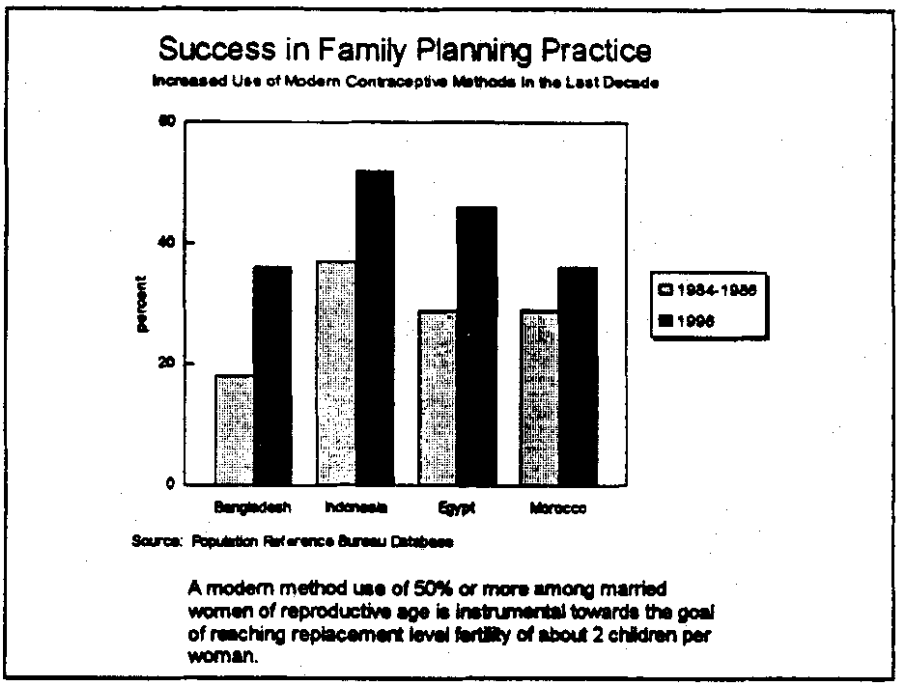


Figure 3

Impressive gains have been made in reducing total fertility rates in ANE countries, which represent some of the most populous countries of the world. USAID investments over the past decades have improved delivery of family planning services in ANE countries, offering couples a wider range of contraceptive methods and providers of services, empowered couples to make informed and safer decisions regarding their family size, and convinced governments of the importance of meeting needs for family planning and reproductive health services. The proportion of couples using safe modern contraceptives has steadily increased in USAID-assisted countries, particularly in Egypt (46%), Morocco (36%), Indonesia (52%) and Bangladesh (36%). Couples are increasingly seeking contraceptives from the private sector, including physicians and pharmacies. USAID investments to engage the private sector and utilize social marketing strategies have been successful in increasing the private sector's share of the reproductive health market. For example, 68% of married couples using contraceptives in Egypt currently seek them from private sector sources.

USAID's child survival program has been vital in preventing childhood deaths and illness globally. Today, nearly 80% of infants are vaccinated with three doses of diptheria, pertussis and tetanus (DPT) by their first birthday, compared with 44% 10 years ago. Millions of children have been saved from dying from acute respiratory infections, tetanus, measles and other preventable childhood diseases. In the ANE region, infant and child mortality and morbidity rates are continuing to decline sharply as a result of sustained child survival initiatives. For example, in Cambodia, vitamin A is being provided yearly to 85%-90% of children in targeted areas, averting about 13,000 deaths per year and decreasing night blindness by 50%. In the Philippines and Egypt, 72% and 79%, respectively, of all children are fully vaccinated against six childhood diseases before they are two years old.

Women's health is being given greater emphasis in the region. Goals have been set lowering maternal mortality and morbidity rates, which are alarmingly high in countries like Nepal and Bangladesh with estimated rates of over 500 deaths per 100,000 live births. The 1994 Cairo Population and Development Conference was catalytic in increasing awareness and the need for action among governments and donors to improve women's health, along with reducing fertility and improving child health. In most ANE countries, the majority of deliveries still occur at home, with significant numbers

of women at high risk of death or debilitating illness from giving birth because of their young age, poor health or lack of medical support. Examples of interventions that have proved successful in alleviating these problems include: in the Philippines, 80% of pregnant women receive antenatal care from a health professional and more than 50% of births are attended by a doctor, nurse or midwife; in Bangladesh, younger women are not only having fewer children (average is 3.4), they are also spacing their births less closely; in Nepal, an inexpensive home delivery kit, developed with USAID help, is now being used in 20% of all home deliveries.

More than 50% of the world's new HIV/AIDS infections occur in Asia. Back in 1995, Asia overtook Africa as the global epicenter of the AIDS pandemic (see Fig. 4), with over 2.5 million new HIV infections. India alone is expected to have 10 million cumulative infections by the year 2000. Epidemiological surveillance remains inadequate in Asia, especially in those countries where governments have not yet recognized and addressed the seriousness of the rapid spread of HIV. USAID has responded through bilateral agreements and a major regional program that focus on increasing access to and use of condoms, improving knowledge and practice of HIV and other sexually transmitted infection (STI) risk-reduction behavior, promoting better STI case management, addressing cross-border transmission, and assistance to involved organizations in countries where USAID does not have a field mission. A 1996 evaluation of the regional effort found that the interventions were critical in facilitating the start-up of HIV/AIDS prevention programs in countries like Indonesia, Cambodia and Nepal. In Thailand and the Philippines, major government commitment to and programs for HIV/AIDS prevention have resulted in declining numbers of new HIV cases.

NEPAL AND CHILD SURVIVAL: THE JUMLA TIMER

Acute respiratory infections, especially pneumonia, kill the largest number of young children in developing countries. In Jumla, a remote district, pneumonia was the leading cause of death among infants. On average, death occurred within 3-1/2 days of the first symptoms, stressing the importance of early diagnosis. USAID developed a simple prototype device, the "Jumla timer," which beeped every 30 seconds so that health workers can correctly measure a sick child's breathing. Mothers were taught how to treat children with a low-cost syrup antibiotic. This intervention was able to reduce the number of children's deaths by 28%. World Health Organization and United Nations Children Fund have adopted the Jumla timer for mass production and worldwide use.

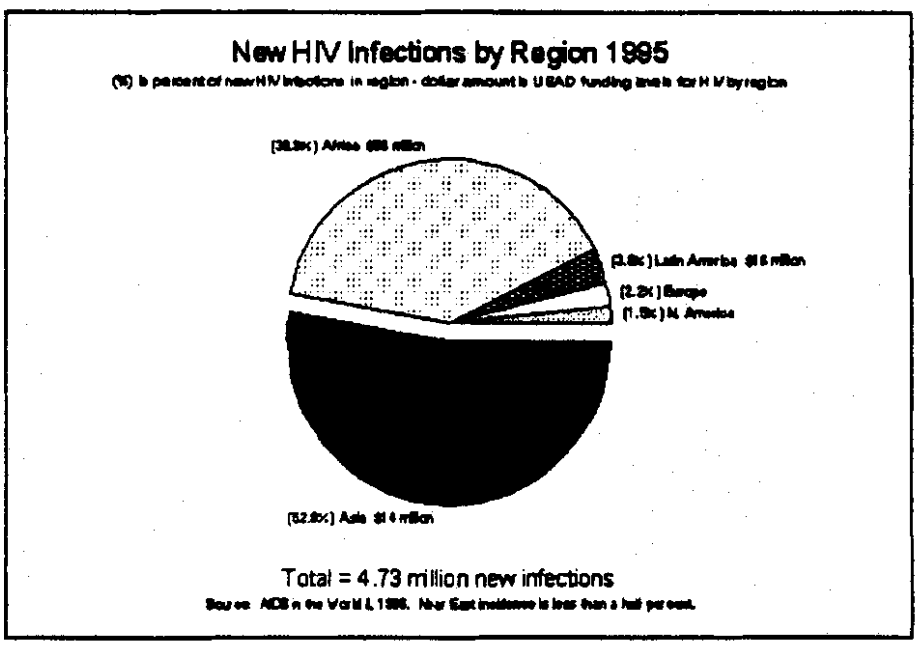


Figure 4

The ANE region faces a variety of environmental challenges that imperil the sustainability of its rapid economic and social development. These challenges include: deforestation; depletion and degradation of coastal and marine resources and biodiversity; a shortage of clean energy sources; global climate change; industrial pollution; and a shortage of urban infrastructure. USAID programs in these areas focus on developing solutions that yield economic, public health, environmental and democratic benefits.

USAID and its partners have spearheaded a new approach to forest, coastal resources and biodiversity conservation, by promoting decentralized, community-based, natural resources management. This approach aims at linking income generation and public input into decision making to the conservation and sustainable use of biological resources. With USAID leadership, precedent-setting new laws and policies to promote this approach have been adopted in the Philippines, Indonesia, Nepal and India. Forest areas under community management have increased in the Philippines from 19,600 to 69,000 hectares in 1996, plus an additional 148,000 hectares are now protected under indigenous community resource rights agreements. In Indonesia, USAID helped establish a new park to protect one of the world's premier coral reefs with the cooperation of the local community, which is allowed to continue to live inside the park and share in its benefits. USAID's assistance is now expanding to community management of the coastal areas outside of parks.

To reduce global greenhouse gas emissions, USAID works to enhance efficiency in energy production and use and to develop cleaner and renewable energy sources. (USAID programs to improve forest management also serve to prevent greenhouse gases from being released.) Two of the top 10 greenhouse gas emitting countries in the world are within the ANE region (Figure 5). USAID assistance led to the construction of India's first private coal-washing facility. In the Philippines, USAID assistance is accelerating the development of offshore natural gas deposits, which will release half as much carbon dioxide as coal when burned. In Indonesia, USAID is revising regulations to facilitate the adoption of clean renewable energy.

In the past year, the Philippines was added to the list of countries testing incentive systems for industrial pollution reduction. Voluntary factory pollution audit programs in the Philippines, India, Indonesia, Sri Lanka, Jordan and Morocco have proven that they can make companies more profitable while polluting less. Also, new approaches are being developed to move this from the "retail" testing level to a broader, "wholesale" scale.

HOW BIODIVERSITY CONSERVATION CAN BE SUSTAINABLE

The USAID-funded Biodiversity Conservation Network (BCN) has initiated 11 demonstration projections in 7 Asian-Pacific countries to test the effectiveness of some innovative, on-the-ground projects that integrate conservation with social and economic development. BCN helps small businesses develop products from natural resources (e.g., resins, oils, medicinal compounds, nuts), using techniques that conserve the long-term sustainability of the natural eco-systems, so that these community businesses have an economic interest in continued sustainable management of the resources. The sites encompass 2.2 million hectares, with over 200,000 residents and 26 commercial enterprises that already employ 5,600 people. The BCN will provide information to policy makers, the donor community, and environmental and development organizations about the conditions under which these enterprise-based approaches can contribute to biodiversity conservation.

In Egypt, the construction of sewage treatment plants continues, bringing service to millions more people. Seven provinces in Egypt now have authorized their water and wastewater utilities to become financially independent from the government, which will make them more sustainable and improve services. In Asia, the privatization of finance mechanisms for urban infrastructure (drinking water and wastewater treatment), pioneered in the Philippines, is being replicated in other countries such as Indonesia and India.

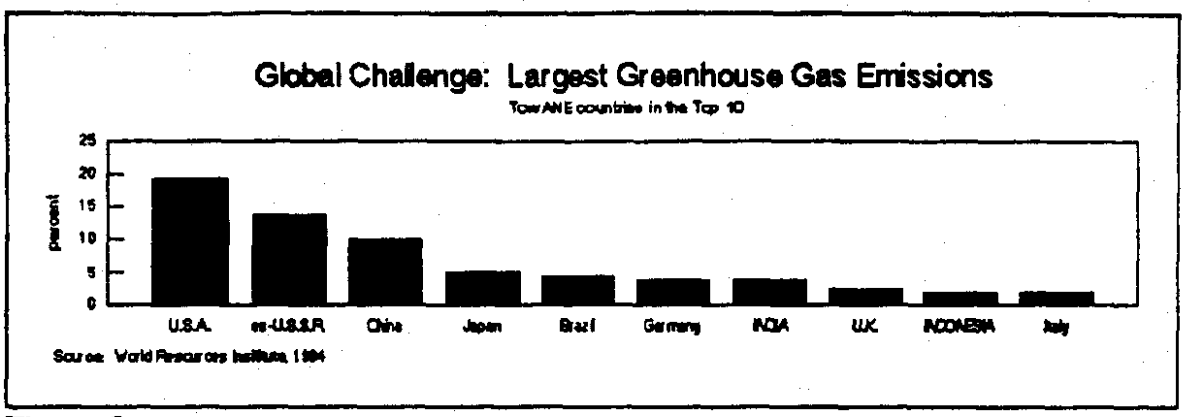


Figure 5

Water resource management is so vital that it often becomes political, destabilizing whole regions (e.g., the Middle East, potentially Indochina). USAID continues to promote the judicious use of water to reduce or prevent conflicts. Approaches used in the past to improve irrigation efficiency in Egypt and Nepal are now being replicated in Jordan and Morocco, by USAID as well as other donors such as the World Bank. Also, USAID has just begun a new initiative to resolve water conflicts in the Middle East.

Progress in Strengthening Democratic Participation and Governance

Due to the tremendous political diversity among the countries in the ANE region, USAID provides important assistance to the peaceful transition to and consolidation of democratic states and societies. USAID also assists more developed democracies to strengthen decentralization and participation at the local level, and promotes the economic and social empowerment of women.

In Mongolia, USAID support for a multi-party system helped produce national elections that signaled a dramatic advance in the country's transition to democracy. A coalition of reform-minded, pro-democracy parties replaced -- by a large majority -- the party that had held power for 75 years. In addition, six of the seven women elected to Parliament have been trained through a USAID grant. Also, USAID work with civil society has greatly increased the number and capacity of nongovernmental organizations (NGOs) engaged in public policy advocacy and the monitoring of Parliament.

In Bangladesh, USAID assistance in voter awareness and registration helped prepare for fair and inclusive parliamentary elections in July 1996, which introduced a new government and ended the prolonged crisis. Voter turnout was over 70%, with 77% of women voting. USAID support for the Fair Election Monitoring Alliance of 184 local NGOs served to develop a local electoral observation capacity. At the local level, USAID piloted an alternate dispute resolution program that mediated 400 cases in 15 communities, and legal services reached 11,500 women.

The USAID program in Cambodia has focused on rebuilding the legal system devastated by genocide, civil war and foreign occupation. USAID assistance helped reform commercial and penal codes, develop a system of legal aid for the poor, and strengthen human rights groups. Also, USAID is helping Cambodia develop a code for communal elections to ensure a fair and competitive electoral process.

USAID programs continue to support rule of law and encourage democratic transitions in Indonesia. In 1995, USAID-supported NGOs pushed for reforms in such areas as labor regulation, alternative dispute resolution, environmental conservation and government adherence to Indonesian law and international human rights standards. A draft presidential decree to limit NGO autonomy was blocked by concerted NGO action. Since the July 1996 unrest, and despite a tougher government response to dissent, NGOs have continued to press for reforms. USAID has responded by programming nearly

80% of its planned FY 1996 obligations in Indonesia toward advocacy, human rights, rule of law and civil society.

In the Philippines, where previous USAID assistance laid the foundation for a strong civil society, the mushrooming of people's organizations and community associations now provides the constituency base for policy and legislative reforms. USAID is continuing assistance to the government's path-breaking effort to devolve political power and resources to the localities. The Anti-Sexual Harassment Bill was passed in 1995, partly through the advocacy of two USAID-funded NGOs.

Progress in Reducing Gender Disparities

The ANE region has the widest gender gap in the world. While women in all other regions of the world outlive men, life expectancy for women in South Asia is equal to or lower than men's life expectancy. Sixty-four percent of the women in South Asia are illiterate, compared to 35% of the men. Plus, over 50% of the women in North Africa and the Middle East are illiterate, compared to 28% of the men.

Education, literacy and women's empowerment are increasingly recognized as essential to reduce fertility and infant mortality, increase women's participation in the economy, increase efficient use of natural resources, and expand democracy. In Egypt, India and Morocco, USAID is initiating girls' education programs to redress widespread disparities, especially in rural areas. Studies of women's earning in Morocco concluded that a single additional year of schooling for a Moroccan woman would result in a 16% increase in yearly earnings. In Nepal, USAID-funded literacy programs have already increased the number of literate women from 22% in 1991 to 28% in 1995.

In Nepal, NGOs supported by USAID helped overturn the inheritance law that did not allow women to inherit property. In India, as a result of women's outcries following the Beijing Conference, USAID has begun activities aimed at reducing violence against women. In the Philippines, trade policies that increase exports and agribusiness production have helped raise the income of 2,050 women weavers by 30%. In Bangladesh, rural household income increased in 36,500 homes as a result of the Women's Enterprise Development Program. In addition, over three million eligible women voters were given basic voter education, using existing family planning networks to reach grass-roots women.

USAID's Women in Politics (WIP) program supports the political empowerment of women through a regional network and country-specific programs. The network has held regional workshops for developing strategies for putting gender issues on the national policy agenda and created a cross-cultural curriculum for training women political leaders. Interventions under this program were responsible for the creation of a coalition of women's NGOs for the election of women parliamentarians in Mongolia and for the high female voter turnout in Bangladesh. Of the 289 women who ran in Mongolia, two-thirds had received training and 109 were elected, increasing the share of female office-holders in these provinces from 1% to 14%. Also, through the WIP program, a regional dialogue was convened in Nepal in August 1996 to combat trafficking of women and the spread of HIV/AIDS. For its success in increasing the involvement of women in the political and judicial processes in the ANE region, the WIP program has been adopted as a worldwide Agency model.

PROGRAM AND MANAGEMENT CHALLENGES

Through support for policy and institutional reform, population and health service delivery, democratic governance, and environmental management, USAID programs promote the four areas that have the greatest impact on sustainable development in the region. The best examples of development success in the region are countries with outward-looking economies, expanding trade, increased participation by both men and women in the market place, better access to government and public policy institutions, increased investments in the quantity and quality of social services (especially health and education), and higher environmental quality standards. These countries are more likely to engage in

constructive dialogue to resolve regional conflicts and manage internal strife. In the face of declining resources, USAID's challenge is to maintain the provision of quality technical assistance and ideas -- the very aspects of the U.S. development assistance relationship most valued by the host countries and USAID partners. The provision of technical expertise and ideas is also the very means by which USAID advances U.S. foreign policy priorities.

Resource Allocations

Resource allocations in the ANE region are based on a combination of the following factors: U.S. national foreign policy interests, performance of ANE country economies and USAID programs, potential markets for U.S. exports, and ANE country contributions to global problems such as population growth, carbon dioxide emissions and HIV/AIDS infection.

An important resource in the ANE region is the Economic Support Fund (ESF). In addition to the support for Israel and Egypt, ESF is used to assist the democratic transitions underway in Cambodia and Mongolia, programs in Jordan, Lebanon, the West Bank and Gaza, regional activities linked to the Middle East peace process, and the resolution of differences over access to South Pacific tuna fisheries for U.S. vessels.

Graduation and Sustainability

A focus on graduation and sustainability is central to ANE program management. As sectors in USAID-assisted countries reach a level of performance that appears to be sustainable by indigenous public and private institutions, USAID initiates steps to determine the country's capacity and readiness to graduate from U.S. assistance. Such steps are based on a number of factors, including the maturity of host-country systems to produce policies, products, services and information that are sufficiently well-valued by the population so that enough national resources are committed to ensure their continuation.

USAID has further promoted sustainability by making it the focus of those ANE programs that have graduation strategies, such as population and health in Indonesia and Morocco, and economic growth in Indonesia. USAID's approach to graduation and sustainability in ANE follows four elements: clearly stated development results to be achieved; narrowed and refined objectives; a clear definition of sustainability; and a focus on new modalities of assistance.

External Debt

The ANE region is relatively less encumbered by debt than other regions, although it varies considerably by country and sub-region. In assessing the burden of external debt, comparisons are often made with the level of exports. In East Asia, the Middle East and North Africa sub-regions the net present value of future debt service is roughly 92% of the region's exports, significantly lower than Eastern Europe (128%), sub-Saharan Africa (151%) and Latin America (228%). By contrast, the ratio for the South Asian sub-region is much higher at 206% of exports. The most heavily indebted ANE countries relative to the size of their economies are Jordan and Vietnam. The United States forgave approximately $660 million of Jordanian debt in two tranches during 1994-95, with only a small amount of U.S. debt remaining.

FY 1998 PROGRAM

The total development assistance request for Asia and the Near East is $310,000,000. Economic growth activities account for $52,500,000, or 16.9%, of the total. About $61,500,000, or 19.8% will be invested in child survival interventions, girls' primary education, a highly focused HIV/AIDS program, and related health activities. Population and related health activities will continue to be the biggest global investment at $165,700,000, or 53.4%. Funding will emphasize institutional and

financial sustainability, particularly for mature programs, and transition planning in some sectors for two of the most successful countries. Environment programs account for $69,100,000 (22.3%) and support activities that would prevent further environmental degradation. USAID democracy and governance activities, which focus on strengthening local institutions and organizations, total $22,700,000 (7.3%).

Economic Support Funds, requested at $2,264,000,000, are for the most part directly linked to the Middle East peace process and will support development activities in West Bank and Gaza, Egypt, Lebanon and Jordan. In addition, a smaller amount is targeted at two countries in transition, Cambodia and Mongolia, and for U.S. treaty undertakings for access to South Pacific tuna fisheries.

P.L. 480 Title II food aid, totaling $104,522,000 is proposed $4,880,000 for Afghanistan, $19,520,000 for Bangladesh and $80,122,000 for India.

ASIA AND NEAR EAST BUREAU
PROGRAM SUMMARY TABLE
($000)

COUNTRY	ENCOURAGING ECONOMIC GROWTH	STABILIZING POPULATION GROWTH AND PROTECTING HUMAN HEALTH	PROTECTING THE ENVIRONMENT	BUILDING DEMOCRACY	PROVIDING HUMANITARIAN ASSIST.	TOTAL
BANGLADESH						
DA	9,720	42,385	2,100	2,100	0	56,305
PL 480 Title II	0	0	0	0	19,520	19,520
CAMBODIA						
ESF	18,000	7,000	2,000	10,000	0	37,000
EGYPT						
ESF	620,000	49,000	122,000	24,000	0	815,000
INDIA						
DA	15,700	23,800	16,200	0	0	55,700
PL 480 Title II	0	0	0	0	80,122	80,122
INDONESIA						
DA	4,000	18,500	17,000	7,000	0	46,500
ISRAEL						
ESF	1,200,000	0	0	0	0	1,200,000
JORDAN						
DA	0	2,500	0	0	0	2,500
ESF	19,000	6,000	0	0	0	25,000
LEBANON						
ESF	7,000	0	2,000	2,000	1,000	12,000
MONGOLIA						
ESF	5,000	0	0	2,000	0	7,000
MOROCCO						
DA	5,500	7,672	2,500	0	0	15,672
NEPAL						
DA	3,610	16,805	2,200	500	0	23,115
PHILIPPINES						
DA	8,805	22,856	8,200	10,700	0	50,561
SRI LANKA						
DA	7,000	0	0	0	0	7,000
W. Bank/Gaza						
ESF	6,700	0	58,000	10,300	0	75,000

ANE REG.						
DA	2,365	27,982	1,900	1,400	0	33,647
ESF	85,000	0	0	8,000	0	93,000
USAEP	0	0	19,000	0	0	19,000
TOTAL						
DA	52,500	165,700	69,100	22,700	0	310,000
ESF	1,960,700	62,000	184,000	56,300	1,000	2,264,000
P.L.480 Title II	0	0	0	0	104,522	*104,522

* PL480 Title II program in ANE also includes $4,880,000 for Afghanistan.

Margaret Carpenter
Assistant Administrator
Bureau for Asia and Near East

EUROPE AND THE NEW INDEPENDENT STATES

FY 1998 Assistance to Central Europe	**$492,000,000**
FY 1998 Assistance to the New Independent States	**$900,000,000**
FY 1998 Economic Support Fund	**$84,600,000**
FY 1998 Development Assistance Fund	**$4,000,000**
FY 1998 P.L. 480 Title II	**$11,407,000**

INTRODUCTION

The central national security goal of the United States is to help establish conditions around the world which will prevent U.S. involvement in war while preserving our freedom. That is why the incorporation of the former Eastern bloc nations of Central Europe and the new independent states (NIS) of the former Soviet Union into the ranks of democracy and free market economies will continue to be one of our highest foreign assistance priorities.

Since the overthrow of communist regimes in Europe and the dissolution of the Soviet Union, the U.S. Government has been helping the Central European and NIS countries make the transition from centralized, authoritarian control to sovereign nations governed on the basis of democratic, free-market principles. The political, economic and security benefits of this transition are as enormous to the people of the United States as they are to the people of Central Europe and the former Soviet Union. Overall U.S. policy in this region is focused on establishing normal, enduring and productive relations with each country and on encouraging such relations among them as well as with the other members of the international community. These relations must be based on the mutual recognition of reasonable security interests, the maintenance of normal economic relations, and the free movement of people, goods and ideas. The U.S. assistance effort in Central Europe and the NIS is intended to move these countries into a normal trade and security relationship with the United States and Europe. Programs are designed to emphasize cooperation, exchange and cross-national linkages, rather than the typical donor-recipient relationships found in more traditional assistance programs.

In just eight years in Central Europe and five in the NIS, the U.S. assistance program has contributed significantly to the development of market democracies. Democracy has taken root in most of Central Europe, and the private sector now dominates economic activity in most states there. Historic changes have occurred in the NIS from development of independent media and grass-roots organizations to massive private sector ownership and entrepreneurship. A significant start has been made in creating the institutions and systems that permit the rule of law and nurture private initiative. The U.S. Government's assistance programs are making a positive impact. It is crucial that the United States now helps these nations consolidate these changes to make them irreversible and increase emphasis on trade, investment, and other linkages typical of nations that expect to share a peaceful and prosperous common future. Accordingly, the Administration is proposing a **Partnership for Freedom** initiative beginning in FY 1998 that will reorient the assistance program, initially for Russia and then for the other NIS, toward longer-term and more cooperative programs to spur economic growth and develop lasting links.

U.S. assistance programs in Europe and the New Independent States (ENI) are uniquely structured to meet U.S. foreign policy challenges. Assistance programs are overseen by two legislatively mandated State Department coordinators, one for the New Independent States under the FREEDOM Support Act (FSA) and the other for Central Europe under the Support for East European Democracy (SEED) Act. This oversight is intended to ensure coordination of policy and development decisions in the region, and to promote synergy among U.S. Government assistance programs.

USAID has managed the largest portion by far of U.S. assistance to the region. In addition, a dozen other U.S. Government agencies implement programs financed through the FSA or SEED resources. A major element of assistance to Russia, the Gore-Chernomyrdin Commission, is under the direct

leadership of the Vice President. A parallel structure is the Gore-Kuchma Commission which guides U.S. programs in Ukraine. As the Partnership for Freedom program unfolds, USAID's traditional technical assistance programs will diminish in countries which have substantially achieved the basic democratic market transition. New emphasis on trade and investment and cooperative activities to promote democracy will sustain the transition and encourage lasting ties.

U.S. NATIONAL INTERESTS AND PRIORITIES

The primary goal of U.S. assistance to the ENI region is to promote American security by helping integrate the countries of Central Europe and the former Soviet Union into the community of market-oriented democratic nations with a significant stake in developing normal and productive international relationships. This process, now well underway, has several tangible benefits.

Peace Dividend. The end of the East-West rivalry has freed up substantial resources for investment here at home. These savings are being applied to deficit reduction and to vital needs -- crime prevention, health, education, environment -- at home.

Democratic Expansion. In Russia in 1996, President Boris Yeltsin defeated communist and right-wing parties in an election deemed "free and fair" by international observers. Significantly, defeated parties and candidates in Russia and throughout the region accepted the election results, including the communist party, which had seized power through force and held it for over 75 years. At the grassroots level, hundreds of active nongovernmental organizations (NGOs), including free trade unions, environmental organizations and human rights monitors, guard their respective interests in a region where the NGO sector didn't exist just a few years ago. A free press and independent media have provided myriad alternatives to the government-controlled media of the recent past.

New market development. U.S. trade with the region has more than doubled in the last decade and has the potential to multiply several fold in the coming years, translating into well-paying, export-related jobs. Private U.S. investment, previously non-existent, is well over $10 billion. During the Cold War, this market of 400 million people was closed to U.S. business. Today it is open and anxious to expand trade.

Regional Security and Cooperation. The countries of Central Europe and the former Soviet Union are cooperating to build new security arrangements to promote peace and economic prosperity and are working closely with the United States to address regional and global problems. The current discussion over the enlargement of the North Atlantic Treaty Organization to include states in the region points to the progress that has been made in a few short years. Poland, for instance, for which the Warsaw Pact was named, is now high on the list to join NATO, the western democratic alliance.

Peace in Bosnia. The Dayton Accords present a unique opportunity to help build durable peace in Bosnia-Herzegovina. The U.S. Government, in concert with our NATO allies and a large international donor community is committed to stabilizing the post-war situation, providing a foundation for economic revitalization and assisting the establishment of effective political and constitutional institutions. As the lead U.S. agency in Bosnia, USAID is also committed to helping meet remaining humanitarian needs to support reconstruction finance, municipal infrastructure and services, and to provide economic and democratic technical assistance programs.

USAID IS ACHIEVING RESULTS

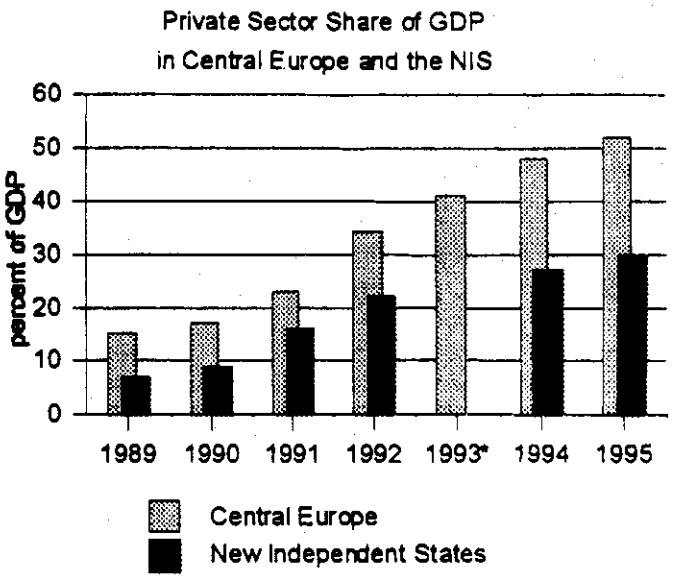
The USAID program pursues three strategic goals in this region: economic restructuring, democratic transition and social stabilization. Beginning in FY 1998 a new goal related to economic growth -- increased trade and investment -- will apply to the NIS countries that have made the most progress in restructuring their economies.

Economic Restructuring

Since 1989, USAID programs have contributed to sweeping economic changes, including mass privatization, land privatization, fiscal reform, development of modern banking systems and energy sector restructuring. Establishment of private property rights and the growth of entrepreneurship have given ordinary citizens a stake in the new economic system. With USAID assistance, most countries have made systemic changes such as creation of laws and institutions to permit private business, as well as specific changes in practices such as adopting Western accounting principles and banking practices. Many are in the process of gaining accession to the World Trade Organization and improving their trade prospects. In Central Europe, the fruits of reform are seen in the encouraging macroeconomic performance of most countries. In that region, economic growth averaged 5% in 1995, up from 4% the previous year. In the NIS, significant progress has been made towards price stability, a precursor to higher economic growth. Furthermore, the severe output declines experienced by most NIS countries since the collapse of the Soviet Union appear to have bottomed out. Armenia, Georgia and Kyrgyzstan have already returned to positive growth. Most of the rest, including Russia, are expected to follow in 1997.

USAID has helped to create a private sector.

USAID's assistance to the private sector begins with the landmark privatization process. From mass privatization in Russia to small-scale privatization in Kazakstan to analyzing and negotiating the sale of large state enterprises in Central Europe, USAID has been at the forefront. From a regional average of about 10% in 1989, the private sector now generates over 50% of gross domestic product (GDP) in Central Europe (less in the NIS). (See figure 1).



*Data not available for NIS
Sources: EBRD, IMF

Figure 1

USAID has been instrumental in moving privatization forward in the NIS. For example, after a slow start, some 400 companies a month are entering the auction process in Ukraine. In Moldova, people are owning their homes for the first time. Outside of the cities, USAID's collective farm restructuring project has proven so successful the Moldovan Government has requested its replication in all 40 districts. In Kyrgyzstan, demonopolization work has led to the creation of new businesses in transport and wholesale marketing. Polls show that 70% of the population now supports privatization, representing a dramatic, positive shift in opinion.

Where privatization has encountered difficulties, USAID has persevered. In Bulgaria, when central-level privatization stalled, USAID reoriented its assistance program to focus on reform-minded municipalities with the goal of replicating local successes throughout the country. USAID's assistance to Albania's successful land privatization now is supported by a law allowing for the buying and selling of land. USAID took the lead in implementing a property registration system to provide secure tenure and to establish the basis for a land market. Over 256,000 final titles have been issued. This will permit the consolidation of fragmented parcels into economically viable holdings and will improve access to credit for the economically disadvantaged, including women.

Not only did USAID help propel privatization forward, but it has extended technical assistance, training, and credit to the mushrooming small business sector, which has been the source of most of the new job opportunities. Support for business associations strengthens the fledgling private sector and provides advocates for legal and regulatory reforms that can aid business growth. Throughout the region USAID has also been active in the provision of credit facilities for small businesses using Enterprise Funds and other financing mechanisms. In Kyrgyzstan, USAID's microfinance has been provided to clients (75% of whom are women) who otherwise would not have been able to secure loans.

USAID has helped lay the foundation for a market-oriented financial sector.

USAID's work in the financial sector supports an essential element needed for the development of a flourishing, sustainable market-oriented economy. In Poland, Warsaw is one of the most exciting financial centers among emerging markets, and stock market and bank transactions are now more efficient in transferring resources to the most productive uses. Strengthened central bank supervision provides the bedrock for often fragile financial sectors and improves public confidence in financial institutions. For example, USAID's bank supervision assistance to the Bank of Lithuania provided an invaluable service in maintaining the integrity of the banking system when major problems at ten banks surfaced in late 1995. Assistance to the Bank of Armenia has enabled it to restructure completely, to enforce bank laws and regulations, and to install an electronic payments system. Similarly in Ukraine, the central bank has taken significant steps toward establishing a sound banking sector, which now boasts a fully functional Interbank Payment System.

USAID's collateral law reform assistance has been particularly beneficial to the banking sector. Banks are now able to provide asset-based lending so that commercial lending for small businesses and mortgage lending for potential homeowners are increasing. A major recent success was the passage of the Polish collateral law in December 1996.

To support its financial sector work USAID helped develop a range of institutional and legal functions essential for an operational capital market, including stock exchanges, clearing and settlement organizations, share registries and depositories, and securities commissions. Several legal reform programs specifically addressing capital markets issues, including corporate governance and shareholder rights, have been implemented and have produced favorable results. In Russia, capital markets are up and running, and regulatory mechanisms are in place. Kazakstan opened its first private stock exchange in April 1995. This landmark development has proved its worth in unexpected ways. In October 1995, the exchange became a forum for auctioning off government-owned shares for cash.

In Central Europe, progress in capital markets has been rapid. Hungary's stock exchange, with 44 stocks listed, is Central Europe's most liquid market. Romania approved a Securities and Exchange law, created a new National Securities Commission and opened the Bucharest Stock Exchange in June 1995. Over-the-counter electronic transactions have begun. The Tirana Stock Exchange opened in May 1996 in Albania, providing a venue for trading in government treasury bills, bonds and privatization vouchers. The Bratislava Stock Exchange in Slovakia has grown steadily in both listings and in trading volumes, which rose from $525,000 in 1993 to almost $1.3 billion in 1995.

USAID has helped governments improve finances.

Governments throughout the region have faced tremendous fiscal pressures stemming from the breakdown of command-based economies. These problems have tended to be more acute in the NIS, where USAID advisors have made major contributions in the fiscal policy and tax administration areas. Through USAID assistance, Kazakstan's new tax code was introduced in June 1995. Regarded as the most efficient and equitable code to be adopted in any former Soviet republic, it is serving as a model for draft codes elsewhere. A new tax code in Uzbekistan awaits enactment by Congress. A budget (state financial procedures) law and a treasury law are almost completed. With USAID advisory

assistance, Kyrgyzstan leads the Asian Republics in economic stabilization. The Kyrgyz *som* is the most stable currency in the region, at times appreciating against the dollar. Through cuts in production and consumption subsidies, and short-term cash management measures, the Ministry of Finance has reduced the budget deficit from about 17% of GDP in 1992 to a projected 5.5% in 1996.

USAID has helped make the energy sector more efficient and the environment cleaner.

One of USAID's main objectives in its economic restructuring program is to change the patterns of energy use and intensity, so as to promote energy efficiency while helping to protect people and improve the environment. Appropriate energy costs are also key to a market-oriented economy, and USAID's energy program has contributed to improved energy-pricing policies. USAID's success is apparent in many ways throughout the region. In Estonia, U.S. assistance has helped build institutional capacities to strengthen environmental analysis and decision-making, has involved local governments and citizens in the process, and demonstrated that sound environmental practices can also be commercially profitable. USAID-supported waste minimization projects helped 18 Polish companies achieve annual savings of $7.2 million, while protecting the environment from further degradation. Improved environmental technologies are providing cost savings to Hungarian industrial plants. Nuclear safety has been improved at Ignalina Power Plant in Lithuania with USAID assistance, and the regional electricity grid has been upgraded. In Slovakia, major enterprises are adopting clean technology, resulting in substantial reductions in pollution. In Ukraine, power sector restructuring has progressed beyond that of any other nation in the former Soviet Union. The wholesale electricity market began operation in April 1996 under the structure of an independent regulator. Ukraine's eight regional monopolies which controlled power generation, transmission and distribution were broken up into 33 joint stock companies. Efforts are well under way in Armenia to de-monopolize the electricity sector, rationalize energy pricing, and improve tariff collection. In Georgia, restructuring of the energy sector has resulted in the sale of a number of hydro power plants to private investors. Similarly in Kazakstan, the electricity sector has been de-monopolized and foreign strategic investors are in the process of privatizing major power plants. U.S. environmental expertise is also leveraging large amounts of other donor funding. In Russia, the World Bank has asked for U.S. environmental advisers to help it co-finance $200 million in pollution abatement loans.

Democratic Transition

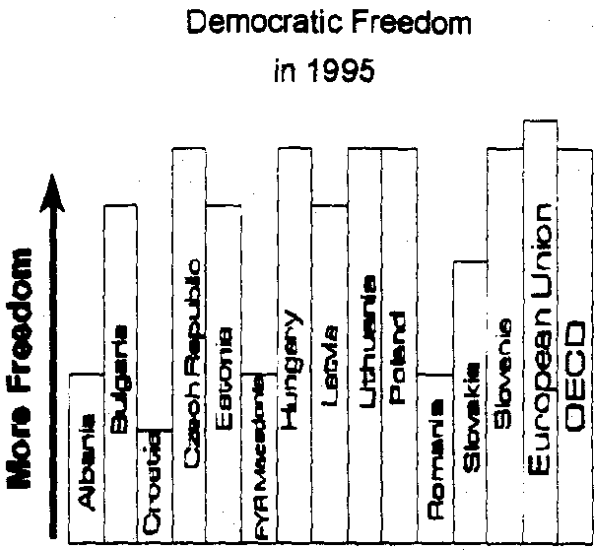
Democratic governance is critical to these formerly authoritarian states. Under communist rule, there was widespread abuse of civil and human rights and little access to information or citizen participation in political decision-making. Now free and fair elections are being held across the region, governments are being decentralized, independent media access is making information available and increasing government accountability, and NGOs are attracting support and influencing policy as they help articulate citizens' needs. Indeed, democracy-building leads the reform process in many countries. Drawing from Freedom House assessments, several countries in Central Europe appear to have achieved democratic freedoms roughly on a par with Western European countries. (See figure 2).

USAID's democracy and governance programs help make recipient governments transparent and responsive to the public by creating checks and balances against the arbitrary power of political leadership and the state bureaucracy. They also create the legal and informational environments which facilitate community initiative outside government and protect individual rights. Increasingly, USAID's support for the development of commercial laws provides the environment necessary for individuals to enjoy economic freedom on a par with newly acquired personal freedom.

USAID has helped to promote citizen participation.

In FY 1996, Armenia, Azerbaijan, Kyrgyzstan, Kazakstan and Russia received election-related training and technical assistance which complemented ongoing long-term political process programs. USAID grantees organized extensive voter and civic education programs. The fact that an increasing number

of political parties, candidates, independent trade unions, and civic organizations participated in political processes was an encouraging sign that democratic reform was progressing in the NIS. The success of the Russian presidential elections and the continued evolution of participatory democracy in that country support the long-term promise for a blossoming of democracy throughout the region. In Lithuania, for example, the results of recent elections have demonstrated the maturity of the political process in that country as voters gave the independence reform party a majority of seats in the parliament after voting them out of power in the previous national elections.



Source: Freedom House, *Freedom in the World*

Figure 2

In 1991, only a handful of NGOs operated in Russia; now there are more than 40,000 registered there as a result of USAID's encouragement of legislation supporting NGO formation. USAID has assisted numerous activities intended to support citizen and NGO participation in community and national life. Activities include legal assistance, strengthening and networking of NGOs, education reform programs in schools and universities, and support to women's, youth, environmental, charitable, and civic groups. In the NIS, assistance provided by U.S. PVOs is increasing the technical and institutional capacity of local groups through leadership training, fundraising and networking, and is providing seed grants to implement small projects. For example, in the Russian Far East, support for local environmental NGOs has helped to give them a formal role in local resource management decision-making.

Civil society is emerging in the ENI countries, but the public needs better access to multiple independent sources of information and more secure freedoms to take individual and community initiative. Independent press and electronic media have been established despite continuing or even increased control by some governments. USAID funds media resource centers, journalist exchanges, journalism programs, and technical assistance for media outlets. Many viewers in the NIS were able to get objective news of the Chechnya conflict only from a television news network developed by a USAID grantee.

USAID has helped to establish the rule of law.

Parliamentary exchanges, training, and technical assistance have been instrumental in orienting many ENI parliaments to enact economic and political reforms, civil liberties laws, and new constitutions. New or modified criminal and civil codes have been reviewed or adopted in Albania, Armenia, the Czech Republic, the Former Yugoslav Republic of Macedonia, Georgia, Lithuania and Slovakia. Russia's civil code is a major example of legislation which lays the foundation for the development of commercial laws that will promote a market economy. The code guarantees both freedom of contract and protection of private property and will improve confidence in market institutions in an environment where financial crime is a serious problem. In June 1996, the Ukrainian parliament ratified its first post-Soviet constitution, receiving considerable input from USAID grantees in terms of material, public debate, and media coverage throughout the development and adoption process.

USAID has also worked with judges throughout the ENI region in forming associations, drafting codes of judicial ethics, and lobbying for judicial independence. Training in new legislation has been provided

through U.S. and European experts. Increasingly emphasis is being placed on the development of indigenous expertise. For example, a judicial training center has been established in Latvia, while the Bulgarian judges association has been weaned from USAID assistance and is providing continuing legal education to judges throughout the country. Similar work is being done with attorneys in the region in order to increase skills and competence throughout the legal profession.

USAID has helped to strengthen local governments.

USAID's public administration, and housing and urban development assistance has strengthened local governments. For example, newly elected mayors in the Czech Republic, Poland, and Slovakia have become more effective and independent by using USAID assistance to make their professional organizations self-sufficient. An association of reform-minded Bulgarian mayors provided input on amendments to the local government law. In Bulgaria, USAID is fully committed to developing the New Partnerships Initiative (NPI) announced by Vice President Gore in March 1995. The NPI promotes governmental and nongovernmental collaboration to enhance grass-roots capacity for solving local problems. NPI investments are also taking hold in Romania and Russia.

USAID has helped municipal governments in several NIS countries become more transparent, accountable and responsive. The Municipal Finance and Management (MFM) program has completed pilot activities with governments of eight demonstration cities in the region, with the aim of improving management, financial practices and service delivery. USAID efforts have also focused on the financial sector. For example, the USAID-supported Association of Polish Cities and Union of Polish Metropolitan cities positively influenced national legislation, making municipal bonds more feasible and the allocation of housing subsidies more equitable. Similarly, a new municipal debt market created in the Czech Republic allows municipalities and commercial banks to finance environmental infrastructure projects. Forty environmental and energy-related municipal infrastructure projects, funded with a housing guaranty loan, directly benefited more than 35,000 households and 124,000 people in 26 municipalities.

Social Stabilization

When social dislocation is ignored or inadequately addressed, citizens suffer. Citizens associate their plight with reforms, and in some cases have used newly acquired voting rights to elect politicians who exploit these concerns. Neither USAID nor other donors can finance social "safety nets," but the agency can provide targeted technical assistance to strengthen the countries' own social protection systems. For example, helping Ukraine, Russia and Slovakia to move away from virtually free housing for all to market-based rents and maintenance fees has improved the quality of housing while freeing municipalities' resources for targeted subsidies for the most vulnerable groups. In areas affected by civil strife, USAID has played a major role in alleviating suffering, particularly in the Caucasus, Tajikistan and Bosnia.

USAID has helped to balance fiscal responsibility with aid to the most vulnerable.

Central governments can no longer afford to subsidize populations to the same degree as before. USAID helps to identify the most needy in society so that governments can provide for those for whom care is a necessity. With USAID support, the Ukrainian Government introduced targeted, means-tested subsidies for housing and utilities, reaching over 3.2 million families. This enabled price increases for housing and communal services, resulting in an estimated net savings of $600 million for 1995. In Armenia, USAID funded the creation of a computer database, which verifies household vulnerability. International donors also use the information to target those most in need of humanitarian interventions.

USAID realizes that, as humanitarian crises in the Caucasus and elsewhere abate, the needs of refugees and other vulnerable groups move away from food aid, shelter, and healthcare towards the means to

develop self-sufficiency. Already hundreds of unemployed workers in Armenia have benefited from USAID-supported jobs in agriculture and light industries.

USAID has moved to shore-up health care systems as it has become more difficult for the state to provide social benefits. USAID's strategy promotes efficient, cost-effective health care systems by supporting systemic improvements in financing, payment, service delivery, management, and quality control. In the Czech Republic, USAID has worked to identify weaknesses in the health system. Reproductive health programs are being funded in Central Asia, Moldova, Russia, Ukraine, Albania, and Romania. Preliminary data from the NIS indicate that service improvements have resulted in reduced abortion rates and increased contraceptive use. Health partnerships between U.S. and ENI medical institutions are making inroads into maternal mortality, an area traditionally neglected in the region. The Central Asian republics are now reported to be polio-free as a result of USAID immunization programs. Also in Central Asia, the USAID- supported Aral Sea initiative will ultimately provide potable water to over a million people and a public health program to some 1.5 million.

