

1997

Agency Performance Report

Summary



U.S. Agency for
International
Development

Washington, D.C. 20523



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Table of Contents

Overview	1
Stabilizing Population Growth and Protecting Human Health	6
Reducing Unintended Pregnancies	7
Promoting Child Survival	8
Reducing Maternal Mortality	10
Preventing the Spread of Sexually Transmitted Infections	11
Learning from Case Studies	11
Child Survival: The BASICS Project	11
HIV/AIDS: Changing Approaches to Dynamic Problems	12
Conclusion	13
Promoting Broad-Based Economic Growth	14
Strengthening Markets	14
Expanding Access and Opportunity for the Poor	17
Expanding and Improving Basic Education	18
Learning from Case Studies	21
Privatizing Fertilizer Distribution in Bangladesh	21
Women's Empowerment Through Literacy in Nepal	22
Conclusion	23
Preventing Crises and Helping Those in Desperate Need:	
Humanitarian Assistance	24
Reducing the Potential Impact of Humanitarian Crises	25
Meeting Urgent Needs in Crises	27
Helping Nations Emerge from Crisis	28
Learning from Case Studies	29
Food Security: Seeds of Hope	29
Transition Initiatives: Demobilization and Communal Governance	30
Conclusion	31
Promoting Sound Environmental Management	32
Conserving Biological Diversity	33
Reducing the Threat of Global Climate Change	34
Improving Urban Management and Reducing Pollution	35
Increasing the Provision of Environmentally Sound Energy Services	35
Promoting Sustainable Natural Resource Management	36
Learning from Case Studies	38
Energy Efficiency: The Czech Republic	38
Regional Environmental and Natural Resource Management: Central America	39
Conclusion	39
Advancing Democracy	40
Strengthening Rule of Law and Respect for Human Rights	41
Supporting Free and Fair Elections	42
Supporting Civil Society	44
Promoting Accountability and Transparency in Government Institutions	44
Learning from Case Studies	46
Elections in War-Torn Societies	46
Parliamentary Assistance in Central and Eastern Europe	47
Conclusion	48

*A*merica's domestic interests are now, more than ever before, inexorably linked to events that take place far from our own shores. Our modest and well-targeted foreign assistance programs directly advance America's interests by helping to prevent crises, by generating dynamic opportunities for expanded trade and by providing protection from specific global health and environmental threats.

*J. Brian Atwood
Administrator
U.S. Agency for International Development*



Overview

Development works. With the right blend of developing country commitment, human capacity, sound institutions, the freedom of citizens to participate and well-placed donor assistance, there is absolutely no question that development progress is viable in any nation.

The U.S. Agency for International Development (USAID) recently reviewed the development record of 90 countries that were seen as the most difficult development challenges in the early 1960s. Development cooperation efforts were largely concentrated on these 90 nations over the past three decades. These countries now account for over 3 billion people. How do they stand today? The relative progress of these nations falls into four broad groupings and offers useful insight into the state of development today.

The first group of 25 countries, accounting for almost 700 million people, includes nations that can no longer be considered developing countries. All were labeled developing countries in the 1960s, and as recently as the late 1970s most received substantial amounts of foreign assistance. Now, some of these nations have joined the ranks of the industrialized countries and some are even fledgling aid donors themselves, including

Portugal, Greece, Korea, Taiwan, Thailand and Singapore. In many instances, the public has forgotten that these countries were major aid recipients in the past.

The second group, 15 countries accounting for roughly 400 million people, has reached middle-income status. These nations still receive some concessional aid, but most of them should be expected to reach advanced status over the next decade and graduate completely from the need for assistance. This group includes countries such as the Philippines, Morocco, Jordan, Peru, Guatemala, Ecuador, Jamaica, El Salvador and South Africa.

The average growth rate for these first two groups of countries was about 3.3 percent annually.

A third group, numbering 10 countries, but with very large populations, is still poor but has made clear, steady progress over the past decade. This group accounts for approximately 1.3 billion people. Each of the countries in this category has achieved growth in per capita income averaging at least 1.5 percent annually. This group includes countries such as India, Bangladesh, Sri Lanka, Nepal, Bolivia, Uganda, Mozambique and Ghana. The prospects for continued growth are good in these countries, but in many instances fragile. Continued

progress in this group would mean major reductions in global poverty.

It is abundantly clear from the first three categories of countries that remarkable development progress has been made around the world over the last three decades.

That leaves some 40 countries, accounting for 600 million people, mainly in sub-Saharan Africa, that continue to preoccupy the development community. Yet, even here the story is not entirely negative. Development progress has been intermittent and uneven, but we can assert with confidence that we have made these difficult situations better, even if we cannot yet claim that our efforts there are sustainable. Even in this group of countries we have seen very significant reductions in infant mortality and major improvements in literacy, sanitation and life expectancy. However, a number of nations in this category, including Afghanistan, Somalia, Sudan, Liberia and Rwanda, have seen their development progress stalled or badly reversed by longstanding civil conflicts.

On balance, the last 30 years reflects a period of remarkable progress and achievement in economic growth in

On balance, the last 30 years reflects a period of remarkable progress and achievement in economic growth in the developing world. These improvements in economic growth have also been accompanied by historic numbers of nations embracing democracy and widespread improvements in living standards for billions of people.

the developing world. These improvements in economic growth have also been accompanied by historic numbers of nations embracing democracy and widespread improvements in living standards for billions of people. Foreign assistance programs have played a modest, but crucial, catalytic role in these developments.

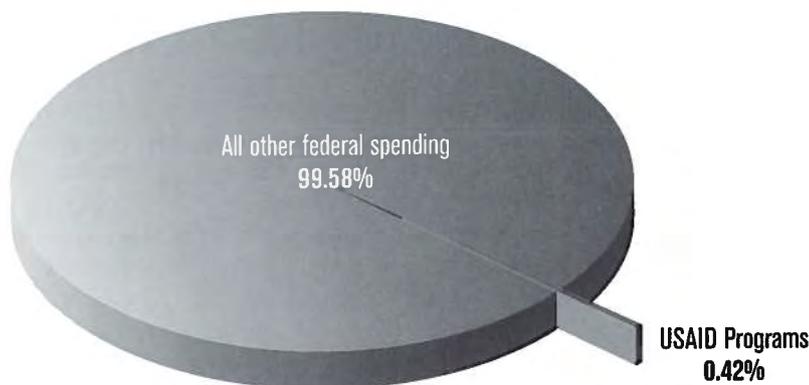
Perhaps what is most remarkable about these achievements is that they came during a period when development as a field was relatively new and the ideological struggle of the Cold War was at full pitch. During this period, the development community

spent an inordinate amount of time debating whether economic growth actually reduced poverty or whether it exacerbated economic inequality within societies. However, over this 30-year period the track record has become clear: Sustained and rapid economic growth is probably the single most powerful force in reducing poverty.

Just as we can now trust that growth itself need not fuel inequities, we should also have confidence that poverty alleviation strategies can both stimulate and sustain economic growth. Programs that save children and educate them, give economic opportunity and dignity to the poor, and strengthen civil society are not merely humanitarian, they contribute to the productive capacity of societies. Poverty reduction programs contribute to sustainable growth with equity. As Hubert Humphrey once said, "Compassion is not weakness, and concern for the unfortunate is not socialism."

The end of the Cold War has presented the international community with an unprecedented opportunity to work collaboratively to promote development — using tools and methods already field-tested and field-proven. In May 1996, 21 industrialized nations — including the United States —

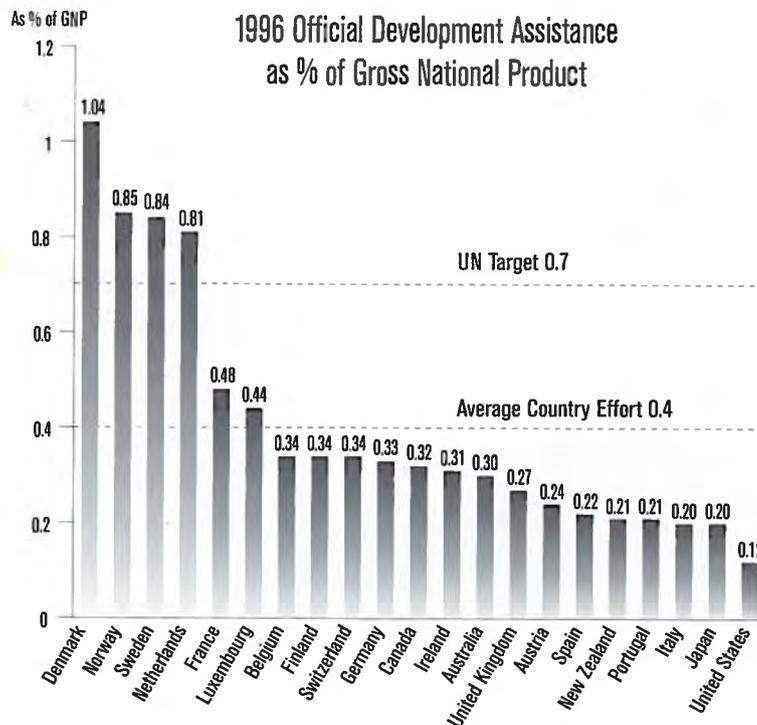
U.S. Economic and Humanitarian Assistance as a Percentage of the Federal Budget



agreed to work together to help improve conditions in the developing world. It was agreed that by the year 2005, the gender discrimination that blocks girls from receiving even a basic education in many poor countries can be ended. These 21 nations also agreed that by 2015, extreme poverty can be cut in half, infant mortality rates can be reduced by two-thirds, global malnutrition can be halved, the numbers of mothers who die giving birth can be cut by 75 percent, and family planning services should be available to all who want them.

These are ambitious goals, but they are eminently worthy and achievable targets. The United States can help achieve these goals and save the lives of hundreds of thousands of people because it is working jointly with other nations, each making modest investments for a safer, more prosperous and more secure world.

America's foreign assistance programs also represent a powerful investment in our own self-interest. U.S. foreign economic and humanitarian assistance programs make up less than one-half of 1 percent of the federal budget, but constitute a critical stake in the future of the American economy. Foreign assistance programs foster an enabling



transparent business standards that U.S. companies must have to operate in a country.

If the American economy is to continue to grow, we must develop new markets. America's fastest-growing export markets are in developing countries. U.S. exports to developing countries grew by \$115 billion between 1990 and 1996, supporting roughly 1.5 million addi-

Foreign assistance programs are also critical in combating global problems that directly threaten the interests of American citizens: the spread of infectious diseases, air and water pollution, global climate change, the flight of refugees and the potential for humanitarian crises to develop into wars that would demand U.S. military involvement. USAID's work contributes directly to U.S. national interests by promoting global economic prosperity and democracy, helping those in crisis and addressing global issues, such as environmental protection and population growth.

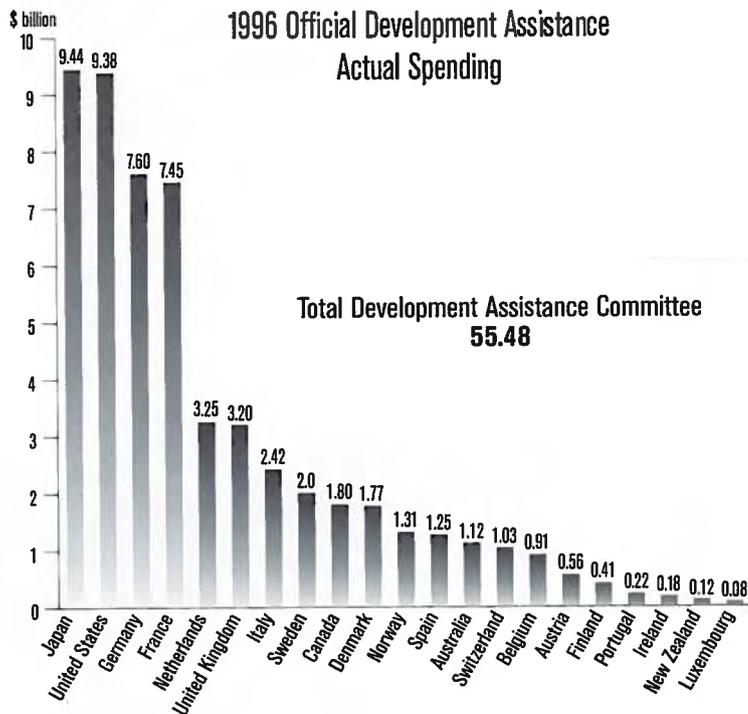
In this report, USAID reviews its performance and experience as an agency in 1996. We share what we have learned about our work in development and humanitarian emergencies and take a look at continuing challenges.

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environment for U.S. trade and investment in developing nations by establishing fair business codes, viable commercial banks and reasonable tax and tariff standards. Foreign assistance also helps create the stable and

tional jobs in the United States. To ignore the developing world would be to risk losing a niche in the most important markets of tomorrow.

Clearly, the greatest burden of development lies with the people and governments of the developing world themselves. It is up to them to create the conditions for lasting development and to embrace meaningful social and



economic reforms. But even the best-intentioned countries cannot do their part to address development without strong institutions, capable people and reasonably healthy economies. American resources, expertise and ideas, along with those of other donors and U.S. and host-country partners, can bolster the efforts of these countries.

USAID had an important role in the results presented here, but these results are not the agency's doing only. These successes reflect the sustained effort of

many agencies and organizations, and many more committed individuals. One of the most important lessons of development is the importance of local commitment. For development to be sustainable, it must be based on local needs, priorities, choices and commitment.

USAID works in a variety of countries. In all cases, our activities reflect host-country needs and priorities, as well as the work of other donors and partners. Often, countries are committed to achieving development but lack

necessary technical skills or resources. In these countries, our programs seek to build essential human and institutional capacities to implement necessary reforms.

Increasingly, we are also working with countries emerging from conflict. Here, we emphasize restoring infrastructure — social, institutional and physical — to reduce the risk of renewed conflict and to return the country to a path of sustainable development. USAID works with some of the world's poorest and least stable countries where living conditions are often harsh and political and economic conditions uncertain. This is difficult and complex work where there are no guarantees of success.

USAID has also changed its strategic approach to reflect new priorities and needs in the post-Cold War era. The agency has focused its goals and objectives on a limited number of high-priority development challenges. During 1996, the agency had five primary goals: promoting broad-based economic growth, advancing democracy, stabilizing the world's population and protecting human health, promoting sound environmental management, and providing humanitarian assistance to prevent crises and help those in desperate need.

