

PW-ACA-226

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**Country Strategic Plan
1997-2003**

ZIMBABWE



April 1997

**Agency for International Development
Washington, D.C. 20523**

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EMBASSY OF THE
UNITED STATES OF AMERICA

March 25, 1997

Carol Peasley
Acting Assistant Administrator
Bureau for Africa
United States Agency for International Development
2201 C Street NW, Room 6936
Washington, DC 20523-0049

Dear Carol:

It is with great pleasure that I endorse USAID/Zimbabwe's Country Strategic Plan for 1997-2003. This document is the result of many months of careful planning by the USAID/Zimbabwe team in full collaboration with the U.S. Mission Country Team. The plan follows the Graduation "blueprint" submitted in May, 1996, as well as the parameters defined by USAID/W in cabled guidance in September, 1996.

I heartily congratulate the USAID Team in remaining focussed on the need to: 1) consolidate gains made over the life of this very successful development program, 2) document results to be achieved prior to phase-out, 3) achieve sustainability to the greatest extent possible, and 4) propose a viable option for continuing important work on development objectives that will remain in the U.S. Government's foreign policy interest well after the physical departure of USAID from Zimbabwe. I believe the USAID/Zimbabwe Team has developed a very credible plan to succeed in each of these areas and should serve as a model for other country programs to follow as they begin the process of phasing out.

As you know, I see the Zimbabwe American Development Foundation (described here as part of USAID/Zimbabwe's new Special Objective) as a model for the direction in which the USG should be moving as American foreign policy evolves. As USAID departs Zimbabwe, the Foundation would remain an important instrument of American influence in our very important bilateral relationship with Zimbabwe. It is evidence of the dynamic partnership between our two countries--one that is evolving into a much more mature and sophisticated relationship as we approach the 21st Century. It is the sort of creative instrument that our Government must move toward as we look for new ways to remain engaged and influential in our foreign policy realm.

On behalf of the entire Country Team, I look forward to working with the fine USAID/Zimbabwe Team as it continues to achieve the results set forth in this document.

Sincerely,

Johnnie Carson
Ambassador
Embassy of the United States

**USAID/Zimbabwe
Country Strategic Plan
Executive Summary**

I. Background

Since establishing its development assistance program to Zimbabwe just after independence, USAID has made a difference in the lives of millions of Zimbabweans. Its impacts have been significant and the Agency is proud of its contribution to Zimbabwe's development. It has been an exemplary development assistance program in a country whose future holds great potential and with a Government with whom the United States maintains an excellent bilateral relationship.

After twenty years and the provision of nearly \$750 million in development assistance funding, the USAID mission to Zimbabwe will be closing in FY 2003. In 1996, Zimbabwe was identified by USAID/Washington as one of 23 countries to be phased out or downsized in the next few years. The mission prepared a "blueprint" document setting the parameters for the phase-out strategy which was reviewed and approved by USAID/Washington in mid-1996. This blueprint was referenced in the September 3, 1996 letter from the Acting Secretary of State which agreed to the USAID phase-out plan. This blueprint document, in combination with the parameters cable, guided the development of this strategic plan.

This Country Strategic Plan (CSP) encompasses all USAID programs - bilateral, regional, and globally funded. USAID/Zimbabwe has worked closely with the U.S. Mission Country Team to ensure that USAID's plan is synchronized with the U.S. Mission Program Plan and that mechanisms are designed in a new way for the USG to provide assistance to Zimbabwe in areas that will remain essential to USG interest after USAID's departure. Implementation of this strategy will consolidate gains in each program area and achieve tangible results. The program emphasizes sustainability to leave a legacy of USAID activities long after USAID staff have left. In summary, the strategy continues the programs that have been initiated by USAID, focusses on removing constraints to sustainability, and gradually phases out the activities in an orderly manner over the coming five years.

The development context for Zimbabwe is dominated by the dualistic nature of its economy and society. The modern, cosmopolitan Harare, which reminds the casual visitor of a fine Asian or European city does not reflect reality in the rest of the country. Zimbabwe is not the typical lower-income country. The per capita GNP of US\$500 (1994) gives no sense of the more than one-third of the population in both urban and rural settings who live below the poverty line. Income distributions are among the least equitable in the world with the greater share of land resources and industrial assets being owned by a small percentage of wealthy Zimbabweans (a majority of which are of

European descent). Structurally, the economy, with agriculture accounting for only a 15 percent share, is much more oriented to the manufacturing and industrial sectors than is common in lower-income countries. At the same time, the population of the country is predominantly rural with over 70 percent of the people living in rural areas and agriculturally-based. Even within the modern sector, resources remain predominantly in the hands of the wealthy minority. Therefore, equity concerns are a dominant cross-cutting theme in the mission's determination of strategic options.

The 1994-1998 Country Program Strategic Plan (CPSP) was the analytical starting point for the development of the strategy. The analysis was reviewed and updated, particularly to incorporate socio-political aspects as well as socio-economic developments as the structural adjustment program matured.

The constraints and opportunities identified in the CPSP were revalidated in the preparation of this strategy. Significant progress has been made in many areas, particularly in liberalization of the economy and expansion of the mortgage and small business lending markets. Despite progress, key constraints still exist. After some very difficult years in the early part of this decade, the economy shows some signs of responding positively to structural adjustment measures. Aided by two excellent years of rainfall in 1996 and 1997, annual GDP growth projections are 4-7 percent for the rest of the decade. Economic constraints still exist with the lack of fiscal restraint and ballooning government borrowing being the most critical. Social services, which were exemplary for a lower-income country at the end of the 1980s, have suffered from budget cuts and some possibly misguided imposition of user fees under structural adjustment. However, there are some indications that these sectors are recovering as the Government calibrates the fee structures and budget allocations.

The mission has become increasingly aware of the importance of the symbiotic link between economic and political development. Additional effort has been devoted in this strategy to defining critical democracy and governance issues which will require increased investment over the coming years. Authoritarian governments of the past have left a legacy of apathy among the populace which cries out for expanded civic and human rights awareness. Transparency and accountability are key areas of both corporate and political governance that are particularly weak. The media remains largely state controlled and the legislature is weak. The judiciary is the only bulwark against dominance of the executive branch. Willingness to liberalize the political processes is observed at several levels, giving reason for optimism that these constraints can be addressed.

Importantly, there could well be a presidential transition during this final planning period as President Mugabe (age 73 years) moves into the twilight of his presidency.

Since its inception in 1980, the USAID program has achieved numerous significant and

replicable successes whose impact will be felt for generations:

- **Major commodity import and transport programs of the early 1980s supported the first steps of liberalization of the economy and provided critical foreign exchange resources for jump-starting the manufacturing sector;**
- **Steady support for family planning has led to an exceptional drop in the total fertility rate from 6.5 in 1984 to 4.3 in 1994;**
- **Consistent support for the housing sector has put over 30,000 low-income families into their own homes;**
- **Grain marketing reform reduced the government subsidy budget by more than US\$60,000,000 per year and stimulated the emergence of a micro-milling industry with an estimated 20,000 village-level mills;**
- **The micro, small and medium sized enterprise support program has seen a ten-fold increase in lending to these clients; and**
- **The natural resources management program has engaged over 200,000 households in sustainable management of their natural resources.**

Against the backdrop of this setting in Zimbabwe and in the context of the approved blueprint, the mission developed results frameworks for each strategic objective. These results frameworks examined each relevant sector and identified constraints and opportunities in the sector. Ongoing USAID activities were scrutinized in the light of a phase-out plan and each strategic objective team made proposals in its results framework for how the program would be adjusted over time and what post presence activities might be recommended. The following Strategic Objectives (SO) and one Special Objective (SpO) are included in the strategy.

II. Strategy

SO1 - Natural resources management strengthened for sustainable rural development for CAMPFIRE communities.

USAID has been cooperating with the Communal Areas Management Program for Indigenous Resources (CAMPFIRE) movement since 1989. The program emphasizes demonstrating tangible benefits to the local population from the management of natural resources. Since its inception, CAMPFIRE has focussed on the sustainable management and use of the considerable wildlife resources which are found throughout many of the communal areas (the poorest parts of the country). It has effectively reached a point where decision making and revenue distribution related to natural resources management are kept at the local level. The emphasis in the phase-out period will be on building the capability at the community level to make sound decisions both for planning and management of the natural resources base. The expected results in this strategic objective

are:

1. The value of CAMPFIRE benefits per household will increase from Z\$146 in 1996 to Z\$300 in 2000.
2. The value of community capital improvements funded with natural resources management (NRM) revenues increases from Z\$8.7 million in 1996 to Z\$13.6 million in 2000.
3. The percentage of CAMPFIRE communities managing the natural resources in a sustainable manner increases from 1 percent in 1996 to 10 percent in 2000.

This Strategic Objective limits its objective in result number 3, above, to creating a level of capacity within CAMPFIRE communities, each of which should be able to demonstrate well-functioning, self-sustaining and environmentally sound natural resource programs. Thus, USAID will have worked to help provide strong models for other communities and donors to replicate. However, this level will be insufficient to assure the sustainability of the entire CAMPFIRE movement. The mission will work closely with other donor organizations during the phase-out period to help identify other funding sources so that program sustainability is assured.

SO2 - Broadened ownership in a growing economy.

USAID has been investing in activities under this SO area since the early stages of the program in Zimbabwe. Throughout this period, the activities in this SO have been a mainstay of the USAID approach to equity in Zimbabwe. The housing activity, which has important links with the U.S. private sector, emphasizes making homes affordable to low-income families while increasing the mortgage financing available to these ultimate beneficiaries. The business activities are designed to demonstrate the effectiveness of employee stock ownership plans, employee or management buyouts or spinoffs as alternative means of broadening ownership. The micro, small and medium enterprise (MSME) creation and expansion activities target lending and training to these enterprises. The emphasis during the phase-out period is to leave a functioning mortgage system that serves low-income families, enduring demonstrations of the effectiveness of divestiture approaches for larger businesses, and a capability for the micro, small and medium enterprise sector to continue to grow. The anticipated results in this strategic objective:

1. Value of all outstanding credits under Z\$500,000 increasing at 20 percent per year in real terms.
2. 90,000 low-income mortgages issued (43,000 financed directly).

3. Increase the number of low-income houses built per 1000 population by 10 percent per year.
4. Increase to 20 percent the proportion of female headed households who obtain a mortgage for a low-income house.
5. 45 companies will have greater than 5 percent of their stock in employee stock option plans (ESOPs) and this will be sufficient to demonstrate the viability of ESOPs.
6. 35 new SMEs will be created through management or employee buyouts or spinoffs.
7. 10,000 credits worth Z\$15 million will go to micro-enterprises in 2000.
8. 100 new franchises or subcontracted SMEs will be initiated and this is a sufficient demonstration of viability of these approaches.
9. 480 individuals per year will have companies pay full costs for competency based training.

Importantly, U.S. firms have entered the Zimbabwean housing market, using USAID's low-income housing program as an entry point. USAID will continue to encourage U.S. private sector entry into the market as part the U.S. Mission's plan to promote U.S. trade and investment.

SO3 - Reduced fertility and increased use of HIV/AIDS preventive measures.

Zimbabwe's family planning program is one of the most successful programs in Africa, due in no small part to USAID technical and financial support since 1982. This success is demonstrated by the increase in contraceptive prevalence (modern methods) from 27 percent in 1984 to 42 percent in 1994, and the decline in total fertility rate (the average number of children that a Zimbabwean woman bears over her reproductive years) from 6.5 in 1984 to 4.3 in 1994. Similarly, the knowledge of HIV/AIDS (knowledge being the first important step to containing the disease) is exceptional. The HIV/AIDS prevention program was incorporated into the strategic objective in 1996 in response to the explosive growth in infection rates for HIV/AIDS to the point where over 20 percent of adults are estimated to be infected. Additionally, the declining level of budgetary resources allocated to the health sector threaten the strong health care system which produced one of the best health-situations in sub-Saharan Africa. The USAID strategy in this SO is directed at demonstrating solutions to these constraints in both the HIV/AIDS and family planning programs while consolidating success. The following results are expected from the interventions in this SO:

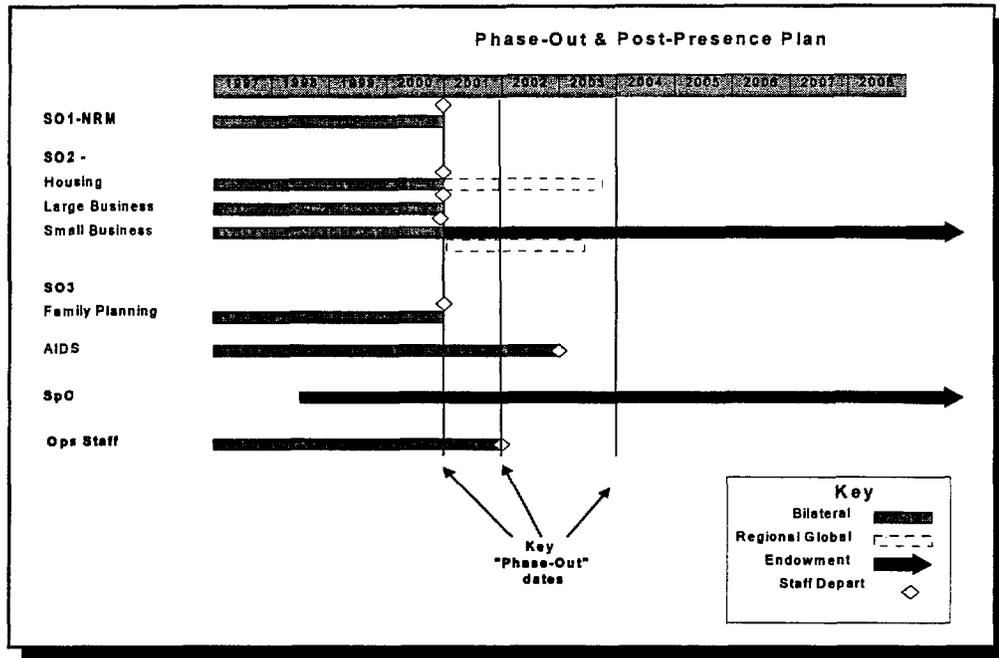
1. Total fertility rate drops to 4.0 by 2000.
2. 70 million condoms sold or distributed annually by 2001.
3. 70 percent of men, 75 percent of women, and 97 percent of commercial sex workers reporting condom use in their most recent sex act of risk by 2002.
4. 60 percent of men and 69 percent of women reporting appropriate perception of risk of HIV infection by 2002.
5. 4000 non-traditional condom distribution outlets by 2002.
6. 410 new private sector delivery points for family planning by 2002.
7. 23 percent of demand for family planning services met by private sector by 2002.

Special Objective (SpO) - Increased opportunities for participation in the private sector and political processes.

Though USAID's direct presence is scheduled to end in 2003, U.S. foreign policy interests will remain important. USAID's role in consolidating gains, striving for sustainability, and achieving results between now and the final phase-out are critical elements of this CSP. The departure of USAID's physical presence from Zimbabwe marks a critically important milestone in the U.S./GOZ bilateral relationship--one from government-to-government, to one which, in many ways, raises the standards by which the U.S. views Zimbabwe. The U.S. and the Government of Zimbabwe will be establishing a much more mature and sophisticated relationship in preparation for USAID's departure.

This Special Objective (SpO) is added to the mission's strategic framework for the first time in this CSP. It is a key element of the transition strategy, providing for strategic partnerships for the post-presence period. It is narrowly defined to incorporate increased private sector development and growth of political pluralism. As Zimbabwe moves toward the 21st century two fundamental problems will inhibit growth: problems associated with democracy and governance and inequitable access to assets. The private sector constitutes a major opportunity for advancing equitable development while the socio-political arena constitutes one of the biggest constraints. Furthermore, it is clear from recent experience in Africa that economic and political development must proceed in lock-step if enduring change is to result. In the case of Zimbabwe, USAID is proposing creative, limited interventions on the political side while taking advantage of the solid base established on the private sector side.

A Zimbabwe American Development Foundation, a concept broached in the “blueprint,” is the key strategic partnership proposed to carry out private sector and democracy/governance activities under this special objective. In the full spirit of the New



Partnership Initiative and the strategic partnerships concept, the mission proposes to establish the expected results, congruent with the objectives stated above, collaboratively with its partners.

III. The Phase-out

The mission has carefully analyzed proposals from each of the strategic objective teams on what is defined in this CSP as “post-presence” activities (“non-presence” in USAID/W overseas restructuring guidance). A fundamental principle was to adhere to Agency guidance to minimize non-presence burdens on the Agency. The major considerations in this analysis were:

- confirmed availability of necessary funding, and
- management capacity of USAID (bilateral, regional, global).

The mission team has developed the following phase-out plan:

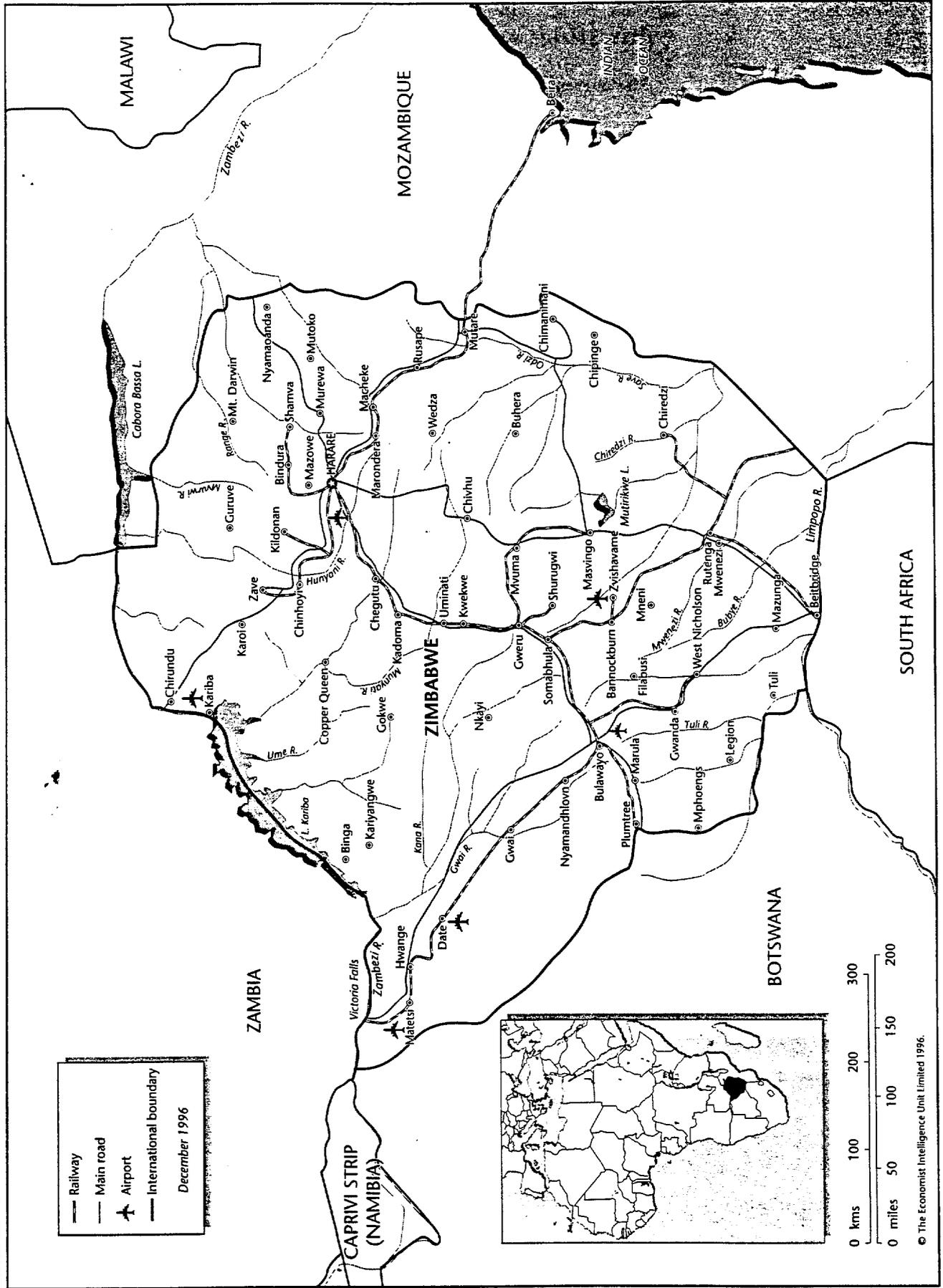
Financial resources, as measured by new funds for obligation, will phase-out in 1998 while expenditures of the existing pipelines will continue through 2002. Staffing levels decline consistently throughout the period with members of strategic objective teams

departing when their strategic objective work is phased-out. Staff from the Executive Office and Controller's Office will close their operations by the end of FY 2001 and remaining personnel (a USAID Affairs Officer, 1 USPSC dedicated exclusively to HIV/AIDS prevention activities, and 2 Foreign Service Nationals) will transfer to the U.S. Embassy where they will remain until final close-out before the end of FY 2003.

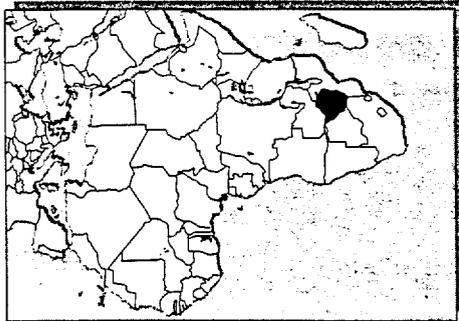
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Zimbabwe



- Railway
 - Main road
 - ✈ Airport
 - International boundary
- December 1996



0 kms 100 200 300
 0 miles 50 100 150 200

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Data sheet--World Development Report 1996

Item	<u>Economy</u>	
	Zimbabwe	Low-Income Economies
GNP per capita (1994)	\$500	360
Gini Index (income distribution)	56.8	N/A
Poverty Lines (income US\$per capita)		
Urban poor	55	N/A
Rural Poor	34	N/A
Urban very poor	32	N/A
Rural very poor	21	N/A
Structure of GDP		
Agriculture	15%	28%
Industry	36%	21%
Manufacturing	30%	13%
Services	48%	39%
Total GDP (Billion US dollars, 1994)	5.4	N/A
Inflation rates 1984-1994 ave	19.7%	N/A

Item	<u>Social</u>	
	Zimbabwe	Low-Income Economies
Health		
Life expectancy at birth (yrs.)	58	56
Infant mortality (# per 1,000)	54	86
Education		
Literacy	85%	54%
(Female)	80%	45%
(Male)	90%	63%
Primary Enrollment		
Female	114%	67%
Male	123%	82%
Secondary Enrollment		
Female	40%	21%
Male	51%	30%

Item	<u>Demographic</u>	
	Zimbabwe	Low-Income Economies
Population	10.8 million	N/A
Total Fertility Rate	4.3	5.1
Contraceptive Prevalence (all methods) ..	48%	N/A
Population Distribution		
Rural	69%	71%
Urban	31%	29%
Rate of urban growth	5.0%	4.4%

List of Acronyms

AIDS	-	Acquired Immune Deficiency Syndrome
AIM	-	AIDS Impact Model
AFR	-	Bureau for Africa (USAID)
CASS	-	Centre for Applied Social Sciences
CAMPFIRE	-	Communal Areas Management Program for Indigenous Resources
CDF	-	Campfire Development Fund
CEPPS/IRI	-	Consortium for Elections and Political Process Strengthening/International Republican Institute
CPSP	-	Country Program Strategic Plan
CSO	-	Civil Society Organization
CSP	-	Country Strategic Plan
DAC	-	Development Assistance Community
DANIDA	-	Danish International Development Agency
DHRF	-	Democracy and Human Rights Fund
DHS	-	Demographic and Health Survey
DNPWLM	-	Department of National Parks and Wildlife Management (GOZ)
ESAP	-	Economic Structural Adjustment Program
ESOP	-	Employee Stock Option Plans
FEWS	-	Famine Early Warning Systems
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
GOZ	-	Government of Zimbabwe
GSMF	-	Ghana Social Marketing Foundation
HIID	-	Harvard Institute for International Development
HIV	-	Human Immuno-DeficiencyVirus
HIVOS	-	Humanist Institute for Development Cooperation (Dutch)
HPI	-	Heffer Project International
ICASS	-	International Cooperative Administrative Support Services
IEC	-	Information, Education and Communication
IESC	-	International Executive Service Corps
IFES	-	International Foundation for Election Systems
IFI	-	International Financial Institution
IMCC	-	International Management Consulting Cooperation
IMF	-	International Monetary Fund
IUCN	-	The World Conservation Union
JHPIEGO	-	Johns Hopkins Program for International Education in Gynecology and Obstetrics
LAM	-	Limited Assistance Mission
MPP	-	Mission Program Plan
MSED	-	Micro and Small Enterprise Development
MSME	-	Micro, Small and Medium Enterprises
NACP	-	National AIDS Control Program (GOZ)
NCDs	-	Negotiable Certificate of Deposit
NEPC	-	National Economic Planning Commission
NETCAB	-	Networking and Capacity Building
NGO	-	Non-Governmental Organization
NRM	-	Natural Resources Management
NRMP	-	Natural Resources Management Project
OBL	-	Obligation

ODA	-	Overseas Development Administration (UK)
OECD	-	Organization for Economic Cooperation Development
OFDA	-	Office of Foreign Disaster Assistance
OYB	-	Operating Year Budget
PASS	-	Poverty Assessment Study Survey (GOZ)
POMs	-	Process Oriented Monitoring System
POPTECH	-	Population Technical Assistance Project
PPC	-	Office of Policy, Program and Coordination (USAID)
PSHP	-	Private Sector Housing Program
PVO	-	Private Voluntary Organization
R4	-	Results Review and Resources Request
RCSA	-	Regional Center for Southern Africa (USAID)
RDC	-	Rural District Council
REDSO/ESA	-	Regional Development Support Office/East and Southern Africa (USAID)
RF	-	Results Framework
RP	-	Results Package
SACCAR	-	Southern African Center for Cooperation in Agricultural Research
SADC	-	Southern African Development Community
SAEDF	-	Southern African Enterprise Development Fund (USAID)
SAFDF	-	Southern Africa Regional Democracy Fund (USAID)
SARRNET	-	Southern Africa Root Crop Research Network
SD	-	Sustainable Development
SMIP	-	Sorghum and Millet Improvement Program
SME	-	Small and Micro Enterprises
SO	-	Strategic Objective
SpO	-	Special Objective
STD	-	Sexually Transmitted Disease
STI	-	Sexually Transmitted Infection
TDY	-	Temporary Duty
UNDP	-	United Nations Development Programme
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
USAID	-	United States Agency for International Development
USDH	-	United States Direct Hire
USG	-	United States Government
USIS	-	United States Information Services
USPSC	-	United States Personal Service Contract
WILDAF	-	Women in Law and Development in Africa
WOCCU	-	World Council of Credit Unions
ZADF	-	Zimbabwe American Development Foundation
ZANU-PF	-	Zimbabwe African National Union - Patriotic Front
ZIMPRESS	-	Zimbabwe Programme for Economic and Social Transformation
ZIMPREST	-	Zimbabwe Programme for Economic and Social Transformation (GOZ)
ZOPP	-	Zimbabwe Oil Press Project

I. Introduction

In 1996, Zimbabwe was identified by USAID/Washington as one of 23 countries to be phased out or downsized in the coming few years. The mission prepared a "blueprint" setting the parameters for the phase-out strategy which was reviewed and approved by USAID/Washington in mid-1996. This blueprint was referenced in the September 3, 1996 letter from the Acting Secretary of State which agreed to the USAID phase-out plan. This blueprint document, in combination with the parameters cable, formed the basis for the development of this strategic plan.