PROGRAM AND MANAGEMENT CHALLENGES

Managing for Results in the ENI Region

Since the inception of U.S. assistance to Central Europe and NIS, USAID has envisioned these programs as efforts intended to jump start the process of political and economic reform. The aim has been to help move the countries of the region far enough along the road to becoming market-based democracies that they can enter into normal political and economic relations with other countries and complete the journey on their own. In response to the programmatic and management implications of this strategy, USAID developed a results-oriented monitoring system which enables it to track both the impact of U.S. assistance programs (program impact monitoring), as well as the more general macro-level progress of the countries (country progress monitoring) to determine the extent to which countries are making their transition.

USAID has made exceptional progress during the last two years in designing and implementing tools to monitor program impact. In that time, USAID developed a strategic framework for assistance to the ENI region and established concrete strategic objectives for all country programs. Through a collaborative process with USAID development partners, field missions defined sets of results, performance indicators and targets for measuring progress against the achievement of strategic objectives. With these tools in place, USAID is systematically incorporating performance information into program reviews, planning and decision-making.

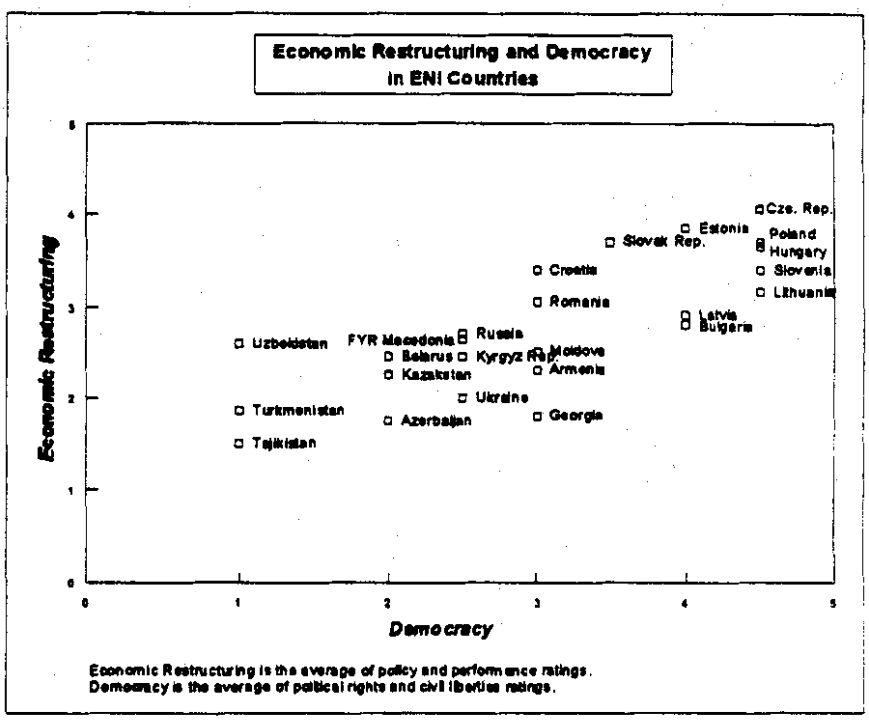
Country progress monitoring examines macroeconomic performance, democracy and governance, and social sector data to help determine whether continued assistance is necessary or justified. This analysis is conducted annually and shared with the State Department-based Coordinators for U.S. Assistance for Central Europe and NIS. In combination with other variables, this information helps form the basis for country-level resource requests as well as decisions on country graduation from U.S. assistance.

By managing for results, USAID has confirmed that many of the countries in the region are on track with their reforms, although there is still work to be done. The Agency has also recognized that some countries -- such as Estonia, Czech Republic and Slovenia -- are on their way to a successful transition and that cessation of U.S. assistance will not jeopardize it. On the other hand, countries like Belarus and Turkmenistan are making so little progress that the Agency has chosen to limit transition assistance until it can be better used. Still others, such as Albania and the Central Asian Republics, seem to be facing longer-term development challenges and need to be viewed as potential candidates for traditional sustainable development assistance.

The Remaining Challenge -- Sustaining the Transition and Promoting Lasting Ties

As we look toward reducing U.S. assistance in Central Europe, USAID will stress the sustainability of the reforms and institutional changes which have been put in place thus far. In the northern tier countries, where progress has been most rapid, there remains the need to consolidate, deepen and expand the transformation. For example, both Poland and Hungary have demonstrated that although overall country progress indicators are strong, the degree of restructuring is uneven among geographic regions within each country. Programs, between now and closeout of U.S. assistance, will help to consolidate reforms at the local level, push transition beyond the capital and a few key regions, and concentrate on enhancing sustainability of key activities after U.S. Government assistance ends. In Central Europe's southern tier, where economic and political change has much farther to go, there is still a need to put some of the more fundamental changes in place, as well as to ensure the irreversibility of those reforms.

Progress in the NIS has been slower than in Central Europe as shown in the comparative ratings of economic and democratic performance in Figure 3. European Bank for Reconstruction and Development (EBRD) ratings of macroeconomic policy in the NIS and in Central and Eastern Europe show almost all the NIS countries behind Central Europe in areas such as privatization policy, price liberalization, financial sector reform, and reform of the legal and regulatory regime confronting businesses. Only Russia, Moldova and Kyrgyzstan are at a stage of economic policy reform comparable to the lagging countries of Central Europe (e.g., Romania, Bulgaria), and the rest lag far behind. Inflation in the NIS remains very high -- 189%, on average, in 1995. Fifty-five percent of the NIS economy is still generated by the public sector, while investment levels remain negligible and fiscal deficits remain far too high.



Sources: EBRD, World Bank, Freedom House

Figure 3

It is hard to generalize about democratic reform in the NIS countries. There are notable success stories in terms of the number of elections held, the degree of NGO development and a flourishing independent media. In contrast, however, there is retrogression which USAID will monitor. For example, the undermining of parliamentary independence by the Executive in Belarus, a repressive regime in Turkmenistan, and the disputed Fall 1996 elections in Armenia raise the question as to whether political and civil rights have improved everywhere since the dissolution of the Soviet Union. Some social trends are also troubling, indicating that reform has not yet gone far enough. Some of the NIS countries -- most notably Russia -- are now experiencing income inequalities comparable to Latin American levels. Although this may be attributable, in part, to wealth creation among a few, poverty has also increased significantly. While five countries in the NIS witnessed an increase in life expectancy since 1991, on balance, the region experienced a decrease. Life expectancy among Russian males has plummeted --

from 64 years in 1989 to 59 in 1993 and possibly as low as 57 today. In addition, six countries in the region have experienced an increase in infant mortality since 1991. It is important that the fall of communism, and the new democratic and free enterprise systems that followed, not be equated with reduced quality of life.

The security of the United States and the rest of the world is immeasurably enhanced if Russia and the other NIS countries are stable democracies participating in the global economy. For this reason, the United States must stay engaged in the NIS countries visibly and materially to help ensure that fundamental democratic and market institutions take root. In addition to the ongoing technical assistance program -- which is focused on fundamental economic and democratic reform -- the Administration is proposing a Partnership for Freedom initiative, focused on trade and investment and long-term cooperative activities, beginning in FY 1998. While ongoing assistance activities will continue to help put in place the basic laws, regulations and systems needed for market-oriented democracies to function, new emphasis will support mutually beneficial relationships -- such as partnerships, exchanges, joint ventures, endowments and cooperative projects -- directed toward leveraging additional private, governmental and community resources for investment in the transition. The additional resources of the Partnership for Freedom will be concentrated initially on those NIS countries that have come the furthest in accomplishing their economic and political transitions and are ready for trade, investment, rapid growth, and a multitude of economic, political, and cultural ties to the West. At the same time, the base program of NIS technical assistance will continue to focus on those countries that have shown a willingness to undertake reform but have not substantially completed their transitions.

Resource Allocation Trends

FY 1996 saw a significant decrease in Russia's portion of NIS assistance resources, and a sharp increase in funding for Ukraine and Armenia -- as directed by the Congress -- and this continued in FY 1997. While a gradual reduction in Russia's share of the budget had already begun, due to satisfactory progress on many of the reforms implemented in that country, events of the past year suggest that the successful completion of Russia's transition cannot be taken for granted. Last summer's presidential election was, in the end, encouraging; nevertheless, some 40% of the Russian people voted against reform. Nostalgia for the Soviet system will continue to grow so long as average Russians feel that they have lost ground since its fall. Accordingly, the Administration's budget request would restore Russia's share of the budget from 15% in FY 1997 to 27% in FY 1998 in order to allow timely completion of technical assistance for fundamental economic and democratic reforms and to begin new programs to expand trade and investment and other ties with the United States.

Proposed funding for Ukraine and Armenia will remain substantial. FY 1998 funding, in combination with ongoing activities, will be sufficient to continue all the major reform efforts underway as well as the ongoing programs to improve the safety of Ukraine's nuclear power generation. Significant resources are also planned for reformers like Moldova and Kyrgyzstan and strategically important countries like Kazakstan.

The country levels for Central Europe represent a continued shift in the proportion of resources devoted to the southern tier. Approximately $232 million (including $6.5 million in P.L. 480 Title II) is provided for Bosnia in FY 1998 to meet U.S. Government commitments to economic reconstruction. Increased resources in the southern tier are necessary to take advantage of the opportunity for genuine economic reform in Romania, to catalyze reform at the local level in Bulgaria, to help FYR Macedonia accelerate reform now that economic sanctions have been removed, and to deepen democratic institutions in Albania. Resources are also needed to assist in the peaceful reintegration of the Eastern Slavonia region of Croatia. Bosnia will account for almost 46% of the SEED budget under the Administration's request for FY 1998. Forty-eight percent of the non-Bosnia SEED budget is allocated to southern tier countries in FY 1998, up from 45% in FY 1997 and 35% in FY 1996, while the northern tier share is reduced to 21% in FY 1998, from 30% in FY 1997 and 36% in FY 1996. The remainder is allocated regionally.

Closing Out USAID Programs

As reform results are achieved and these countries enter into more normal trade and security relationships, USAID assistance and field offices will be closed out. This process is already underway in Central Europe. In FY 1996, Estonia was the first country to be graduated from USAID assistance, and USAID assistance to the Czech Republic and Slovenia will end in FY 1997. During the next few years, USAID anticipates additional states in Central Europe will move to graduation, such as Hungary, Latvia, Lithuania, Poland, Slovakia and possibly Croatia. Although Latvia was originally scheduled for an early close-out, slower economic reform and weaker performance than anticipated has led USAID to continue a modest assistance level and to delay Latvia's graduation date. On the NIS side, no country is scheduled for graduation before the end of the decade.

Estonia: A Graduation Success Story

The U.S. economic assistance program in Estonia began in late 1991 with emergency medical and feed grain shipments. Shortly thereafter, technical advisory and training programs were initiated. Over five years, the U.S. Government contributed almost $32 million in project funding, plus about $18 million in agricultural commodities. Estonia's laudable progress, marked by rapid political and economic transformation, enabled it to become, in September 1996, the first country to graduate from the SEED-funded assistance program.

USAID's contribution to Estonia's success is highlighted by five major activities: privatization; rule of law; banking system; environment; and health systems. As a result, Estonia is well on its way toward successfully integrating into the global marketplace and has joined the growing company of democratic nations.

Donor Coordination

USAID has been able both to coordinate donor efforts and to leverage hundreds of millions of dollars, *beyond its own contributions*, for the region. USAID coordinates its activities with the World Bank, the European Bank for Reconstruction and Development (EBRD), and the European Union's (EU) technical assistance programs for the NIS and Europe, as well as through the recently launched Transatlantic Initiative with the EU.

USAID's technical assistance often has set the stage for World Bank and EBRD work in energy, housing, infrastructure, and social sector restructuring loans. For example, USAID and the World Bank are in the process of implementing several programs in Russia, including a Gas Distribution Rehabilitation and Energy Efficiency Loan I ($106 million) and a Medical Equipment Loan totaling $300 million. USAID/EBRD collaboration with the Enterprise Funds continues. USAID recently signed two $1 million grant agreements to implement Venture Capital investment activities in Slovenia via the Slovenian Development Capital Fund and the Horizonte Slovene Enterprise Fund. In Fall 1996, USAID and EBRD approved the creation of the Hungarian Equity Partners by the Hungarian American Enterprise Fund.

In Bosnia-Herzegovina, the international community is working closely on all aspects of economic recovery, in full coordination with the North Atlantic Treaty Organization (NATO) Stabilization Force (SFOR) mission. The U.S. contribution is expected to be 20% of the total World Bank estimate of bilateral aid needs, while the European Union and its member states continue to contribute the lion's share of these needs. Through regular meetings of the Steering Board of the Peace Implementation Conference, semi-annual convening of the full Peace Implementation Conference, and daily cooperation with the High Representative and World Bank representatives, the United States and its partners seek to streamline the coordination of civilian program implementation.

External Debt

At the end of 1994, the total debt stock in Central Europe and the NIS was an estimated $216.6 billion. In 1991, under the terms of the so-called zero-option agreement, Russia assumed full responsibilities for all foreign assets and debts of the defunct Soviet Union. Excluding Russia, the total debt stock of the former Soviet republics (includes the Baltic States) grew from about $1 billion in 1992 to $15 billion in 1994. In 1995, debt averaged an estimated 20% of GDP for this group of countries, but ranged widely from a high of 80% of GDP in Moldova to 1% of GDP in Turkmenistan. Russia's debt was an estimated 31% of GDP. In Central Europe, excluding the Baltic countries, total debt stock rose from $82.7 billion in 1989 to $107 billion in 1994.

Over the past few years, debt restructuring agreements reached with official and commercial creditors have reduced the debt burden appreciably for a number of states. Those countries concluding agreements were Albania, Bulgaria, Poland, Croatia, the Former Yugoslav Republic of Macedonia, Slovenia, and Russia. While the level of debt for most countries continued to be modest through 1995, many have significantly increased external borrowing since beginning market reforms. Net energy importers in the NIS have also rapidly accumulated debt on supplies of oil and gas obtained from Russia and Turkmenistan. Given the large investment needs of the transition countries, increased borrowing from official and private sources is to be expected. Of particular concern, however, is whether debt will be used to finance needed investment or for domestic consumption. If public and private debt is not used effectively for investment purposes, then over time the risk of balance-of-payments difficulties is increased.

Although many countries have moved toward removing obstacles to foreign direct investment (FDI), only a handful have acquired the lion's share of these non-debt creating capital flows. Regionally, FDI flows almost doubled in 1995, rising 82% to $12.2 billion. This represented by far the highest level of FDI in any year since the beginning of the transition. Hungary led the way with $4.5 billion, followed by the Czech Republic and Russia with $2.5 billion and $1.5 billion, respectively.

FY 1998 PROGRAM

The first two strategic goals of USAID's program in the region, economic restructuring and democratic transitions, reflect U.S. national interest in the development of stable, market-oriented democracies. The third goal, social stabilization, recognizes that social pain, including deteriorating social services, can undermine reform efforts and become an obstacle to comprehensive economic and political reform. A new goal of economic growth will apply to the NIS in FY 1998 for those countries that have substantially accomplished their economic restructuring, particularly Russia.

While economic restructuring efforts continue to constitute the majority of the program, USAID is planning an increase in democracy programs in the Central Europe region over the next two years. Efforts to increase citizen participation, establish the rule of law, and strengthen local government will be given higher priority; the share of budget resources devoted to democracy programs in the country budgets will rise from roughly 22% in FY 1997 to about 27% in FY 1998. A significant refocusing of efforts toward democracy programs, where progress is still fragile, is being undertaken in Slovakia, Albania, Bulgaria and Romania.

In both Central Europe and the New Independent States, there is an increasing emphasis on local level approaches, through NGOs, local government, and small and medium enterprises. In Bulgaria, Hungary, Poland, Russia and the Central Asian republics, USAID is focusing resources on a bottom-up approach as a means of deepening democratic commitment and strengthening decentralization. In Kazakstan, Kyrgyzstan and Uzbekistan, there has been a strong shift toward NGO development. In some cases, such as Bulgaria, the local level approach was developed in response to lackluster reform performance at the national level. In other cases, this trend represents the need to help consolidate reform efforts

at the local level and push transition beyond the capital city, as is the case in Poland and Hungary. All of these efforts reinforce the Agency's New Partnerships Initiative.

Economic Restructuring and Economic Growth

USAID proposes $98,842,000 for SEED and $474,686,000 for FSA funds under these strategic goals to (a) foster the emergence of a competitive, market-oriented economy in which the majority of economic resources is privately owned and managed, and (b) promote growth of restructured NIS economies through trade and investment and other ties to the West.

To achieve the economic restructuring goal, USAID first undertakes activities aimed at systemic reform - laws, policies, institutions, information flows - which are fundamental to free enterprise and private markets. These include legal and regulatory reforms to facilitate privatization; capital market development; improved realignment of revenue policies and budget allocation with economic objectives; modernization of tax codes and systems; establishment of commercial law and regulatory procedures; contract law, demonopolization and bankruptcy; development of small and medium-sized enterprises; establishment of efficient, well-regulated private banking operations; and energy conservation and restructuring of energy pricing and delivery systems.

Specific strategic objectives are: increased transfer of state-owned assets to the private sector; sound fiscal policies and fiscal management practices; accelerated development and growth of private enterprises; a more competitive and market-responsive private financial sector; and a more economically sound and environmentally sustainable energy system.

To achieve the economic growth goal, beginning in FY 1998, emphasis in the NIS will be placed on promoting increased trade and investment, particularly in Russia, and on implementing assistance activities through a more mature set of mechanisms, such as partnerships and cooperative projects. Funds will be provided to establish a Trade and Investment Facility to promote U.S. and other investment necessary for growth, and to support businesses' efforts to expand U.S.-NIS trade. Russia and Ukraine will be major participants.

Democratic Transition

USAID proposes $73,036,000 for SEED and $139,750,000 for FSA funds under this strategic goal to support the transition to transparent and accountable governance and the empowerment of citizens through democratic political processes and freedom of information.

To achieve this goal, systemic change to facilitate participation, information flows and the rule of law are key. Among the activities USAID supports are: strengthening of political parties and support of free and fair elections; development of independent, responsible media; strengthening of parliamentary processes and establishment of laws and regulations to enhance local government authority; and development of an independent judiciary to allow changes in legal procedures and the capacity of judicial systems to operate independently and effectively. USAID helps strengthen thousands of NGOs which now serve advocacy functions for ordinary citizens and help open up the political process. FY 1998 funding will build on these efforts and include support for selected foundations, community-based exchanges and sister city partnerships, increased number of cooperative activities focused on anti-crime and law enforcement issues, including economic crimes, and targeted support to community institutions. As part of the Partnership for Freedom, funds will be provided to make change permanent by endowing key U.S. and NIS institutions and activities.

Specific strategic objectives are: increased, better-informed citizens' participation in political and economic decision-making; legal systems that better support democratic processes and market reforms; and more effective, responsive, and accountable local government.

Social Stabilization

USAID proposes $249,730,000 for SEED and $87,139,000 for FSA funds under this strategic goal to respond to humanitarian crises and strengthen the capacity to manage the human dimension of the transition to democracy. Funding for economic reconstruction and other activities in Bosnia comprises almost 90% of the SEED request under this goal for FY 1998.

This goal aims to help governments address the problem of deteriorating services and contain the "backlash" against economic reform. USAID provides targeted technical assistance to reform social protection systems. Rather than universal, but unaffordable subsidies for a wide range of services, countries are moving to fee-based systems for those who can afford to pay, coupled with targeted subsidies for the most vulnerable groups. Reforms which develop incentives for an enlarged private sector role in service delivery and financing also will reduce the public burden.

The reduction of conflict in the Caucasus, the Balkans and Tajikistan has permitted USAID to plan the reorientation of assistance resources away from humanitarian assistance toward the first two strategic goals. More emphasis will be placed on economic restructuring and reconstruction assistance which will address the longer-term development needs of these countries. In addition to emergency relief, activities pursued by USAID under the social stabilization goal include increasing reliance on alternative modes of health care provision and financing, moving to market-based rents and maintenance systems for housing; and improving the operational safety at nuclear power plants and the effectiveness of nuclear regulatory bodies.

The goal of the U.S. assistance program in Bosnia is to establish a stable post-war state with a functioning free-market economy and democratic government. Four years of war have ravaged that country's infrastructure and a large international reconstruction effort coordinated by the World Bank and the European Union is underway. To help stabilize the economic, political and social environment for Bosnians, FY 1998 funding will build on the U.S. commitment to revitalize the economy, develop the private sector, and expand employment opportunities. Democracy-building and reconciliation activities will focus on strengthening civil society by supporting independent media and moderate political parties as well as enabling NGO development. In addition, funding for local government capacity- building and the strengthening of judicial institutions will support recently elected governmental bodies and new government institutions.

Specific strategic objectives are: reduced human suffering and crisis impact, improved sustainability of social benefits and services, and reduced environmental risks to public health.

Cross-cutting and Special Initiatives

USAID proposes $70,392,000 for SEED and $198,425,000 for FSA funds under cross-cutting and special initiatives for the following types of programs: (1) activities that do not contribute directly to the strategic objectives, but nevertheless serve strong U.S. interests or address an extraordinary circumstance requiring USAID assistance in a particular country; (2) activities that are too limited in scope or impact to be designated a strategic objective in the country program; and (3) cross-cutting activities that contribute to more than one strategic objective. An example of a cross-cutting effort is USAID's work with the Eurasia Foundation which provides small grants to grass-roots organizations under both the economic restructuring and democracy rubrics. Another example is USAID's Russian Far East program which not only provides assistance to the economically critical forestry sector, but also strengthens regional government capacity and public participation while helping to meet global biodiversity goals. In those instances where activities implemented by other U.S. agencies do not directly support USAID strategic objectives, they are included under this rubric (e.g. Peace Corps, U.S. Information Agency, State Department Science Centers program, etc.).

Economic Support Funds, Development Assistance Funds and P.L. 480 Funds

The Administration proposes $84,600,000 for Economic Support Funds (ESF), $4,000,000 for Development Assistance (DA) and $11,407,000 for P.L. 480 Title II funds. Of these amounts the Administration requests $50,000,000 in ESF and $4,000,000 in DA for Turkey; $19,600,000 in ESF for Ireland; $15,000,000 in ESF for Cyprus; $6,569,000 in P.L. 480 Title II for Bosnia; and $4,838,000 in P.L. 480 Title II for NIS Regional activities.

In Turkey, the ESF funds are used primarily to enable Turkey to continue servicing its large debt while advancing its economic reform and structural adjustment efforts. The DA funding supports U.S. and indigenous NGO efforts to improve women's health through improved family planning.

In Northern Ireland and the Republic of Ireland, ESF will be used to contribute to the International Fund for Ireland to support the Northern Ireland peace process. Economic assistance at the community level has been identified as the most effective means to break the cycle of violence. The objectives of the Fund are to promote economic and social advancement and to encourage contact, dialogue, and reconciliation between Nationalists and Unionists. The Fund seeks to reach these objectives by supporting and promoting social reconciliation through economic development in Ireland and Northern Ireland, with priority given to new investments that create jobs and reconstruct disadvantaged areas.

In Cyprus, ESF will be used to support bi-communal activities in sectors such as sanitation, rehabilitation of the handicapped; forestry; animal disease and pest control; environmental protection; health; water; and education. Funds will also be used to provide academic training at U.S. institutions for students working towards undergraduate and graduate degrees, as well as short-term professional training and bi-communal training in conflict resolution and business management.

EUROPE FY 1998 COUNTRY SUMMARY

COUNTRY	Economic Restructuring	Democratic Transition	Social Stabilization	Cross-cutting and Special Initiatives	Total
EUROPE*	--	--	--	--	--
Albania	16,950,000	10,600,000	850,000	1,600,000	30,000,000
Bosnia	--	--	--	--	231,569,000
-- SEED Act	--	--	225,000,000	--	--
-- P.L. 480 Title II	--	--	6,569,000	--	--
Bulgaria	8,270,000	6,200,000	500,000	10,030,000	25,000,000
Croatia	3,000,000	10,000,000	10,000,000	1,000,000	24,000,000
Cyprus	--	--	--	--	15,000,000
-- Econ. Sup. Fd. (ESF)	--	--	--	15,000,000	--
FYR Macedonia	11,600,000	2,400,000	--	2,000,000	16,000,000
Hungary	4,250,000	1,750,000	--	1,000,000	7,000,000
Ireland	--	--	--	--	19,600,000
-- ESF	--	--	--	19,600,000	--
Latvia	1,500,000	1,200,000	--	300,000	3,000,000
Lithuania	2,050,000	400,000	--	550,000	3,000,000
Poland	15,822,000	17,178,000	--	2,000,000	35,000,000
Romania	19,300,000	4,733,000	5,150,000	3,817,000	33,000,000
Slovakia	--	5,475,000	1,100,000	1,425,000	8,000,000
Turkey	--	--	--	--	54,000,000
-- ESF	--	--	--	50,000,000	--
-- Devel. Asst. (DA)	--	--	4,000,000	--	--
Europe Regional	16,100,000	13,100,000	7,130,000	46,670,000	83,000,000
	--	--	--	--	--
EUROPE TOTAL	**98,842,000**	**73,036,000**	**260,299,000**	**154,992,000**	**587,169,000**
-- SEED	98,842,000	73,036,000	249,730,000	70,392,000	492,000,000
-- P.L. 480 Title II	--	--	6,569,000	--	6,569,000
-- ESF	--	--	--	84,600,000	84,600,000
-- DA	--	--	4,000,000	--	4,000,000

* All funds under EUROPE are Support for East European Democracy Act (SEED) unless otherwise noted.

NEW INDEPENDENT STATES
FY 1998 COUNTRY SUMMARY

COUNTRY	Economic Restructuring	Democratic Transition	Social Stabilization	Cross-cutting and Special Initiatives	Total
NIS**					
Armenia	38,840,000	8,100,000	21,000,000	12,060,000	80,000,000
Azerbaijan	6,000,000	2,000,000	17,000,000	6,500,000	31,500,000
Belarus	--	--	--	4,900,000	4,900,000
Georgia	21,400,000	6,100,000	9,400,000	5,000,000	41,900,000
Kazakstan	28,000,000	8,000,000	4,500,000	11,500,000	52,000,000
Kyrgyzstan	19,000,000	6,000,000	3,000,000	8,500,000	36,500,000
Moldova	20,000,000	--	--	12,800,000	32,800,000
Russia	122,800,000	69,800,000	12,500,000	36,400,000	241,500,000
Tajikistan	6,500,000	1,000,000	2,400,000	5,500,000	15,400,000
Turkmenistan	3,200,000	400,000	400,000	2,000,000	6,000,000
Ukraine	149,400,000	31,800,000	9,050,000	35,250,000	225,500,000
Uzbekistan	17,200,000	5,000,000	2,800,000	7,500,000	32,500,000
NIS Regional	--	--	--	--	104,338,,000
-- FSA	42,346,000	1,550,000	5,089,000	50,515,000	--
-- P.L. 480 Title II	--	--	4,838,000	--	--
NIS TOTAL	**474,686,000**	**139,750,000**	**91,977,000**	**198,425,000**	**904,838,000**
-- FSA	474,686,000	139,750,000	87,139,000	198,425,000	900,000,000
-- P.L. 480 Title II	--	--	4,838,000	--	4,838,000
-- ESF	--	--	--	--	--
-- DA	--	--	--	--	--

** All funds under NIS are FREEDOM Support Act (FSA) unless otherwise noted.

EUROPE AND THE NEW INDEPENDENT STATES
FY 1998 TOTALS

COUNTRY	Economic Restructuring	Democratic Transition	Social Stabilization	Cross-cutting and Special Initiatives	Total
GRAND TOTAL	**573,528,000**	**212,786,000**	**352,276,000**	**353,417,000**	**1,492,007,000**
-- SEED total	98,842,000	73,036,000	249,730,000	70,392,000	492,000,000
-- FSA total	474,686,000	139,750,000	87,139,000	198,425,000	900,000,000
-- P.L. 480 Title II total	--	--	11,407,000	--	11,407,000
-- ESF total	--	--		84,600,000	84,600,000
-- DA total	--	--	4,000,000	--	4,000,000

Thomas A. Dine
Assistant Administrator
Bureau for Europe and the New Independent States

LATIN AMERICA AND THE CARIBBEAN

FY 1998 Development Assistance Fund:	**$273,500,000**
FY 1998 Economic Support Funds:	**$116,000,000**
FY 1998 International Narcotics Funds:	**$53,000,000**
FY 1998 P.L. 480 Title II:	**$101,143,000**
FY 1998 P.L. 480 Title III:	**$10,000,000**

INTRODUCTION

A Shared Vision for the Americas

The Summit of the Americas ratified a hemispheric consensus that advances U.S. national interests as never before. The 34 elected heads of state, at an historic meeting in Miami in 1994, agreed that democracy is the touchstone for partnership in the Americas; that stable economies based on competition, open markets and regional economic integration will lead to the creation of a Free Trade Area of the Americas by 2005; that poverty which still affects 40% of the population must be eliminated; and that nothing is sustainable unless the environment is respected and natural resources are managed wisely.

This shared vision for the Western Hemisphere would have been inconceivable only twenty years ago, when with the exception of North America and the English-speaking Caribbean, only four countries had elected civilian governments. Military dictatorships and state-directed economic systems were the norm, and respect for fundamental human rights under those regimes was nonexistent. Today, all but Cuba have governments chosen by multi-party elections. USAID programs have been critical in the transformation: from dictatorship to democracy; from closed economies to open markets; and from conflict to peace in Central America.

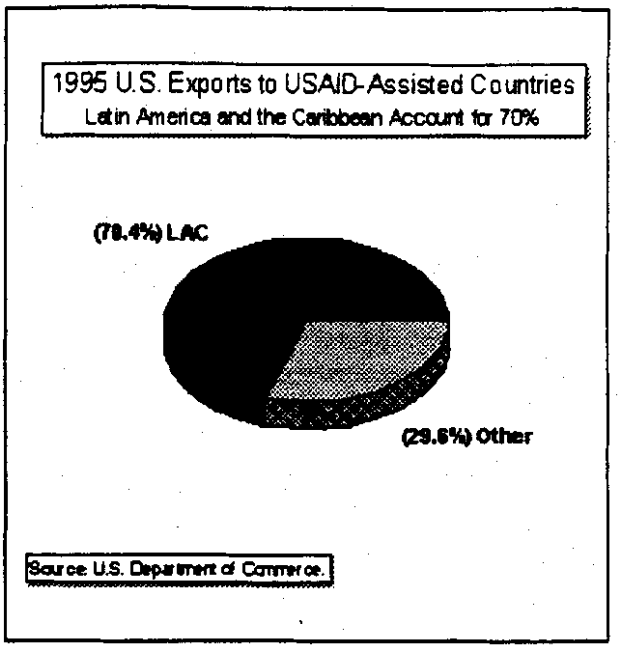
U.S. Support to Latin America and the Caribbean Benefits the United States

The United States' national interests are vitally linked to making the vision of the Summit of the Americas a reality. As the Summit's Action Plan highlights, "...representative democracy is indispensable for the stability, peace, and development of the region...Democracy and development reinforce one another." By promoting democratic peace in Central America, by supporting emerging democracies such as Haiti, and by strengthening the region's commitment to democratic government, the United States promotes its basic values and provides an environment for long-term development and stability. The pressure on Latin Americans to flee their homes and come to the United States has sharply decreased. Democratic governments with shared values are key to making significant progress on many issues of interest to the United States, such as economic integration, pollution reduction, global warming, biological diversity, narcotics trafficking, public health, and acquired immunodeficiency syndrome (AIDS) prevention. Strong democracies also will lead to reduced emergency assistance and lower U.S. defense expenditures in the region over the long run.

One of the United States' most vital national interests - the health of the domestic economy - depends in no small measure on the economic health of the countries in the Latin American and the Caribbean (LAC) region. As Latin American economies have prospered, so have U.S. exports and jobs. The region is the fastest growing market for U.S. exports of goods and services, and also one of the largest. In 1995, the LAC region accounted for more than 70% of all U.S. exports to USAID-assisted countries. Exports of goods to all LAC countries reached $95 billion in 1995, more than three times the level 10 years ago. These exports support two million U.S. jobs. U.S. economic interdependence can also be measured by its direct investment, which totals $102 billion in the region, 19% of all U.S. investments overseas and two-thirds of U.S. investments in all developing countries. The United States is the source of nearly 40% of the imports to Latin America from developed nations. U.S. economic growth and employment depend far more on the growth of LAC economies than on any

other part of the developing world.

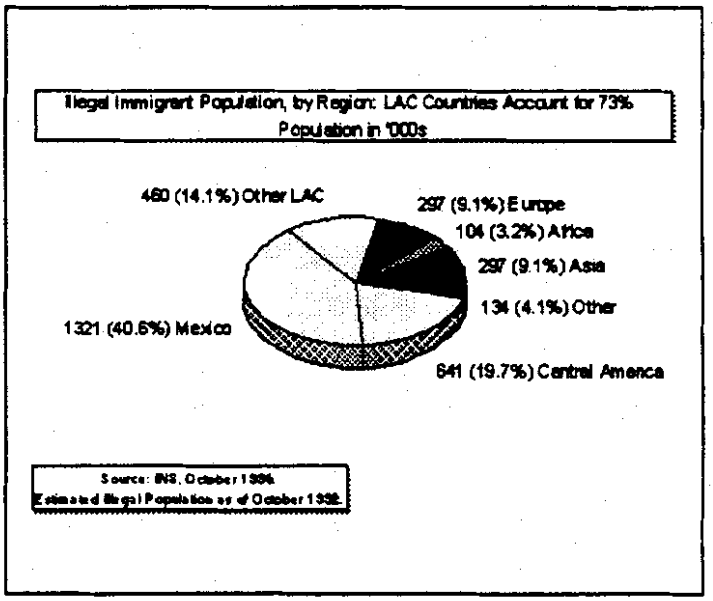
The health of the U.S. economy will become even more dependent on the economic health of the LAC region in the future. The Summit of the Americas' declaration committed the countries of the hemisphere to negotiate an agreement for a Free Trade Area of the Americas (FTAA) by 2005. The FTAA will be the world's largest free trade area, encompassing 34 countries with a current total population of about 750 million and a combined gross domestic product (GDP) of more than $8 trillion.



Despite Progress, Poverty Persists in the Region

Over the past three decades, the LAC region has made major developmental gains. Life expectancy between 1960 and 1995 increased from 56 to 69 years, and infant mortality declined from 106 per 1,000 live births to 43. Indicators of adult literacy, school enrollments, and access to safe drinking water have all improved. Malnourishment among children has declined. But wide disparities in income persist, leaving millions of people in dire poverty. Simple measures of per capita income miss a darker reality. In the region, roughly 45% of the population lives in poverty, and in some countries the level reaches 70%. The lack of participation of a major part of the population in the economic and democratic systems presents a fundamental challenge to LAC countries, and is a threat to U.S. interests.

Illegal Immigration: Poverty and its accompanying social and political consequences have created pressures which have caused millions of LAC residents to migrate illegally to the United States in search of personal security and economic survival. Nearly three-quarters of all illegal immigrants to the United States have come from LAC. Although Mexico is by far the most important country of origin, illegal immigration from other nations in the LAC region was also very significant. There are far more illegal immigrants from Central America, the Caribbean, and South America than from the rest of the world combined. El Salvador alone has sent more illegal immigrants to the United States than all of Europe, Asia, and Africa. More illegal immigrants came to the United States from Haiti and the Dominican Republic in 1992 than from the continent of Africa. Haiti, a country which until recently had experienced tremendous political and economic turbulence, has sent 60,000 undocumented Haitians to the United States. The United States has become home to 71,500 undocumented Guatemalans due to its 35-year conflict. Improvements in governance, respect for human rights and increased job opportunities at home will significantly reduce the flow of illegal immigrants to the United States.



Democratic Processes: The region made significant advances in democratization in 1996, particularly with the Peace Accords signed in Guatemala, and fair elections in the Dominican Republic that mark an historic step towards full democracy. National elections in Ecuador and Nicaragua continued the region's steadfast adherence to democratic electoral procedures. Nonetheless, important challenges to fulfilment of democratic aspirations persist. Strong leadership by the United States and other hemispheric partners only narrowly halted a military coup attempt in Paraguay. In many Latin American nations, military and police retain "reserved" powers not susceptible to civilian elected oversight. While democratic procedures in elections and rule of law are improving, many citizens in the region cannot yet effectively participate in their political systems. Indigenous groups in Guatemala, southern Mexico, and the Andean region are still largely excluded from political life. Regardless of electoral reform, political systems will not be truly democratic until the indigenous majority are included,

Environmental Degradation: Economic growth in the LAC region has occurred at a high cost to the environment. Continued uneconomic exploitation of the environment and natural resource base will reduce future economic growth, raise health costs, and result in an irreplaceable loss of natural resources and biodiversity. Long-term U.S. interests in helping LAC countries protect their environment include: ensuring a growing market for U.S. products through the economically sustainable development of one of the United States' largest markets; preserving the United States own environment by helping LAC countries contribute less to global warming; and maintaining biodiversity areas as sources for medicines and the means to increase food production. More specific interests include reducing pollution in border areas with Mexico to mitigate negative effects in the United States, and creating effective environmental regulatory systems to even the playing field for U.S. and LAC producers under the North American Free Trade Agreement (NAFTA) and the proposed Free Trade Area of the Americas.

Population and Health Concerns: The proximity of the LAC region poses special population and health concerns for the United States. Rapid population growth strains the hemisphere's resources, resulting in shortages, environmental degradation, and pollution. Population pressures contribute to increased illegal migration to the United States. Communicable diseases such as cholera, HIV/AIDS, and measles cause problems in this country if they are not addressed in the region. The accelerating transmission of HIV within the region is also disturbing. Nearly two million Human immune-deficiency virus (HIV) infections have been recorded in the region, and the epidemic is growing by about 1,000 cases per day. By contrast, the United States has about one million infections. In view of current migration and travel patterns, the epidemic in LAC threatens not only to thwart the region's development but also to aggravate U.S. control efforts.

Drug Trafficking. Illicit drugs corrupt institutions and tear at the social fabric of the United States and almost all Latin American and Caribbean countries. Too many people in the hemisphere ruin their lives or suffer random violence because of illegal drugs and the antisocial behavior they engender. As part of its program to reduce drug use here, the U.S. Government has embarked on a comprehensive program to get countries in the region to reduce the supply of drugs. Other U.S. agencies are helping Latin American governments to improve law enforcement systems and educate citizens to the dangers of drugs. USAID helps key source countries provide environmentally sound, economically sustainable alternatives to illegal drug production, and to improve the administration of justice.

External Debt. The international debt crisis that erupted in 1982 threatened the international financial system and turned the 1980s into a lost decade for Latin America. Debts to commercial banks were the major factor, but official debt also contributed. The crisis forced governments to undertake significant economic reforms. By the early 1990s, inflation had declined, growth was recovering, and the major debtors had made arrangements to reduce bank debt in exchange for improved security for remaining balances. Countries on the verge of default in the early 1980s are now returning to the international financial markets. However, success in reducing inflation, growth, and trade is just now bringing peoples' incomes back to levels of a decade and a half ago. Inefficient public institutions, lack of investment in people, and skewed income distribution endanger both prosperity and political

stability. The challenge for LAC countries is to harmonize macroeconomic stability with quicker reductions in poverty and inequality.

USAID's Strategy in the LAC Region

> *It is politically intolerable and morally unacceptable that some segments of our populations are marginalized and do not share fully in the benefits of growth. With an aim of attaining greater social justice for all our people, we pledge to work individually and collectively to improve access to quality education and primary health care and to eradicate extreme poverty and illiteracy. The fruits of democratic stability and economic growth must be accessible to all, without discrimination by race, gender, national origin or religious affiliation.*
>
> - Summit of the Americas Declaration of Principles

USAID seeks to achieve sustainable development by integrating the elements the Agency has determined to be most critical for reducing poverty in the long run: building democracy, encouraging broad-based economic growth, reducing population growth and improving health, and protecting the environment. The synergy among these strategy elements makes the whole greater than the sum of the parts if each were pursued separately.

Economic growth is essential for improved living standards. But economic growth will not be broad-based, nor will it produce growth that is sustainable, unless it consciously focuses on the other three strategy elements. Efforts to reach the poor are ineffective without a commitment to improving their access to resources, institutions, and decision-making processes. Economic growth is not sustainable without democracy, and democracy opens opportunities for greater participation of the poor by improving business opportunities and increasing earnings potential at the micro level. The gains from economic growth and participation will be diminished if population growth continues at high levels, and the productivity of future generations will be diminished if their natural resource endowments are destroyed by the present generation. Individual country programs are designed to balance activities that promote long-term, broad-based economic growth with those that directly benefit the poor, so as to achieve a significant and sustained reduction of poverty over the long run.

Within this strategic framework, special emphasis must be placed on helping nations emerge from the cycle of crisis by: (a) consolidating the peace process in Central America, (b) strengthening Haiti's fledgling democracy, and (c) combatting coca and cocaine production and trafficking in Bolivia and Peru. USAID support of the peace process in Guatemala, El Salvador and Nicaragua has been essential to ensuring its success. After decades of conflict, Guatemala's signature of a comprehensive peace accord fulfills the commitment made by all five Central American presidents nine years ago at Esquipulas. USAID's eforts in Haiti illustrate how development and humanitarian assistance programs can reinforce each other to produce lasting results. In Bolivia and Peru, USAID is helping transform economies dependent on illicit coca to licit market-based economies based on efficient outward-oriented policies. This strategy recognizes that an effective counterdrug policy needs democratic institutional strengthening programs, especially in justice and law enforcement, as a necessary foundation for alternative economic development programs.

Agency Goal: Promoting Broad-Based Economic Growth

Despite healthy growth, the LAC region has the widest disparities in income in the developing world. The origins of these income disparities and the high incidence of poverty are complex, but their roots can be traced to misquided public policies of the past. There are three basic causes: (1) low quality basic education; (2) limited access to key resources such as land and credit; and (3) regional trade structures that limit growth and bias growth that does occur against the poor. The structural reforms begun in the 1980s have the potential to help lower the incidence of poverty and income inequities. Many of these reforms seek to replace privileged access with equality of opportunity. Structural reform is a difficult process, however, and staying the course is politically painful.

USAID Assistance is Achieving Results

While credit for economic recovery in the LAC region must go primarily to the determination of the Latin American and Caribbean people themselves, the investment by the United States in its foreign assistance program has contributed significantly to this progress:

- Although per capita GDP fell by 8% during the 1980s, it grew by 6% over the last four years and total GDP increased by an average of 3.4% a year during 1991-1994. This pattern slowed in 1995 due largely to setbacks experienced by Mexico and Argentina. Excluding those two countries, all other countries in the hemisphere continued the positive trends of GDP growth per-capita of the 1991-1994 period. Nevertheless, for the region as a whole, real per capita GDP remains below 1980 levels.

- A USAID-supported, non-traditional agricultural export program in Ecuador generated more than $95 million in total non-traditional exports and more than 40,000 jobs (65% for women). In Nicaragua non-traditional agricultural exports increased from $54 million in 1994 to $75 million in 1995.

- In El Salvador, village banking reached a cumulative total of 40,000 beneficiaries, of whom 82% were women in extreme poverty. Small business lending reached 2,200 enterprises, of which 51% are located in ex-conflicted zones. As part of El Salvador's transition from war to peace, USAID contributed more than $60 million to finance land acquisition for almost 20,000 people.

- In Latin America and the Caribbean, USAID programs have contributed to significant improvements in the quality and efficiency of education, especially in Honduras, Guatemala the Dominican Republic and El Salvador. USAID programs have also supported the development of teaching materials and the distribution of textbooks. In Guatemala, the enrollment of Mayan students experienced an average annual increase of 8.75%. This surpassed both the program target and the population growth rate and represented a real increase in Mayan enrollment.

The FY 1998 Program

USAID programs in the LAC region will continue to advance U.S. interests by directly supporting programs that address the Summit objectives of promoting prosperity and eradicating poverty and discrimination in the hemisphere. Three principal objectives are fundamental to achieving USAID's goal of promoting broad-based economic growth in the LAC region: strengthening markets; expanding economic access and opportunity for the poor; and expanding and improving basic education.

Open and competitive private markets stimulate economic activity and accelerate growth, providing increased incomes and employment. USAID assistance to strengthen markets focuses on establishing an "enabling environment," comprising policies, institutions, regulations and attitudes conducive to dynamic economic growth. United States' assistance will be mutually beneficial as improved market efficiency increases the income of LAC countries while at the same time providing trade and investment opportunities for American firms.

Even where markets are functioning well, economic benefits are uneven because of differential access to information, technology, credit and other resources. Measures can be taken to **spread the benefits of growth** to all groups in society. USAID will support programs which focus on improving access to credit, technology, iand and markets, as well as improving the policy environment for small and micro-producers and entrepreneurs. Many of USAID's activities in this area focus on women, who are disproportionately represented among the poor.

Improved educational access and better quality education for the poor, women, and marginalized groups will help increase incomes. USAID's program focuses on: improving the education policy environment; reforming curricula and educational institutions through teacher training; expanding access to education for girls and other disadvantaged groups; supporting alternative basic education and vocational training programs; and funding scholarships for higher academic training.

Agency Goal: Advancing Democracy

For the LAC region, democracy has become the common guiding principle of economic growth and social development. Elected governments began to replace authoritarian ones in the late 1970s. Nonetheless, these new democracies are incomplete and fragile. A broader concept of democracy, under which citizens have a wealth of outlets to express political choices, is only beginning to emerge in some countries. Citizenship is a concept that challenges Latin American societies, which historically have subjugated individual rights to enable elites to maintain political and economic power. Latin Americans must act as citizens to ensure that government institutions become more transparent, decentralized, accountable, effective, and accessible.

USAID Assistance is Achieving Results

USAID programs in LAC countries have had a significant impact on strengthening the rule of law and respect for human rights.

- In Honduras, the attorney general's office was created with USAID assistance. During 1995, more than 12,000 criminal prosecutions have been presented around the country. For the first time in the history of Honduras, corruption charges have been pressed against 73 high- and mid-level government officials, including national and local political officials.

USAID continues to play an important role in helping to ensure free and fair electoral contests and to enhance political competition. USAID has helped to create impartial and open electoral laws and regulations and has supported the establishment of accountable and effective electoral institutions:

- In 1996 Ecuador, Nicaragua, and the Dominican Republic conducted free and fair national elections. USAID support was particularly important in galvanizing nongovernmental organization (NGO) involvement in important election activities such as voter registration and domestic electoral observation.

Nongovernmental organizations constitute a vital channel for sharing information and conveying the interests of ordinary men and women to the institutions of government. A vibrant civil society also protects individuals and their communities from arbitrary or unilateral decisions by governments or economic interests.

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

civil society.

- A major regional trend toward decentralization has strengthened the role of local governments in promoting government responsiveness and civic participation. Eleven USAID bilateral missions support activities designed to promote decentralization and strengthen the capacity and responsiveness of local government.

- Eleven LAC countries are strengthening local governance and municipal development with USAID assistance. In Guatemala (1994) and Nicaragua (1995), new legislation has permitted municipalities to tax land. Costa Rica and El Salvador are considering similar measures. USAID funding and technical assistance have been key to Bolivia's successful launch of its landmark Popular Participation Program which promotes municipal government effectiveness and increased allocation of resources from the central government to municipalities.

- Legislative modernization projects in Bolivia, Honduras, El Salvador, Nicaragua and Haiti have increased legislators' and committees' access to non-partisan technical information; established budgetary oversight offices; improved bill drafting capacities; and encouraged reforms to promote legislative responsiveness to constituencies.