This report is organized according to progress toward achieving each of these five goals. Also, in keeping with the agency's increased focus on results, each chapter includes two case studies concerning our work in these sectors.

There are also a variety of themes that cut across all goal areas. One of the most important of these is the role of women in development. The agency works to ensure that women have full access to health care, education and financial markets. USAID has also focused on the important role of women in the political process and

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taken special care to address the needs of women in humanitarian crises.

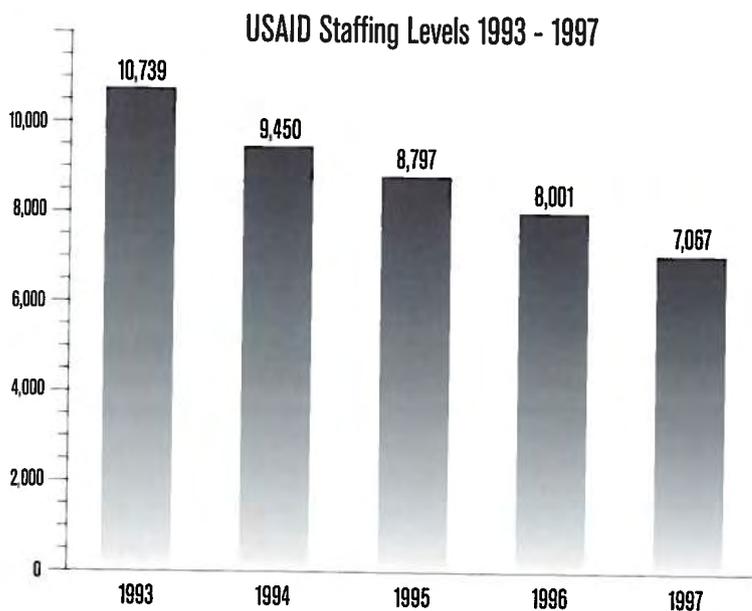
Since May 1993, when USAID became one of two reinvention laboratories under the vice president's National Performance Review, the agency has linked resource allocation more directly to program performance. This emphasis on results has allowed for sharper programming and more effective use of limited resources. The agency has also embraced other management reforms including new approaches to providing humanitarian assistance, a focus on customer service and greater teamwork. These management reforms have made us more responsive, effective and efficient in delivering assistance in the 79 countries where we had field presence at the end of 1996.

All of these reforms have been carried out during a time when the agency has dramatically reduced staff size. From 1993 through 1996, the agency cut almost 9 percent from our operating expenses budget, and almost 28 percent from our program dollar budget,

U.S. exports to developing countries grew by \$115 billion between 1990 and 1996, supporting roughly 1.5 million additional jobs in the United States. To ignore the developing world would be to risk losing a niche in the most important markets of tomorrow.

when Egypt and Israel are excluded from the total. The agency reduced its total staff by almost 28 percent. At the end of 1996, the agency was spending only about 8 percent of our budget on operating expenses, down from just over 10 percent in fiscal years 1993 through 1995. These steep reductions in staff size and operating expenses have meant reducing the agency's field presence and limiting the scope of the agency's development activities.

Although USAID's comparative strength lies in its overseas presence, tight levels of funding mean that the agency continued to explore ways to streamline both its Washington and field presence during 1996.



In 1997, the agency modified its economic growth goal to place more explicit emphasis on agricultural development. The agency also added a sixth goal, promoting education and training. These modifications were the result of a yearlong review and consultation the agency initiated to develop its 1997 Strategic Plan. Since this report covers 1996 performance, it reflects the agency's strategic framework before these modifications. Future reports will reflect the increased importance now being placed on both education and agricultural development.



Stabilizing Population Growth and Protecting Human Health

Rapid population growth, poor health and inadequate nutrition cause human suffering and serve as major obstacles to broader social and economic growth in many parts of the world. Responding to the challenges of rapid population growth and serious health concerns is in the best interests of developed and developing nations alike.

Stabilizing the world's population serves U.S. national interests by contributing to global economic growth, helping preserve the environment and increasing regional security. In countries where population growth is high, reducing population pressures lowers the risk of humanitarian crises, such as famine, and subsequently also reduces the need for U.S. humanitarian assistance. Improvements in health and nutrition in the developing world help prevent potentially serious public health crises from reaching America's shores. In addition, improved health and nutrition also make major contributions to wider economic development.

USAID is a world leader in family planning and health assistance. Our programs helped save the lives of 5 million children in 33 countries in 1996 alone and made it possible for millions of couples to plan their families. USAID helps stabilize world population and protect human health

through four principal means: decreasing the number of unintended pregnancies; promoting child survival; reducing maternal mortality; and preventing the spread of sexually transmitted infections, including AIDS. These objectives are synergistic. Gains toward achieving one objective, such as child survival, encourage couples to practice family planning, which reduces unintended pregnancies. This, in turn, improves the health of a mother and her children and contributes to reductions in maternal and child mortality. Sixty-six percent of USAID field-based programs had population, health and nutrition objectives in 1996. USAID's work in other sectors, such as improving women's status, promoting education and supporting economic growth, also have a

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powerful influence on improving the health and well-being of families in the developing world.

The increased use of child health services has led to remarkable decreases in infant and child mortality. Over the last 10 years alone, death rates for children under 5 have declined by 25 percent in Africa. These death rates fell by more than 70 percent in Asia, the Near East and Latin America. Although high rates of death related to pregnancy and childbirth continue to be a grave problem in many countries, increased attention to maternal mortality has begun to identify effective interventions.

Reducing Unintended Pregnancies

More than one-third of all births in the developing world result from unintended pregnancies. These unplanned pregnancies can often adversely affect the health and well-being of women and their families. When births are spaced too closely, newborns are at increased risk of illness and death. Family planning alone can prevent 25 percent of all maternal and infant deaths. About 150 million women in the developing world would like to better space or limit childbearing, but are not yet using modern contraceptives.

Providing information, offering couples safe and acceptable choices, and improving the availability and quality of reproductive health care enable couples to practice family planning and have healthier and better cared for families. USAID programs enabled more than 8 million couples in 36 developing countries to adopt family planning in 1996. Better reproductive health care for men and women also directly reduces the number of women who turn to abortion to end unintended pregnancies. USAID's pilot reproductive health programs in

Russia, for example, resulted in an 8.5 percent drop in abortions between 1995 and 1996.

Africa's population, with an annual growth rate of 2.7 percent, is growing faster than that of any other region of the world. Africa's population is young: Nearly half of all Africans are under age 15. This demographic reali-

Family planning alone can prevent 25 percent of all maternal and infant deaths.

ty places tremendous burdens on family incomes, the region's potential for economic growth and a range of social structures — such as educational and health systems. A promising trend suggests that population growth is slowing in several African countries. Botswana, Kenya and Zimbabwe are in the midst of this transition. Fertility in Kenya, for example, dropped more than 20 percent in just four years; in Zimbabwe fertility decreased 33 percent over 10 years. Ghana, Malawi, Madagascar, Tanzania and Zambia, though at earlier stages of the transition, appear to be moving along the same path.

In Tanzania, modern contraceptive use has reached 13 percent, up from only 7 percent in 1992. This rise has begun to affect fertility rates, which have dropped from 6.3 children per family in 1992 to 5.8 in 1996. The rapid increase in family planning practice is attributable to USAID's doing what it does well — strengthening program management, ensuring steady contra-

ceptive supply, improving client choice, maintaining service quality and using strong technical evaluation.

Progress across Africa is not uniform. Francophone West and Coastal Africa have, as yet, failed to realize significant progress in reducing fertility, and USAID is reassessing its strategy in these areas.

In Asia and the Near East, fertility and population growth continued to decline in all countries receiving USAID assistance. Following several years of assistance to national family planning programs, projections estimate that there are 10 million fewer



people in Bangladesh and 7 million fewer in Egypt than would have been the case without these family planning services. In Indonesia the percent of married women practicing family planning rose to 60 percent, a 5 percent increase from 1995. In 1996, USAID supported family planning services for 6.6 million users in Bangladesh, or more than 54 percent of all family planning users in that country. This represents a 4 percent increase from 1995, and much of the rise was due to efforts to increase family planning services in areas with low rates of contraceptive use.

Through earlier aid to Latin America and the Caribbean, many countries have now achieved low levels of fertility and high rates of family planning. In Colombia, where U.S. assistance to family planning has now concluded, the average number of children per woman fell from 6.5 in 1965 to 2.8 in 1995. The Dominican Republic, with the help of U.S. assistance, witnessed rural fertility rates fall from 4.4 children per woman in 1991 to 3.9 in 1996.

The agency is working with developing countries to increase local support for family planning, build cost recovery into health services, increase the quality of care and foster appropriate public-private mixes of service delivery. In Europe and the New Independent States, where private sector involvement in health is a relatively new endeavor, USAID is working with the American International Health Alliance Hospital Partnerships Program in developing 14 Women's Wellness Centers, providing "one-stop shopping" for reproductive health, counseling and education services. In 1996, the Moscow center reported a 15 percent increase in clients using modern family planning methods and a 50 percent increase in adolescents using services before their first sexual experience.



Promoting Child Survival

USAID is one of the leaders in the effort to improve child survival, working closely with a variety of other bilateral and multilateral donors. Developing countries have also made enormous investments in this area. These collaborative efforts have resulted in remarkable advances. Twenty years ago, fewer than 5 percent of children in developing countries were immunized against measles, diphtheria, polio and tuberculosis — now, more than 80 percent are immunized. Polio has been eradicated from the Western Hemisphere and is targeted for global eradication by the year 2000. From 1986 through 1993, oral rehydration therapy for diarrhea — an intervention that USAID was heavily involved in developing — saved 8.3 million lives.

Infant mortality has declined significantly in countries with strong child survival programs. In Nepal, for exam-

ple, child mortality plummeted more than 28 percent between 1991 and 1996. USAID promoted the community-based diagnosis and treatment of the primary causes of childhood deaths, such as diarrhea, vitamin-A deficiency and acute respiratory infections, as the most effective way to protect young lives. Vitamin-A supplementation alone saved more than 16,000 lives in Nepal during 1996.

In Bolivia, a regional cooperative effort with the Pan American Health Organization to eliminate measles increased vaccine coverage to 95 percent, virtually eliminating the disease. Only three measles cases were reported in Bolivia during 1996. Working with Rotary International and other donors, USAID has also supported the "Kick Polio Out of Africa" campaign. This effort helped 21 countries implement national immunization days, during which more than 26 million children under 5 received vaccinations. Thirteen countries reached 80 percent coverage. In

Zambia, full childhood vaccination coverage increased from 67 percent in 1992 to 80 percent in 1996.

Despite the considerable success of child health programs, much remains to be done. Twelve million children die in developing countries each year of preventable causes, including pneumonia, diarrhea and vaccine-preventable diseases. Malnutrition is a major contributing factor in more than half these deaths. This is one reason USAID is using food aid to complement key child survival services. Since new evidence links even mild malnutrition with higher risks of child mortality, these programs should help reduce child mortality. For example, food aid is being used in food-for-work programs in Bolivia, Haiti, Honduras and Peru to expand the access of poor people to water and sanitation services to reduce the incidence of waterborne diseases.

In its continuing effort to address major causes of infant and child mortality, USAID is supporting other new approaches with its partners. In Russia, agency programs have brought a 70 percent to 80 percent increase in women breast-feeding. One pilot program featuring safe-motherhood activities led to a 75 percent reduction in both infant mortality and child jaundice, while cutting the average length of hospital stays by 25 days. In Uzbekistan, training has improved neonatal resuscitation and lowered infant mortality by 30 percent. USAID has also introduced new concepts in infection control and programs to reduce hospital-acquired infections. The program reduced Ukraine's infection-induced infant mortality by 70 percent in 1996.

In 1996, USAID expanded its work with a range of U.S. and international health organizations, including private voluntary organizations. The agency worked with UNICEF on promoting micronutrients, immunizations and cre-

ating baby-friendly hospitals. It worked with the World Health Organization (WHO) on health care financing and integrated management of childhood illness. It worked with the Centers for Disease Control and Prevention, Rotary International, WHO and UNICEF on eradicating polio and developing and testing a pneumonia vaccine and with the National Institutes of Health on developing and testing pneumonia and malaria vaccines. These partnerships were vital in mobilizing multinational resources to address problems in the developing world. This is particularly important in Africa, where national leaders are beginning to take the lead in promoting health sector reform.

nization activities, compared with only 32 percent in 1995. In Africa, 16 countries are now contributing to purchasing children's vaccines, compared with only three countries in 1992 to 1993.

The agency also participated in multinational efforts to prevent and treat malaria by launching the Africa Integrated Malaria Initiative in Kenya, Malawi and Zambia. Changes in national drug treatment policies in these countries have reduced the number of deaths. In partnership with the World Health Organization, USAID has helped 18 countries adopt systems to evaluate and monitor malaria control. The agency has helped 39 countries establish or revise malaria control plans.

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For child survival programs to be sustainable, the host country must be supportive. Toward this end, USAID works to develop and strengthen political commitment and national leadership. It seeks to remove legal barriers as it promotes participation of local organizations and encourages local allocation of resources. For example, in Bangladesh the Expanded Program in Immunization enabled 74 percent of municipalities to finance their immu-

Drawing on American research capabilities, and in close partnership with other U.S. agencies and international donors, USAID continued to contribute to improving the approaches and technology used in developing countries. In 1996, the vaccine vial monitor, a simple heat-sensitive tag that indicates whether a vaccine has been kept cold as necessary or not, which was developed by USAID in partnership with the Program for

Appropriate Technology in Health and other private sector partners, became required on all vials of oral polio vaccine procured through UNICEF. The World Health Organization estimates that the monitors will reduce vaccine wastage by almost 50 percent and save \$10 million to \$12 million a year. There were also successful field tests of live oral vaccines against rotavirus. Rotavirus is the most common cause of severe diarrhea in children. Field tests also showed that vitamin A supplementation, given to infants at birth, can reduce mortality by as much as 64 percent in the first year of life.