By 2003, substantial progress will have been made after more than \$750 million in development assistance. USAID has made a difference in the lives of millions of Zimbabweans and the Agency is proud of its contribution to what has been an exemplary development assistance program with a Government with whom the U.S. maintains an excellent bilateral relationship. Some significant accomplishments since the bilateral program began in 1980 merit note. Several areas have provided USAID with models for others to replicate, others have made impacts that will remain for generations:

- Major commodity import and transport programs of the early 1980s supported the first steps of liberalization of the economy and provided critical foreign exchange resources for jump-starting the manufacturing sector;
- Steady support for family planning has led to an exceptional drop in the total fertility rate from 6.5 in 1984 to 4.3 in 1994;
- Consistent support for the housing sector has put over 30,000 low-income families into their own homes;
- Grain marketing reform reduced the government subsidy budget by more than \$60,000,000 per year and stimulated the emergence of a micro-milling industry with an estimated 20,000 village-level mills;
- The micro, small and medium sized enterprise support program has seen a ten-fold increase in lending to these clients; and
- The natural resources management program has engaged over 200,000 households in sustainable management of their natural resources.

USAID is working closely with the U.S. Mission Country Team to ensure that USAID's plan is synchronized with the U.S. Mission Program Plan, that USAID's strategy continues to provide significant impact until the time it departs, and that mechanisms are designed in a new way for the U.S. Government to provide assistance to Zimbabwe in areas that remain essential to U.S. Government interest well into the 21st century.

While preparing a plan for success, the mission team was cognizant of the need to present a phase-out Country Strategic Plan (CSP). As a phase-out strategy for a newly named Limited Assistance Mission (LAM), it will be somewhat different from the more common, sustainable development CSPs. The principles that guided the mission review of its program and

conceptualization of this strategy are:

- Consolidate gains in each program area;
- Accomplish real results in each program area;
- Emphasize building sustainability from now to the phase-out dates, recognizing that full sustainability will not be possible in any sector;
- Examine all USAID funded activities (bilateral, regional and global) and hold them to the same standards;
- Limit post presence activities to well defined, manageable activities per Agency guidelines; and
- Transparently present the options considered and mission phase-out proposals.

The need to rationally and logically bring on-going activities to an orderly close was instrumental in the development of this strategic plan. Staff and financial resource limits were established by USAID/W based on the blueprint's suggestions. The mission has approached the strategic exercise as an effort to consolidate gains in the on-going program, to achieve results by the phase-out dates, to strive for sustainability where possible, and to keep the program within the manageable interests of a declining staff presence.

By the end of FY 2000, USAID will have left an enduring mark on Zimbabwe's demographic transition with its very successful family planning program and can phase out financing at that time with functioning institutions and a reliable supply of contraceptives to carry on the program. It plans major efforts to consolidate private sector and low-income housing efforts in the coming three years so that the lending activities in these programs will be self sustaining, and new approaches will be sufficiently demonstrated so that these programs can, for the most part, be phased out in 2000. Similarly, major investments will be made in the natural resources portfolio to solidify the community based management approaches so that, at least in a significant number of communities, the resource management efforts will be sustainable. The final portion of this paper provides additional details on expected results, and final plans for these objectives.

Finally, in defining the phase-out of assistance activities, the 1996 mission blueprint proposed an endowed foundation mechanism as a continuing development presence. This concept has gained definition as a strategic partnership within a Special Objective whose purpose is to address continuing needs in democratic pluralism and private sector development--two areas of key strategic interest to the U.S. Government as it refines its relationship with Zimbabwe.

The key parts of this strategy document are section V, **The Strategy**, and section VI, **Transition Resources and Post Presence**. The development context is presented to give the reviewer a sense of the environment in which the phase-out plan will be implemented. The development constraints and opportunities section, which normally forms the heart of the argument for the program in a sustainable development program country strategy, is less important in this Limited Assistance Mission phase-out CSP. Customer linkages are uniquely

focused on the questions of sustainability as opposed to their involvement in future programming as would be the case in an on-going program. Resource levels have been discussed in great detail between the mission and USAID/Washington and this section serves to document these discussions.

The mission's current Strategic Objectives (SO) are not being significantly changed from current directions. However, a Special Objective (SpO) has been added to incorporate critical activities related to the convergence between economic and political development:

- SO 1 -** Natural resources management strengthened for sustainable rural development for Communal Areas Management Program for Indigenous Resources (CAMPFIRE) communities;
- SO 2 -** Broadened ownership in a growing economy;
- SO 3 -** Reduced fertility and increased use of HIV/AIDS preventive methods; and
- SpO -** Increased opportunities for participation in the private sector and political processes.

The following discussions will provide:

- The results achieved to date in the program;
- The results that will be achieved by the agreed phase-out dates;
- The options considered for post presence activities; and
- The decisions made by the mission and the rationale for these decisions.

II. Relationship to U.S. Foreign Policy

The United States has multiple interests in Zimbabwe--ranging from greater trade and investment opportunities for the U.S. private sector--to maintaining Zimbabwe's participation in regional international peace keeping activities. USAID's development assistance program--geared toward sustainable and equitable growth--is intended to enhance these interests and help Zimbabwe become one of several emerging economic success stories in the Southern Africa region.

On an annual basis, all U.S. Government Agencies represented in the country meet to review U.S. interests and identify U.S. Mission priorities that will achieve the broad policies set forth by the President of the United States. These goals and priorities are contained in the Mission Program Plan (MPP). In the Mission Program Plan, 1997-2001, four goals were identified for Zimbabwe:

- promote democracy and Government of Zimbabwe (GOZ) accountability;

- foster equitable economic growth in order to promote U.S. trade and investment;
- promote sustainable development; and
- encourage continued GOZ engagement in regional and international affairs.

The USAID/Zimbabwe assistance program has been an integral tool in achieving these goals and will continue to be so in the future through a variety of instruments.

With regard to democracy and governance, USAID/Zimbabwe has participated closely with the Embassy and the United States Information Service (USIS) in supporting the development of more transparent and accountable government institutions and increasing the development of politically active society. USAID has assisted with the political liberalization of Zimbabwe through the Democracy and Human Rights Fund (DHRF), the International Visitors Program with USIS, the regionally funded Southern Africa Regional Democracy Fund, and through the Global Bureau Center for Democracy's support for democratic initiatives Zimbabwe. Since 1989, USAID's CAMPFIRE program has served as a model for democratization, self-determination, and choice by empowering local communities to use and apply resources as they see fit. Much more needs to be done. Developing a human rights culture is fundamental to growth with equity and ensures that all Zimbabweans are aware of their rights so they can participate legally in the development of their nation. The mission's new Special Objective will be instrumental in helping the country achieve greater accountability while increasing acceptance and awareness of democratic values.

USAID's active private sector program in low-income housing and micro, small, and medium enterprise development directly contributes to the achievement of fostering equitable growth and increased investment in the Zimbabwean economy. Since 1992, considerable success has been achieved in the low-income home ownership area: the United States leveraged over \$35.0 million in local resources, thereby increasing thirteen-fold the number of low-income mortgages. Simultaneously, USAID encouraged U.S. firms to bring in innovative construction techniques and to transfer this technology to 15 local firms, resulting in \$12.0 million in business expansion and 1,200 new jobs. Through a variety of USAID lending programs, the number of microenterprise borrowers nearly doubled between 1995 and 1996. Commercial bank loans to micro, small and medium enterprises went from less than \$2.0 million in 1995 to nearly \$10.0 million in 1996. These programs continue to flourish--encouraging franchising and subcontracting in order to expand and broaden indigenous businesses, reinforcing the MPP economic goal.

USAID's overall program supports the MPP sustainable development goal. Substantial progress has been made in HIV/AIDS prevention measures, with an increasing focus on non-governmental organizations (NGO) and support from the private sector. The mission's sustainable natural resources program, which works with the CAMPFIRE movement, continues to serve as a model for other countries to follow. It promotes decentralization of government institutions as well as devolution of central authority over indigenous natural

resources to communities. Of particular note is USAID's mature family planning program which has resulted in a decline in the total fertility rate from 6.5 in 1984 to 4.3 in 1994.

Finally, USAID's contribution to assisting GOZ's engagement in regional affairs is encouraged and supported by the Regional Center for Southern Africa's (RCSA) portfolio. Zimbabwe is an active participant in the Southern Africa Development Community (SADC) and USAID has lent support to Government of Zimbabwe officials in helping the country negotiate for more reasonable terms in a revised trade agreement with South Africa.

The proposed new Special Objective enhances all these activities by developing a new and sustainable partnership with Zimbabwe. The strategy to establish and endow the Zimbabwe American Development Foundation underscores the important MPP goals of democracy and broadened economic growth; it complements USAID's sustainable development efforts through expanded access and opportunity for the poor by developing a politically active civil society; and it will help Zimbabwe maintain a respected role in the region in becoming more democratic and transparent.

III. The Development Context

A. Economic

The economy of Zimbabwe is not as it might appear to the casual observer. It is highly dualistic, has great income disparities, emphasizes capital over labor despite high unemployment, and is highly vulnerable to drought. Over one-third of the population can be classified as poor. Yet, its economy is well into a structural transformation with only 15 percent of GDP in agriculture. Unfortunately, this 15 percent of GDP does not reflect the fact that the vast majority of the population derives its livelihood from agriculture. The reasons for this unusual paradox are largely historical.

At independence in 1980, Zimbabwe inherited one of the most diversified economies in Africa. It was endowed with agricultural, mining and mineral resources complemented by a manufacturing sector producing the most diverse range of products in sub-Saharan Africa. Close linkages between the agricultural and manufacturing sectors indicated a relatively high degree of self sufficiency. However, it suffered from fifteen years of inward looking, protectionist policies. More importantly, despite the diversity and vibrancy of the economy, the country was characterized by a highly inequitable distribution of access to and ownership of resources. Five percent of the population controlled nearly 50 percent of the land and most of the industrial and commercial sector was in minority hands. The black majority lived in overcrowded, inadequate housing with virtually no access to finance and facing major obstacles to improving their lives.

During the early years of independence (the 1980s), the economy languished as the Zimbabwe African National Union (PF) Government pursued its explicit commitment to socialism and

equity. Minimum wage laws establishing high modern sector wage levels and a foreign exchange licensing system which made capital goods relatively cheap led to a capital/output ratio of 0.95, a phenomenal bias toward technology replacing labor in production. The period was characterized by low and erratic growth rates, inadequate employment creation, low investment levels, a burgeoning budget deficit and increasing government debt. While social equity programs led to significant expansion of health, education and other social services, the lack of economic progress impeded changes in the ownership structure of assets. A rapid urbanization rate of 5 percent and a lack of low-income housing greatly compounded an already difficult shelter problem. At the end of the 1980s, a few thousand minority farmers still owned a majority of the prime agricultural land and the modern manufacturing sector was still primarily in minority hands.

As Zimbabwe moved into the 1990s, it recognized the need to achieve economic growth as a mechanism for the redistribution of assets and acknowledged the critical role of the private sector in this process. As a result of a comprehensive IMF-backed Economic Structural Adjustment Program (ESAP), implemented during the period from 1991 to 1995, the largely stagnant, heavily protected economy began the transformation to an open, internationally competitive one. Major policy changes during this period have included:

- **Trade Liberalization** - reducing import duties, correcting the anti-export bias, and freer access to foreign exchange;
- **Deregulation** - abolishing investment licensing, liberalizing foreign investment codes and easing entry barriers to small enterprise;
- **Monetary Policy** - making interest rates positive and controlling money supply through indirect means as opposed to direct credit controls;
- **Agricultural Sector Reforms** - removing price and market restrictions, restructuring marketing boards, and increasing availability of inputs; and
- **Parastatal Reform** - restructuring, conversion from government-owned companies, phasing out subsidies, and planning for complete privatization.

These policy changes have begun to yield promising results:

- GDP grew at nearly 5 percent per annum in non-drought years;
- Exports grew to an all time high;
- The inflation rate dropped from 42 percent to 21 percent and should dip below 20 percent in 1997;
- Commercial prime lending rates dropped from 55 percent in 1992 to 28.5 percent today; and
- Stock prices on the local stock exchange have nearly doubled in the last year.

The economic structural adjustment program (ESAP) had different effects on the various segments of society. The ESAP required belt tightening in government operations, and government contributions to social programs declined steeply. For example, real recurrent per capita expenditures on health declined from Z\$16.50 (1980 dollars) in 1990/91 to Z\$10.92 in 1993/94. Similar cuts took place in education budgets. As a result, pressures mounted for cost recovery mechanisms in both health and education, and fees were charged for these social services. The low-income families devoted a larger portion of their meager incomes to these health fees while the portion of income that higher-income families paid was less.

The early years of structural adjustment did not yield the expected benefits for lower-income families. Due partly to drought conditions, but enhanced and sustained by the failure of Government to reduce its budget deficit, growth rates remained low or negative, inflation rates skyrocketed, and employment dropped. These factors resulted in a decline in real household income at the same time the household's ability to access the more costly social services was impaired. For these reasons, the Government eliminated the fees for rural areas in 1993. However, the budget resources for these sectors did not increase so the sectors remain constrained. In 1996 and 1997, some turnaround has occurred as the good rains have increased agricultural production which has arrested the food price increases and stabilized the consumer price index. Continued improvement is essential if the poorer segments of society are to realize gains from the structural adjustment program.

The programs established to ease the social burdens of structural adjustment were of limited success in reaching their target populations, exhibiting an urban bias and slow implementation.

The most serious problem in structural adjustment up to the present time has been the failure to reduce the budget deficit. The deficit has grown to over 11 percent of GDP in 1996/97 (missing a target of 8.5 percent), primarily financed through internal borrowing from the domestic banking system. Major efforts have been devoted to rationalizing revenues (increasing taxes) and the general consensus is that the most substantial gains have already been realized. Expenditure restraint is still necessary although the Government has taken some steps to meet targets. Early expenditure cuts focussed on the social sector recurrent and capital budgets. However, the critical need to reduce the size of government has not been addressed. Projections of a declining budget deficit in 1996 were not realized despite the excellent economic growth and higher than expected revenues. Increased civil servant salaries without a reduction in the absolute size of the civil service ate up the increases in revenues. Clearly, the most urgent priority for restoration of macroeconomic stability is to cut expenditures in order to reduce the budget deficit to closer to 5 percent of GDP. Hard decisions on this critical factor form the core of the IMF/IBRD consultations underway now.

Structurally, Zimbabwe's economy is like a middle-income country. However, the vast majority of its population has incomes equivalent to those in low-income countries.

The structure of Zimbabwe's economy, as it heads into the 21st century, remains atypical among sub-Saharan African countries.

Agriculture accounts for only 15 percent of GDP (but over 40 percent of exports) while the weighted average agricultural share for low and middle income countries in Sub-Saharan Africa is 27 percent. Thirty percent of GDP is derived from manufacturing, a

share more common in middle income countries than among the poorer countries. This indicates that Zimbabwe's economy is further advanced in the structural transformation than many other countries. However, this is tempered by the dualistic nature of the economy with its significant modern manufacturing and commercial sector and a large mass of both the rural and urban populations living on a much more rudimentary subsistence level. While it looks structurally like a middle income industrializing country, in reality, the majority of its population has an income level equivalent to the poorest countries.

Incomes in Zimbabwe are unequally distributed. The Gini index is a measure which replaced the Gini coefficient and shows, on a scale of 0 to 100, the relative equality of incomes with 0 being perfect equity among all people and 100 being all income going to one person. Zimbabwe has a Gini Index of 56.8 (high for sub-Saharan Africa--Uganda is 40.8, Ghana is 33.9, Nigeria is 37.5 while Senegal is 54.1, South Africa is 58.4 and Kenya is 57.5), indicating one of the less equitable income distributions. Those participating in the modern industrial sector or having large land holdings enjoy income levels approaching those in middle-income countries. Meanwhile, those in the informal economy, and especially those in the rural areas have incomes comparable to other areas of sub-Saharan Africa.

At least one-third of Zimbabwe's population lives in poverty. A 1996 World Bank research project estimated that 39 percent of Zimbabwe's population consumed less than \$1.00 per day which placed Zimbabwe near the middle of countries in sub-Saharan Africa. World Bank consumption data (1991) show that 25 percent of Zimbabwe's population at that time was poor while a subset of this group (7 percent) was very poor. It is generally believed that this data underestimate the extent of the country's poverty and that poverty has become more prevalent since the early 1990s.

The urban poor, though smaller in percentage than the rural poor, are facing serious difficulties in the 1990s. With an increasing urbanization rate of 5 percent and access-to-housing issues that have over 1 million people lacking adequate shelter and one in four families looking for a home, Zimbabwe faces a serious urban shelter problem. While the components of a strong low-income housing program are in place, housing permit titles delays are twice as long as the sub-Saharan average, housing production is one-tenth of the worldwide average and urban overcrowding is occurring. Currently, there are 100,000 families on Harare's housing waiting list, there are 3.4 families per plot, and the median floor area of seven square meters per person

is less than half the world average.

Unemployment is a serious problem in Zimbabwe. While there are no official surveys, an unemployment level of at least 40 to 50 percent is often assumed. Lack of employment in both the formal and informal sectors has frustrated the large numbers of young people graduating from schools with relatively high educational qualifications. The Government estimates, conservatively, that 189,000 people join the labor market annually. The total number of formal sector jobs created since 1990 is estimated at 250,000. These figures imply that 150,000 people per year were either absorbed into the informal sector or became unemployed each year since 1990. It has also been estimated that only about 20 percent of those leaving secondary schools in the early 1990s found jobs in the formal economy. The remaining "gap" leaves a significant number of unemployed or underemployed, educated populace that creates a situation with very serious social, economic and political implications.

Zimbabwe does, however, have an ever more vibrant informal sector, thanks to the liberalization of the economy. While not an ideal employment situation with benefits and protection under the law to ensure worker health and safety, the informal sector does generate income at the household level. Total household contributions tend to keep the household unit above the ill-defined poverty level. Empirical evidence is showing that most Zimbabweans are only earning about 75 percent of the income (in real terms) they received in 1990; however, expanded informal activities are succeeding in closing at least part of the gap.

One of the principle keys to improving Zimbabwe's prospects for the future is providing more employment. With two years of good rains and Government pledges of increased fiscal discipline and structural reform, prospects for growth and more job creation are brighter. Employment growth potential in the micro, small and medium enterprise sector looks particularly promising. An indicator of the potential is provided by the growth in the informal sector between 1988 and 1992--it provided 5 times more jobs than the formal sector during this period.

The much discussed term "indigenization" can mean vastly different things to different groups of Zimbabweans, depending upon their race and socioeconomic standing. However, to the majority of Zimbabweans, it is inextricably intertwined with the long liberation struggle of the 1970s and the need to redress the imbalances in the way that economic benefits are divided in Zimbabwe. Indigenization plays a critically important role in the Government of Zimbabwe's macroeconomic reform plan, the *Zimbabwe Program for Economic and Social Transformation (ZIMPREST)*, and its key document for future planning, *Vision 2020*.

There is no simple definition for indigenization. The Government defines it as the deliberate economic empowerment of black Zimbabweans by creating opportunities and increasing their participation in the economy:

"Fundamentally, the policy on the indigenisation of the economy is a long-term socio-economic development policy for laying a strong foundation for the development of a fully fledged democratic society in which all Zimbabweans equally enjoy economic and social justice, for the development of a united society with national pride, dignity and self confidence, and for the development of self sustaining market economy which is knowledge intensive. Indigenisation of the economy aims at bringing about economic justice between the races, to democratise the economic system as well as to create favourable economic conditions for the promotion of human rights, such as the right to development, the right to employment, the right to own property (productive and non productive), and the right to an adequate standard of living." (The Government of Zimbabwe's Policy Framework for Indigenisation of the Economy, draft, October 1996)

USAID/Zimbabwe's strategy includes overriding themes of participation and equity which complement and advance the Government's indigenization goals. Given the fact that the majority of the land resources and industrial assets are owned by a small minority of wealthy Zimbabweans (a high percentage of which are of European descent), improving equity by creating opportunities for ownership through broadened economic participation of the indigenous majority is a priority of USAID/Zimbabwe's strategic plan. It is significant that the Government has chosen to focus its efforts on broadening the participation of indigenous Zimbabweans in future growth and the accompanying asset creation in order to avoid the major economic and political upheavals that would be associated with a redistribution of the current asset base.

The challenge for the future is to bring the remainder of society into the middle income groups, overcome the disparity in incomes and wealth, and maintain economic growth. To this end, the GOZ presents its draft macroeconomic reform plan, ZIMPREST as its response to the international financial institutions (IFIs) and as a follow-on effort to the first ESAP, commonly called ESAP I.

ZIMPREST lays out the following major areas for concerted action over the next five years:

Indigenization- Broaden the participation of indigenous Zimbabweans in future growth and the accompanying asset creation. With nearly 50 percent of land resources and 75 percent of industrial assets still controlled by a minority of wealthy Zimbabweans, redressing this imbalance has been announced as a political imperative.

Employment - Increase formal and decrease dependence on informal employment. Unemployment rates are estimated to be as high as 40 percent. Sustained economic growth, particularly through the rapid expansion of labor intensive micro, small and medium enterprises (MSME) and export growth, is the key to redressing the problem.

Fiscal Restraint - Reduce the cost of government and increase government

revenues. High government borrowing to meet budget deficits strains the domestic banking system, fuels inflation and crowds out private sector borrowing. Fiscal restraint and lower interest rates are critical to encouraging and sustaining private sector investment and the creation of a sustainable housing finance system.

Parastatal Reform - Accelerate parastatal reform and make it more transparent.

While commercialization has reduced the drag of state owned enterprises on the treasury, increased productivity and expanded access to new capital and technological innovation will only be achieved with complete divestiture.

Financial Markets - Broaden and deepen capital markets. Zimbabwe's financial institutions and markets need to mature and develop creative new financing methods. Broader municipal bond markets, secondary markets in mortgages and securities as well as more refined financial instruments need to be developed to give financial institutions greater scope for allocating their assets and to increase investment in key sectors. The majority of Zimbabweans must be brought into the formal financial sector. Incentive programs encouraging lending to low income households and small and medium enterprises (SME) and microenterprises are needed to expand access to credit and support the dynamic growth potential of these segments, while supporting indigenization.

The USAID program is linked to the reform program, most notably in Strategic Objective 2: broadened ownership in a growing economy.

Although not yet accepted, ZIMPREST is currently under review and a dialogue has been opened leading up to the Article XVI consultations with the IMF in the summer of 1997. By that time, the country will have functioned for nearly two years without the IMF's financial support. It could be argued that IMF support is not required given the recent economic improvements (tied directly to good rainfall two years in a row) and further recovery expected in 1997, particularly if the country accepts and adopts an appropriate set of standards and targets. However, such standards have not been fully adopted, a formal structural adjustment program has not been developed, positive climatic conditions may change for the worse sooner rather than later, and targets--both within the GOZ's ZIMPREST and those being set by the IMF as conditions to a second formal ESAP--are not being met. The projected budget deficit (a key reform target) of 8.5 percent of GDP is deemed by the IMF as being too high and civil service reform and privatization moving much too slowly.

When the IMF visits in mid-1997, progress on meeting budget deficit targets and the Government's projections for its next budget period will be good indications to the IMF of whether Zimbabwe will be ready to move forward with another IMF-sponsored ESAP. For now, the IMF views ZIMPREST as a good beginning but a document in need of much work--and backed by strong evidence of political reform. Despite the many positive aspects of Zimbabwe's economic development, it is becoming clearer that Zimbabwe needs the discipline

that comes packaged with the IMF funding perhaps more than the funding itself.

B. Socio-Political

In 1980, Robert Mugabe became Prime Minister as Zimbabwe's first head of a popularly elected black-majority government. His election was the culmination of a decade of warfare and international negotiations with a minority white-led government. Realizing that participation of the white population was necessary for Zimbabwe's economic future, Mugabe balanced black hopes against white fears for a successful transition to majority rule. The tacit tolerance of white domination in private business and commercial farming has grown thin, and there is increasing disaffection on the part of the majority with this strategy. Racial and ethnic rivalry based on inequities in the distribution of resources and opportunities is never far from the surface. There has been deliberate underdevelopment of certain cities and some ethnic groups are affected by discrimination in the allocation of government funds. There has also been a failure to account for the disappearance of 10-12,000 people in the mid 1980s brought about when a Zimbabwe Defense Force unit known as the Fifth Brigade left a trail of murder and torture across Matabeleland. Furthermore, the current constitution, which emanates from the Lancaster House conference rather than the people of Zimbabwe, is felt by many to be in need of urgent review in order to turn it into an instrument for promoting a democratic society. Of particular urgency are those aspects related to:

- limiting governmental powers so that the executive, legislature, and judiciary can have a system of checks and balances; and
- the electoral process and the structural composition of the house of assembly (Zimbabwe Integrated Program, December 1996).

As discussed in the economic analysis, the Government has initiated a process of moving from a state-controlled economy to a liberalized market-driven economy in order to promote the economic growth necessary to reduce poverty. While increased economic growth is the obvious approach to poverty reduction, economic growth by itself is insufficient. The challenge for Zimbabwe is to address the problem of poverty through economic growth that fosters a more equitable distribution of assets, services, and access to markets. Access to economic opportunity and economic decision/policy making needs to be more inclusive. Increased access, inclusivity and participation require strengthening Zimbabwe's fragile democracy and building the independent institutions necessary for a free and strong civil society capable of supporting equitable economic growth. In short, for Zimbabwe to grow, the populace must demand -- and the Government must embrace -- greater pluralism and an end to any vestiges of authoritarian rule.