The FY 1998 Program

The transition to democracy in Latin America and the Caribbean is central to developing regional political stability, decreasing illegal immigration to the United States, increasing trade, and creating conditions which are favorable to positive economic growth. USAID's democracy programs in the LAC region focus on: (1) strengthening rule of law and respect for human rights; (2) supporting elections and the political process; (3) strengthening and supporting a politically active civil society; and (4) making government more responsive to people.

Democracy funding in LAC will continue to support programs that strengthen the fragile democracies of the region. USAID has been one of the most active donors in this area, and LAC intends to continue its leadership role. USAID programming over the next few years will build on the successes of legal and administrative policy reforms which assure improved effectiveness, efficiency, and access to the justice system. USAID will continue to work with NGOs to build support for more responsive judicial systems and respect for human rights. Training programs will receive continued support to help deal with growing crime and assure respect for human rights in security force operations.

USAID assistance in the area of electoral institutions will be more focused. Emphasis will be placed primarily on broadening citizen participation in the political system. As countries move toward the direct election of local officials, increased emphasis will be placed on municipal elections.

LAC will continue to support and fund civil society programming in response to the explosion of NGO activity focused on building democratic societies. USAID bilateral missions will support broader civic education efforts, and the regional program will continue to support exchanges of information and technical assistance among key civil society NGOs and the creation of a regional network to improve those contacts. As part of the USAID's New Partnership Initiative, USAID missions will increasingly focus on local grass-roots organizations which interact with local government in expressing citizen concerns.

Local government strengthening and decentralization will continue to be a major thrust of USAID programming along with efforts to improve the accountability and legitimacy of key government institutions. Legislative strengthening will also continue to be funded as targets of opportunity emerge.

Agency Goal: Stabilizing World Population and Protecting Human Health

Over the last 30 years, health trends in the LAC region have been encouraging, but significant challenges remain. Efforts to build democracy, accelerate economic growth, and use natural resources in a sustainable way can be successful in the long run only if children are educated and families have access to primary health services. These demands can be met only if population growth is reduced. Smaller families tend to produce children who are healthier, better educated, and earn more. Fewer, more productive adults ultimately buy more U.S. goods and services and participate more in democratic processes. USAID's role in the hemisphere as a leader in public health will be key to encouraging the multilateral development banks and other donors to increase their assistance levels in this sector.

USAID Assistance is Achieving Results

Over the past three decades, the United States has invested substantial resources to improve population, health and nutrition conditions in the Americas. These investments are paying off.

Unintended pregnancies are being reduced.

- The contraceptive prevalence rate (CPR) is improving. For example in Guatemala, CPR increased from 27% in 1987 to 31% in 1995. Among indigenous Mayan couples, the CPR almost doubled from 5.5% to 9.6%. In the Dominican Republic, USAID-supported CARE programs in the three border regions showed CPR increases from 47% in 1993 to 63% in 1995.

Child mortality rates are being substantially reduced.

- Important advances in vaccination coverage were reported for 1995. Region-wide, over 80% of children were fully vaccinated by their first birthday. Accomplishments in Honduras were particularly high; 95% of all children were vaccinated. In Peru, where USAID is the principal donor to vaccination programs, measles coverage increased from 74% in 1994 to 96% in 1995. Region-wide, there were only 2,741 cases of measles in 1994, a 99% drop from the over 200,000 cases reported in 1990.

Maternal mortality is also being reduced.

- Bolivia has decreased its maternal mortality rate from 480/100,000 in 1989 to 390/100,000 in 1994. Efforts to track the maternal mortality rate and affect a decrease in these rates are underway in other USAID Missions, especially in Peru.

Efforts are underway to reduce sexually transmitted infections and HIV transmission.

- Condom distribution and Behavior Change Communication strategies are important parts of USAID's HIV/AIDS prevention programs. In Brazil, following the introduction of the USAID-sponsored social marketing brand, condom sales increased 61% from 1994 to 1995.

- There has been an increase in the treatment of sexually transmitted diseases (STDs), which can be a co-factor for transmission of HIV. In Haiti, the treatment of STDs increased dramatically from 10% in 1991 to 69% in 1995. In Bolivia, for some groups at high risk for AIDS, USAID assistance helped reduce sexually transmitted disease by up to 35%.

The FY 1988 Program

The USAID strategy relies on achieving four closely related objectives: (1) a sustainable reduction in unintended pregnancies; (2) a reduction in child mortality; (3) a reduction in maternal mortality; and (4) a reduction in the transmission of sexually transmitted infections and HIV.

The heads of state endorsed two critical concepts in the Summit of the Americas plan of action: equitable access to a basic package of health services; and reforms in management and financing to ensure such access. USAID's strategy for population and health emphasizes high-impact, lower-cost basic services, such as child survival, maternal health, family planning, sexually transmitted diseases and HIV/AIDS. Access to and impact of such services will be improved where current availability is poor, as in Haiti, Guatemala, and Bolivia. In countries where access is better, such as Ecuador and Jamaica, sustainability and quality of such services will be improved.

USAID is engaging governments at the policy and operational levels to allocate resources more cost-effectively, to decentralize population, health and nutrition services, to recover and contain costs, and to encourage an appropriate service delivery mix by government, NGO and for-profit providers. Reproductive health activities are being expanded to link or integrate family planning with other high-priority activities, including prenatal and postnatal care, safe delivery, diagnosis and treatment of sexually transmitted diseases. LAC's approach to HIV/AIDS programming is being revised and updated to respond to transnational patterns of transmission, multi-country issues and changing transmission patterns within the region.

The LAC region has been the world leader in immunization programs with the recent certification that polio transmission has been ended only the latest example. Building on the success of polio elimination, measles now has been targeted for elimination by the year 2000. USAID will continue to focus on reducing child mortality by sustaining gains in vaccination and diarrheal disease control, while increasing attention to acute respiratory infections. Regional activities will facilitate an understanding of lessons learned among countries and will strengthen their efforts to design, implement, and monitor programs in the sector.

Agency Goal: Encouraging Sound Environmental Management

Awareness is growing throughout the LAC region that environmental degradation, economic decline, and social and political instability are closely linked. Addressing environmental issues requires dealing with factors that affect public welfare and human rights, as well as the physical resources on which life depends. Sound environmental and natural resource management is no longer perceived as a luxury, but as an integral part of growth -- a principle that must be followed if the benefits of development are to be realized and human welfare maintained and enhanced.

USAID Assistance is Achieving Results

Examples of recent accomplishments attributable to USAID efforts are:

- In Guatemala, USAID has worked closely with the government to expand the country's national park system from 148,000 acres to 2 million acres. As a result, key areas of the Peten forest the largest tropical forest in Latin America north of the Amazon -- are now protected.

- Nearly three million acres of agricultural and forest land have been brought under modern management systems in six countries (Guatemala, Honduras, Jamaica, Nicaragua, Panama, and Peru) through 1993.

- The protection of over 20 million acres of habitat for globally significant biodiversity in 39 parks has been significantly improved.

- An innovative solid waste program in the shantytowns of Lima, Peru is run by four women-owned and managed microenterprises. These businesses collect domestic solid wastes, reclaim recyclables, and dispose of the remainder in sanitary landfills, thus improving sanitation, protecting the environment, and providing employment for local men and women.

The FY 1988 Program

USAID focuses its activities under this agency goal on the four most important renewable resources for sustainable development: forests, water resources, agricultural lands, and coastal resources. The new budget realities have resulted in a shift in the types of programs. To maximize the impact of USAID's reduced resources, a greater proportion of our budget is now placed on policy reform, on regional and sub-regional approaches, on forming stronger alliances with our NGO partners, on trying to leverage and coordinate with other bilateral donors and the multilateral investment banks, and on engaging the resources of the private sector.

USAID programs help improve the management of protected areas and promote sustainable use of biological resources. Sustainable land management strategies are helping to reduce pressure on biodiverse ecosystems. Endowment funds represent long-term, stable sources of conservation financing and USAID has helped launch a variety of mechanisms to build financial solvency in local governments and conservation organizations. One of the highest priorities is to increase grass-roots commitment to conservation, especially among those communities living in and around parks and reserves.

In past years, USAID's environmental programs in LAC countries focused on "green" environmental issues--promoting sustainable agriculture, sustainable management and conservation of natural forests, and conserving biodiversity. Given the increasing impact of pollution due to rapid industrialization and urbanization, USAID is addressing "brown" issues, including conservation and sustainable energy management; and urban and industrial pollution. USAID assistance to governments in developing and implementing sound environmental regulations will not only improve the quality of life in LAC countries will enable them to meet the environmental standards which will be part of the Free Trade Area of the Americas.

By the end of FY 1998, an additional three million acres of land will be brought under sustainable use; five million acres of globally significant habitat will be protected in 10 additional parks; and an additional 52,000 individuals will be trained in environmentally and economically sound production techniques. In addition, USAID, through the LAC Bureau and its field missions will build upon urban and pollution prevention activities begun under the Environmental Initiative for the Americas.

MANAGEMENT CHALLENGES

Resource Allocation. The USAID strategy of advancing broad-based economic growth, building democracy, stabilizing population growth, and protecting the environment and natural resource base is most effective through progress in each of these mutually inter-dependent and reinforcing areas. Therefore, the assistance strategy for the LAC region places major emphasis on the need for full sustainable development programs that address the connections linking each strategic area. The challenge for USAID is to achieve these objectives with limited resources.

Resource allocations in the LAC region reflect U.S. national interests, program performance and overall country development performance. Resources are allocated to twelve sustainable development countries (Haiti, El Salvador, Nicaragua, Bolivia, Peru, Guatemala, Honduras, Jamaica, Ecuador, Paraguay, Guyana and the Dominican Republic) to achieve strategic objectives in economic growth, environment, democracy, and population and health. Three of the four other sustainable development programs (Brazil, Mexico, and Colombia) focus on specific global concerns, such as environment, AIDS, and population growth. The fourth program, Panama, addresses a major U.S. interest, the successful implementation of the Panama Canal Treaty. A very modest level of funding will support a program of information dissemination in Cuba to support the re-emergence of civil society in the country. Through more precisely defined, programmatic focus and management efficiencies, LAC programs will be implemented with stable to declining staff levels in the field and in Washington.

LAC programs are primarily financed through Development Assistance. Several of the LAC sustainable development programs are in countries which are undergoing the transition from war to peace (El Salvador, Nicaragua, and Guatemala) which are beset by narcotics production and trafficking problems (Peru and Bolivia); or are undergoing a major transition from prolonged and debilitating dictatorships (Haiti). In these instances other resources, including Economic Support Funds, International Narcotics Funds, and/or P.L 480 Title III resources are used to complement Development Assistance by addressing the problems of specific groups or in specific areas in ways that also promote sustainable development. Limited programs are also implemented with Development Assistance in several countries in which the U.S. has a specific national interest, i.e. Panama, or in which there are major issues of global concern (Mexico, Brazi and Colombia).

Status of Close-out Programs. Country programs in Argentina and Uruguay were closed out by the end of FY 1995 and programs in Belize, Chile, Costa Rica, and the Regional Development Office in Barbados were closed by the end of FY 1996. A recent Agency review of country programs determined that two additional country missions may have to be terminated in the years 1999 and 2000, although support for certain programs may continue from LAC regional activities.

Donor Coordination

Donor coordination is a critical tool to build on USAID's substantial investment in the region, leveraging additional resources to promote U.S. objectives. Multilateral development banks (MDBs) have assumed an increasingly important role in the poorer countries of the region where USAID has its major activities. USAID works closely with these multilateral development banks and encourages them to expand lending in the social sectors, democracy and governance, and the environment. The banks consider USAID's in-country expertise to be a valuable resources when they enter these new lending areas. The Summit of the Americas also serves as an important framework for more extensive donor coordination.

The results of greater donor collaboration are evident. In Honduras, Bolivia and El Salvador, for example, USAID, the Inter-American Development Bank (IDB) and the World Bank have worked together to develop major judicial reform programs which expand USAID-initiated activities. In El Salvador, USAID health and education programs are the basis for major health reform and primary education programs of the multilateral banks. USAID has established a joint working group on democratization in Latin America with the European Community. All these support U.S. objectives under the Summit of the Americas.

- USAID technical support and dialogue has helped the IDB and the World Bank redefine their land titling and registration activities for the LAC region. The IDB will direct $50 million to these activities in six countries, and the World Bank will providet $70 million in five countries.

- USAID technical support and dialogue has resulted in the IDB taking the lead in an effort to establish a $200 million regional agricultural technology fund that will generate approximately $10 million yearly for agricultural research in the hemisphere.

In Haiti, USAID played a strong leadership role coordinating donor support for reconstruction. USAID participated in programming missions with the IDB, the World Bank and other donors to develop major projects in primary education, potable water, and other social programs. IDB loan approvals to Haiti in 1995 reached $318 million. USAID collaboration with other bilateral donors, including the European Community, resulted in important judicial reforms in Haiti.

These efforts supporting U.S. objectives are the fruit of a strong USAID field presence. USAID influence has been further increased by placing advisors on site at the Inter-American Development Bank and the World Bank to assist the U.S. Executive Directors.

LATIN AMERICA AND THE CARIBBEAN
PROGRAM SUMMARY
FY 1998 Funding Request (in Thousands of Dollars)

COUNTRY	ENCOURAGING ECONOMIC GROWTH	STABILIZING POPULATION GROWTH and Protecting Human Health	PROTECTING THE ENVIRONMENT	BUILDING DEMOCRACY	PROVIDING HUMANITARIAN ASSIST	TOTAL
BOLIVIA						
DA	3,524	16,600	5,500	4,500		30,124
INCF	22,000			3,000		25,000
PL 480 TITLE II					20,291	20,291
BRAZIL						
DA		5,500	5,500	150		11,150
DOM. REPUBLIC						
DA	1,100	5,570		2,700		9,370
ECUADOR						
DA	500	4,000	3,000	1,500		9,000
EL SALVADOR						
DA	12,010	11,125	6,500	3,600		33,235
GUATEMALA						
DA	4,488	12,215	4,635	2,000		23,338
PL 480 Title II					12,122	12,122
GUYANA						
DA	700			1,500		2,200
HAITI						
ESF	13,200	24,800	10,000	22,000		70,000
PL 480 TITLE II					14,314	14,314
PL 480 TITLE III					10,000	10,000
HONDURAS						
DA	3,885	8,550	3,715	2,200		18,350
PL 480 TITLE II					4,735	4,735
JAMAICA						
DA	2,750	5,000	3,350			11,100
MEXICO						
DA	200	3,400	5,400	250		9,250
INCF				1,000		1,000
NICARAGUA						
DA	7,340	7,000	2,200	4,800		21,300
PL 480 TITLE II					764	764
PANAMA						
DA	500		2,800			3,300
PARAGUAY						
DA		2,000	525	2,800		5,325

COUNTRY	ENCOURAGING ECONOMIC GROWTH	STABILIZING POPULATION GROWTH and Protecting Human Health	PROTECTING THE ENVIRONMENT	BUILDING DEMOCRACY	PROVIDING HUMANITARIAN ASSIST.	TOTAL
PERU						
DA	6,153	23,040	3,400	1,900		34,493
INCF	20,000			5,000		25,000
PL 480 TITLE II					48,917	48,917
CEN Regional						
DA	2,750	4,400	6,875			14,025
LAC Regional						
DA	22,000	4,000	6,500	5,400		37,900
ESF	20,000			26,000		46,000
INCF				2,000		2,000
TOTAL						
DA	67,900	112,400	59,900	33,300		273,500
ESF	33,200	24,800	10,000	48,000		116,000
INCF	42,000			11,000		53,000
PL 480 TITLE II					101,143	101,143
PL 480 TITLE III					10,000	10,000

Mark Schneider
Assistant Administrator
Bureau for Latin America and the Caribbean

CENTRAL PROGRAMS

FY 1998 Development Assistance $408,000,000

INTRODUCTION

The central programs of USAID, in partnership with private and voluntary organizations (PVOs), universities, other donors and international assistance organizations are at the heart of USAID's capacity to reach out to developing country public and private partners to address local, regional and global problems. Central programs fund the research, technology development and transfer, and capacity building essential to address the fundamental constraints to sustainable development which USAID has identified in its five goals: economic growth, population and health, environment, democracy, and humanitarian assistance. Central programs marshall the resources needed for humanitarian response to natural and man-made disasters, to manage and convey humanitarian assistance, and to provide transitional assistance in a few selected countries emerging from economic and political chaos. The central program budget of $407,840,000 covers funding for programs initiated and managed by the Bureau for Global Programs, Field Support, and Research; the Bureau for Humanitarian Response; and the Bureau for Policy and Program Coordination.

USAID's country programs draw on central programs through direct field support and other resource sharing. When field missions buy technical services from central programs, they tap into the latter's global technical leadership and research experience. These arrangements apply new methods and tools to specific country problems, support capacity building with USAID's development partners and customers, and provide lessons that are disseminated throughout the international assistance community. (Customers are those individuals or organizations who receive USAID services or products, benefit from USAID programs, or who are affected by USAID actions.) Whether it is a new method or technology for quick anticipatory response to a human disaster, or systematic field testing of a promising approach to the integrated management of childhood illness, both USAID's field operating units and central programs learn from the experience, adapt and replicate the results in other settings.

Given adequate resources, central programs have the unique opportunity to provide technical leadership to USAID, other U.S. Government agencies and departments, as well as to other multilateral and bilateral donors. In addition, Global Bureau programs are linked, coordinated, and, as appropriate, integrated to respond to economic, social, and environmental challenges that know no borders:

- While 240 million women in developing countries are now practicing modern techniques of family planning, the needs of an estimated 150 million women are unmet. Despite overall improvements in health status in developing countries in the past ten years, maternal mortality levels remain 15-20 times higher than in developed countries. Nearly 12 million children in developing countries under age five die each year. If left unchallenged, the human immunodeficiency virus (HIV) pandemic will devastate economic and social development worldwide. USAID is the global leader in family planning, maternal health and child survival, and HIV/AIDS prevention, in part, because of Global programs that focus and concentrate technical resources on the problems and jointly program the responses with USAID's country and regional operating units and other, outside organizations.

- Major advances in sustainable agriculture, in developing and financing microenterprises, in protecting fragile environments and in promoting better husbandry of scarce resources have been produced by central programs in partnership with U.S. universities, international research institutes, PVOs, the United Nations (UN) and other multilateral organizations. The challenge before USAID in economic growth is to maintain and strengthen programs in economic policy

and institutional reform. Regional and worldwide environmental issues, such as global warming, will require continued research, monitoring, and coordination of responses.

- Central programs are working together to link economic growth, environment and health interventions. Central programs develop and test models to effectively promote sustainable democratic institutions and processes, promote food security, and lessen reliance on donor food aid.

- Cross-cutting programs in human capacity development and women-in-development are working in parallel to unleash the power of half the developing world's population for sustainable development. For example, central programs fund coordinated efforts to promote girls and women's education and research to remove barriers to women's legal rights in developing countries.

Leveraging other resources is more critical now than ever before. Central programs have successfully leveraged assistance from other donors and partners by joint programming, persuasion, and example. Global leadership, for example in family planning, in biodiversity, in renewable energy, and in applying agricultural research widely, gives USAID clout beyond its resources in the international assistance community. The successful mix of research, field testing, and evaluation in USAID's central programs leads the way for other donors. The joint agenda with Japan, the United Nations AIDS (UNAIDS) program, and the dissemination of drought-resistant crop technologies are a few examples of this successful leveraging.

Central programs address the Agency's goals, as described in this section, through more than two dozen broad objectives. These objective statements and associated core funding requests indicate only part of the intermediate results and resources that are required to achieve the objectives. Global Bureau agreements with USAID field missions make a significant contribution to country performance. Therefore, many of the expected results listed in the strategic objectives below reflect close coordination between central programs and field operations. Where field support levels are reasonably known and where funding leveraged from other sources can be identified, the amounts are indicated.

STABILIZING WORLD POPULATION AND PROTECTING HUMAN HEALTH ($215,200,000)

Central program objectives in population, health and nutrition (PHN) directly contribute to the realization of the Agency goal of stabilizing world population and protecting human health. The program focuses on improving the availability, quality and use of key population and health services by providing global leadership, research and evaluation, and technical support to the field. Integral to this strategy is the pivotal relationship of PHN central programs to key customers and stakeholders within USAID, including missions and regional bureaus, and to those outside of the Agency, such as nongovernmental organizations (NGOs), the private sector and host governments. Centrally-managed PHN programs make a unique contribution to bilateral programs by being the primary source of technical leadership and program innovation. (Stakeholders are those individuals and/or groups who have an interest in and influence USAID activities, programs and objectives.) The PHN central programs have four strategic objectives that contribute to the Agency goal to *stabilize world population and protect human health in a sustainable fashion*.

Strategic Objective 1. Increased use by women and men of voluntary practices that contribute to reduced fertility.

Average family size in the developing world (excluding China) has decreased from 6.1 children per woman in the 1960s to 4.0 in 1996. This decrease can be directly linked to central program efforts to expand and improve family planning programs. Today, more than 240 million couples in developing countries use family planning, largely as a result of central program efforts. While this progress is impressive, much remains to be done. Approximately 150 million women have an expressed unmet

need for family planning and millions more women are entering reproductive age. The challenge for USAID's population program is to meet this growing demand, including demand from underserved groups such as young adults and men.

Central programs respond to these problems by supporting the development of new technologies, and sharing expertise and lessons learned with USAID field missions, other donors, and U.S. and developing country family planning organizations. Coordination with other donors and the provision of program mechanisms for attracting and channeling donor, U.S. Government and private resources to priority areas is another key function of the Agency's leadership. Research and capacity-building are also critical elements of population programs and contribute directly to the achievement of the objective and the larger Agency goal. Over the past year, central program efforts have led to a number of achievements, including the following:

- approval by the U.S. Food and Drug Administration (FDA) of two new contraceptive methods -- the Filshie Clip for female sterilization and the levonorgestrel two-rod implant system. Expanding the voluntary contraceptive options available has been shown to increase total contraceptive prevalence.

- development and application of a methodology for collecting comparable cost data on family planning programs across countries;

- significant resources leveraged from host countries and other donors in Indonesia and Mexico for service delivery; and

- millions of dollars, leveraged by the Contraceptive Research and Development program, from the National Institutes of Health (NIH) and the Center for Disease Control and Prevention (CDC) for contraceptive research focused on methods that can prevent both conception and transmission of sexually transmitted diseases and the human immunodeficiency virus (STD/HIV.)

Over the next two years, significant progress is expected towards the following results:

- movement of new and improved contraceptive technologies through the stages of product development, evaluation, clinical trials, Food and Drug Administration (FDA) approval, and introduction into country programs;

- development, testing, and evaluation of strategies for linking family planning and other selected reproductive health interventions;

- increased host-country public and private sector resources for family planning programs; and

- adoption of more cost-effective, client-centered services.

Strategic Objective 2. Increased use of safe pregnancy, women's nutrition, family planning and other key reproductive health interventions.

Despite overall improvements in health status in developing countries, maternal mortality levels remain 15 to 20 times higher than in developed countries. Worldwide, there are approximately 585,000 deaths of women annually associated with pregnancy and childbirth, 98% of which occur in developing countries. Most of these deaths are preventable. Furthermore, for every death there are an estimated 100 cases of serious complications, many of which result in chronic illness and disability. Over the past year, central program efforts have led to a number of achievements, including the following:

- field-testing of a streamlined approach for providing selected maternal life-saving skills training;

- increase in the number of countries with maternal and child health and family planning policies and implementation plans for the promotion of breastfeeding;

- adoption of national plans to improve essential obstetric care and experimentation with approaches to expand antenatal care to diagnose and treat selected sexually transmitted diseases in priority countries;

- design and implementation of operations research in three countries to assess the impact of basic essential obstetrical care on maternal mortality and pregnancy outcomes; and

- completion of the first steps in planning for iron fortification of staple foods (e.g., wheat and corn flours), with the intention of decreasing anemia among reproductive age women, in several Central American countries.

Over the next two years, significant progress is expected towards the following results:

- operational research to identify cost-effective approaches to better target and improve coverage of and compliance with iron supplement programs;

- validation and refinement of cost-effective approaches to improve safe pregnancy outcomes through the provision of essential reproductive health services, including maternal nutrition; STD diagnosis and treatment; safe delivery; and antenatal, postpartum and newborn care in five priority countries;

- adoption of policies that support safe motherhood and increased public and private sector resources directed towards ensuring healthy pregnancy outcomes;

- increased utilization of essential obstetric services through increased availability of cost-effective, high-quality, client-centered services and through the generation of client demand; and

- improved quality of services through better decision making based upon the use of health data, training of providers in counseling and life-saving skills, and institutionalization of quality assurance systems.

Strategic Objective 3. Increased use of key child health and nutrition interventions.

Despite impressive improvements in health status in the past ten years, nearly 12 million children in developing countries under age five die each year - a number equivalent to all the children living in the 31 eastern United States dying in a single year. Most of these deaths are preventable. USAID's approach to improving child health and nutrition is focused on developing and applying effective low-cost interventions that address the principal causes of morbidity and mortality, particularly diarrheal and vaccine preventable diseases, acute respiratory infection, malaria, and malnutrition. Over the past year, central program efforts have led to a number of achievements, including the following:

- Since its start four years ago, the USAID and United Nations International Children's Emergency Fund (UNICEF)-initiated Vaccine Independence Initiative (VII) has used its fund of $4.6 million to increase governments' commitment to child immunization, leveraging over $28 million of funds from those governments for purchase of children's vaccines.

- The Integrated Management of Child Illness approach -- developed by central programs in partnership with the World Health Organization (WHO) and UNICEF to consolidate diarrheal disease and acute respiratory infection treatment with malaria treatment and preventive interventions -- was introduced into country child survival programs.

- Through support to the Massachusetts Public Health Laboratory, central programs established the first training program for developing country health authorities and vaccine producers to improve the quality of local vaccine production. This activity serves as the core of an international vaccine quality improvement consortium being established by WHO's Global Program on Vaccines and Immunization.

- Central programs led the development of a strategy that supports the global polio eradication effort and also strengthens child immunization programs in developing countries. USAID is applying that strategy (with Rotary International, CDC, WHO, UNICEF, and country governments) to support polio eradication in southern Asia, Africa, and the NIS.

- The Africa Integrated Malaria Initiative was launched in four countries. This initiative shifts from increasingly ineffective mosquito control to new strategies -- treatment of malaria-infected children, prophylactic treatment for pregnant women in high-risk areas, and use of insecticide-impregnated bednets -- for reduction of malaria morbidity and mortality among women and young children.

Over the next two years, significant progress is expected towards the following results:

- introduction of one new vaccine against a major cause of childhood pneumonia, testing and evaluation of additional important pneumonia and malaria vaccines, testing of the impact of vitamin A on pregnancy outcomes, and development of improved methods of monitoring antibiotic resistance;

- expansion of vaccine procurement by developing countries, using the Vaccine Independence Initiative and other mechanisms;

- improved management and prevention of malaria by health workers and caretakers resulting in a reduction in malaria-related deaths among children under five years of age in the four Africa Integrated Malaria Initiative countries;

- increased host-country financing of the recurrent costs of preventive (e.g., vaccines) and primary health services, and participation of the commercial sector in the production and distribution of key child survival products such as micronutrient supplements and oral rehydration salts; and

- introduction of environmental health interventions (e.g., hygiene behavior) as key components of a child survival project in Latin America, including technical assistance, tracking of intermediate indicators, and documentation of health impacts.

Strategic Objective 4. increased use of improved, effective, and sustainable responses to reduce hiv transmission and to mitigate the impact of the HIV/AIDS pandemic. (formerly *Increased use of key interventions to reduce HIV/STD transmission*)

If left unchallenged, the spread of the human immunodeficiency virus (HIV), the precursor to the debilitating and fatal acquired immunodeficiency syndrome (AIDS), will negatively impact economic and social development worldwide. During 1996, 3.4 million additional persons became infected with HIV, a majority of whom are of prime employment and reproductive ages. This is almost 8,500 new infections per day, of which 90% are occurring in the developing world and 50% of these are among women. Prevention is the major defense against HIV/AIDS, and USAID continues to be the world's leader in HIV/AIDS prevention.

USAID employed a highly participatory approach in the redefinition of the HIV/AIDS Strategic Objective. Through a series of meetings over the past year, USAID ensured the widest representation of more than a 1,000 stakeholders including representatives from host governments, international development organizations, international and indigenous NGOs, the private sector, research organizations, affected communities and people living with AIDS. Based on the experience of USAID and other organizations responding to the global HIV/AIDS pandemic, it was determined that effective approaches to HIV/AIDS prevention required an expanded response which includes our existing strategies of behavior change interventions, the diagnosis and treatment of sexually transmitted infections, and greater access to condoms through social marketing. In addition, that response would need to include community-based interventions that address the continuum of prevention and care, interventions that are more attuned to the environment in which individuals live and make sexual and health decisions, as well as a more broadly defined use of resources to include people living with HIV and AIDS and the greater involvement of the private sector. This more comprehensive emphasis, developed in direct response through an extensive participatory design process, has led USAID to refine this strategic objective.

Over the past year, central program efforts have led to a number of achievements, including the following:

- Central program leadership and financial support has promoted the creation of the UNAIDS program -- a major new structure and approach co-sponsored by six United Nations organizations to coordinate UN efforts on HIV/AIDS prevention and care.

- Central programs' continued support to AIDSCAP -- the largest and most effective worldwide bilateral HIV/AIDS control and prevention programs -- has produced significant results:

  - In 1996, the capacity of more than 60 local NGOs was strengthened to provide improved HIV-sexually transmitted infections services; more than 300 NGOs have been assisted since 1991.

  - With assistance from AIDSCAP, social marketing programs were expanded in 12 emphasis countries, resulting in an increase of condom distribution of 42% between 1995 and 1996.

  - National guidelines for improved management of sexually transmitted infections were introduced, and training of service providers were undertaken in all emphasis countries.

  - AIDSCAP, in conjunction with the World Health Organization, is completing multi-country operations research to assess the role and effectiveness of HIV/AIDS counselling and testing, which will guide national and international policies on this behavior change intervention.

- USAID has continued its global leadership role in the HIV/AIDS policy arena through support for public and private sector policy dialogue and reform which fosters an environment where HIV/AIDS programs can operate effectively and efficiently.

- Central program support has led to the publication of "Control of Sexually Transmitted Diseases: A handbook for the Design and Management of Programs," the first major technical handbook designed to help managers of sexually transmitted disease programs in developing countries prevent, diagnose and treat these infections.

- In the last year, more than 50,000 health care providers, program managers, community-based volunteers and key opinion leaders, worldwide, received training to upgrade their skills and to improve the effectiveness of their efforts to address HIV/AIDS prevention.

Over the next two years, USAID will focus on the following results:

- Increased quality, availability, and demand for information and services to change sexual risk behaviors and cultural norms in order to reduce transmission of HIV;

- Enhanced quality, availability, and demand for sexually transmitted infections management and prevention services such as the establishment of national policies and strategies to ensure the delivery of these services;

- Developing and promoting approaches that address key contextual constraints and opportunities for prevention and care interventions;

- Strengthened and expanded private sector organization responses in delivering HIV/AIDS information and services, including collaboration with the U.S. Peace Corps to support community-led responses to HIV/AIDS;

- Improved availability of, and capacity to generate and apply, data to monitor and evaluate HIV/AIDS/STI prevalence, trends and program impacts; and

- Developing and strengthening mechanisms to provide quality and timely assistance to partners (Regional Bureaus, Missions, Other Donors, etc.) to ensure effective and coordinated implementation of HIV/AIDS programs.

PROTECTING THE ENVIRONMENT ($37,000,000)

The global environmental challenges of climate change and loss of biodiversity, combined with the consequences of the world's burgeoning urban centers and local environmental mismanagement (e.g., increased poverty, social instability, and resource-based conflict), pose real threats to America's own economic and political interests. To combat these threats, central program environmental objectives will focus on the protection and sustainable use of key natural resources, environmentally sound urbanization, environmentally sound energy production and use, and decreased growth of carbon emissions from industrial and energy sources and other factors causing global climate change. The central programs have four strategic objectives that contribute to the Agency goal to *manage the environment for long-term sustainability.*

Strategic Objective 1. Increased and improved protection and sustainable use of natural resources in key geographic areas.

The natural resources upon which people depend for sustainable development are being degraded, depleted and inefficiently used. Problems include uncontrolled deforestation, massive soil erosion, increasing water scarcity, extensive water quality deterioration, pollution and overdevelopment of vital coastal and aquatic ecosystems, and loss of genetic resources. With work underway in 60 countries, USAID supports one of the most comprehensive biodiversity and natural resource conservation efforts of any bilateral donor. Central programs have made a number of important contributions toward safeguarding biological diversity in the management of protected areas and in national conservation policy. Central programs have helped establish and strengthen public and private environmental institutions and management capacity in protected areas, fostering innovative public-private partnerships and establishing mechanisms for long-term conservation financing. Results achieved in FY 1996 include:

- Over 400,000 hectares of biologically important habitat under effective conservation and management in Mexico, Papua New Guinea, Philippines, Indonesia, and the Solomon Islands.

- The empowerment of local communities through secure tenure and new skills in management of forest reserves for sustained livelihood has successfully prevented exploitation from outside logging and mining operations at El Cielo Biosphere Reserve and Pino Gordo reserve in Mexico, Crater Mountain Wildlife Management Area in Papua New Guinea, and Makira Province in the Solomon Islands.

- Critical habitat for neotropical migratory birds protected in Costa Rica, Mexico, Guatemala and Jamaica through fire prevention, private sector land acquisition (matching contribution), environmental education and extension efforts.

- Indigenous communities began playing a stronger role in the long-term management of such biologically and economically important habitats as the Kaa-Iya Protected Area in Gran Chaco, Bolivia; five diverse regions of the Philippines; and, in Indonesia, the Kayan Mentarang reserve in East Kalimantan, Gunung Mutis in East Nusa Tenggara and Gunung Lorentz in Irian Jaya.

- Increased conservation and more sustainable use of freshwater and coastal resources in key countries. In FY 1996, this central program advanced more effective water planning efforts in Latin America, Asia and Africa to improve water resources decision-making, including the collection of basic data and training in integrated water resource management techniques.

- Increased and improved use of environmental education and communication strategies, methods and tools in key countries. In FY 1996, a program working with Egypt's Ministry of Public Works developed an awareness campaign which increased citizen support for a cost-recovery program for piped water supply.

Over the next two years, significant progress is expected towards the following results:

- An additional 300,000 hectares of biologically important habitat under effective conservation and management in Latin America, Asia and the Pacific Islands.

- New policies implemented to support the conservation of biological diversity priority ecozones and most-critically threatened habitats in these same geographic areas.

- Cross-cutting issues in biodiversity conservation analyzed and results widely disseminated, relating to adaptive management and priority setting, decentralization, the role of NGOs and sustainable agriculture's contribution to the conservation of biological diversity.

Strategic Objective 2. Sustainable urbanization including reduced pollution and more environmentally sound urbanization in key areas.

While cities in developing countries present opportunities for economic and social growth, they also pose enormous environmental problems, including dangerous levels of pollution and insufficient access to clean water, clean air, and sanitation, particularly for the urban poor. USAID has helped countries develop policies, strengthen institutions (both public and private) and identify cost-effective measures for addressing these problems. USAID's modest urban environmental credit program, the Housing Guaranty, has significantly enhanced the effectiveness of the Center's grant resources by leveraging host-country financing for badly needed shelter and environmental infrastructure in poor communities. In India, for example, USAID has played a lead role in creating a housing finance sector that today provides loans to over one million low-income households which allows them access to homes with proper facilities. Results achieved in FY 1996 include:

- Reduced urban and industrial pollution. In FY 1996, this central program promoted the adoption of cleaner production policies, practices and technologies in Asia, the Near East and Latin America. For example, in Tunisia, the program helped create a pollution prevention fund that provides loans

to companies investing in cleaner production technologies. In Chile, the program introduced cleaner production practices in twenty industrial facilities.

- Improved urban management. In FY 1996, this central program supported the establishment and continued strengthening of municipal networks in Latin America, Asia and the Near East to share policy innovations and best practices in urban management. These networks have succeeded in passing legislative reforms at the national level which have decentralized power to local communities. They have mobilized private sector resources for financing and operating urban services. In Latin America, the Latin American Center for Urban Management played a key role in the approval of the use of concessions for public service provision in Columbia, Peru, Argentina and Chile. In Paraguay, this Center was behind the passage of a law which decentralized the collection of property taxes to local governments.

- Improved access to environmental services and shelter, especially for women and children in low-income communities. In FY 1996, this centrally funded Urban Environmental Credit Program provided $70 million in assistance to increase the access of the poor to credit for shelter improvements in Africa and Asia and to finance loans to construct water supply and waste water treatment plants in Eastern Europe. Technical support resulted in increased capacity to raise host country private financial resources to do the same. For example, in India, the Ahmenabad Municipality became the first to receive a credit rating which will now allow it to tap into private sector debt markets. In Indonesia, significant progress was made in creating the legal and policy framework to allow the country to offer water utility revenue bonds in the next year or two. The ability of local governments to mobilize funds from the local private sector will result in more rapid provision of basic urban services to the poor and will assure a sustainable source of financing for future projects.

Over the next two years, significant progress is expected towards the following results:

- The Pollution Prevention Program will work with industrial associations in Indonesia, Egypt, Ecuador, Paraguay and Mexico to strengthen their capacity to advocate for national policies for clean production and use of pollution prevention technologies for specific industrial sectors.

- The Improved Urban Management Program will develop the Resource Cities Program in which between five and ten U.S. and host country cities will establish partnerships to undertake specific urban environmental improvement programs aimed at poor families living in slums and squatter areas. In India, the use of environmental risk assessments and urban indicators to measure the impact of urban investment programs at the local government level will be introduced. In Mexico, the Juarez Environmental partnership Program will complete the pilot program with the local Maquiladoras (duty-free industrial processing zones), the local Chamber of Commerce, and community organizations to clean up major slum areas in this fast growing border city.

- The Access to Infrastructure Program will support the development of municipal bond markets and introduce concepts of pooled private sector financing and innovative cost recovery and service pricing methods in Africa, Latin America and Asia in order to establish a sustainable system of financing urban environmental infrastructure and services for the poor. Under its new partnership with two U.S.-based nongovernmental organizations -- Plan International's Childreach program and the Cooperative Housing Foundation -- USAID will introduce pilot programs to link micro-credit methodologies to financing of low-income environmental infrastructure and shelter projects in South America and Asia. In Sri Lanka, shelter finance programs will be broadened to include non-traditional credit institutions. In Bangladesh and Nepal, micro-finance services for shelter will be targeted to poor women.

Strategic Objective 3. Increased environmentally sound energy production and use in key geographic areas.

Energy is critical for economic and social development. Energy fuels development in agriculture, industry, communications, health, and transportation. It is fundamental to rural and urban development. Yet, over 2 billion people in developing countries lack access to adequate energy services. In much of the developing world, power shortages decrease gross domestic product (GDP) by up to $1 for every kilowatt that energy demand exceeds supply. Careless energy production and use pose significant threats to environmental stability and public health. By the year 2020, the energy sector in developing countries will produce over 50% of the global greenhouse gas emissions. Over 1 billion people are vulnerable to respiratory diseases caused by severe indoor air pollution, soot and smoke; an estimated 4 million children die annually from acute respiratory infections caused by air pollution.

To address these problems, USAID intervention has been critical in increasing private sector participation in the power sector of developing countries, opening a $50 billion industry to U. S. companies and providing needed investment in energy infrastructure. USAID has increased the financing for and helped commercialize clean, efficient and renewable energy technologies. Central programs have trained thousands of developing country energy professionals in demand-side management, integrated resource planning, and other vital tools and techniques. Thousands of people throughout the world have access to cleaner energy as a result of USAID efforts.

Central programs increase the supply of environmentally sound energy services by focussing on the following results:

- Increased energy efficiency in key geographic areas. In FY 1996, the USAID central program

  - successfully incorporated energy efficiency policies and practices in Mexico, Philippines and India which have generated over $5 million in U.S. exports and will save over 1 million kilowatt hours per year in Mexico alone; and,

  - in Brazil, USAID energy efficiency activities have helped shape a $100 million World Bank loan for energy efficiency.

- Increased use of renewable energy in key countries. IN FY 1996, this central program implemented model commercialization projects in five key countries. By using cost sharing of pre-investment studies, this has lead to business opportunities for the U.S. renewable energy industry. The first commercial wind farm in Latin America came on line in 1996 as the direct result of USAID efforts. The cumulative results of USAID's biomass-energy program reached 300 megawatts in 1996, building on work funded by USAID at a time when no biomass cogeneration facilities were producing power for their utility grids.

- Cleaner energy production and use in key geographic areas. In FY 1996, this central program:

  - successfully deployed an advanced combustion technology at an oil-fired power plant in Mexico demonstrating a replicable clean energy technology with applications in over 10,000 megawatts of capacity and carbon dioxide reductions of up to 300,000 tons per year; and

  - successfully demonstrated electric vehicles are a viable option in Thailand for reducing harmful air emissions from fossil fueled vehicles. Spin-offs from this project now include similar alternative vehicle efforts in Nepal and India where, through USAID's assistance, an

electric car is near commercial reality involving U.S. exports valued at over $100 million/year.

Special Objective 4. Decreased threat of climate change.

Consensus is building that greenhouse gas emissions are causing dramatic changes in the world's climate. A general warming trend is occurring simultaneously with more frequent fluctuations in climate and severe weather events such as hurricanes and droughts. The impact of global climate change may well be the inundation of low-lying lands, destruction of ecosystems, agricultural disruption and increases in vector-borne diseases. Industrialized countries are presently the most significant emitters of greenhouse gases (GHGs), but the rate of growth in developing country GHG emissions is accelerating. Between 1990 and 1995, developing country emissions grew at more than twice the rate of emissions in developed countries.

USAID climate change activities help developing nations combat climate change by promoting technologies and approaches that accomplish development goals while reducing the negative climate change-related impacts. Central programs focus on helping developing nations meet the requirements to the Framework Convention on Climate Change (FCCC), and on decreasing net emissions through energy, solid waste, transportation and forestry sector programs. Central programs also conduct baseline research into carbon-absorbing systems such as forests, and help countries inventory their carbon sources and forests to determine how best to decrease emissions in order to comply with international agreements. Funding for this objective allows central programs to play a leadership role in specific inter-agency global climate change programs established under the FCCC and to support USAID field mission involvement in ten key GCC countries. The major results expected under this strategic objective are:

- Decreased rate of growth in net greenhouse gas emissions in key global climate change countries by minimizing greenhouse gas sources and protecting forests. In FY 1996, this central program worked in the ten key global climate change countries to establish programs that specifically address the threat of climate change and provide technical support required for these countries to engage in FCCC deliberations.

- Innovative solutions to alleviate highly potent greenhouse gas emissions. In FY1996, USAID initiated an effort in Brazil to assess landfills and U.S. business opportunities for using landfill methane. Full implementation of identified projects would result in using methane emissions of approximately 1 million cubic meters/year for the next 20 years while generating about 100 megawatts of electricity. Potential U.S. exports for this market are about $200 million.

ENCOURAGING BROAD-BASED ECONOMIC GROWTH ($61,000,000)

USAID's economic growth programs are designed to enhance the productive capacity -- both physical and human -- of the developing world. This is accomplished through centrally funded programs in agriculture research, microenterprise and emerging markets. These programs cover a wide range of activities supporting economic growth. For example, in large parts of the developing world, agriculture is still the engine of economic growth. Central programs will support sustainable agricultural growth to expand income and food purchasing power in predominantly rural societies and to reduce the incidence of hunger and poverty. Similarly, over the past 15 years, many countries in the developing world have turned away from centrally planned economies and have embraced free market approaches. To make this transition successfully, governments must continue to implement wide-ranging policy and institutional reforms, assisted by specific project interventions which help put these reforms into place to foster market-oriented economies. USAID central programs support these reforms through technical input into bilateral mission programs. Central programs also will help to address the credit and savings needs of countries which have liberalized their financial and macroeconomic policies, and to increase their access to new technologies and productive processes. The economic growth central programs

have three strategic objectives and one special objective that contribute to the Agency goal to *achieve broad-based economic growth*.

Strategic Objective 1. Better access to finance, technology, and information for microenterprises and small businesses.

Central programs have played the leading role in implementing USAID's microenterprise initiative, designed to open economies, and especially financial systems, to participation by poor entrepreneurs. The three-part strategy for achieving this goal includes direct funding, strategic support to USAID field missions and developing countries, and technical leadership. Highlights of the central programs accomplishments over the last year include:

- Seven private voluntary organizations, including the Grameen Trust Fund, were funded through the Microenterprise Implementation Grant Program (IGP). These PVOs, in turn, will work with at least ten local institutions to reach 76,000 new clients (86% of them women) during the next five years.

- Over 1,500 technical assistance and business development services are provided by the International Executive Service Corps annually, mostly by volunteer executives.

- Over 170,000 annual Appropriate Technology International (ATI) recipients generate annual income approximately three times the level of funding provided by ATI.

- The Program for Innovation in Microenterprise (PRIME) funded 20 new and ongoing mission-based microenterprise initiatives in 18 countries. These microenterprise initiatives will reach an additional 81,000 new clients during the next five years (70% of them women).

- Central programs supported various mechanisms to expand the knowledge base of the microenterprise development field, such as the Congressional Roundtable for Microenterprise Development and field support through MicroServe.

Expected results by 1998 include:

- Increase in the estimated number of low-income clients gaining access to ongoing credit services from institutions supported by central programs from 71,829 to 157,000 in FY 1997 and 250,000 in FY 1998;

- Improvement in the efficiency and productivity of over 5,000 micro and small businesses through the provision of technical assistance and business development services; and

- Development and dissemination of better tools to help microenterprise organizations achieve financial viability and greater client outreach.

Strategic Objective 2. Enhance global food security.

Despite tremendous advances in feeding a growing population, some 800 million people are still hungry--with concentrations in Africa and South Asia. Even more daunting is the fact that global food requirements are expected to double in the next 25 years. The challenge ahead is enormous, but USAID is taking important steps to meet it. Food security is a key part of USAID's integrated sustainable development program, which recognizes the connections between hunger and poverty, over-population and environmental destruction. USAID's efforts in food security encompass a spectrum of activities, from relief through long- term development. Of these, agricultural research is one of the most effective and sustainable investments. The central research programs that USAID supports -- at U.S. universities, in international research centers and with developing country

organizations -- help produce additional food in developing countries valued in the billions of dollars per year. Studies also show major returns to U.S. farmers and consumers.

The Food Security Initiative promotes a new and innovative approach to regional food security by integrating short, medium and long-term approaches, ranging from relief through development to scientific research. USAID, through its central programs,will provide key research and policy support to the initiative through its partnerships with centers of excellence (e.g., U.S. universities, International Agricultural Research Centers of the CGIAR). In 1998, approximately $5 million in additional funding will be provided to these programs to increase their ability to meet the critical food security needs of Africa -- better technologies for farmers, improved management of land and water resources, and enhanced policy and marketing systems benefiting both farmers and consumers.