Reducing Maternal Mortality

Despite general improvements in health in developing countries, maternal mortality remains unacceptably high. Each year, nearly 600,000 women in developing countries die during pregnancy and childbirth. Maternal mortality ratios in Asia are 40 times higher than in industrialized countries and in Africa are more than 135 times higher. An estimated 50 million pregnancies end in abortion, and about 20 million of these procedures are carried out illegally and unsafely. Abortion is a major cause of maternal mortality. Although resources for maternal health are limited, USAID plays a lead role in developing methods, techniques and systems to reduce deaths from pregnancy, and it trains health providers in reproductive health.

In 1996, USAID used new approaches, techniques and models for delivering prenatal, postpartum and lifesaving obstetric care. Nationwide postpartum programs, which serve the mother and her newborn, are being

successfully carried out in Egypt and Jordan as well as in the most populous state in India. Training in lifesaving skills for obstetric complications, field-tested and improved by USAID, is being scaled up and funded by other donors, including the United Nations Population Fund in Nigeria and the World Bank in Indonesia.

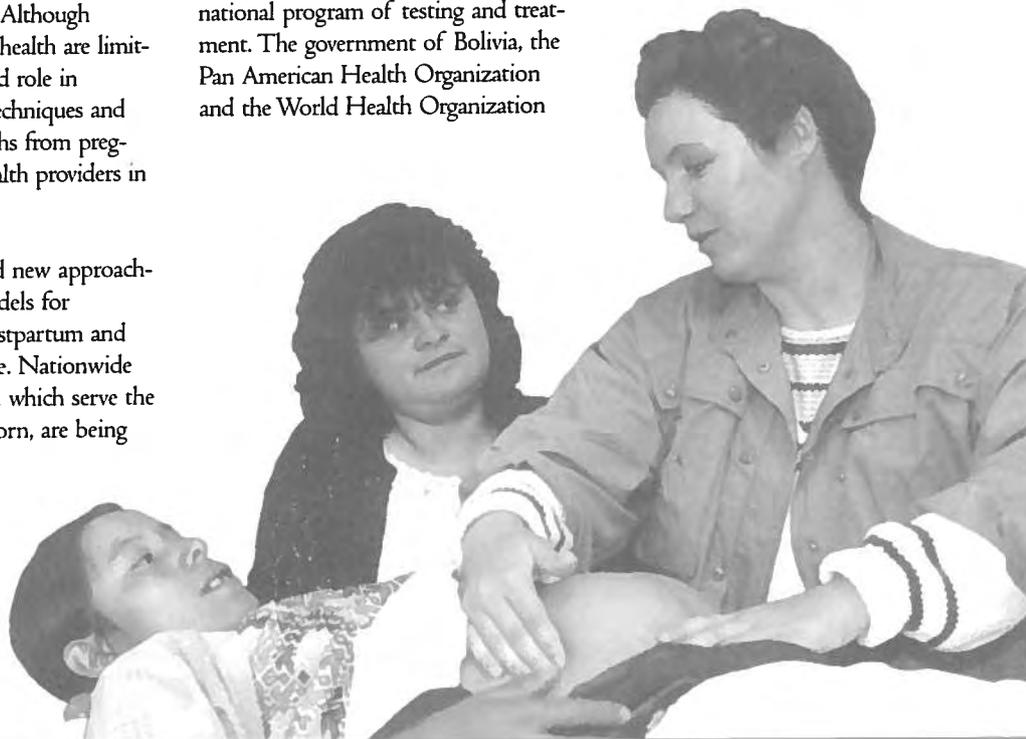
are providing additional support. The program is based on a similar successful program piloted in Kenya. In Egypt and sub-Saharan Africa, USAID is working with non-governmental organizations to raise awareness of the dangers of female genital mutilation. In Indonesia, USAID is supporting a pilot project that

Each year, nearly 600,000 women in developing countries die during pregnancy and childbirth.

USAID studies show that directing health resources toward community interventions will enable 85 percent of pregnancies and births to be managed with low-tech procedures nearer the community. This has profound policy implications because some governments and development banks have been investing in costly care at referral hospitals, currently estimated to be reaching only 15 percent of women with obstetric complications.

In Bolivia, USAID testing found high rates of syphilis among pregnant women. In response, it is developing a national program of testing and treatment. The government of Bolivia, the Pan American Health Organization and the World Health Organization

improves the nutritional status of pregnant women. Factories, at their own expense, provide iron tablets weekly to pregnant employees. The project seeks to break the cycle of anemic young women giving birth to iron-deficient children. Other objectives are to increase worker productivity, reduce the risk of low-birthweight babies and decrease maternal mortality.



Preventing the Spread of Sexually Transmitted Infections

The HIV/AIDS pandemic has had devastating social and economic consequences in the developing world. By the year 2000, experts project, HIV/AIDS will have been responsible for a significant increase in death rates and child mortality, and a significant decrease in life expectancy at birth – decreasing life expectancy in some countries by as much as 20 years. In parts of Africa and Asia, AIDS has the potential to erode decades of progress in reducing infant mortality rates. Since 1986, USAID has led the international response to HIV/AIDS, with an emphasis on prevention.

bilateral HIV/AIDS prevention programs. It has also developed a regional AIDS strategy to promote effective interventions in all Asian and Near East countries, except Jordan, and several countries where USAID does not have a field presence but that are experiencing rapid HIV/AIDS transmission.

Countries that mounted aggressive HIV/AIDS prevention programs early on, such as Indonesia and the Philippines, have succeeded in keeping HIV prevalence at low levels. Recently, the Indonesian government doubled the budget for its HIV/AIDS program. In some African countries, HIV/AIDS prevention and mitigation programs have been of limited scale and have been unable to achieve impact at the national level. This is especially the case in areas of recent

maternal and child health and achieving lasting reductions in unintended pregnancies can take years to accomplish, particularly when measured at the national level. In many cases, basic improvements in delivery systems, national policies and public awareness are necessary precursors for securing major progress in these areas.

Child Survival: The BASICS Project

USAID has made substantial investments in activities to improve child survival in developing countries. Over the years, the agency's child survival assistance has been provided primarily through single-country programs implemented by USAID missions, with some technical leadership provided on an agencywide basis. In 1993, after reviewing lessons from its child survival activities, USAID launched a new strategy to strengthen its child survival efforts. This included development of the Basic Support for Institutionalizing Child Survival (BASICS) project, which provided technical leadership and support for child survival programs from a single source.

The project addresses six technical areas: integrated management of childhood illness; immunizations; private-public sector collaboration; communication and behavior change; monitoring and evaluation; and nutrition. This comprehensive and consolidated approach helped the agency move away from narrowly defined programs, such as those dealing with a single issue like acute respiratory diseases or malaria alone. Instead, USAID now focuses on improving the availability of quality health care services and empowering communities and families to identify and solve their own health problems.

In parts of Africa and Asia, AIDS has the potential to erode decades of progress in reducing infant mortality rates.

USAID's primary focus has been on decreasing sexual HIV transmission by promoting safer sexual behavior. The agency's HIV/AIDS prevention program provides education in behavior change and other interventions for more than 15 million people vulnerable to HIV infection. It has trained more than 150,000 educators and counselors and has distributed 400 million condoms.

civil conflict. However, recent data from sub-Saharan African countries, such as Uganda, suggest that progress is being made in slowing the spread of HIV/AIDS.

Learning from Case Studies

By the end of this decade, Asia will have surpassed Africa as the region with the greatest number of new HIV infections. HIV/AIDS transmission continues to spread rapidly in countries with high-risk factors such as Cambodia and India. USAID has responded to this threat by developing

Both of the following cases underscore the point that achieving lasting impact in the health and nutrition sector is a long-term proposition. Improving

This effort has also been instrumental in improving child survival for girls, who still suffer disproportionately higher death rates.

After four years, the unified approach of BASICS has proven successful, especially as a flexible means of addressing emerging problems. For example, after the breakup of the Soviet Union and the subsequent collapse of the region's immunization system, USAID responded to a series of diphtheria epidemics with mass immunizations through the BASICS project. Diphtheria cases dropped 62 percent from 1995 to 1996. In addition, in seven countries of the former Soviet Union, BASICS helped reduce the total cost of immunization programs by an average of 16 percent.

Supporting the World Health Organization and UNICEF in developing the Integrated Management of Childhood Illness initiative has probably been one of USAID's most important achievements in this sector. This accomplishment came largely through the BASICS project. While work is still in its early phases, some country programs are already showing results. In Niger, for example, tests showed marked improvements in the ability of health workers to assess, diagnose and treat sick children. Before training, only 25 percent of health workers routinely checked children's immunization status, whereas after training 60 percent did.

In 1996, this integrated system was introduced in Bolivia, Ecuador, Ethiopia, Niger, Peru, Tanzania, Uganda and Zambia. With USAID assistance, Zambia became the first country in the world to train national staff in integrated management of childhood illness. Before the training, only 45 percent of health workers correctly treated children with fever. After training, 74 percent provided correct treatment. The initial follow-up assessment, two months after training,

In Niger, for example, tests showed marked improvements in the ability of health workers to assess, diagnose and treat sick children. Before training, only 25 percent of health workers routinely checked children's immunization status, whereas after training 60 percent did.

showed that 91 percent of health workers correctly treated fever.

The BASICS project was developed in a time of great change both inside and outside the agency. It is large and complex and has the strengths and weaknesses usually associated with such projects. Most of the weaknesses – typically managerial in nature – have been addressed. Over time, the project has become more responsive to field needs and able to implement programs more rapidly. A consolidated and directed approach to technical leadership and assistance such as BASICS offers important management and technical gains.

HIV/AIDS: Changing Approaches to Dynamic Problems

USAID was the first donor to define and implement a cohesive technical strategy for HIV/AIDS prevention and control. An analysis of how a relatively small effort developed into an extraordinarily large, complex project illustrates how the agency has responded and has had an impact in a changing environment. In 1985, USAID's initial response to the AIDS epidemic was to support the World Health Organization's Global Program

on AIDS. As the scope and impact of the epidemic became apparent, USAID designed the AIDS Technical Support project. It had two main components: communication and behavior change and technical support in epidemiology, screening and financing. One commentator described this tumultuous period of the international community's response to the AIDS crisis as akin to "building their boat while sailing it."

Work done during the late 1980s led to the conclusion that an appropriate package of effective interventions had been identified and should be implemented worldwide. Direct interventions included reducing sexually transmitted diseases, promoting private-sector social marketing of condoms and providing communications leading to behavioral change. Supporting interventions included conducting behavioral research, building the capacity of health institutions and promoting women's status.

Behavioral change and condom social marketing were familiar to USAID through its family planning programs. Reducing sexually transmitted diseases, however, was considered a novel, even radical, approach to addressing HIV/AIDS. But by 1996 – just six years later – this intervention was considered crucial. One study in rural Tanzania demonstrated its importance by showing a 40 percent decline in

new HIV infections solely as a result of improved treatment of sexually transmitted diseases.

patronizing the sex trade was cut in half. As a result of targeted interventions, 94 percent of men visiting brothels now use condoms.

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In 1990 and 1991, USAID redesigned the AIDS Technical Support project to develop a more strategic program built on the lessons learned from the first phase of the project. From its early experiences, USAID had learned that evaluating the impact of HIV/AIDS programs is particularly complex and difficult because of the nature of the disease. People can be infected for a long time without showing symptoms. In many places testing facilities are unavailable. The continued social stigma attached to AIDS encourages under-reporting and under-testing. Behavior change – the heart of prevention – is also difficult to measure. Nonetheless, USAID's efforts are beginning to show an effect on the pandemic. In urban and semiurban areas of Uganda, where efforts have been concentrated, the prevalence of HIV dropped 30 percent to 50 percent among women aged 15 through 24 between 1992 and 1996. Similarly, the number of new HIV infections has dropped significantly, possibly as much as 50 percent. Unfortunately, this does not hold true in rural areas, where the prevalence of HIV remains the same. Similarly, the AIDS Technical Support project contributed to marked changes in sexual behavior in Thailand. Much of USAID's effort has concentrated on the commercial sex business. From 1995 to 1996, the percentage of blue-collar workers

Other countries have not had the level of effort of Uganda and Thailand, but it appears that USAID programs are having an effect on high-risk sexual behavior as the result of the interventions listed above. In late 1996, the AIDS Technical Support project moved into a third phase. This phase involves three key approaches to HIV/AIDS prevention: reducing high-risk sexual behavior through behavior change and communication; increasing condom distribution through social marketing; and reducing the prevalence of all sexually transmitted diseases as a way of limiting the spread of HIV.

At each phase of USAID's response to the HIV/AIDS pandemic, the agency has learned lessons and incorporated them into ongoing and new activities. There have been missteps, but the agency has learned from them. The agency and the international community as a whole continue to develop increasingly effective responses to this very complex crisis.

Conclusion

USAID and its partners have made remarkable progress toward reducing unintended pregnancies and child and maternal mortality. Despite these accomplishments, much work remains.

While increases in the use of contraception over the past 25 years are impressive, the actual numbers of reproductive-age men and women in poorer countries have also greatly increased. While the efficacy of preventive interventions has been proved, controlling the spread of sexually transmitted infections, including HIV/AIDS, remains problematic. Efforts to prevent HIV transmission and limit the spread of sexually transmitted diseases must also continue. USAID must expand its efforts to combat other infectious diseases as well. In this respect, it needs to address antimicrobial resistance, strengthen disease surveillance systems and combat increased incidence of tuberculosis and malaria. All of these efforts must be carried out in a fashion that strengthens the capability of developing nations themselves to respond to their own population, health and nutrition needs.

In 1997, the agency launched an integrated \$50 million strategy to deal with the spread of infectious diseases, reflecting strong international and Congressional support for dealing with this issue. Because this report reflects performance toward 1996 agency goals, USAID's infectious disease strategy will be presented in more detail in next year's annual report.



Promoting Broad-Based Economic Growth

Sound economic policies and investments in people are the bedrock of lasting development. Growing economies lead to increases in income and expansion of private sector enterprise and help to alleviate hunger and poverty. Broad-based economic growth generates opportunities for even the poorest in a society. Increased economic opportunity and rising living standards also serve as a natural complement to democratic governance.

Foreign assistance programs have a strong track record of well serving U.S. economic interests. Economic growth in countries USAID assists directly promotes trade and American foreign investment. Continuing a trend that began in the 1980s, U.S. exports to developing countries in the 1990s are expanding by 12 percent a year, more than double the export growth to industrialized countries. U.S. exports to developing countries rose from \$82 billion in 1987 to an estimated \$244 billion in 1996. Exports to developing countries now account for 40 percent of all U.S. exports. Economic growth also reinforces other important foreign policy goals, including democratic development, protection of the environment and more stable social conditions.