The socio-political environment in Zimbabwe reflects its historical roots. After a constitutional amendment in 1988, Mugabe became both Head of State and Head of the Government as the President of Zimbabwe. His political policy of virtually eliminating any distinction between

government and his ZANU-PF party has weakened almost all of Zimbabwe's democratic institutions and left them with a very shallow base. Opposition parties are weak and fragmented and the political playing field is tilted heavily in favor of the ruling party.

With no parliamentary or presidential elections scheduled for the rest of the century, the ZANU-PF (Zimbabwe African National Union-Patriotic Front) Government has an opportunity to implement much-needed economic policies, without recourse to populist rhetoric or unattainable promises that threaten business and investment confidence. However, the reaction of the Government to most problems is increasingly to muzzle or marginalize opposition; to scapegoat homosexuals; to silence opposition politicians; to suppress dissident students, workers or striking professionals; and to restrict press freedom.

On a more positive note, there is a section of the governing party that is unhappy to be associated with authoritarianism. The Government officially acknowledges that there is no point in having an economic system which generates economic advantages unless all members of society have guaranteed freedom and rights for the sustainable enjoyment of the economic benefits. It also acknowledges that economic empowerment must be accompanied by empowerment in other spheres for its social transformation goals to be complete. Furthermore, centralized one party government is a concept which has been publicly relinquished.

Zimbabwe also has an expansive civil society (in comparison with its neighbors - Malawi, Mozambique and Zambia). Local and foreign NGOs abound and church groups, particularly the Catholic Commission for Justice and Peace, are vocal and respected. Interest groups formed around agricultural, natural resources, women's, workers, and human rights issues are tolerated to various degrees and a number of recent examples exist where their lobbying has affected public policy.

Significantly, Zimbabwe's judiciary has emerged from the political past as the strongest of Zimbabwe's democratic institutions. A small independent press is flourishing and is highly critical of the Zimbabwean government. However, the Government continues to control most print media and all electronic media.

After almost 20 years of a one-party (ZANU-PF) dominated Government, the major challenges to consolidating democracy in Zimbabwe fall in the categories of civic/human rights awareness, press freedom, legislative capacity, and transparency and accountability. These key factors are discussed as the constraints and opportunities in the sections below.

C. Constraints and Opportunities

The Country Program Strategic Plan (CPSP) for Zimbabwe prepared in 1993 was based on a full constraints analysis in USAID's sectors of interest. As stated in the introduction, the parameters guiding the development of the current strategy call for consolidating gains and maximizing sustainability in the ongoing Strategic Objectives (SO) rather than seeking out new

opportunities within these SOs. Therefore, the following analysis examines the constraints and opportunities discussed in the CPSP, indicates progress made, and comments on their continued relevancy through the period to the completion of the phase-out. Because democracy and governance issues were not considered in the 1993 CPSP, new constraints and opportunities in democratic pluralism have been included.

Constraint/Opportunity	Progress since 1993	Comment
Human and Technical resources	The high level of education remains an asset for Zimbabwe.	Not a constraint. All programs are operated in the context of the very high literacy rates and a well educated population.
Food markets/Ag technology/Ag inputs	Full liberalization has occurred, with the end of subsidies and the shift to a primarily private sector market - thanks in part to USAID efforts.	USAID grain production and marketing programs are phasing out.
Access to Land	Land tenure continues to be a major long-term issue.	While important in the long term to the NRM program, it is up to Government and other donors to address.
Regulatory Environment	Liberalization of the statist policies has continued and may be accelerating. Non-intervention in the informal sector has encouraged growth. Devolution of powers to local communities for NRM also supportive. Public policy has supported family planning and HIV/AIDS programs.	Of significant relevancy to all parts of the program. [SO 1,2,3]
Inequitable business ownership	Shifts are so small as to be indiscernable in a three year time frame.	A potentially significant long term constraint. [SO1]
Lack of Employment Opportunities	The initial effects of ESAP combined with drought were declining formal sector employment. There is some hope that with good rains and stabilization of the economy, employment may begin to grow.	A significant macroeconomic constraint. USAID addressing through demonstrations in the private sector program. [SO 2]
Investment Climate	Net private capital flows have not increased as hoped. While the Government's stated objective is to attract foreign investment, it has not relinquished its desire to control foreign companies.	Foreign capital flows are not specifically constraining with focus on micro, small and medium entrepreneurs (MSME). [SO 2]
Competitiveness of local firms both domestically and internationally	ESAP directly addressed this constraint and distinct improvement is noted.	Important to MSME program. [SO 2]
Concentration of business ownership	Little progress in addressing this issue, although there is some openness to new approaches (employees' stock ownership, employee/management buyouts, spin-offs).	Very relevant to the USAID equity concerns in the private sector program. [SO 2]
Barriers to entry - administrative constraints to business	Continues as a constraint.	Very relevant to the USAID equity concerns in the private sector program. [SO 2]
Infrastructure	There has been some improvement on transport and telecommunications but they remain as constraints.	Relevant for business expansion. [SO 2]

Constraint/Opportunity	Progress since 1993	Comment
Financial and Capital Markets	Financial and capital markets have shown considerable improvement. The stock exchange is booming, venture capital firms are being established, bank lending is growing. Additional work in establishing a secondary market for bank paper, broadening municipal finance, etc., is still valid.	Very relevant to USAID private sector and housing programs. [SO 2]
Shelter construction and materials	Reduction of housing standards is completed, housing construction sector has been one of the leading sectors of the economy.	Very relevant in the low-income housing program. [SO 2]
Low cost mortgage availability	USAID funds have helped jump-start mortgage financing for low income families. Building societies expanding.	Very relevant in the low-income housing program. [SO 2]
Urban Land	The number of urban plots available for building has increased significantly but titling constraints remain.	Very relevant in the Housing program. [SO 2]
AIDS	The effects of HIV/AIDs continue to grow. Particularly notable is the estimate that, in 1993, 42% of the life insurance claims were paid to families of victims of AIDS related death. This includes the employed elite of the country participating in life insurance schemes. The pandemic continues at all levels.	This constraint affects all programs and is the basis for USAID's expanded HIV/AIDS program. [SO3]
Population Growth	Thanks in part to USAID efforts, the total fertility rate continues to decline but the population growth rate continues to be too high.	A significant long term constraint where Government and other donors will pick up costs. [SO3]
Human Rights Culture	Little evidence of growth of a human rights culture, which is increasingly regarded throughout the world as fundamental to growth with equity.	The creation of human rights commissions and the promotion of civil society are priorities. [SpO]
Civic/Human Rights Awareness	Little if any. Extremely low voter registration figures, low voter turnout, and belief that if an area supports opposition candidates the Government will withhold development assistance are all widespread.	There is a critical need for civic education in Zimbabwe, evidenced by low voter registration and low voter turnout. [SpO]
Women's Rights	Women generally lack awareness of their rights under the law and remain disadvantaged in Zimbabwean society.	Illiteracy, economic dependency, and prevailing social norms prevent rural women, in particular, from combatting societal discrimination. [SpO]
Press Freedom	Government still owns the largest group of newspapers and all electronic media, including radio.	Critical for transparency in the political process. [SpO]
Judicial	The only bulwark against the dominance of the executive branch.	Needs support to remain independent. [SpO]

Constraint/Opportunity	Progress since 1993	Comment
Transparency and Accountability	Remain weak in all government functions from political to financial. Corruption, economic and political, is on the rise.	Critical to pluralism. [SpO]
Legislative Capacity	Remains completely dominated by the executive.	Very important to pluralism.

D. Partners and Customers

Each strategic objective has its own unique set of cooperating partners, stakeholders, intermediate customers and ultimate customers. To put the strategic objectives in context, this section examines the Government plans, customer service planning, and other donor activities.

1. The Government of Zimbabwe

The Government's structural adjustment plan, Zimbabwe Programme for Economic and Social Transformation, though not fully accepted by the IMF, is the clearest statement of objectives through the end of the 20th century although commitment to the document at the highest levels of government remains unclear. The USAID strategy supports Government initiatives in the following areas:

- **Micro, Small and Medium Enterprise:** Proposals to assist the small business sector and to speed the process of indigenization are discussed in the ZIMPREST documents, and frequent statements by members of Government suggest that support will be sustained through the ZIMPREST period. The ability to form and run microenterprises is recognized to be an essential feature of free market economic systems, making contributions to job creation and the development of new products. In formulating ZIMPREST policy, the Government is intent upon pursuing equity so the burden of creating the needed economic growth can be better taken up by Zimbabweans themselves.
- **Health, Family Planning, HIV/AIDS:** ZIMPREST proposes to increase aggregate health spending from the current 2 percent to 2.5 percent of GDP. However, important issues--such as the HIV/AIDS epidemic--are rising in the face of declining government resources. The Government proposes to re-establish the priority given to primary health care, and reverse some recent trends that have interfered with equity of access to physical facilities. Service quality and capacity utilization have dropped in health institutions across the board, and the new measures would involve restoring funding of health facilities which are run by church-related organizations, and optimizing the contribution of the private sector.

Subsidies are to be reviewed and cost recovery emphasized. Community efforts could be re-channelled to build up funds for other health related promotion activities at the community level. Wider coverage of medical insurance would be promoted. In dealing with AIDS and other epidemics, the principal policy initiatives under ZIMPREST would be to increase educational activities in the area of disease control, disease prevention and the spread of information and services within the community. Government plans to be the major actor but would also promote participation by the private sector and non-governmental organizations.

A promising intention is to try to reduce donor dependency. This is to be achieved through improvements in the monitoring and planning systems to ensure that donor activity is not treated in isolation from the national health activities, whether at central government or local authority level.

- **Natural Resources Management:** The rural, grassroots nature of the natural resources management program isolates it somewhat from the macroeconomic effects addressed in ZIMPREST. However, the local empowerment aspects of the community-based natural resources management program put it on the cutting edge of the nascent decentralization efforts under ZIMPREST.

Given the recurrent theme of government disengagement in ZIMPREST, USAID's effort to shift responsibility for results increasingly to non-governmental partners is fully appropriate. In each of the strategic objectives, USAID has defined partners and customer groups who can shoulder many of the burdens which previously fell to Government.

2. Customers

The Government of Zimbabwe, through its National Economic Planning Commission, is cooperating with the United Nations Development Program (UNDP) in a long term, customer-oriented, planning process. This process, *Vision 2020*, is a bridge between the very macro approaches of the ZIMPREST and the ultimate customers, the people of Zimbabwe.

Consultative workshops involving government and non-governmental participants, radio debates and surveys have been conducted to begin to define a long term development strategy for Zimbabwe which would capture widespread, populist support. While this effort is still in process, the preliminary results of the consultative process defines the following needs to be incorporated into the strategy:

- Good Governance
- Diversification of the Economy and High Economic Growth Rate
- Social Services for All
- Equal Opportunities
- Efficient Infrastructure
- Vibrant Cultural Values

- Technology Capability
- The Environment

Customer surveys were conducted on each to define the customers' view of what the real problems are. Where relevant, those survey findings are incorporated into USAID's evolving customer service plan.

The consultative process called for in customer service planning has been an integral part of the strategic planning process. In each strategic objective, consultations with intermediate customers who, in turn, have regular contacts with the ultimate customers have been a key approach for soliciting customer inputs to the planning process. However, the use of intermediate customers as totally representative was not accepted as definitive and a series of surveys have been conducted in each SO to directly sample the needs of the ultimate customers.

The community-based NRM program (SO1) involves 14 intermediate customer institutions of which half are government institutions and the remainder non-governmental. A week of intensive formal consultations among these 14 institutions and USAID was the basis of strategy development. Previous social surveys among local populations were completed by the Centre for Applied Social Studies at the University of Zimbabwe and provided base information regarding customer needs. The process continues on a regular basis through the consultative group for the community-based NRM program. The program will continue to survey attitudes, aspirations, and effects on the ultimate beneficiaries.

The private sector component of SO2 also used a mix of techniques by consulting with intermediate customers (ministries, financial institutions, business associations, private sector firms, etc.) supplemented by business and recipient surveys to inform the team's strategic thinking. In November, 1996, the SO2 team met with its public and private sector partners to present and discuss its program approach. Although these discussions resulted in some changes to the program approach, the consensus was that the general direction of the program remained valid. A planned set of surveys will continue until the phase-out is complete. The data from these surveys will feed information on a continual basis to the partners throughout program implementation so that consensual decisions may be taken so that program adjustments may be made to respond to a changing environment.

The low-income housing component of SO2 has extremely strong customer linkages that reach every level of the SO2 team's customer pyramid. Monthly interministerial committee meetings (comprised of eight ministries), regular meetings with the Association of Building Societies, quarterly meetings with each individual building societies and quarterly visits to each of the 25 participating local authorities ensure that the SO team is well versed in the issues that USAID's customers need to have addressed and that regular monitoring and feedback are occurring. Additionally, the SO2 low-income housing team regularly coordinates with a variety of representative organizations dealing with construction, contracting and urban planning. The SO team visits a sample of ultimate customers through its quarterly field trip monitoring

process.

Family planning and HIV/AIDS (SO3) programs initiated their consultative process with intermediate customers in 1994 and have held several meetings with these customers since that time. The intermediate customer group has been expanded to incorporate NGOs and the populations they serve. Extensive and rigorous health and demographic surveys have been done such as the regular Demographic and Health Surveys (DHS) and now the AIDS Control and Prevention Project (AIDSCAP) surveys. These surveys were supplemented by a special survey of NGOs to help define capability for and interest in non-governmental delivery systems.

The mission will continue the consultative and survey process and document this process as customer service plans evolve.

3. Gender Considerations

Like other sub-Saharan African countries, Zimbabwe still has a number of critical factors that constrain women's advancement. These cover a wide spectrum--from the more common, such as inequitable opportunities in education, lack of access and control of land and inability to participate in key household decisions--to those more germane to the Zimbabwean context, which include not only gender but also racial discrimination in the workplace.

USAID/Zimbabwe's country strategy incorporates both participation and equity as overriding themes--themes that are consistent with planning for gender impact. Consideration for gender is integrated into each results framework for each Strategic Objective. They also play an important role in the Special Objective.

The community-based NRM program (SO1) will focus on developing strategies to ensure that women derive direct benefits from sustainable natural resource management activities. This will be achieved through enhancing and expanding women's participation in community level decisions affecting activity identification and design as well as the management of natural resources. This will be achieved through skills training and education through workshops and seminars.

USAID will encourage interagency efforts to combat low literacy among women, a major factor limiting their participation in decision-making. Rural District Councils (RDC) will be encouraged to undertake gender sensitization and to promote women's participation in council decisions. One of the SO1 team's principal partners, Zimbabwe Trust, will be encouraged to develop monitoring processes that track women's participation and a data base to improve intervention options for training and evaluation. The Centre for Applied Social Sciences will increase its research on the impacts of natural resources programs on women and will complete community profiles indicating the percentage of male and female-headed

households.

The private sector component of SO2 will seek to demonstrate women's economic viability by broadening their participation in key areas identified with growth and employment. The team will achieve this by working with businesswomen's organizations in Zimbabwe to determine priority sectors for women entrepreneurs so as to facilitate the identification of potential linkages with large enterprises willing to transfer partial ownership to women's businesses. The SO 2 team will seek to sustain and enhance the achievements made in credit lending to women in the on-going loan guaranty program and micro-lending facilities.

The gender strategy of the low-income housing component of SO2 program includes elements to strengthen the institutional mechanisms for the promotion of women's advancement to the identified target levels. The program sets a target of 20 percent of mortgages going to female headed households. The objective will be to broaden women's access to assets through demonstrating women's risk-worthiness as customers in the Zimbabwean financial market.

The family planning and HIV/AIDS (SO 3) team will take a two-pronged approach to gender that will focus first on addressing the specific needs of women and men who participate in unsafe sex practices. This will be achieved through a gender analysis to address the information, education and communication interventions necessary to reach women and young adults. Female student populations in tertiary institutions will be a focus in activities sponsored through the United Nations Childrens Fund (UNICEF) while all NGOs will be encouraged to strengthen and expand behavior change communication activities that target youth and women. The condom social marketing activity will introduce a female condom to Zimbabwe. This initiative will attempt to provide women with increased leverage in traditionally male dominated sexual relationships. In addition, increased male participation in reproductive health services activities will be encouraged through the development of special male motivation activities.

Greater detail on gender activities within each Strategic Objective area is available in the respective results frameworks. Though one of the primary objectives of USAID/Zimbabwe's CSP is to consolidate gains made to date in advancing gender issues as the mission moves to final phase-out, it will continue to seek to enhance women's participation in the implementation of each of the program areas, including the newly-proposed Special Objective.

4. Donor Partners

Donor partnerships are a key element in the life of this strategic plan. USAID will coordinate with other donors as prescribed in the recently published report by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), *Strategies for the 21st Century*. While USAID/Zimbabwe will continue to maintain its very

successful donor collaboration at the sectoral level, as USAID moves toward phase-out, it will intensify its collaborative efforts in each area of interest.

Area	Donor/Partner	Description	Comment
Community-based NRM	Netherlands	institution building	This collection of donors has expressed significant interest in supporting the community based natural resources management approach. The SO team will coordinate closely during the phase-out period to define potential for current activities to be supported by other donors.
	European Union	European lobbying	
	Norway	support to Department of National Parks and Wildlife Management	
	Japan	institutional support	
	France	biodiversity	
Low-income housing	World Bank	US\$80 million for urban program (mostly housing)	The Bank program could include more aspects of the USAID lending program but the private sector programs can continue after USAID departs.
	Australia	cooperation on computerization of deeds and Surveyor General	
	Private Sector (US, GOZ, others)	housing scheme construction and financing	
Large business divestiture	World Bank	pressing privatization	USAID's sensitization programs may enhance the other donor efforts.
	Britain	pressing privatization	
	International Finance Corporation	supporting management buyouts	
Micro, small and medium enterprises	World Bank	\$70 million for credit and SME support	Other donor programs will clearly be in a position to pick up necessary shortfall in micro, small and medium lending.
	Norway	subcontracting business linkages	
	Sweden	loan guarantee	
	HIVOS Foundation (Dutch)	loan guarantee	
	Britain	microlending	
	Canada	microlending	
	Commonwealth Development Corporation	equity fund	
	International Finance Corporation	equity fund	
Family Planning Services	Germany	IEC programs	Family planning functions are well enough established that supplemental support from USAID through 2000 should be sufficient.
	Norway	training providers	
	World Bank	capital construction	
Contraceptives	Britain	condom procurement	Oral contraceptives will become the responsibility of the Government.
	UNFPA	depo-provera procurement	

Area	Donor/Partner	Description	Comment
Policy	UNFPA	population policy	
	Britain	planning, accounting, management	
NGO delivery of services	Denmark	decentralization	A new area of interest.
	Netherlands	support for mission hospitals	
	Sweden	training of farm health workers	
HIV/AIDS/STD	Denmark	essential drugs, budget support to NACP	Interest appears high to carry on additional efforts with USAID phaseout in 2003.
	Sweden	support for NACP	
	Britain	training in STDs	
	World Bank	STD drugs	
	WHO	NACP staff	

IV. Relationship to Agency Goals and Objectives

The strategic objectives proposed in this strategy are supportive of Agency objectives. SO1 contributes to Agency goal four, “environment managed for long term sustainability,” by contributing to conservation of biodiversity through sustainable use of biological resources, and through encouraging sustainable natural resource management. In addition this SO contributes to Agency goal two, “sustainable democracies built” by increasing local government participation in decision making.

SO2 contributes to Agency goal one, “broad-based economic growth achieved,” through expanding access and opportunities for the poor. It accomplishes this utilizing the following Agency approaches: expanding access to formal financial institutions for microentrepreneurs; expanding access to technology, information and outreach services; and expanding economic opportunities among disadvantaged groups.

SO3 contributes to Agency goal three, “world population stabilized and human health protected in a sustainable fashion,” through sustainable reductions in unintended pregnancies and in sexually transmitted infections/human immuno-deficient virus (STI/HIV) transmission among key populations. It utilizes the following Agency approaches: expanding the availability, quality, and use of sustainable family planning services; improving the host country environment for the expansion and adoption of STI/HIV prevention policies, services and practices; and expanding the availability, quality and use of HIV prevention programs.

The Special Objective, “increased opportunities for participation in the private sector and political processes,” responds both to Agency goal one, “broad-based economic growth

achieved” by expanding access and opportunities for the poor and to Agency goal two, “sustainable democracies built,” by increasing development of a politically active civil society and by making government institutions more transparent and accountable. This Special Objective expands on USAID/Zimbabwe’s work in the private sector and strongly endorses and offers potential to expand new Agency initiatives which encourage developing and/or broadening strategic partnerships to carry on in countries where USAID missions are scheduled to close.

The Agency carefully considered USAID/Zimbabwe’s new status as a Limited Assistance Mission when it provided the mission with its parameters cable in September, 1996. Although the guidelines for overseas restructuring states that LAMs should remain active in only one or two Agency goals, USAID/Zimbabwe was permitted to close each of its three Strategic Objectives while “moving toward a staged withdrawal and gradual phaseout of development assistance by FY 2003.” The mission was also authorized to further pursue the feasibility of working toward a “Zimbabwe American Development Foundation that provides sustainable development assistance over time in areas of common interest to our bilateral relationship.” Both economic growth and democracy and governance were discussed as possible goal areas. The rationale provided during the parameter setting sessions (May 1996) for staying in more than two Agency goals was that cutting Strategic Objectives out of mature programs prematurely, merely because they fall outside the Agency goal limit for LAMs, would diminish the long-term results to be achieved while limiting the sustainability that was to be an explicit goal for USAID/Zimbabwe to aim for as it moved toward phase-out.

V. The Strategy

A. Overall

Strategic choices for 1997-2003 were based on the following specific guidelines:

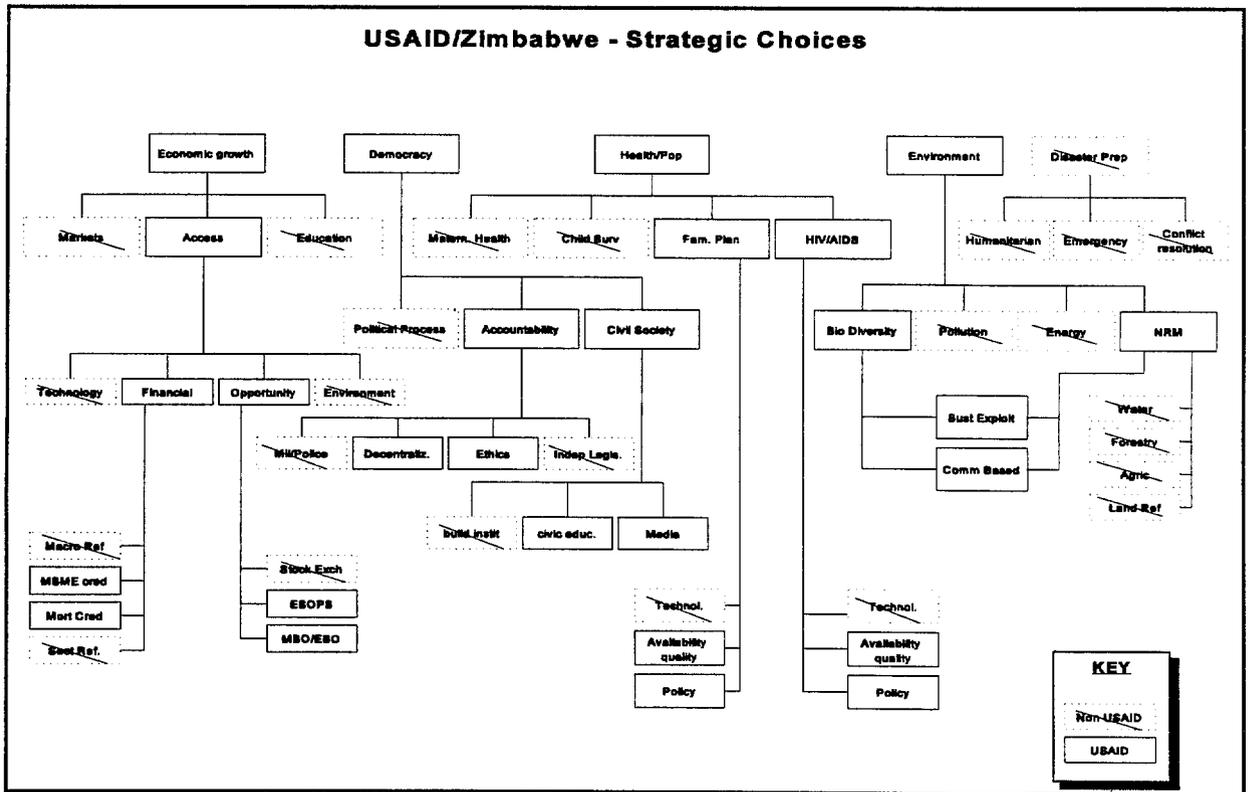
- **Consolidating gains** - The USAID program has initiated numerous activities since its inception in 1980. This strategy is aimed toward completing activities in its current strategic areas rather than starting new programs. The discussion of each Strategic Objective (SO) and Special Objective (SpO) below will demonstrate basic adherence to this precept.
- **Accomplishing real results** - The strategy emphasizes accomplishing significant results by the program phase-out dates of 2000 and 2002. Targets for each SO and SpO are established in the discussion and these results will be measured through the end of the USAID program.
- **Building sustainability** - To the extent possible, sustainability will be emphasized. The mission cannot ensure sustainability in all cases but it can

assure that it is an integral part of USAID planning and is kept in the forefront for all USAID's partners.

- **Incorporating all USAID programs** - The strategy makes a significant effort to encompass all USAID programs whether they are bilateral, regional, bureau or global activities. The strategy calls for all programs to be judged by the same standards and to adhere to the same transition guidelines in the phase-out process.
- **Limiting "post-presence" activities** - The strategy is formulated in the full spirit of the Agency's current approach to limiting post-presence (non-presence) activities to the absolute minimum. Each SO team proposed methodologies for post-presence which were examined to determine if they were well defined and within the Agency's management interest.

The 1993 CPSP, as modified by subsequent Assessment of Program Impact (API) submissions, was taken as a starting point. These programmatic decisions were expanded somewhat to incorporate new constraints in the democracy and governance arena and to better match the priorities of the US Mission Program Plan, 1997-2001. These programmatic choices are shown in Figure 1.

Figure 1



The current formulation of the strategy incorporates evolutionary change in the strategic objectives definitions which has been taking place since approval of the CPSP in 1993. These changes served to clarify the objective in the case of the private sector objective, to incorporate HIV/AIDS as part of the health/population objective, and to refine the marginal lands program to focus on natural resources management as the grain marketing reform and cereals research programs phased down or were transferred to the regional program in Botswana. These incremental changes have been accepted by USAID/W through the API and Results Review and Resources Request (R4) processes.