USAID scientific, commercial and policy linkages with agricultural research institutions, experts, businesses and investors help tip the balance in favor of sustainable food security through a three-part strategy to develop: (1) productivity-increasing technologies, (2) policy reforms and commercial enterprises, and (3) agricultural practices which enhance long-term conservation of natural resources. USAID specifically fosters those linkages in countries where they do not arise of their own accord. Centrally managed agricultural programs support International Agricultural Research Centers (IARCs), particularly those of the Consultative Group for International Agricultural Research (CGIAR), and Collaborative Research Support Programs (CRSPs) with U.S. universities. Over the past year, the results included:

- Development of new technologies and higher-yielding, disease-resistant crop varieties (e.g., cassava, beans, millet) which are used by poorer farmers in developing countries to increase productivity and incomes while at the same time improving nutrition and food availability to low-income families. These advances are also important for U. S. agriculture. Currently, two-thirds of the wheat acreage and one-quarter of the rice acreage in the United States use wheat and rice varieties which incorporate crop lines developed by the IARCs with USAID support; a 1996 study shows that the USAID-sponsored wheat and rice varieties are adding hundreds of millions of dollars per year to U.S. agriculture . New, drought-resistant maize developed for Africa with USAID support will also help U.S. farmers.

- Agricultural policy changes and assistance to commercial enterprises have increased incomes in developing countries and, at the same time, expanded U.S. exports. For example, the International Fertilizer Development Center, based in Alabama, conducted research in Latin America which led to a U.S. company's exporting approximately 100,000 tons of rock phosphate per year to that region. The use of this fertilizer resulted in approximately $120 million per year in increased food production. USAID assistance is also leading to policy interventions to protect the groups most vulnerable to drought or other instability -- generally women and children; these include the development of early warning systems to monitor the coping capacity to food insecurity of households in at-risk regions.

- In an effort that complements environmental central programs, USAID supports research and technology dissemination which is generating alternative technologies to alleviate tropical deforestation, desertification and biodiversity loss. Major advances are occurring in the management of soil fertility and water resources through integrated use of improved crops, livestock and multi-purpose trees. Once infertile savanna lands in Latin America and Africa are now being productively managed, resulting in reduced pressure on more fragile, biodiversity-rich, tropical forests. This biodiversity is often the basis of important integrated pest management programs. Parasitic wasps from Latin America are being used, with USAID's support, to protect Africa's cassava crop from destructive pests, saving hundreds of millions of dollars per year in losses, reducing pesticide use (and thereby protecting the environment), and helping to assure a plentiful supply of low-cost food for the poor.

Expected results include:

- Drought and disease-tolerant varieties of maize, Africa's most important cereal, will soon be available, increasing both productivity and stability of food production in many areas of that food-deficit region. Drought tolerance represents a major breakthrough directly attributable to USAID-sponsored research, and will help reduce the incidence of crop loss, food shortages and even famine.

- USAID-sponsored research is leading to the development of super-rices expected to lead to quantum leaps in rice yields. Target yields of newly designed rice plants hold the promise of reaching potentials of roughly 14 tons per hectare. With Asia's rice requirement expected to double in the next 25 years, such advances are critical to the region's continued sustainable development. Advances in productivity of rice, wheat and other crops help meet food demands and thus help to ensure that millions of hectares of forest lands remain in their natural state.

- Further reductions in crop losses in developing countries and the United States through the development of pest- and weed-resistant crop varieties. Genetic resistance to striga, a parasitic weed, will reduce crop losses in maize, sorghum, cowpea and other crops worth hundreds of millions of dollars per year. Resulting reductions in the use of pesticides conserves biodiversity, lowers costs and increases farm income.

- Further development and adoption of continuous cropping technologies is critical to maintaining the bread baskets and rice bowls of the developing countries. New advances are helping prevent declines in productivity of rice and rice-wheat systems in Asia. Advances in important legume crops such as mungbean will help to reduce micronutrient deficiency, increase the amount of dietary protein available to the poor and improve the sustainability of important production systems.

- Policy changes will continue to strengthen markets; this, in turn, increases the demand for productivity-enhancing technologies. Rising incomes result in improved food security as well as greater demand for U.S. exports. Recent studies show that for each $1 in agricultural development investment, exports from the United States and the other developed countries increase by $4. The United States is well-positioned to supply developing country markets with food and other agricultural exports. Exports to these markets now account for half of all U.S. farm exports.

Strategic Objective 3. Enhance USAID effectiveness in assisting developing nations to undertake appropriate economic policy and institutional reforms.

Central programs under this objective focus on reducing poverty through the promotion of broad-based economic growth by strengthening global market linkages and the domestic market infrastructure. Working through USAID field missions and host country counterparts, central programs seek: (a) improvements in efficiency and competitiveness of national and local economies, (b) expanded access to economic opportunity for the poor, and (c) increased integration of USAID-assisted countries into a rapidly globalizing economy. In order to achieve these strategic priorities, programs are concentrated in five areas: (1) economic policy reform; (2) privatization; (3) legal and institutional reform; (4) financial sector development; and (5) general business, trade and investment regime. Results over the past year include:

- The reform of policies and institutions in Central America helped reverse sharp economic declines in the 1980s. Particularly successful have been economic policy reforms that improve efficiency and national competitiveness such as monetary and fiscal policies.

- In Africa, decontrol of prices, relaxation of trade controls and privatization of monopolies resulted in increased efficiency and expanded economic opportunities for the poor. For example, in Zimbabwe, central program-funded research has resulted in the elimination of controls on movement of maize into urban areas. This, in turn, has expanded private investment in the food system and has substantially reduced the cost of staple maize meal available to urban consumers.

- During FY 1996, important steps were taken in countries in each region to strengthen the foundations for further privatization initiatives. Countries in southern Africa worked on the regionalization of capital markets. USAID privatization initiatives in the transition economies included the reforms in the social welfare sector. In Poland, this resulted in a greater role for the private sector in managing and financing the state pension fund.

Expected results over the next five years include:

- Reformed *economic and sectoral policies* which improve international and intraregional trade, harmonize monetary regimes and foster greater integration with a rapidly globalizing economy.

- Broader-based ownership of market institutions creating a wider base of economic stakeholders and generating increasingly rational pricing structures through the dissolution of monopolies, the introduction of competition and the continuing *privatization* of state-owned enterprises and services.

- Strengthened *institutional capacities and legal* frameworks within USAID-assisted countries to promote the expansion and to sustain the development of small and medium-sector businesses.

- Increased adoption by USAID-assisted countries of *financial market* reforms with an emphasis on capital market strengthening. These reforms provide efficient and equitable access by the poor to rationally functioning financial markets and expanded economic opportunities; and

- Increased *business linkages*, rates of *investment and trade* between the United States and emerging market economies.

BUILDING DEMOCRACY ($13,400,000).

USAID's democracy-strengthening programs are based on the principles of popular sovereignty, limited government and the defense of individual rights, the very values upon which the United States was founded and which continue to sustain it today. America's long-term domestic and strategic foreign policy interests are best served by enlarging the world-wide community of like-minded democratic nations. Democratic governments are more likely to advocate and observe international laws and to experience the kind of long-term stability which leads to sustained development, economic growth and international trade. Central programs actively promote citizen participation, governmental accountability and the rule of law, the cornerstones of a nation's social, economic and political development.

While a wave of democratization has swept through the developing world over the past decade, with strong U.S. support, many of the new democracies rest on fragile institutional bases. Further political reforms are still needed to deepen and expand democratic practices, to overcome a legacy of authoritarian rule, and to provide the governance and accountability necessary to support sustainable development. By building on the Agency's own experience and by tapping into the strength of our nation's democratic institutions and nongovernmental organizations, central programs seek to increase the overall effectiveness of activities in this newest area of development work. Central programs fund global democracy projects, help shape USAID's technical programs worldwide, leverage additional

funding, and influence the assistance policies of other donors for the achievement of objectives in four functional areas: rule of law, elections and political processes, civil society, and governance.

USAID is working with countries to help build democratic institutions and influence civic values and expectations. Inevitably, this is a long-term process; and, unlike other program areas with a long track record, USAID and the rest of the donor community are working from a more limited base of experience and "best practices" in the democracy area. Central programs ensure that USAID and other donors are learning from experiences, as well as experimenting with new approaches. Effective field support to USAID field missions overseas is critical to the conduct and delivery of sound practices and results achievement.

The four strategic objectives of the central programs contribute to the Agency goal to *build sustainable democracies*.

Strategic Objective 1. Rule of Law: Strengthened legal systems which promote democratic principles and protect human rights.

Rule of law (ROL) is fundamental to protecting citizens against the arbitrary use of state authority and the lawless acts of both organizations and individuals. Central program efforts to strengthen legal systems target improvements in the administration of justice (AOJ), citizen access to justice, and legal reform.

The purpose of AOJ activities is to achieve greater efficiency, effectiveness, and equity in the justice system. Specific measures to this end include the development of structures and procedures for ensuring accountability in the courts, improving capacities for data gathering and analysis, and the streamlining of case tracking and processing procedures. Access to justice measures protect the legal rights of disenfranchised groups including the poor, women and ethnic minorities; assist in the development of alternative dispute resolution systems; and build constituencies for legal reform. Legal reform objectives include the incorporation of basic due process guarantees within a legal and constitutional framework, and market-oriented commercial and civil procedures.

Highlights of accomplishments over the last year include the following:

- Judicial reform has progressed well in parts of Latin America. A network of reformers, which includes judges, prosecutors, attorneys and citizen activists, has been established in Latin America and the Caribbean to deal with substantive issues related to judicial reform. Hundreds of these individuals have been trained in alternative dispute resolution, oral advocacy and case management.

- An Association of Supreme Courts has been formed as a result of a USAID-facilitated Judicial Summit of the Americas, and a permanent forum for dialogue has been instituted.

- Central program accomplishments with foundation building for market-oriented legal systems in the former Soviet Union and Eastern Europe are being built upon in Russia with follow-on assistance from the World Bank.

- Major new initiatives in judicial reform in Latin America are being undertaken by both the World Bank and the InterAmerican Development Bank, based in large part on the pioneering work of USAID in the region.

- USAID's working relationships with the U.S. federal judiciary's Committee on International Judicial Relations, the U.S. Department of Justice's prosecutorial expertise through the Office of Professional Development and Training, and the rich diversity of the U.S. State Court system through the National Center for State Courts have been expanded.

The following program achievements are targeted for accomplishment within the next two years:

- design and testing of programs to increase quality and effectiveness of court case tracking and management systems;
- development of mechanisms to increase citizen access to and understanding of formal and informal justice systems;
- improvement of technical capacity of judges and prosecutors; and
- construction of models for court-annexed and community-based alternative dispute resolution.

Strategic Objective 2. Elections and Political Processes: Increased open and participatory elections and political processes which reflect the will of the people.

Free and fair elections are integral to a functioning democracy. The problems that exist in newly emerging democracies include a weak institutional capacity to support, organize and carry-out elections; poorly organized political parties; and lack of knowledge and understanding by the citizens of the political and electoral process or the mechanics of voting. Central programs sponsor comprehensive electoral support services which have been built over time on lessons learned from earlier electoral assistance activities. These include election planning and implementation, political party development and civic education. The focus of these efforts is increasingly on the long-term institutionalization of appropriate political procedures through the strengthening of local capacity.

Program accomplishments for 1996 include the following:

- In Thailand, the centrally funded Women in Politics program provided political party training to more than 1,000 women in five northern provinces before the 1995 elections. Of the 289 women who ran, two-thirds had received training, and 109 were elected.
- In Nicaragua, USAID-trained election observers were instrumental in deterring problems on election day in October 1996. Central program funds and contractors were employed to train local election observers on electoral law, voting procedures and methods for conduct of the quick count.
- Central program funding and leadership facilitated planning and conduct of the national election in Bosnia.
- USAID was active in preparing or implementing national elections in Haiti, West Bank and Gaza, Kenya and Zaire.

Expected results to be achieved in targeted countries in the next few years include:

- establishment of a legal framework that promotes free and fair elections;
- increase in professionalism and improved autonomy of election commissions;
- development of party systems that represent constituencies, sector issues and ideologies; and
- expansion of citizens' knowledge and awareness of registration and voting procedures.

Strategic Objective 3. Civil Society: Increased effectiveness of citizens' interest groups which promote pluralism and contribute to responsive government.

The demand for democratic reforms frequently originates from civil society. "Civil society" is the term used to describe the wide array of nongovernmental organizations that constitute a vital channel for sharing information and conveying the interests of ordinary men and women to the institutions of government. Civil society organizations are the primary means of citizen participation in public affairs. A vibrant civil society protects individuals and their communities from arbitrary or unilateral decisions by governments or economic interests. Strengthening the organizational capacity of civil society is an essential component of the central program strategy for building sustainable democracies.

USAID is strengthening the capacity of pro-democracy civil society organizations to advocate basic constitutional and legal reforms for improved governance. In FY 1997 and FY 1998, assessments of donor "best practices" and "lessons learned" will be conducted in civic education, civil society advocacy strategies, support for print and broadcast media, and financial sustainability for host country civil society organizations. The range of groups receiving assistance includes coalitions of professional associations, civic education groups, women's rights organizations, business and labor federations, bar associations, environmental activist groups, and human rights monitoring organizations.

USAID has allocated a substantial amount of available central program funding to the American labor movement to advance worker rights, human rights and the cause of democracy in developing countries. Labor program activities are carried out in 50 countries, both as country-specific and regional programs across Africa, Asia, Latin America, and Eastern Europe and the former Soviet Union. In many developing countries the ability of the labor sector to organize freely and voice support for political and economic liberalization is blocked by oppressive political regimes. In others it provides a ready forum for the promotion of democratic governance. U.S.-based labor organizations, with central programs funding, have been particularly successful in increasing the membership and political voice of women workers in developing country trade unions.

Important accomplishments over the last year include the following:

- In Sierra Leone, the national trade union center organized public debate on matters of national governance and the constitution. The trade union is actively advocating a civilian, democratic government and ratification of a new constitution.

- Women membership in trade unions in Bangladesh, Indonesia, the Philippines, and Sri Lanka has increased by 25% in recent years; and women are increasingly achieving union leadership roles in Argentina, Brazil, Chili, Nicaragua, Bangladesh and the Philippines.

Expected results to be achieved in the civil society program include:

- increased capacity of civil society organizations to engage in public debate and action;

- strengthened networks among civil society organizations; and

- more worker-led coalitions practicing and advocating democratic governance.

Strategic Objective 4. Governance: Increased efforts to make government systems more transparent and accountable.

Demands for more efficient, less corrupt and more transparent government services have grown dramatically with the emergence of freely competitive political parties, wider media coverage and more active participation of citizens. Because the behavior of formal state actors can support or undermine developmental and democratic processes, USAID seeks to assist young democracies in reforming

government structures and processes from an orientation of being responsible "for" the people to one that is responsible "to" the people. Central programs assist governmental institutions to become more transparent, accountable, and participatory in their functions.

Technical leadership, field support to USAID field missions, and activity management in select countries for democratic governance focuses on legislative modernization, decentralization and local government capacity building, public policy development and implementation, civil and military relations, and promotion of anti-corruption and public accountability initiatives.

Important accomplishments over the FY 1996 include the following:

- Central programs contributed to development of an international index on corruption; the conduct of informed dialogue on civil/military relations in Paraguay, Ecuador, and Guatemala; the production of public sector decentralization strategies in the Philippines, Mozambique, and Sri Lanka; and legislative strengthening activities in West Bank and Gaza and Ethiopia.

- USAID assistance helped businesses influence government policy regarding tax reform in Mali, privatization and investment codes in Ghana, and capitalization regulations in Senegal.

- Central programs played a key role with the Organization of American States in the adoption, ratification, and implementation of the recently signed International Convention on Corruption; and, USAID supported work in eight Organization for Economic Cooperation and Development (OECD) countries on the reform of tax and other laws in order to criminalize the bribery of foreign officials.

- Central programs influenced investment on the part of the InterAmerican Development Bank in Latin America; and, through a joint working group, USAID has influenced World Bank-assisted country decentralization strategies and work in public administration at the local level.

Expected results to be achieved in the near-term include:

- development and adoption of administrative practices that encourage more transparent and accountable public management at both the national and local levels, including anti-corruption activities and promotion of public hearings and referenda;

- application of technologies to encourage and support public participation in and "ownership" of policy making, with special attention to conflict resolution and constitutional and legal structural reform;

- application and enhancement of models of legislative reform to increase the effectiveness, responsiveness and accountability of legislative bodies;

- increased incentives and processes to encourage democratic benefits from the decentralization of government resources and authority consistent with the devolution of central authority to local and regional governments; and

- development of program activities to increase civilian control of the military.

CROSS-CUTTING PROGRAMS

Women in Development ($9,000,000)

Over twenty years ago, USAID recognized the critical role of women in development by establishing a Women in Development program. This was only the first step to fully address gender issues in

USAID programs. Since then, the Agency has played a leadership role in the donor community in focusing on the crucial role of women in advancing social and economic development and has launched major new initiatives in the areas of reproductive health for women, girls' education, women and microenterprise, and women's political participation and legal rights. But perhaps the most significant accomplishment is the increasing realization that, for development to be effective and sustainable, development assistance strategies to stimulate economic growth, alleviate poverty, prevent environmental degradation, improve health and quality of life, and support human rights must take into account the situation of women in developing and transitional countries worldwide -- both because of the important contribution that women make to national economies and because of women's relative poverty.

The Women in Development (WID) program is inherently cross-cutting in its support of all the Agency's goals and, therefore, must be integrated if USAID hopes to achieve sustainable development. Over the past year, USAID has provided, through WID, technical support to assist 20 field missions on project design, implementation and evaluation of gender issues; launched ten NGO-strengthening activities enabling them to work in women's legal rights, economic empowerment, education and training, reproductive rights, and the management of the environment and natural resources; commenced three operational research projects to enhance women's involvement and influence in political, civic and community life and 14 high-quality applied research activities; published four newsletters that were disseminated not only to USAID but to over 2,000 individuals and companies on the latest findings regarding women's roles; conducted 12 seminars; and placed six WID fellows in field missions and Washington regional bureaus. This has been accomplished through the WID program's four strategic support objectives.

Strategic Support Objective 1. Improved economic status of women in Latin American and the Caribbean, Asia and the Near East, and Africa.

More than 800 million women are economically active worldwide. Over 70% of these women live in the developing regions of Asia, Africa and Latin America, and their number has nearly tripled since 1950. While women are increasingly economically active, they continue to be paid less than men. Under this objective, the WID program will continue to seek to improve the employment opportunities for large numbers of women now living in poverty.

Strategic Support Objective 2. Improved educational opportunities for girls in South Asia and Africa.

Girls' educational opportunities in most developing countries are limited, both in absolute terms and relative to those of boys. The educational status of girls is comparable to that of boys in most countries in Latin America and East Asia. USAID, through this objective, will continue to seek to reduce the striking disparities between boys and girls that continue to exist in South Asia and Africa.

Strategic Support Objective 3. Improve women's legal and property rights and increased women's participation in governance and civil society in all regions -- with an emphasis on legal rights in Eastern Europe and the New Independent States, and civil society in Latin America and the Caribbean.

Limitations on women's legal and property rights and participation in governance and civil society are widespread in developing and transitional countries. In many countries, literacy requirements for voting disproportionately affect women, who are less likely to be literate than men. Women's membership in local cooperatives, associations, and labor unions is relatively low. Legal restrictions on women's ownership of land and other property are common, and laws often support inheritance patterns that favor men. The program will continue to seek to improve women's legal rights, particularly in Eastern Europe and the New Independent States, and expand women's participation in governance and civil society, particularly in Latin America and the Caribbean.

Strategic Support Objective 4. Support integration of gender issues through USAID regional and country programs.

Because few development assistance organizations include gender expertise among their requirements for staff expertise, the number of development professionals with experience in addressing gender considerations in projects, programs and policies is limited. USAID, through its Women in Development program, supports efforts to address gender considerations and improve the status of women.

To achieve these objectives, USAID will continue to support the development of NGO capacity to focus on the role of women in their programs; high-quality applied research on women's roles and status; communications and information dissemination focused on women's roles; the development of a professional expertise on women's roles through a WID Fellows program; and a variety of technical assistance activities designed to improve the extent to which USAID programs address gender considerations.

Human Capacity Development ($6,700,000)

Basic education and training are essential for strengthening the human resource base and continuously increasing levels of productivity to achieve and sustain economic growth. Education is also crucial to improving maternal and child health. Central programs give priority to the reform and expansion of primary education for children, with particular attention to girls, and to market-driven work force education and training for adolescents and adults. Central programs also provide leadership in bringing the strengths of the U.S. higher education community to bear strategically on strengthening the human resource base in developing countries through institutional linkages as well as through individual participant training. The central programs have two strategic objectives for human capacity development in support of all the Agency's goals.

Strategic Objective 1. Improved and expanded basic education and learning systems.

Though many countries are making substantial quantitative progress in expanding schooling opportunity, progress is unacceptably slow in other areas, particularly in sub-Saharan Africa and South Asia. In all regions, quantitative progress masks low quality. Up to half of the children enrolled fail to complete primary school, and most children achieve well below international norms. Low participation and poor achievement for girls are of particular concern. Attainment of this objective requires focused attention on sectoral factors, such as school capacity and instructional quality; on nutrition, health and other factors which affect learning capacity; and on the communications and information technologies which affect community access to information and continued learning. During FY 1996 the results included:

- support for education policy reform and the technical improvement of schooling systems in Ghana, Uganda, Guinea, Mali, South Africa, El Salvador, Cambodia, Nepal, Egypt, Ecuador and Malawi;

- technical support for USAID regional bureaus as well as for development programs in India, El Salvador, Morocco, Egypt, South Africa and Guinea for girls' education, community education, and early childhood education; and, in Bosnia-Herzegovina, for education in crisis and post-crisis situations; and.

- assistance to country development programs in girls' education and in harnessing new communications and learning technologies to meet many of the most pressing educational needs.

Drawing on decades of experience and leadership, USAID will continue to support administrative and policy reforms in education; to implement strategies to reach girls, rural, and poor children; and to

facilitate public education and social marketing in support of improved health, civil society, and environmental protection.

Expected results include:

- administrative and management reforms, using improved sector assessment and performance monitoring tools. Over the coming five years, USAID expects at least five nations to increase support for factors affecting quality instruction in primary schools -- materials, in-service teacher training, and physical capacity;

- policy analysis and advocacy to expand and improve education for all school-aged children. Over the coming five years, at least five nations will have substantially increased primary school completion and achievement rates for both boys and girls, with increasing numbers and proportions of all primary students continuing their education; and

- application of communications and learning technologies (print media as well as computer-assisted information). Over the coming five years, at least six countries will enrich learning environments for adults and children and expand effective community participation in environment, health and other development practices.

Strategic Objective 2. Improved continuing and higher education and training systems in support of Agency strategic objectives

One of USAID's largest investments in sustainable development is training. USAID **participant training** program increases the skills of individuals and the effectiveness of their home organizations, at the same time as it supports the U.S. leadership position in international education. The **partnerships-for-education** program establishes mutually beneficial and self-sustaining relations between institutions of higher education in developing countries and sister institutions in the United States, to revitalize research, teaching and faculty development, often with private sector support. The **workforce development** program improves human productivity and employment growth by establishing market-driven, innovative, and cost-effective training programs that meet the needs of employers and communities while building on the strengths of service-oriented training institutions such as community colleges and technical training centers. The **information technology** program brings the expertise and entrepreneurship of U.S. telecommunications and information technology industries to bear on education and other sustainable development objectives.

During FY 1996, the results included:

- A Masters Degree in Public Health through a partnership with Makere University in Uganda was established.

- A new Associate Degree Program in National Resource Management was established through a partnership with the University of Belize.

- Three technology-based business activities were established in cooperation with the Autonomous University of the Yucatan in Mexico. Four products are in the process of testing and development for commercialization.

- Sixty-two participants from developing countries were co-sponsored for training in telecommunication infrastructure.

- Four workshops were held in Africa to enhance the ability of former USAID-trained participants to providing technical leadership in their countries.

Expected results include:

- USAID will improve the skills and increase the effectiveness of 10,000 to 15,000 individuals each year through participant training programs, while reducing costs and increasing overall program impact. In FY 1998, USAID will conduct a special impact assessment to quantify the results of this program not only in developing countries but also at home, where hundreds of colleges, universities, and technical training centers receive USAID-supported trainees.

- USAID will establish self-sustaining partnerships and networks (at least 15 programs per year), building to a planned program level of 100 such programs in collaborating countries. Within this program, USAID will make special efforts to build on the unique strengths of U.S. historically black colleges and universities.

- USAID will promulgate innovative workforce development models worldwide and establish self-sustaining programs in at least five countries per year, building to a planned program level of 25 such programs in collaborating developing countries.

- An information technology action plan, based on field-oriented "best practices" will provide a technical and programmatic framework for building U.S. information technology and telecommunications expertise into sustainable programs in developing countries.

- USAID will strengthen relationships with the U.S. telecommunications industry, and increase the impact and cost-effectiveness of the program throughout USAID sustainable development programs.

- USAID will continue the partnership with the U.S. Telecommunications Training Institute, training up to 500 individuals each year through reciprocal relations with a broad array of U.S. telecommunications firms representing the best of the U.S. telecommunications industry.

Peace Corps ($1,500,000)

Special Objective 1. Communities operate low-cost, grass-roots, sustainable development projects.

Through a worldwide Participating Agency Service Agreement with the Peace Corps, central programs support the Small Project Assistance (SPA) Program. The purpose of the SPA program is to support, in conjunction with local communities, small-scale sustainable development activities in areas of priority to USAID (such as improving human health, protecting the environment, and facilitating economic growth). The SPA program facilitates local grass-roots efforts by combining Peace Corps volunteers' knowledge of local conditions with USAID's technical and financial resources. Since 1985, USAID has provided $17.5 million in support of 5,600 community projects.

Strengthening USAID's Development Partners ($52,700,000)

Strategic Objective No. 1: Increased capability of private voluntary organizations to achieve sustainable service delivery.

USAID supports activities which increase the capabilities of private voluntary organizations (PVOs) and cooperative development organizations (CDOs) to deliver sustainable development services at the grassroots level in priority areas such as child survival, microenterprise development, women's education, and the environment. A key dimension of these programs is strengthening the organizational capacity and programs of PVOs and CDOs to provide cross cutting support for USAID's

five strategic objectives. Increasingly, USAID is encouraging collaborative partnerships between U.S. PVOs and CDOs and indigenous organizations to promote development at the local level and to enhance program sustainability and impact. Funds are allocated to individual organizations through competitive grants which include a matching requirement to leverage additional private resources for development. Approved grants are also consistent with USAID mission strategic plans. The major central grants programs are:

Matching Grants: This program strengthens U.S. PVOs' technical, planning and management capacity to carry out development programs in USAID-assisted countries. The U.S. PVOs contribute at least 50% of the total project costs and increasingly implement their activities through local organizations and provide them with capacity-building support progressively from information sharing, through technical assistance to formal partnership agreements. For example, in Nepal, The Mountain Institute combines economic development with biodiversity and cultural resource conservation by developing cottage industries to make cloth by harvesting giant nettle. As the nettle is harvested for yarn making, its tough erosion controlling root system expands, preserving the high forests under which it grows. The sales of cloth products have increased 20% during the past two years, providing employment opportunities for women and increased household incomes. A Matching Grant supports the cross fertilization to a new geographic area -- the Andes Region in Peru -- of the Mountain Institute's capacity to sustainably improve the lives of mountain people. Additionally, the Matching Grant Program has assisted the International Institute for Rural Reconstruction (IIRR) to regionalize its training capacity, expanding from a base in the Philippines to include African and Latin American institutional capacity as well. IIRR is currently implementing a Matching Grant which includes an exit strategy to achieve sustainability and a more diversified funding base. The U.S. PVO Finca represents another example of increasing institutional capacity in the area of microenterprise lending. This PVO is currently implementing a Matching Grant which is designed to replicate its successful approach from Latin America to Africa. The newly established program in Uganda has already extended approximately $1.5 million in loans in support of 3900 microenterprises. The loan repayment rate is 98%.

Child Survival: This competitive grants program enhances the participation of U.S. PVOs in meeting the critical needs of infants, children, and mothers, in those developing countries with high infant, child and maternal mortality, and improves the ability of the U.S. PVOs and their local partners to carry out high quality, effective child survival programs. The PVO Child Survival programs work through partnerships with local non-governmental organizations, community-based groups, and local public health authorities to provide sustainable, low cost interventions, such as childhood immunization, diarrhea and pneumonia case management, nutrition improvement, maternal and newborn care, birth spacing, and HIV/AIDS prevention. In Haiti, Save the Children has reduced the percentage of children with malnutrition from 77% to 46% in the project area. Andean Rural Health Care's child survival program in Bolivia effectively reduced the child mortality rate in the project area by 38% in four years. In Indonesia, thanks to the PATH project in Lombok since 1990, coverage of maternal tetanus toxoid immunization has increased from 47% to 73%; Expanded Program of Immunization coverage has increased from 55% to 84%; iron tablet usage by mothers has risen from 79% to 93%; and infant vitamin A supplementation has expanded from 33% to 82%. These interventions combined with an emphasis on improved training and supervision have assisted to lower Lombok's infant mortality rate.

Cooperative Development: USAID's support to U.S. cooperative development organizations, enables them to assist cooperative movements in developing and middle income countries, and new democracies. Cooperative development organizations provide assistance and training to local counterpart organizations in such areas as micro-enterprise development, housing, credit delivery, dairy development, rural electrification, insurance protection and cooperative development. For example, in Mali, West Africa, the National Cooperative Business Association has assisted 214 cooperatives and rural group businesses to establish 1,004 economic activities which are completely owned and managed by villagers through their cooperative or group business. These cooperatives and group-based businesses have borrowed more than $5.4 million from five commercial banks, with no loan

defaults. This represents the first time that commercial banks in Mali have lent to small rural cooperatives, and the increasing loan volume indicates growing confidence by commercial banks in rural cooperative businesses.

Development Education: USAID's development education program supports the efforts of U.S. non-profit organizations to educate and create an atmosphere of national understanding and interest among American citizens about developing countries and U.S. development activities overseas, especially as they relate to efforts at addressing global problems of poverty and hunger. The program has, among other activities, supported curriculum development at the collegiate level and promoted a greater understanding among U.S. private sector leaders regarding America's economic ties to developing countries. One example, the Interfaith Hunger Appeal, has reached thousands of U.S. undergraduate students by supporting college faculty in their efforts to develop and teach curricula on the social, economic, cultural, and political aspects of international development.

Ocean Freight: USAID, through the Ocean Freight Reimbursement Program (OFR), reimburses registered PVOs for the costs of shipping equipment and supplies to developing countries in support of development and humanitarian assistance activities in the following areas: agricultural and rural development, health care, educational training, disaster assistance and relief, and rehabilitation. In 1996, the Agency funded 46 PVOs in the OFR program. These organizations shipped 6,290 tons of commodities valued at $89 million at a cost of $1.6 million to the program. This represents a ratio of 56:1 of the value of commodities shipped to USAID dollars spent.

Institutional Support: USAID provides institutional support grants to strengthen the management and technical capacity of the PVOs that implement food assistance programs under the P.L. 480 Title II Food for Peace program. These grants have helped the PVOs to plan programs for greater impact on food security, to initiate food assessments, to develop monitoring and evaluation systems and to improve the technical skills of their staff.

Strategic Objective 2. Strengthen overseas institutions which demonstrate American ideas and practices

American Schools and Hospitals Abroad (ASHA) ($5,000,000)

USAID, through its ASHA program, provides grants to private schools, libraries and medical centers overseas. These institutions are founded or sponsored by U.S. organizations and serve as demonstration centers of excellence for American ideas and practices in education, technology and medical research.

These private, non-profit institutions meet operating expenses primarily from tuition, fees, private contributions from U.S. and in-country sources, endowments, and the sale of services. ASHA grants help build and renovate facilities, purchase equipment and, in a few cases, meet operating costs for educational and medical programs.

American developmental and foreign policy goals are facilitated when we share our values with others to help them to understand the United States. The ASHA program supports institutions that foster a favorable image of the U.S. and the local ability to better interpret events in which the U.S. is involved. American-sponsored schools and hospitals overseas create continuing relationships between Americans and citizens of other countries. They promote democracy, private initiative, free inquiry and innovative approaches to problem-solving.

ASHA-financed buildings and equipment provide the physical infrastructure to strengthen institutional services and permit realization of opportunities. This has secondary benefits in mobilizing resources, attracting students and increasing scholarship support. ASHA-assisted institutions educate future

leaders, and those already in the workforce, in disciplines essential to broad-based, sustained growth in the economy and society.

For FY 1998 USAID requests $5,000,000 for ASHA which will be combined with $9,600,000 of FY 1997 funds to be used in a competitive grant awards program early in FY 1998.

Learning from Experience ($6,500,000)

USAID, through its Center for Development Information and Evaluation (CDIE), learns from development experience to improve development results. CDIE conducts, facilitates, and guides performance measurement and evaluation activities throughout the Agency and disseminates information on development experience to inform development policy and to improve development practice. CDIE's programs are directed particularly at ensuring that Agency decision-making is informed by experience and that program and budget decisions conform with Agency policy and objectives. More specifically, the Center:

- leads the Agency strategic planning process, participates in sector reviews, develops performance measurement and evaluation (PM&E) policies and procedures, and prepares and disseminates supplemental guidance to USAID managers on how to plan and conduct performance monitoring and evaluation activities;

- strengthens USAID's capabilities to manage for results at all organizational levels by (1) providing direct technical assistance in strategic planning, performance measurement and evaluation to USAID bureaus, Offices and field units; (2) developing PM&E policies, essential procedures, and supplemental references; (3) reviewing the quality of operating unit strategic plans and the unit's annual results review and resource request (R4) and recommending improvements; (4) documenting and disseminating best practices in PM&E and re-engineering; (5) developing performance indicators for Agency goals and objectives; (6) developing and maintaining the Agency's data base on program performance; and (7) reporting and analyzing program performance and preparing the Agency's annual report on program performance;

- informs Agency decision-making by (1) distilling and disseminating development experience information and effectively translating the Agency's lessons learned into policy; (2) providing information and documents in response to requests from USAID managers and other development professionals in the field; (3) conducting field evaluations, performance analyses, and desk studies on specific topics or issues of immediate relevance to policy or practice; (4) disseminating information on key PM&E findings and activities through publications, newsletters, and a variety of innovative electronic media; and 5) infusing PM&E findings in policy and practice through briefings, seminars, informal groups, and formal meetings; and

- represents USAID on PM&E, strategic planning, "learning from experience," and "managing for results" in a variety of national and international fora. This includes leadership and participation in the DAC Experts Group on Aid Evaluation, chairing the International network for Development Information Exchange (INDIX), and presenting Agency results to groups such as the American Evaluation Association.

USAID's priorities for the Center in FY 1998 are to:

- provide the technical leadership required to comply with the Government Performance and Results Act (GPRA) of 1993 and improve USAID's ability to manage for results; implement the Agency's strategic plan, scheduled for approval by the end of FY 1997; and help prepare the Agency to implement an annual performance plan and to report on accomplishments against this plan in the annual performance report;

- continue to help operational units improve strategic planning and performance monitoring and reporting and the use of performance data in managing for results. CDIE's assistance has two important emphases: a) improving the application of core values and re-engineering tools such as results frameworks to planning and performance measurement; and b) improving the methodology, technical approaches and analyses used to monitor performance, including an annual performance report which more deeply analyzes performance on a rolling basis of one or possibly two Agency goals each year;

- evaluate the impact of USAID approaches in areas such as democracy and governance, and trade and economic growth; carry out focused evaluations of topics identified by the CDIE Advisory Committee and USAID senior management; and give priority to quick turnaround issue briefs and desk studies needed by Agency management on areas of immediate concern;

- continue the Center's major shift from operating a request-driven library and research and referral system to an automated system where individuals can do their own research; serve as an Agency leader in applying internet information resources to development; and help operating units identify development information resources through the internet and apply internet resources to meet program and performance measurement requirements;

- continue to maintain USAID's institutional memory and enhance staff access to information services and databases through a CDIE Corporate Web homepage and other electronic media; and

- respond to customer needs by producing tailored reports that allow performance data and development information to be more fully used in policy formulation, program planning and design.

CENTRAL PROGRAMS
FY 1998 PROGRAM SUMMARY

Goals → USAID Strategic Objectives ↓	Encouraging Economic Growth	Stabilizing World Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Total by Funding Category
PHN 1. Increased use by women and men of voluntary practices that contribute to reduced fertility.		136,800,000			136,800,000
PHN 2. Increased use of safe pregnancy, women's nutrition, family planning and other key reproductive health interventions.		[23,000,000]*			[23,000,000]*
PHN 3. Increased use of key child health and nutrition interventions		46,500,000			46,500,000
PHN 4. Increased use of improved, effective, and sustainable responses to reduce HIV transmission and to mitigate the impact of the HIV/AIDS pandemic.		31,900,000			31,900,000
ENV 1. Increased and improved protection and sustainable use of natural resources in key geographic areas.			9,500,000		9,500,000

Goals ➡ USAID Strategic Objectives ⇓	Encouraging Economic Growth	Stabilizing World Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Total by Funding Category
ENV 2. Sustainable urbanization including reduced pollution and more environmentally sound urbanization in key areas.			8,500,000		8,500,000
ENV 3. Increased environmentally sound energy production and use in key geographic areas.			17,000,000		17,000,000
ENV 4. Decreased threat of climate change			2,000,000		2,000,000
EG 1. Better access to finance, technology, and information for microenterprises and small businesses.	6,300,000				6,300,000
EG 2. Enhance global food security.	31,100,000		18,900,000		50,000,000
EG 3. Enhance USAID effectiveness in assisting developing nations to undertake appropriate economic policy and institutional reforms	4,700,000				4,700,000

Goals ➡ USAID Strategic Objectives ⬇	Encouraging Economic Growth	Stabilizing World Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Total by Funding Category
DG 1. Rule of Law: Strengthened legal systems which promote democratic principles and protect human rights				2,600,000	2,600,000
DG 2. Elections and political processes: Increased open and participatory elections and political process which reflect the will of the people				2,700,000	2,700,000
DG 3. Civil Society: Increased effectiveness of citizen's interest groups to promote pluralism and contribute to responsive government				6,500,000,	6,500,000
DG 4. Governance: Increased efforts to make government systems more transparent and accountable.				1,600,000	1,600,000
WID 1. Improved economic status of women in Latin America and the Caribbean, Asia and the Near East, and Africa	1,440,000				1,440,000

Goals ➡ USAID Strategic Objectives ⬇	Encouraging Economic Growth	Stabilizing World Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Total by Funding Category
DG 1. Rule of Law: Strengthened legal systems which promote democratic principles and protect human rights				2,600,000	2,600,000
DG 2. Elections and political processes: Increased open and participatory elections and political process which reflect the will of the people				2,700,000	2,700,000
DG 3. Civil Society: Increased effectiveness of citizen's interest groups to promote pluralism and contribute to responsive government				6,500,000,	6,500,000
DG 4. Governance: Increased efforts to make government systems more transparent and accountable.				1,600,000	1,600,000
WID 1. Improved economic status of women in Latin America and the Caribbean, Asia and the Near East, and Africa	1,440,000				1,440,000

Goals ➡ USAID Strategic Objectives ⬇	Encouraging Economic Growth	Stabilizing World Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Total by Funding Category
WID 2. Improved educational opportunities for girls in South Asia and Africa	2,340,000				2,340,000
WID 3. Improve women's legal and property rights and increased women's participation in governance and civil society in all regions -- with an emphasis on legal rights in Eastern Europe and the New Independent States, and civil society in Latin America and the Caribbean.	2,520,000				2,520,000
WID 4. Support integration of gender issues through USAID regional and country programs.	2,700,000				2,700,000
HCD 1. Improved and expanded basic education and learning systems.	3,800,000				3,800,000
HCD 2 Improved continuing and higher education and training systems in support of Agency strategic objectives	2,900,000				2,900,000

Goals ⇒ USAID Strategic Objectives ⇓	Encouraging Economic Growth	Stabilizing World Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Total by Funding Category
BHR 1. Increased PVO capability to achieve sustainable service delivery	23,300,000	25,900,000	2,600,000	900,000	52,700,000
BHR 2. Strengthen overseas institutions which demonstrate American ideas and practices	5,000,000				5,000,000
PPC 1. Learning from experience	3,000,000	500,000	2,000,000	1,000,000	6,500,000
Other special objectives	1,500,000				1,500,000
Total	90,600,000	241,600,000	60,500,000	15,300,000	408,000,000

• Note: PHN SO 2 is a non-add item. Of the funds requested for SO 2, 44% are alloted from SO 1 and 56% from SO 3.

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use by women and men of voluntary practices that contribute to reduced fertility. (New and improved technologies and approaches for contraceptive methods and family planning identified, developed, tested, evaluated and disseminated), 936-S001.1 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $26,810,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To build the scientific and technological base for successful high quality family planning (FP) and reproductive health (RH) programs by identifying, developing, testing, evaluating and disseminating new and improved technologies and approaches for FP and RH services.

Background: Total fertility rates, maternal mortality and morbidity, and infant mortality remain high in developing countries. Family planning and RH programs contribute to improving the health of women and men, children and families and to stabilizing global population growth.

USAID Role and Achievements to Date: USAID plays a vital role in increasing the effectiveness of these programs by supporting contraceptive research and development, operations research (OR) and other types of demographic and social science research. Capacity building is promoted by working with collaborating research centers in participating countries. Scientists and technical staff are trained through the process of learning by doing. USAID has successfully introduced several new/improved contraceptives into developing and developed countries' markets (e.g., low dose oral contraceptives, NORPLANT® implants, REALITY® female condoms, Depo Provera, CuT 380A IUD) and examined the safety, effectiveness and acceptability of these and other methods. USAID has also increased cost effectiveness, access and quality of service delivery programs by pioneering strategies such as community-based distribution, and work-based and postpartum programs. Innovative communication tools, techniques and strategies have been developed to reach larger audiences and increase demand, and newly-developed methodologies/indicators assist programs in monitoring and evaluating their impact. Successes during FY96 include approval by the U.S. Food and Drug Administration of two new methods -- the Filshie Clip for female sterilization and the levonorgestrel 2-rod implant system. Also, a tool was developed to assist family planning providers to identify the full range of reproductive health needs of women and priority service delivery interventions.

Description: Activities focus on developing improved contraceptive methods such as barrier methods for contraception and protection against STD/HIV, long-acting hormonal preparations, systemic methods for men, and methods for breastfeeding women. To improve service delivery, OR is focused on developing new approaches to link family planning and selected RH interventions and to reach underserved and hard-to-reach populations, and improving quality of care and cost effectiveness of programs. Other demographic and social science research is focused on increasing knowledge of the health status of people, improving communication/dissemination channels and policy dialogue, and evaluating for impact.

Host country and other donors: WHO, NIH, CDC, ODA/UK and Foundations such as Mellon and Rockefeller complement the work of USAID by supporting research in USAID's priority areas. Host country partners include private and public sector research institutions and service delivery organizations.

Beneficiaries: The ultimate beneficiaries are women and men in developing countries who will have greater access to quality family planning information and services.

Principal contractors, grantees or agencies: USAID will implement activities through the Population Council, Family Health International, Eastern Virginia Medical School and other cooperating agencies,

universities, research institutions, private companies, and host country organizations.

Major Results Indicators:	Baseline	Targets
# of contraceptive leads/methods under development and/or evaluation; advancing to next stage; approved by FDA	32 in development/ evaluation 0 advancing 0 approved	37 in development/ evaluation 20 advancing 2 approved
Number of FP/RH strategies/subsystem improvements tested/completed	8 tested 0 completed	15 tested 10 completed

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use by women and men of voluntary practices that contribute to reduced fertility. (Improved policy environment and increased global resources for family planning programs), 936-S001.2 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $28,180,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To improve the policy environment and increase global resources for family planning programs in order to contribute to increased use by women and men of voluntary practices that reduce fertility.

Background: Experience in the field of population and family planning has demonstrated that political commitment at all levels and adequate resources are necessary in order to have effective programs. While developing countries today assume the bulk of the cost of providing family planning services, much remains to be done to improve the legal and regulatory framework, and standards and norms that guide service provision. In addition, the health sector receives a relatively small share of developing country budgets and much of that budget is devoted to curative rather than preventive care.

USAID Role and Achievements to Date: Over the past 25 years, USAID has contributed to the development of formal population policies in more than 30 countries. USAID assistance has helped convince policymakers of the economic benefits of family planning programs to society and of the contribution these programs make to improved well-being at the family and individual level. USAID has also supported analyses and reform of legal and regulatory frameworks that have resulted in increased participation by the private sector. Over the past year, USAID resources successfully leveraged significant resources from host countries and other donors in Indonesia and Mexico. Further, USAID has fostered increased participation by advocacy groups in the policy process, through the application of a methodology to promote acceptance of broader participation. Another achievement was the development and pretesting of an instrument to assess improvements in the policy environment.

Description: Activities focus on three areas that contribute to the achievement of this result:
1) operational policies relating to family planning and reproductive health are formulated and in effect, and barriers to service availability are removed; 2) total financial and human resources for family planning and reproductive health programs are increased; and 3) human and financial resources in the population, health and nutrition sector are rationally allocated to have maximum impact in achieving sector goals.

Host country and other donors: USAID coordinates and collaborates with other donors such as the World Bank, IPPF, UNFPA and bilateral donors which also provide funds and technical assistance. Host country institutions, particularly public sector institutions, are responsible for program implementation.

Beneficiaries: The ultimate beneficiaries are women and men in developing countries who will have greater access to quality family planning information and services.

Principal contractors, grantees or agencies: USAID will implement activities through the Futures Group International, U.S. Bureau of the Census, the National Academy of Sciences, Management Sciences for Health, the University of North Carolina, Macro International and other U.S. public and private sector entities and host county institutions.

Major Results Indicators:	Baseline	Targets
Number of countries with strategic plans *reflecting public health principles, quality,* access, and gender equity in FP/RH formulated and in effect	Instrument under design	to be determined *pending baseline data*
LDC share of global resources for family planning and reproductive health in USAID priority countries	37%	42%
Share of service delivery by the private sector in countries where USAID works	43%	45%

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use by women and men of voluntary practices that contribute to reduced fertility. (Enhanced capacity for national programs (public, private, NGO and community-based institutions) to design, implement, finance, and evaluate sustainable family planning programs), 936-S001.3 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $26,950,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To improve the technical and programmatic capabilities and planning and budgeting decisions that impact the quality of family planning services provided and the number of users reached.

Background: Building local capacity and sustainable systems is essential to effective and efficient service delivery, program success, national-level impact and long-term sustainability.

USAID Role and Achievements to Date: USAID has improved the technical and management capacity and the financial self-reliance of over 100 national family planning and reproductive health institutions in developing countries. During FY96, the elements of the index to measure sustainability were defined and the process of baseline data collection was started.

Description: Activities focus on strengthening the capabilities of family planning provider organizations and their staff to a) design, monitor, finance and evaluate their programs; b) manage more effectively by improving business and marketing skills, and developing strategies for increasing cost recovery and financial sustainability; and c) collaborate and cooperate to make the most efficient use of limited resources and to reach underserved groups. Funding is channeled through both U.S. and local NGOs with the ultimate goal of program sustainability. During the year, we will field test the sustainability index and collect baseline data.

Host country and other donors: UNFPA complements the work of USAID by funding local management, training-related costs, and the printing and distribution of related materials. The World Bank funds the restructuring of national health systems, the construction of clinics and hospitals, and policy reform. Other bilateral donors also fund capacity building, primarily for the public sector.