USAID helps developing and transitional economies achieve broad-based

growth by promoting strengthened markets, expanding opportunity for the poor and promoting basic education to increase productivity. Worldwide, 87 percent of the agency's country programs contributed to broad-based economic growth in 1996.

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Strengthening Markets

Getting the policies right plays a vital role in promoting economic growth. Market-strengthening programs improve the policies, laws and regulations that govern markets. USAID works with both governments and the private sector to encourage the reforms that make broader economic growth possible, such as sound fiscal, monetary and exchange rate policies and

institutions that promote economic stability. Creating efficient markets in a global economy also goes beyond strengthening domestic markets and boosting productivity. Domestic markets must also be competitive internationally. USAID helps develop private sector ability to take advantage of international opportunities and helps build stronger markets by promoting public and private investment in infrastructure.

Agriculture also plays a key role in the economies of developing and transitional countries. A vibrant agricultural sector can help generate employment and income, reduce poverty and combat hunger. USAID assists agricultural production by addressing national policies toward agriculture and marketing constraints and by introducing innovative growing and marketing technologies. USAID programs also emphasize other factors critical to agriculture such as trading policies, access to markets and the availability of seeds, fertilizer, credit and land.

USAID programs in more than a dozen countries in Africa, Asia, the Near East, and Eastern Europe and the New Independent States helped privatize more than 26,000 state-owned enterprises during 1996. Of those, 23,000 were enterprises in the transitional economies of Eastern Europe and the New Independent States. In 1996, programs in 14 countries contributed to a more than \$300 million increase in non-traditional exports.

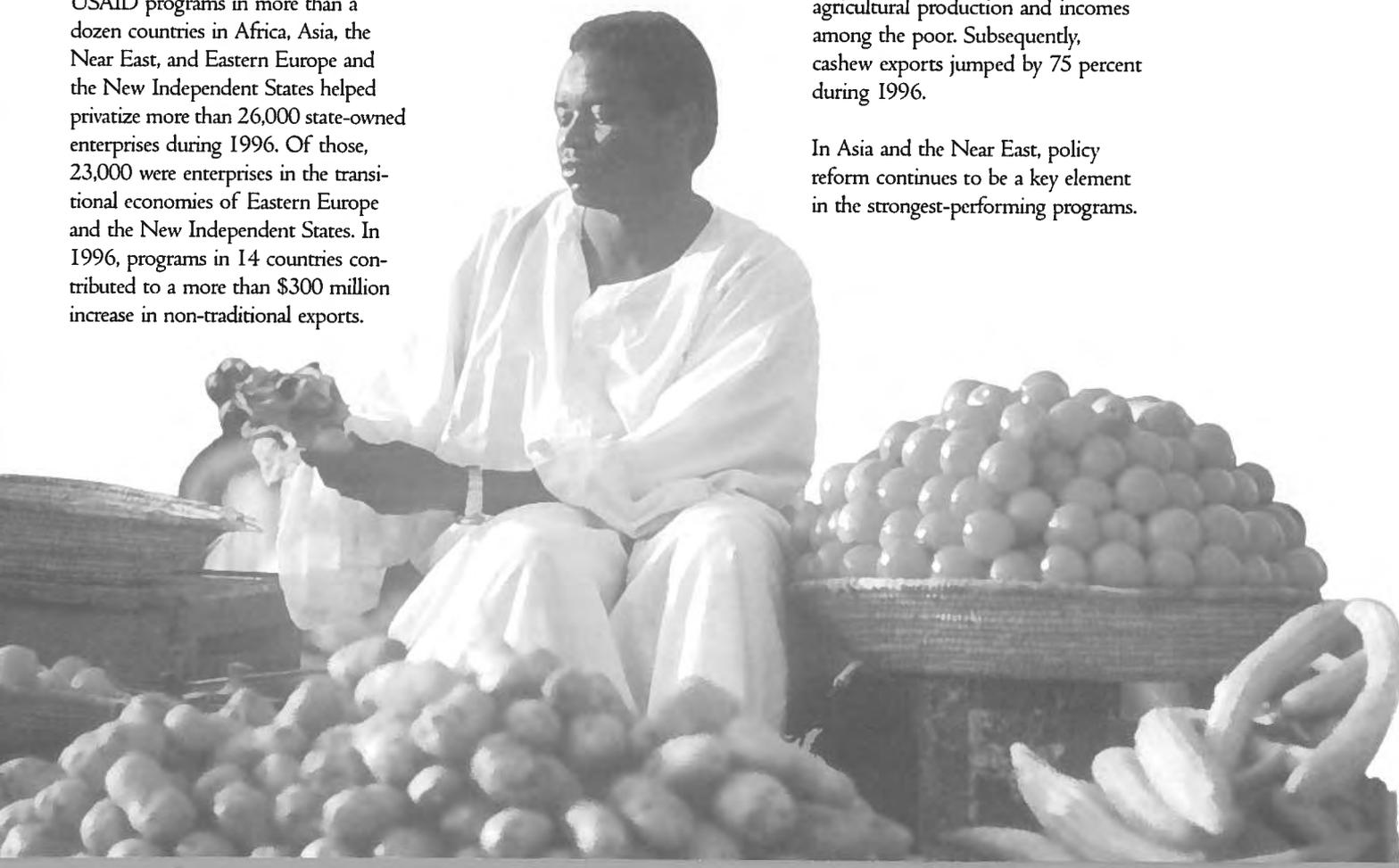
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In sub-Saharan Africa, USAID focused on agriculture and policy and regulatory reforms. For example, USAID supported a successful privatization program in Zambia where the government divested 84 state-owned enterprises, exceeding the 50 originally targeted. Zambians acquired three-fourths of the assets. In Ghana, the agency supported government reforms to increase non-traditional exports under the trade and investment program. The value of non-traditional exports increased from \$180 million in 1995 to more than \$220 million in

1996. That boosted non-traditional's share of total exports to 15 percent, exceeding program expectations.

In Uganda, production of maize, vanilla, flowers and other non-traditional crops rose in value by nearly 8 percent between 1995 and 1996, to \$140 million. In Malawi, the area devoted to non-traditional crops rose by 9 percent during 1996, exceeding program targets. More than 160,000 farmers in Mozambique adopted new technologies for cashew production under USAID's strategy for promoting food security by increasing agricultural production and incomes among the poor. Subsequently, cashew exports jumped by 75 percent during 1996.

In Asia and the Near East, policy reform continues to be a key element in the strongest-performing programs.





In Sri Lanka, USAID assistance to the private sector resulted in nearly \$6 million in investments in new technologies. That exceeded program expectations for 1996 and generated more than \$89 million in exports. A USAID-funded program in Nepal contributed to an increase in sales of high-value agricultural commodities from \$8 million in 1995 to more than \$15 million in 1996, exceeding the program target. In India's agricultural sector, USAID promoted improved policies and infrastructure to increase investment and exports. These efforts contributed to a 30 percent increase in horticultural exports in 1996.

Internal political pressures in Bangladesh, Egypt and Sri Lanka contributed to delays in some policy reforms in those countries. In Sri Lanka, for example, USAID programs promoting privatization of enterprises and rural irrigation systems fell short of their 1996 targets. Domestic opposition to public enterprise reform and a drought that diverted the government's attention from irrigation reform contributed to these delays.

In general, USAID activities in Eastern Europe and the New Independent States contributed significantly to supporting competitive markets. Programs recorded good results in promoting private financial markets in Armenia, Georgia, Hungary, Kazakhstan, Moldova, Poland and Uzbekistan. Programs in Hungary, Poland and Russia fostered greater competition in markets by strengthening the capacities of small and medium-sized enterprises to respond to market opportunities.

USAID programs in Ukraine accounted for more than a third of the more than 16,000 small enterprises privatized in that country during 1996. USAID was also instrumental in privatizing agricultural land held by collective farms. Land rights for more than 6 million hectares of land — 5 million more than were targeted — were transferred to farmers through the issuance of land certificates. In Ukraine, USAID assistance also contributed to a 7 percent growth in legally registered private firms.

USAID's program in Russia helped to further private sector development in 1996. Approximately 1,200 private enterprises adopted USAID-developed private ownership and management training materials, exceeding expectations. In addition, more than 2,700 paying clients used the training, advisory services and business contacts provided by agency-assisted business support institutions.

In Latin America and the Caribbean, the agency's Central America Program helped countries prepare for the proposed Free Trade Area of the Americas, a regional pact. This program concentrated on improving trade and investment policies and enforcing labor codes. USAID also promoted increased trade among countries in the region. In 1996, total Central American trade with the Western Hemisphere met the target of about 47 percent of regional gross domestic product. With agency support, Guatemala continued to adhere to its obligations under the Accession Agreement of the World Trade Organization to maintain liberal trade policies. By enforcing labor rights, it maintained eligibility for the Generalized System of Preferences that provides the country with continued preferential access to markets in industrialized countries.

USAID programs also strengthened markets by supporting the development of non-traditional exports in the region. The agency helped Guatemalan firms expand non-traditional exports, directly contributing to an improvement in Guatemala's trade performance. Non-traditional exports grew by 25 percent in 1996. That exceeded the program target of \$160 million and gave non-traditionals a greater overall share of total exports.

In Jamaica, USAID achieved mixed results in 1996. USAID provided critical training in marketing and information technology to 36 small

Jamaican firms engaged in non-traditional exports, meeting program expectations. The agency also provided assistance to non-traditional export marketing facilities. However, the facilities handled less non-traditional exports than expected due to a 20 percent revaluation of the Jamaican dollar and poor papaya harvests. USAID subsequently revised its expectations for the remaining years of the program.

Expanding Access and Opportunity for the Poor

USAID works to reduce the legal, regulatory and institutional obstacles that deter the poor from participating in economic growth. For example, state-run crop-marketing boards may prevent small farmers from fully enjoying the opportunities for marketing their products and earning higher incomes. Sometimes government policies, such as licensing requirements, restrict the development of microenterprises and small businesses. Collateral requirements often prevent poor farmers and microentrepreneurs from gaining access to the financial resources they need to improve their enterprises.

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loans disbursed exceeded \$300 million. More than two-thirds of the clients were women, highlighting the importance of income-generation programs for poor women, who are often barred from formal markets.

In Africa, USAID helped promote liberalization of agricultural marketing policies and institutions in Malawi. Small farmers responded rapidly to price signals and new crop and market opportunities by increasing production 170 percent and marketing their crops directly. Prices for crops also rose 10 percent. The combination of increased production and higher prices gave small farmers a nearly 65 percent increase in real per capita income — 37 percent over target. Small farmers diversified production as well.

USAID activities in Uganda contributed to increased use of financial services by rural businesses, including microenterprises. More than 5,000 individuals or enterprises received loans, a 38 percent increase over 1995. Non-traditional agricultural exports increased by almost 8 percent, to \$140 million. Exports of flowers increased 74 percent, and fruits and vegetables 53 percent between 1995 and 1996 — two high-value product groups that provide substantial income and employment to low-income rural households.

In Asia and the Near East, USAID helped make regulatory, legal and institutional environments more equitable. Moreover, the agency contributed to the expansion of access to formal financial services for microentrepreneurs.



More than 52,000 female entrepreneurs in Bangladesh benefited from USAID microfinance lending in 1996, maintaining employment for more than 66,000 individuals. About 85 percent of the loans were below \$300, and the average repayment rate was 96 percent.

In Morocco, USAID assisted low-income households through activities that promoted exports and created enterprises. More than 23,000 microenterprises were registered during 1996, exceeding the program target of 17,000. Overall, USAID-supported activities generated 22,000 jobs in Morocco. A significant number of these new jobs went to women. Export sales by USAID-assisted firms that generate employment for low-income households reached nearly \$26 million in 1996 — \$23 million over target. However, in 1996 the program in Sri Lanka fell short of expectations for improving poor households' access to financing for low-income housing. Delays by the Sri Lankan treasury in advancing funding for the lending facility resulted in disbursement of only 3,000 of the planned 7,000 loans. In Latin America and the Caribbean, microfinance and export programs in Bolivia created nearly 30,000 permanent jobs in 1996, meeting program expectations. Poor women held about two-thirds of those new jobs. USAID support enabled more than 30,000 individuals in El Salvador to borrow from credit unions and other microfinance institutions. More than 36,000 people used technological, marketing and business services provided by USAID.