Previous strategy documents for Zimbabwe had incorporated the upper-level goal of increased economic growth that is participatory and equitable. While the goal level has been dropped from this strategy and the mission focus is at the Strategic

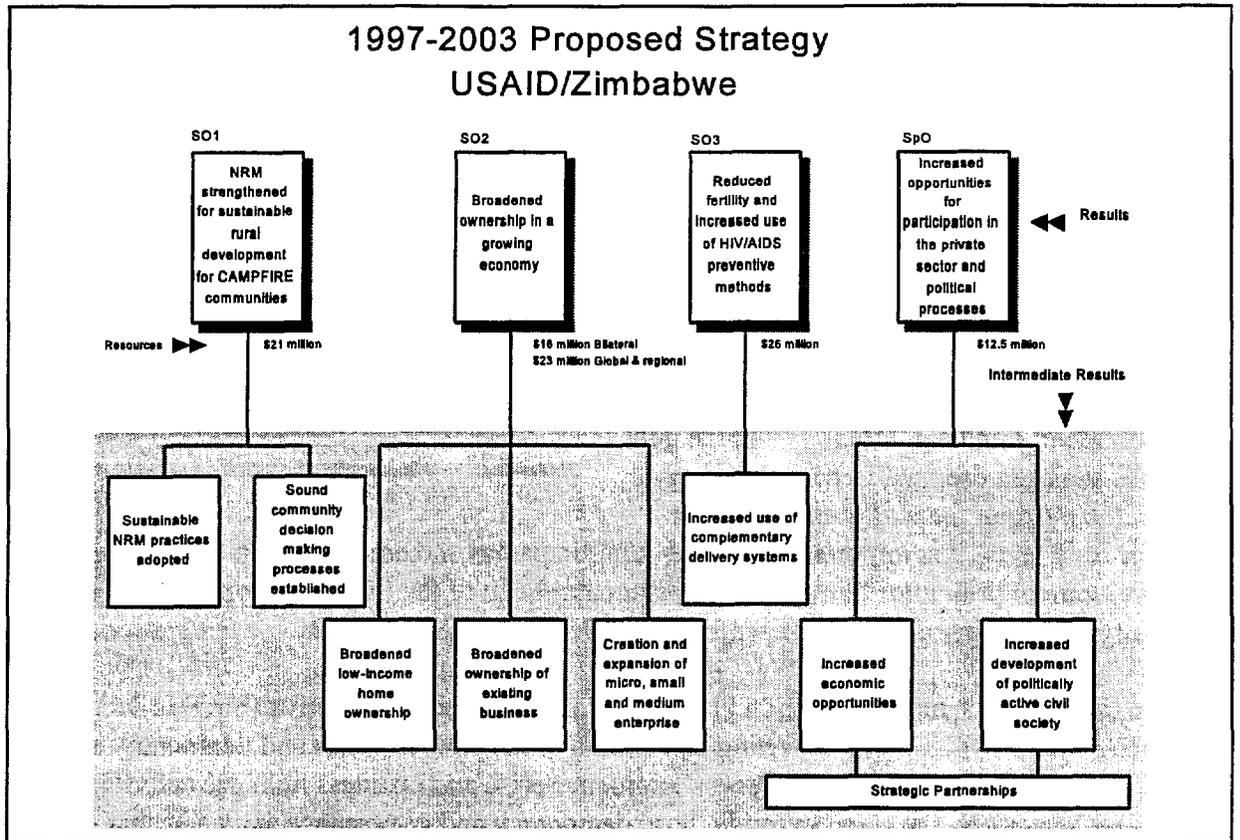
Objective level, it is important to note that participation and equity remain as guiding development principles throughout this strategy. Each of the SOs has strong participation and equity building aspects that are central themes of this strategy.

**Participation and Equity
remain central to USAID/Zimbabwe's
strategy**

The most significant modification is the addition of a Special Objective (SpO) to increase participation in addressing on-going constraints in the private sector and democracy and governance arenas. This SpO absorbs microenterprise and business linkages activities from the private sector objective and expands those democracy and governance activities that previously had been implemented through 116(e) programs and limited Global Bureau assistance. It sustains interventions to support the U.S. Mission Program Plan in the post-presence period through an endowed foundation.

Figure 2 graphically illustrates the proposed strategy.

Figure 2



Some critical assumptions pertain across the entire strategy:

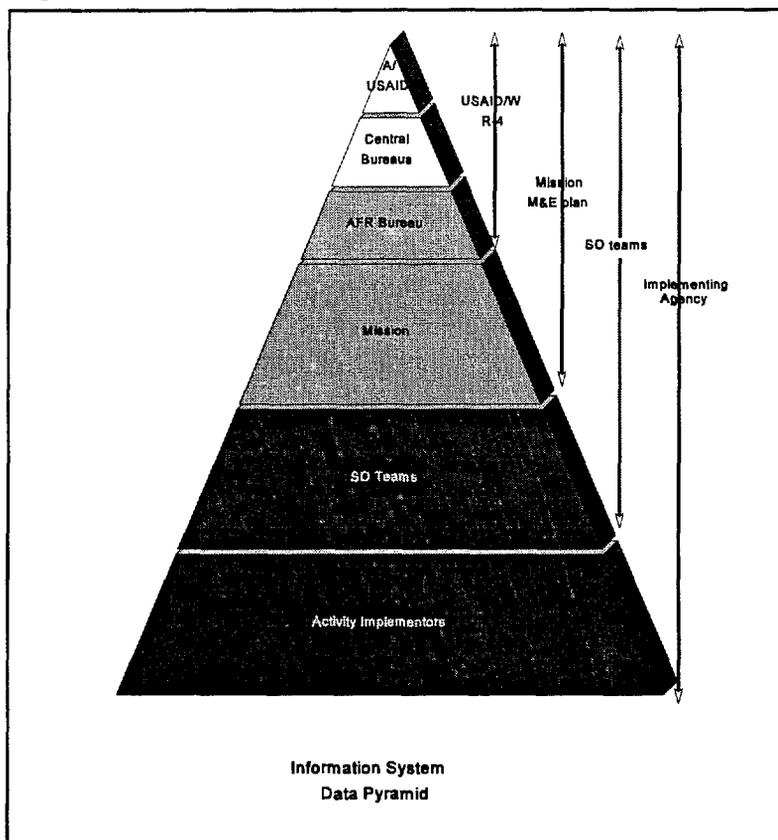
- Macroeconomic reform will proceed with controls on inflation, on government borrowing, and continuing liberalization of the economy;
- No long term (greater than 2 years) drought situations; and
- Continued political stability and liberalization.

Prior strategies have not specifically incorporated crisis prevention. While the previous CPSP included an SO for food security, it had a markets and cereals production emphasis not crisis prevention. There have been no continual PL-480 programs, nor long term crisis prevention activities. However, food resources and drought response have absorbed a majority of the mission efforts in certain years. In this phase-out strategy, it is not appropriate to develop a special crisis management capacity within the Government of Zimbabwe, or indeed in the USAID mission. With declining staff resources, the mission will look to the Food Early Warning System (FEWS) project monitoring resources to provide early warning, the Mission Disaster Officer (designated by the Embassy) to initiate actions, and the Office of Foreign Disaster Assistance (OFDA) to respond should a disaster response be required.

B. Monitoring Approaches

The mission is entering a limited assistance mode with reduced staff and thus, reduced capabilities. It proposes a consistent treatment of indicators across the portfolio. A management information system approach will be used where detailed indicators are tracked at the bottom of the pyramid, i.e., the activity level. Then some of these detailed indicators, or an aggregation of two or more indicators, will serve as the base for monitoring at the next higher level. The results indicators being reported to USAID/Washington are, therefore, only the tip of the total package of indicators. The R4 document will serve as the basis for this annual reporting. See Annex 1 for a summary of indicators to be reported to USAID/Washington.

Figure 3



C. Results Frameworks

SO1 Natural resources management strengthened for sustainable rural development for CAMPFIRE communities

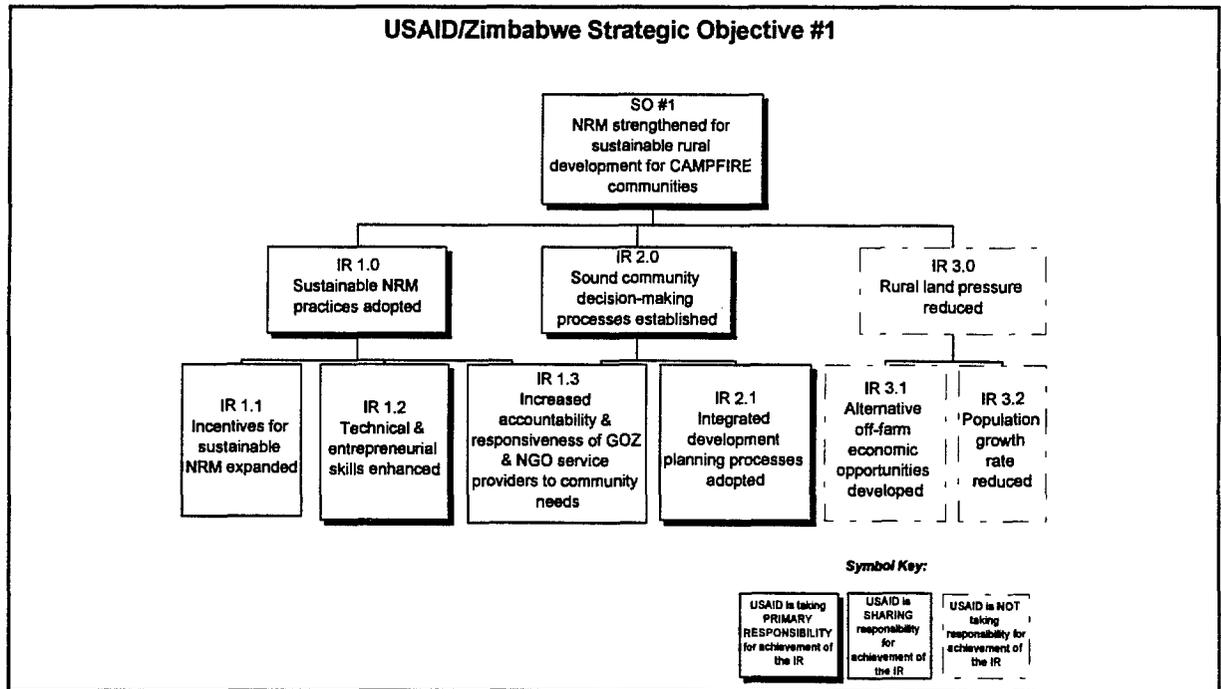
USAID has been assisting with the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) movement since 1989. This program has created incentives for rural communities to assure that rational natural resource management occurs in their environment. Between 1989 and 1997, over US\$6 million in revenues have been returned to participating members. This program is active in the communal areas in Natural Regions IV and V where the greatest levels of poverty are concentrated. They are also the regions of Zimbabwe which are experiencing the most severe levels of environmental degradation as a result of excessive pressures on this marginal resource base by an ever-increasing rural population. As a result, valuable wildlife habitat is being lost, and resources are being degraded and depleted at an alarming rate.

Since its inception (through the Department of National Parks and Wildlife Management--DNPWLM), CAMPFIRE has focused on the sustainable management and use of the considerable wildlife resources which are found throughout many of these communal areas. USAID's support to CAMPFIRE has focussed on developing the requisite community capacities to use natural resources management, particularly wildlife resources management, to achieve sustainable rural development on these agriculturally marginal lands.

This SO is fundamentally about community attitudes and skills, institutional development and incentives for sustainable natural resource management and use. The basic development hypothesis underlying the SO is that people will manage natural resources sustainably if they are granted control over those resources, and if it can be clearly demonstrated that such management is in their own best interest. The (empirical) evidence over the last eight years is that communities will respond very positively to the tangible benefits and financial returns gained through natural resource management. Sustainability requires that these incentives are accompanied by the requisite institutional and administrative structures for rational resource management.

Figure 4 is a graphic depiction of the approach the mission will take to accomplish this SO.

Figure 4



The major hurdles to changing community attitudes and establishing the critical incentive framework for sustainable NRM, and particularly for wildlife resources, have already been overcome for many participating communities. In addition, several communities have begun to establish the essential technical capacities and institutional and administrative structures for

sustainable natural resources management and use. The challenge now is to consolidate these gains by developing well-functioning, self-sustaining natural resource management programs within a sufficient number of communities to assure the continued viability and long-term success of the CAMPFIRE movement which has become a model for other countries. The proposed strategy is designed to contribute to this result through the end of FY 2000, the phase-out date for this SO.

The objective is achieved through a combination of Intermediate Results: increasing adoption of sustainable NRM practices, establishing sound community decision-making processes, and reducing rural land pressure. The SO team acknowledges that it is beyond its manageable interest to directly affect rural land and population pressure nationwide, but notes that SO2 and SO3 are also making contributions in this behalf.

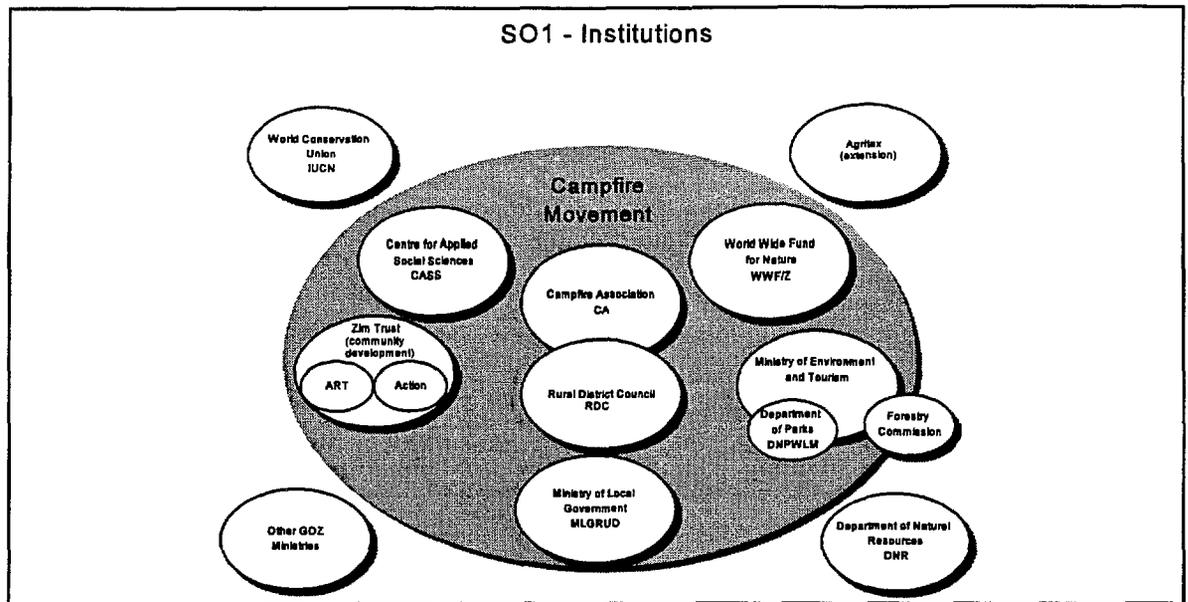
In order to accomplish the adoption of NRM practices, incentives must be expanded, technical and entrepreneurial skills enhanced, and the Government and NGO providers must become more responsive and accountable to their customers. Establishing sound decision-making requires that a rational planning process be initiated based on reliable environmental information.

Critical assumptions for the success in this SO are:

- CAMPFIRE communities can manage population growth, particularly that due to in-migration from less developed areas;
- GOZ commitment and capacity to continue support for decentralization is critical;
- No adverse changes in international treaties or other legislation governing wildlife species which would affect CAMPFIRE communities' ability to valorize resources; and
- Adequate tenure rights continue to exist for individuals to comfortably manage resources for the long term.

Figure 5 illustrates the organizations and institutions which make up the CAMPFIRE program and

Figure 5



with whom the USAID mission works collaboratively to implement the program. The CAMPFIRE movement is, institutionally, highly complex due to the large number of active participants. In contrast to many programs where most players are somewhat disinterested bystanders, a large number of governmental and non-governmental groups are very active and involved in the workings of CAMPFIRE.

Government commitment is critical for success in this SO. Though there is a lack of consensus within the Government, the trend toward decentralization has begun, and it must be continued. From the diagram above, it is clear that the CAMPFIRE Association and its Rural District Council members are the central players in this community-based program. Government and NGO partners provide the critical policy framework and support services which enable these central community-level players to achieve their sustainable NRM objectives. The Government must continue its political support for devolution of authority for control over wildlife and other natural resources to the local levels and bolster the communities in their enforcement of resource management decisions. USAID intends to apply pressure, when necessary, to ensure that the Government continues this important mandate.

The SO team has defined two results packages (RP) which will accomplish the intermediate results in this SO.

RP 1 - CAMPFIRE support services: This package provides a variety of support services, including technical assistance and training, education and information dissemination, advocacy and awareness-building, research and analysis, and monitoring and evaluation, to establish the requisite attitudes, skills, institutional and administrative capacities within participating communities for sustainable natural resource

management and use.

RP 2 - CAMPFIRE development fund: This package provides small grants for community-level natural resources management. These grants are for institutional strengthening (e.g., staff, equipment and materials), development of wildlife management infrastructure (e.g., fencing and water resources development), and for development of ancillary wildlife use infrastructure (e.g., eco-tourism facilities, game lodges, safari camps and similar business ventures).

The anticipated results when the SO phases-out in the year 2000 are:

1. The value of CAMPFIRE benefits per household will increase from Z\$146 in 1996 to Z\$300 in 2000.
2. The value of community capital improvements funded with NRM revenues increases from Z\$8.7 million in 1996 to Z\$13.6 in 2000.
3. The percentage of CAMPFIRE communities managing the natural resources in a sustainable manner increases from 1 percent in 1996 to 10 percent in 2000. This result will be measured by:
 - The state of the natural resource base in selected CAMPFIRE communities, using a composite bio-physical index of animal census and vegetative cover data;
 - The effectiveness of community involvement as measured by a subjective index called the Process Oriented Monitoring System (POMs); and
 - The effectiveness of community NRM practices as demonstrated by compliance with NRM by-laws.

The following indicators will be monitored and a baseline and targets established in 1997: adherence to NRM by-laws, establishment of NRM by-laws, number of community residents receiving NRM skills training (gender disaggregated), customer satisfaction, and improvement in community decision-making processes.

This SO seeks to assure sustainability of the activities at the local level among the 10 percent of total CAMPFIRE communities who demonstrate well-functioning, self-sustaining and environmentally sound NRM programs. If the CAMPFIRE movement as a whole is to be sustainable, it is estimated that a higher percentage of communities would need to demonstrate the same level of sustainability. This would require additional time and external assistance. Given USAID/Zimbabwe's LAM status, the mission does not have either the human or

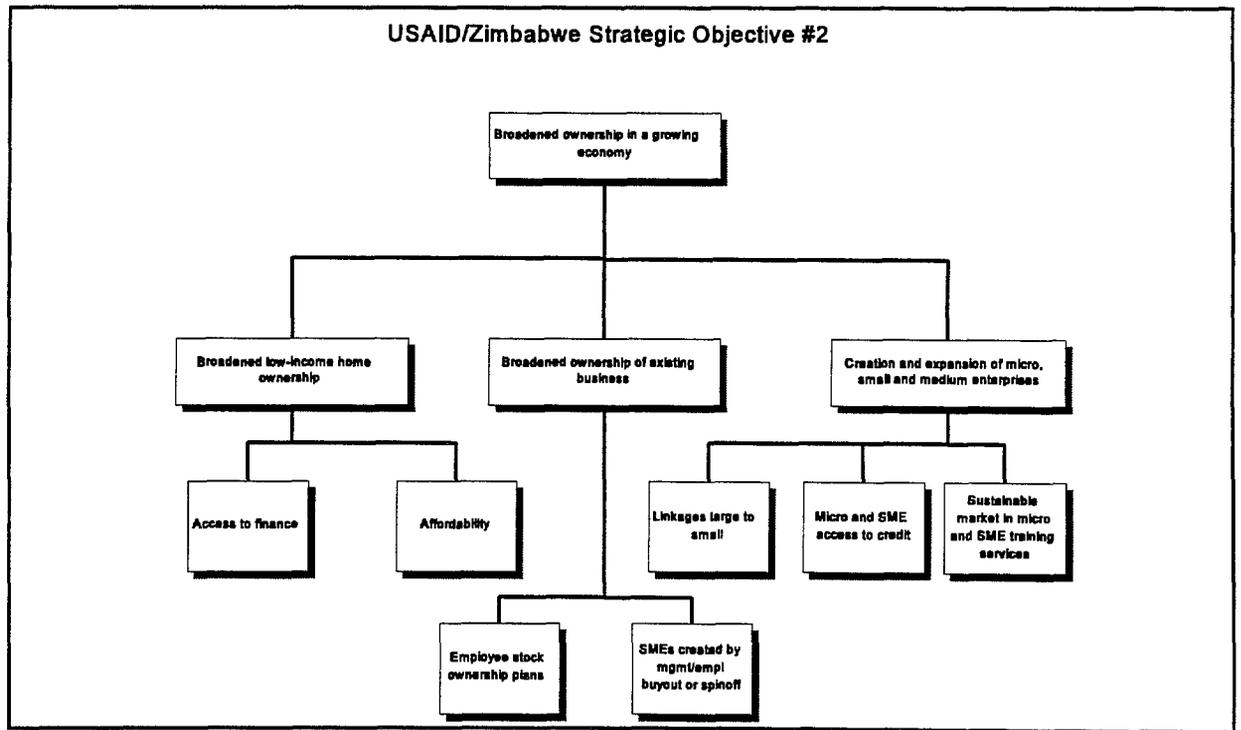
financial resources to commit to this additional assistance. Therefore, the strategy is to achieve a level of 10 percent of the communities fully functioning in 2000 so that they may serve as a solid demonstration for other communities. The SO team will work closely with other donor organizations during the phase-out period to help identify other funding sources so that the program achieves sustainability of the entire CAMPFIRE movement.

SO2 Broadened ownership in a growing economy

Since initiation of USAID activities in the early 1980s, *broadened ownership* has been a mainstay of the USAID approach to equity in Zimbabwe. The low-income housing program has been a singular success as it moved from a materials and government construction activity to a low-income, private sector mortgage program. The life of the program has seen basic affordability of housing increase from 23 percent to nearly 70 percent of the population and 30,000 families move into low-income housing. Likewise, indigenous building societies and land survey companies are being established while U.S. builders have entered the construction market providing new technologies, jobs and profits for these firms. The micro, small and medium lending activities have also recently reached an important threshold point with the number and value of loans escalating rapidly to over 10 times the levels prior to the time the program was launched. From 1997 to 2000, the emphasis will be on consolidating the gains to date, leaving viable models for others to follow.

Figure 6 presents a graphical representation of this SO.

Figure 6



This SO calls for the broadened ownership to be accomplished by: 1) broadening low-income home ownership, 2) broadening ownership of existing businesses, and 3) creating and expanding MSMEs. The mission believes the stage has been set--private companies are restructuring to shed functions taken on during the socialist era while focussing on their core activities, and the public sector is making promising moves toward selling its assets. What is required now are signals followed by actions at the highest levels of government that will permit markets to function.

In order to broaden low-income home ownership, homes must be made affordable (i.e., create appropriate standards and reduce construction costs), and there must be access to finance. USAID has made significant breakthroughs on the question of affordability, with the current standard house being affordable to 70 percent of the people in urban areas. Continued effort is needed to ensure that more Zimbabweans overcome bureaucratic obstacles and gain access to mortgage financing--particularly those wanting to purchase their first homes. Until low-income mortgage financing becomes more accessible, home ownership will remain a dream to most Zimbabweans, despite improvements in affordability.

By providing increased access to affordable housing for the low-income urban population, the intermediate result will improve economic and social well-being, stimulate economic growth in construction, home furnishings and financial industries, and contribute to political stability. In addition, emerging entrepreneurs, both men and women, often use their homes as collateral for business loans. Increased home ownership by this economically disadvantaged group complements efforts to encourage the expansion of micro and small enterprises. Home ownership and the ability to use this asset as collateral for business loans expands opportunities for the start-up or expansion of micro and small businesses thus contributing further to economic growth and the achievement of the strategic objective.

Broadening ownership of existing business is to be accomplished through employee stock ownership plans or employee/management buyouts or spin-offs. A great deal of analytical effort has gone into establishing the parameters for these different options, and the remaining time from now until 2000 will be devoted to encouraging trials of these approaches and assisting interested firms to take the necessary steps. The expectation is that a sufficient number of examples will be on the ground to serve as an adequate demonstration of the feasibility of these approaches. It should be noted that USAID's assistance in this area is of particular interest to Zimbabweans due to its clear equity links to the move to indigenization.

Creating or expanding MSMEs requires appropriate training for new entrepreneurs, linkages of many small enterprises to larger enterprises, and most importantly access to credit. USAID has made considerable strides in establishing competency based training capability in Zimbabwe and will try to solidify that capability and stimulate a demand for paid services in the year remaining before the activities are complete at the end of 1997. Linkages and credit programs will continue until the final phase-out of the program in 2000. The credit program has been very successful in leveraging other USAID financing up to the present and the expectation is

that by 2000, the effectiveness of MSME lending will have been demonstrated and banks will continue it on their own.

The development hypothesis underlying this SO is that support to micro, small and medium enterprises (MSME) and low-income households is an effective means of meeting the objective of broadened ownership. Empirical evidence demonstrates that the small businesses are where the disadvantaged majority are prevalent and that investments focussed in the micro, small, and medium enterprises and low-income housing are sufficient to stimulate growth of the economy. Survey data indicate that job creation is immense in MSMEs; macroeconomic data show that construction is one of the leading recovery sectors--it is a major employer for the national economy--and that housing is a major component of that sector. USAID believes that these two reinforcing efforts--the construction industry stimulating MSMEs, which in turn stimulate the construction industry--have proved to be on the leading edge of growth. First time mortgage holders, as well, are able to gain a foothold in the economy, using their homes as collateral for business expansion.

Critical assumptions for the success of this SO are:

- The Government of Zimbabwe will exert sufficient fiscal restraint to keep from crowding the private sector out of the domestic financial market, fueling inflation, or driving up interest rates.
- Continued economic growth is essential. A return to the stagflation of the early part of the decade will impede growth in the MSME sector and constrain availability of funds for mortgage and MSME lending.
- The voluntary transfer of assets will remain the accepted method of implementing indigenization.