Beneficiaries: The ultimate beneficiaries are women and men in developing countries who will have greater access to quality family planning information and services.

Principal contractors, grantees or agencies: USAID will implement activities through Management Sciences for Health; John Snow, Inc.; Centers for Disease Control; Pathfinder International; The Futures Group International; the University of North Carolina and other universities; private sector companies and host country institutions.

Major Results Indicators:	Baseline	Targets
Index to measure/assess the sustainability of FP programs	Under development	Pending finalization of index & indicators

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use by women and men of voluntary practices that contribute to reduced fertility. (Increased access to, quality of, cost effectiveness of, and motivation for use of family planning, breastfeeding, and selected reproductive health information and services), 936-S001.4 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $54,860,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: Increasing use of voluntary family planning by increasing the access, quality, and cost effectiveness of family planning and related reproductive health information and services; and the motivation, community empowerment, and demand for such services and information.

Background: In order to increase voluntary practices that contribute to reduced fertility, it is critical to respond to the high existing demand for family planning with accessible, quality, cost effective services as well as to increase demand and motivation through a number of strategies, including empowering women and communities.

USAID Role and Achievements to Date: USAID has pioneered numerous innovations to expand access and quality of care; and has supported programmatic efforts in these areas in over 80 developing countries. Major innovations include community based distribution; contraceptive social marketing; mobilization of PVO support; and client centered orientation. In FY96, USAID-supported programs significantly "scaled up" and expanded coverage by leveraging host country and donor resources: In Indonesia and Mexico, where USAID resources now account for less than 10% of annual funding for population activities, host country resources have been used to expand the programs to a national scale following USAID's technical lead. A USAID Cooperating Agency, CARE, has obtained more than $10 million from other donors, more than equalling the funding from USAID. With these additional resources, CARE has expanded their program into countries where there is no USAID presence and/or into other regions within countries where USAID resources have been limited.

Description: Activities focus on four areas that contribute to the achievement of this result: 1) improving access to family planning, breastfeeding, and selected reproductive health services, including expansion of service delivery points; 2) improving the quality and affordability of family planning, breastfeeding, and selected reproductive health products and services, including ensuring a client-centered orientation, improving contraceptive logistics, and ensuring the existence of appropriate norms; 3) expanding cost effective approaches to implementation of family planning, breastfeeding, and other reproductive health services, including training in cost management; 4) increasing demand for and motivation to use family planning, breastfeeding, and other selected reproductive health services, including increasing the capacity of program and clinic managers to improve communications with clients and communities, and strengthening linkages between family planning and integrated women's health services, hygiene, and other programs that increase women's and community empowerment.

Host Country and Other Donors: USAID works closely with UNFPA, IPPF, the World Bank, and foundations. In many cases, other donors cover local costs while USAID provides technical assistance and training. Host country partners, including national and local governments, private sector entities, NGOs, and community organizations, have primary responsibility for program implementation.

Beneficiaries: The ultimate beneficiaries are women and men in developing countries who will have greater access to quality family planning information and services; and children in developing countries who will have improved health because of improved birth spacing.

Principal contractors, grantees or agencies: USAID will implement activities through Pathfinder, CARE, Association for Voluntary and Safe Contraception, universities, research institutions, US PVOs, private

companies, and host country institutions.

Major Results Indicators:	Baseline	Targets
Mean desired family size	3.4 children	3.1
Percent of women who can travel to a FP source within half an hour	66.3	69
Mean number of methods known by WRA	4.4	4.9
Median length of using any temporary modern method of contraception (method standardized)	21.4 months	23.0

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of safe pregnancy, women's nutrition, family planning and other key reproductive health interventions. (Approaches and technologies to enhance key reproductive health interventions identified, developed, evaluated and disseminated), 936-S002.1 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: [$10,760,000 DA]
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To identify, develop, evaluate, and disseminate technologies and model intervention packages which enhance delivery of key reproductive health interventions.

Background: Despite development efforts to improve women's health, maternal mortality remains very high; it is the indicator with the greatest disparity between the developed and the developing world. Life-threatening complications are often unpreventable and unpredictable, and cultural factors which keep women in the home at the time of birth are profound. Nevertheless, clinical interventions are currently available to save lives. Funding the most cost-effective approaches to applying those interventions is the priority.

USAID Role and Achievements to Date: Validation studies on maternal reporting of obstetric complications have now been completed; the results are supporting a greater focus on client records and institutional registers to measure impact of interventions. STD prevalence surveys have been completed in several countries and are now being used to guide programming decisions. Results from community diagnoses on birthing practices are being used to develop behavior change communications strategies to improve use of services in the event of life threatening complications.

USAID is also making progress in efforts to identify and test new interventions in maternal health and nutrition. Achievements to date include development and testing of a new slow-release iron capsule which has greater efficacy and fewer side effects than conventional iron supplements; demonstration of improved compliance with iron supplementation through social marketing programs; improved syphilis treatment and screening through integration with antenatal care; development of the UNIJECT, a prefilled, single-dose auto-destruct injection system for medications such as tetanus toxoid for pregnant women; and reduction of perinatal mortality and maternal and newborn complications through an "autodiagnosis" technique to determine the needs of isolated rural women.

Description: Research is being designed to provide program managers in the field, as well as other donors, with guidance on improved technologies and approaches to promote behavior change and deliver services to decrease maternal mortality. Activities focus on five areas that contribute to the achievement of this result: (1) packages of antenatal, safe delivery, emergency obstetric and postpartum/newborn services to improve pregnancy outcomes; (2) nutrition interventions, such as low dose vitamin A supplementation in pregnancy and iron fortification for pre-pregnant, pregnant and lactating women, to improve women's health and pregnancy outcomes; (3) models for detection and treatment of infections during pregnancy, such as malaria, intestinal parasites, and reproductive tract infections; (4) models of family planning integrated with other reproductive health services to improve access/quality of services; and, (5) models of effective behavior-change interventions for improved self-care and access to services.

Host country and other donors: WHO, host country governments and NGOs.

Beneficiaries: The direct beneficiaries are pregnant women and their newborns in developing countries. Others who benefit are families and the society at-large. A focus on women's health ensures greater productivity and lower costs associated with maternal/neonatal death and disability.

Principal contractors, grantees or agencies: USAID implements activities through U.S. public and private sector entities and host country institutions that are primarily concerned with maternal and women's health issues, including Population Communications Services, the Johns Hopkins Program for International Education in Reproductive Health, Pathfinder International, Association for Voluntary and Safe Contraception, Univ. of North Carolina (INTRAH), the Population Council, John Snow, Inc., and Johns Hopkins Univ.

Major Results Indicators:	Baseline	Targets
Impact of low dose Vitamin A on postpartum and neonatal sepsis	1	2
Models for obstetric care training, cost effective essential OB care, interventions to improve dietary intake of iron, enhanced use/access of RH services to young adults	2	3
Impact of iron fortification on intake	2	3

Note: The number above refer to sequential benchmarks in the development of new technologies and approaches: 1) lead identified but not confirmed, 2) identified and confirmed, 3) developed, 4) evaluated, 5) modified and evaluated, 6) disseminated, and 7) available.

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of safe pregnancy, women's nutrition, family planning and other key reproductive health interventions. (Improved policies and increased public and private sector resources and capacity to deliver key reproductive health services), 936-S002.2 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: [$4,770,000 DA]
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To improve policies and increase public and private sector resources and capacity to deliver reproductive health services. This result contributes to achievement of the Strategic Objective by helping to improve financial and human resources and to create a supportive policy environment for the provision of reproductive health services.

Background: Despite overall improvements in health status in developing countries, maternal mortality remains very high. Policymakers lack tools for understanding resource needs in this area and for understanding the positive impact of improved services. NGOs are ill-equipped to advocate for improved services, and program managers lack various kinds of data that could facilitate informed decision-making. Legislation and regulations are often barriers to allowing health care providers to provide life-saving care.

USAID Role and Achievements to Date: USAID supports activities to heighten awareness of the importance of reproductive health services and contribute to the development of policies and programs that enhance the quality and availability of such services. USAID has developed methodologies to assess the cost-effectiveness of reproductive health services and has developed and tested methodologies to assess private sector involvement in meeting maternal health goals. USAID programs have developed constituencies for reproductive health; with governments, NGOs, Universities and Women's groups.

Description: Activities focus on three areas that contribute to the achievement of this result: (1) increased and sustainable public sector resources and support for safe pregnancy, maternal health, women's, infant's and girl's nutrition, and other key reproductive health interventions; (2) improved allocation and use of resources; and, (3) increased availability and sustainability of reproductive health service delivery through strengthened private sector participation and effectiveness. USAID will refine tools for understanding resource needs; generate information on the need for and costs of services, as well as the impact of investments in improved health services; establish dialogue with key stakeholders; develop methods for utilizing data on resource needs; create advocacy for resource generation in NGOs; and build constituencies for resource mobilization.

Host country and other donors: USAID will work closely with WHO and others to expand dialogue on resource generation and support. Host country counterparts include government entities concerned with maternal health, key NGOs, and private sector service providers.

Beneficiaries: The ultimate beneficiaries are the women in developing countries who will have greater access to quality reproductive health services. Society at-large will also benefit from the increased contribution that healthy women can make to the economy.

Principal contractors, grantees or agencies: USAID will implement activities through U.S. public and private sector entities and host country institutions. They include the Futures Group, Center for Development and Population Activities (CEDPA), Research Triangle Institute, Abt Associates, Harvard School of Public Health, Howard University, Development Associates, and the University Research Corporation.

Major Results Indicators:	Baseline	Targets
Number of priority countries with policies and implementation plans in place for safe pregnancy and breastfeeding promotion	7	17
Number of priority countries with competency-based training for selected reproductive health interventions *incorporated into national curricula for life-saving skills training and breastfeeding promotion*	7	17
Number of countries with policy related to the nutrition of pre-pregnant, pregnant and lactating women.	Unknown	17

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of safe pregnancy, women's nutrition, family planning and other key reproductive health interventions. (Access to essential obstetric services increased in selected countries), 936-S002.3 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: [$2,680,000 DA]
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To ensure that appropriate, client-centered, high-quality reproductive health services are available, accessible and in demand.

Background: Services are often unavailable, unacceptable to clients, or of poor quality. Even when appropriate services are accessible, consumers frequently do not recognize symptoms of ill health or complications of pregnancy/delivery and thus do not seek care. In addition, they may not have the knowledge, skills, financial ability, decision-making authority, or desire to access these services. In countries with high maternal mortality, there are intense cultural pressures on women to remain in the home for the birth and during the postpartum period when the majority of life-threatening emergencies occur.

USAID Role and Achievements to Date: USAID has been in the forefront of operationalizing the mandate of the Cairo International Conference on Population and Development for provision of integrated, client-centered, high-quality reproductive health services. Packages of essential reproductive health services, including emergency obstetrical care (EOC), have been designed to meet customer needs. USAID has also contributed to a better understanding of service needs and demand creation and thus to more effective programming through the use of diagnostic tools: community diagnosis, situation analysis, and training needs assessment. Information, education and communication campaigns directed at domestic and community-level decision-makers have focused on improving complication recognition and referral mechanisms.

Description: Activities focus on four areas that contribute to the achievement of this result: (1) increasing knowledge and skill in self care, complication recognition and choice of appropriate services for preventive and curative care; (2) improving community systems, resources and demand for preventive, curative and emergency services; (3) adopting comprehensive client-centered service models; and, (4) establishing/strengthening community-based information networks for reproductive health.

Host country and other donors: USAID will work closely with other donors, NGOs, and PVOs that have identified access and demand to reproductive health programs as a focus, including members of the Inter-Agency Group for Safe Motherhood (WHO, UNFPA, UNICEF, UNDP, IPPF, the Population Council, and World Bank). Host country counterparts include government entities concerned with maternal health, NGOs, private sector service providers, and consumer groups.

Beneficiaries: The ultimate beneficiaries are pregnant, delivering and postpartum women and their newborns in developing countries who will be kept off the road to maternal/neonatal death and disability, and who then can lead healthier, more productive lives.

Principal contractors, grantees or agencies: USAID will implement activities through U.S. public and private sector entities and host country institutions. These include John Snow, Inc., University of North Carolina (INTRAH), Pathfinder International, Population Communication Services (PCS), and the Program for Appropriate Technology in Health (PATH).

Major Results Indicators:	Baseline	Targets
Percent of adults with knowledge of complications related to pregnancy and childbirth	Unknown	10
Percent of adults with knowledge of the location of essential obstetric services	Unknown	10
Number of selected priority countries with systems in place to monitor access to EOC	Unknown	4

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of safe pregnancy, women's nutrition, family planning and other key reproductive health interventions. (Quality of essential obstetric services increased in selected countries), 936-S002.4 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: [$4,790,000 DA]
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To increase the quality of antenatal, essential obstetric, postpartum, postabortion, and newborn care in selected countries.

Background: While there are established outpatient clinics, health care centers, and hospitals that provide preventive care and treatment of obstetrical emergencies, the quality of these services is often very poor in countries with high maternal mortality. Deaths, most often caused by hemorrhage, infection, and hypertensive disorders of pregnancy and which could be averted with current technology available, are still occurring. This is often the result of not identifying consumer needs and preferences at the outset, inadequate supply of drugs and equipment, absence of appropriate clinical protocols for preventive care and treatment of emergencies, lack of competency-based training in problem-solving and life-saving skills, inadequate supervision of maternity services, and absence of institutionalized quality assurance systems.

USAID Role and Achievements to Date: USAID has taken the lead among donors to implement Safe Motherhood strategies to improve maternity care services in developing countries. USAID has been a leader in assisting countries to set standards of practice against which to measure the quality of care. In addition, USAID has established a reputation in evaluation of programs and has been called upon by the World Bank to assess the impact of large investments in maternal health care. USAID is known as a leader in the documentation of the efficacy of various models and approaches to measuring and improving pregnancy outcomes.

Description: Activities focus on three areas that contribute to the achievement of this result: (1) establishment of quality assurance systems; (2) strengthening of health worker performance; and, (3) strengthening of information and management systems. USAID programs determine client and provider needs and preferences, develop client satisfaction and clinical process standards, implement problem-solving and life saving skills training, build capacity to provide logistics to ensure adequate supply of drugs and equipment and to supervise clinical and non-clinical aspects of care, promote an enabling physical and professional environment for health care workers, initiate/strengthen certification and recertification systems to ensure competency, improve management information systems in order to identify problems, and measure progress toward improved pregnancy outcomes.

Host country and other donors: USAID will continue to work closely with WHO, PAHO, UNICEF, World Bank, and others to expand dialogue on cost-effective strategies, as well as resource generation and support. Host country counterparts include government entities concerned with maternal health, NGOs, and private sector service providers.

Beneficiaries: The ultimate beneficiaries are the women and newborns in developing countries who will be able to access quality reproductive health services. (A quarter of child deaths are birth-related.) Society at-large will also benefit from the survival and increased contribution that healthy women can make to the economy.

Principal contractors, grantees or agencies: USAID will implement activities through U.S. public and private sector entities, including John Snow, Inc., American College of Nurse-Midwives, Wellstart International, and University Research Corporation, as well as host country institutions.

Major Results Indicators:	Baseline	Targets
Number of facilities adopting prototype systems for:		
recording and aggregating complications by cause	Unknown	9
monitoring admission-intervention interval for hemorrhage	Unknown	5
monitoring case-fatality rates	Unknown	5

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of key child health and nutrition interventions. (New and improved cost-effective child survival interventions developed and disseminated), 936-S003.1 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $14,840,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION:** FY 1999

Purpose: To identify, test and introduce improved, lower-cost products, technologies and technical approaches to prevent and treat childhood illness and malnutrition.

Background: Despite enormous progress to date in reaching populations with effective child health interventions, an estimated 12 million children die every year--largely from preventable causes such as diarrheal diseases, pneumonia and measles, and many with underlying nutritional deficiencies. This research will improve and sustain USAID's cutting edge investments in child health and nutrition, and provide the knowledge base to strengthen policies, improve service delivery, and create demand for child survival interventions. Ultimately, such research contributes directly to reducing high rates of child mortality and morbidity.

USAID Role and Achievements to Date: USAID's leadership in child survival research is world-renowned. USAID provided critical support in early research to develop Oral Rehydration Therapy (ORT) as an effective treatment for diarrheal disease in infants and children, and in disseminating knowledge and use of this technique worldwide, contributing directly to saving millions of lives. USAID supported original research on how Vitamin A deficiency not only causes nutritional blindness, but contributes to higher rates of respiratory and diarrheal disease, two major child killers. USAID has provided sustained support for developing new vaccines against Acute Respiratory Infection (ARI) and malaria as well as safer, more efficient childhood immunization instruments and techniques.

Description: USAID's child survival funding supports two types of basic research: (1) New child survival technologies and products, including new vaccines, nutritional supplements and similar products. By October 1999, for example, USAID will have developed with WHO, USPHS, and the Children's Vaccine Initiative a strategy for introducing one major new ARI vaccine, will have introduced that vaccine in several countries, and will have completed field testing of another major ARI vaccine. USAID is also studying the impacts on mothers and children of administering Vitamin A to women before, during and after pregnancy. (2) Development of new approaches for child survival, including ways to improve delivery of child survival interventions and new ways to evaluate the success of child survival programs. For example, USAID is working with WHO and UNICEF to introduce an integrated approach to childhood illness, and developing indicators to measure and increase the sustainability of immunization programs. Other interventions include studies to improve child feeding, discourage over-use of antibiotics, and promote other good health practices.

Host country and other donors: Host countries, World Bank, UNICEF and other UN organizations, NGOs, European donors.

Beneficiaries: Children under five and women of child-bearing age.

Principal contractors, grantees or agencies: USAID will implement activities through the International Center for Diarrheal Disease Research (ICDDR), WHO, CDC, NIH, Harvard Institute for International Development, International Life Sciences Institute, Johns Hopkins University, the Partnership for Child Health Care, the Academy for Educational Development, and other public and private sector entities.

Major Results Indicators:	Baseline	Targets
Technologies evaluated for ARI infection and vaccines, malaria vaccines, vaccine vial monitors, and malaria diagnostics	4 Evaluated	1 Developed 10 Evaluated 4 Available
Approaches evaluated for integrated case management of the sick child, integrated supervision,and methods to increase availability of impregnated bednets	1 Developed	2 Developed 1 Evaluated 1 Available

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of key child health and nutrition interventions. (Improve policies and increase global, national and local resources for appropriate child health interventions), 936-S003.2 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $10,270,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To reduce infant and child mortality by establishing sustainable child health services, improving policies supportive of these services, increasing overall financial support for child health services, and improving the balance of public and private sector provision of health services.

Background: While considerable progress has been made in reducing rates of infant mortality, malnutrition and preventable diseases, many countries are struggling to sustain this progress in the face of diminishing government resources. Countries require assistance in implementing approaches that increase resources for child survival services, including increasing equitable access. In most countries, this includes shifting and increasing public sector resources, as well as greater and more effective involvement of the private sector. Countries also require assistance in developing policies that represent the most effective and cost-effective approaches to improving child survival, health, and nutrition.

USAID Role and Achievements to Date: For over a decade, USAID leadership in health policy and sector reform has: (1) initiated pilot cost-recovery programs to generate additional resources for child survival services; (2) developed and applied quality assurance programs to improve health services and lower health care costs; (3) supported decentralization to strengthen local planning and priority setting; and, (4) supported development of partnerships between governments and the private sector (NGOs/PVOs, private practitioners, commercial providers of goods and information). USAID has also been a leader -- in collaboration with WHO, UNICEF, and other partners -- in helping countries identify and develop policies that represent the most cost-effective approaches to address major threats to the survival and health of infants and children.

Description: This result will be achieved through four approaches. USAID will provide technical analyses and information regarding state-of-the-art approaches to improving child health and nutrition, to foster the development of appropriate policies and programs. One example of new health policies in place will be the adaptation in at least 3 of the Africa Integrated Malaria Initiative countries revised national drug policies for treatment of malaria. USAID will also initiate analysis, policy dialogue and advocacy that will result in reform, improved decision-making, regulatory action and commitment to child survival activities (e.g., USAID will work with other donors and host governments to assure sustainability of vaccine supplies). USAID will support sustainable financing and management approaches that result in increased resources for child survival activities and better resource allocation among these activities, to increase equitable and effective access and coverage. In addition, policies on environmental sanitation jointly developed by USAID and UNICEF will be introduced. USAID will also develop public/private partnerships that increase accessibility, efficiency and quality of child survival goods and services; this will include for-profit and non-profit institutions, e.g., promoting increased commercial investment in production, promotion, and distribution of ORS and food fortification to address vitamin A deficiency.

Host country and other donors: Host countries, World Bank, UNICEF and other UN organizations, NGOs, European donors.

Beneficiaries: The at-risk populations, especially children and mothers, who will have increased, sustainable access to better quality health care.

Principal contractors, grantees or agencies: USAID will work through U.S and host country private for-profit and non-profit organizations, NGOs, and universities. These include: John Snow, Inc., Wellstart International, Abt Associates, Inc., Partnership for Child Health Care, and Camp, Dresser, & McKee.

Major Results Indicators:	Baseline	Targets
Number of countries financing child vaccines from national budget	47	67
Number of AIMI countries with appropriate malaria treatment drug policies	1	4
Number of countries meeting vaccine self-financing levels	38	45

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of key child health and nutrition interventions. (Enhanced knowledge and use of key child health and nutrition behaviors and practices in selected countries), 936-S003.3 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $9,800,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To reduce infant and child mortality by enhancing knowledge and use of key child health and nutrition behaviors and practices in selected countries. To maintain technical leadership in, and to further refine and adapt approaches to, health/nutrition behavior change.

Background: Behavior change is critical for achieving improved health. USAID has played a leadership role in demonstrating the effectiveness of mass media and interpersonal communication to bring about behavior changes. The sustained use of appropriate practices by populations is essential for continued improvement of child survival, health, and nutrition.

USAID Role and Achievements to Date: Beginning in the 1970's, USAID supported ground-breaking activities applying social marketing approaches to promote better child health and nutrition. As a result, modern communication methodologies including formative research, audience segmentation and targeting, and effective message delivery approaches are being employed by essentially all components of child survival programs, including immunization, oral rehydration, breastfeeding, and other program elements. USAID's experiences have shown that small additional investments -- about 10% -- in information/ education/communication can assure greater impact of our child health and nutrition programs in developing countries.

Description: Activities focus on four areas of behavior change: improving knowledge and use of preventive behavior at the household and community levels; improving home treatment and correct care-seeking when child illness occurs; improving client-provider relationships; and synthesizing, adapting and disseminating effective communication strategies and approaches. USAID works to refine and adapt communication strategies and channels appropriate for specific country situations within the framework of countries' and USAID missions' child survival programs. USAID will continue to improve communication technologies and strategies for child health and nutrition, with particular emphasis on sustainability and cost-effectiveness. In addition to social marketing, other complementary approaches to health-related behavior change, such as community participation, changes in social norms, domestic and personal hygiene, and public policy changes, will be pursued.

Host country and other donors: Host countries, World Bank, UNICEF and other UN organizations, NGOs, European donors.

Beneficiaries: Children under five and women of child-bearing age.

Principal contractors, grantees or agencies: USAID implements activities through private for-profit and non-profit organizations and universities, such as the Academy for Educational Development, John Snow, Inc., and the Harvard Institute for International Development, the Manoff Group.

Major Results Indicators:	Baseline	Targets
Percent of caretakers with correct knowledge of:		
a) the symptoms and signs of acute respiratory infection needing assessment	33	40
b) Appropriate treatment of diarrhea (increased fluids)	50	60
c) the symptoms and signs of malaria-related illness, and risk of perinatal infection	unknown	Targets being set

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of key child health and nutrition interventions. (Improvement in the quality and availability of key child health and nutrition services), 936-S003.4 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $11,590,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To improve the quality and availability of key child health and nutrition services.

Background: In most developing countries, services to promote and maintain child health and nutrition operate at suboptimal effectiveness and reach only part of the population needing these services. Even in many of the best health and nutrition service provision systems, quality assurance is lacking. More efficient use of human, financial and institutional resources, increased access to higher quality health services by the poor, and affordable vaccines, drugs and micro-nutrient supplements are major challenges most developing countries face.

USAID Role and Achievements to Date: USAID has been a leader in systematically addressing the areas of improved quality of child health and nutrition services. USAID contributions have included the widespread application of operations research and quality assurance techniques to improve child health services, the development of methods to improve availability of essential drugs and commodities like oral rehydration salts, and the support of improved training approaches for health workers. Such interventions have produced results such as an $800,000 (11 per cent) annual savings in vaccine costs in NIS countries (excluding Russia) after USAID technical assistance resulted in revision of out-of-date immunization schedules.

Description: Activities focus on five areas: (1) improving health worker capacity to properly manage child illness through training, improved supervision, and performance enhancement via quality assurance programs; (2) improving planning, organization and management of health and nutrition service provision systems; (3) improving access to health and nutrition services, especially for high risk children, through the development and evaluation of innovative strategies; (4) improving production, procurement, and distribution of drugs, vaccines, and other child health commodities; and (5)improving the capability of institutions and communities to provide environmental health services, such as water and sanitation, and monitor their performance.

Host country and other donors: Host countries, World Bank, UNICEF and other UN organizations, NGOs, European donors.

Beneficiaries: Children under five and women of child-bearing age.

Principal contractors, grantees or agencies: USAID implements activities through private for-profit and non-profit organizations, universities, and government organizations, including University Research Corporation; Management Sciences for Health; John Snow, Incorporated; Partnership for Child Health Care; Harvard Institute for International Development; and Centers for Disease Control.

Major Results Indicators:	Baseline	Targets
Percent of facilities:		
a)capable of providing standard case management for ARI	a) 20%*	a) 30%*
b)capable of providing case management for diarrhea	b) 35%*	b) 50%*
Number of selected countries where key health commodities are available at affordable prices through commercial outlets and private providers:		
a) ORS	a) 26	a) 34
b) ARI drugs	b) Unknown	b) being developed
c) bednets	c) 0	c) being developed
d) iron and mineral supplements	d) Unknown	d) being developed
e) appropriate antimalarial drugs	e) Unknown	e) being developed
Number of selected countries with program guidelines in place for:		
a) micronutrient deficiencies	a) 8	a) 17
b) integrated case management of sick children	b) 0*	b) 8
c) quality assurance techniques incorporated into pre-service and in-service training	c) 20	c) 30

* Integrated case management for sick children was introduced in late FY 1995 through USAID-supported WHO/UNICEF initiative.

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of improved, effective, and sustainable responses to the HIV/AIDS epidemic. (Increase quality, availability, and demand for information and services to change sexual risk behaviors and cultural norms in order to reduce transmission of HIV), 936-S004.1 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $13,850,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To increase quality, availability, and demand for information and services to change sexual risk behaviors and cultural norms in order to reduce transmission of HIV.

Background: Sexual transmission accounts for approximately 85 percent of HIV infections in the developing world. The reduction of sexual transmission implies the adoption of safer sexual behaviors norms and situations. Success in promoting these behaviors, requires effective behavior change programs and the social marketing of barrier methods; and promoting, where appropriate, the integration of HIV services in formal and informal public health and health care settings.

USAID Role and Achievements to Date: Mass media can raise awareness, change attitudes and promote safer behavior; however these programs can not work alone and must be supported with interpersonal communication activities. Communications activities have taken place in virtually every country where HIV/AIDS programs have occurred -- more than 40 countries. Over five million people have received comprehensive HIV prevention education and more than 72,000 educators and counsellors have been trained. Research has documented that communication programs developed to influence individual behavior in addition to addressing social norms will lead not only to greater change in behaviors but to changes that continue over time.

Description: During the next two years, USAID will support programs to:

Develop, improve, promote and support multi-channel information, education and communication strategies and complimentary interventions to enhance awareness and knowledge of HIV to reduce sexual risk behaviors in household, school, workplace, other community, national and transnational settings.

Develop, improve, promote and support cost-effective strategies (in both public and private sectors) to increase the quality, demand for, and access to, male and female barrier methods for the prevention of HIV transmission.

Develop, improve, promote and support models and strategies to introduce, improve and expand services to prevent sexual transmission of HIV/STI by public and private health providers.

Host country and other donors: Host countries through their National AIDS Control Program, public and private health infrastructure, select donor agencies, and UNAIDS.

Beneficiaries: Communities, women and men who are at risk of HIV/STIs or already infected with HIV/STIs, their sexual partners, HIV/STI health care providers and their clients.

Principal contractors, grantees or agencies: to be determined

Major Results Indicators:	Baseline	Targets: 1999
Proportion of target populations in emphasis countries who know how to prevent STI/HIV transmission	60%	70%
Proportion of target populations in emphasis countries who discussed HIV or STIs with their regular partners within the past 3 months.	<10%	20%
Proportion of emphasis countries who report 10% increase/year in the distribution of male condoms.	Baseline will be determined by 1997 annual distribution of male condoms/emphasis country	30%

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of improved, effective, and sustainable responses to the HIV/AIDS epidemic. (Provide enhanced quality, availability, and demand for STI management and prevention services) 936-S004.2 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $5,550,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To provide enhanced quality, availability, and demand for STI management and prevention services.

Background: The presence of sexually transmitted infections can dramatically increase the efficiency of HIV transmission, and prompt, effective STI case management is among the most productive measures available for reducing HIV transmission.

USAID Role and Achievements to Date: USAID has assisted 19 countries:
to develop national STD guidelines and improve care at points of first encounter. New, low cost, rapid, simple diagnostics for gonorrhea and chlamydia are under development. Social marketing of STD self treatment kits is proposed for a select set of countries.

Description: This result will be achieved by promoting policies and programs to: develop and disseminate sound treatment guidelines; develop improved techniques and approaches to prevent and manage STIs; and provide technical assistance to strengthen public and private sector initiatives in STI prevention and management.

Host country and other donors: Host country governments, public and private health service delivery sectors (including the "informal sector"), selected NGOs who are or can be involved in clinical services. Other international donors would include UNAIDS, ODA and the European Union.

Beneficiaries:
Symptomatic and asymptomatic men, women and children with sexually transmitted infections.

Principal contractors, grantees or agencies:
To be determined.

Major Results Indicators:	Baseline	Targets: 1999
% adults with knowledge about STIs and treatment options	20%	30%
% of providers who are technically competent in STI management.	10%	20%

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of improved, effective and sustainable, responses to the HIV/AIDS epidemic. (Provide improved knowledge about and capacity to address the key policy, cultural, financial, and other contextual constraints to preventing and mitigating the impact of HIV/AIDS), 936-S0004.3 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $3,475,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To provide improved knowledge about and capacity to address the key policy, cultural, financial, and other contextual constraints to preventing and mitigating the impact of HIV/AIDS

Background: HIV/AIDS prevention and management efforts are often hampered by the policies, social norms and financial constraints under which these efforts operate. G/PHN shall address these environmental/contextual constraints by:

Effectively communicating the economic, social and health costs of HIV/AIDS to key policy-makers and budgetary decision makers;

Promoting the de-stigmatization and protecting the dignity and human rights of vulnerable communities and people living with HIV/AIDS (PLWAs);

Promoting the elimination of barriers that inhibit the flow of HIV/AIDS prevention and management information and services to youth, women, PLWAs and other vulnerable groups;

Developing and promoting effective strategies for providing basic care and support services for PLWAs and communities affected by HIV/AIDS; and

Supporting initiatives to dedicate increased resources for HIV/AIDS prevention and management.

USAID Role and Achievements to Date: USAID has worked to improve the capacity of multilateral organizations, governments, private sector companies, PVOs/NGOS, churches and communities in over 40 countries to assess the impact of the epidemic, specifically its social, cultural and economic aspects; to improve the effectiveness of the responses and to develop effective strategies for building a broader and expanded response to the pandemic.

Description: Activities will include efforts to:

Enhance knowledge and awareness among policy-makers of the social, economic, cultural, and health impacts of HIV/AIDS, and of the political strategies to address them;

Identify and address key social, political, information, human resources and service barriers, inclusive of stigma and discrimination, to effect responses to HIV/AIDS;

Reduce key information and service barriers for vulnerable populations, especially youth;

Develop, evaluate and promote imported policies and strategies for the delivery of basic care and support services for HIV infected and affected persons; and

Support global, regional and national policy initiatives to allocate adequate resources, and develop more cost-effective responses to HIV/AIDS.

Host Country and Other Donors: Multilateral organizations and the World Bank, UNAIDS, bilateral donors, host governments, the private sector, churches and the broader PVO/NGO sector all provide critical assistance.

Beneficiaries: Communities, men, women, and youth in developing countries who are at risk of HIV

infection or already infected with HIV.

Principal contractors, grantees or agencies: To be Determined

Major Results Indicators:	Baseline	Targets: 1999
Proportion of countries that demonstrate improvement in the AIDS Policy Environment Score	0	30-40%
Number of emphasis countries that finance at least 10% of the national HIV/STD program	5	10

ACTIVITY DATA SHEET

PROGRAM: Central Program
TITLE AND NUMBER: Increased use of improved, effective, and sustainable responses to the HIV/AIDS epidemic. (Strengthen and expand private sector organizational responses in delivering HIV/AIDS information and services), 936-S004.4 (PHN)
STATUS: Continuing
PROPOSED OBLIGATIONS AND FUNDING SOURCE: FY 1998: $3,475,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To strengthen and expand private sector organizational responses in delivering HIV/AIDS information and services.

Background: Creative approaches engaging the broadest range of participants is required to reach the diverse populations affected by HIV/AIDS, to expand successful interventions and to sustain needed services over time. An important element of this expanded response is the increased capacity and commitment of local communities for HIV/STI prevention, care and support. The need for services outstrips what USAID or other donors can provide, thus partnerships between public and private sector providers, and community ownership of an expanded response to HIV/STIs is essential.

USAID Role and Achievements to Date: USAID continues to support the development of local capacity to respond to the HIV/AIDS epidemic; specifically USAID has incorporated the use of small development grants to community organizations as well as support for an international alliance to establish linking organizations at national and regional levels to channel funds to community-based organizations and other NGOs. USAID works through the private sector to encourage corporate support for enlightened workplace settings inclusive of active HIV/AIDS prevention programs, as well as corporate sponsorship of mass media and other communication programs to raise awareness and change risk behaviors.

Description: USAID will undertaken the following activities to address this result:

integrate HIV/AIDS prevention into policies and programs of key US PVOs working in the health sector, mobilize key US and host country commercial organizations to advocate and support HIV/AIDS prevention and care policies and programs;

expand and strengthen the capacity of key indigenous NGOs, religious organizations and social sector institutions to deliver HIV/AIDS information and services, design, test, evaluate and disseminate community-led approaches to designing, and implementing effective responses to HIV/AIDS; and

support and develop effective international, regional and national NGO networks and coalitions to respond to the epidemic.

Host Country and other donors: Host country commercial sector, NGOs, including the informal sector, and other international donors/organizations, as well as UNAIDS.

Beneficiaries: Men, women and youth who are infected with HIV or otherwise affected by HIV;

Principal contractors, grantees or agencies: To be determined

Major Results Indicators:	Baseline	Targets: 1999
Proportion of large employers in emphasis countries offering technically sound HIV/STD services to their employees	<10%	25%
Proportion of emphasis countries with 10% increase per year in the number of HIV/AIDS information and service delivery points operated by NGOs	<10%	25%

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of improved, effective, and sustainable responses to the HIV/AIDS epidemic (Improve availability of, data to monitor and evaluate HIV/AIDS/STI prevalence, trends and program impacts), 936-S004.5 (PHN)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY1998: $2,075,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To improve availability of, data to monitor and evaluate HIV/AIDS/STI prevalence, trends and program impacts

Background: Making the best use of scarce resources is an essential objective of HIV/AIDS programming. This implies a commitment to credible surveillance, monitoring and evaluation, not only to assess effectiveness and to improve service quality, but also to be able to communicate effectively the results of USAID's investments in HIV/STI interventions.

USAID Role and Achievements to Date: Through the USAID PASA with the Bureau of Census, the International HIV/AIDS Database is continually updated with the latest country data and distributed with selected special analyses to over 300 HIV/AIDS related institutions.

Through new procurements and interagency PASAs established during FY 1997, specific technical assistance and support will be provided for improving the monitoring and evaluation systems at the country level; increasing use of projection and simulation modeling analyses; and expanding the dissemination and utilization of these analyses to appropriate consumers.

Description: The PHN Center shall, in partnership with UNAIDS, assist countries to establish and/or strengthen surveillance, monitoring and evaluation systems (especially in USAID emphasis countries);assist in the development of improved tools and models to determine this information; and promote improved dissemination and utilization of the knowledge gathered from these data gathering and analytic activities.

Host country and other donors: UNAIDS will assist in establishing international consensus for surveillance methodologies; other multilateral and bilateral donors will participate in support for country data collection and regional/global analyses. Host countries, especially Ministries of Health, will be major implementers of country surveillance activities.

Beneficiaries: Host country governments, in particular management staff of national AIDS control programs, host country implementing organizations, USAID Missions, the international donor community

Principal contractors, grantees or agencies: To be determined.

Major Results Indicators:	Baseline	Targets: 1999
Proportion of selected countries with operational HIV/STI surveillance systems	<7%	20%
Proportion of intervention models whose effectiveness (Program Impact) has been established	5%	10%

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased use of improved, effective, and sustainable responses to the HIV/AIDS epidemic. (Provide quality and timely assistance to partners to ensure effective implementation of HIV/AIDS programs), 936-S004.6
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $3,475,000 DA
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To provide quality and timely assistance to partners to ensure effective implementation of HIV/AIDS programs

Background: In a time of limited resources with significant demands, effective partnerships are required to address the HIV/AIDS needs around the world. Access to state-of-the-art technical and management assistance, collaboration in defining and disseminating best practices, and research results that inform implementation activities and vice versa are critical to reduce duplication of effort and ensure effective responses.

USAID Role and Achievements to Date: USAID is the world's leading contributor to HIV prevention globally. Assistance has been provided to more than 40 countries around the world and other activities have resulted in the development and dissemination of innovative HIV prevention technologies and methodologies. Coordination and collaboration with UNAIDS (formerly GPA) and numerous donors has been essential in keeping the donor community best of important developments in HIV/AIDS. The sharing of lessons learned in other activities, countries and regions within USAID and with donors, host country counterparts and implementors has created a global response with has been kept well informed.

Description: USAID expects to achieve the following results in the next two years:

Mechanisms in place for USAID field missions/offices to implement HIV/AIDS activities, and

Ensure that field implementation and the HIV/AIDS research agenda inform one another

Host Country and other donors: The public and private sector are actively involved in HIV/AIDS programs where USAID conducts programming. The application of findings throughout the world by donors, governments, private-for-profit sector, NGOs and communities takes place on a worldwide scale.

Beneficiaries: All countries where the population is at risk of HIV infection

Principal contractors, grantees or agencies: to be determined

Major Results Indicators:	Baseline	Targets: 1999
Proportion of "highly satisfactory" responses in annual survey of USAID Missions	To be determined	50%

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased and improved protection and sustainable use of natural resources in key geographic areas, 936-S001 (ENV)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $9,500,000 DA
INITIAL OBLIGATION: FY 1980; **ESTIMATED COMPLETION DATE:** Continuing

Purpose: Increase and improve protection and sustainable use of natural resources, principally forests, biodiversity, and freshwater and coastal ecosystems.

Background: Functioning ecosystems are both products of sustainable development and critical elements of its attainment. The world's biological diversity, in particular, is under threat; in many countries, loss of habitat is fueling plant and animal species losses. The need for farm land by expanding populations is resulting in pressures to clear forests, while urban settlement, mining, and over-fishing are destroying coastal marine habitats and aquatic species. Environmental degradation increases health risks, while degrading terrestrial and aquatic ecosystems.

USAID Role and Achievements to Date: USAID supports one of the largest and most comprehensive biodiversity and natural resources conservation efforts of any bilateral donor, with actions carried out in more than 60 countries over the past 8 years. USAID has made a number of important contributions toward safeguarding biological diversity, particularly in improving the management of protected areas and strengthening national conservation policies. USAID has helped establish and strengthen public and private environmental institutions and management capacity in protected areas, fostering innovative public-private partnerships and establishing mechanisms for long-term conservation financing. USAID has seen particularly strong success in protected areas management, policy reform, community management of natural resources and in fostering effective public-NGO partnerships.

Description: The Sustainable Living Resources objective includes natural resources and biodiversity conservation and improved management of protected areas, natural forests, freshwater and coastal ecosystems and improved environmental education.

Host country and other donors: Host country capacity for sustainable natural resources management is being improved, and USAID is working in partnership with other multilateral and bilateral donors in developing conservation strategies, and National Environmental Actions Plans (NEAPs). USAID leverages increased investments and commitments in sustainable natural resources management from countries, donors and the private sector.

Beneficiaries: Local communities benefit from more effectively managed and protected natural resources. Local NGOs are strengthened, and their capacity and effectiveness increased. Government capacity to manage natural resources and formulate and implement effective policies is improved, while threats to global biodiversity loss and climate change are reduced, with benefits to developing and developed countries alike.

Principal contractors, grantees or agencies: USAID implements natural resources management activities through U.S. and host country NGOs, private non-profit organizations, for-profit consulting firms, other private industrial companies, and other U.S. government agencies (principally U.S. Peace Corps, U.S.D.A., Forest Service, U.S. Department of the Interior, and U.S. Department of Commerce-NOAA).

Major Results Indicators:

	Baseline	Targets
Rate of loss of natural habitat	1990 Forest Habitat Loss Rate	1% reduction in deforestation (1998)
Area under official protection	1990 protected areas benchmark	1% increase (1998)
Water withdrawals as a percent of available water	1990 water use/availability ratio	Rate of increase slowed (1998)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Sustainable urbanization including reduced pollution and more environmentally sound urbanization in key areas, 936-S002 (ENV)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $8,500,000 DA
INITIAL OBLIGATION: FY 1988; **ESTIMATED COMPLETION DATE:** Continuing

Purpose: To strengthen the capacity of host country governments to deliver more efficient, effective and equitable environmental services and to implement pollution management programs for cleaner, healthier cities.

Background: Like climate change and loss of biodiversity, urbanization is a global phenomenon that will shape the quality of life for most of the world's population in the 21st Century. By the year 2025, an estimated 5 billion people, or 61% of the earth's population, will reside in cities. Despite many benefits associated with urbanization, the consequences of poorly managed urban growth can extract a heavy toll, especially in terms of human health and environmental degradation. Of an estimated 5 million children who die annually of diarrheal diseases, the majority come from poor urban families. One billion poor people lack access to safe drinking water. Nearly all sewage generated by cities in developing countries is discharged without treatment into nearby bodies of water. Improving service delivery and reducing pollution from urban-based activities leads directly to healthier and more productive human communities and natural ecosystems.

USAID Role and Achievements to Date: USAID provides technical assistance and facilitates the exchange of U.S. cities' expertise to improve host country ability to resolve financial management and technical problems. In the Czech Republic, the Urban Environmental Credit Program financed loans to construct water supply and waste water treatment plants. In Asia, the Near East and Latin America, the program supported policy changes for cleaner industrial production methods and work directly with key industrial sectors to prevent pollution and to create a demand for pollution prevention services.

Description: Improved service delivery is accomplished by building local capacity to plan, finance, operate and maintain services for potable water supply, sanitation and solid waste collection and disposal. Strategic interventions focus on enabling legislation to allow local governments to set utility rates and mobilize resources for infrastructure development. Pollution prevention and control are achieved by working with polluters to perform environmental audits and with ministries to establish environmental standards and compliance programs. Demonstration projects in selected cities serve as regional resources for replicating successful activities in other municipalities.

Host country and other donors: USAID works in partnership with municipal officials, national water/sewer authorities, service delivery practitioners, NGOs and the private sector to implement its activities. Within the donor community, USAID works closely with lending institutions (World Bank, regional development banks and private commercial banks) to improve access to long-term financing as well as with organizations like UNCHS and WHO on research and information dissemination activities.

Beneficiaries: Beneficiaries include residents of low-income urban neighborhoods, especially women and children.

Principal contractors, grantees or agencies: USAID will implement these activities through host country-based NGOs, host country municipal-level government institutions, and through private U.S. organizations.

Major Results Indicators:

	Baseline	Targets
Access to safe drinking water (% of urban population)	Baseline per key country	Target (% increase) per key country
Adherence to international environmental management standard (% of industries)	Baseline per key country	Target (% increase) per key country
Access to sanitation (% of urban population)	Baseline per key country	Target (% increase) per key country

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased environmentally sound energy production and use in key geographic areas, 936-S003 (ENV)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $17,000,000 DA
INITIAL OBLIGATION: FY 1982; **ESTIMATED COMPLETION DATE:** Continuing

Purpose: Increase sustainable energy production and use in USAID-assisted countries, encompassing energy efficiency, renewable energy, and improved policies and markets for private investment.

Background: Energy is critical for economic and social development. Energy fuels development in agriculture, industry, communications, health and transportation. It is fundamental to rural and urban development. Yet, over 2 billion people in developing countries lack access to adequate energy services. In much of the developing world, power shortages decrease GDP by up to $1 for every kilowatt that energy demand exceeds supply. Energy production and use also pose significant threats to environmental stability and public health. The energy sector produces over 50% of global greenhouse gas emissions. Over 1 billion people are vulnerable to respiratory diseases caused by severe indoor air pollution, soot and smoke; an estimated 4 million children die per year from acute respiratory infections. USAID programs increase the supply of environmentally sound energy services through policy and regulatory reform to promote private investment, commercialization and use of renewable energy technologies, increased efficiency of energy generation and use, and application of clean energy technologies. A key element of USAID's strategic approach is to enlist the private sector in helping meet the needs of the developing world.

USAID Role and Achievements to Date: USAID has been critical in increasing private participation in the power sectors of developing countries, opening a $50 billion industry to U.S. investment. USAID has increased the financing for and helped commercialize clean, efficient and renewable energy technologies. USAID has trained thousands of developing-country energy professionals in demand side management, integrated resource planning, and other vital tools and techniques. Hundreds of thousands of people throughout the world have access to energy as a result of USAID efforts.

Description: Three results fall under this strategic objective: (1) increased renewable energy use, (2) increased energy efficiency, and (3) cleaner energy production and use. Specific activities are planned under each result.

Host country and other donors: Multilateral development banks (MDBs) provide a great deal of funding for traditional power generation projects. Bilateral assistance programs provide some support for renewable energy and energy efficiency projects. Significant opportunities exist for small-scale, high-return projects that promote environmentally sound energy generation and use.

Beneficiaries: Environmentally sound energy generation is critical to economic development, poverty alleviation, and human health in urban and rural areas. USAID-supported programs benefit all segments of society. Rural electrification brings electricity to rural poor; urban populations benefit from decreased pollution; and workers benefit from increased economic growth, job creation, and improved industrial infrastructure. A global environmental benefit is accrued from a decrease in the rate of growth in net greenhouse gas emissions.

Principal contractors, grantees or agencies: USAID implements energy programs through private, non-profit organizations, technical companies, U.S. and host country NGOs, host country government agencies, and U.S. trade associations. USAID also collaborates with other U.S. government agencies (principally the U.S. Department of Energy, the U.S. Environmental Protection Agency, and U.S. Department of Commerce).