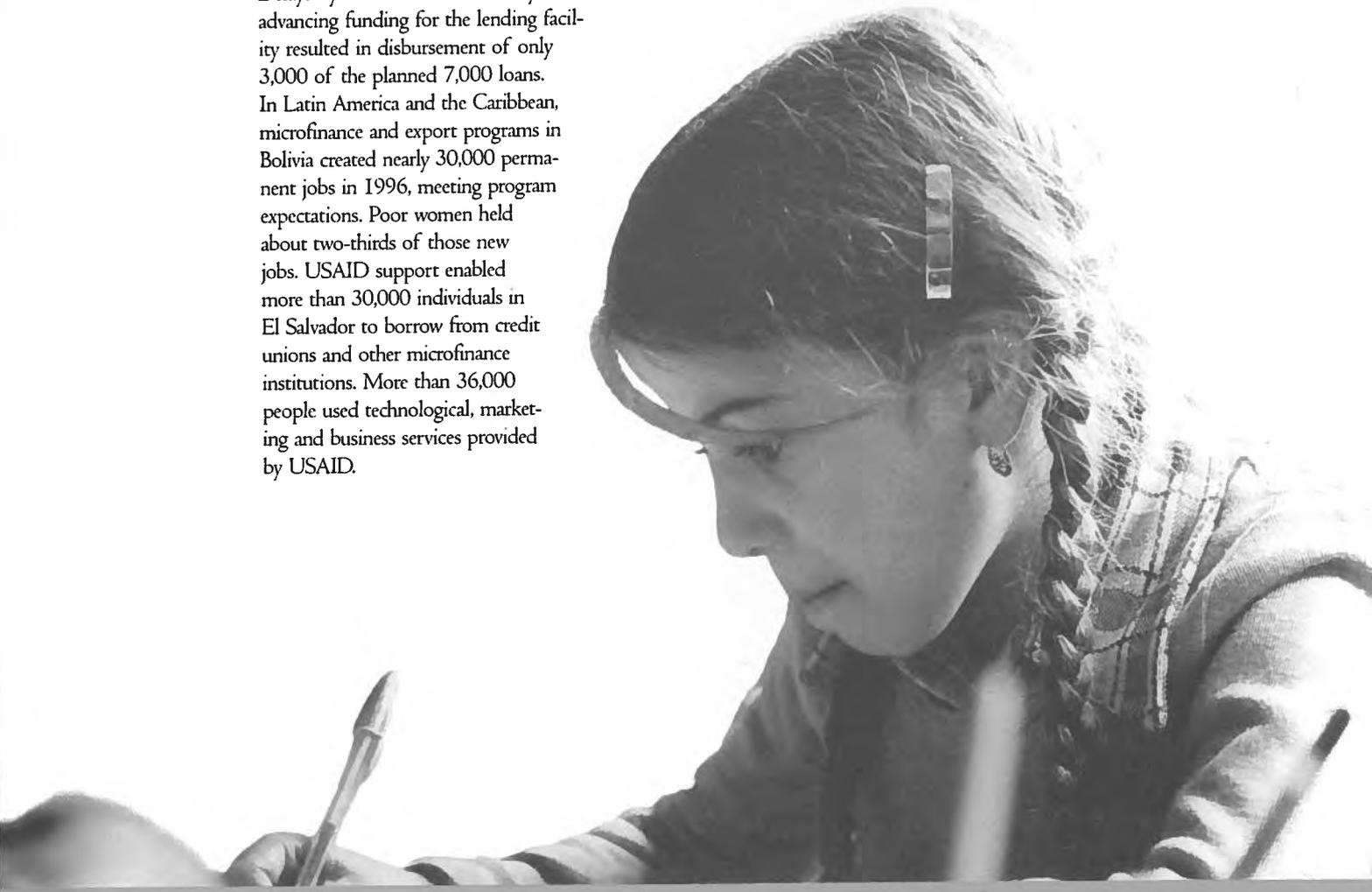
In the Dominican Republic, USAID helped provide loans for microentrepreneurs and training for workers and micro- and small entrepreneurs. More than 14,000 microenterprise jobs were created in 1996, of which 6,000 went to women. That exceeded the 1996 target. Almost half of those who received vocational and professional training were women. In Honduras, USAID helped expand access by micro- and small enterprises to finance. More than 71,000 loans were made to these enterprises. In 1996, almost 85 percent of all loans were made to female-headed enterprises.

Expanding and Improving Basic Education

Basic education is especially critical to development. Investments in universal primary education have been widely

recognized as a critical link to economic growth, reductions in poverty, improved health, lower fertility and enhanced status of women. Girls' education, in particular, is considered the most important investment a country can make to improve economic and social development. USAID works to ensure that developing countries give every child access to an effective primary education.

Sub-Saharan Africa has made great progress in education, but enormous challenges remain. Half of Africa's primary school-age children are not in school. Less than half of those entering first grade will complete their primary education. Many will drop out before they acquire minimal levels of literacy and numeracy. In most countries, far fewer girls enroll and stay in primary school than boys. Few sub-Saharan countries have higher than 60 percent enrollment. In Ethiopia and Mali, enrollment is below 30 percent.



USAID provides about 80 percent of its basic education assistance to Africa. During 1996, programs supporting basic education continued to aim at increasing access to education, improving school completion and promoting better learning and skills acquisition. In Guinea, the agency promoted

USAID support, more than 95 percent of all primary school teachers in Ghana were certified to minimum standards through courses in math and English. In South Africa, the Curriculum 2005 program introduced innovative curriculum and learning-centered teaching methodologies. In Malawi, the agency

South Africa; improving the school environment in Ethiopia, Malawi, Mali and Uganda; and providing instructional materials in Ethiopia, Ghana, Namibia, South Africa and Uganda. These interventions yielded significant results in access, quality and effectiveness. Results from 1996 indicate that children are staying in school longer and learning more. In Mali the student grade promotion rate reached 76 percent in 1996, compared with 64 percent in 1994. The grade repetition rate in Guinea fell to 20 percent in 1996, a 6 percent decline from 1994. The drop contributed to a small decline in the share of first-grade students in the primary school population, from 24 percent in 1995 to 23 percent in 1996. In Mali, the sixth-grade attainment rate rose from 41 percent in 1995 to 45 percent in 1996, just short of program expectations.

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reforms of the education system that encouraged the government to increase the share of the education budget devoted to primary education from 36 percent in 1995 to 38 percent in 1996. The share of education in the total Guinean budget continued to rise during 1996, reaching 26 percent. Overall, the primary enrollment rate increased from 44 percent in 1995 to 47 percent in 1996. That just exceeded USAID's target.

contributed to improvements in the quality of basic education by supporting teacher training. In 1996 nearly 61 percent of all teachers, up from 58 percent in 1995, possessed the required qualifications.

The agency is addressing school effectiveness by giving leadership training to school directors, head teachers and school management committees in Ethiopia, Ghana, Malawi, Namibia and

Other trends show improvements in access. More women are becoming teachers and teacher trainers, and the gaps between male and female enrollment and repetition rates are narrowing. As a result of USAID assistance in Benin, girls' enrollment rates rose from 50 percent to 52 percent and con-

But money alone is not the answer. Investments in education have to be used wisely. One of the major constraints USAID's educational programs in Africa address is lack of institutional capacity. In Ghana, the agency supported the government in rethinking its basic education program to emphasize decentralization. Included were support for community identification of education objectives and the use of fundamental quality-level indicators to monitor progress toward these objectives. Three other countries, Benin, Ethiopia and Guinea, adopted this model as a strategy for involving communities, improving accountability and increasing school effectiveness. Elsewhere in sub-Saharan Africa, several programs contributed to improvements in teaching and curricula. In 1996, with

In recognition of the links between education and social and economic development, USAID plans to include basic education as a sixth agency strategic goal in 1998: Human Capacity Development Through Education and Training. Increased equitable access to quality primary education will be a central objective of the new goal. The agency places special emphasis on improving educational opportunities for girls. The new goal also includes a second objective that seeks to enhance higher education's contribution to sustainable development. Results from activities under the education objective will be summarized in future reports.

tributed to an increase in the ratio of girls to boys. In Guinea, girls now represent more than 45 percent of all first-grade pupils, up from 38 percent in 1995. In Mali, girls' enrollment increased almost 15 percent in 1996, to 33 percent. Enrollment in primary school increased nearly 10 percent to just under half the school-age population.

In Asia and the Near East, many countries, including Indonesia, the Philippines and Sri Lanka, have made strides in increasing enrollment and completion rates. But Bangladesh, India and Nepal have major problems, with enrollment below 70 percent. Yet worse off are Morocco at 56 percent and Pakistan at 30 percent. In South Asia

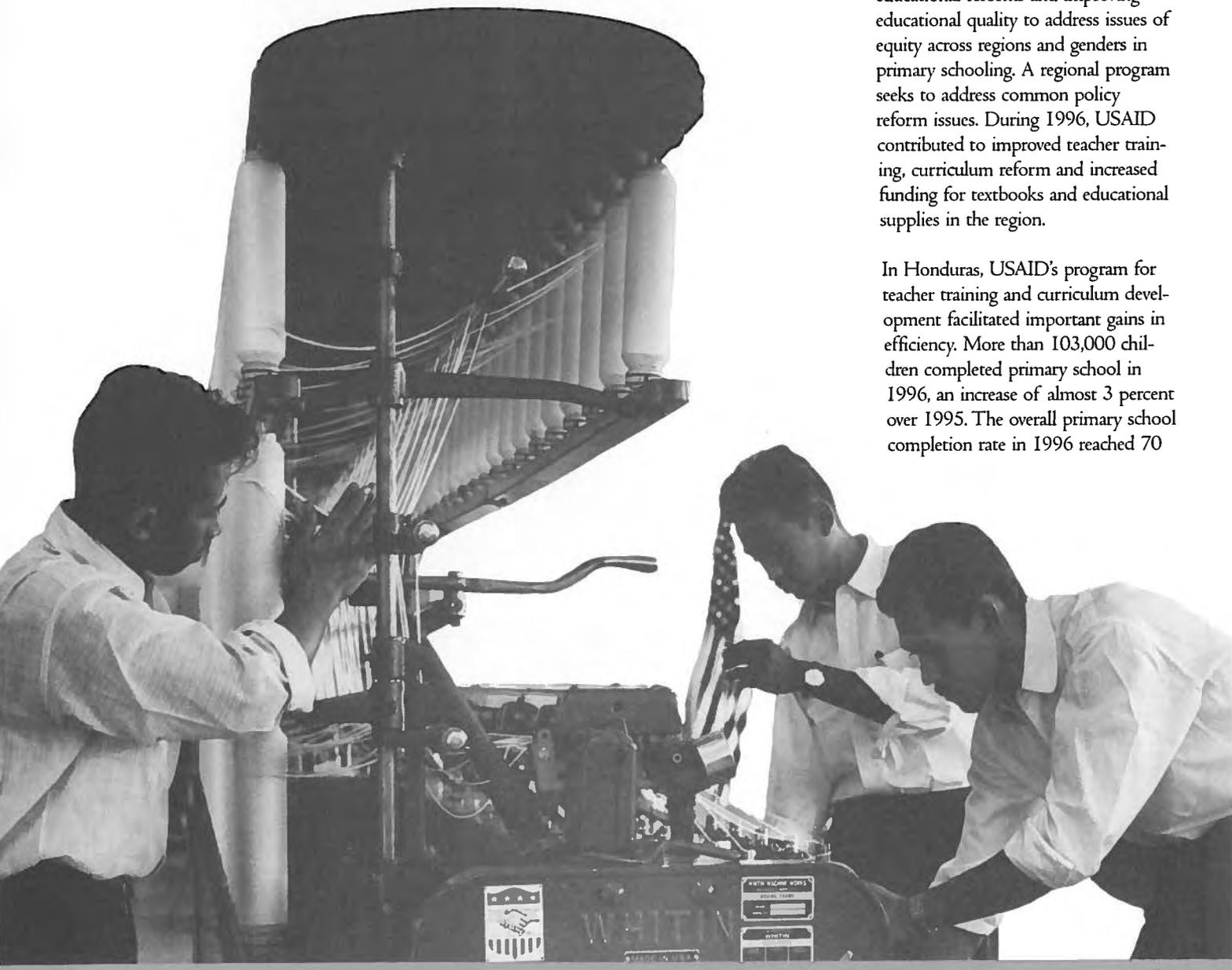
and the Middle East, girls are far less likely to attend school and complete a primary education. To redress gender imbalances, USAID basic education assistance to Asia and the Near East concentrates on girls and women.

In Egypt, in 1996 the Ministry of Education adopted several USAID-supported policy reforms that contribute to increased girls' participation. The permissible age for entry to primary school was increased from 8 to 9 years; for entry to preparatory school, from 14 to 18. One-room schools under the "Mrs. Mubarak Initiative" were opened to communities in the evenings for literacy classes.

The education picture is fairly bright in Latin America. In many countries, 90 percent of school-age children attend school, and with the exception of a few countries, girls are going to school and completing their education at close to the rate of boys. However, these statistics mask poor quality and unequal access. Although enrollment is high, only about 45 percent complete primary school, and repetition rates are very high. There are large pockets of underserved children, where schools are very poor and not serving students' needs — especially in Guatemala and Haiti.

In Latin America and the Caribbean, programs in Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Peru concentrated on educational reforms and improving educational quality to address issues of equity across regions and genders in primary schooling. A regional program seeks to address common policy reform issues. During 1996, USAID contributed to improved teacher training, curriculum reform and increased funding for textbooks and educational supplies in the region.

In Honduras, USAID's program for teacher training and curriculum development facilitated important gains in efficiency. More than 103,000 children completed primary school in 1996, an increase of almost 3 percent over 1995. The overall primary school completion rate in 1996 reached 70



percent. In Honduras, USAID's primary education program has made a significant impact on improving the quality of education. In 1996, standardized test scores in four subjects were about 15 percent higher than in 1995, exceeding program expectations.

dents are dropping out, and their scores may lower the average. Second, the Ministry of Education accelerated its program for expanding the primary education system to include pupils in the poorest and most isolated regions. These new entrants into the school sys-

the education of children and other areas of social and economic development. Together, these two case studies offer a good example of the diversity of USAID's activities to promote economic growth in the developing world.

Forty-five thousand jobs were created from the privatization of fertilizer distribution, but the impact was even more pronounced at the farm level, where the equivalent of 1.7 million new full-time jobs were created.

In Nicaragua, the agency supported teacher training to improve efficiency in the primary education system. The program exceeded expectations in reducing repetition rates among first-graders. Rates for the second, third and fourth grades fell just short of target goals but showed improvement over 1995. Overall, the primary school completion rate increased for both boys and girls and met program expectations. In Nicaragua, the agency's program supported development of improved primary school curriculum and teaching methodologies and delivery of textbooks and other materials to schools. These efforts contributed to a nearly 9 percent increase in standardized mathematics test scores in rural areas between 1994 and 1996.

In El Salvador, USAID supported the procurement and distribution of 100,000 newly designed sixth-grade textbooks and curriculum guides for language and math. Mathematics achievement scores increased and met expectations. By contrast, language achievement test scores fell short of targeted levels countrywide. Two factors may have contributed to lower test scores. First, fewer low-achieving stu-

tem may have brought down average test scores. The mission is re-examining the data to assess the accuracy of test score changes and determine the next steps.

Learning from Case Studies

Because most developing country economies are still largely based on agriculture, the performance of the agricultural sector is often a major determinant of overall economic and social progress. Many countries where USAID has helped establish an economic policy framework conducive to agricultural growth have recorded substantial gains. In Bangladesh a long-term policy reform effort paid off with enhanced food supplies, higher employment and greater real incomes for the poor. In the second case study, USAID's work in women's literacy in Nepal shows the impact of these programs on

Privatizing Fertilizer Distribution in Bangladesh

Beginning in 1978, USAID and the government of Bangladesh undertook two projects to improve fertilizer distribution through privatization over a 16-year period. When the program began, the entire fertilizer distribution system in Bangladesh was government-controlled. A large, government-controlled entity distributed all fertilizer through a network of 20,000 private retailers at set prices and locations. USAID initially provided assistance through a contract with the International Fertilizer Development Center. This center conducts international research and provides assistance in all areas of fertilizer use and private sector distribution. Later, the agency provided technical assistance and analysis to key officials, especially in the Ministry of Agriculture.