The Government is not the key participant in activities of this SO. The critical partners are the financial institutions (banks, building societies, NGOs, funds, etc.) and the business associations that serve as interlocutors in the process. If the Government stays on its liberalization track and does not impede progress, and if the assumptions above hold, then the private sector itself will move this program forward to closure.

This SO team has defined its results packages to mirror their three Intermediate Results. Illustrative activities which will be undertaken to accomplish each results package are:

RP 1 - Broadened low-income home ownership: Provide technical assistance to building societies to expand access to credit to more low-income families; assist small scale construction entrepreneurs and promote a secondary mortgage market and a municipal bond market; assist the Department of the Surveyor General and corresponding Department of Deeds and Properties to eliminate the constraints in the

land delivery system; provide technical assistance to the Ministry of Public Construction and National Housing and local authorities to improve planning, monitoring and implementation of housing programs.

RP 2 - Broadened ownership of existing businesses: Build awareness of employee ownership schemes; adjust government tax and regulatory policy to encourage the spread of employee ownership; provide transaction assistance to companies or employee groups in structuring specific schemes; and improve the capacity of local legal, financial, and business consulting firms to support these transactions.

RP 3 - Accelerate Creation/Expansion of MSMEs: Encourage subcontracting for outsourcing of services or market expansion; support the nascent Franchising Association of Zimbabwe to apply the tools of franchising to SME expansion; increase SME credit using credit guarantees; expand micro lending through local NGOs, encourage the Southern African Enterprise Development Fund to take equity positions in Zimbabwean firms; and complete the competency based training effort with a focus on building demand and eliminating the subsidy.

Anticipated results by the year 2000 from the investments in this SO are:

1. Value of all outstanding credits under Z\$500,000 increasing at 20 percent per year in real terms.
2. 90,000 low-income mortgages issued (43,000 financed directly).
3. Increase the number of low-income houses built per 1000 population by 10 percent per year.
4. Increase to 20 percent the proportion of female headed households who obtain a mortgage for a low-income house.
5. 45 companies will have greater than 5 percent of their stock in employee stock option plans (ESOPs) and this will be sufficient to demonstrate the viability of ESOPs.
6. 35 new SMEs will be created through management or employee buyouts or spinoffs.
7. 10,000 credits worth Z\$15 million will go to microenterprises in 2000.
8. 100 new franchises or subcontracted SMEs will be initiated and this is a sufficient demonstration of viability of these approaches.

9. 480 individuals per year will have companies pay full costs for competency based training.

The mission believes that these results are representative of a sustainable program without major USAID continuing involvement. The low-income mortgage market will have proved itself to the banks and building societies as a profitable enterprise and should be self sustaining. The employee stock option plans and management and employee buyouts will have been sufficiently demonstrated and enough skills transferred to allow the private sector to continue on its own. The MSME credit programs will have begun to demonstrate their viability and banks and NGOs will be able to continue on their own. Continuing support for growth of the MSME sector may be provided through post-presence strategic partnerships.

SO3 Reduced fertility and increased use of HIV/AIDS preventive measures

Zimbabwe's family planning program is one of the most successful programs in Africa, due in no small part to USAID technical and financial support since 1982. This success is demonstrated by the increase in contraceptive prevalence (modern methods) from 27 percent in 1984 to 42 percent in 1994, and the decline in total fertility rate from 6.5 in 1984 to 4.3 in 1994. Similarly, the knowledge of HIV/AIDS (the first step toward behavioral change) is exceptional. The HIV/AIDS prevention program was elevated to be part of the Strategic Objective in 1996 in response to the explosive growth in infection rates for HIV/AIDS to the point where an estimated 20 percent of adults are infected.

Declining budgetary resources and profound effects of structural adjustment programs on utilization of health services threaten the superb health care system which produced one of the best health situations in sub-saharan Africa. The USAID strategy in this SO is directed at demonstrating solutions to this constraint for the HIV/AIDS program while securing success in the family planning activities.

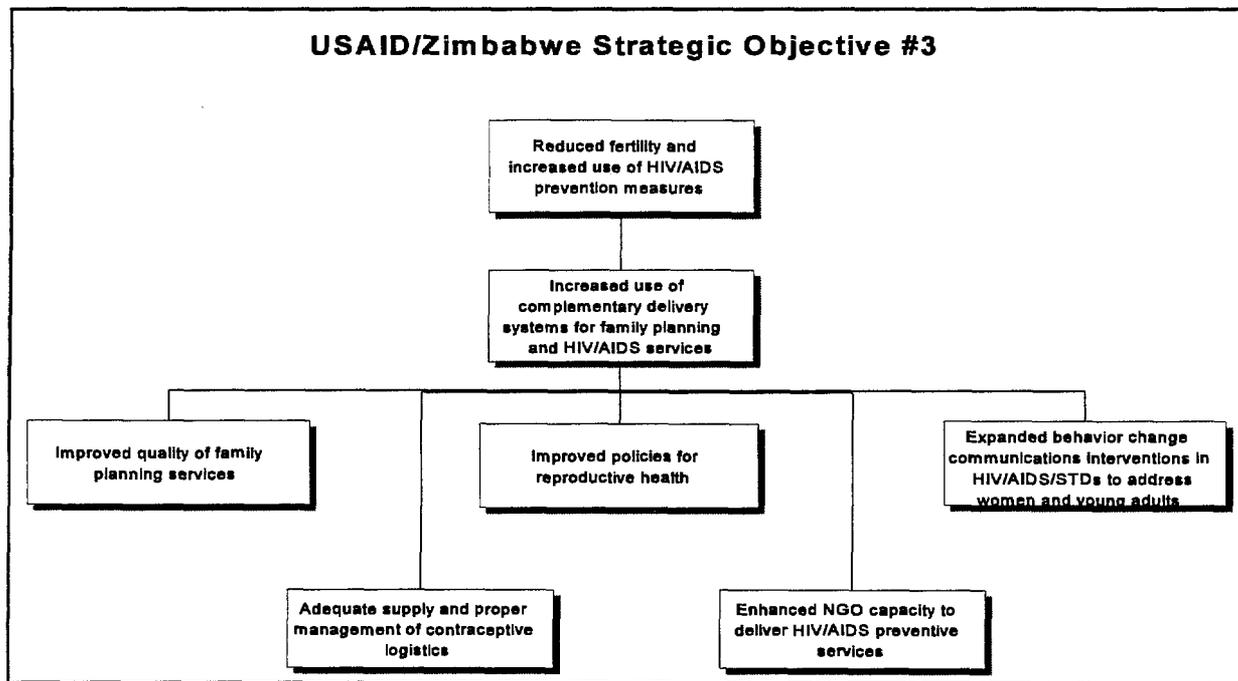
The development hypothesis underlying this SO is that population growth must be slowed. The package of behavior modification approaches and supply side interventions used in the family planning program have helped accomplish this. The challenge now is to apply similar techniques and approaches to the HIV/AIDS epidemic while concurrently establishing long term viability of the family planning program. The key elements of the hypothesis are:

- long-term access to family planning and HIV/AIDS prevention services will be financed by expanding the participation of the private sector (both for-profit and NGO);
- burdens on the system can be relieved by encouraging other, complementary family planning service-delivery mechanisms;
- commodity support will be absorbed by the GOZ and others;

- the experience of the family planning program will be used to form and direct the provision of HIV/AIDS preventive services; and
- policy makers will be engaged in an examination of health finance reform initiatives to contain costs and expand service delivery.

Figure 7 graphically presents this SO.

Figure 7



Given the critical budget constraints in the health sector and the likelihood that these constraints will continue and possibly even worsen, accomplishing the objective of reducing fertility and increasing the use of HIV/AIDS preventive measures requires looking beyond traditional planning and implementation models. The SO team has chosen increased use of complementary delivery services for both family planning and HIV/AIDS services as its sole intermediate result. In the context of today's government budget situation, this is the only means to continue to progress. This increased use of complementary delivery services will be accomplished by: 1) improving the quality of family planning services, 2) ensuring an adequate supply and management of contraceptives through both traditional public sector systems and new market-driven systems, 3) influencing policies which permit the alternative complementary systems to operate effectively, 4) enhancing NGO capacity to deliver HIV/AIDS services, and 5) expanding behavior change interventions for HIV/AIDS.

Critical assumptions for the success of this effort are:

- Government funding for public health services is expected to continue to decline with attendant decreases in staffing and resources for reproductive health services. There is little reason to think that the trend will reverse, either in terms of overall budget resources or allocation of those resources.
- Sexually transmitted disease (STD) diagnosis and treatment will be expanded and improved through a World Bank STD project.
- The British government will continue to supply the national requirements for free condoms.
- The Government of Zimbabwe and/or other donors will allocate sufficient funds from its budgets for oral contraceptive procurement beginning in 1999.

Government commitment, both financially and on a policy basis, is critical to achieving results in this SO and in attaining sustainability. The procurement of oral contraceptives when the USAID procurement program phases out in 1998 is especially critical as the USAID funded contraceptive supply will be drawn down in 1999. While assurances have been given by the Ministry of Finance that contraceptives will be budgeted and provided for in the future, the mission must take this on faith. On the other hand, if procurement lags, resulting in unmet demand, the hue and cry from the women of Zimbabwe may force the issue. USAID is greatly encouraged by recent discussions with the World Bank in which its staff have expressed great receptivity to including both oral and injectable hormone contraceptives in its their soft loan package to the Government. The receptivity of Government to adjust policies and regulations to encourage responsible private sector service delivery mechanisms to flourish is also important to success in this strategic objective.

The mission has scheduled a Demographic and Health Survey (DHS) in 1998 and a supplemental survey for 2002. This latter survey will be used to analyze the effects of USAID disengagement from family planning as soon as sufficient time has past to make some judgements. If corrective measures are needed, the mission will turn to its partners to take the necessary steps.

Results packages, described below, follow the Figure 7 graphic, shown earlier.

RP 1 - Improved quality of family planning services: This package includes technical assistance to test more cost effective delivery systems including private sector systems, incorporation of more family planning instruction in the nursing school's curriculum, information and education campaigns, research and surveys of effectiveness, and improving management of the national family planning organization.

RP 2 - Improved contraceptive supply and logistics: USAID will continue to provide oral contraceptives through 1998 and will continue the condom social marketing

program through 2001. To prepare for the post-1998 period, training in contraceptive procurement will be given and an oral contraceptive social marketing program may be initiated.

RP 3 - Improved policies for HIV/AIDS prevention services: A simulated computer model (RAPID/AIM) presentation to high level decision makers will be prepared to address critical family planning and HIV/AIDS issues. In addition, assistance in regulatory review, HIV/AIDS policy agenda development, introduction of more private sector involvement, two Demographic and Health Surveys, and the data for decision making program are areas where USAID will be involved.

RP 4 - Enhanced NGO capacity to deliver HIV/AIDS prevention and counseling services: This is a new concept, presently under design. Preliminary work includes using a US intermediary PVO/NGO to undertake local NGO strengthening activities, and establishing a small grants program to strengthen selected, high potential, local NGOs and expand HIV/AIDS prevention programs.

RP 5 - Expanded behavior change communication interventions in HIV/AIDS/STDs: This package seeks to expand HIV/AIDS education programs through private sector partners, expand NGO and private company-based voluntary counseling and testing services, and cooperate with UNICEF to reach young adults. In all cases, the focus will be on behavior change rather than creating awareness.

The following results are expected to be achieved:

1. The total fertility rate drops to 4.0 by 2000.
2. 70 million condoms sold or distributed annually by 2001.
3. 70 percent of men, 75 percent of women, and 97 percent of commercial sex workers reporting condom use in most recent sex act of risk by 2002.
4. 60 percent of men and 69 percent of women reporting appropriate perception of risk of HIV infection by 2002.
5. 4000 non-traditional condom distribution outlets by 2002.
6. 410 new private sector delivery points for family planning by 2002.
7. 23 percent of demand for family planning services met by private sector by 2002.

Sustainability is always a difficult issue in social services programs and health services are particularly arduous. With economic reform programs squeezing government budgets, "health

services" is a very large budget item which is vulnerable to cuts. Every attempt has been made to shift the burdens of delivery services to non-governmental sources, but the public sector will remain as the majority supplier for the foreseeable future. The Government has agreed to absorb the cost of oral contraceptives in the post-1998 period. This cost of US\$2.5 million per year (at the current rate) is a significant burden for the government budget and only time will show if it is able to provide these resources--either on its own or through other-donor funding or loan support. USAID will lead a coordinated effort among key donors (the World Bank, the Danish International Development Agency--DANIDA, the British Overseas Development Administration--ODA) to develop contraceptive financing options for the period beyond 1998. An important test of Government/other donor willingness to pick up contraceptive costs will be played out as USAID departs. USAID will be able to empirically measure the effects through the Demographic and Health surveys planned in both 1998 and 2002.

As USAID phases out of family planning in 2000, most of the other activities will be completed - trainers trained, curriculum developed, condom social marketing introduced, etc. After 18 years of intervention, the program will be institutionally sustainable. The HIV/AIDS program is being developed with a heavy bias toward private sector support mechanisms to enhance the probability of sustainability. As the mission moves closer to the phase-out date of 2002, it will become clearer whether these activities will carry on without USAID support. In all areas in the health sector, other donors are also active. Therefore, it is anticipated that many activities will be taken up by others when they see success demonstrated.

SpO Increased opportunities for participation in the private sector and political processes:

This is a new Special Objective, added this year as a result of mission analysis. It is a key element of the transition strategy, providing for strategic partnerships for the post-presence period. It establishes a sustainable link between Zimbabwe and the U.S. in the economic and political arenas. An endowment of U.S. dollar appropriated funds is proposed as the main funding mechanism for a strategic partnership within this Special Objective: the Zimbabwe American Development Foundation.

Though USAID's direct presence is scheduled to end in 2003, U.S. foreign policy interests will remain important. USAID's role in consolidating gains, striving for sustainability, and achieving results between now and the final phase-out are critical elements of this CSP. The departure of USAID's physical presence from Zimbabwe marks a critically important milestone in the U.S./GOZ bilateral relationship--one from government-to-government, to one which, in many ways, raises the standards by which the U.S. views Zimbabwe. The U.S. and the Government of Zimbabwe will be establishing a much more mature and sophisticated relationship in preparation for USAID's departure.

As noted above, the Government of Zimbabwe has initiated the process of moving from a highly distorted, state-controlled economy to one that is more liberalized and market-driven.

This is welcomed, but the transition to a more open economy is far from complete. Access to economic opportunity and policy-making needs to be more inclusive. Traditionally marginalized groups, for example, need to participate. Furthermore, Zimbabwe is a fragile democracy which needs to strengthen many of the fundamental aspects and institutions required for a free and strong civil society, thereby increasing economic opportunities.

The U.S. Embassy, a partner in the design of both this Special Objective and the Zimbabwe American Development Foundation concept, will rely on this objective as an important component of its Mission Program Plan. The initial mechanism proposed for achieving results under the Special Objective--the Zimbabwe American Development Foundation--is seen as an integral tool for achieving two of the four goals in the MPP: promotion of democracy and Government of Zimbabwe accountability and fostering equitable economic growth in order to promote U.S. trade and investment. While USAID's role as a partner in many aspects of sustainable development will be diminishing, it has an opportunity, with this Special Objective, to leave behind an enduring legacy that will remain an important element of continuing U.S. foreign policy.

The Special Objective is narrowly defined to incorporate increased private sector development and growth of political pluralism. As Zimbabwe moves toward the 21st century, two fundamental problems will inhibit growth: problems associated with democracy and governance and inequitable access to assets. This SpO seeks to address the convergence of the two.

The private sector constitutes a major opportunity for expanding economic development while the socio-political arena constitutes one of the biggest constraints to both economic and political welfare. It is clear from recent experience in Africa that economic and political development must be mutually reinforcing if enduring change is to result. In the case of Zimbabwe, USAID is proposing creative, limited interventions on the political side while taking advantage of the solid base established on the private sector side.

The growth of pluralism is essential for continued economic growth. The symbiotic link between economic development and democratic development that is gradually being demonstrated throughout the world must take root in Zimbabwe. Issues of civic education, human rights, women's rights, media freedom, transparency and accountability, etc., must be addressed. There is no "quick-fix" for these key constraints. Many years of continuous effort, often using small, tightly focussed activities to bolster policy dialogue in critical areas is needed.

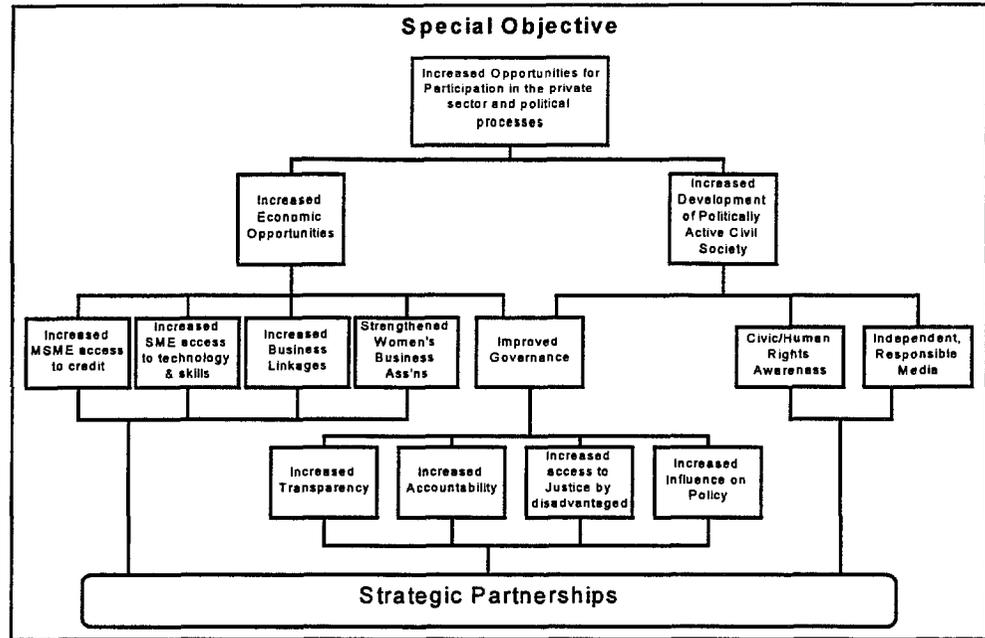
The Special Objective will be:

Increased opportunities for participation in the private sector and political processes

This becomes not only the Special Objective (SpO) but it will also be the purpose of the

Zimbabwe American Development Foundation, a strategic partnership. The USAID Results Framework for the Special Objective appears as Figure 8.

Figure 8



The development hypothesis underlying this SpO is the inextricable linkage of political and economic development in a mutually reinforcing relationship. Further, it is based on the understanding that political development in Zimbabwe is a task which requires more than the few years that USAID/Zimbabwe has during its phase-out program. This SpO relies on strategic partnerships as the preferred option among the choices of mechanisms for implementing this type of program in a non-presence mode.

The Special Objective emphasizes the importance of shared governance concerns between the private sector in economic development and civil society in political development. Good public and corporate governance include transparency of decision making, financial accountability, increased access to justice for the disadvantaged in civil and corporate cases, and voice and influence by all segments of the society and all economic strata. Increased economic opportunities require continued efforts to expand MSME access to credit, technology and skills, increased business linkages and associations, and particularly in the rapidly evolving social structure in Zimbabwe, strengthened women's business associations. In order to facilitate societal and political pluralism, the population must be aware of its civic and human rights and have a voice through strong, effective civil society organizations. To counter corruption there must be an independent, responsible media. USAID/Zimbabwe's new Special Objective hopes to assist in the resolution of some of these problems.

The major assumptions for the success of this SpO are:

- Non-interference of the Government of Zimbabwe is essential. The current legislation governing NGOs has been challenged in the courts as too restrictive and giving the government too great a role in the operations of non-governmental organizations. Fortunately, the courts have ruled in favor of the NGO community in a recent ruling. The strategic partnerships that are the key mechanisms for implementing this SpO are to be independent, non-governmental bodies and in the sensitive political development area, government interference is a potential problem.
- The endowed foundation mechanism that is being considered for a post-presence implementing organization requires matching funds. It is assumed that these funds will be forthcoming from corporate sources, an NGO, or a foundation's own funds--both U.S. and Zimbabwean--and in any combination of these sources.

The detailed activities and expected results will be developed with USAID's strategic partners in this SpO. As in the case of the proposed Zimbabwe American Development Foundation, the expectation is that the principal partner would be endowed and use the proceeds of that endowment to work with other partners--local NGOs and private sector entities--through grants to implement activities in the strategic areas defined in the framework above. It would not be in line with the spirit of the partnership to over-define the activities before the partnership is established. The mission has, however, begun to develop illustrative indicators for the results framework and will share these with prospective partners as it moves forward. A results orientation will be stressed and achievement of planned results will be the indicator of ultimate success.

At the highest level, reporting is expected to focus on aspects such as:

Indigenization: Is the majority population increasing its ownership of assets through broad-based economic growth? Do women and other disadvantaged groups have greater access to credit and input markets?

Employment: Is unemployment falling as a result of economic growth generated by micro, small and medium enterprises and export sector?

Public-Policy Making: Are business associations, consumer groups, and civil society organizations taking an increasingly active role in policy making?

Administration of Justice: Do Zimbabwe citizens have increasing access to a court for the protection of their contractual, commercial, and constitutional rights?

Constitutional Rights: Has there been improvement in selected indicators of human rights, democratic development, and good governance as first reported in a regional 1994 survey? The selected indicators include rights related to: property, due process, association, demonstration, political affiliation, vote, candidature, local governance,

non-discrimination (ethnic, women, children, disabled, and sexual preference), opinions, expression, press, and freedom of information.

The key to succeeding in this effort is the new strategic partnerships that will be formed. As mentioned earlier, the mission has developed a proposal for an endowed foundation, the Zimbabwe American Development Foundation (ZADF) which would be the first strategic partnership to implement within this SpO. According to the mission's preliminary planning, an existing international foundation or PVO/NGO would establish the ZADF which would take responsibility for achieving some or all of the results anticipated under this SpO. The recipient organization would be awarded a combination of grant funds amounting to approximately \$2.5 million and an endowment of approximately \$10 million. It would be required to provide at least a 100 percent match for the endowment funds. The grant funds would permit the lead group to establish and register the ZADF in Zimbabwe and begin program activities with local partner NGOs. Sub-grants are foreseen as the primary mechanism for the foundation to operate through its NGO partners. As the endowment is established with a deposit in a US bank and interest begins to accrue, the foundation will use the interest to both support its own administrative costs and expand its subgrant program. Even with a modest rate of return of 5 percent on the endowment, ZADF would have an estimated \$700,000 per year available, after its administrative costs are covered, to issue in subgrants to achieve results in this Special Objective. While ZADF would be programmatically independent, USAID would continue to monitor the progress of the ZADF and ensure compliance with agreement conditions and covenants for a period of seven to ten years. After seven to ten years of solid operations, the fund would be turned over completely to ZADF to continue in perpetuity.

USAID sees the ZADF strategic partnership as a reliable, cost-effective, sustainable approach to address longer-term problems of great interest to U.S. foreign policy. In analyzing the rationale for the ZADF, the mission has considered the following:

- The endowed foundation is a symbolic gesture of the USG's intention to remain engaged in issues that will always be important to U.S. foreign policy. With the closure of the bilateral mission, without an endowment, there is no guarantee of a visible and consistent U.S. foreign assistance legacy dedicated to priority, longer-term development problems in Zimbabwe.
- While the Democracy and Human Rights Fund program provides valuable resources for supporting activities related to civil society development, the limitations of this program include the vagaries of annual funding allocations and the inability to fund multi-year activities.
- The issues to be addressed by the ZADF are long term in nature and will continue beyond USAID's bilateral presence. While the ZADF will not be able to resolve these fundamental issues through its efforts alone, it is expected to make an important and continuing contribution to results in specific areas.

- Entrusting a local foundation with a development mandate is the ultimate notion of a strategic partnership for development and encompasses USAID's core value of customer service.
- The endowment is a cost-effective approach. It will provide a constant flow of funds for the foreseeable future. Initial projections include 100 percent matching funds within five years for a total corpus of \$20 million. The foundation would continue to focus on increasing this endowment over time so that the interest accrued to be utilized for subgrants would grow over time.
- While the proposed endowment's income will be subject to financial market fluctuations, it will be free from the changing political and budgetary environment in Zimbabwe and the U.S. It is designed to provide insulation from unpredictable political and budgetary situations on both continents.
- As a local organization, the foundation can tailor its assistance to fill gaps and needs in the specified program areas not covered by other donors, other NGOs, and the GOZ.

Key results anticipated from support to the proposed foundation mirror those of the Special Objective. They will be both institutional and programmatic in nature. They are keyed to the earlier graphical presentation of the results framework and summarized below. Indicators have been selected in line with the preliminary list of USAID Common Indicators issued in draft in February 1997.

Programmatic Results:

RP1. Increased Economic Opportunities

- Proposed Indicators: a. Credit to USAID assisted groups
 b. Production by targeted groups
 c. Employment by targeted groups

RP2. Development of Politically Active Civil Society

- Proposed Indicators: a. Percent of population reporting participation in civil society
 b. Number of independent sources of media
 c. Freedom House index, report on human rights and civil society

RP3. Improved Public and Corporate Governance

- Proposed Indicators: a. Frequency of dissemination of information related to

budget and procurement processes (annually, monthly, weekly, etc.)

- b. Number/Percentage of legislators and cabinet members reporting Civil Society Organization (CSO) and/or NGO influence in policy and legislative decisions.

Institutional Results (ZADF only):

1. An institution, capable of awarding and administering grants to Zimbabwean non-governmental institutions with appropriate:
 - legal status
 - financial management capability
 - technical analytical capacity
 - managerial capability
2. The ZADF will award grants ranging from Z\$25,000 (US\$2500) to Z\$1,000,000 (US\$100,000) for annual and multi-year programs to Zimbabwean NGOs, trusts and other organizations meeting award criteria.
3. The ZADF will have a demonstrated ability to leverage additional funds for program activities (e.g. through co-financing) and for augmentation of the endowment corpus.

The definition of results and specific target levels have been left intentionally broad to provide sufficient latitude for the ZADF Board to develop and implement a Zimbabwean-driven agenda and program of action. In addition, while the results provide general program direction, they will not be a straightjacket to effective operation of the foundation and will allow the ZADF to adjust its specific programmatic focus over time in line with development priorities in Zimbabwe. The Zimbabwe American Development Foundation's sole method of achieving these objectives will be through grants to local organizations, including trusts, NGOs, Civil Society Organizations (CSO) and others that benefit the public interest. The endowment agreement will specify benchmarks for specific time periods to measure progress toward achieving these results.