Major Results Indicators:

	Baseline	Targets
Energy Intensity (commercial energy consumption/GDP)	current energy intensity in key countries	1% decrease (1998)
Share of electricity generation from renewable sources	current share in key countries	0.1% increase (1998)
Increased private investment in energy	current share in key countries	2% increase (1998)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Decreased threat of climate change, 936-S004 (ENV).
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY1998: $2,000,000 DA
INITIAL OBLIGATION:FY 1997; **ESTIMATED COMPLETION DATE:** Continuing

Purpose: Decrease the threat of global climate change through assistance to USAID-assisted countries encompassing efforts to decrease growth in net greenhouse gas emissions, and decrease vulnerability to the potential impacts of climate change.

Background: Consensus is building that greenhouse gas emissions are causing dramatic changes in the world's climate. A general warming trend is occurring simultaneously with more frequent fluctuations in climate and severe weather events such as hurricanes and droughts. The expected impact of global climate change will be the inundation of low-lying lands, destruction of ecosystems, agricultural disruption and increases in vector-borne diseases. Industrialized countries are presently the most significant emitters of greenhouse gases (GHGs), but the rate of growth in developing country GHG emissions is accelerating. Between 1990 and 1995, developing country emissions grew at more than two times the rate of emissions in developed countries. The World Energy Council expects that developing nations will account for 50% of global carbon dioxide emissions by 2020.

USAID Role and Achievements to Date: USAID programs help developing nations meet the requirements of the Framework Convention on Climate Change, and decrease net emissions through energy, solid waste, transportation and forestry sector programs. USAID programs have increased the availability of clean, efficient, and renewable energy technologies, and helped nations assess, protect and more sustainably utilize their forestry resources. USAID activities have also helped developing nations participate in the international negotiation process and facilitated national climate change action planning.

Description: The primary result of this strategic objective is a decreased rate of growth in net greenhouse gas emissions.

Host country and other donors: The Global Environment Facility provides significant funding for climate friendly projects. Bilateral assistance programs promote some climate change-related activities related to joint implementation and national action planning. Significant opportunity exists for sectoral projects to mitigate and sequester greenhouse gas emissions and adapt to the threat of climate change.

Beneficiaries: Decreasing the threat of climate change offers the opportunity to promote clean technologies that improve forest resource management, energy generation and use, and human health. Locally, decreasing the threat of climate change will help prevent flooding, loss of agricultural productivity, and the emergence of disease and droughts. A significant global benefit is accrued by staving off the threat of climate change.

Principal contractors, grantees or agencies: USAID implements global climate change programs through private, non-profit organizations, U.S. and host country NGOs, host country government agencies, and U.S. trade associations. USAID also collaborates with other U.S. government agencies (principally the U.S. Department of Energy, the U.S. Environmental Protection Agency and the U.S Department of State.

Major Results Indicators:

	Baseline	Targets
Rate of growth in net greenhouse gas emissions	current growth rate	5% decrease in rate of growth in key countries
Rate of deforestation	current rate in key countries	10% decrease
Energy intensity	current energy intensity in key countries	1% decrease

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Better access to finance, technology, and information for microenterprises and small businesses, 936-S001 (EG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $6,300,000 DA*
INITIAL OBLIGATION: FY 1994; **ESTIMATED COMPLETION DATE:** FY 2005

Purpose: To promote the expansion and effectiveness of microenterprise and small business services in facilitating the entrepreneurial activities of the poor, especially women.

Background: Microenterprises provide important means for increasing rural and urban incomes and providing jobs for a majority of the non-agriculture work force in developing countries. Traditionally, these microenterprises and many of the small businesses have been excluded from access to financial and other services.

USAID Role and Achievements to Date: Central programs have the leading role in implementing USAID's Microenterprise Initiative and many of the small business programs. The bulk of the funding for this initiative have been through U.S. PVOs. Under the Implementation Grant Program (IGP), $24.2 million was awarded to 16 U.S. PVOs for microfinance work with their local partners in over 17 countries. The PRIME Fund, a mission co-financing fund, approved $16.3 million for 20 USAID missions to work with over 47 nongovernment organization (NGO) implementors. MicroServe, a field support mechanism, provided technical leadership to six USAID missions, while AIMS (Assessing the Impact of Microenterprise Services) initiated applied research work in three countries to measure the impact of the Agency's microenterprise efforts. The Microenterprise Best Practice (MBP) program has produced one concept paper and initiated six others as part of its mandate to expand the knowledge base of the microenterprise field. Over 1,500 technical assistance and business development services are provided by the International Executive Service Corps annually, and 170,000 annual Appropriate Technology International (ATI) recipients generate annual income approximately 3 times the level of funding provided by ATI.

Description: There is a three-part strategy for achieving this program: (1) direct funding of local lending institutions seeking to be self-sustaining; (2) strategic (field) support with funding, training and technical services to ensure USAID microenterprise and small business programs apply the best practices; and (3) technical leadership to both increase our ability to measure the impact of microenterprise services and conduct research and development to solve key problems in microenterprise development, widely disseminating these solutions.

Host country and other donors: Host country institutions and other donors will provide facilities, staff, and financial resources to promote microenterprise and small business development.

Beneficiaries: Microentrepreneurs and small businesses gain greater access to financial services and technical assistance through the expansion and strengthening of local institutional capacity.

Principal contractors, grantees or agencies: USAID implements the activity's components through private non-profit organizations, contractors, U.S. universities and host country NGOs.

* Excludes $30 million to be transferred from Regional Bureaus.

Major Results Indicators:

	Baseline	Targets
Number of microloans of which more than 1/2 are made to women by financially sustainable institutions	80,000 (FY 1996)	157,000 (FY 1997) 250,000 (FY 1998) 320,000 (FY 2000)
Number of micro and small businesses receiving access each year to technical assistance	5,200 micro and small businesses (FY 1996)	10,000 micro and small businesses (FY 2000)
Increased capacity of USAID and its development partners to undertake small and microenterprise development programs	35 institutions (FY 1995)	45 institutions (FY 1997) 50 institutions (FY 1998) 65 institutions (FY 2000)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Enhance global food security, 936-S002 (EG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $50,000,000 DA
INITIAL OBLIGATION: FY 1968; **ESTIMATED COMPLETION DATE:** FY 2005

Purpose: To foster and promote scientific, economic and agribusiness linkages between U.S. and LDC institutions/private enterprise for improved worldwide food security.

Background: Food security is a major problem in many parts of the world today. Seven hundred million people are undernourished and do not have sufficient food to lead healthy, productive lives either because food is not available or they do not have the means to procure sufficient food. In the next 30 years, world food production will have to double. This will have to be accomplished with decreasing areas of prime agricultural lands and increased pressures to conserve and enhance natural resources.

USAID Role and Achievements to Date: USAID supports bilateral programs, International Agricultural Research Centers (IARCs), and Collaborative Research Support Programs (CRSPs). Significant contributions include: (1) Development of new technologies and higher-yielding, disease-resistant crop varieties (e.g., cassava, beans, millet) which are used by poorer farmers in developing countries to increase incomes while at the same time improving nutrition and food availability to low-income families. These advances are also important to U.S. agriculture. Currently, two-thirds of the wheat and one quarter of the rice acreage in the United States use wheat and rice varieties developed by the IARCs; (2) Agricultural policy changes and assistance to commercial enterprises have increased incomes in developing countries and at the same time expanded U.S. exports. For example, the International Fertilizer Development Center, based in Alabama, conducted research in Latin America which led to a U.S. company's exporting approximately 100,000 tons of rock phosphate per year to that region. The use of the fertilizer resulted in approximately $120 million per year in increased food production. USAID assistance is also leading to policy interventions to protect the groups most vulnerable to drought or other instability (such as early warning systems to monitor food insecurity); and (3) USAID supports research and technology dissemination which is generating alternative technologies to alleviate tropical deforestation, desertification and biodiversity loss. Major advances are occurring in the management of soil fertility and water resources through integrated use of improved crops, livestock and multi-purpose trees. Once fertile savanna lands in Latin America and Africa are now being productively managed, resulting in reduced pressure on more fragile, biodiversity-rich tropical forests. This biodiversity is often the basis for integrated pest management programs; parasitic wasps from Latin America are being used, with USAID's support, to protect Africa's cassava crop from destructive pests, saving hundreds of millions of dollars per year in losses, reducing pesticide use and helping to assure a plentiful supply of low-cost food for the poor.

Description: This USAID program will focus on three major activities: (1) to develop productivity-increasing technologies; (2) policy reforms and commercial enterprises; and (3) agricultural practices which enhance long-term conservation of natural resources.

Host country and other donors: This program is carried out in the developing countries and in the United States. Other donors to the program are U.S. universities (25% matching), host countries and, for the IARCs, other donor countries such as Japan, Switzerland, and Australia.

Beneficiaries: The 1.1 billion people who live in absolute poverty and the 700 million people who are undernourished. Additional beneficiaries of this program are U.S. agricultural producers, manufacturers, marketers and transporters.

Principal contractors, grantees or agencies: USAID implements these activities primarily through grants and subgrants to U.S. universities, the U.S. Department of Agriculture, PVOs, private enterprises and the World Bank. The World Bank passes the funds to various IARCs.

Major Results Indicators:

	Baseline	Targets
Percent of undernourished individuals in World declines	13% in 1995	11.5% in 2005
Percent of individuals in absolute poverty (less than $1 day) declines	20% in 1995	18.5% in 2005
Natural resources conserved -- biodiversity collections increased 1% annually	206,000 in 1995	227,000 in 2005
Soil conservation and continuous productive cropping reduces losses of tropical forests	1.76 billion hectares tropical forest in 1995	1.76 billion hectares tropical forest in 2005

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Enhance USAID effectiveness in assisting developing nations to undertake appropriate economic policy and institutional reforms, 936-S003 (EG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $4,700,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2006

Purpose: To support broad-based, sustainable economic growth by providing intellectual leadership and access to technical resources to address the broad range of economic policy and institutional constraints at the macro, sectoral and activity levels.

Background: Economic growth is the foundation for sustainable development. It helps reduce poverty and provides essential resources for stabilizing population growth and protecting human health and the environment. There is now a consensus that sustainable economic growth must be built on a free and open economy paced by the private sector. Serious policy and institutional challenges remain in a world where a fifth of the developing countries' population do not have enough food to eat, a quarter lack access to safe drinking water, and a third live in abject poverty.

USAID Role and Achievements to Date: Most USAID programs have been relatively modest compared with investments by developing countries themselves and by multilateral development banks. Nonetheless, USAID can take credit for progress in countries where economic growth has been a major element of its strategy. Where assistance concentrates on a particular sub-sector or issue, such as privatization, an even larger share of results can be attributed to U.S. assistance. USAID programs strengthen the contribution of markets to economic growth by improving their efficiency and performance. For example: the reform of policies and institutions in Central America helped reverse sharp economic declines in the 1980s; in Africa decontrol of prices, relaxation of trade controls and elimination of monopolies resulted in increased efficiency; and, in Russia and ENI helping to redesign and implement privatization programs has resulted in increased investment and employment. During FY 1996, important steps were taken in developing countries to strengthen the foundations for further privatization initiatives. In the Southern Africa region, for example, regionalization of capital markets has facilitated intercountry trade. USAID privatization initiatives in the transition economies included developments in social sector reforms, such as increasing the role of the private sector in managing and financing the state pension in Poland.

Description: This activity is the sole source of centralized research and field support for economic and institutional reform. Working with USAID Missions and host country counterparts, central programs seek: (a) improvements in efficiency and competitiveness of national and local economies, (b) expanded access to economic opportunity for the poor, and (c) increase the integration of USAID-assisted countries into a rapidly globalizing economy. In order to achieve these strategic priorities, programs are concentrated in five areas: (1) economic policy reform, (2) privatization, (3) legal and institutional reform, (4) financial sector development, and (5) general business, trade and investment.

Host country and other donors: Host countries will provide facilities, staff and financial resources.

Beneficiaries: All citizens in USAID-assisted countries benefit from increased opportunity and access as economies reform.

Principal contractors, grantees or agencies: Coopers & Lybrand, KPMG/ Barents Group, University of Maryland, International Center for Economic Growth, Harvard Institute for International Development, and others to be determined in a competitive procurement to be completed in January 1997.

Major Results Indicators:

	Baseline (FY 1995)	Targets (FY 1998)
Policies, institutions. or host govts' agendas changed by USAID-attributed assist. to promote positive economic growth	50 institutions impacted in: Financial Sector, Macro Econ. Reform, Privatization Legal and Reg., Small Bus. and General Bus.	100 institutions impacted in: Financial Sector, Macro Econ. Reform, Privatization Legal and Reg., Small Bus. and General Bus.
USAID-financed studies utilized by host country governments promoting poverty reduction through economic growth	4 Policy Studies	10 Policy Studies

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Rule of Law -- Strengthened legal systems which promote democratic principles and protect human rights, 936-S001 (DG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $2,600,000
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: Strengthen legal systems which promote democratic principles and protect individual rights.

Background: A predictable legal environment, with an independent fair and effective judicial system, is essential for the protection of citizens against the arbitrary use of state authority and the lawless acts of both organizations and individuals. Human rights provide a framework for citizens to interact with each other and with the state.

Strengthening the rule of law abroad supports the security and economic interests of the United States. Terrorism, counterfeiting, drug trafficking, money laundering and refugee flows can only be fought where there is a sound rule of law. Moreover, laying the foundation for equal and predictable legal systems benefits U.S. citizens and corporations by promoting growth in international trade and investment markets.

USAID Role and Achievements to Date: USAID was the first principal donor to engage in the area of the rule of law, and is the leading major donor addressing human rights. Achievements include judicial reforms in Latin America and foundation building for market-oriented legal systems in the former Soviet Union and Eastern Europe. USAID support for reforms in judicial independence, the protection of human rights, criminal, civil and commercial law and procedure, constitutional development, access to justice, and the professionalization of lawyers, judges, prosecutors and police is producing results. As USAID consolidated gains, lessons learned are being shared to advance the state of the art and to increasingly leverage other donor investment.

Description: USAID's Rule of Law Program over the next three years will consolidate efforts across three main foci: 1) administration of justice (AOJ), 2) legal reform, and 3) access to justice. AOJ objectives include reducing impunity and streamlining judicial procedures. Legal reform objectives include the incorporation of basic due process guarantees within a legal and constitutional framework and market oriented commercial and civil procedures. Access to justice supports the protection of legal rights for disfranchised groups including the poor, women and other minorities, building constituencies for reform, and alternative dispute resolution. USAID supports research and provides technical leadership to help achieve this strategic objective.

Host country and other donors: Other donors include the World Bank, the InterAmerican Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the EU and UNDP as well as numerous bilateral donors. The World Bank is building on USAID work in Russia, and along with the InterAmerican Development Bank is preparing major new initiatives in judicial reform in Latin America.

Beneficiaries: Citizens will benefit directly from more efficient, effective and equitable legal systems.

Principal contractors, grantees or agencies: Program activities are implemented largely through private sector contractors and not-for-profit entities. Working relationships with the Department of Justice and Federal Judiciary are being expanded and increasingly formalized. USAID recently facilitated, and the U.S. Supreme Court hosted, the first-ever Judicial Summit of the Americas. An Association of Supreme Courts has been formed as a result, and a permanent forum for dialogue has been instituted.

Major Results Indicators:

	Baseline	Targets
Justice sector institutions which guarantee due process and resolve disputes in an impartial manner.	TBD	Countries with improved case tracking systems
Citizens access to justice expanded	TBD	Countries with Improved models for alternative dispute resolution
Increased conformity with international human rights	TBD	New networks of human rights groups sharing methodologies and approaches

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TBD = To be determined

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Elections and Political Processes -- Increased open and participatory elections and political processes which reflect the will of the people, 936-S002 (DG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $2,700,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To help citizens in USAID countries express their political will through free and fair elections and responsive political parties.

Background: Free and fair elections are integral to a functioning democracy. Until recently, few attempts were made to assist key electoral processes in the developing world. In the face of massive political changes during the last ten years, the U.S. has supported elections as a catalyst for democratic transitions. Latin American countries have consolidated improved government practices by engaging in open political participation. In Africa, aging regimes dating from colonial independence have given way as demand for multi-party states emerged. Since the collapse of the Soviet Union, elections in many successor nations have helped strengthen nascent democratic institutions.

USAID Role and Achievements to Date: USAID efforts have increased citizen access to and participation in free and fair elections in a number of new democracies as well as in several countries where elections have fortified democratic processes. Over the past year, USAID mission and regional programs have been successful in supporting crucial elections in Bosnia, Nicaragua, Madagascar, Albania and the Dominican Republic, and in consolidating gains in Mongolia. USAID has recognized that transitioning democracies provide unique opportunities for increasing women's political participation and representation and assists women worldwide to fully participate in elections and political processes.

Description: USAID assists efforts in administering elections in an impartial and professional manner. USAID is training local organizations to monitor elections and to educate voters about their responsibilities, providing assistance to increase effectiveness and democratization of political parties, and training newly-elected legislators. All programs seek to ensure the full participation of women in the political process as both participants and representatives. The focus of USAID efforts is increasingly on the long-term institutionalization of appropriate political procedures through the strengthening of sustainable local capacity.

Host country and other donors: Bilateral donors provide technical assistance, commodities, and election observers. The United Nations is providing large-scale electoral assistance on a selective basis. USAID narrows electoral support to target areas that will complement UN or other donor efforts. The National Endowment for Democracy complements long-term USAID programs by working on grassroots civic education, political party training, and legislative strengthening through short-term programs.

Beneficiaries: The citizens who benefit directly from interventions which expand suffrage, provide free and fair elections including free assembly and free speech, and broaden political participation.

Principal contractors, grantees or agencies: USAID supplies assistance to election commissions, NGO monitoring and voter education groups and political parties primarily through a Cooperative Agreement structure with the International Republican Institute (IRI), the National Democratic Institute (NDI) and the International Foundation for Election Systems (IFES) under the CEPPS.

Major Results Indicators:

	Baseline	Targets
Competent and autonomous electoral commissions	TBD	Increase in number of elections carried out in a free and fair manner
Citizens', particularly women's, participation	TBD	Higher voter turnout, esp. among women
Representative democratic political parties	TBD	Increased number of political parties which represent constituents and conduct effective political activities in a fair and democratic manner

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TBD = To be determined

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Civil Society -- Increased effectiveness of citizens' interest groups which promote pluralism and contribute to responsive government, 936-S003 (DG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $6,500,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: Strengthen the capacity of civil society organizations to advocate and consolidate political reforms in the transition to democratic governance.

Background: Civil society is emerging as a major pro-democratic force in countries which still suffer from a legacy of authoritarian government. These pro-reform groups are composed of religious leaders, human rights groups, business and labor federations, women's and environmental activist organizations, legal activists and civic groups of many other kinds. They are at the forefront of pressuring for the initiation and consolidation of democratic reforms. USAID supports these groups in the interest of wider citizen participation in policy formulation and greater transparency and accountability within the institutions of government. The goal is to enhance political stability and create an environment conducive to broad-based economic investment and growth.

USAID Role and Achievements to Date: USAID is directing resources to civil society advocacy groups in an effort to enhance their capacity to effectively mobilize citizen support for political and economic reforms. This includes the strengthening of skills for the engagement of government authorities, political leaders and the media in constructive dialogue on national reform issues; pressuring for the passage of constitutional, legal and institutional reforms; and, expressing demands for government and citizen compliance with the rule-of-law. USAID and its partners are also supporting reforms for liberalizing the enabling environment in which civil society organizations form and operate. USAID supports coalitions among disadvantaged sectors of society (women, labor, small agricultural producers, etc.) and civic organizations engaged in educating the public of the rights and responsibilities of citizens in a democracy. Civil society organizations have proven a useful instrument for USAID to promote consensus building in a society, integrate new groups into the political system, advocate reforms, and promote collaboration between the society and the state in specific policy areas.

Description: A grant to the American Center for International Labor Solidarity will assist labor movements in the developing world to organize in advocating democratic reform and worker rights. Labor program activities will be carried out in 50 countries, both as country-specific and regional programs across Africa, Asia, and Latin America.

More broadly, institutional capacity building, sectoral support and networking services are provided to support indigenous civil society groups identified by USAID missions abroad as key players in country reform movements. Capacity building includes organizational planning and management, policy formulation, and participatory approaches and methodology.

Host country and other donors: Many donors support civil society activities, including major foundations such as the Ford Foundation and The Asia Foundation. The German Frederick Ebert Stiftung is supporting labor union development.

Beneficiaries: The ultimate beneficiaries are the citizens who experience more responsive, democratic governments with greater safeguards and more meaningful participation in policy decisions and their implementation.

Principal contractors, grantees or agencies: Three regional institutes of the AFL-CIO are current grantees. International free labor development programs sponsored by the AFL-CIO and assisted by

USAID are proposed to be consolidated under the newly organized American Center for International Labor Solidarity in 1997.

Management Systems International and World Learning Incorporated, and NGO, have been awarded contracts for identification and assessment of best practices in civil society development and subsequent program design for replication.

Major Results Indicators:

	Baseline	Targets
Free and functioning labor sector	TBD	Increased trade union participation
Independent and effective civil society	TBD	Greater political impact of organizations

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TBD = To be determined

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Governance -- Increased transparency, accountability, and participation in governmental systems, 936-S004 (DG)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $1,600,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To assist in the development of democratic governmental institutions and systems that are more transparent and accountable, and which allow for greater citizen participation.

Background: The behavior of the state sector, or state institutions, can support or undermine developmental and democratic processes. A state sector that performs effectively and efficiently, that respects ethical standards, that consults broadly to ascertain and respond to citizen interests, that acts in a transparent and open manner, and that achieves appropriate balance of power, authority, responsibility, and autonomy among various levels of action -- state, local, and individual -- will help build, strengthen and sustain democracy.

USAID Role and Achievements to Date: Demands for more efficient, less corrupt, and more transparent government services have grown significantly with the emergence of freely competitive political parties, wider media coverage, and more active participation by citizens. USAID is assisting countries to develop systems which are more open and accountable. Over the past year, USAID assistance helped enable businesses to influence government policy regarding tax reform in Mali, privatization and investment codes in Ghana, and capitalization regulations in Senegal; representatives from 12 countries participated in a USAID sponsored international conference on legislative modernization; and, with funding from USAID, the international NGO, Transparency International (TI), has been playing a key role with the Organization of American States in the adoption, ratification and implementation of the recently signed International Convention on Corruption.

Description: USAID provides models and technical assistance to facilitate indigenous reform of governmental institutions and policy related to: decentralization of government resources and authority; political reforms that reflect social, economic, and cultural demographics; increasing the scope and frequency of public hearings; repealing legislation and recalling public officials; checks and balances among branches of government; citizen participation in public expenditure and budget deliberations; and management by governments of policy dialogue and implementation.

Host country and other donors: Working relationships with the World Bank have been developed and collaborative initiatives with several international donors including Canada, the United Kingdom, and the European Union have been undertaken.

Beneficiaries: Host country citizens will benefit from the improved delivery of public goods and services typically provided by responsive governments.

Principal contractors, grantees or agencies: Management Services International provides technical assistance to facilitate policy change through a contract with USAID. A number of other profit, non-

profit and university organizations are engaged under contracts and cooperative agreements.

Major Results Indicators:

	Baseline	Targets
Public institutions administered in more effective and democratic manner	TBD	• Public review and debate of government use of resources *Transparent and participatory deliberative processes • Demand/response relationship between civil society and government • Civilian control of military

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TBD = To be determined

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Improved economic status of women in Latin America and the Caribbean, Asia and the Near East, and Africa, 930-S001 (WID)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $1,440,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To improve the economic status of women in Latin America and the Caribbean, Asia, the Near East, and Africa.

Background: The economic situation of women is of great importance in all regions of the world. Although women's economic activity is high and growing, they are disproportionately unemployed and underpaid. Over 70% of these women live in the developing regions of Asia, Africa, and Latin America, and their number has nearly tripled since 1950. Improvements in the economic situation of women are critical for the large numbers of women now living in poverty. Women now constitute 60% of the rural poor, and significant numbers of households are maintained by women alone.

USAID Role and Achievements to Date: Through its field missions, regional bureaus, and Global Centers, USAID is addressing economic growth issues with a focus on supporting improvements in the economic status of women. Progress continues to be made in achieving the target 10% improvement in the economic status of women in 15 targeted areas in these regions within this period. Currently work is underway with NGOs in Sri Lanka, India and Mexico to address women's participation in economic production; their role in development; and to identify the resources, skills and training they need to enhance their productivity. Research is also underway in South Africa, Zimbabwe, Ethiopia and Bangladesh to examine the relevance of intrahousehold resource allocation patterns and models for formulating and implementing development. Work is also underway in the Ukraine to strengthen the long-term organizational capacity of West NIS women's NGOs and enterprises to participate equitably in the transition process. Other likely targeted countries are: Bolivia, El Salvador, Guatemala, Peru, Cambodia, Morocco, Nepal, Jordan, Ethiopia, Malawi, Niger, South Africa, and Tanzania. Country selections were based on (1) the status of women with regard to economic participation, education and legal situation and (2) opportunities for improving the situation of women through USAID activities in those countries.

Description: USAID focuses on five women-in-development activity areas: (1) support to develop nongovernment organization (NGO) capacity to focus on the role of girls and women in their programs, (2) support for high-quality applied research on girls' and women's roles and status, (3) communications and information dissemination focused on girls' and women's roles, (4) development of professional expertise on girls' and women's roles, and (5) support for a variety of technical assistance activities designed to improve the extent to which USAID programs address gender considerations.

Host country and other donors: USAID collaborates with other donors, including the Development Assistance Committee of the Organization for Economic Cooperation and Development and other coordinating bodies.

Beneficiaries: Women in developing countries who improve their economic status as a result of USAID's programs.

Principal contractors, grantees or agencies: Private, for-profit and nonprofit companies, and U.S. and host country NGOs.

Major Results Indicators:

	Baseline	Targets
Women's employment	Current employment rates	10% increase in 15 target areas (FY 2003)
Women's income	Current incomes	10% increase in 15 target areas (FY 2003)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Improved educational opportunities for girls in South Asia and Africa, 930-S002 (WID)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $2,340,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To improve the educational opportunities for girls in South Asia and Africa.

Background: Girls' educational opportunities in most developing countries are limited, both in absolute terms and relative to those of boys. The educational status of girls is comparable to that of boys in most countries in Latin America and East Asia. However, significant disparities exist in other developing regions and are most striking in South Asia and Africa.

USAID Role and Achievements to Date: Over half of all USAID missions in South Asia and Africa are focusing on improvements in the educational opportunities of girls. USAID has launched the Girls' and Women's Education Initiative announced by the First lady at the UN Social Summit in Copenhagen. Emphasis countries are: Egypt, Mali, Morocco, Guinea, Ethiopia and Guatemala. In India, a teacher training module is being developed, tested and implemented in the selected districts of Uttar Pradesh focused on specific instructional practices and school interactions that increase girls' formal primary school attendance, retention, and completion. Progress continues to be made in achieving the target 20% increase in girls' educational opportunities in six targeted areas during this period. Countries' selection was based on (1) the status of women with regard to economic participation, education, and legal situation in those countries and (2) opportunities for improving the situation of women through USAID activities.

Description: USAID focuses on five women-in-development activity areas: (1) support to develop nongovernment organization (NGO) capacity to focus on the role of girls and women in their programs, (2) support for high-quality applied research on girls' and women's roles and status, (3) communications and information dissemination focused on girls' and women's roles, (4) development of professional expertise on girls' and women's roles, and (5) support for a variety of technical assistance activities designed to improve the extent to which USAID programs address gender considerations.

Host country and other donors: USAID collaborates with other donors, including the Development Assistance Committee of the Organization for Economic Cooperation and Development and other coordinating bodies.

Beneficiaries: Girls in South Asia and Africa.

Principal contractors, grantees or agencies: Private, for-profit and nonprofit companies, and U.S. and host country nongovernmental organizations.

Major Results Indicators:

	Baseline	Targets
Girls' primary and secondary enrollment rates	Current enrollment rates	20% increase in 6 target areas (FY 2003)
Girls' primary and secondary completion rates	Current completion rates	20% increase in 6 target areas (FY 2003)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Improved women's legal and property rights and Increased participation in governance and civil society in all regions -- with an emphasis on legal rights in Eastern Europe and the New Independent States, and civil society in Latin America and the Caribbean, 930-S003 (WID)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $2,520,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To improve women's legal and property rights and to increase participation in governance and civil society in all regions---with an emphasis on legal rights in Eastern Europe and the New Independent States, and civil society in Latin America and the Caribbean.

Background: Limitations on women's legal and property rights and participation in governance and civil society are widespread in developing and transitional countries. In many countries literacy requirements for voting disproportionately affect women, who are less likely to be literate than men. Women's membership in local cooperatives, associations, and labor unions is relatively low. Legal restrictions on women's ownership of land and other property are common, and laws often support inheritance patterns that favor men.

USAID Role and Achievements to Date: Through its field missions, regional bureaus, and Global Centers, USAID is focusing on Democracy and Governance issues and the rule of law, a key area for women's legal rights. The Agency has launched a Women's Legal Rights Initiative that was announced at the Fourth World Conference on Women in Beijing. Work is also underway in Russia, Ukraine, Poland the Philippines and South Africa to illuminate women's experience in civil society, to develop and promote women's political rights, and to enhance their participation in political processes and policy-making. Therefore, progress continues in achieving the target 20% improvement in women's legal rights and participation in governance and civil society in 15 areas during this eight years period. Other countries under review are: Bolivia, Peru, Ethiopia, Malawi, Niger, Africa, Tanzania, Bangladesh, Cambodia, India, Nepal, and Jordan. Selections were based on (1) the status of women's economic participation, education, and legal situation and (2) opportunities for improving the situation of women through USAID activities in those countries.

Description: USAID focuses on five women-in-development activity areas: (1) support to develop nongovernment organization (NGO) capacity to focus on the role of girls and women in their programs, (2) support for high-quality applied research on girls' and women's roles and status, (3) communications and information dissemination focused on girls' and women's roles, (4) development of professional expertise on girls' and women's roles, and (5) support for a variety of technical assistance activities designed to improve the extent to which USAID programs address gender considerations.

Host country and other donors: USAID collaborates with other donors, including the Development Assistance Committee of the Organization for Economic Cooperation and Development and other coordinating bodies.

Beneficiaries: Women in developing and transitional countries worldwide.

Principal contractors, grantees or agencies: Private, for-profit and nonprofit companies, and U.S. and host country nongovernmental organizations.

Major Results Indicators:

	Baseline	Targets
Knowledge of existing legal rights	Current knowledge	20% increase in 15 target areas (FY 2003)
Participation in governance and civil society	Current participation	20% increase in 15 target areas (FY 2003)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Support integration of gender Issues through USAID regional and country programs, 930-S004 (WID)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $2,700,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To support integration of gender issues through USAID regional and country programs.

Background: While USAID has selected several priority areas (i.e, economic growth, educational opportunities for girls, and Democracy and Governance and rule of law) for its efforts to improve the status of women in developing and transitional countries, opportunities exist in other areas throughout USAID regional and country programs.

USAID Role and Achievements to Date: USAID is supporting efforts to address gender considerations and improve the status of women. Progress continues to be made in providing technical support to 3-5 missions per region annually over this period. Technical assistance has been provided Uganda, Kenya, Bolivia, and the Central Asian Region, India, Jordan and Morocco to name a few. Future targeted missions are: El Salvador, Ethiopia, Malawi, Niger, Bangladesh, Cambodia, Nepal, Albania, Poland, Russia, Ukraine, and Kyrgyz Republic. Selections are based on (1) the status of women with regard to economic participation, education, and legal situation and (2) opportunities for improving the situation of women through USAID activities in those countries.

Description: Because few development assistance organizations include gender expertise among their requirements for staff expertise, the numbers of development professionals with experience in addressing gender considerations in projects, programs, and policies is limited. To develop this expertise, USAID will provide technical assistance to its missions. In addition, USAID will support a Fellows Program to establish a cadre of field-experienced, gender experts. USAID International Development Interns and USAID Presidential Management Interns will also contribute to this effort.

Host country and other donors: USAID collaborates with other donors, including the Development Assistance Committee of the Organization for Economic Cooperation and Development and other coordinating bodies.

Beneficiaries: Women in developing and transitional countries worldwide.

Principal contractors, grantees or agencies: Private, for-profit and nonprofit companies, and U.S. and host country nongovernment organizations.

Major Results Indicators:

	Baseline	Targets
Quality and quantity of technical support to Missions in all regions	5-6 Missions worldwide	3-5 Missions per region annually (FY 2003)

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Improved and expanded basic education and learning systems, 936-S001 (HCD)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $3,800,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: Technical Leadership and research for improved and expanded basic education in USAID-assisted countries.

Background: Basic education is essential to economic, political and social development. Effective support in early childhood is critical to successful learning. In the school years children and adolescents develop the knowledge, skills and expectations for lifelong learning. Basic education increases economic productivity and reinforces democratic, civil societies enabling them to communicate, participate and act effectively. Centrally-managed activities include administrative and policy reforms, improving learning outcomes, community education, and learning technologies.

USAID Role and Achievements to Date: USAID draws on over 30 years of experience in instructional technologies and distance education; teacher training and materials; adult and nonformal education; systems analysis supporting administrative and policy reforms; strategies to reach girls and rural and poor children; early childhood, family and community education; communication, public and civic education and social marketing in support of improved health, environmental protection and other development objectives.

Description: USAID provides research, global technical leadership and field support to its missions. Specific activities focus on the following objectives: improving policy analysis and monitoring of results, expanding and improving girls' and women's education, improving classroom practices and raising achievement, integration of services for young children, use of communications and learning technologies, and responses to education needs in crisis and post-crisis contexts.

Host country and other donors: USAID activities complement and support programs funded by USAID missions and implemented by host country, nongovernment organization partners and other donors. USAID is the recognized leader in basic education.

Beneficiaries: Primary beneficiaries are the children and adults receiving improved educations. Intermediate beneficiaries are institutions/organizations in USAID-assisted countries who draw on the technical and administrative capacities.

Principal contractor, grantees or agencies: Academy for Educational Development (AED), Creative Associates; Education Development Center, Florida State University; University of Pittsburgh, Harvard Institute for International Development; High/Scope Educational Research Foundation, Research Triangle Institute. Others to be determined.

Major Results Indicators:

	Baseline	Targets
Strategies, models, tools for formal and out-of-school learning developed and disseminated	ongoing development/dissemination	applications in 10 countries by 2005
Strategies, models, tools for effective use of education and communication technologies in learning systems developed and disseminated	ongoing development/documentation/dissemination	application in 12 countries by 2005
Strategies, models, tools adapted and applied within learning systems	strategies, models, tools adapted and applied within learning systems of 5 countries	applications within learning systems of 15 countries by 2005

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Improved continuing and higher education and training systems in support of Agency strategic objectives, 936-S002 (HCD)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $2,900,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: To provide technical, programmatic, and policy leadership and assistance in education, training, information technology, and workforce development through technical leadership, operational research, and the design and dissemination of models, materials, and systems for use by missions and central bureaus to achieve USAID strategic objectives.

Background: To assist developing countries to achieve sustainable development, USAID provides technical assistance, education and training for host country nationals. Human capacity-building activities provide the basis for a workforce with appropriate problem-solving skills. Missions and central bureaus need assistance in devising and adapting educational policy reforms, training and workforce models, and best practices from other locales. Through the establishment of higher education linkages and networks between U.S. and host country institutions of higher education, institutional capability is strengthened. All education and training programs support the sustainability of other USAID investments.

USAID Role and Achievements to Date: One of the Agency's largest investments in sustainable development is training. Our participant training program increases the skills of individuals and the effectiveness of their home organizations, at the same time as it supports America's leadership in international education. Our partnerships for education program establishes mutually beneficial and self-sustaining relations between overseas institutions of higher education and sister institutions in the U.S., to revitalize research, teaching and faculty development, often with private sector support. Our workforce development program improves human productivity and employment growth by establishing market-driven, innovative, and cost-effective training programs that meet the needs of employers and communities while building on the strengths of service-oriented community colleges and technical training centers. Our information technology program brings the expertise and entrepreneurship of America's telecommunications and information technology industries to bear on education and other sustainable development objectives overseas.

Description: In support of the goals of missions and central bureaus, a mix of continuing programs and short-term activities for technical assistance and leadership to improve the design and management of training and education programs will contribute to this objective.

Host country and other donors: USAID works closely with host country partners in devising and adapting human capacity activities and also collaborates with the World Bank and other donors on policy analysis, model identification and testing. USAID is recognized by other donors as the leader in training for development impact.

Beneficiaries: Host country individuals receive training to increase their skills and knowledge; host country organizations improve their effectiveness; U.S. higher education and training institutions and telecommunications industry build stronger international programs.

Principal contractors, grantees or agencies: USAID will implement programs and activities through U.S. institutions of higher education, private and non-profit companies, and host country institutions. U.S contractors include: African American Institute, AMEX International, Aguirre International, and over 300 others, as well as hundreds of colleges, universities and technical training centers.

Major Results Indicators:

	Baseline	Targets
Individuals with improved skills	10,000 per year in FY 1996	12,000 per year
University partnerships strengthened	42 partnerships in FY 1997	10 new partnerships per year
Workforce partnerships established	Concept developed in FY 1996, 5 initial activities in FY 1997	5 new workforce partnerships per year
Information linkages grow and telecommunications skills increased	Concept established in FY 1997. 400 telcoms trainees in FY 1996	5 new infotech-based programs per year; 500 trainees per year.

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Increased private voluntary organization capacity to achieve sustainable service delivery through Private and Voluntary Cooperation programs, 938-S001.1 (PVC)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $45,700,000 DA
INITIAL OBLIGATION: Varies by activity; see statistical annex.

Purpose: The Office of Private and Voluntary Cooperation (PVC) provides support to U.S. private voluntary organizations (PVOs) and cooperative development organizations (CDOs) to strengthen their capabilities and those of their local non-governmental organization (NGO) partners to achieve sustainable results through participatory, grassroots development activities in USAID priority sectors. PVC's Strategic Objective is "Increased Capability of PVO Partners to Achieve Sustainable Service Delivery." PVC achieves the objective through grants that support institutional strengthening and field-level activities of PVOs, CDOs and their local NGO partners, and through PVC's information, program support and public outreach activities.

Background: PVC's Strategic Objective is central to its mission of assisting U.S. PVOs in their capacity-building efforts, and is linked to USAID's commitment to work with PVOs/CDOs and local NGOs as development partners. PVC is well positioned to achieve this objective by continuing to guide and strengthen its PVO partners, having acquired considerable experience in institutional strengthening through grant programs and information functions that have been a mainstay of the USAID/PVO partnership since 1977.

PVC recognizes the importance of capacity building that must lead to results in terms of goods and services delivered at the community level. The external factors that will affect PVC's ability to achieve its objective include both time and resource constraints. Capacity-building is a complex, long-term process involving changes in human and organizational behavior which require sustained investments over time.

USAID Role and Achievements to Date: PVC's role is to support activities that lead to five intermediate results that are necessary to achieve the strategic objective: (1) better management systems and technical know-how in U.S. PVOs; (2) strong working partnership between U.S. PVOs and USAID; (3) strong partnership between U.S. PVOs and local NGO partners; (4) adequate financial resources mobilized, including matching USAID grants; and (5) increased public awareness of international development activities. Over the past 15 years, PVC has seen evidence of success in capacity-building, as PVOs and NGOs become more capable development partners, recognized as credible by all USAID offices, other donors, and host countries. For example, specific PVC support has resulted in the creation of professional microenterprise units in 8 PVOs that are sustaining vastly increased numbers of small loans. More than 25 PVOs have developed technically-rigorous child survival programs that deliver effective services and transfer skills to local health providers; most recently 2 PVOs have improved their traditional conservation programs by incorporating new approaches to sustainable resource management. These improvements in PVO capacity are reflected in concrete results for community members in host countries. For example, in the past decade, PVC's Child Survival Program has improved the health of an estimated 6,000,000 women and children. Last year, just one of the microenterprise activities supported by a PVC Matching Grant created approximately 700 jobs and benefitted an estimated 20,000 people.

Description: PVC administers five competitive grant programs that foster capacity building and system development and strengthening, and leverage private resources for development as a result of their cost-sharing requirements. Through the Matching Grant Program, PVC will support U.S. PVOs in their efforts to implement programs through structured partnerships with local organizations. The capacity of PVOs to design and administer sectoral programs will be enhanced, and support will be given to integrate cost recovery mechanisms into all programs. Through the Child Survival Grant Program, U.S. PVOs will continue to increase their technical competence and expand their coverage of basic child survival interventions, thus directly contributing to increased immunization rates and reduced incidence of diarrheal and other life

threatening diseases. This program increasingly supports the transfer of preventive health care technologies to local entities, both NGOs and Ministries of Health. The Cooperative Development Program will continue to enable U.S. cooperative development organizations to create or strengthen cooperative movements in developing countries and new democracies. The Ocean Freight Reimbursement Program will continue to meet some of the costs of shipping supplies to developing countries in support of development and humanitarian activities. For every Ocean Freight dollar spent by PVC, the PVOs leverage 17 dollars in private resources, mainly donated or purchased goods and supplies. This program has become a starting point for newly-registered PVOs as they learn to administer USAID-supported programs. The Development Education Program will continue to foster new partnerships and expanded networks to create opportunities for the U.S. public to understand international development.

Host Country and Other Donors: The United States is a leader among donors in support to PVOs and NGOs. Other donors include the World Bank and other multilateral development banks, the multilateral agencies (such as UNDP), the European Community and Japan. PVC works with other donors through the Advisory Committee on Voluntary Foreign Aid and by cooperating with the NGO Liaison Units of the multilateral development banks. The U.S. private sector also contributes substantially through individual, corporate, and foundation donations to PVOs. Increasing emphasis is also being placed on cost-recovery mechanisms at the local level.

Beneficiaries: The beneficiaries are people and organizations in host country communities, particularly in remote and underserved areas, who are affected by the programs of the 130 PVOs in PVC's portfolio.

Principal Contractors, Grantees, or Agencies: PVC activities are implemented through U.S. private voluntary organizations and cooperative development organizations.

Major Results Indicators: The indicators used to measure progress toward the Strategic Objective include measures at the level of capacity-building, service delivery, and sustainability. The PVC Strategic Plan was approved by USAID in September 1996 and the office is proceeding to establish baseline data and targets in relation to the following indicators:

Capacity Indicators

- Change in the average score of PVC-supported PVOs on an organizational capacity self-assessment instrument.
- Percentage of PVOs that are members of one or more PVO associations or formal networks.

Service Delivery Indicators

- Changes in extent and quality of service delivery in key sectors where USAID has invested through PVOs, e.g., change in percent of children immunized, or volume of credit provided to microenterprises.

Sustainability Indicators

- Percentage of PVC-supported PVO programs/activities that are sustained by other sources after USAID funding ends.
- Percentage of PVO programs in which there is cost recovery at the local level.

ACTIVITY DATA SHEET

PROGRAM: Central Program
TITLE AND NUMBER: Increased capacity of private voluntary and cooperative development organizations to enhance their Title II planning, implementation and evaluation capacities through Institutional Support Grants - 938-S001.2 (FFP)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $7,000,000 DA
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE**: FY 2003

Purpose: The Institutional Support Grant (ISG) program supports BHR/FFP's goal of: "Sustained improvement in household and agricultural productivity for vulnerable groups served by USAID food aid programs"; through its two strategic objectives - "increasing BHR/FFP partners' capabilities to effect and sustain access to food, improvements in household nutrition, and agricultural productivity for vulnerable groups participating in food aid activities" and "meeting critical needs of targeted vulnerable groups in emergency situations and contribute to the stabilization of post emergency societies". As a result of these activities, private voluntary and cooperative development organizations benefit from and increased capacity for Title II planning, implementation and evaluation.

Background: In the FY 1992 to 1997 period, BHR/FFP awarded over $24 million in ISGs to thirteen private voluntary organizations (PVOs) and cooperating development organizations (CDOs). Results of 1995 mid-term reviews demonstrated major accomplishments in the areas of improved management practices and organizational development. PVOs/CDOs strengthened both headquarters and in-country staff development through technical conferences, training workshops, and monitoring and evaluation activities.

USAID ROLE AND ACHIEVEMENTS TO DATE:

a) Linkage to Child Survival Activities in Nicaragua and Honduras - Through the ISGs, Save the Children Federation, the Adventist Development and Relief Agency and CARE have successfully integrated child survival activities into their Title II programs. An operational research study will document the expected positive effects of linking supplementary feeding and child survival programs.

b) Regional approaches in Support of the Greater Horn of Africa Initiative (GHAI) - ISGs have provided support to 5 PVOs to conduct food security assessments to both identify the most food-insecure populations and to formulate and implement more effective development food aid strategies in both high and low potential areas in Eritrea, Ethiopia, Kenya, and Uganda.

c) Disaster Mitigation - In famine mitigation and emergency response, several PVOs have been able to address root causes of disaster vulnerabilities and implement new activities aimed at facilitating the transition from relief to development in Angola, Mozambique, and Haiti.

Description: Grants under the ISG program are funded from development assistance dollar resources appropriated under the Foreign Assistance Act to assist PVOs and CDOs in the design and/or implementation of P.L. 480 Title II programs aimed at assisting developing countries to foster food security. Institutional Support Grants (ISGs) managed by the Bureau for Humanitarian Response, Office of Food for Peace (BHR/FFP) provide support to private voluntary organization (PVOs) and cooperative development organizations (CDOs) to: a) better target food aid activities; b) refine the concept of country (national) food security through better definition of purpose, key elements, trends, data quality and discrepancies, and local government commitment; c) continue forward momentum on common, generic food aid performance indicators and mutually acceptable methodologies that cooperating sponsors and USAID can use in measuring the impact of food aid; and, d) establish sound monitoring and evaluation systems. A portion of these funds are also used to assist in the management of the Title II portfolio.

Host Country and other donors: The World Food Program, other relevant UN Agencies and the European Commission continue to coordinate with USAID and the U.S. Cooperating Sponsors on food security policies. The World Bank provides technical assistance to field programs in maternal and child health services. Local governments are requested to enhance the flow and effectiveness of investments in Title

II supported programs.

Beneficiaries: The main beneficiaries of Title II programs are pregnant and lactating women, children under five years of age, those in extreme poverty, and nutritionally vulnerable school children from 6 to 12 years of age.

Principal contractors, grantees or agencies: USAID will implement activities through U.S. PVOs and CDOs.

Major Results Indicators: BHR/FFP has made and will continue to show progress with its ISG partners in the following areas:

1) issuing a comprehensive Food Aid and Food Security Policy;
2) redefining and more precisely focusing food security strategic objectives;
3) developing a "core" set of food aid performance indicators to better assess the impact of food aid;
4) refining guidelines on food aid monetization, internal transport, storage and handling (ITSH) of Title II emergency commodities, procedures for close-out countries, and more.
5) Increasing collaboration by cooperating sponsors and USAID Missions to plan, design and implement Title II activities.

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: American Schools and Hospitals Abroad (398-ASHA)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $5,000,000 DA
INITIAL OBLIGATION: FY 1957; **ESTIMATED COMPLETION DATE**: continuing

Purpose: To enable schools, libraries, and medical centers abroad to more effectively: a) provide foreign nationals the benefits of American achievements in education and medicine, b) serve as centers which foster interchange, mutual understanding and favorable relations with the United States, and c) promote civil society.