By 1985 some 5,000 wholesalers, selling to 60,000 retailers, had replaced the 20,000 appointed dealers. By 1992, the government was completely disengaged from the fertilizer market, prices were decontrolled, and fertilizer subsidies had ended. Today, 10,000 wholesalers serve more than 100,000 retailers. The privatized system is more responsive to market and customer needs, and prices are intensely competitive. Distributors make reliable deliveries, provide good service and anticipate farmers' needs. Competition is strong all along the marketing chain and in every part of the country.

Marketing margins are small, and distributors and dealers constantly seek ways to minimize costs. As a result of this enhanced efficiency, costs to farmers are considerably lower.

The effect on the people of Bangladesh has been dramatic. Fertilizer sales have quadrupled, from 750,000 tons in 1978 to 3 million tons in 1996. Before 1992, Bangladesh depended heavily on food aid and was never able to afford to import commercially significant amounts of grain. USAID support for privatization of the grain trade and the fertilizer business, coupled with expanded irrigation, has enabled Bangladesh to become largely self-sufficient in rice. It also made it profitable for Bangladeshi grain traders to buy \$115 million in U.S. wheat between 1993 and 1995. Forty-five thousand jobs were created from the privatization of fertilizer distribution, but the impact was even more pronounced at the farm level, where the equivalent of 1.7 million new full-time jobs were created.

Increases in rice productivity and production have raised the real incomes of the poorest segments of the population. This improvement is due primarily to a 30 percent decline in rice prices between 1972 and 1992. Surveys show that when the price of rice drops 20 percent in Bangladesh, 10 million more people move from inadequate to adequate daily caloric intake. In addition, the extra income secured by the poorest through the decline in real rice prices is spent on improving nutrition. Meat consumption increases by 75 percent, adult body weight shows measurable increases and the number of malnourished children decreases.

USAID technical assistance contributed significantly to the program's success. As issues surfaced, the International Fertilizer Development Center provided data and brought in experts from the United States who built credibility with

the government and the private sector. This was especially important because Bangladesh has traditionally resorted to statist solutions and relied on parastatals. Government decision-makers only authorized changes when they understood and supported them. A central element of the program was its reliance on data, analysis and demonstrated results rather than USAID-imposed conditions. Programs of this nature must be designed as long-term endeavors. Building support for far-reaching changes takes time. As a senior Bangladeshi official put it, "The reform process was not slow, it was gradual, and that is what ensured its success."

Women's Empowerment Through Literacy in Nepal

The tiny kingdom of Nepal is one of the world's poorest countries. Most of its 21 million people rely on subsistence farming to earn a living. The majority of Nepalese survive on less than a dollar a day. Nepal is one of two countries in the world where males actually live longer than females. Nepal's infant and maternal mortality

pared with 22 percent for women. School enrollment rates are also low, given the poor quality of the formal education system. In 1994 the enrollment of school-age children was 67 percent, with girls' enrollments trailing that of boys, 56 percent to 78 percent.

USAID has supported literacy education in Nepal since 1979. From 1991 through 1995, the agency funded a series of basic literacy courses for women in poor rural areas through partnerships with several U.S. private voluntary organizations such as World Education, Private Agencies Collaborating Together and Save the Children Federation. The courses provided women with reading, writing and math skills. They also generated awareness on issues related to health, nutrition, agriculture and the environment. Post-literacy courses were organized to reinforce literacy levels achieved, to change health and family-planning behaviors, and to raise awareness of women's legal rights. According to several assessments, the agency's emphasis on women's literacy in Nepal has produced significant results. Between 1991 and 1995, more than 260,000 women became literate through USAID training courses. That corresponds to an increase in female literacy from the 1991 baseline of 22 percent to 28 percent.

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rates are among the highest in South Asia. And its adult literacy rate of 40 percent is one of the lowest in region. The overall literacy rate for men in 1991 was more than 50 percent, com-

Beyond the increase in women's literacy, the following findings were corroborated by three separate assessments of USAID's Nepal literacy programs. These findings show the important

synergistic effects increased women's literacy has on social and economic progress. Women who participated in basic literacy classes responded more positively to other development interventions in health, agriculture and the environment. These women were more likely to take actions to improve the health and welfare of their families. Second, women participating in the literacy courses were significantly more likely to have children in school as compared with those not participating — 87 percent of women in the basic six-month program vs. 67 percent of women in a control group. Lastly, the proportion of women completing the literacy courses who monitored their children's attendance and performance in school was greater than that for women not receiving literacy training.

These studies also confirmed that one year after completing the literacy courses, the majority of women had retained skills in reading, writing and math and continued to use those skills in their daily lives. USAID's literacy work in Nepal demonstrates that the outcome of a literacy program has strong implications for achieving results in basic education as well as other areas of development.

The transition from planned to free-market economies in Central and Eastern Europe and Central Asia began with an economic decline as central planning ended. Of the 24 countries USAID assisted during the 1992-1996 period, only Poland achieved economic growth as early as 1992. By 1994, growth was rapid in four countries, Albania, Armenia, Poland and the Slovak Republic. By 1994, growth was also low to moderate in seven others, among them the Czech Republic, Hungary, Latvia and Romania. Remarkably, by 1996, growth was rapid in nine countries, and low to moderate in nine others.

Conclusion

Helping countries achieve broad-based economic growth remains a central challenge of development. In 1996, USAID's programs designed to strengthen markets, expand access and opportunity for the poor and promote basic education yielded significant results across all regions. In some cases, the performance of programs fell short of expectations, in part owing to overly ambitious goals. Often, though, the shortfalls were due to factors outside the agency's control. Country-specific factors, such as weather, political will

and institutional capacity, can often affect the success of assistance programs. Nonetheless, USAID demonstrated its ability to learn from unsatisfactory performance and revise programs and program expectations where needed. Overall, USAID's performance during 1996 continues to demonstrate that its strategy for achieving broad-based economic growth is sound and appropriate.



Preventing Crises and Helping Those in Desperate Need: Humanitarian Assistance

Natural disasters, war, famines, floods and accidents can occur at any time. These humanitarian catastrophes cause tremendous suffering and can erode years of development progress in minutes. America's long tradition of providing humanitarian assistance to those in great need is both a reflection of this nation's moral character and an investment in a more stable and prosperous world. By preventing and mitigating crisis, USAID is helping prevent crises from growing worse and averting the need to use U.S. military force abroad. Effective humanitarian assistance also lays the groundwork for societies to become more secure and stable — efforts clearly in this nation's long-term political and economic interests.

USAID's work in humanitarian assistance is designed to save lives, reduce suffering and further development. The agency is one of the world's leaders in working to prevent crises before they happen and in helping developing societies better plan and prepare for natural disasters. The agency is also developing innovative mechanisms to assist nations as they attempt to emerge from crisis. USAID's humanitarian assistance strategy is built around three objectives: reducing the potential impact of humanitarian crises, meeting urgent needs and helping establish the security and

institutions needed for nations to make the transition from crisis.

USAID's disaster relief programs provided food and other assistance to more than 28 million disaster victims in 1996. In country after country, the agency ensured that humanitarian assistance was provided rapidly and appropriately. By providing preparedness planning and setting up early warning systems, USAID helped countries avert the need for emergency assistance. Famine early warning systems in Africa averted serious food shortfalls in Chad, Ethiopia, Kenya, Mauritania, Niger, Rwanda and Somalia during 1996.

USAID has traditionally responded to natural and relatively simple man-made disasters such as floods, tropical storms, cyclones or the collapse of bridges and industrial accidents. Through 1989, 80 percent of the agency's Office of U.S. Foreign Disaster Assistance budget went to natural disasters. In recent years, however, the agency has responded to fewer natural and simple man-made disasters, largely because improvements in preparedness, technology and response systems have lessened the consequences of such disasters. Increasingly, however, the agency is responding to more complex emergencies: civil conflicts, large-scale social unrest, mass violence and large flows

of refugees sparked by these disruptions. By 1996, 90 percent of the agency's Office of U.S. Foreign Disaster Assistance funds were going to complex emergencies.

The growth in complex emergencies has posed innumerable challenges to the international community. These emergencies last longer, place humani-

to a veritable cornucopia of misfortune: 17 floods, two droughts, three epidemics, two tornadoes, 11 tropical cyclones, a cold wave, seven earthquakes, two mudslides, two avalanches, two fires and a host of situations involving civil conflict and refugees. The complex emergencies included Angola, Bosnia-Herzegovina, Burundi, Croatia, Northern Iraq, Rwanda,

Serbia, Sierra Leone, Somalia and Sudan.

U.S. private voluntary organizations and a broad range of non-governmental organizations carry out much of USAID's humanitarian assistance. These organizations are valuable partners with a wealth of on-the-ground experience in some of the most trying situations imaginable. A recent assessment by the Advisory Committee on Voluntary Foreign Aid found that the relationship between USAID and private voluntary organizations is significantly stronger than it was only four years ago, and the agency is deeply dedicated to continuing to build upon this already strong foundation of partnership.

By 1996, 90 percent of the agency's Office of U.S. Foreign Disaster Assistance funds were going to complex emergencies.

tarian relief workers directly in harm's way and often involve complicated issues of sovereignty and the potential use of military force. Clearly, as super-power tensions have eased with the end of the Cold War, religious and ethnic rivalries have sharpened in many parts of the world. The most common victims of the rise of complex emergencies have been innocent civilians: Armed conflict has resulted in the deaths of millions of non-combatants, devastated entire societies and turned tens of millions of people into refugees with scant means of earning a living and little hope of repatriation. Responding to existing complex emergencies — and preventing new ones from occurring — looms as a central challenge for the international community in today's world. It must also be noted that long-term development programs, which offer societies greater hope for broader economic and political development, remain a crucial part of a diplomacy of crisis prevention. In 1996, USAID responded to 18 complex emergencies, 47 natural disasters and four man-made disasters. The Title II Food for Peace program operated 30 programs, delivering emergency food aid in 18 countries, primarily in Africa, feeding more than 25 million people. USAID responded

Reducing the Potential Impact of Humanitarian Crises

Helping prevent crises, and lessening their impact when they do strike, makes for both common sense and good foreign policy. The agency has played a key role in developing effective preparedness planning, early warning systems and accident prevention programs around the globe. In its preventive efforts, USAID also closely monitors 47 countries because of their susceptibility to rapid destabilization or because they are in the midst of complex emergencies.

USAID is involved in a variety of efforts to predict and lessen the impact of natural disasters and to improve countries' ability to cope with crisis. As a result of the preparedness training for national and local governments and community groups, 13 Latin American countries are better prepared to cope with crises. More than 1,700 people were helped to establish community-based disaster preparedness organizations and trained in emergency response.

In the Caribbean, USAID supported a regional effort to help countries prepare





for natural disasters. The USAID effort introduced techniques of mitigation, including risk audits of such essential services as water, sewage disposal and electric power. The agency also works to improve insurance underwriting standards and improve building practices in the region. As the result of USAID's preparedness training in Latin America and the Caribbean, the United States has seen the cost of responding to natural disasters in the region decline significantly.

Programs to mitigate accidents reduce the incidence and impact of major industrial hazards or other technological accidents. In Mexico, India, Indonesia and Thailand, USAID supported emergency management offices to build local capacity and foster improvements in emergency response and planning. Community outreach is an important feature of these programs because it includes those most vulnerable to potential accidents in emergency planning, especially in mock tests of plans. This approach has now been replicated in other places — more than 3,500 participants have been trained in local accident mitigation and prevention practices, and thousands of citizens have participated in disaster drills.

In Africa, the Famine Early Warning System has been a major element of the agency's efforts to prevent crises in the region. The Famine Early Warning System monitors and provides information on weather conditions, crop production and food availability. Sources of information include satel-

Famine early warning systems in Africa averted serious food shortfalls in Chad, Ethiopia, Kenya, Mauritania, Niger, Rwanda and Somalia during 1996.

lite imaging and rainfall analysis as well as market and other on-the-ground data collection. African governments use this information to identify people at risk of starvation and malnutrition.

In southern Africa, the Famine Early Warning System supports the regional food security system of the Southern African Development Community by sharing information with the ministries of food, agriculture, and natural

resources. This information is critical to emergency preparedness plans and allows early action against the droughts and food shortages that plague the region.

During the past decade, the Horn of Africa has experienced enormous human tragedy, especially Burundi, Eritrea, Rwanda, Somalia and Sudan. USAID's Greater Horn of Africa Initiative works to avert further humanitarian crisis. It was established in 1994 as a partnership of 10 African countries in the Horn and international donors. It emphasizes African ownership of the process of restructuring economic and political relations. Under the initiative, weather and crops are monitored, information systems are being established, and countries in the region are working to be food self-reliant. For example, Ethiopia is selling its surplus crops to Kenya to help cover Kenya's food deficit.

USAID is experimenting with promising new approaches to conflict mitigation in Latin America. The

Program on Nonviolent Sanctions and Cultural Survival works to reduce conflict over natural resources in Latin America. It centers on ethnic and indigenous groups' concerns over development, land rights and natural resources management. The program aims to create collaborative, applied research centers that link into a global network. The program began in Ecuador, where ethnic groups are competing for resources. It addresses how

best to conserve the rich and biologically diverse natural environment of Ecuador and the Amazon region. The program aims to limit the detrimental effects of corporate use of local natural resources. Included in the program are activities to prevent and mitigate disputes over land tenure and use.

Meeting Urgent Needs in Crises

The most visible face of the agency's work in humanitarian relief continues to be direct assistance to those victims in dire need as a result of disaster and war. Speed is an essential element of effective humanitarian relief. In Liberia, a country with many ongoing needs, the United States was among the first to respond to the outbreak of bloody fratricidal fighting. In 1996, despite the fighting, the U.S. Embassy and USAID's Office of U.S. Foreign Disaster Assistance provided food, water, sanitation and emergency medical care to the tens of thousands of displaced people in the capital, Monrovia, many of whom were congregated in the U.S. Embassy residential compound.