Measurement of progress toward these results will be handled in several ways. The ZADF will require grantees to include results and monitoring plans in the implementation of grants. In addition, the ZADF may sponsor periodic reviews, impact studies and special assessments of particular aspects of the broader level results. For example, after a number of years of grants to women's associations, the ZADF board may undertake an evaluation of the impact of such grants by reviewing the status of women in gaining increased access to credit of the impact of women's efforts to impact legislation.

USAID will report on progress toward desired results annually in its R4, and it is anticipated that at least two broad spectrum studies and/or evaluations will be carried out prior to the

completion of the USAID oversight period. In addition, due to the strong linkages to the U.S. Mission Program Plan, it is anticipated that the U.S. Embassy will assess progress towards sustainable economic development and political pluralism annually. The Embassy Political Officer and the Economic and Commercial Officer will join USAID in providing technical input into assessing achievement of the results.

While there are no current plans for any other strategic partnerships beyond the ZADF, proposals for others could be considered. They would be evaluated based on criteria, including:

- contribution to SpO results
- financial resource requirements
- management requirements

After consulting the Automated Directives System (ADS) Guidance, USAID/Zimbabwe chose to categorize this new element of its program a Special Objective. Section 201.5.10c appears to capture the sense of the SpO as a support mechanism for the U.S. Mission to Zimbabwe's integrated political economy development efforts which are central to the U.S. Mission Program Plan.

"Under exceptional circumstances, a mission or office may include activities in its portfolio which could not be associated with existing operating unit objectives, but which produce results to support other U.S. government assistance objectives."

The mission will continue to define this Special Objective and new program area. One option under consideration is an update of assessments prepared by other donors in the area of the democracy and governance so that it will be better placed to work in this arena.

VI. Transition Resources and Post-Presence

A. Background

This CSP presents a phase-out strategy. This section provides the results of a very vigorous review of the portfolio in the context of USAID and greater U.S. Mission management capacity and defines the resources needed to accomplish defined results by 2003.

The phase-out blueprint reviewed and approved by USAID/Washington in mid-1996, provided guidance on staffing and funding levels as well as a sectoral phase-out plan. This plan established the following overall phase-out schedule:

Sector	SO	Year
Natural Resources Management -	SO1	2000
Private Sector (low-income housing & MSME)	SO2	2000
Family Planning -	SO3	2001
HIV/AIDS -	SO3	2002
Close-out and disposal of assets -		2003

The blueprint also defined an endowed foundation as the most promising post-presence activity. While the mission was authorized to continue with development of this concept, the review also encouraged the mission to examine other possibilities for post-presence activities in each of the sectors. In this context, the mission scrutinized its entire bilateral portfolio using stringent criteria. In order to ensure that each SO could make a cogent development argument for continuation of its activities beyond the scheduled phase-out date, all SO teams were asked to:

- Define results expected by the approved phase-out dates;
- Suggest what activities might logically continue in a post-presence period in each SO;
- Determine the post-presence management burden for each proposal;
- Define what USAID entity would take responsibility for post-presence management;
- Determine the source of funding for each activity proposed; and
- Define what results could be expected if the activity were continued.

Non-bilateral programs were not put through the same filter. However, the mission has made its best efforts to list non-bilateral activities in all sectors and has indicated whether it believes each activity is worthwhile continuing during the phaseout period in a Limited Assistance Mission and ultimately which ones are reasonable post-presence activities. This analysis is included at the end of this section.

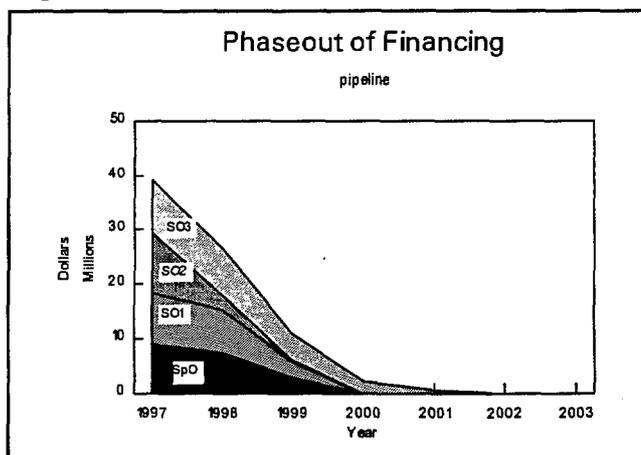
B. Resources

Figure 9 shows the phase-out plan for the mission Operating Year Budget (OYB) bilateral resources. This plan is based on preliminary estimates provided in the blueprint, subsequently modified as a result of the mission review of the results frameworks from each SO.

This financing plan shows planned expenditures for activities in each Strategic Objective. In the case of SO 1 (NRM) and SO3 (FP and HIV/AIDS), financing is made up of both existing pipeline at the end of FY 1996 and new funds from the 1997 and 1998 OYBs. SO2 (private

sector and low-income housing) consists of already obligated pipeline funds which will be spent by the end of FY 2000. The Special Objective represents new funds from the OYB in FY 1997 and 1998 (\$12.5 million for the ZADF). The overall plan calls for the expenditure of a total of over \$50 million between 1997 and 2002. SO1, SO2, and the Special Objective would be fully expended by the end of FY 2000. The HIV/AIDS activity in SO3 would continue through 2002 and the final accruals would occur before the end of FY 2002. The blueprint budgets showed an additional \$5 million in each of FY 1999 and FY 2000 for SO3. However, absent a well defined plan and corresponding resource requirements, these funds are no longer required at this time.

Figure 9



**OYB Financial Summary
1997-2002
000 dollars**

Area	1996	1997		1998		1999	2000	2001	2002
	PL	OBL	PL	OBL	PL	PL	PL	PL	PL
SO1	11,230	4,500	9,450	3,000	7,580	2,703	0	0	0
SO2	16,160	0	11,160	0	2,605	570	0	0	0
SO3	11,140	8,200	9,800	7,000	8,940	4,770	2,350	800	0
SpO	0	9,200	9000	3,500	7,500	2,500	0	0	0
Total	38,530	21,900	39,410	13,500	26,625	10,043	2,350	800	0

The OYB financial summary shows total funds available for spending between 1997 and 2002 by Strategic Objective. New obligations are shaded in the table. USAID/Zimbabwe is requesting only \$16.9 million in new money in 1997 (the remaining \$5 million is being requested as a one time reobligation from non-project assistance to be deobligated from the in the Grain Marketing Reform Project).

The following two tables show the projected operating expenses (OE) and ICASS costs over the planning period.

**Projected Operating Expense Budget
1997-2003
000 dollars**

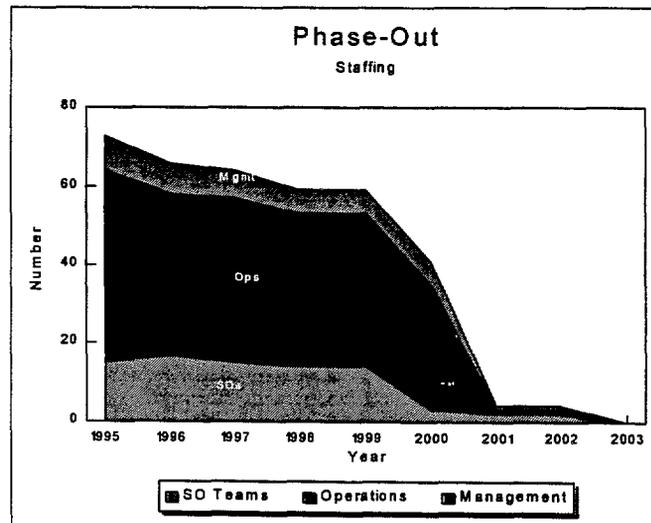
	1997	1998	1999	2000	2001	2002	2003
Dollars	627	699	1,612	1,600	1,400	300	250
Trust Funds	1,030	1,223	216	0	0	0	0
Total	1,657	1,922	1,828	1,600	1,400	300	250

**Projected ICASS Costs
1998-2003
000 dollars**

	1997	1998	1999	2000	2001	2002	2003
OE	-	130	110	100	90	75	80
Project	-	30	30	30	25	75	80
Total	-	160	140	130	115	150	160

A plan for staffing appears as shown in Figure 10. Most SO team staffing declines quickly at the end of FY 2000 and ends completely in FY 2003. A large portion of the Executive Office staff would remain through most of FY 2001 to affect close-out requirements, financial payments, personnel actions, and to dispose of USG property. Controller's Office functions will shift, presumably, to the Regional Center for Southern Africa by the end of the second quarter of FY 2001. Finally, beginning in early FY 2001, preparations will be made to shift the remaining USAID staff (a USAID Affairs Officer with public health skills, a USPSC HIV/AIDS specialist, a financial analyst, and a secretary) to the U.S. Embassy with administrative support provided through the International Cooperative Administrative Support Services (ICASS). This transfer would occur in the second or third quarter of FY 2001 so that there would be sufficient time for a systematic closeout of records and the disposal of all expendable and non-expendable property. The USAID Affairs Officer, the financial analyst and a secretary would be the sole remaining staff in FY 2003. The principal

Figure 10



duties of the Affairs Officer would be to ensure that all of the business of USAID/Zimbabwe has been finalized, including: a handover of Foundation oversight to a designated USAID operating unit, a clear definition for the U.S. Embassy of management responsibility for any non-presence activities which may have been approved by USAID/W, and a closure of any residual USAID/Zimbabwe activities.

Note that the intention is to accommodate sufficient backstopping for the proposed Special Objective/Foundation (through FY 99) within current staffing levels.

The details of this staffing package are as follows:

**USAID/Zimbabwe
Staffing Levels (End-of-FY)
1995-2003**

Mission Levels	1995	1996	1997	1998	1999	2000	2001	2002	2003
USDH	11	9	8	7	7	5	1	1	0
Int'l OE	0	0	0	0	0	0	0	0	0
Local OE	52	45	44	41	41	34	1	1	0
Program	10	12	12	11	11	2	2	2	0
Total	73	66	64	59	59	41	4	4	0

Mission has met AFR targets for FY 97-99 using end-of-fiscal-year levels. As requested by AFR/AMS (Administrative Management Staff of the Bureau for Africa), the mission has sought approval for those positions which will continue beyond the first day of the FY:

For FY 97: (1) USDH position to be deleted; departing 8/97

For FY 98: (1) USDH position to be deleted; departing 9/98
(3) local OE
(1) program funded departing 7/98

For FY 99: (0)

C. Post Presence Proposals

SO1 - Natural resources management - The SO1 team proposed a continuation of program efforts for three to five years after the 2000 close-out at an estimated cost of \$2 million per year. This continuation was justified on the grounds that the CAMPFIRE program would only achieve sustainability if a higher percentage of the communities with which the program worked were themselves fully sustainable. This proposal was not accepted by the mission due to the lack of management and oversight of the program after the FY 2000 departure of the

SO1 management team and the lack of funding sources for the continuing program. While other operating units were discussed as possible management entities (AFR, RCSA, Global), without firm commitments of management and resources, as well as a better defined level of effort required to achieve the higher percentage required, this option could not be included in this strategy. The mission decided that the SO team will need to focus additional effort on finding other donors interested in pursuing the CAMPFIRE effort to replace USAID/Zimbabwe as donor of choice.

SO2 - Private Sector and Housing - If the macroeconomic picture improves to the point where interest rates become stable, the low-income housing finance activity will be sustainable without further USAID investments. A third borrowing under the housing guaranty program could be arranged if the Government meets several conditions precedent prior to the end of FY 98. However, before the mission can agree with the Government of Zimbabwe on this borrowing, arrangements must be formalized for the management and accounting for funds if this borrowing will require USAID supervision after the departure of the SO team staff in the year 2000. The Office of Urban Programs of the Global Bureau has indicated it wishes to provide follow-on monitoring through a regional officer, but this position has not yet been established or given responsibility for Zimbabwe programs. If the Government meets its conditions precedent in FY 98, and if a management entity is identified and resources confirmed, this option will be considered.

On the private sector side, the large business activities will be complete and all USAID inputs finished before the phase-out date in 2000. On the MSME activities, continuation of support to business associations, loan programs and microfinance activities may be absorbed in the Special Objective through the ZADF. Equity finance is handled through the USAID regional office in Botswana (RCSA). The loan guarantee programs, which have a time horizon of five years, are projected to be completed before full USAID withdrawal.

SO3 - Family Planning and HIV/AIDS - The family planning program will finish in FY 2000. It is planned that the last contraceptive order will be from FY 1998 funds and the program will be completed by FY 2000. The HIV/AIDS program will be completed in 2002. The SO team proposed continuation of activities through a post-presence endowment mechanism, but it currently lacks sufficient definition for the mission to determine likely results or to judge feasibility.

SpO - Opportunities for Participation in Private Sector and Political Process - This Special Objective was created to address key structural problems previously undefined. It is expected that all activities initiated in this objective will continue after departure of USAID staff with minor inputs from the Embassy. A minimal amount of USAID program oversight of ZADF will be required for a seven to ten year oversight period. There are three main phases to managing the ZADF:

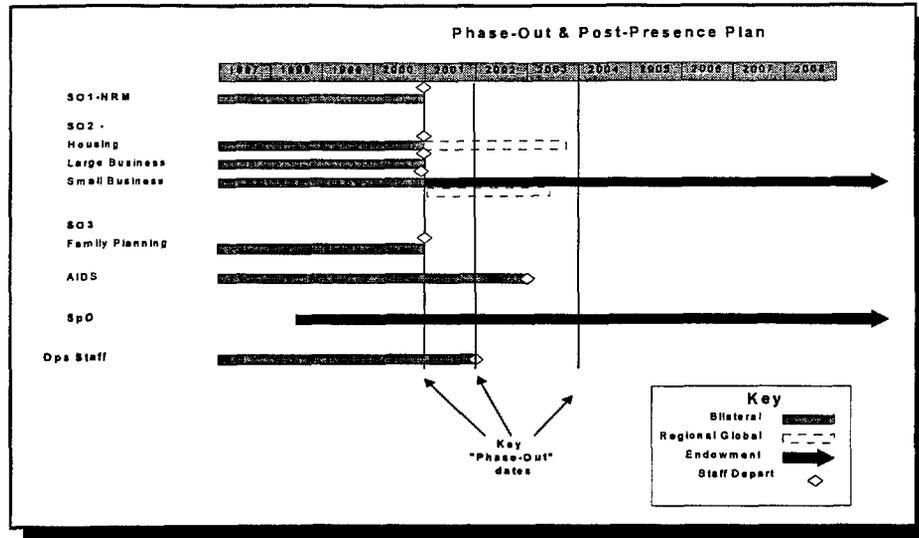
- FY 1997-1999: During this time frame USAID/Zimbabwe will employ a dedicated

activity manager to assist in the start-up of ZADF operations, actively promote the ZADF and philanthropic philosophy within Zimbabwe, and liaise with the Lead U.S. Organization, ZADF Board members, USAID/Washington, and the U.S. Embassy. In addition, this individual will be responsible for all activity management, monitoring and oversight activities including ensuring timely obligation of tranches of USAID funding, compliance with conditions precedent, and covenants, review of ZADF workplans and reports, and ensuring adequate results reporting through normal USAID channels.

- FY 2000-2003: After the departure of the ZADF activity manager, the remaining oversight and monitoring responsibilities will remain with the USAID Affairs Officer. It is anticipated that the activity will require very limited management time at this point. Major responsibilities will be a continuing liaison role with the ZADF Board, U.S. Embassy, limited interaction with grant recipients, and Government of Zimbabwe officials as required. In addition, the USAID Affairs Officer will be responsible for reviewing reports received, ensuring continuing compliance with agreement covenants, and ensuring that funds are being managed in a responsible manner. The Affairs Officer will also include a review of ZADF performance in the annual R4 documentation. Because it is anticipated the final matching funds may be received by the ZADF during the 2000-2003 period, the USAID Affairs Officer will be responsible for monitoring these receipts and reporting to USAID/W when the final match has been completed. In addition, it is anticipated that during this time there will be some independent auditing and one evaluation of ZADF initial operations, efficiencies and impact.
- Beyond 2003: Once USAID/Zimbabwe has closed out, there will be residual monitoring responsibilities for another USAID operating unit. This role could be filled by either the Regional Center for Southern Africa in Botswana or by the Office of Southern Africa Affairs in the Bureau for Africa. This determination will have been made by the time the mission submits its close-out plan in FY 1999. Because the foundation will have five to six solid years of operating experience by this date, it is not anticipated that the monitoring and oversight responsibilities will be excessive. It is anticipated that the U.S. Embassy in Harare will assume some of the on-the-ground liaison and monitoring responsibility. The USAID responsible operating unit will respond to issues or problems identified by the U.S. Embassy in Harare as well as undertake responsibilities such as reviewing annual operating reports and annual audits and contracting for and managing a retrospective evaluation of ZADF performance and impact.

The timing of the phase-out of each USAID/Zimbabwe SO element is illustrated in Figure 11.

Figure 11



- SO1 ends in FY 2000.
- SO2 low-income housing ends in FY 2000 (management issues and third borrowing pending).
- SO2 large business ends in FY 2000.
- SO2 small business may continue through the ZADF.
- SO3 family planning ends in FY 2000.
- Controller operations shift to RCSA while Executive Office closes out physical plant operations by the end of FY 2001.
- SO3 HIV/AIDS activities and a USAID Affairs Officer transfer to the Embassy by the end of FY 2001.
- SO3 HIV/AIDS ends in FY 2002.
- SpO -Political and Economic Opportunities continues through the Zimbabwe American Development Foundation.

D. Non-Bilateral Programs

In addition to the mission’s specific bilateral portfolio, there is a long list of Regional and Global activities being implemented in Zimbabwe. The following table lists those activities of which the mission is aware (there are very likely additional activities and it is hoped that Regional and Global office reviewers will add them to this list). In addition, the table indicates which of these activities could possibly continue as staff proceed to phase out.

Source	Activity	Program	\$000 (est)	End	1997-2000	2000-2002	Post-2003	M'gmt Burden
G	MEDA Phakama	Micro-lend	750		yes	possible	possible	limited
G	SEEP	Micro-lend	???		no	no	no	no
G	Op Intl Zambuko	Micro-lend			yes	possible	possible	limited
G	Citizens Net -	Agribus	1,500		yes	yes	no	no
G	ZOPP	oil mills	700		yes	no	no	no
G	WOCCU -	credit	???		no	no	no	no
G	AIMS	microent. surv	500		yes	yes	yes	limited
G	MSED	Loan Guar. SME	6,000		no	possible	no	no
G	MSES	TA for MSES	200		yes	possible	no	no
Reg	SAEDF -fund	equity	10,000		yes	yes	yes	limited
Reg	SAEDF -TA	equity	200		yes	yes	yes	limited
G	HG	Loan Guar.	????		yes	uncertain	no	no
G	CEPPS/IRI	elections	200	1998	to 1998	no	no	no
G	IFES	elections	33	1997	no	no	no	no
Reg	SARDF	WILDAF	200		yes	no	no	no
Reg	SARDF	Judicial College	194		yes	no	no	no
Reg	NRMP	Misc NRM		1999	yes	no	no	no
Reg	SMIP	sorg resch.		1998	to 1998	no	no	no
Reg	690-4035	Heartwater Res		1999	to 1999	no	no	no
Reg	SARRNET	root crop res		1998	to 1988	no	no	no
Reg	SACCAR	ag res		1997	no	no	no	no
Reg	NETCAB	reg. Env network		2000	yes	no	no	no
BHR	Reg. Rep	staff		????	uncertain	no	no	no
BHR	HPI	small scale livestock			no	no	no	no
AFR	FEWS	staff - reg office		????	yes	possible	no	no
G	CONRAD	vaginal prep & AIDS		????	no	no	no	no
G	JHPIEGO	visual exam of cervix		???	yes	no	no	no
G	SEATS	reg office		2000	yes	no	no	no

The mission is requesting that rigorous standards be applied to any non-bilateral funded program to be undertaken in Zimbabwe during this transition period from 1997 to 2000.

Any activities which continue after the phase-out date for an SO team (i.e., September 30, 2000 for natural resources management, private sector and low-income housing, and family planning and September 30, 2002 for HIV/AIDS) will require approval from AFR, PPC and M bureau following the procedures currently being established for non-presence USAID activities. Proposed new activities are addressed in Section VII., Management of Phase-out.

E. RCSA Role

With the exception of taking on residual financial management responsibility in FY 2001 and possible oversight of the ZADF, the Regional Center for Southern Africa (RCSA) is not expected to take on any new actions in the transition of this bilateral program. During the February 1997 Southern Africa Mission Directors meeting, USAID/Zimbabwe's understood that RCSA will not play a major role, at least for now, in bilateral mission close-outs. It is the mission's hope, however, that many of RCSA's regional activities will continue despite the absence of bilateral staff.

F. Close-out Plan

Pursuant to the overseas restructuring guidance, USAID/Zimbabwe understands that it will submit a final "close-out" plan two years prior to final departure. Because USAID/Zimbabwe's plan is to close the current physical plant by the end of FY 2001 and move remaining staff to the U.S. Embassy, the mission will submit a Close-out Plan in the second quarter of FY 1999.

VII. Management of the Phase-out

One of the principal issues facing USAID/Zimbabwe as it moves into its phase-out period is to define what is within its manageable interest as a Limited Assistance Mission (LAM) with reduced staff resources. This is complicated by the fact that until recently USAID/Zimbabwe was a full service Sustainable Development (SD) mission with important links to other mission programs, the regional offices and other development and multilateral agencies.

As the mission begins to implement its phaseout plan, it has already discovered its increasing inability to meet the demands from many other USAID operating units that wish to do business in Zimbabwe but whose agendas fall outside of USAID/Zimbabwe's strategic areas of interest. The mission has reached a critical threshold as staff and financial resources decline and will require discipline to refuse activities to which it might have responded affirmatively in the not-too-distant past.

As the mission moves closer to the end-date for each of its strategic areas, it will scrutinize with ever-greater intensity each request for assistance and each proposal for an in-country activity. Activities will be broken down into two categories: 1) those that directly support strategic areas of interest (as defined in the CSP/management contract) and may help to achieve the results to which the mission has committed, and 2) those that fall outside the mission's strategic areas of interest.

1) Activities in support of mission Strategic Objectives. Proposed criteria for selection of activities in this area are straightforward. Most activities will have been articulated within the CSP/management contract and/or results frameworks and will fall logically into a results

package. However, it is expected that a few new activities will be designed and conceived both in USAID/W, regional offices and here in the mission whose integration into the strategy makes great sense--even in a phase-out mode. These activities will be integrated based on their strategic fit within the RFs, the mission or Agency's ability to provide budget, and whether the commitment in time and staff falls within mission manageable interest.

2) Activities that fall outside mission Strategic Objectives. The mission team will meticulously scrutinize each and every newly proposed activity very carefully. Criteria are essentially the same as above. The mission will look at each proposed activity--be it a regional or central component of a Global or AFR project, an in-country consultation, or a study tour--on a case by case basis using criteria as set forth below.

Management - For each new activity, whether Global, AFR, or other bureau, an attempt will be made to determine the amount of time and involvement required of the mission team. The issue is not one of wanting to micromanage new activities, rather, it is one of understanding the depth, breadth and staff time required of the small USAID mission team. It is recognized that each USAID-sponsored activity--no matter how small--requires some management time.

Financial Resources - The mission will look at the cost implications in financial resources. Clearly, expenditures of OYB will not be made for an activity which falls outside the mission's strategic interest. Likewise, expenditures of OE will not be made on anything peripheral to the CSP. This may preclude involvement or attendance in many unscheduled (at budget request time) regional activities that would require travel funds.

The mission recognizes as well that USAID/Zimbabwe is not an island and that Zimbabwe is part of an important regional link in USAID's development plan for Southern Africa. USAID/Zimbabwe will continue to be an active partner with the RCSA in addressing regional constraints. On other activities, however (given diminished human and financial resource levels, the task of implementing an ambitious phase-out plan, and a keen desire to manage the process well), the mission team intends to adhere to the criteria established above.

Looking to the 21st Century

After twenty years and nearly \$750 million in development assistance funding, the USAID Mission to Zimbabwe will close in FY 2003. During these years, the USG played an instrumental role in helping Zimbabwe become a strong and stable economic partner. USAID development assistance has provided sustainable results and made enduring impacts for which all Americans can be rightly proud:

- Major commodity import and transport programs of the early 1980s supported the first steps of liberalization of the economy and provided critical foreign exchange

resources for jump-starting the manufacturing sector;

- An important demographic transition has occurred. Steady support for family planning has led to an exceptional drop in the total fertility rate from 6.5 in 1984 to a projected 4.0 in 2000;
- Consistent support for the housing sector will have helped put over 90,000 low-income families into their own homes;
- Grain marketing reform reduced the government subsidy budget by more than US\$60,000,000 per year and stimulated the emergence of a micro-milling industry with an estimated 20,000 village-level mills;
- The micro, small and medium sized enterprise support program has seen a ten-fold increase in lending to these clients; and
- The natural resources management program has engaged over 200,000 households in sustainable management of their natural resources.

The USAID program of assistance to Zimbabwe has been, and will continue to be, about participation and equity, be it at the rural, grassroots level where communities have taken advantage of new incentives to protect and benefit from their natural resource base, or at the central level where the average Zimbabwean is benefitting from opportunities to share in the growing economic pie. The program has been based on Zimbabwe's historical context--this nation will require, for the foreseeable future, that equity issues remain priority.

A new development model for the 21st Century has been proposed which provides creative new ways to assist Zimbabweans. The Zimbabwe American Development Foundation presents a responsible mechanism for a more dynamic and sophisticated relationship. It is a sustainable partnership that provides for a transition from the old development assistance model to a new model. This new model includes both government and non-government resources to assist Zimbabwe while at the same time promoting U.S. foreign policy interests. USAID/Zimbabwe and the entire U.S. Mission Country Team look forward to the challenges ahead in implementing this Country Strategic Plan as the strong USG/Zimbabwe bilateral relationship moves into the next century.