Background: Modest assistance for private, non-profit schools and hospitals began under the Mundt Act of 1948. The ASHA program began in 1957 under the Mutual Security Act of 1957 and was reaffirmed in the Foreign Assistance Act of 1961, as amended, Section 214. ASHA has provided $764.5 million in grants to institutions in 53 countries. Many mature, excellent educational and medical centers have emerged and the program continues to help about 25 institutions a year, reinforcing sustainable successes and helping the emergence of innovative schools, libraries, and hospitals.

USAID Role and Achievements to Date: The ASHA-supported institutions contribute directly to development of a country or region by providing education and professional experiences in areas where the need is overwhelming and U.S. approaches and organizations are recognized as the world standard. The institutions promote democracy, private initiative, free inquiry and innovative approaches to problem-solving. They reach a student population drawn from across the economic and social strata of the country.

Description: With ASHA assistance, beneficiaries are able to construct and equip facilities. Funding also helps local institutions develop and implement programs which otherwise would not have been possible and take advantage of opportunities which contribute to the growth of the institutions and benefit the local community. These institutions include: 1) secondary schools which provide academic and various kinds of vocational training, 2) undergraduate institutions with programs in the liberal arts, medicine, nursing, agriculture and the sciences, 3) graduate institutions which provide specialized training to potential national and international leaders in health sciences, physical sciences and other professional areas, 4) libraries which open access to information and encourage its use in decision making, and 5) medical centers which prepare leaders in the professions, influence standards and provide health care, training and research.

Host country and other donors: ASHA grants supplement predominantly private and other contributions which these institutions receive from both local and U.S. sources.

Beneficiaries: Around one million people benefit from educational and health training research and services at ASHA-assisted institutions each year. These include full and part-time students, bed patients, and out-patients. Impacts are visible as improved professional skills, standards, and services as well as leadership development in public service and private firms.

Principal contractors, grantees or agencies: USAID makes grants to U.S. non-profit founding or sponsoring organizations for the benefit of the overseas institutions.

Major Results Indicators:
The major results for ASHA programs are:

(a) Improved linkages between overseas and U.S. institutions in education and medicine;
(b) Increased educational and research capacity at overseas institutions;

(c) Improved management systems at the institutions; and
(d) Improved infrastructure.

ACTIVITY DATA SHEET

Program: Central Programs
TITLE AND NUMBER: Learning from Experience, 930-S001 (PPC)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $6,500,000 (DA)
INITIAL OBLIGATION: FY 1976; **ESTIMATED COMPLETION DATE:** Continuing

Purpose: Leading USAID and development partners in learning from development experience to improve development results and inform agency policy.

Background: USAID and its development partners have always monitored and evaluated programs to learn from development experience and have carried out activities to promote more effective assistance policies. In 1983, USAID's previously disparate development information, monitoring, and evaluation efforts were combined in the Center for Development Information and Evaluation (CDIE). Since then, the Bureau for Program and Policy Coordination's (PPC) leadership through CDIE in learning from development experience and its policy support initiatives have played a prominent role in strengthening the ability of USAID and its partners to mange U.S. development programs for results and more effective assistance policies.

USAID Role and Achievements to Date: PPC supports the achievement of development objectives by improving the capabilities os USAID and its partners to obtain and use development information in decision-making and policy formulation. At the operational level, PPC led the development and adoption of strategic planning and performance measurement approaches for all of USAID's field programs, as now embodied in the Agency's new operations policies and procedures. At the Agency-level, PPC developed USAID's Annual Performance Report, the Agency Strategic Framework, and Agency performance indicators. More broadly, PPC pioneered internationally acclaimed impact evaluation and performance measurement initiatives, and created development information services that provide USAID managers and development partners with easy access to a broad range of needed development experience information.

Description: PPC leads USAID and its development partners in learning from development experience by assembling and synthesizing information from throughout the developing world, and by sharing findings and lessons learned with field units (missions), central technical and planning staffs, Agency senior managers, development partners, and the broader development community. PPC conducts, facilitates, and guides performance measurement and evaluation activities throughout the Agency and disseminates information on development experience to inform development policy and improve development practice. PPC's programs are directed particularly at ensuring that Agency decision-making is informed by experience and that program and budget decisions conform with Agency policy and objectives. More specifically, PPC: 1) leads the Agency strategic planning process, develops and disseminates Performance Measurement and Evaluation (PM&E) policies and procedures and supplemental guidance; 2) strengthens USAID's capabilities to manage for results by providing direct technical assistance in strategic planning, performance measurement and evaluation to USAID bureaus, office and field units, documenting and disseminating best practices in PM&E and re-engineering, developing performance indicators, analyzing program performance and preparing the Agency's Annual Report on Program Performance; 3) informs Agency decision-making by distilling and disseminating development experience information and effectively translating the Agency's lessons learned into policy; providing information and documents in response to requests from USAID managers and other development professionals in the field, conducting field evaluations, performance analyses, and desk studies on specific topics or issues of immediate relevance to policy or practice; and 4) continually assesses the needs and priorities of customers to assure the delivery of timely, relevant and high quality products and services.

Host Country and Other Donors: PPC represents USAID in various DAC fora, including the DAC Experts group on evaluation and works collaboratively on various monitoring and evaluation efforts by the donor community, such as the recent evaluation of assistance to Rwanda. PPC maintains liaison and collaborates with host countries, international agencies, and other partners to strengthen

development information and evaluation capabilities, provide development experience information, and improve performance measurement and strategic planning practice.

Beneficiaries: PPC indirectly affects all of USAID's beneficiaries by creating, marshalling, and disseminating development experience information to increase the impact of all of our development assistance efforts. PPC's direct customers include LDC research and training institutions, government technicians and decision-makers, PVOs and NGOs, USAID contractors, international donors, and other development partners, as well as USAID managers.

Principal Contractors, Grantees, or Agencies: Checci/Louis Berger, ISTI, MSI, The Mitchell Group, Tropical Research & Development, TvT Associates , LTS, AED, DevTec, Development Alternatives, Conwal, USDA, and AAAS.

ACTIVITY DATA SHEET

PROGRAM: Central Programs
TITLE AND NUMBER: Peace Corps Small Project Assistance, 936-1421
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $1,500,000 DAF, DFA, AEE
INITIAL OBLIGATION: FY 1985; **ESTIMATED COMPLETION DATE:** Continuing

Purpose: To support the identification, design, and implementation of small-scale, community-level, self-help sustainable development activities by Peace Corps Volunteers (PCV) in areas of priority to USAID. Priority areas of support include: improving human health, protecting the environment, and economic growth. These activities increase participation at the local level and help lay the foundation for transition to democratic societies.

Background: The Small Project Assistance (SPA) Program is a worldwide activity operating in 55 countries. The SPA program facilitates local grassroots efforts by combining PCVs' knowledge of local conditions with USAID's technical and financial resources. The intent of the SPA program is to provide an efficient mechanism that can respond quickly and flexibly to small-scale project requirements which have an immediate impact at the community level. The SPA program is funded through a worldwide Participating Agency Service Agreement (PASA) with the Peace Corps, which in turn has total responsibility for operating, monitoring and disbursement of SPA grant funds. Since 1985, USAID has provided $17.5 million in support of more than 5,600 community projects.

USAID Role and Achievements to Date: An estimated 5,600 indigenous community groups have enhanced their capacity to address self-identified community-needs by increasing economic and educational opportunities and improving health conditions for over two million community members.

Description: This project has two primary components. 1) SPA Grants: These grants provide funding to small sustainable development activities developed by PCVs in conjunction with local community organizations. These funds support development activities in such areas as health, environment, forestry, food production, education, small enterprise development, and technology transfer. In FY 1996, each project grant averaged about $3,000. Any single grant cannot exceed $10,000. 2) Technical Assistance: The purpose of this component is to support the participation of Host Country Nationals in training activities that enhance project design and management.

Principal contractors, grantees or agencies: USAID makes funds available through a PASA to the Peace Corps which, in turn, provides funds and technical assistance to local community organizations in over 55 countries. On average, most grant recipients provide almost 40% of total project cost.

Major Results Indicators:

	Baseline	Targets (1998)
Number of projects developed	486	437
Number of beneficiaries	324,000	291,600
Number of host country nationals trained	891,000	801
Local dollar equivalents leveraged	972,000	874,800

CREDIT PROGRAMS

USAID continues to believe that there are significant instances in which the U.S. development priorities can be best funded through credit, especially in emerging market countries and in countries moving towards graduation status. At a time when resources are shrinking, the agency should have the flexibility to use credit to support creditworthy borrowers and projects. As a result, the agency is taking steps to strengthen its credit and loan management operations. These steps include ensuring accurate and timely provision of loan data; establishing information control systems for loan data; reassessing staffing needs; review and monitoring of USAID's entire loan portfolio; developing financial performance indicators, and the creation of an active and functioning agency credit review board to oversee all agency credit activities and report directly to the Chief Financial Officer (CFO). Of the 15 actions needed to achieve the foregoing measures, four have already been taken, and the balance should be accomplished no later than December 31, 1997. The credit review board and the CFO will maintain complete responsibility for assuring financial soundness of all agency credit programs. The Global and regional bureaus of USAID will be responsible for assuring the development soundness of these programs.

Micro and Small Enterprise Development Program

FY 1998 Micro and Small Enterprise Development Program Request:
Guaranty Subsidy: $1,350,000
Direct Loan Subsidy: $150,000
Administrative Expenses: $500,000

Broad-based, sustainable, economic growth requires an expanding private sector, including thriving micro and small businesses. The success of micro and small enterprises depends, in large part, on their ability to access financing to support viable business ventures. Established by Congress in 1983, the Micro and Small Enterprise Development (MSED) program and its predecessor programs work with financial institutions to correct "market imperfections" inhibiting the flow of credit to small businesses in developing nations worldwide. In 1993, a microenterprise focus was added to reflect the agency's renewed commitment to support microenterprise development activities. To date, the programs have helped mobilize in excess of $220 million in private sector loans, substantially to support small businesses and, increasingly, microenterprises. Under the MSED program, USAID presently operates 61 facilities in 22 developing countries and maintains an active portfolio of over $76 million in loans and guarantees. In FY 1998, USAID expects to support $48 million in loan guarantees and $1 million in direct loans under this program.

USAID, through the MSED program, strives to build sustainable linkages between financial institutions and small and microenterprises lacking full access to formal financial markets. Its primary tool is the Loan Portfolio Guaranty (LPG) program, which provides loan guarantees covering up to 50% of the principal loss on a portfolio of small business loans, and up to 70% for micro-loans, made by financial institutions. Guarantees are combined with training and technical assistance to improve the capacity of banks to assess small and micro business credits, and to assist borrowers to present bankable proposals to lending institutions. In the last three years alone, the MSED program has trained more than 1,000 developing nation bankers from participating financial institutions.

The MSED program also uses direct loans and guarantees to provide capital for private voluntary (PVOs) and nongovernmental organizations (NGOs) engaged in microenterprise lending activities and to create sustainable relationships between those PVOs and NGOs and formal financial institutions. The MSED program's performance is measured by the following: (1) the degree to which participating financial institutions increase their lending to micro and small businesses; (2) its success in strengthening the capacity of indigenous financial institutions to engage in micro and small business

lending; and (3) the ability of the program to assist sustainable PVOs and NGOs to access formal sector financing for on-lending to microenterprises.

Data collected on the LPG program since 1989 (see table below) indicates that participant banks are making significant progress reaching new, smaller-sized borrowers. Performance indicators have been modified to gauge performance by individual guarantee facility rather than on an overall program output. For example, each guarantee is measured relative to its previous year's performance to determine if there has been a change in the bank's lending practices. Examples of successful performance indicators are: a decrease in collateral requirements, an increase in down market lending by the bank to reach smaller-sized borrowers, and increased micro borrower access to formal financial markets.

Table: Trend Analysis*
Using Major Program Indicators of the Loan Portfolio Guaranty Program

Performance Indicator with Expected Trend	Percent of Facilities Exhibiting Trend	Explanation of Indicator
Increase in Loan Volume	53%	Change in lending practices of financial institutions toward micro and small business borrowers
Decrease in Median Loan Size	86%	Lending to smaller businesses
Decrease in Median Asset Size	56%	Lending to smaller businesses
Increase in First Time Borrower (FTB) rate or FTB rate greater than 50% of guaranteed portfolio	68%	Change in the number of borrowers receiving credit who have had no previous exposure to formal credit markets
Decrease in Collateral Requirements	63%	Change in the perceived risk of lending to the small and micro sector. Increased use of cash flow and other non-collateral based lending techniques.

* For inclusion in trend analysis, minimum activity data of three years required for each facility.

Enhanced Credit Authority

FY 1998 Enhanced Credit Authority Request:
Guaranty Subsidy: up to $10,000,000

The Enhanced Credit Authority (ECA) is a proposed new initiative intended to expand the use of market rate loans and loan guarantees to support USAID's development agenda. The increased use of credit through the ECA will allow USAID to make more rational choices about the appropriate funding tool, i.e., loans, guarantees, or grants, for financing its development activities. It also will allow the agency to leverage its resources more effectively, while using sound, prudent risk-assessment procedures.

For example, a $10 million transfer of Development Assistance funds for the ECA in FY 1998 would be expected to leverage approximately $67 million in loans and guarantees. Funding for ECA administrative expenses (estimated at $1.0 million), is included in the agency's operating expense

request. The Office of Management and Budget (OMB) has made this request for $10 million of transfer authority contingent on USAID improving the management of its current credit programs. Accordingly, USAID has developed an action plan to improve its credit management operations, which is now being implemented.

ECA differs from the Urban and Environmental (UE) Credit Program (the successor to the Housing Guaranty Program) in two principal ways. First, ECA may be used to promote any of the developmental objectives of the agency, while the UE program specifically targets developing innovative approaches to the provision of urban and environmental services for the urban poor. Second, through the use of partial guarantees on financially sound development projects, ECA emphasizes developing the capacity of local financial institutions to assess and manage risk. The UE program, which generally finances projects with matching funds from host country participants, aims to forward policy agendas to improve the urban poor's living conditions and to empower them to play an active role in the development of their communities.

All ECA projects will be consistent with existing USAID strategic objectives, whether in the area of economic growth, the environment, population and health, or democracy. One of the key advantages of ECA is that USAID could leverage its resources more effectively through the use of market rate loans and guarantees to finance sovereign and non-sovereign development projects that are both developmentally sound and creditworthy. To assure the financial viability and creditworthiness of each ECA-funded project, USAID is improving its capacity to provide impartial credit-risk assessments, subsidy estimates, financial recordkeeping, audits and evaluations of ECA activities.

ECA will only be used where (i) development assistance goals can be met using credit authority, and (ii) the credit subsidy cost of the activity can be estimated with a reasonable degree of confidence. Borrowers can be sovereign nations, private enterprises or joint public and private ventures. USAID anticipates, however, that a majority of the activities will be non-sovereign (e.g., loan guarantees to provide medium-term financing for indigenous private entrepreneurs, bond guarantees to support waste water facilities, and credit facilities for private, environmentally sound energy co-generation projects). Most of these non-sovereign projects are likely to involve a partial guarantee on loans extended by a local intermediate financial institution to targeted sectors. USAID will only provide ECA financing where other funding is not available. Moreover, the use of ECA will require a commitment to financial discipline by the host country participant that will lead to prudent and efficient use of U.S. assistance funds.

In addition to the development-based indicators which must be established for all USAID field mission projects, depending on project goals, there are three performance indicators by which all ECA projects will be measured: (1) repayment rates on direct loans, (2) claims against guaranteed loans, and (3) satisfactory economic and financial rates of return. In using ECA, USAID will undertake prudent risk management methods to assess project risk and calculate credit subsidy, e.g., the credit subsidy for each approved project will be no greater than 30%, with an expected average subsidy of 15% per project.

Urban and Environmental Credit Program

FY 1998 Urban and Environmental Credit Request:
Guaranty Subsidy: $3,000,000
Administrative Expenses: $6,000,000

Proper management of the urban environment is essential for sustainable development. Urban development contributes directly to economic growth through capital formation and employment generation and has a strong impact on local and national economies. USAID's urban assistance work has succeeded in strengthening the capacity of local governments to manage resources effectively and in supporting decentralization and democratization initiatives worldwide.

The Urban and Environmental (UE) Credit Program builds on the successes of the 35-year Housing Guaranty program by providing long-term financing, technical assistance and training to support urban and environmental development projects. The UE program will use guaranties to engage creditworthy public and private institutions in the investment of urban environmental infrastructure to improve the lot of poor communities. In FY 1998, the UE Credit Program will utilize $3 million of budget subsidy authority to leverage approximately $35 million to address two of USAID's strategic goals -- promoting economic growth and protecting the environment. The creation of the UE program will involve a transformation of its predecessor program. The transformation is characterized by both a change in programmatic emphasis and improved fiscal management.

The programmatic changes include a shift in emphasis from shelter provision to the promotion of environmental infrastructure such as potable water, sewerage, waste water treatment, solid waste disposal, and efficient and renewable sources of energy for the urban poor; improved urban environmental management; and increased urban environmental protection. This shift addresses the economic needs of communities and their impact on the local and global environment. Emphasis is placed on addressing urban and environmental problems that impair human health, decrease child survival rates, negatively impact global climate change and prevent economic progress.

The overall fiscal management reforms being implemented by the agency will help assure the UE program's continued financial soundness. For the UE program specifically, the agency will privatize key loan servicing and financial management responsibilities. Since reviewing and reconciling the current loan portfolio, USAID has begun to transfer loan data into the agency's new management system. Other UE related actions planned for completion no later than the end of FY 1997 include the establishment of three new credit portfolio management positions in the agency's Global Environment Center, the development of new manuals on loan collection and credit procedures, and a follow-up monitoring plan.

The UE Credit program's performance indicators will measure how well the program achieves its target outputs related to improving the economic and social well-being of lower-income urban populations. Performance will be measured by the program's ability to achieve the following results: (1) strengthened local government capacity to manage urban resources in an efficient and environmentally sustainable manner; (2) increased access by low-income families to affordable shelter and urban environmental services such as potable water, sewerage, waste water treatment, solid waste disposal and affordable energy; (3) increased private financial institutions participation in lending to low-income families to improve their shelter conditions; and (4) policy change toward improved availability of shelter, urban infrastructure, and services for low-income families. Performance indicators for each project are used to measure progress over time. This progress is measured by comparing the percentage of targets achieved over the duration of that project to the percentage of money spent. In the USAID Inspector General's most recent audit of the predecessor's performance overview, 60% of the active country programs have exceeded their expected results.

The UE program will continue to achieve the type of concrete results of its predecessor program. For example, the program in Zimbabwe and South Africa engaged private housing finance institutions to provide for the first time, mortgages to low-income households and, in particular, female-headed households. In the context of strengthening democracy, the Central America program supported the development of effective local governments capable of delivering infrastructure and services to the urban poor. In Asia, it assisted the privatization of urban infrastructure and services as a more cost-efficient means of improving the living conditions of below median income families. In the Czech Republic, the program is establishing a market-oriented system of commercial lending to local governments for financing infrastructure investment. In recognition of these efforts, the program and many of its projects have received numerous international awards.

The FY 1998 Urban and Environmental Credit Program request will continue to focus on the urban poor, and will directly benefit approximately 300,000 low-income people in developing countries of Asia, Africa and Eastern Europe.

URBAN AND ENVIRONMENTAL CREDIT PROGRAM, FY 1998

Country	Authorization Levels
Czech Republic	10,000,000
Indonesia	10,000,000
Zimbabwe	5,000,000
South Africa	10,000,000
Total:	35,000,000

INTERNATIONAL DISASTER ASSISTANCE

FY 1998 REQUEST $190,000,000

The International Disaster Assistance program of the United States provides relief, rehabilitation and reconstruction assistance to victims of natural and man-made disasters. The FY 1998 funding request is $190 million, the same level as FY 1997. These resources will be used to respond to emergency relief needs and for disaster prevention, mitigation and preparedness activities. They will also finance activities of the Transition Initiative, begun in 1994, which focuses on the special needs of countries emerging from crises caused by political and ethnic conflict.

First priority in utilizing International Disaster Assistance resources will be given to life-saving, emergency assistance. Consistent with the need to respond to this priority and following actual enactment of funding, USAID hopes to be able to modestly expand funding for the Transition Initiative while also meeting emergency needs.

The number and intensity of disasters have been rising. Complex emergencies--those involving political and military conflict--are a major contributor to these trends. Although these conflicts fluctuate in intensity, their resolution is very difficult, and relief assistance can be necessary to meet emergency needs of civilian populations for long periods. For this reason, USAID is placing increased emphasis on applying preparedness and mitigation lessons learned from natural disasters to complex disasters. Over 50% of assistance to complex emergencies goes to African countries. Large populations in Africa's Great Lakes region, Angola, Bosnia, Liberia, Somalia and Sudan continue to require assistance to survive.

Parallel to increases in the number of persons affected by complex emergencies, rapid population growth, coupled with inadequate infrastructure support systems in many developing countries, increases the number of people vulnerable to natural hazards such as earthquakes, hurricanes, tornadoes, and volcanoes. Urban areas are expanding, with unsafe habitation in many shanty areas and slums. Population pressures also force people to move onto marginally viable and unsafe lands where natural hazards, such as hurricanes, earthquakes and volcanoes, and their side effects, such as flooding and mudslides, have disastrous impact.

In addition to the continued challenge of responding to the growing needs of complex and natural disasters, USAID has a new responsibility of responding to nuclear, biological and chemical disasters in developing countries. As a result, USAID is developing a new response capability and incident command system in this field of emerging threats.

There are three important principles that guide USAID's humanitarian assistance:

First, emergency response, which focuses on saving lives and reducing suffering, can simultaneously assist the return to sustainable development by supporting local capabilities, providing safety nets, and strengthening human capacity. Programs in maternal and child feeding, emergency health care and shelter provision can be administered in ways that contribute to the regeneration of communities and to regional stabilization. The provision of agriculture seeds, along with relief food, to disaster victims in farming areas enables these agricultural producers to return to self-sufficiency. Medical emergency programs, which draw on local medical staff and encourage on-the-job training, when feasible, are more likely to reduce the need for external resources in the future.

A second principle is that prevention and mitigation of the effects of disasters must be built into response programs. Prevention requires strengthening local response capacities. Disaster preparedness requires careful examination of relief and recovery planning. USAID's field missions play an important role in helping government, municipal, and community leaders to prepare for disasters and to design development projects that fully reflect the risk from disasters. One of USAID's most

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successful disaster preparedness initiatives is the volcano disaster assistance program, conducted in cooperation with the U.S. Geological Survey. This early warning system has prompted evacuations of threatened populations before eruptions, saving hundreds of thousands of lives.

A third guiding principle is that timely, effective assistance to countries emerging from crises can make the difference between a successful or failed transition. Countries experiencing a significant political transition, national conflict, or a major national disaster, such as a prolonged drought, may have special needs which are not addressed by traditional disaster response. Nor do these countries generally have the infrastructure that allows the resumption of long-term programs of sustainable development. The Transition Initiative responds to needs in this "gray area" between relief and development, funding programs, for example, in the reintegration of dislocated populations, including demobilized soldiers, and the creation and revitalization of democratic and civic institutions.

Effective humanitarian assistance requires that the USAID relief, mitigation, transition and development programs support each other, as described above. In addition, USAID must also collaborate closely with other assistance providers in the international community. This is particularly important both to coordinate programs and to share the burden of relief costs. U.S. private voluntary organizations (PVOs) are critically important partners and play an essential role in raising resources, providing assistance, and implementing programs. USAID's partnerships with U.S. PVOs and nongovernmental organizations, United Nations agencies and other donors include support for mechanisms to facilitate the exchange of information among international partners and to prevent duplicative efforts.

Pursuant to section 493 of the Foreign Assistance Act of 1961, as amended, the President has designated the USAID Administrator as his Special Coordinator for Disaster Assistance. USAID has a well-established management structure and disaster relief expertise which draw on public and private sector resources to enable a response within 24 to 72 hours after a disaster. USAID fields assessment teams to identify needs, and provides disaster assistance response teams (DARTs) to facilitate communication and organize a response. USAID also provides communication support equipment, search and rescue groups, medical assistance, shelter, food and potable water.

In 1996, USAID responded to 22 floods, 3 epidemics, 3 cyclones, 6 earthquakes, 2 droughts, 3 typhoons, 2 tornados, 2 winter emergencies, a fire, a mudslide, a terrorist attack and a volcanic eruption in countries around the globe. USAID is responding to numerous complex emergencies as well, such as those in Sudan, Rwanda and Bosnia-Hercegovina. In Bosnia-Hercegovina, USAID has a long-standing DART in the region. World Health Organization surveys show that USAID programs there have contributed to the avoidance of widespread hunger through targeted food aid and support for local coping mechanisms.

USAID works closely with the Departments of State and Defense to coordinate American relief efforts. For urgent disaster situations, 24-hour coverage is provided by staff to ensure the transmission of accurate information across different agencies, and between the disaster area and important response centers. Satellite communication equipment augments USAID's ability to carefully target emergency assistance and to coordinate with donors and other U.S. Government and nongovernmental agencies. Cost-effectiveness and timeliness are important benchmarks of USAID humanitarian assistance.

Complex disasters, which generally involve a combination of factors including political and military strife and a breakdown of governance and social infrastructures, often require prolonged provision of relief assistance to affected populations. In these circumstances, USAID seeks to support interventions which encourage local participation and self-sufficiency. The Greater Horn of Africa region, comprised of Sudan, Ethiopia, Djibouti, Eritrea, Somalia, Kenya, Uganda, Rwanda, Burundi and Tanzania, is a particularly disaster-prone area, drawing over 50% of U.S. emergency funds to Africa. The United States has focused on this region with the Greater Horn of Africa Initiative which includes collaboration with other donors and African leaders and institutions. Under this initiative, USAID is working to

integrate its humanitarian assistance and development strategies in order to more effectively link relief and development and better promote food security.

The increase in complex and prolonged disasters has led to other innovative strategy changes. The Transition Initiative provides a mechanism to rapidly assess and address short-term political and economic needs in the important recovery stage. Key areas for the Transition Initiative include the demobilization and reintegration of soldiers, electoral preparations and governance, and civil infrastructure. The transition program in Haiti promotes stability through demobilization, emphasizing skills development for ex-military personnel, and through efforts to create and strengthen civil governance structures. Demobilization and land mine awareness and removal are important elements of the transition program in Angola where militarization continues to represent a threat to a stable recovery. In Bosnia-Hercegovina and Rwanda, transition programs are working with local communities to reduce ethnic conflicts. These interventions are fundamental to the successful recovery of these countries from man-made and natural crises.

FOOD FOR PEACE

FY 1998 P.L. 480 TITLE II REQUEST ..... $ 837,000,000
FY 1998 P.L. 480 TITLE III REQUEST ..... $ 30,000,000

Hunger and food insecurity have declined since the First World Food Conference in 1974. By any measure, there has been remarkable progress in increasing global food security. Nevertheless, at the World Food Summit which took place in November 1996, it was noted that, on a global level, more than 800 million people today remain chronically undernourished and more than 180 million children are severely underweight. For the United States, global hunger is both a humanitarian concern and a strategic problem. The U.S. Government provides resources to help those in need and in crisis while also working to eliminate the food insecurity that fuels political instability and environmental degradation.

P.L. 480 Food for Peace is a people-to-people program, from the United States to people who do not have access to sufficient food to meet the needs for a healthy and productive life. In FY 1996, $821 million in Title II and $52 million in Title III food assistance directly benefited over 50 million poor people in some 58 developing countries. Approximately 54% of the Title II program resources benefited victims of civil strife and natural disasters such as droughts. Most of these people were women and children who suffer most in emergencies caused by war or drought. The hungry poor who received Title II assistance also included landless agricultural workers, small farmers, women and children in maternal child health centers, and the urban poor--people below the poverty line with insufficient food and not enough money to buy the food needed for themselves and their families.

P.L. 480 programs can also lead to benefits for American agriculture. Nearly a quarter of the over $51 billion dollars in annual U.S. agricultural exports go to developing countries. Several of the leading importers of U.S. agricultural products, such as Egypt, Indonesia, Korea, Thailand and Taiwan, are former recipients of food assistance. Food aid positively affects almost every state in the union, with benefits accruing not only to farmers but also to food processors, packers, transporters, railroads, stevedores, ocean carriers and others. Moreover, according to a University of Maryland poll taken in January 1995, U.S. citizens support humanitarian assistance to the world's poor by a four to one margin.

Title II Emergency and Private Voluntary Organization Assistance Programs

U.S. private voluntary organizations (PVOs) are major partners in delivering food for emergency relief and development programs. In 1996, over $324 million of Title II food programmed for development activities was channeled through U.S. PVOs, benefiting over 21 million people. Title II food contribution programs are also managed by international and local nongovernmental organizations (NGOs) such as the International Committee for the Red Cross, United Nations agencies such as the United Nations Children's Fund (UNICEF), and the World Food Program (WFP). WFP is a prime instrument through which the United States provides multilateral food aid. U.S. food and cash contributions are estimated at nearly one-third of WFP's overall operating budget. As a lead donor, the United States has been in the forefront of working with WFP to improve its financial and management controls for distributing, monitoring and safeguarding donated commodities.

Title II works in the following areas:

- In crisis, Title II assistance performs the most basic of functions: it saves lives. Drought, flood, and the ever increasing number of disasters caused by man rather than nature lead to life-threatening food needs. The scope and level of global emergency food aid needs continue to increase. Worldwide estimates of people requiring emergency food aid in order to maintain minimum nutrition now exceed 26 million. Overall requirements for these vulnerable groups approximate 3.5 million tons of food at a cost of roughly $2 billion.

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- In non-emergency settings, Title II programs focus on improving agricultural infrastructure to bring about sustained improvements in agricultural productivity. Labor-intensive, food-for-work activities support such diverse activities as the establishment of village-level grain and seed banks, the establishment of tree and shrub nurseries, the building of small-scale irrigation infrastructure, the construction of farm-to-market roads, promotion of terracing and reforestation, flood prevention embankments, and more. In areas where water is scarce, irrigation systems and more efficient use of water resources can increase agricultural productivity many times over.

- Title II feeding programs at health centers encourage mothers to bring in their children. At these centers, children are immunized and mothers receive training in nutrition, health, family planning, community leadership, and even literacy.

- Title II school and preschool feeding programs, in addition to increasing children's nutritional intake, promote and ensure school enrollment, particularly for girls.

- In Title II food-for-work efforts, impoverished people are paid in food for their work on projects that will improve their economies and increase economic opportunities for themselves and their neighbors: farm-to-market roads, water systems for irrigation and consumption, food storage facilities, flood prevention embankments, and more.

USAID food aid policy provides for:

- Priority to be given to activities in those countries that need food most and where food insecurity is greatest. Title II programs will focus on improving household nutrition, especially among mothers and children, and on alleviating the causes of hunger, especially by increasing agricultural productivity.

- Allocation of resources and management of programs to increase the impact of U.S. food aid in reducing hunger. Food aid will be integrated to a greater extent with USAID dollar and other development assistance through improved country-level planning that assures complementarity between food aid and other USAID resources, and through greater cooperation with other donors.

- Greater attention and resources allocated to strengthen the program development and management capacity of USAID's food aid partners.

- Greater flexibility to respond to emergencies. Based on historical trends, the need for emergency food aid may not decline in the immediate future. Changes in global agricultural trade policies have resulted in decreased surplus stocks, sharply fluctuating international markets and a trend toward higher commodity prices. This has decreased the availability of food aid. To continue to adequately address emergency needs, greater flexibility and more efficient use of food aid resources enabling the optimum response must come from such measures as expanding and improving multilateral coordination and integrating food aid with development assistance funds.

Most important, USAID expects its food aid and food security programs to result in local capacity for continued progress, even after U.S. assistance programs end. Building this local capacity is highlighted as an important objective of all USAID activities, since it is essential both to improved food security and to sustainable development.

Hence, USAID is committed to working closely with all partners to:

- Refine the concept of country (national) food security assessments through better definition of purpose, key elements, trends, data quality and discrepancies, and local government commitment. In this context, USAID and the European Community agreed to promote the formulation of national food security strategies and an action program to define clearly the roles and the contributions of recipient governments, donors and executing agencies in five low-income, food-insecure countries--Ethiopia, Eritrea, Malawi, Angola, and Bolivia-- during 1996; and

- Continue the momentum on identifying common, generic performance indicators and mutually acceptable methodologies that USAID and PVOs can use in measuring the impact of food aid.

Financial resources also are specifically dedicated to strengthening the program development and management capacity of USAID's food aid partners. Funds authorized under section 202(e) of P.L. 480 and institutional support grants authorized by the Foreign Assistance Act assist cooperating sponsors to: (a) improve country program capabilities to use Title II food as a resource to achieve food security; (b) better account for Title II commodities; and (c) enhance management skills of staff involved in Title II programs both overseas and in Washington. For FY 1998, it is anticipated that $28 million in section 202(e) grants will be channeled to PVOs and the World Food Program.

The following are examples of Title II programs implemented in FY 1996:

- In India, the U.S. PVO, Cooperative for American Relief Everywhere (CARE), and WFP, act as partners in support of the Government of India's Integrated Child Development Services, the world's largest maternal and child health and education program. Since a 1994 impact evaluation, both CARE and WFP are increasingly focused on improving the nutritional status of women and children, especially girls, and on strengthening womens' abilities to attain optimal health and nutrition services for their families via strengthened health services in their own communities. The central and participating state governments cover much of the infrastructure costs, including port clearance and inland forwarding of the Title II food inputs.

- In Bolivia, the U.S. PVO, Adventist Development and Relief Agency (ADRA), is striving to guarantee food access to vulnerable families in semi-urban and rural areas through food-for-work programs aimed at improving health and sanitation infrastructure. Approximately 11,500 temporary jobs are provided monthly in eight areas where unemployed workers spend approximately 12 days per month improving water and sewer lines. ADRA is also conducting nutrition education among all food-for-work participants. About 85% of the women in the participating communities receive training in standard interventions in child survival, nutrition, and reproductive health care.

- In Ghana, the U.S. PVO, TechnoServe, monetizes Title II wheat, generating local currencies which finance activities that assist small farmers and cooperatives. These activities are increasing agricultural productivity and rural incomes through improving small-holder yields of nutritionally essential foodstuffs and selected nontraditional export crops. Food security impacts have been demonstrated by TechnoServe through increased household incomes from maize production, small-scale palm oil milling, improved post-harvest storage facilities, and increased production of nontraditional export crops.

- In the former Yugoslavia, USAID's Title II food aid, in conjunction with the European Community's assistance, continues to guarantee food security for 1.9 million Bosnians. U.S. food aid, in the form of wheat and wheat flour, has been one of the foremost demonstrations of the American people's concern for Bosnia's well-being.

Farmer-To-Farmer Program

Title II funds are also being used to support the Farmer-To-Farmer (FTF) program (Title V, Section 501 of P.L. 480) worldwide. Legislation funds the FTF program at a minimum level of 0.4% of P.L. 480 funds for the period of the Farm Bill. Actual funding is projected to be 0.9%-1.0% of the P.L. 480 budget, or approximately $11.3 million annually, for a total of $56.5 million during its current period of authorization (FY 1996-FY 2000).

The objective of the FTF program is to use short-term U.S. volunteers to provide agricultural technical assistance, to developing countries worldwide. Under its current phase, approximately 3,750 FTF volunteers are expected to serve in 33 focus countries, including all 12 of the New Independent States of the former Soviet Union, and 21 other countries including six in Africa, five in the Asia and Near East region, and ten in Latin America and the Caribbean. The program utilizes the expertise of U.S. farmers, agriculturalists, land grant universities, private agribusiness and non-profit farm organizations on a voluntary basis in response to local needs identified by host country farmers and organizations. FTF volunteers are not overseas as development professionals but rather individuals who have domestic careers, farms and agribusiness, or are retirees who want to participate in development efforts. Volunteers normally spend about a month in a country. FTF volunteers have come from 49 of the 50 states. Over the last five years, FTF volunteers completed more than 3,700 assignments in more than 80 countries worldwide.

FTF achievements include:

- Through the intervention of an FTF volunteer, 160 tons of excess U.S. hybrid seed corn was donated to Georgia. The FTF volunteer worked with the Brother's Brothers Foundation. Asgrow Seed and other holding and shipping companies assisted in getting the seed to Georgia. The new private farmers organization distributed the seed, and the FTF volunteer trained the farmers on improved techniques of planting and harvesting. Production yields expanded 2-3 times, and now more that 2,000 farmers are believers in U.S. hybrid seeds.

- In some cases, the experience gained by an FTF volunteer can lead to U.S. business development. An FTF volunteer, owner of two H&R Block franchises, provided assistance to two banks in Kazakstan and Kyrgyzstan to improve the credit application process and convert to international accounting standards. After the volunteer returned to the United States, he negotiated a franchise for both countries, and he has the right of first refusal to open H&R Block offices in Uzbekistan, Turkmenistan and Tajikistan. During the next five years, the company plans to open at least 50 offices in Kazakstan and 15 in Kyrgyzstan.

- A bakery in Uganda requested technical assistance to develop a system of internal controls, to increase production, and to increase its market share. As a result of FTF volunteer assistance, several new recipes were introduced that have improved the quality and shelf-life of the product; employment increased from 12 to 30 full-time employees; and three new delivery vans were purchased to handle the increased demand. Sales expanded from $31,350 to $64,800 over a six-month period, and net monthly profit increased from $541 to about $9,200.

Title III Food for Development

The P.L. 480 Title III program is a key USAID instrument for enhancing food security in least developed countries. Since Title III is a government-to-government program, it provides USAID with an opportunity to address critical policy constraints within the context of national governments' food security and overall development agenda. Despite economic growth and increased global food supplies, malnutrition persists and the long-term trend is somber. A 1995 U.S. Department of

Agriculture (USDA), study entitled "Food Aid Needs and Availabilities: Projections for 2005" states that "Based on current trends for population growth rates and economic growth rates in developing countries, food aid needs will nearly double over the next decade, even with reasonably optimistic assumptions about recipient countries' ability to produce their own food or to import food commercially... ." The study recognizes that it will be very difficult for the United States and other donors to meet such an increase in food aid.

To attempt to alter these trends and reduce the demand for food aid from the levels projected by USDA, USAID has made some fundamental shifts in the programming of Title III resources. USAID's food aid policy focuses the Title III program as follows: First, priority is given to countries most in need of food and that can demonstrate the importance of the program to establish long-term food security. Second, the highest priority is also given to programs with direct linkages to increased agricultural production and local consumption.

Programs will continue to have a focus on policy reform by recipient governments. Examples of desired policy reform include: changing agricultural pricing policies that are unfavorable to producers and discourage productivity-enhancing technologies, ending import and export policies that reduce investment in agricultural enterprises, and generating investments in rural infrastructure which support economic growth. Local currencies generated from Title III programs are also used to advance food security objectives.

During FY 1998, the $30 million in Title III resources will be used to support continuing policy reform and democratization in Haiti, and to strengthen food security initiatives in other low-income, food deficit countries. Title III resources will complement USAID's food security pilot program in Africa in FY 1998, entitled "Promoting Food Security: Africa and Beyond" in Mozambique and Ethiopia, helping to address major bottlenecks in agricultural policy, technology and rural infrastructure. A key focus of this new initiative is the integration of Title III food aid and development assistance.

Title III achievements in FY 1996 include:

- In Bangladesh, the Title III program continues to increase food access of the poor through increased public investment and improved income growth. With the support of Title III wheat, the percentage of total public food distribution going to the most vulnerable sectors under the government's targeted food safety net program increased from 39% in 1992 to 68% in 1995. Three nutritional status indicators -- weight for height, weight for age, and height for age -- have improved over the past four years.

- In Bolivia, which "graduated" from the Title III program in 1996, a very successful intervention funded by Title III sales proceeds combined research, extension, credit and marketing services to expand production of domestic wheat. As a result, Bolivia has reduced its dependence on imported wheat by 25%. Title III proceeds also helped finance the country's successful national vaccination program which significantly increased coverage.

- Ethiopia's Title III program will continue previous multi-year activities, building sustainable food security via support of agricultural policy reforms designed to reduce governmental interventions in the agriculture and food sectors, thus creating an enabling environment for private sector agricultural production.

- In Honduras, the Title III program builds on earlier successes, continuing to improve food availability and access through land tenure reforms, liberalization of agricultural trade, creation of market information systems, strengthening agricultural research and extension, privatizing state enterprises, and improving management of strategic food reserves.

OPERATING EXPENSES

FY 1998 Request: . . . . . $ 473,000,000

For FY 1998, USAID is requesting $473,000,000 in Operating Expenses (OE). These funds, combined with other funding sources, such as local currency trust funds, will provide a total of $532,421,000 to cover operating costs of the agency for FY 1998, compared to $575,405,000 in FY 1997. These levels for FY 1997 and FY 1998 include about $37.1 million and $1.3 million, respectively, for one-time costs associated with the move of agency headquarters to the Ronald Reagan Federal Building and the construction of a new office building in Cairo, Egypt. Adjusting for these one-time costs, the recurring costs of operating the agency are expected to drop by $7.2 million from FY 1997 to FY 1998 because of reduced staffing levels. The cost of the budget's proposed additional 1.51 percentage point agency payment to the Civil Service Retirement and Disability Fund for Civil Service Retirement System employees will be absorbed within this request, once the proposal has been enacted.

At the FY 1998 OE request level, USAID anticipates an on-board OE funded staffing level at the end of FY 1998 of 5,778, of which 2,331 would be U.S. direct-hire employees. This represents a reduction of 472 from the estimated FY 1997 staffing level, of which 77 are U.S. direct-hire employees. Program-funded staffing levels will also decrease, from the estimated level of 1,584 at the end of FY 1997 to a level of 1,494 at the end of FY 1998. These personnel are responsible for managing a USAID-administered program (Development Assistance, P.L. 480 Food for Peace, Economic Support Fund, and other accounts) of almost $6.7 billion.

The major OE cost components, required to support the planned staffing level, are as follows:

- Employee salaries and related benefits, at an estimated cost of $304.9 million, are the largest component of the OE budget. These costs account for slightly more than 57% of the total OE budget.

- Rents, communications and utility charges, together with office and residential security guards, will cost about $80.1 million in FY 1998, or 15% of the total budget.

- Travel and transportation of persons and freight costs associated with post assignment, home leave, etc., make up another 7% of the budget, at a cost of $35.5 million.

- USAID will spend about $22.5 million to purchase goods and services from other U.S. Government agencies, such as Foreign Affairs Administrative Support services obtained from the Department of State. This does not include categories of costs currently funded by the Department of State but which are proposed to be funded by other agencies upon implementation of the International Cooperative Administrative Support Services (ICASS) system.

- About $21.2 million is required to cover the cost of operating and maintaining buildings and equipment throughout the agency.

- Service contracts related to automated data processing (ADP) systems design, maintenance, and other ADP-related support will cost $25.1 million.

- The balance of $43.1 million will be used for staff training activities agency-wide, the purchase of office and residential furniture and equipment, primarily overseas, supplies and materials, support for education for dependents of agency employees, etc.

USAID has undergone massive changes during the past four years - some of them very traumatic, such as the reduction in force implemented at the end of FY 1996. These changes have included:

- The closing of 32 overseas missions by the end of FY 1998 and restructuring others to improve efficiency and recognize new ways of operating;

- Introduction and implementation of reengineering for many agency processes and practices;

- Introduction of new management systems;

- The development and implementation of methods for measuring results of our development activities; and

- The planned move of Agency headquarters operations into a single building during 1997.

Reform Initiatives. Agency reform initiatives have been a management priority for the past several years. One of the first steps in the agency's reform initiatives was the reorganization announced on October 1, 1993. This reorganization reflected the basic principles of Vice President Gore's National Performance Review initiative.

The reorganization streamlined the structure of the agency, broadened spans of control, and eliminated unnecessary layering and redundant processes. For example, it eliminated one high-level management layer and reduced the number of major organizational units by five. Functions were realigned to facilitate cooperation among all bureaus and missions. The reorganization was also supported by clearer policy direction and new and betters tools. These tools included expanded technical capacity and better access to information, made available by the development of the new management systems.

USAID next launched a process of internal rightsizing. Since the Marshall Plan after World War II, the number of countries receiving U.S. assistance had grown steadily. The USAID rightsizing was the first modern initiative to reduce the overall number of recipient countries, with the aim of making the agency's remaining programs more effective. On November 19, 1993, the agency announced the closing of 21 USAID field missions, to occur by the end of FY 1996. This was later expanded so that 26 missions actually closed by the end of FY 1996. By the end of FY 1998 USAID will have closed an additional six missions, for a total of 32. The agency will have a U.S. direct-hire staff presence by the end of FY 1998 in about 66 full and limited missions plus a small number of countries receiving humanitarian assistance.

The objective of rightsizing in Washington was to achieve the optimal mix of organizational structure, staffing resource allocations, and operating procedures. The effort resulted in the elimination of redundant functions, a reduction in supervisory layers, increased span of control, and a much more streamlined operation.

In July 1996, a series of decisions were made to restructure and further downsize the agency's overseas presence. USAID missions were recategorized as full, limited, limited-humanitarian, or exit and non-presence. A few additional close-out missions were identified and a number of other missions were to convert to more limited operations with smaller staffs.

New Management System. The new management system (NMS) is an integrated, computer-based management information system which encompasses the agency's core business practices. The system was designed to correct long-standing problems and improve operational efficiency and effectiveness. NMS is fundamentally changing the way the agency works. For example, data will be entered once overseas or in Washington, and will be available worldwide throughout the system. This will reduce errors, and make real-time information available to managers throughout the agency. While some problems have been encountered, this is to be expected in a new system which combines the number of functions encompassed in NMS. The agency is addressing all problems which have been encountered to date. The automated portion of NMS, which is now operational, consists of four components:

- **Operations** component supports the agency's new program procedures and processes for planning, implementing, monitoring and evaluating the foreign assistance programs.

- **Budget** facilitates the management of the operating year budget and fund allocations within the agency.

- **Acquisition and Assistance** (A&A) provides greater efficiency and accountability in the formation and administration of the agency's procurements and assistance agreements.

- The **Agency Worldwide Accounting and Control** (AWACS) component replaces multiple "stand-alone" systems and performs the agency's core accounting functions.

Subsystems for human resources management and property management are currently being worked on for incorporation into NMS.

The design and implementation of NMS have been a major challenge for the agency, involving the redesign of many business practices of the agency and the integration into a single system of the accounting systems, contracting system, and development of automated budget and operations modules. During the past three years, the agency has purchased and installed hardware and software worldwide, including the purchase and installation of secure telecommunications and satellite service worldwide. A large, ongoing training program has been developed to train all agency personnel in how to utilize NMS, and an extensive help network has been established to assist operating units with problems and questions.

By the end of FY 1997, the agency expects to have the system fully operational, including the completion of data migration from the old Washington and overseas accounting systems.

Move to the Ronald Reagan Federal Building. By the end of October 1997, all headquarters personnel will have been moved from nine buildings located in the District of Columbia and Virginia to the Ronald Reagan Federal Building. This move will provide substantial benefits for USAID, including:

- Improved communications among and between staff and managers of all headquarters organizations;

- Improved management oversight of administrative operations, currently scattered among the various locations;

- Improved use of staff resources and property;

- Reduced support costs through consolidation of support functions that currently have to be duplicated in multiple buildings;

- Reduction in staff time lost in traveling between buildings in the District of Columbia and Virginia to attend meetings and carry out daily business;

- Improved physical, telecommunications, and data security resulting from the up-to-date facilities available in the new building; and

- Reduction in costs of any potential future internal organizations due to the use of open space and "modular" furniture.