In Bangladesh, USAID provided emergency supplies within 72 hours of a cyclone. Assistance went to 6 million vulnerable people — 40 percent of the population in 48 disaster-prone areas. Similarly, 4,000 families affected by a tornado received assistance within 48 hours, including first-aid treatment for 3,500 patients.

Several New Independent States received USAID emergency food and other aid in 1996 following cross-border and civil conflicts. In Armenia, USAID provided food for 100,000 vulnerable people. The agency also provided kerosene to 213,000 households for heating needs. In Azerbaijan, 145,000 internally displaced persons

and other groups received food assistance, 38,000 displaced people were provided shelter, and 350,000 received health care services. Through UNICEF, 5.5 million people were vaccinated for diphtheria, reducing the magnitude of an epidemic by 85 percent. In Tajikistan, USAID provided

ties. A large portion of food aid goes to the United Nations World Food Program, where it is jointly programmed with USAID to meet worldwide needs. USAID's emergency and humanitarian program in Angola has kept hundreds of thousands of Angolans alive during the civil war and

In Bangladesh, USAID provided emergency supplies within 72 hours of a cyclone. Assistance went to 6 million vulnerable people — 40 percent of the population in 48 disaster-prone areas.

food for 500,000 people, access to potable water for 40,000, health care services to 260,000 and shelter to 62,000.

USAID's Food for Peace program is the principal means for the United States to provide emergency food assistance abroad. Depending on a country's needs, food aid can be distributed directly to needy recipients, used in food-for-work projects to help restore infrastructure, or even sold in markets to raise money for local activi-

ties in the subsequent transition out of conflict toward peace. USAID programs continue to provide food to 300,000 people monthly. As a result, malnutrition in one area of Angola dropped from 15.2 percent in 1994 to 8.7 percent in 1996.

In Sierra Leone, 1.1 million internally displaced persons were targeted to receive food aid during the 1996 crisis. About 25 percent of that assistance came from USAID. In Afghanistan, Angola, Bosnia-Herzegovina and



USAID and other donors helped Guatemala demobilize almost 3,000 civil war ex-combatants and provide them with food supplies, medical treatment, basic literacy and civic education.

Rwanda, USAID has improved the targeting of food aid. Prior to the Taliban takeover in Afghanistan, women were actively involved in distributing food aid, ensuring that it was allocated fairly and to the most needy. In Rwanda, increased malnutrition has been averted by programs that feed orphans, malnourished children, pregnant mothers and other at-risk households.

Food aid needs in war-torn Sudan continued unabated in 1996. Food for Peace efforts reached a million people, distributing food in cooperation with local organizations. USAID helped local organizations plan and implement the food aid programs, increasing their ability to provide services. The program now focuses on fostering self-reliance.

Following a 1995 and 1996 drought in Zambia, USAID provided food to at-risk people, averting starvation. By using a market-led approach to distribution, USAID helped Zambian traders gain experience in managing substantial capital transactions. Lower market prices encouraged people to buy a variety of foods. One year later, maize meal prices have leveled off at half what they had been. Because markets were not disrupted during the crisis, Zambia was subsequently able to export more than 100,000 tons of maize meal to neighboring countries with shortages.

Helping Nations Emerge from Crisis

Helping people, societies and governments make the transition from emergency situations to greater stability and recovery is a growing component of USAID's investment in humanitarian assistance. These efforts not only assist in reconstruction, but are also helping societies that may have had no experience in democracy and governance begin to build politically viable systems. Addressing the unique

and plentiful challenges of nations trying to emerge from violence and chaos demands speed, flexibility and an innovative on-the-ground presence.

In Guatemala USAID played a key role in supporting that nation's historic peace accord that helped end three decades of civil strife. USAID and other donors helped Guatemala demobilize almost 3,000 civil war ex-combatants and provide them with food supplies, medical treatment, basic literacy and civic education. The agency supported vocational education, agriculture training, scholarships and other programs to help ex-combatants reintegrate into civilian society. Support of the peace process, along with the development assistance program, represents the best opportunity in a generation for Guatemala to address the underlying economic and social impediments to the country's growth.

In Bosnia, USAID's transition program facilitated the return of displaced persons and demobilized



soldiers to their communities. The effort also worked to stabilize war-damaged communities and provide work opportunities. Many of the 75 infrastructure activities in energy, water, transportation, education and health USAID supported have been completed or are nearing completion.

Community improvements include restored electrical power, rebuilt schools and health facilities, improved local water supply and repaired roads. USAID also provided almost 300 grants to civic and media groups to implement initiatives that reduce community tensions, cultivate democracy and promote basic political freedoms.

In Croatia, USAID worked to reintegrate displaced persons into Eastern Slavonia. These transition programs helped refugees repatriate, become citizens of Slavonia and receive legal services. However, these accomplishments are currently threatened by continuing ethnic tensions between Croat and Serb populations, a shortage of suitable housing to accommodate displaced populations and slow progress in reconstruction.

In Mozambique, USAID shifted from massive emergency food relief to transitional and developmental support. Resources were redirected to food-for-work and cash-for-work projects to rebuild critical infrastructure such as health clinics, agricultural posts, irrigation systems, roads and schools destroyed by the war. By monitoring overall food security during the transition, donors avoided creating disincentives to local producers.

In Haiti, the demobilization and reintegration of former military personnel helped reduce the short-term threat they posed to the transition process. Of more than 5,400 former army personnel registered for demobilization, almost 90 percent completed vocational training in 24 centers around the country. However, these accomplishments remain fragile because Haiti's

poor economic performance and uncertain political picture have precluded full reintegration.

In Angola, USAID has contributed to a successful transition from relief to recovery. The number of people who depend on emergency food has been cut in half — 400,000 a month down from 800,000 in 1994. More than 300,000 people have been resettled, encouraged by the provision of seeds and tools to families. New seed varieties are providing more nutritional food sources. In Angola, USAID's land-mine awareness program has reached 1.4 million people and trained 750 people in mine removal techniques. As a result, mine accidents have been reduced significantly, large areas of the country have been reopened to commerce and agriculture, and many refugees have returned to their communities. In addition, USAID helped demobilize 9,500 UNITA troops. USAID also supports a radio program in Angola, a daily half-hour Voice of America program broadcast by an independent FM station, Radio 2000, recognizing that independent sources of media are a vital instrument in easing social tensions and supporting reconciliation. Many Angolans believe the program is the most informative and unbiased source of information available in their country.

Learning from Case Studies

In recognition of the complexity of humanitarian crises in today's world, the agency has moved to link its resources with those of others in the international community to provide faster, more efficient responses to the people who need it most desperately.

These linkages — and how they have worked — are described in these two case studies. The example of emergency response in Rwanda reflects an innovative agency approach to improving short-term food security in a transition environment. USAID's experience in post-conflict Haiti offers valuable lessons for the transition from relief to development.

Food Security: Seeds of Hope

In 1996, more than 800 million people around the world were chronically undernourished, and more than 180 million children were severely underweight. Combating hunger and increasing food security are a vital part of USAID's assistance programs.

Enhancing short-term food security is one approach the agency uses to provide relief in an emergency response. Beyond providing immediate food aid to disaster survivors, USAID helps prevent loss of existing local food sources. In the past, attempts to stabilize food security in complex emergencies have been time-consuming and have not always reached the targeted groups. This problem can be made worse by ongoing conflict, mass movements of people and the destruction of infrastructure.

In Rwanda, because of the deaths of farmers and loss of agricultural labor and equipment after that nation's genocidal conflict, grain and root-crop harvests were down by 60 percent and 30 percent, respectively. In response, USAID's Office of U.S. Foreign Disaster Assistance initiated the Rwandan Seeds of Hope project to restore capacity for crop production. The project involved seven African countries, six international agricultural

research institutions, a dozen non-governmental organizations, several intergovernmental organizations and five bilateral governmental aid organizations.

The first initiative of its kind anywhere in the world, Seeds of Hope used the existing human and physical resources of the country. The project assembled appropriate seed varieties from national and international research programs, multiplied them in neighboring countries and delivered them to destitute farm communities that had lost their harvests and desperately needed seeds to recover. Many of the emergency relief PVOs and NGOs working in refugee resettlements in Rwanda received technical assistance on appropriate methods for seed multiplication, crop production and disease evaluation.

Through Seeds of Hope, USAID learned more about how an effective disaster response can result in improved productivity. The project was a catalyst for similar USAID-funded agriculture recovery initiatives in Angola and Sierra Leone in 1996, demonstrating impact beyond Rwanda. In addition, the Rwandan Seeds of Hope successes prompted USAID's Greater Horn of Africa Initiative Task Force to fund

Seeds of Hope II. The goal was to provide a pre-emptive capacity to respond to future disaster in the region. This development links the agency's short-term food-security measures in Rwanda to one of the agency's other objectives under humanitarian assistance — namely, crisis prevention.

Transition Initiatives: Demobilization and Communal Governance

As part of its humanitarian assistance programs, the agency has attempted to ease the transition to peace for the embattled citizens of war-torn societies by integrating democracy and governance elements into assistance packages. Haiti offered USAID its first chance to field test this approach. Beginning in September 1994, U.S. military units provided some limited governmental services to support the newly restored government of Haiti and engage that country's 6.7 million people in more participatory decision-making. The military role was short-term. USAID was asked to fol-

low up the democracy-building efforts by supporting demobilization of former Haitian military and police and development of local government projects in rural areas.

The agency's Office of Transition Initiatives worked with local citizen groups and the International Organization for Migration. The Demobilization Program had three specific goals: neutralize the short-term threat of the former Haitian armed forces; provide a breathing space from possible disruption by Haitian armed forces to allow other transition activities to occur; and lay the foundation for the eventual reintegration of the former Haitian military into Haitian society. The program worked with former soldiers to provide job training and counseling and reintegrate them into the community.

In contrast to the Demobilization Program, USAID's Communal Governance Program directed its attention to Haiti's civilian population. Initially, this program sponsored civic education events, such as painting public buildings and refurbishing town parks. Because of the scarcity of legitimately elected local governments at that time, program implementors generally worked directly with local citizens' groups.

However, early in the program it became apparent that Haitians were more concerned with securing tangible improvements in their quality of life than engaging in political dialogue. Accordingly, USAID shifted the program's emphasis into funding small projects such as construction and rehabilitation of community schools. During this later phase, USAID worked with people in each participating community to establish a community improvement council, which consisted of local elected officials, officials of communal sections, NGO leaders and community representatives. The councils set priorities,

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awarded grants and monitored projects. By March 1997, the program supported more than 2,300 projects in 122 of Haiti's 133 communes and counties. Some 1,500 municipal authorities and local leaders participated in training programs in 25 subject areas in basic governance and planning. In all, the program engaged more than 2,000 community groups representing 50,000 Haitians throughout the country. The program's wide popularity can be attributed to its ability to allocate and disburse funds quickly, adapt program design to current conditions and extend the reach of the program outside major urban areas.

Through the Communal Governance Program, USAID hoped to encourage Haitians to develop new ways to confront some of their long-term political and economic problems. As part of this process, the program aided the restoration of more effective local governance although serious challenges still remain in this regard. The program encouraged the Haitian people to move toward greater popular participation in governance: Each project required volunteer labor from the community. In many cases, participants offered more labor than was required. Community control and the concrete results of the projects reinforced participants' understanding of what they could accomplish through collective action.

The program also promoted greater decentralization of government as a first step toward improved political, social and economic development. The small scale of projects, with an average size of \$6,000, made them more manageable at the local level and kept maintenance costs relatively low. Program funding reached small communities in difficult-to-reach areas, demonstrating that even the smallest communities could benefit from communal problem-solving.

A major obstacle to implementing the program was the difficulty in soliciting

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NGO and civilian partners for the Demobilization Program. The soldiers resented being demobilized, and civilians resented their treatment by these soldiers. These resentments were major obstacles to reintegration of the Haitian military. Strong links between demobilization and community-oriented projects may help to resolve this tension in the future. A major reason for the success of this program, despite the chaotic environment in which it operated, was USAID's decision to work through the International Organization for Migration and local community groups. This removed potential political obstacles. Since it is an international organization not based in the United States, the International Organization for Migration was able to draw on a high level of credibility and familiarity.

Overall, the Community Governance Program offers lessons on how to conduct effective activities to promote democratic processes immediately following the cessation of violence in post-conflict societies. First, USAID found that civic education projects were not very effective and were not consistent with community wishes. USAID listened to its customers and recognized more effective options were available. Consequently, the agency moved toward communal projects. Program impact shows that in an impoverished setting such as Haiti, USAID can effectively pursue democratization efforts through

concrete, adequately funded activities that yield tangible results in a short time. Second, the strong U.S. military presence provided a security umbrella that permitted community actions to take place. It is doubtful the program would have succeeded in the absence of this security.

Conclusion

Every year, USAID provides humanitarian assistance to meet the needs of millions who fall prey to natural, man-made and complex disasters. Humanitarian relief helps fill the void in societies where people have fallen through the safety net or are in need because of poverty. Given the increasing call for humanitarian resources, there is a pressing need to protect investments by paying more attention to preparedness, prevention and mitigation of natural and complex disasters. USAID has been increasingly successful in implementing famine early warning systems and in responding to non-food-related natural disasters. In complex disasters affected by military, political, ecological and social forces, the international community needs to continue to increase its support for early warning and develop more effective mechanisms for preventive diplomacy.



Promoting Sound Environmental Management

Sound environmental management is a key to fostering long-term development. Productive lands and waters provide the underpinnings for equitable economic growth. A vibrant environment also represents a cherished heritage and resource for generations to follow.

Degradation of the global environment threatens the economic and national security of the United States. The United States is affected directly by the spread of pollutants, the use of toxic chemicals, the loss of biological diversity and changes in global climate. Furthermore, struggles over land, water and other resources can lead to instability and conflict, which can directly threaten U.S. interests. U.S. leadership is essential to promoting environmentally sound economic growth in developing countries.

USAID has five primary environmental objectives: conserving biological diversity; reducing the threat of global climate change; promoting sustainable urbanization and improving pollution management; increasing provision of environmentally sound energy services; and improving natural resource management. In 1996, more than 70 percent of USAID's field missions and regional offices pursued at least one environmental objective.

A country's commitment to addressing environmental degradation is often reflected in its laws and policies. Without such a commitment, efforts to improve the environment may be short-lived. To assess government commitment to national and global environmental concerns, USAID examined several indicators that measure existence of national environmental strategies and participation in international environmental treaties, such as the Convention on Biological Diversity. These indicators show that developing countries still need assistance to establish the enabling conditions for them to become good stewards of the environment.