Annex 1 - Performance Indicators

Monitoring and Evaluation Plan--Indicators Summary
(shading indicates actuals)

Strategic Objective	Indicator	Baseline		Targets						
		Yr.	#	'96	'97	'98	'99	'00	'01	'02
1 - NRM	Value of CAMPFIRE benefits per household (\$Z)	'89	89	146	175	205	250	300		
	Value of community capital improvements funded with NRM revenues (Z\$ millions)	'89		8.7	9.75	11.0	12.4	13.6		
	Percentage of CAMPFIRE managing the natural resources in a sustainable manner (%)	'96	1	1	3	5	7	10		
2 - Private Sect.	Value of all outstanding credits under Z\$500,000 in real terms (Z\$)**	'96	TBD	TBD	+20%	+20%	+20%	+20%		
	Number of low-income mortgages issued annually (#)	'92	1,230	16,760	17,600	18,475	19,398	20,000		
	Number of low-income housing units built annually per thousand urban population. (#/1000)	'92	.77	2.7	.96	1.06	1.17	1.3		
	Number of low-cost stands (plots with services) built annually per thousand urban population.(#/1000)	'92	3.09	9.95	5	5	5	5		
	Median price of minimum standard urban house and serviced stand. (1992 \$Z)	'92	30,552	20,196	28,642	28,260	27,878	27,496		
	Number of companies with greater than 5% of their stock in employee stock ownership plans. (#)	'94	10	10	16	22	35	45		
	Number of new SMEs created (#)	'96	0	0	6	12	25	35		
	Number of credits to micro-enterprises (#)	'95	2,124	4,496	5,325	6,850	8,425	10,000		
	Value of credits to microenterprises (constant Z\$ million)	'95	4.0	6.2	7.2	8.2	9.2	10.0		
	Number of new franchises created (#)	'95	0	5	20	40	70	100		
Number of individuals fully paid for competency based training (#)	'95	45	90	270	420	480	480			

Strategic Objective	Indicator	Baseline		96	Targets					
		Yr.	#		97	98	99	00	01	02
3 - FP & HIV/AIDS	Total Fertility Rate	'84	6.5	('94) 4.3		4.0		4.0		
	Total # condoms sold or distributed (millions)	'94	33	50	65	68	72	75	80	
	Percent of population reporting condom use in most recent sex act (%) M=men, W=women, C=Commercial sex worker	'96	M 47 W 49 C 89M	M 47 W 49 C 89M	M 49 W 50 C 90	M 52 W 54 C 91	M 55 W 59 C 93	M 59 W 62 C 94	M 65 W 68 C 95	M 70 W 75 C 97
	Percent of population reporting appropriate perception of risk of HIV infection (%) M=men, W=women	'96	M 41 W 47	M 41 W 47	M 45 W 52	M 49 W 52	M 52 W 58	M 53 W 60	M 58 W 65	M 60 W 69
	Number of non-traditional condom outlets (not pharmacy or super market)	'96	300	300	2,500	4,000	4,000	4,000	4,000	4,000
	Number of new private sector delivery points for family planning (#)	'96	0	0	50	100	150	300		
	Percent of demand for family planning services met by private sector (%)	'94	12	14	16	18	20	21		
SpO - Strategic Partnerships	TBD in consultation with partners									

** The SO2 team continues to work on defining a measurable SO level indicator. Currently, the inflation-adjusted value of all loans of less than Z\$500,000 extended by twelve key financial institutions has been selected as a proxy to measure broadened ownership in a growing economy. An alternative measure is being considered which would be more focussed on legal ownership, and would record the number of new low-income housing deeds and micro, small and medium business licenses issued each year by the Registry of Deeds and Companies within the Ministry of Justice. The further development of this alternative indicator will be explored during FY 97 as the SO2 develops its new results monitoring and evaluation plan.

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William S. Elliott
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TAGS:

SUBJECT: USAID/ZIMBABWE: GRADUATION AND BEYOND

REF: A) STATE 182344 (CONF), B) STATE 069109 (CONF), C)
USAID/ZIMBABWE'S STRATEGY SUMMARY "USAID/ZIMBABWE 1996-
2003: GRADUATION AND BEYOND"

1. SUMMARY: WITH THE TRANSMISSION OF REF. A, THIS CABLE
CAN NOW BE SENT FOR THE RECORD. IT IS A SUMMARY OF THE
MAY 1996 REVIEW IN USAID/W OF THE BUREAU'S ZIMBABWE
GRADUATION STRATEGY SUMMARY "USAID/ZIMBABWE 1996-2003:
GRADUATION AND BEYOND". THE REVIEW PROCESS WAS

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STIMULATING AND FRUITFUL. THE STRATEGY PROVIDES A WORKABLE FRAMEWORK FROM WHICH TO PLAN FOR THE IMMEDIATE FUTURE AND THE EVENTUAL END OF A DIRECT AMERICAN DEVELOPMENT ASSISTANCE PRESENCE IN-COUNTRY. THE BUREAU IS PLEASED TO MOVE FORWARD ON THIS SUBJECT. END SUMMARY.

2. USAID/ZIMBABWE (USAID/Z) WILL BE CATEGORIZED A "LIMITED MISSION," WORKING IN THREE STRATEGIC OBJECTIVE AREAS AND MOVING TOWARD A STAGED WITHDRAWAL AND GRADUAL PHASEOUT OF DEVELOPMENT ASSISTANCE BY FY 2003. RESOURCE LEVELS OUTLINED IN THE STRATEGY SUMMARY ARE REASONABLE AND THE BUREAU FOR AFRICA (AFR) WILL WORK WITHIN ITS ALLOCATED

BUDGET AND HUMAN RESOURCES TO MAINTAIN LEVELS AS CLOSE TO THESE AS POSSIBLE. USDH PRESENCE IN STRATEGIC OBJECTIVE (50) 1 (NATURAL RESOURCE MANAGEMENT) AND 50 2 (ECONOMIC GROWTH) WILL END BY 1999 WITH MISSION PROGRAMMING TO

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CONTINUE THROUGH FY 2000; USDH PRESENCE FOR 50 3 (POPULATION/HIV-AIDS) WILL CONTINUE THROUGH 2001 WITH PROGRAMMING TO CONTINUE THROUGH FY 2003. THE MISSION IS ENCOURAGED TO CONTINUE TO INCLUDE THE GOVERNMENT OF ZIMBABWE (GOZ), THE PRIVATE SECTOR, OTHER DONORS AND THE REST OF THE U.S. MISSION IN ZIMBABWE AS PARTNERS IN MAKING USAID INVESTMENTS SUSTAINABLE. THE MISSION IS AUTHORIZED TO FURTHER PURSUE THE FEASIBILITY OF WORKING TOWARD A BINATIONAL ZIMBABWEAN-AMERICAN DEVELOPMENT FOUNDATION THAT PROVIDES SUSTAINABLE DEVELOPMENT ASSISTANCE OVER TIME IN AREAS OF COMMON INTEREST TO OUR BILATERAL RELATIONSHIP WITH ZIMBABWE. THE BUREAU LOOKS FORWARD TO RECEIVING THE GRADUATION STRATEGY IN MARCH 1997.

3. THE USAID/ZIMBABWE PROGRAM HAS BEEN A MODEL BILATERAL EFFORT. WE SUPPORT YOUR EFFORTS IN CONCERT WITH OTHER COMPONENTS OF THE U.S. MISSION TO CREATE AND MAINTAIN AN UPBEAT, OPTIMISTIC EXERCISE CULMINATING IN THE GRADUATION OF U.S. DEVELOPMENT ASSISTANCE TO ZIMBABWE AS WE ASSIST THAT NATION INTO THE TWENTY-FIRST CENTURY. OUR COMMUNICATIONS WITH THE GOZ AND THE DONOR COMMUNITY WILL BE CONSTRUCTIVE IN PAVING THE WAY FOR A SUCCESSFUL DRAWING DOWN OF USAID IN-COUNTRY PRESENCE. THAT PHASE COULD BE FOLLOWED, DEPENDING UPON CIRCUMSTANCES, BY ONE OR A COMBINATION OF THE FOLLOWING ALTERNATIVES: CONTINUED LIMITED ASSISTANCE FROM CENTRAL BUREAUS AND OFFICES; CONTINUED ENCOURAGEMENT OF PRIVATE SECTOR INVESTMENT; PARTNERSHIPS THROUGH U.S. AND LOCAL NGOS AND; REGIONAL EFFORTS THROUGH THE INITIATIVE FOR SOUTHERN AFRICA (ISA).

4. THE INITIAL PRESENTATION OF THE SUMMARY STRATEGY WAS

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WELL RECEIVED IN A MEETING CHAIRED BY THEN-DAA CAROL PEASLEY AND ATTENDED BY MISSION DIRECTOR PETER BENEDICT. IMPORTANT QUESTIONS WERE DEFINED AND REVIEWED, SUCH AS WHETHER THE ZIMBABWE PROGRAM WOULD BE IN THE LIMITED MISSION PROGRAM CATEGORY (REQUIRING 1-2 STRATEGIC OBJECTIVES AND 5 USDH FTES BY 1998) OR THE SUSTAINABLE DEVELOPMENT PROGRAM CATEGORY. AFR ARGUED THE CASE FOR A RESPONSIBLE GRADUATION FROM DEVELOPMENT ASSISTANCE THAT WOULD REQUIRE GREATER FLEXIBILITY THAN PERMITTED-BY THE GUIDELINES THEN GOVERNING ZIMBABWE AS A LIMITED ASSISTANCE MISSION. SPECIFICALLY, THE REQUIREMENT FOR 1-2 SOS SEEMED RESTRICTIVE IN ZIMBABWE'S CASE AS DID THE NEED TO GET DOWN TO 5 FTES BY FY 98.

5. A SERIES OF SESSIONS WERE HELD DURING THE WEEK DEALING WITH EACH OF THE SO AREAS AS WELL AS THE FOUNDATION/ENDOWMENT CONCEPT. ON FRIDAY, MAY 10, A PARAMETERS MEETING WAS HELD CHAIRED BY DAA PEASLEY ENDORSING THE LOGIC OF THE MISSION'S PLAN WITHOUT REACHING A CONCLUSION ON THE PROGRAM CATEGORY QUESTION. THE PROGRAM FUNDING LEVELS REQUESTED WERE DEEMED REASONABLE TO ACCOMPLISH THE TASK. HOWEVER, NO DECISIONS COULD BE MADE ON OPERATING EXPENSES AND HUMAN RESOURCE LEVELS DUE TO THE PROGRAM CATEGORY LANGUAGE PREVAILING AT THAT TIME.

6. RECENTLY, THE USAID PROGRAM CATEGORY DEFINITIONS HAVE BEEN CHANGED PERMITTING GREATER FLEXIBILITY FOR THE ZIMBABWE PROGRAM. THE 1-2 SOS GOAL LIMIT HAS BEEN RELAXED IN CASES WHERE LIMITED ASSISTANCE PROGRAMS INVOLVE INNOVATION, CROSS-SECTORAL APPROACHES, AND REGIONAL

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INITIATIVES SUCH AS THE ISA. USAID/ZIMBABWE FALLS IN THIS CATEGORY AND CAN MOVE FORWARD TO DRAFT ITS GRADUATION COUNTRY STRATEGIC PLAN (CSP). A SUMMARY OF THE DISCUSSIONS FOLLOWS. PARAGRAPH 14 SUMMARIZES THE DECISIONS MADE.

7. 50 1: AS PART OF THE GRADUATION CSP, USAID/ZIMBABWE WILL PHASE OUT OF ALL GRAIN MARKETING RELATED ACTIVITIES BY THE END OF FY 97 FOCUSING ITS FUTURE EFFORTS ON THE PROMOTION OF SUSTAINABLE NATURAL RESOURCE MANAGEMENT (NRM) STRATEGIES. WE AGREED IT WAS FEASIBLE TO WORK THROUGH A BODY OF LOCAL NGOS, COMMUNITY GROUPS AND GOVERNMENT INSTITUTIONS THROUGH THE CURRENT INSTITUTIONAL CONTRACT. WE HELD IN HIGH REGARD THE MISSION'S EMPHASIS ON THE EMPOWERMENT OF LOCAL POPULATIONS AND LOCAL GOVERNING

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INSTITUTIONS WHICH ADDS A DEMOCRACY/GOVERNANCE ELEMENT. THE KEY UNDER A GRADUATION STRATEGY WILL BE HASTENING CAPACITY DEVELOPMENT OF LOCAL INSTITUTIONS WHILE INCREASING LINKAGES TO OTHER INSTITUTIONS WORKING IN THE NRM ARENA THAT WILL BE ABLE TO CARRY THE BALL WHEN USAID'S DIRECT ON-THE-GROUND PRESENCE IS GONE. OF PRIMARY IMPORTANCE WILL BE A CONTINUING USAID ROLE TO PROVIDE ASSISTANCE AND MONITORING OF THIS VERY IMPORTANT EFFORT FROM EITHER A REGIONAL OR CENTRAL OFFICE. USAID INTEREST IN CAMPFIRE WILL NOT END WITH THE CLOSING OF USAID/ZIMBABWE--SIGNIFICANT GAINS MADE IN THE CAMPFIRE EFFORT ARE TOO IMPORTANT (AND REMAIN TOO FRAGILE) TO PERMIT A COMPLETE SEVERING OF OUR TIES BY FY 2000. WE ENCOURAGE LINKAGES WITH THE PRIVATE SECTOR, WORKING WITH THE REGIONAL CENTER FOR SOUTHERN AFRICA (RCSA) TO DETERMINE WHAT ROLE IT CAN PLAY AND WORKING CLOSELY WITH

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PPC, G AND AFR/SD TO DEVELOP AN SO GRADUATION STRATEGY THAT WILL BUILD ON SUCCESSES TO DATE AND PROGRESS PROJECTED BETWEEN NOW AND THE END OF A USAID MISSION PRESENCE.

8. SO 2: THIS SO, DESPITE ITS POTENTIAL TO CREATE OPPORTUNITY, WEALTH AND JOBS, IS THE MOST LIKELY STRATEGIC AREA TO DEFINITELY TERMINATE ASSISTANCE WHEN THE USAID MISSION PRESENCE ENDS. WE ADJOURNED WITH THE FOLLOWING UNDERSTANDING: OTHER THAN THE LETTING OF THE ENTERPRISE DEVELOPMENT INSTITUTIONAL CONTRACT, THERE WILL BE NO NEW ACTIVITIES BEGUN UNDER THIS SO. THAT INCLUDES DROPPING THE PLANS TO WORK ON AN AGRIBUSINESS ACTIVITY AND BECOME MORE INVOLVED IN PARASTATALS PRIVATIZATION. IT IS UNDERSTOOD THAT MAJOR REDUCTIONS WILL BE MADE IN BOTH THE LOW INCOME HOUSING PROJECT AND THE ACTIVITIES RELATED TO BROADENING OWNERSHIP AND PARTICIPATION IN MICRO, SMALL AND MEDIUM ENTERPRISES. SPECIFICALLY, WE AGREED THAT THERE WILL BE A REDUCTION IN TARGETS RELATED TO THE PROVISION OF LOW-INCOME MORTGAGES AND THE NUMBER OF HOUSING PLOTS DEVELOPED FOR LOW-INCOME FAMILIES AS WELL AS A 50 PERCENT REDUCTION IN OUPUTS RELATED TO EXPANDED EMPLOYEE OWNERSHIP ACTIVITIES.

9. WE UNDERSTAND THE POLITICAL IMPLICATIONS INVOLVED IN THIS ECONOMIC GROWTH SO, PARTICULARLY IN THE HIGHLY VISIBLE HOUSING PROGRAM. WE ARE CONFIDENT THAT USAID/Z WILL BE ABLE TO USE THE TIME REMAINING TO ENROLL OTHER DONORS AND INCREASE PRIVATE SECTOR PARTICIPATION (INCLUDING U.S. FIRMS) WHILE ALSO POSITIVELY INFLUENCING THE INVOLVEMENT OF THE GOZ IN THIS ARENA. WE ARE

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ENCOURAGED BY THE WORLD BANK'S INVOLVEMENT IN THE
ENTERPRISE DEVELOPMENT AREA THROUGH ITS NEW USD75 MILLION
EFFORT.

10. SO 3: DUE TO THE DUAL IMPACTS OF HIGH FERTILITY
RATES AND HIGH HIV SEROPREVALENCE, WE SUPPORT THE SO 3
PROJECTED PLANS FOR INCREASED RESOURCES INITIALLY AND
REMAINING IN PLACE FOR THE LONGEST PERIOD OF TIME IN THE
PROPOSED GRADUATION STRATEGY. USAID SUPPORT TO THE
ZIMBABWE FAMILY PLANNING COUNCIL HAS BEEN INSTRUMENTAL IN
ACHIEVING INCREASING CONTRACEPTIVE PREVALENCE AND
DECREASING FERTILITY. PLANNED USAID SUPPORT TO ZIMBABWEAN
NGOS WORKING IN HIV/AIDS PREVENTION WILL BE NECESSARY TO
HELP ACHIEVE A CRITICAL MASS OF SUPPORT FOR A PROBLEM
IGNORED FOR TOO LONG.

11. CONCERNS FOR DISCONTINUING WORK IN THIS SO ARE MANY
DUE TO THE SOMETIMES "LONELY" ROLE THAT USAID PLAYS IN THE
FAMILY PLANNING SECTOR. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. DEVELOPMENT OF A GRADUATION STRATEGY OUT OF THIS
SECTOR WILL PROVIDE A SPECIAL CHALLENGE IN ENHANCING
GOZ/NGO RELATIONSHIPS, ENCOURAGING OTHER DONORS TO
PARTICIPATE IN A SUBSTANTIVE MANNER AND BUILDING IN A
CONTINUED ROLE FOR USAID PARTICIPATION IN A NON-PRESENCE
MODE.

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12. FOUNDATION/ENDOWMENT: PARTICIPANTS FOUND THE CONCEPT
OF A ZIMBABWEAN-AMERICAN DEVELOPMENT FOUNDATION TO BE
INNOVATIVE AND RELEVANT TO THE GRADUATION CONTEXT. A
PROPERLY DEVELOPED FOUNDATION, AS A LOGICAL VEHICLE IN
CONCERT WITH THE GOALS OF THE STRATEGY, AS A WAY TO
SUSTAIN AN AMERICAN PRESENCE COULD BE A VEHICLE FOR
CONTINUED LEADERSHIP AND TECHNOLOGY TRANSFER. WE LOOK
FORWARD TO CONTINUING DEVELOPMENT AND DISCUSSION OF
SEVERAL QUESTIONS PRIOR TO A MUTUAL RESOLUTION TO MOVE
AHEAD WITH SPECIFIC ACTIVITIES. A FEW KEY ISSUES ARE
OUTLINED BELOW.

A. RATIONALE AND FOCUS. THE STATED RATIONALE FOR THE
FOUNDATION "...AS A CONTINUING SYMBOL OF U.S. SUPPORT FOR
ZIMBABWE'S DEVELOPMENT EFFORTS..." IS VALID. THE

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OBJECTIVES MERIT ADDITIONAL CLARIFICATION. BOTH D/G AND ECONOMIC GROWTH ARE MENTIONED AS POSSIBLE FOCUS AREAS. IS A FOUNDATION THE BEST WAY TO ACHIEVE SUCCESS IN THESE SECTORS? AS OUTLINED IN USAID ENDOWMENT POLICY, ONE OF THE GUIDING CRITERION FOR A FOUNDATION IS THAT IT BE UTILIZED AS A VEHICLE WHEN THERE IS NO OTHER WAY TO ACCOMPLISH THE STATED GOALS. IN THE CASE OF D/G, THE U.S. MISSION TO ZIMBABWE MAY WANT TO CONSIDER WHETHER A MORE ROBUST 116E PROGRAM, FOR EXAMPLE, WILL ACCOMPLISH WHATEVER THE MAIN D/G OBJECTIVES MAY BE. WHILE WE WANT TO KEEP A FOUNDATION'S OBJECTIVES LIMITED, THERE ARE OTHER SECTORS WHERE THE USG HAS A STAKE AND WHERE USAID HAS A DISTINCT COMPARATIVE ADVANTAGE THAT WOULD ALSO SEEM APPROPRIATE FOR FOUNDATION ASSISTANCE, NAMELY NRM, FAMILY PLANNING AND HIV/AIDS.

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B. GOVERNANCE. THE FOUNDATION CONCEPT CAN WORK WHEN THE LOCAL PARTNERS ARE ADEQUATELY INVOLVED IN THE DESIGN OF THE PROGRAM AND MANAGEMENT OF THE ASSETS OF THE FOUNDATION WITH OVERSIGHT FROM THE USG.

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WE ENVISIONED THE FOUNDATION AS A ZIMBABWEAN INSTRUMENT THAT WOULD ENTAIL GRANTING RESOURCES TO AN NGO THAT WOULD UNDERGO MANAGEMENT AND ACCOUNTABILITY SCRUTINY PRIOR TO THE SIGNING OF THE GRANT. USG PARTICIPATION WOULD BE INSTRUMENTAL THEREAFTER

BUT NOT CONTROLLING. USAID WOULD NEED TO ENSURE THAT USG GOALS AND OBJECTIVES WERE ACCOMMODATED, UP-FRONT, IN THE DESIGN PHASE OF THE GRANT.

C. COST-EFFECTIVENESS. THERE ARE CONCERNS AS TO WHETHER A FOUNDATION IS THE MOST COST-EFFECTIVE VEHICLE TO MAKE DEVELOPMENT IMPACT WITH THE USD 10 MILLION REQUESTED. WE CALCULATED THAT THE EFFECTIVE ANNUAL NET VALUE OF THIS INSTRUMENT AFTER SUBTRACTING OPERATING EXPENSES COULD CONCEIVABLY BE IN THE RANGE OF ONLY USD3 -4 HUNDRED THOUSAND PER YEAR, CAN A GREATER DEVELOPMENT IMPACT BE MADE WITH THE USD10 MILLION NOW--WHETHER IN D/G OR ANY OF THE OTHER SO DOMAINS? LIKewise, THE ESTABLISHMENT OF A FOUNDATION IMPLIES EXPECTATIONS OF CONTRIBUTIONS FROM OTHER DONORS. USAID WANTS TO ENSURE THAT EACH ALTERNATIVE IS CONSIDERED FOR ITS COST-EFFECTIVENESS PRIOR TO MOVING FORWARD.

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D. MIX OF GRADUATION ACTIVITIES. A FOUNDATION IS ONE POSSIBLE VEHICLE FOR U.S. PRESENCE POST MISSION CLOSURE. WE SHOULD CONSIDER A "CAFETERIA APPROACH" FOR THE PERIOD LEADING UP TO EVENTUAL DEPARTURE OF USAID IN-COUNTRY PERSONNEL. A COMPANION PROGRAM TO THE FOUNDATION THROUGH A VARIETY OF NON-PRESENCE POSSIBILITIES MIGHT BE FEASIBLE INCLUDING, FOR EXAMPLE: THE NEW PARTNERSHIP INITIATIVE (NPI); CONTINUED LINKAGES WITH THE RCSA AND WASHINGTON-BASED PROJECTS; WHATEVER HOOK-UPS CAN BE DEVELOPED WITH THE PRIVATE SECTOR. ONE POSSIBILITY FOR DISCUSSION MIGHT ENCOMPASS A SERIES OF USAID-FUNDED NGOS CONTINUING TO WORK IN EACH OF THE CURRENT SO AREAS AFTER MISSION PERSONNEL DEPART.

13. OTHER ISSUES TO BE ADDRESSED:

-- WE ARE AGREED THAT THE RCSA WILL NOT TAKE THE PLACE OF USAID/Z AS A BILATERAL MISSION. AT THE SAME TIME, PLANNING FOR THE USAID/Z GRADUATION IS AN IMPORTANT FACTOR IN THE DISCUSSIONS AND DETERMINATION OF THE FUTURE RCSA STRATEGY. THESE DISCUSSIONS WILL NOT BE COMPLETE AND A FINAL DETERMINATION ON RCSA STRATEGY WILL NOT HAVE BEEN MADE PRIOR TO THE MARCH SUBMISSION OF THE USAID/Z GRADUATION STRATEGY. PLEASE DEVELOP AND RECOMMEND THE ROLE RCSA SHOULD PLAY IN THE PRE- AND POST-GRADUATION PHASES, INCLUDING THAT PLANNING AS A VITAL PART OF YOUR GRADUATION PLAN PRESENTATION IN MARCH.

-- THE MISSION'S STRATEGY SUMMARY REQUESTED AN AUGMENTATION OF USD300,000 IN 116E FUNDS IN FY 1997.

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STATE AND USAID MEMBERS OF THE DEMOCRACY AND HUMAN RIGHTS FUND COMMITTEE WILL NEED TO COLLABORATE ON DETERMINING THE

FEASIBILITY OF THIS REQUESTED INCREASE. THE AVAILABILITY OF ESF FUNDS WILL BE EXPLORED AS WELL.

-- ONE OF THE MOST CHALLENGING ASPECTS BEFORE THE MISSION WILL BE LAYING OUT WHAT USAID-FUNDED ENTITIES WILL REMAIN IN ZIMBABWE IN A NON-PRESENCE SENSE AFTER FY 2003. BESIDES RCSA'S ROLE, WHAT WILL BE THE ROLE OF THE U.S. EMBASSY IN PROGRAMMING AND MANAGING ASSISTANCE RESOURCES? AFR AND THE GLOBAL BUREAU? EACH U.S. AND LOCAL NGO (UNDER NPI, FOR EXAMPLE)?

14. NEXT STEPS: GETTING FROM HERE TO THERE.

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A. TIMING AND TEAMWORK. AT THE MAY, 1996 MEETINGS, MISSION DIRECTOR BENEDICT SPOKE OF A JANUARY 1997 CSP SUBMISSION. THIS HAS BEEN REVISED TO MARCH 1997 FOR A USAID COUNTRY PROGRAM STRATEGY FOCUSED ON GRADUATION IN 2003. DOES THAT DATE MESH WELL WITH OTHER PROGRAM OBJECTIVES AND REQUIREMENTS? USAID/W STAFF WOULD LIKE TO PARTICIPATE WITH MISSION STAFF IN THIS PROCESS. SPECIFICALLY, IN ADDITION TO AFR BUREAU STAFF, STAFF FROM THE G CENTERS, M, AND PPC ARE INTERESTED IN BEING PART OF THE TEAM. DEPENDING ON THE AVAILABILITY OF TRAVEL FUNDS, WOULD A BUREAU DISCUSSION AT THE MISSION IN MID- OR LATE JANUARY BE FEASIBLE? THIS WOULD ALSO SUPPORT THE EXPANSION OF SO TEAMS TO INCLUDE WASHINGTON STAFF AND OTHERS, AS APPROPRIATE.

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B. THE MISSION HAS GOTTEN A JUMP-START ON ITS POPULATION/AIDS 50 3. THE COLLABORATION AMONG MISSION AND WASHINGTON STAFF IS BEING CITED AS A MODEL FOR DISCUSSION AND AGREEMENT ON STRATEGY APPROVALS. IN THE CASE OF THIS SO THERE WERE FEW ISSUES RAISED AT THE ISSUES MEETING AS ISSUES HAD BEEN PARTICIPATORILY VETTED AND RESOLVED AND CONSENSUS REACHED PRIOR TO THE MEETING.