While cost savings associated with these above benefits cannot be precisely measured, it is estimated that administrative savings, including savings through better utilization of staff time, will be between $2 million and $3 million per year.

Benefits will also accrue to the Department of State, as the Department will be able to consolidate some of its personnel into space being vacated in the Main Department of State Building, once that building has been renovated.

Funding Sources. Operating expense costs of the agency are funded from several sources, including new budget authority appropriated by the Congress, reimbursements for services provided to other operations, local currency trust funds provided by some host country governments, and recoveries from prior year obligations.

The sources of funds used for operating costs in FYs 1996 through FY 1998 are shown below:

Funding Sources for Operating Expenses
($000)

Category	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
Appropriated Operating Expenses	465,750	470,750	473,000
Program Funds Used for OE	25,560	75	75
Appropriation Transfer	3,000	17,500	
Subtotal - New Budget Authority	494,310	488,325	473,075
Local Currency Trust Funds (Recurring)	40,138	36,544	35,370
Local Currency Trust Funds (Real Property)	130	8,301	976
Reimbursements	5,555	6,000	6,000
Unobligated Balance, Start of Year	27,195	39,935	17,000
Recovery of Prior Year Obl. (Sec. 511)	25,939	14,000	12,000
Unobligated Balance - End of Year	- 39,935	- 17,000	- 12,000
Required for Prior Year Adjustments		- 700	
End of Year Balance, Expired	- 234		
Total Obligations	553,098	575,405	532,421
Less: Overseas real property and one-time costs of the Headquarters office move	- 6,171	- 37,152	- 976
Total Recurring Obligations	546,927	538,253	531,445

Local Currency Trust Funds. Some host country governments provide USAID with local currency trust funds to partially offset the cost of administering development assistance programs. These local currencies are usually generated through development activities such as commodity import programs, although some host country governments appropriate funds specifically for the use of USAID field missions.

The following table provides information on the dollar equivalent of local currency trust funds made available for USAID's use:

Dollar Equivalent of Local Currency Trust Funds
($000)

Country	FY 1996 Actual	FY 1997 Estimate	FY 1998 Proposed
Africa			
Burundi	112.8		
Ethiopia	649.5	225.0	225.0
Ghana	1,040.0	1,100.0	1,180.0
Lesotho	4.6		
Mozambique	499.7	466.6	470.6
Tanzania	768.0	1,026.1	1,128.2
Uganda	1,768.9	443.0	668.5
Zimbabwe	960.2	1,030.0	1,039.5
Subtotal - Africa	5,803.7	4,290.7	4,711.8
Asia and the Near East			
Bangladesh	319.7	277.3	215.3
Egypt	14,444.6	15,385.2	15,224.8
Indonesia	1,600.0	1,600.0	1,600.0
Jordan	225.8	211.3	211.3
Morocco	400.0	100.0	
Pakistan	4.8		
Philippines	3,402.9	3,200.0	2,500.0
Subtotal - Asia and the Near East	20,397.8	20,773.8	19,751.4
Latin America and Caribbean			
Belize	56.1		
Bolivia	1,700.0	1,500.0	1,500.0
Colombia	374.0	422.8	
Costa Rica	1,380.0		
Dominican Republic	1,100.0	1,100.0	1,084.0
Ecuador	14.0		
El Salvador	4,058.8	3,557.2	3,423.1
Guatemala	2,355.5	2,280.8	2,260.8
Guyana	45.9		
Honduras	1,222.9	1,307.0	1,307.0
Jamaica	1,370.7	1,112.7	1,132.2
Nicaragua	308.8	200.0	200.0
Subtotal - Latin America and Caribbean	13,986.7	11,480.5	10,907.1
Total Trust Funds (Recurring)	**40,188.2**	**36,545.0**	**35,370.3**

In addition to local currency trust funds used for recurring costs, trust funds are sometimes made available for the purchase or construction of real property (offices, residences, and warehouses) overseas. The availability of trust funds for these purposes is as shown below:

Dollar Equivalent of Local Currency Trust Funds
($000)

Country	FY 1996 Actual	FY 1997 Estimate	FY 1998 Proposed
Malawi	121.2	225.0	
Uganda		57.8	31.0
Egypt	8.4	8,142.9	944.4
Total Trust Funds (Real Property)	129.6	8,425.7	975.9

Work Force Resources. The agency's work force consists of U.S. and foreign service national personnel, both direct hire and non-direct hire. The following table provides information on the makeup of the agency's work force related to managing agency activities. The data excludes those personnel funded from the separate appropriations for IG operating expenses and credit administrative expenses. Information is for actual and anticipated end-of-year, on-board levels.

	9/30/96 Actual	9/30/97 Estimate	9/30/98 Request
OE Funded Personnel:			
Washington:			
U.S. Direct Hire	1,587	1,639	1,605
Overseas:			
U.S. Direct Hire	775	755	722
Other U.S. Citizens	131	124	105
Foreign Service Nationals	3,834	3,718	3,342
Total - Overseas	4,740	4,594	4,169
Total USAID			
U.S. Direct Hire	2,362	2,394	2,327
Other U.S. Citizens	131	124	105
Foreign Service Nationals	3,834	3,718	3,342
Total - USAID	6,327	6,236	5,774
Program Funded Personnel:			
Washington	302	383	343
Overseas	1,095	1,201	1,151
Total Program Funded	1,397	1,584	1,494
TOTAL (Program and OE)	7,724	7,820	7,268

The above work force levels exclude those personnel funded from the separate appropriations for Operating Expenses of the Office of the Inspector General and for credit administrative expenses.

The changes in costs from FY 1997 to FY 1998, for object class codes changing by $0.5 million or more, are outlined below:

Personnel Compensation - Decrease of $1.6 million

This category of costs includes basic compensation for U.S. and foreign national direct-hire and personal service contract (PSC) employees worldwide, including base pay, hardship differential, and special pay such as Sunday pay. The reduction reflects savings from reduced staffing levels, offset in part by the cost of anticipated pay raises.

Total salaries and benefits for agency employees in FY 1998 will be about $304.9 million or 57% of the total OE budget of the agency. Staff reductions will result in a net decrease in costs of $1.6 million from FY 1997 to FY 1998.

Travel and Transportation - Decrease of $2.0 million

This decrease is related to reduced staffing levels combined with reduced training travel, the latter associated primarily with NMS training, most of which will be completed by the end of FY 1997.

Transportation of Things - Decrease of $1.5 million

This decrease is due to reduced staffing levels, which will reduce post assignment and home leave costs.

Rental Payments to GSA - Increase of $15.2 million

This increase is the result of the headquarters consolidation, where all rent would be paid to the General Services Administration (GSA). This increase is offset, in part, by reductions in rental payments to others (see next object class).

Rental Payments to Others - Decrease of $10.6 million

This decrease reflects the move out of office space in Washington where rent is not paid to GSA. For example, we pay the Department of State for rent in the main Department of State building. The Department, in turn, pays GSA. In addition, overseas residential rental costs will be lower due to reduced staffing levels.

Advisory and Assistance Services - Decrease of $1.8 million

This decrease is primarily related to the completion of work on the new headquarters building, for which specialized services had to be obtained.

Other Services - Decrease of $3.4 million

This decrease reflects the completion of most upgrades in hardware, software, and communications related to full implementation of NMS, including savings resulting from "turning off" legacy systems.

Purchase of Equipment - Decrease of $28.2 million

This decrease is primarily related to one-time costs incurred in FY 1997 for the purchase of office furniture and equipment, including telephone and security equipment, for the new headquarters building.

Lands and Structures - Decrease of $8.5 million

This decrease is because the bulk of the activities associated with the construction of the new office building in Cairo, Egypt will have been completed by the end of FY 1997.

OPERATING EXPENSE FUNDS ($000)

Use of Funds Operating Expense Costs	FY 96 Actual					FY 97 Estimate					FY 98 Request				
		Field			Agency		Field			Agency		Field			Agency
OCC Description	Hq.	Dollars	TF	Total	Total	Hq.	Dollars	TF	Total	Total	Hq.	Dollars	TF	Total	Total
11.1 Compensation, Full-Time Permanent															
U.S. Direct Hire	108,218	63,788		63,788	172,006	103,110	61,722		61,722	164,832	105,185	59,006		59,006	164,191
Foreign National Direct Hire		7,212	3,482	10,694	10,694		5,174	3,211	8,385	8,385		5,169	3,318	8,487	8,487
Sub-Total	108,218	71,000	3,482	74,482	182,700	103,110	66,896	3,211	70,107	173,217	105,185	64,175	3,318	67,493	172,678
11.3 Compensation, Other Than Full-Time Permanent															
U.S. Direct Hire	4,109	1,910		1,910	6,019	4,796	244		244	5,040	4,791	224		224	5,015
11.5 Other personnel compensation															
U.S. Direct Hire	409	7,465	3	7,468	7,877	968	6,776		6,776	7,744	1,156	6,983		6,983	8,139
Foreign National Direct Hire		87	61	148	148		348	305	653	653		372	317	689	689
Sub-Total	409	7,552	64	7,616	8,025	968	7,124	305	7,429	8,397	1,156	7,355	317	7,672	8,828
11.8 Special Personal Services Payments															
U.S. PSCs		8,307	350	8,657	8,657		7,745	336	8,081	8,081		6,487	350	6,837	6,837
FSN PSCs		28,463	14,033	42,496	42,496		30,249	13,343	43,592	43,592		30,485	12,910	43,395	43,395
Other Personnel	174				174	140				140	140				140
Sub-Total	174	36,770	14,383	51,153	51,327	140	37,994	13,679	51,673	51,813	140	36,972	13,260	50,232	50,372
Total Compensation	112,910	117,232	17,929	135,161	248,071	109,014	112,258	17,195	129,453	238,467	111,272	108,726	16,895	125,621	236,893
12.1 Personnel Benefits															
U.S. Direct Hire:															
Retirement Costs	18,469	14,838		14,838	33,307	19,350	16,508		16,508	35,858	20,146	16,745		16,745	36,891
Health and Life Insurance	4,199	2,601		2,601	6,800	4,706	2,936		2,936	7,642	4,902	2,971		2,971	7,873
Education Allowances		5,150	933	6,083	6,083		5,033	861	5,894	5,894		5,234	837	6,071	6,071
Quarters Allowances		517	16	533	533		528		528	528		449		449	449
Other Benefits	713	1,680	44	1,724	2,437	169	1,664	60	1,724	1,893		1,301	43	1,344	1,344
Employee Compensation Claims *	1,896	1,118		1,118	3,014	2,102	1,258		1,258	3,360	1,928	1,082		1,082	3,010
Foreign National Direct Hire:															
Payments to FSN Separation Fund		1,316	40	1,356	1,356		954	109	1,063	1,063		997	81	1,078	1,078
Retirement and other Benefits		709	282	991	991		446	346	792	792		487	345	832	832
U.S. PSCs		2,073	91	2,164	2,164		1,562	69	1,631	1,631		1,402	70	1,472	1,472
FSN PSCs:															
Payments to FSN Separation Fund		1,597	146	1,743	1,743		860	176	1,036	1,036		888	100	988	988
Other FSN Benefits		4,758	2,852	7,610	7,610		4,634	2,627	7,261	7,261		4,059	2,719	6,778	6,778
Sub-total	25,277	36,357	4,404	40,761	66,038	26,327	36,383	4,248	40,631	66,958	26,976	35,615	4,195	39,810	66,786

OPERATING EXPENSE FUNDS ($000)

OCC	Use of Funds Operating Expense Costs Description	FY 96 Actual Hq.	Field Dollars	Field TF	Field Total	Agency Total	FY 97 Estimate Hq.	Field Dollars	Field TF	Field Total	Agency Total	FY 98 Request Hq.	Field Dollars	Field TF	Field Total	Agency Total
13.1	Benefits for Former Personnel															
	U.S. Direct Hire	627				627										
	FSN Direct Hire		520	215	735	735		131	41	172	172		226	13	239	239
	FSN PSCs		392	588	980	980		700	242	942	942		700	288	988	988
	Sub-Total	627	912	803	1,715	2,342		831	283	1,114	1,114		926	301	1,227	1,227
21.0	Travel and Transportation of Persons															
	Operational Travel	4,319	6,800	590	7,390	11,709	5,500	8,621	649	9,270	14,770	5,403	8,605	562	9,167	14,570
	Mandatory/Statutory Travel:															
	Post Assignment/Home Leave	171	3,115	433	3,548	3,719	305	4,056	271	4,327	4,632	205	2,822	455	3,277	3,482
	Rest and Recuperation Travel		1,308	239	1,547	1,547		1,760	278	2,038	2,038		1,758	148	1,906	1,906
	Other Mandatory/Statutory Travel	573	1,391	122	1,513	2,086	1,494	1,332	128	1,460	2,954	1,245	1,592	185	1,777	3,022
	Training Travel	350	2,008	62	2,070	2,420	1,224	2,482	33	2,515	3,739	766	2,304	35	2,339	3,105
	Sub-Total	5,413	14,622	1,446	16,068	21,481	8,523	18,251	1,359	19,610	28,133	7,619	17,081	1,385	18,466	26,085
22.0	Tranportation of Things															
	Office & Residential Furniture & Equipment		2,781	350	3,131	3,131		2,210	177	2,387	2,387		2,307	12	2,319	2,319
	Post Assignment/Home Leave Freight		7,192	445	7,637	7,637		7,570	327	7,897	7,897		6,297	499	6,796	6,796
	Other Transportation Costs	491	311	39	350	841	365	237		237	602	20	231		231	251
	Sub-Total	491	10,284	834	11,118	11,609	365	10,017	504	10,521	10,886	20	8,835	511	9,346	9,366
23.1	Rental Payments to GSA	7,937				7,937	11,223				11,223	26,430				26,430
23.2	Rental Payments to Others															
	Office Rent	12,196	9,780	2,367	12,147	24,343	10,497	9,790	2,619	12,409	22,906	172	9,996	2,179	12,175	12,347
	Residential Rent		14,373	2,533	16,906	16,906		14,131	2,237	16,368	16,368		14,067	2,293	16,360	16,360
	Sub-Total	12,196	24,153	4,900	29,053	41,249	10,497	23,921	4,856	28,777	39,274	172	24,063	4,472	28,535	28,707
23.3	Communications, Utilities, and Misc. Charges															
	Office Utilities		2,014	985	2,999	2,999	56	2,523	866	3,389	3,445	57	2,459	926	3,385	3,442
	Residential Utilities		2,853	924	3,777	3,777		2,967	832	3,799	3,799		2,906	913	3,819	3,819
	Telephone Costs	4,209	3,968	611	4,579	8,788	4,999	4,073	597	4,670	9,669	5,000	3,929	572	4,501	9,501
	Other Misc. Charges	913	343	165	508	1,421	925	510	39	549	1,474	821	515	68	583	1,404
	Sub-Total	5,122	9,178	2,685	11,863	16,985	5,980	10,073	2,334	12,407	18,387	5,878	9,809	2,479	12,288	18,166
24.0	Printing and Reproduction	711	13	4	17	728	847	12	6	18	865	831	15	4	19	850

OPERATING EXPENSE FUNDS ($000)

Use of Funds	FY 96 Actual					FY 97 Estimate					FY 98 Request				
Operating Expense Costs		Field			Agency		Field			Agency		Field			Agency
OCC Description	Hq.	Dollars	TF	Total	Total	Hq.	Dollars	TF	Total	Total	Hq	Dollars	TF	Total	Total
25.1 Advisory and Assistance Services	415	1,454	275	1,729	2,144	6,026	620	1,151	1,771	7,797	4,172	1,241	569	1,810	5,982
25.2 Other Services															
Training Related Costs	4,288	875	125	1,000	5,288	4,355	528	167	695	5,050	4,774	508	171	679	5,453
Office Security Guards		2,171	667	2,838	2,838		2,447	482	2,929	2,929		2,389	516	2,905	2,905
Residential Security Guards		3,560	410	3,970	3,970		3,713	256	3,969	3,969		3,643	289	3,932	3,932
ADP Systems Design/Analysis	15,111				15,111	9,215				9,215	7,012				7,012
ADP Systems Maintenance	4,581				4,581	3,698				3,698	3,699				3,699
Other ADP Support Costs	12,395	49	49	98	12,493	14,277	57	33	90	14,367	14,277	70	13	83	14,360
Official Residence Expenses		50		50	50		125		125	125		125		125	125
Representation Allowances		90		90	90		95		95	95		95		95	95
Entertainment	2				2	5				5	5				5
Other Miscellaneous Charges	4,778	3,729	1,461	5,190	9,968	5,267	3,800	924	4,724	9,991	3,971	3,715	799	4,514	8,485
Sub-Total	41,155	10,524	2,712	13,236	54,391	36,817	10,765	1,862	12,627	49,444	33,738	10,545	1,788	12,333	46,071
25.3 Purchase of Goods & Services from Gov't. Accts															
Foreign Affairs Administrative Support	1,919	16,458		16,458	18,377	2,015	15,866		15,866	17,881	2,116	15,895		15,895	18,011
U.S. Dispatch Agent Fees		900		900	900		900		900	900		900		900	900
DCAA Audits	1,500				1,500	1,600				1,600	1,000				1,000
APO Mail		408		408	408		1,149		1,149	1,149		1,188		1,188	1,188
Other Services	424				424	782	25		25	807	1,386				1,386
Sub-Total	3,843	17,766		17,766	21,609	4,397	17,940		17,940	22,337	4,502	17,983		17,983	22,485
25.4 Operation and Maintenance of Facilities	1,210	5,728	1,717	7,445	8,655	3,254	3,467	816	4,283	7,537	3,404	2,932	872	3,804	7,208
25.6 Medical Care	2				2										
25.7 Operation/Maintenance of Equipment & Storage															
ADP and Telephone Systems	6,998	247	66	313	7,311	8,615	323	125	448	9,063	8,727	322	76	398	9,125
Office & Residential Furniture & Equipment	1,010	1,182	287	1,469	2,479	964	1,369	439	1,808	2,772	1,054	1,352	391	1,743	2,797
Storage of Effects		1,552	68	1,620	1,620		1,715	104	1,819	1,819		1,707	101	1,808	1,808
Other Operations/Maintenance Costs						244				244	268				268
Sub-Total	8,008	2,981	421	3,402	11,410	9,823	3,407	668	4,075	13,898	10,049	3,381	568	3,949	13,998
25.8 Subsistence and Support of Persons	106	9	1	10	116	25	9	1	10	35		10	1	11	11
26.0 Supplies and Materials	1,247	5,792	884	6,676	7,923	1,533	4,977	834	5,811	7,344	1,470	4,759	858	5,617	7,087

OPERATING EXPENSE FUNDS ($000)

Use of Funds Operating Expense Costs	FY 96 Actual					FY 97 Estimate					FY 98 Request				
		Field			Agency		Field			Agency		Field			Agency
OCC Description	Hq	Dollars	TF	Total	Total	Hq	Dollars	TF	Total	Total	Hq	Dollars	TF	Total	Total
31.0 Equipment															
Office Furniture and Equipment	5,740	5,451	384	5,835	11,575	15,170	4,091	35	4,126	19,296	87	3,460	145	3,605	3,692
Residential Furniture and Equipment		2,934	225	3,159	3,159		1,974	180	2,154	2,154		1,772	172	1,944	1,944
ADP Hardware and Software	3,214	6,673	498	7,171	10,385	1,082	3,257	143	3,400	4,482	974	2,819	86	2,905	3,879
Other Furniture and Equipment	35	2,553	16	2,569	2,604	11,817	1,791	69	1,860	13,677		1,845	69	1,914	1,914
Sub-Total	8,989	17,611	1,123	18,734	27,723	28,069	11,113	427	11,540	39,609	1,061	9,896	472	10,368	11,429
32.0 Lands and Structures															
Building Renovations/Alterations - Office	29				29		1,230	58	1,288	1,288		300	31	331	331
Building Renovations/Alterations - Residential							64		64	64					
Purchase of Land and Buildings		56	130	186	186			8,368	8,368	8,368			945	945	945
Purchase of Fixed Equipment for Blds.						150				150		9		9	9
Sub-Total	29	56	130	186	215	150	1,294	8,426	9,720	9,870		309	976	1,285	1,285
41.0 Grants, Subsidies, and Contributions	40	1,500		1,500	1,540		1,500		1,500	1,500		1,500		1,500	1,500
42.0 Claims and Indemnities	585	345		345	930	850	3		3	853	855				855
TOTAL OPERATING EXPENSE COSTS	236,313	276,517	40,268	316,785	553,098	263,720	266,841	44,970	311,811	575,531	238,449	257,626	36,346	293,972	532,421

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

FY 1998 Request: . . . . . $ 44,208,000

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted USAID career foreign service employees to become participants in the Foreign Service Retirement and Disability Fund. An actuarial determination by the Department of the Treasury shows that, in FY 1998, $44,208,000 will be required to amortize this liability and the unfunded liability created by pay raises and benefit changes since FY 1974. This appropriation is authorized by Chapter 8 of the Foreign Service Act of 1980.

OPERATING EXPENSES OF THE INSPECTOR GENERAL

FY 1998 Request: $29,047,000

The FY 1998 budget request of $29,047,000 for the operating expenses of the Inspector General, when combined with $4 million in Section 517 (511) recovered funds, provides the resources to finance audits and investigations legislated under the Inspector General Act, to detect fraud and abuse in USAID programs, and to administer the USAID worldwide security program. The new direction and challenges facing USAID in FY 1998 pose an equally great challenge for the Office of Inspector General (OIG). The USAID Administrator has envisioned fewer traditional, full-scale USAID missions abroad; he has revitalized the regional concept for operations; and he has predicted an increase in short-term emergency assistance for complex operations such as USAID operations in Bosnia. This request supports these initiatives and highlights the necessity of a responsive IG organization capable of keeping pace with USAID activities in a rapidly changing world.

The security activities provided for USAID are legislated in the Inspector General Act of 1978, as amended (5 USC App. 3, §8A), and are accomplished in accordance with the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99-399). Security activities, including physical security measures in offices and residences, armored vehicles and security communications equipment, provide a 24-hour umbrella of protection for USAID employees, dependents, facilities, and information. This request includes $547,000 to fund antiterrorism security improvements recommended as a result of the 1996 bombing in Saudi Arabia.

Additional demand for audit work will continue to result from the USAID reengineering and reform efforts. The agency volunteered to be a pilot under the Government Performance and Results Act of 1993 (GPRA), which will result in significant audit work prior to the timeframes set by the Act. The decision to reorganize the agency's project portfolio into strategic objectives (SO), together with a new system of designing and implementing projects by SO teams, will require performance auditors to become familiar with new outcomes and new methods of measuring and reporting progress. Audits and reviews will be performed to meet the requirements of the Chief Financial Officers Act (CFO), the Government Management Reform Act (GMRA), and the Office of Management and Budget (OMB) Circular A-133. Under the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Office of Inspector General plans to conduct status reporting of the agency's internal controls, reviews of the new management systems, financial audits of grantees and contractors, and coordination of Supreme Audit Institutions (SAIs). In FY 1998, the OIG will reassume the oversight and management of the Defense Contracting Audit Agency program from the agency. Funding for this program will not exceed $1 million, to be funded from the agency operating expense appropriation.

The agency's plan to downsize its overseas missions also has implications for the IG investigative workload. There will be an increased risk created by having fewer direct-hire employees to monitor agency activities, both in field missions and in non-presence countries. The OIG investigations program will continue to address agency needs with an emphasis on fraud prevention.

The cost of the budget's proposed additional 1.51 percentage point agency payment to the Civil Service Retirement and Disability Fund for Civil Service Retirement System employees will be absorbed within this request, once the proposal is enacted.

Office of Inspector General

OCC	Category	FY 1996 Actual Hq.	FY 1996 Actual Field	FY 1996 Actual Total	FY 1997 Estimate Hq.	FY 1997 Estimate Field	FY 1997 Estimate Total	FY 1998 Request Hq.	FY 1998 Request Field	FY 1998 Request Total
11.1	Compensation, full-time permanent									
	U.S. Direct Hire	8,752	4,775	13,527	9,419	5,634	15,053	10,187	5,299	15,486
	Foreign National Direct Hire			0			0			0
	Sub-Total	8,752	4,775	13,527	9,419	5,634	15,053	10,187	5,299	15,486
11.3	Compensation, other than full-time permanent									
	U.S. Direct Hire	16		16	17		17	18		18
11.5	Other personnel compensation									0
	U.S. Direct Hire	255	397	652	324	454	778	332	467	799
	Foreign National Direct Hire			0			0			0
	Sub-Total	255	397	652	324	454	778	332	467	799
11.8	Special personal services payments									
	US PSCs	34	126	160		34	34	35		35
	FSN PSCs		814	814		994	994		879	879
	Other personnel			0			0			0
	Sub-Total	34	940	974	0	1,028	1,028	35	879	914
12.1	Personnel benefits									
	U.S. Direct Hire:									
	Retirement Costs	1,269	753	2,022	1,352	802	2,154	1,387	823	2,210
	Health and Life Insurance	354	184	538	377	196	573	387	201	588
	Education Allowances		259	259		281	281		306	306
	Other Benefits	341	545	886	484	323	807	310	337	647
	Foreign National PSCs:									
	Payments to FSN Separation Fund			0			0			0
	Sub-Total	1,964	1,741	3,705	2,213	1,602	3,815	2,084	1,667	3,751
	Total Personnel Compensation	**11,021**	**7,853**	**18,874**	**11,973**	**8,718**	**20,691**	**12,656**	**8,312**	**20,968**
21.0	Travel and Transportation of Persons									
	Operational Travel	665	1,292	1,957	510	1,641	2,151	677	968	1,645
	Training Travel	5	19	24	6	20	26	7		7
	Sub-Total	670	1,311	1,981	516	1,661	2,177	684	968	1,652

Dollars in Thousands

Office of Inspector General

OCC	Category	FY 1996 Actual Hq.	FY 1996 Actual Field	FY 1996 Actual Total	FY 1997 Estimate Hq.	FY 1997 Estimate Field	FY 1997 Estimate Total	FY 1998 Request Hq.	FY 1998 Request Field	FY 1998 Request Total
22.0	Transportation of Things									
	Post Assignment/Home Leave Freight		694	694		505	505		376	376
	Shipment of Furniture and Equipment	60	214	274	300		300			0
	Sub-Total	60	908	968	300	505	805	0	376	376
	Total Travel and Transportation	**730**	**2,219**	**2,949**	**816**	**2,166**	**2,982**	**684**	**1,344**	**2,028**
23.1	Rental Payments to GSA	948		948	1,140		1,140	2,124		2,124
23.2	Rental Payments to Others	1	1,410	1,411		1,590	1,590		1,380	1,380
	Sub-Total Rental Payments	949	1,410	2,359	1,140	1,590	2,730	2,124	1,380	3,504
23.3	Communications, Utilities, and Misc. Charges									
	Office and Residential Utilities		279	279		248	248		215	215
	Telephone Costs	76	157	233	80	103	183	82	114	196
	Sub-Total	76	436	512	80	351	431	82	329	411
	Total Rent, Communications, and Utilities	**1,025**	**1,846**	**2,871**	**1,220**	**1,941**	**3,161**	**2,206**	**1,709**	**3,915**
24.0	Printing and Reproduction	21	6	27		7	7	25	2	27
25.1	Advisory and Assistance Services:	13	28	41			0		41	41
25.2	Other Services									
	Office and Residential Security Guards		111	111		123	123		161	161
	Staff Traiping	141	6	147	150	7	157	155	10	165
	ADP Systems Design/Analysis	18		18			0			0
	ADP Systems Maintenance	90		90	70		70	70		70
	Other	785	565	1,350	2,787		2,787	1,253		1,253
	Sub-Total	1,034	682	1,716	3,007	130	3,137	1,478	171	1,649
25.3	Purchase of Goods and Services from Gov't. Accts.									
	Foreign Affairs Administrative Support		634	634		656	656		635	635
	DCAA Audits			0			0			0
	Other Services	1,282		1,282	1,000		1,000	1,020		1,020
	Sub-Total	1,282	634	1,916	1,000	656	1,656	1,020	635	1,655

Dollars in Thousands

Office of Inspector General

OCC	Category	FY 1996 Actual Hq.	FY 1996 Actual Field	FY 1996 Actual Total	FY 1997 Estimate Hq.	FY 1997 Estimate Field	FY 1997 Estimate Total	FY 1998 Request Hq.	FY 1998 Request Field	FY 1998 Request Total
25.7	Operation/Maintenance of Equipment & Storage									
	ADP and Telephone Systems			0			0			0
	Office & Residential Furniture and Equipment			0			0			0
	Storage of Effects			0			0			0
	Other Operations/Maintenance Costs	90	34	124	72		72	61	10	71
	Sub-Total	90	34	124	72	0	72	61	10	71
										0
	Total Contractual Services	**2,419**	**1,378**	**3,797**	**4,079**	**786**	**4,865**	**2,559**	**857**	**3,416**
26.0	Supplies and Materials	152	121	273	294	41	335	135	31	166
31.0	Purchase of Equipment									
	ADP Hardware/Software	139		139	361		361	716		716
	Other Ofc/Residential Furniture/Equip.	1,244	95	1,339	1,130	29	1,159	810		810
	Sub-Total	1,383	95	1,478	1,491	29	1,520	1,526	0	1,526
32.0	Lands and Structures	76		76	426		426	995		995
	Total Acquisition of Assets	**1,459**	**95**	**1,554**	**1,917**	**29**	**1,946**	**2,521**	**0**	**2,521**
41.0	Grants, Subsidies and Contributions			0			0			0
42.0	Claims and Indemnities *		203	203		13	13		6	6
	Total Grants and Fixed Charges	**0**	**203**	**203**	**0**	**13**	**13**	**0**	**6**	**6**
	Total Costs	**16,827**	**13,721**	**30,548**	**20,299**	**13,701**	**34,000 /1**	**20,786**	**12,261**	**33,047 /2**

* Hq./Overseas distribution allocated on basis of USDH full-time compensation.

/1 This distribution includes an estimated $4 million in multi-year and no-year funds to be used in FY 1997.
/2 This distribution includes an estimated $4 million in no-year funds to be used in FY 1998, as stated in the CP narrative.

Dollars in Thousands

Office of Inspector General

Category	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
Appropriated Operating Expense Funds	30,200	30,000	29,047
Rescission	(37)	0	0
2-Year OE funds Carried-over from prior year	0	1,478	0
No-Year Funds Carried-over from prior year	7,700	7,152	5,159
No-Year Funds Recovered **	1,315	529	0
Total Available Funds	**39,178**	**30,159**	**34,206**
Expenses/Obligations OE funds	(28,685)	(30,000)	(29,047)
Expenses/Obligations OE carry-forward funds	0	(1,478)	0
Expenses/Obligations No-year funds	(1,863)	(2,522)	(4,000)
Total Expenses/Obligations	**(30,548)**	**(34,000)**	**(33,047)**
End-of-year OE Carry Forward	1,478	0	0
End-of-year No-Year Carry Forward	7,152	5,159	1,159

** No-Year funds are also used for upward adjustments to prior year obligations

Dollars in Thousands

Office of Inspector General

Organization	FY 1996 Actual U.S. Direct Hire	FY 1996 Actual U.S. PSCs	FY 1996 Actual Foreign National Direct Hire	FY 1996 Actual Foreign National PSCs	FY 1996 Actual Total Staffing FTEs	FY 1997 Estimate U.S. Direct Hire	FY 1997 Estimate U.S. PSCs	FY 1997 Estimate Foreign National Direct Hire	FY 1997 Estimate Foreign National PSCs	FY 1997 Estimate Total Staffing FTEs	FY 1998 Planned U.S. Direct Hire	FY 1998 Planned U.S. PSCs	FY 1998 Planned Foreign National Direct Hire	FY 1998 Planned Foreign National PSCs	FY 1998 Planned Total Staffing FTEs
Washington															
Inspector General	6				6	6				6	6				6
Office of Resource Management	21				21	32				32	32				32
Office Of Audit	64				64	77				77	79				79
Office of Investigations	24				24	22				22	22				22
Office of Security	35				35	35				35	35				35
Total Washington Workforce	**150**	**0**	**0**	**0**	**150**	**172**	**0**	**0**	**0**	**172**	**174**	**0**	**0**	**0**	**174**
Overseas															
Africa	17	0		12	29	19	0		8	27	18	0		6	24
Asia/Near East	16	0		3	19	18	0		5	23	18	0		7	25
Europe/NIS	14	3		2	19	11	3		3	17	9	0		3	12
Latin American & Caribbean	10	0		3	13	10	0		3	13	10	0		3	13
Total Overseas	**57**	**3**	**0**	**20**	**80**	**58**	**3**	**0**	**19**	**80**	**55**	**0**	**0**	**19**	**74**
Total Worldwide	**207**	**3**	**0**	**20**	**230**	**230**	**3**	**0**	**19**	**252**	**229**	**0**	**0**	**19**	**248**

ABBREVIATIONS AND ACRONYMS

A&A	-	Acquisitions and Accounts
AAEF	-	Albanian-American Enterprise Fund
AAFLI	-	Asian-American Free Labor Institute
AALC	-	African-American Labor Center
ABA	-	American Bar Association
ABEUSA	-	U.S. Participant Training Alumni Association
ACOR	-	American Center for Oriental Research
ADB	-	Asian Development Bank
ADC	-	Andean Development Corporation
ADP	-	Automated Data Processing
ADRA	-	Adventist Development and Relief Agency
ADS	-	Automated Directives System
AED	-	Academy for Educational Development
AFDB	-	African Development Bank
AIDS	-	Acquired Immune Deficiency Syndrome
AIDSCAP	-	Acquired Immunodeficiency Syndrome Control and Prevention Project
AIFLD	-	American Institute for Free Labor Development
AIHA	-	American International Health Alliance
AIMI	-	African Integrated Malaria Initiative
ANE	-	Asia and Near East
AOJ	-	Administration of Justice
APEC	-	Asia-Pacific Economic Cooperation
APENN	-	Association of Producers and Exporters of Nontraditional Products
ARDC	-	Area Reintegration and Development Center
ARENTO	-	Arab Republic of Egypt National Telecommunication
ARI	-	Inter-Oceanic Authority
	-	Acute Respiratory Infection
ASEAN	-	Association of Southeast Asian Nations
ASHA	-	American Schools and Hospital Abroad
ASSET	-	Agriculturally Sustainable System and Environmental Transformation
ATI	-	Appropriate Technology International
AUB	-	American University of Beirut
AWACS	-	AID Worldwide Accounting and Control System
BAA	-	Business Area Analysis
BCN	-	Biodiversity Conservation Network
BIPRA	-	Bilateral Intellectual Property Rights Agreement
BIT	-	Bilateral Investment Treaty
BOT	-	Build, Operate and Transfer
CAPEL	-	Center for the Promotion of Electoral Assistance
CARD	-	Council on Agricultural and Rural Development
CARE	-	Cooperative for Assistance and Relief Everywhere, Inc.
CASS	-	Cooperative Association of States for Scholarships
CDC	-	Cambodian Development Council
	-	Centers for Disease Control and Prevention
CDIE	-	Center for Development Information and Evaluation
CDO	-	Cooperative Development Organization
CEAL	-	Center for Studies and Legislative Assistance
CEDRO	-	Center for Drug Education and Information
CEE	-	Central and Eastern Europe

CEELI	-	Central and East European Law Institute
CEL	-	Country Experimental Laboratory
CFC	-	Chlorofluorocarbon
CFA	-	African Financial Community
CFL	-	Compact Florescent Lamps
CFO	-	Chief Financial Officers Act
	-	Chief Financial Officer
CG	-	Consultative Group
CGIAR	-	Consultative Group for International Agricultural Research
CIAV	-	Commission of Support for Verification
CIDA	-	Canadian International Development Agency
CIFOR	-	Center for International Forestry Research
CIMS	-	Contract Information Management System
CINGO	-	Citizen Initiated Nongovernmental Organization
CLD	-	Consortium for Legislative Development
CLUSA	-	Cooperative League of the United States of America
CMA	-	Crescent Medical Aid
CNG	-	Compressed Natural Gas
CNV	-	Culture and Nature Visitor
CO_2	-	Carbon Dioxide
CONAM	-	National Environmental Council
CONCAUSA	-	Central America-USA Alliance
CP	-	Congressional Presentation
CPP	-	Comprehensive Post Partum
CPR	-	Contraceptive Prevalence Rate
CRS	-	Catholic Relief Services
CRSP	-	Collaborative Research Support Program
CSE	-	Supreme Electoral Council
CSO	-	Civil Service Organization
CSM	-	Contraceptive Social Marketing
CYP	-	Couple Year's Protection
DA	-	Development Assistance
DAC	-	Development Assistance Committee
DAF	-	Development Assistance Fund
DART	-	Disaster Assistance Response Team
DCAA	-	Defense Contracting Audit Agency
DEG	-	Developing Economies Group
DFA	-	Development Fund for Africa
DG	-	Democracy and Governance
DHS	-	Demographic Health Survey
DIMS	-	Democratic Indicators Monitoring System
DNPW	-	Directorship of National Parks and Wildlife
DPT	-	Diptheria, Pertussia and Tetanus
DOE	-	Department of Energy
DOP	-	Declaration of Principles on Interim Self-Governing Arrangements
DWG	-	Democracy Working Group
EAI	-	Enterprises for the Americas Initiative
EBRD	-	European Bank for Reconstruction and Development
EC	-	European Community
	-	European Commission
ECA	-	Enhanced Credit Authority
ECLA	-	Economic Commission for Latin America

EEA	-	Egyptian Electricity Authority
EEP	-	Employee Evaluation Program
EIA	-	Environmental Initiative for the Americas
EIP	-	Environmental Impact Assessment
ENI	-	Europe and New Independent States
ENR	-	Environment and Natural Resources
EPA	-	Environmental Protection Agency
EPI	-	Expanded Program of Immunization
EPL	-	Environmental Pollution Licensing
EPRA	-	Economic Policy Resource Center
ERP	-	Economic Recovery Program
ESAF	-	Extended Structural Adjustment Facility (IMF)
ESF	-	Economic Support Fund
EU	-	European Union
FA&H	-	Armed Forces of Haiti
FAO	-	Food and Agriculture Organization
FCCC	-	Framework Convention on Climate Changes
FDA	-	Food and Drug Administration
FDI	-	Foreign Direct Investment
FFP	-	Food for Peace
FISE	-	Emergency Social Investment Fund
FMAA	-	Federal Managers Financial Integrity Act of 1982
FMLN	-	Farabundo Marti National Liberations Front
FP	-	Family Planning
FREEDOM	-	Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (FREEDOM Support Act)
FSA	-	Freedom Support Act
FSN	-	Foreign Service National
FSRDF	-	Foreign Service Retirement and Disability Fund
FTAA	-	Free Trade Area of the Americas
FTB	-	First Time Borrower
FTF	-	Farmer to Farmer Program
G-7	-	Group of Seven (leading industrialized nations consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)
GATT	-	General Agreement on Tariffs and Trade
GCA	-	Global Coalition for Africa
GCC	-	Global Climate Change
GDP	-	Gross Domestic Product
GEF	-	Global Environmental Facility
GHAI	-	Greater Horn of Africa Initiative
GHG	-	Green House Gas
GIS	-	Geographic Information System
GNP	-	Gross National Product
GNRA	-	Government Management Reform Act
GPRA	-	Government Performance Review Act (P.L. 103-62)
GSA	-	General Services Administration
GSP	-	General System of Preference
GTZ	-	Guatemala Trade Zone
HA	-	Hectare
HG	-	Housing Guaranty
HiB	-	Hemophilus Influzena Type B

HIV	-	Human Immunodeficiency Virus
HMO	-	Health Maintenance Organization
HFTE	-	Hemispheric Free Trade Expansion
HQ	-	Headquarters
IACCC	-	Inter-Agency Climate Change Committee
IARC	-	International Agricultural Research Center
IBRD	-	International Bank for Reconstruction and Development (World Bank)
ICASS	-	International Cooperative Administrative Support Services
ICITAP	-	International Criminal Investigation and Training Assistance Program
ICORC	-	International Committee for the Reconstruction of Cambodia
ICRISAT	-	International Crop Research Institute for the Semi-Arid Tropics
IDA	-	International Development Association
IDB	-	Inter-American Development Bank
IDP	-	Internally Displaced People
IEC	-	Information, Education and Communication
IESC	-	International Executive Service Corps
IFES	-	International Foundation for Electoral Systems
IFRC	-	International Federation of the Red Cross
IFI	-	International Financial Institute
IFOR	-	Implementation Force (NATO)
IG	-	Inspector General
IIDH	-	Inter-American Institute for Human Rights
IIRR	-	International Institute for Rural Reconstruction
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
IMR	-	Infant Mortality Rate
INADE	-	National Development Institute
INC	-	International Narcotics Control
INDIX	-	International Network for Development Information Exchange
INIFOM	-	Institute for the Promotion of Municipalities
INRENARE	-	Institute for the Management of Renewable Natural Resources
INS	-	Immigration and Naturalization Service
IPM	-	Integrated Pest Management
IPR	-	Intellectual Property Right
IPRF	-	International Planned Parenthood Federation
IQ	-	Intelligence Quotient
IREX	-	International Research and Exchanges Board
IRI	-	International Republican Institute
IRRI	-	International Rice Research Institute
JSE	-	Jakarta Stock Exchange
JUST	-	Justice Sector Support
KG	-	Kilogram
LAC	-	Latin America and the Caribbean
LAU	-	Lebanese American University
LGD	-	Local Government Development
LGU	-	Local Government Union
LMI	-	Lower Middle Income
LPG	-	Loan Portfolio Guarantee
LWOB	-	Lessons Without Borders

MAI	-	Multilateral Assistance Initiative
MCH	-	Maternal and Child Health
MDB	-	Multilateral Development Bank
MED	-	Ministry of Education
MENA	-	Middle East and North Africa
MEPU	-	Ministry of Pre-University Education
MFM	-	Municipal Finance and Management
MINSA	-	Ministry of Health
MIS	-	Management Information System
MMR	-	Maternal Mortality Ratio
MOF	-	Minister of Finance
MOH	-	Ministry of Health
MOPH	-	Ministry of Public Health
MSED	-	Micro and Small Enterprise Development
MSH	-	Management Sciences for Health
MT	-	Metric Ton
MW	-	Megawatt
MWDR	-	Mid-Western Development Region
MWI	-	Ministry of Water and Irrigation
NACP	-	National AIDS Control Program
NAFTA	-	North American Free Trade Agreement
NAPA	-	National Association of the Partners of the Americas
NAPCP	-	National AIDS Prevention and Control Program
NATO	-	North Atlantic Treaty Organization
NCBA	-	National Cooperative Business Association
NDI	-	National Democratic Institute
NEA	-	National Electrification Administration
NEAP	-	National Environmental Action Plan
NED	-	National Endowment for Democracy
NGO	-	Nongovernmental Organization
NIC	-	Newly Industrialized Country
NIH	-	National Institute of Health
NIS	-	New Independent States of the former Soviet Union
NMS	-	New Management System
NPI	-	New Partnership Initiative
NPR	-	National Performance Review
NRM	-	Natural Resource Management
NTA	-	New Transatlantic Agenda
NTE	-	Non-Traditional Exports
OAS	-	Organization of American States
OC	-	Oral Contraceptive
OCC	-	Object Class Code
ODA	-	Official Development Assistance
	-	Overseas Development Administration
OECD	-	Organization for Economic Cooperation and Development
OECF	-	Overseas Economic Cooperation Fund
OFDA	-	Office of Foreign Disaster Assistance
OFHEO	-	Office of Federal Housing Enterprise Oversight
OFR	-	Ocean Freight Reimbursement
OIC	-	Organization of Islamic Conference
OIG	-	Office of the Inspector General
OMB	-	Office of Management and Budget

OPDAT	-	Office of Professional Development and Training
ORS	-	Oral Rehydration Salts
OTI	-	Office of Transition Initiative
PA	-	Palestinian Authority
PADCO	-	Pan American Development Corporation
PAHO	-	Pan American Health Organization
PAR	-	Policy and Administrative Reform
PARDEM	-	Participatory Democracy
PASA	-	Participating Agency Service Agreement
PCA	-	Panama Canal Authority
PCTC	-	Panama Canal Transition Commission
PHC	-	Primary Health Care
PHN	-	Population, Health and Nutrition
PLO	-	Palestinian Liberation Organization
PM&E	-	Performance Measurement and Evaluation
PNFPP	-	Philippines National Family Planning Program
PIP	-	Parks in Peril
PRET	-	Program for the Recovery of the Economy in Transition
PRIME	-	Program for Innovation in Microenterprise
PSC	-	Personal Service Contract
PVO	-	Private Voluntary Organization
R-4	-	Results Review and Resource Requirement
RDA	-	Regional Development Account
REFORM	-	Reengineering Effort for Organization and Management
REGO	-	Reinventing Government
RHUDO	-	Regional Housing and Urban Development Office
RIF	-	Reduction in Force
RIG	-	Regional Inspector General
ROL	-	Rule of Law
RSM/EA	-	Regional Support Mission for East Asia
SADC	-	Southern Africa Development Community
SAI	-	Special Assistance Initiative
	-	Supreme Audit Institution
SAP	-	Structural Adjustment Program
SDC	-	Society for Democratic Culture
SEB	-	Small and Emerging Business
SEBI	-	Securities and Exchange Board of India
SEC	-	Securities and Exchange Commission
SEED	-	Support for East European Democracy
SET	-	Supreme Electoral Tribunal
SIECA	-	Permanent Secretariat of General Treaty of Central America Economic Integration
SO	-	Strategic Objective
SO_2	-	Sulfur Dioxide
SOE	-	State-Owned Enterprise
SPA	-	Special Program of Assistance for Africa
	-	Small Program Assistance
SPRP	-	Sector Policy Reform Program
SPU	-	Strategic Planning Unit
STD	-	Sexually Transmitted Disease
STI	-	Sexually Transmitted Infection

STRI	-	Smithsonian Tropical Research Institute
TAF	-	The Asia Foundation
TF	-	Trust Fund
TFR	-	Total Fertility Rate
TNC	-	The Nature Conservancy
TR&D	-	Tropical Research and Development
U5MR	-	Under 5 Mortality Rate
UE	-	Urban and Environment Credit Program (formerly Housing Guaranty Program)
UN	-	United Nations
UNAG	-	National Union of Farmers and Cattle Owners
UNAIDS	-	United Nations Acquired Immunodeficiency Syndrome
UNAVEM	-	United Nations Verification Mission for Angola
UNDP	-	United Nation Development Program
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children Fund
UNMIH	-	United Nations Mission in Haiti
UNRWA	-	United Nations Relief Works Agency
UPANIC	-	Nicaraguan Union of Agricultural Producers
USAEP	-	United States-Asia Environmental Partnership Initiative
USAID	-	U.S. Agency for International Development
USDA	-	United States Department of Agriculture
USDH	-	United States Direct Hire
USFDA	-	U.S. Food and Drug Administration
USIS	-	United States Information Service
VII	-	Vaccine Independence Initiative
VOA	-	Voice of America
WFP	-	World Food Program
WHO	-	World Health Organization
WID	-	Women in Development
WIP	-	Women in Politics
WTO	-	World Trade Organization