C. WE DECIDED THAT THE MISSION WOULD PROCEED TO REVIEW THE FEASIBILITY OF A FOUNDATION, DRAWING ON APPROPRIATE EXPERTISE FROM USAID/W AND ELSEWHERE. PARTICIPATION AND OBTAINING CONSENSUS ON A FOUNDATION OR ENDOWMENT WILL BE PARTICULARLY IMPORTANT. AFR, PPC AND M ARE ESPECIALLY INTERESTED IN THIS IDEA. PLEASE KEEP USAID/W APPRISED OF PROGRESS AT KEY POINTS IN THE FOUNDATION CONCEPT'S DEVELOPMENT AND DISCUSS THE APPROPRIATE PORTIONS OF THE RESULTS FRAMEWORK WITH KEY USAID BUREAUS AND OFFICES PRIOR TO THE SUBMISSION OF THE GRADUATION CSP.

D. RESOURCES. FOR FYS 97 AND 98, PLEASE FOLLOW THE FY 97 AND FY 98 INDICATIVE WORKFORCE AND PLANNING LEVELS PROVIDED AS PART OF THE R2B GUIDANCE. USAID/W IS MAKING

EVERY EFFORT TO ADJUST WORKFORCE LEVELS TO SUPPORT THE MISSION'S PROGRAM FOR THOSE YEARS. PROJECTIONS FOR THE OUTYEARS ARE MORE DIFFICULT TO PREDICT BUT AT THIS TIME ARE APPROPRIATE FOR PLANNING PURPOSES. IT IS ALSO DIFFICULT TO PROJECT FOUNDATION RESOURCE REQUIREMENTS AT THE CURRENT LEVEL OF SPECIFICITY WE HAVE ACHIEVED IN THE GRADUATION REVIEW PROCESS. THE OPERATING EXPENSE (OE) AND RELATED FTE QUESTIONS ARE EVEN MORE UNCERTAIN. THEREFORE,

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THOUGH IMPOSSIBLE TO COMMIT AT THIS TIME, AFR PLANS TO
WORK WITHIN ITS OE AND OYB PLANNING LEVELS TO ENSURE THAT
YOUR PROGRAM HAS THE RESOURCES IT NEEDS TO IMPLEMENT A
SUCCESSFUL GRADUATION STRATEGY.

E. FINALLY, PLEASE INCLUDE A PRELIMINARY PLAN FOR
DISPOSITION OF ASSETS, INCLUDING THE USE OF LOCAL CURRENCY
TRUST FUNDS AND PROGRAM FUNDS.

15. WE VERY MUCH APPRECIATE THE ZIMBABWE GRADUATION
DIALOGUE, AND LOOK FORWARD TO WORKING TOGETHER TO MAKE IT
A SUCCESSFUL ONE.
CHRISTOPHER

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ACTION AF-01

INFO	LOG-00	AID-00	CIAE-00	OAS-00	DODE-00	SRPP-00	UTED-00
	H-01	TEDE-00	INR-00	L-01	ADS-00	M-00	NSAE-00
	NSCE-00	OMB-01	PA-00	PM-00	PRS-00	P-00	CIO-00
	SP-00	TRSE-00	USIE-00	PMB-00	DRL-09	G-00	/013W

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O 241446Z SEP 96
FM AMEMBASSY HARARE
TO SECSTATE WASHDC IMMEDIATE 3384

UNCLAS SECTION 01 OF 03 HARARE 009254

DEPT FOR A/AA/AFR CAROL PEASLEY FROM
AMBASSADOR JOHNNIE CARSON, ALSO FOR AF/S

SENSITIVE

E.O. 12958: N/A
TAGS: EAID, PGOV, ZI
SUBJECT: USAID/ZIMBABWE: 2003 AND BEYOND

REF: (A) USAID/ZIMBABWE 1996-2003: GRADUATION
AND BEYOND (MAY 1996), (B) STATE 193875

PARA AB

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1. SENSITIVE BUT UNCLASSIFIED. PROTECT ACCORDINGLY.
2. (SBU) THIS IS AN ACTION MESSAGE FROM THE CHIEF OF MISSION. THE CONTENTS HAVE BEEN SHARED WITH USAID/ZIMBABWE. ACTION REQUESTS ARE AT PARAS 6C, 7D AND 10.
3. (SBU) SUMMARY: I HAVE READ YOUR GRADUATION CABLE CAREFULLY AND AM CONCERNED THAT SOME TECHNICAL ERRORS HAVE BEEN MADE CONCERNING THE TIMING OF AMERICAN STAFF DRAWDOWNS AND THE HANDLING OF SOME OF OUR PSC'S. ~~MORE CRITICALLY, I AM ALSO SERIOUSLY CONCERNED THAT USAID WASHINGTON MAY NOT RECOGNIZE THE GREAT IMPORTANCE I ATTACH TO ESTABLISHING A ZIMBABWE-AMERICAN FOUNDATION AND TO PUTTING (EVEN AS WE PREPARE TO DRAW DOWN) MORE MONEY INTO DEMOCRACY AND GOVERNANCE. UNLIKE MANY SKEPTICS WHO HAVE LED A FULL SCALE ASSAULT ON USAID PROGRAMS, I THINK WE NEED BILATERAL DEVELOPMENT ASSISTANCE PROGRAMS IN COUNTRIES LIKE ZIMBABWE TO FOSTER ECONOMIC DEVELOPMENT AND TO PROMOTE OUR FOREIGN POLICY INTERESTS. THE EMBASSY AND USAID CAME UP WITH A PLAN THAT WORKS, THAT PROVIDES A TRANSITION FROM OLD USAID POLICIES TO A NEW PARADIGM FOR THE FUTURE. PLEASE TAKE A SERIOUS LOOK AT ALL THE CONCERNS I'VE OUTLINED BELOW IN ORDER FOR US TO MOVE ON TO THE NEXT STEPS. I CANNOT APPROACH THE GOZ UNTIL MY CONCERNS HAVE BEEN ADDRESSED.~~ END SUMMARY.
4. (SBU) THE POST HAS RECEIVED REF B AND REVIEWED IT CAREFULLY. HOWEVER, IN COMPARING REF B WITH THE MISSION'S INITIAL SUBMISSION REF A, I BELIEVE A NUMBER OF CRITICAL ISSUES REMAIN UNRESOLVED AND UNCLEAR. AFTER NEARLY SIX MONTHS OF WASHINGTON DELIBERATIONS ON THE USAID/HARARE PROPOSAL, I THINK IT IS TIME TO MOVE FORWARD. HOWEVER, UNTIL SOME CRITICAL ISSUES ARE CLARIFIED AND AN ACCEPTABLE PLAN IS DEVELOPED FOR THE RESOLUTION OF

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MY REMAINING CONCERNS, I CANNOT ENTER INTO MEANINGFUL DISCUSSIONS WITH THE GOVERNMENT OF ZIMBABWE (GOZ) OR INFORM LOCAL USAID STAFF OF THE PROPOSED PLAN. THESE ISSUES CAN BE RESOLVED IN SHORT ORDER WITH A REVIEW OF REF A AND VERY MINOR ADJUSTMENTS FROM USAID/AFR PRIOR TO FINAL CONFIRMATION BY RETURN CABLE. I URGE THAT YOU MOVE RAPIDLY ON THESE ISSUES SO THAT I CAN BEGIN MY DISCUSSIONS WITH THE GOZ, INFORM USAID MISSION MANAGEMENT AND ITS STAFF ABOUT THEIR FUTURE AND GIVE THE GREEN LIGHT FOR THE USAID TEAM TO INITIATE ITS 1997 COUNTRY STRATEGIC PLANNING EXERCISE.

5. (SBU) THIS CABLE OUTLINES THE MOST PRESSING TECHNICAL ISSUES AND PROVIDES COMMENTS IN TWO CRUCIAL ADDITIONAL AREAS.

6. (SBU) CLARIFICATION ON LENGTH OF STRATEGIC OBJECTIVE ACTIVITY AND CORRESPONDING USDH PRESENCE.

A. NOTE THAT WE BELIEVE A SIMPLE MISREADING OF REF A HAS OCCURRED AND THAT THIS CLARIFICATION CAN BE EASILY MADE. PARAGRAPH 2 OF REF B INDICATES THAT "USDH PRESENCE IN STRATEGIC OBJECTIVE (SO) 1 (NATURAL RESOURCES MANAGEMENT) AND SO 2 (ECONOMIC GROWTH) WILL END BY 1999 WITH MISSION PROGRAMMING TO CONTINUE THROUGH FY 2000." THE PLAN SUBMITTED BY USAID/ZIMBABWE IN MAY 1996 CLEARLY INDICATED (PP. 4-5) THAT THE LAST FULL YEAR OF USDH PRESENCE IN THESE SO'S WOULD BE 1999 AND THAT THE USDHS MANAGING THESE SOS WOULD DEPART POST DURING FY 2000. THE SAME DISCREPANCY EXISTS FOR STRATEGIC OBJECTIVE 3 (POPULATION/HIV-AIDS). WHILE 2001 WILL BE THE LAST FULL YEAR OF USDH PRESENCE IN THIS SO, THE USDH WILL NOT DEPART UNTIL LATE IN FY 2002.

B. GIVEN THE PRESENT AND ANTICIPATED REDUCTIONS IN USDH CEILINGS, IT MUST BE CLARIFIED THAT THE USDH PRESENCE IN ZIMBABWE WILL REMAIN AT SEVEN (7) THROUGH FISCAL YEAR END 1999 AND ONLY BE REDUCED TO FIVE (5) BY LATE IN FISCAL YEAR 2000. IN A SIMILAR FASHION THE USDH PRESENCE WILL REMAIN AT

FIVE (5) THROUGH FISCAL YEAR 2001 AND ONLY BE REDUCED TO FOUR (4) BY THE END OF FISCAL YEAR

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2002. ONCE AGAIN, I BELIEVE A CAREFUL REVIEW OF OUR DOCUMENT WILL CLARIFY THIS ISSUE.

C. ACTION REQUESTED: AFTER REVIEW OF REF A, PLEASE CONFIRM BY CABLE THAT THE USDH PRESENCE IN SOS 1 AND 2 WILL DEPART BY THE END OF FY 2000 AND THAT THE USDH PRESENCE IN SO3 WILL DEPART BY THE END OF FY 2002.

7. (SBU) FTE RESOURCE LEVELS.

A. PARAGRAPH 14.D OF REF B INSTRUCTS MISSION TO FOLLOW INDICATIVE WORKFORCE LEVELS PROVIDED AS PART OF THE R2B GUIDANCE. IT IS MY UNDERSTANDING THAT AGREEMENT ON WORKFORCE LEVELS HAS NOT YET BEEN REACHED AND THAT THIS REMAINS AN OUTSTANDING ISSUE FROM THE AUGUST REVIEW OF THE R2B IN

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WASHINGTON. I NOTE, AS WELL, THAT NO FINAL GUIDANCE ON THE R2B REVIEW HAS YET BEEN RECEIVED IN THE FIELD.

B. OE-FUNDED USPSCS. AS USAID/ZIMBABWE HAS INDICATED PREVIOUSLY, HUMAN RESOURCES PROJECTED IN THE GRADUATION BLUEPRINT ARE THE MINIMUM REQUIRED FOR THE ACCOMPLISHMENT OF THE RESULTS SET FORTH IN THAT DOCUMENT. WE HAVE A SUGGESTION ON HOW THIS ISSUE CAN BE RESOLVED. AFTER A FINAL RIGOROUS REVIEW OF CURRENT AND PROJECTED NEEDS, USAID/ZIMBABWE HAS DETERMINED THAT IT WILL BE ABLE TO ACCEPT THE PROJECTED REDUCTIONS IN "OTHER US CITIZEN OE FUNDED" (OE-FUNDED PERSONAL SERVICES CONTRACTORS) IF USAID/ZIMBABWE CAN GIVE RELIEF OF ONE (1) SENIOR-LEVEL POSITION IN THE OE-FUNDED FOREIGN SERVICE NATIONAL CATEGORY BEGINNING IN FY 1998.

C. PROGRAM FUNDED USPSCS. WHILE USAID/ZIMBABWE WILL BE ABLE TO ACCOMMODATE THE REDUCTION IN OE FINANCED US PERSONAL SERVICES CONTRACTORS BY THE END OF FY 1998 (WITH THE SUGGESTED ADJUSTMENT IN PARA 7B), IT CANNOT IMPLEMENT THE PROGRAM DESCRIBED IN THE BLUEPRINT WITHOUT THE DESIGNATED NUMBER OF PROGRAM FUNDED US PERSONAL SERVICES CONTRACTORS. THE R2B CONTROL LEVELS, WHICH REQUIRE A REDUCTION FROM 4 PROGRAM-FUNDED USPSC'S AT FISCAL YEAR END 1996 TO 2 PROGRAM FUNDED USPSC'S BY FISCAL YEAR END 1998, DECIMATE ANY RESPONSIBLE PROGRAM MANAGEMENT AND MONITORING PLANS AND THREATEN THE INTEGRITY OF THE SUBMITTED BLUEPRINT. USAID/ZIMBABWE'S BLUEPRINT CALLS FOR RETENTION OF FOUR (4) PROGRAM FUNDED USPSCS IN FY 1997 AND A REDUCTION TO THREE (3) IN FY 1998. THESE ARE THE MINIMUM REQUIREMENTS FOR OPERATION.

D. ACTION REQUESTED: CONFIRM BY RETURN CABLE STAFFING LEVELS WHICH PROVIDE: 1) ONE ADDITIONAL OE-FUNDED FSN BEGINNING IN FY 1998 (TO REPLACE ONE OE-FUNDED USPSC); 2) FOUR PROGRAM FUNDED USPSCS THROUGH FY97 (ONE ABOVE THE CONTROL LEVEL); AND 3) THREE PROGRAM FUNDED USPSCS THROUGH FY 98 (ONE ABOVE THE CONTROL LEVEL.)

B. (SBU) OPERATING YEAR BUDGET (OYB) - ECONOMIC GROWTH RESOURCES.

A. THE BLUEPRINT SUBMITTED BY USAID/ZIMBABWE IN MAY 1996 INDICATED A TOTAL LEVEL OF FUNDING FOR FY 1997 AND FY 1998 WHICH INCLUDED OYB NEEDS FOR EACH STRATEGIC OBJECTIVE AS WELL AS MINIMUM FUNDING OF US\$5.0 MILLION IN EACH OF THESE TWO FISCAL YEARS FOR THE ZIMBABWE AMERICAN DEVELOPMENT FOUNDATION. CONTROL LEVELS WHICH USAID/ZIMBABWE RECEIVED IN THE FY 1998 RESOURCE REQUEST (R2B) PLANNING EXERCISE ARE IN LINE WITH THE TOTALS, BUT CREATE A FUNDING GAP IN THE ECONOMIC GROWTH AREA.

B. IN ORDER TO ACCOMPLISH THE MINIMAL OBJECTIVES SET FORTH IN THE BLUEPRINT, USAID/ZIMBABWE WILL REQUIRE SUFFICIENT ECONOMIC GROWTH FUNDS TO MEET REQUIREMENTS OF BOTH SO2 AND THE FOUNDATION.

C. USAID DIRECTOR BENEDICT WILL DISCUSS THE PROJECTED SHORTFALL IN ECONOMIC GROWTH FUNDING AND POSSIBLE OPTIONS DURING HIS TOY THE WEEK OF SEPTEMBER 23, 1996, AND WILL SEEK RESOLUTION ON THIS SHORTFALL. NO IMMEDIATE ACTION NECESSARY.

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9. (SBU) COMMENTS:

A. THE ZIMBABWE AMERICAN DEVELOPMENT FOUNDATION (ZADF) PROPOSAL: MORE IMPORTANT FROM MY PERSPECTIVE THAN THE ABOVE TECHNICAL ISSUES, REF B

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WAS A SERIOUS DISAPPOINTMENT IN THAT IT DID NOT RECOGNIZE THE COUNTRY TEAM'S VISION OF THE ABSOLUTE CENTRALITY OF THE ZADF TO THE MISSION BLUEPRINT FOR CREDIBLE DEVELOPMENT ASSISTANCE IN ZIMBABWE BEYOND DIRECT USAID PRESENCE IN ZIMBABWE. THE FOUNDATION WILL BE EVIDENCE OF A DYNAMIC EVOLUTION OF USG DEVELOPMENT ASSISTANCE--THE ESTABLISHMENT OF A MORE MATURE AND SOPHISTICATED RELATIONSHIP WITH THIS HOST COUNTRY. I SEE THIS ELEMENT AS THE FOCAL POINT OF USG ASSISTANCE AFTER FY 2003--AN ELEMENT THAT WILL OPERATE IN KEY SECTORS WHICH ARE ESSENTIAL TO U.S. FOREIGN POLICY INTERESTS AS OUR BILATERAL RELATIONSHIP MOVES INTO THE TWENTY-FIRST CENTURY. DEVELOPMENT OF A FOUNDATION WILL BE PURSUED WITH THE FULL COMMITMENT OF THE COUNTRY TEAM AND WILL BE THE FOCAL POINT FOR THE COUNTRY STRATEGIC PLAN WHICH WILL BE SUBMITTED TO USAID/W IN MARCH 1997. I HOPE YOU WILL THROW YOUR WEIGHT BEHIND THE CREATION OF THE ZADF.

B. DEMOCRACY AND GOVERNANCE/SECTION 116(E) FUNDS: I WAS GRATIFIED TO NOTE THE SUGGESTION FOR AN EXPANDED 116(E) PROGRAM IN PARAGRAPH 13 OF REF B. USAID DIRECTOR BENEDICT WILL HOLD DISCUSSIONS ON THIS TOPIC WITH RELEVANT PARTIES DURING HIS TDY IN AID/W. IN ADDITION, I FEEL VERY STRONGLY THAT EVEN AS WE PREPARE TO PHASE OUT OF OUR TRADITIONAL BILATERAL PROGRAM WE MUST OVER THE NEXT SEVERAL YEARS EXPEND SOME MORE MONEY AND ENERGY PROMOTING DEMOCRACY, GOOD GOVERNANCE AND THE ESTABLISHMENT OF A CIVIL SOCIETY IN ZIMBABWE. THE ROOTS OF ZIMBABWE'S DEMOCRACY ARE EXTRAORDINARY SHALLOW, AND AS PRESIDENT MUGABE MOVES INTO THE TWILIGHT OF HIS PRESIDENCY, CORRUPTION, GOVERNMENTAL MALFEASANCE, ELECTION RIGGING AND THE DECLINE OF DEMOCRATIC VALUES ALL INCREASING. MUCH OF WHAT USAID HAS DONE IN POLICY REFORM, HEALTH CARE AND WITH ORGANIZATIONS LIKE CAMPFIRE COULD BE SERIOUSLY UNDERMINED BY A GOVERNMENT THAT PUTS ITS OWN PRIVILEGES ABOVE THE INTERESTS OF THE PUBLIC. USAID/HARARE OR USAID/WASHINGTON SHOULD FIND SOMEWHERE IN THE MIX OF "RESOURCE POTS" FUNDING BEYOND THE 116 E MONEY FOR A SMALL BUT ACTIVE DEMOCRACY EFFORT. THE 116 E FUNDS ARE IMPORTANT, BUT USAID HAS TO JOIN THE EMBASSY AND USIS IN DOING MORE IN AN AREA THAT HAS BEEN NEGLECTED HERE FOR TOO LONG. IF NECESSARY I THINK WE SHOULD DRAW SOME MONEY FROM THE EXISTING PROGRAMS TO SUPPORT A SMALL, HIGHLY FOCUSED DEMOCRACY AND GOVERNANCE EFFORT.

10. (SBU) CAROL: I LOOK FORWARD TO HEARING FROM YOU ON THESE ISSUES AND IN MOVING THE POLICY AND PROCESS ALONG HERE IN A WAY WHICH PRESERVES WHAT WE HAVE DONE AND ENSURES THAT WE CAN CONTINUE TO PLAY A MEANINGFUL (EVEN IF DIFFERENT) ROLE IN THE FUTURE. REGARDS.
CARSON

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PAGE 01 STATE 217170 172059Z
ORIGIN AID-00

ACTION OFFICE(S): !AFSA
INFO OFFICE(S): AAG AFDP AFFE AFFW AFMS AFSO DRCO GAFS
GCAF POP PPCE WID

INFO LOG-00 AF-01 UTED-00 TEDE-00 /001R

217170

SOURCE: AID.000351
DRAFTED BY: AID/:AFR/SA:MDUGAN:LI
APPROVED BY: AID/AA/AFR:CPEASLEY AID0351
AID/AFR/SA:PCOHN (DRAFT) AID/AFR/AMS:BRYNER (DRAFT)
AID/AFR/DP:JGOVAN (DRAFT) STATE/AF/S:JBLANEY (DRAFT)
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P 172056Z OCT 96
FM SECSTATE WASHDC
TO AMEMBASSY HARARE PRIORITY

UNCLAS STATE 217170

ADM AID, FOR AMBASSADOR JOHNNIE CARSON

E.O. 12958: N/A

TAGS:

SUBJECT: USAID/ZIMBABWE: LOOKING TOWARD THE FUTURE

REF: (A) STATE 193875 (B) HARARE 9254

1. WE ARE PLEASED TO BE ABLE TO ADVANCE THE BLUEPRINT DISCUSSIONS PER REFS (A) AND (B) AS WE MOVE TOWARDS 2003, AND WANT TO REASSURE POST OF OUR KEEN INTEREST IN WORKING TOGETHER TO SUPPORT USG INTERESTS IN ZIMBABWE AS ARTICULATED IN THE BLUEPRINT AND UPCOMING REVISED COUNTRY STRATEGIC PLAN. THE FOLLOWING RESPONDS TO

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CONCERNS/REQUESTS FOR CLARIFICATIONS RAISED IN REF (B).

2. THE ZIMBABWE-AMERICAN FOUNDATION. WE ARE INDEED ENTHUSIASTIC ABOUT THE FOUNDATION CONCEPT, AND APPRECIATE ITS POTENTIAL FOR FUTURE DEVELOPMENT IN ZIMBABWE. WE LOOK FORWARD TO SEEING THE DRAFT DESIGN FOR THE FOUNDATION WHEN AVAILABLE.

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3. STAFFING. WE WERE PLEASED TO RECENTLY PROVIDE SOME STAFF RELIEF IN FY 97 AND FY 98 IN SUPPORT OF YOUR IMPORTANT EFFORTS. WE CAN ALSO CONFIRM THE USDH PHASING BY STRATEGIC OBJECTIVE (S.O.) CONSISTENT WITH YOUR UNDERSTANDINGS AND THE DRAFT BLUEPRINT.

A. AS A RESULT OF RECENT BUREAU ADJUSTMENTS UNDER THE AFR BUREAU CEILINGS, WE ARE ABLE TO PROVIDE THE FOLLOWING INCREASES IN FY 97 AND FY 98 OVER THE R2B LEVELS:

--U.S. PSCS PROGRAM-FUNDED: FROM R2B LEVELS OF 3 AND 2 FOR FY 97 AND FY 98 TO 4 AND 3 RESPECTIVELY;

--NON-U.S. OE-FUNDED: FROM R2B LEVELS OF 38 AND 34 FOR FY 97 AND FY 98 TO 44 AND 41 RESPECTIVELY;

--NON-U.S. PROGRAM-FUNDED: FROM R2B LEVELS OF 8 AND 6 FOR FY 97 AND FY 98 TO 11 AND 8 RESPECTIVELY.

B. TO CLARIFY THE PLANNED PHASING OF USDH BY STRATEGIC OBJECTIVE (S.O.), WE RECONFIRM THE DRAFT BLUEPRINT'S LANGUAGE THAT USDH PRESENCE UNDER THE NATURAL RESOURCES MGMT AND ECONOMIC GROWTH STRATEGIC OBJECTIVES WOULD END BY
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FY 1999, WITH THE USDH MANAGING THESE S.O.S DEPARTING IN FY 2000. FY 2001 WILL BE THE LAST YEAR FOR USDH PRESENCE UNDER THE POPULATION/HIV-AIDS S.O. NO. 3, WITH USDH DEPARTING LATE FY 2002.

4. DEMOCRACY/GOVERNANCE. WE CONCUR ON THE IMPORTANCE OF USG LEADERSHIP ON DEMOCRACY AND GOVERNANCE (D/G) IN ZIMBABWE, ESP. AS THE COUNTRY BEGINS TO FACE AN EVENTUAL LEADERSHIP TRANSITION. USAID LOOKS FORWARD TO CONTINUED DIALOGUE WITH STATE ON THIS, AS POST IDENTIFIES OPPORTUNITIES FOR ENGAGEMENT, AND WILL LOOK CREATIVELY AT VARIOUS MEANS OF SUPPORTING D/G CONCERNS WITHIN THE CONTEXT OF LIMITED HUMAN AND FINANCIAL RESOURCES. WE WILL CONTINUE TO STRIVE FOR ADDITIONAL ALLOCATIONS OF REGIONAL (116E) RESOURCES AS PLANNED. IN ADDITION, WE WILL SUPPORT MISSION EFFORTS TO INTEGRATE BILATERAL AND GLOBAL RESOURCES INTO D/G INITIATIVES WITHIN THE GUIDELINES OF THE REVISED COUNTRY STRATEGIC PLAN (CSP).

5. ECONOMIC GROWTH RESOURCES. MISSION DIRECTOR BENEDICT RAISED THE POSSIBILITY OF ADDITIONAL ECONOMIC GROWTH RESOURCES DURING HIS RECENT AID/W TDY. WE ANTICIPATE ADDITIONAL DISCUSSION DURING THE REVIEW OF THE REVISED CSP AND GRADUATION PLAN EARLY NEXT YEAR.

6. NEXT STEPS. THE GRADUATION PLAN IS A CRITICAL PART OF

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THE STRATEGY THROUGH 2003. PER AGREEMENT REACHED DURING
MISSION DIRECTOR BENEDICT'S RECENT CONSULTATIONS IN
WASHINGTON, THE REVISED CSP AND GRADUATION PLAN WILL BE
REVIEWED TOGETHER EARLY NEXT YEAR. THE GRADUATION
STRATEGY -- INCLUDING THE FOUNDATION -- WILL BE INTEGRATED
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INTO THE CSP. THE AGREED UPON DATE FOR COMPLETION OF THE
COUNTRY-APPROVED DOCUMENT WAS MARCH 1997, WITH A REVIEW TO

BE SCHEDULED IN USAID/W SHORTLY THEREAFTER. WE ALSO
AGREED THAT A DRAFT OF THE FOUNDATION STRATEGY WOULD BE
COMPLETED FOR PRELIMINARY DISCUSSIONS IN JANUARY.
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