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About one-fifth of USAID-assisted countries had high levels of government commitment to the environment. Many of these are in Africa and Asia. Close to half of USAID-assisted countries had medium levels of government commitment. The majority of countries in Latin America and the Caribbean fell into this category. Nearly one-third of USAID-assisted countries had low levels of government commitment. Most of these countries are in Europe and the New Independent States, including Central Asia, and few have any form of a national environmental strategy; however, many were beginning to develop such plans in 1996.

Conserving Biological Diversity

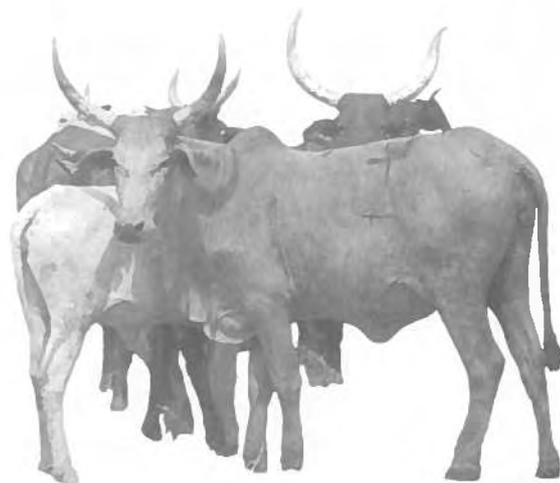
A significant proportion of the world's biodiversity is found in countries assisted by USAID. Conserving biological diversity helps preserve plant and animal species that offer potential solutions to major hunger and health problems: Nearly 90 percent of all new pharmaceutical drugs will be derived from unique natural resources. USAID works to conserve biological diversity by improving management of protected areas, promoting the sound use of biological resources and supporting conservation of genetic diversity.

In 1996, USAID supported a range of

research and legislation to help designate species-rich and unique habitats for legal protection. Once designated, management and monitoring plans were carried out to ensure that the areas did not become "paper parks" — protected areas that existed only in writing. Management plans included activities such as guarding parks and sharing park-generated revenues with neighboring villages. The agency also helped governments develop adequately trained personnel to manage these areas.

USAID promoted the sustainable use of biological resources both inside and outside protected areas. As a rule, the agency's development and conservation activities are built around encouraging income-generating activities for the poor that respect the environment. USAID also promoted improved natural resource management techniques such as agroforestry and community-based management activities to empower local groups to better manage resources. The agency's work in more than 14 countries led to improved conservation on more than 21,200 square miles of land. Furthermore, USAID's programs directed at rural communities helped more than 320,000 people in 16 countries adopt better environmental practices.

In Latin America and the Caribbean, the USAID-sponsored Parks in Peril program contributed greatly to sustained improvements in park



protection and management at 28 sites in 12 countries, covering more than 21 million acres. By the end of 1996, 14 of these sites no longer required USAID funding. In Guatemala, a 1996 study revealed that areas with project conservation activities had deforestation rates as low as one-fifteenth those of surrounding areas. A survey in 10 communities found measurable improvements in welfare for 88 percent of households that adopted the improved practices promoted by the project.

In Africa, most biodiversity programs targeted the sustainable use of biological resources. A smaller number addressed improved protected-areas management. For example, for the first time in Guinea's history, the government and rural communities shared responsibility and benefits from jointly managing a national forest. USAID helped 15 villages work with the government to develop a management plan for a 24,000-acre forest. Community involvement increased local interest in managing the forest and helped build civil society institutions. The participation of women in this partnership enhanced its overall effectiveness. In Asia and the Near East, the agency operated biodiversity programs in Cambodia, India, Indonesia and Nepal.

Not all of USAID's management programs for protected areas succeeded in 1996. In Bulgaria, for example, the bio-

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diversity program fell short because of the government's inability to fully honor its commitments. Nonetheless, it will be possible to continue national park-level organization and national coalition-building for reform at less ambitious interim targets.

Reducing the Threat of Global Climate Change

The greenhouse effect is caused by gases such as carbon dioxide that accumulate in the atmosphere and trap solar radiation, increasing the Earth's temperature. Current levels of carbon dioxide are the highest in 200,000 years and will soon reach double the concentrations of the pre-industrial age. If this trend continues, scientists expect that global temperatures will rise by 1 to 3.5 degrees Celsius over the next century. Such a temperature increase could have enormous economic, environmental, social and public health consequences. The economic and human impact of climate change will be felt most acutely in developing nations.

The agency addresses the threat of global climate change by reducing greenhouse gas emissions from energy use,

reducing net greenhouse gas emissions from land use and assisting adaptation to climate change. USAID energy and forestry programs in developing countries also help slow climate change. USAID promotes the use of efficient, renewable and clean energy technologies by supporting policy change, technology

reduced the emission of more than 670,000 metric tons of greenhouse gas emissions by improving efficiency and by supporting clean, renewable energy that replaced fossil fuels. The world's most populous region, Asia and the Near East was an important area for USAID global climate-change activities.

Current levels of carbon dioxide are the highest in 200,000 years and will soon reach double the concentrations of the pre-industrial age.

transfer and capital improvements. The agency collaborates with developing country partners to promote better demand-side management to reduce wasteful energy use and concomitant emissions. Some programs, for example, seek to reduce the demand for energy through the elimination of energy price subsidies. Selected USAID initiatives in coastal zone management, famine early-warning systems and drought and water management helped countries increase their capacity to respond to the effects of climate change.

USAID climate-change programs produced considerable results in 1996. USAID initiatives in six countries

The agency's greenhouse-gas mitigation program in the Philippines was an excellent confluence of both U.S. and Philippine government interests. By encouraging the use of cleaner-burning fuels, USAID stemmed the release of 53,000 metric tons of carbon dioxide equivalents in 1996 and helped encourage more efficient economic production.

In Europe and the New Independent States, climate-change programs addressed greenhouse gas emissions from energy use. In Poland, USAID helped establish three joint ventures with indigenous companies. The agency also introduced energy-efficiency procedures in five housing cooperatives. More than a hundred small and medium-size boilers were either closed down or converted to operate as heat exchangers. Among other pollutants, greenhouse gas emissions were cut by 17,300 metric tons annually.

The large cities and significant forest resources of Latin America and the Caribbean make this an important region for work in climate change. USAID targeted the Amazon basin of Brazil as the largest forested area where programs could help reduce the threat of global climate change. For example, four major logging companies adopted sustainable forest management plans in 1996.



Improving Urban Management and Reducing Pollution

More than half of all people in the developing world will live in urban areas by the year 2000, intensifying urban pollution and environmental health problems. In selected cities, USAID works to improve urban management and improve poor living conditions by financing needed housing, helping municipalities cope with sanitation problems and reducing pollution. The agency's efforts to improve environmental infrastructure and shelter through mortgages, small home loans and construction loans directly benefited more than 500,000 low-income households worldwide. The agency also helped 298 industries in 11 countries carry out measures to prevent and control pollution. This number far surpassed the 132 industrial facilities targeted in 1996.

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In 1996, USAID helped Indonesia increase access to piped water for 3.3 million people. The agency also leveraged \$200 million from the Asian Development Bank to support further USAID-designed improvements to the water-supply system. Forty-five percent of the urban population now has access to clean water, surpassing the agency's target of 41 percent. Recent studies

indicate that women in urban areas have benefited significantly from piped-water distribution and from other improvements in environmental infrastructure.

In Peru, a pilot program involved low-income urban residents, particularly women, in protecting health through solid-waste collection and disposal. Innovations included development of women-owned microenterprises in solid-waste collection, construction of model microlandfills with nationwide applicability, a household-waste sorting activity for community compost making, and one of Peru's first efforts to properly dispose of hazardous hospital waste.

The agency's urban programs were less numerous in Africa, where rates of rural poverty are high and urban-to-rural population ratios are low. Nonetheless, the continent does have the highest rate of urban growth in the world. In South Africa, one of the con-

tinents most urban nations, USAID programs helped make available \$100 million to provide housing and urban services for historically disadvantaged households. Nearly a quarter-million households were given access to shelter and urban services.

Europe and the New Independent States had a higher number of urban

programs than any other region. The programs were concentrated in pollution control and urban management. In a major industrial city in Russia, the discharge of nickel from a large medical-instruments facility was reduced by 60 percent after a system to trap and reclaim this toxic metal was installed. In another city, USAID helped implement several improvements in the air-management system that helped reduce emissions from stationary sources by 8 percent in 1996.

In the nine countries in Asia and the Near East where USAID has urban programs, access of city populations to sanitation services increased from an average of 63 percent to 80 percent from 1985 to 1993, the latest period for which data are available. The trend was less favorable in Latin America and the Caribbean, where the percentage of the urban population with access to sanitation services declined slightly, from 74 percent to 71 percent in the seven countries with USAID urban programs. Country statistics are mostly lacking or incomplete for the countries in which USAID operates in Africa, Europe and the New Independent States.

Increasing the Provision of Environmentally Sound Energy Services

By encouraging more efficient use of energy, developing countries can attain significant economic and environmental benefits. USAID encourages the use of efficient, renewable and clean energy technologies. Indiscriminate burning of traditional fuels such as oil, coal and wood increases global carbon dioxide emissions and compounds the greenhouse gas problem. The agency's strategy to increase the provision of environmentally sound energy services

stresses increasing energy efficiency, increasing the use of renewable energy and introducing innovative clean technologies.

In Asia and the Near East, the agency helped restructure the power industry in India to allow expansion of more efficient private sector production of energy. This yielded 330 megawatts of new independent power online. More than 10,000 megawatts of private power are under construction, representing \$10 billion in investments. Improvements in efficiency yielded gains of 1,750 megawatts annually. Energy production from renewable sources also increased, from 0.58 percent to 1.2 percent of total production in 1996, surpassing USAID's 1 percent target.

In Europe and the New Independent States, the agency emphasized market liberalization and industrial reorganization to bring about more efficient energy use and production. Despite USAID policy-reform efforts, progress toward energy reforms in Russia was slow in 1996. A regional task force issued recommendations for restructuring the power sector. But a monopolistic holding company mounted stiff opposition and continued to exercise its control over the power sector. The unsettled restructuring issues continue to discourage much-needed private

In Europe and the New Independent States, the agency emphasized market liberalization and industrial reorganization to bring about more efficient energy use and production.

Despite USAID policy-reform efforts, progress toward energy reforms in Russia was slow in 1996.

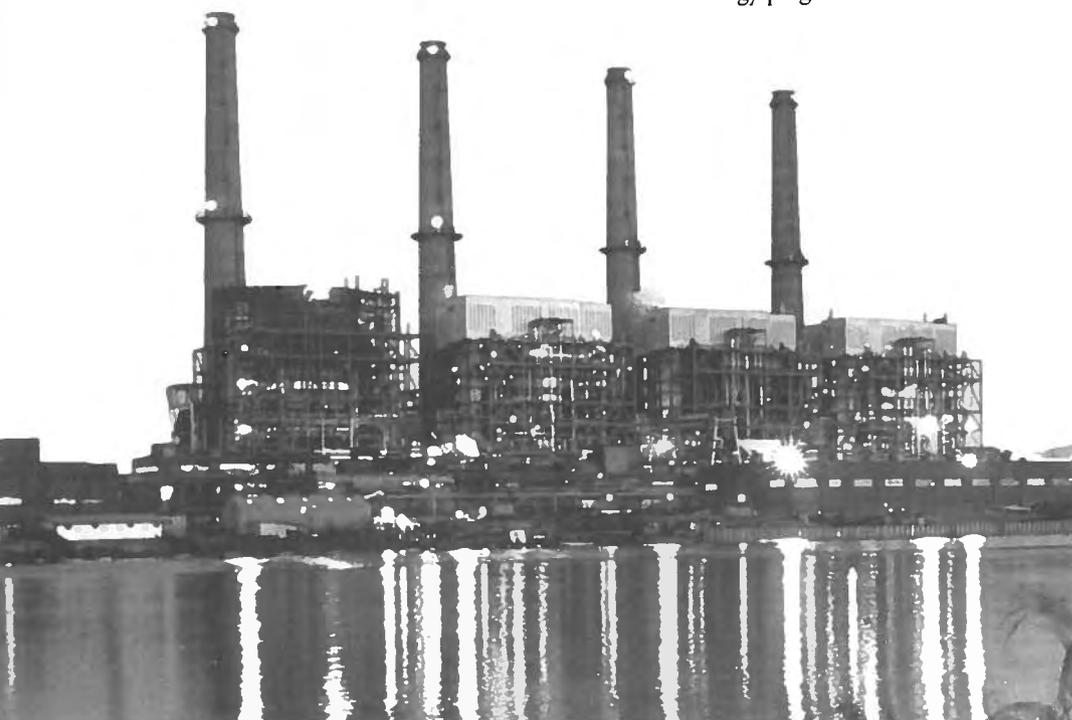
investment. Consequently, USAID is carefully examining its overall strategy to privatize the energy sector.

In Latin America and the Caribbean, USAID targeted renewable and efficient energy use. In Mexico 5,000 people benefited directly from the installation of USAID-funded renewable energy technologies; 10,000 more benefited indirectly. These numbers far exceed USAID's combined target of 7,000 individuals for 1996. Overall, USAID support for energy efficiency and renewable energy programs prevented the emission of more than 270,000 tons of carbon dioxide in Mexico. In Africa, with its largely rural population, only a limited number of energy programs were undertaken.

Promoting Sustainable Natural Resource Management

Rapid degradation of natural resources in the developing world occurs because of conflicts over their use, market distortions, extreme poverty, population pressures and inappropriate practices. USAID responds to natural resource degradation by strengthening national policies and institutions, fostering community empowerment and stewardship, and encouraging the use of appropriate technologies and practices.

From 1991 through 1995, the world lost an average of about 44,000 square miles of forest area annually. Most deforestation came as tropical forest loss. One of the largest overall positive trends for USAID-assisted countries is the transfer of forest management responsibilities from governments to local communities. This has led to improved forest management as local communities have the greatest interest in protecting their natural resources for long-term use. USAID has supported community management of forest resources in countries such as Guinea, Malawi, Namibia, Nepal, Niger, the Philippines and Tanzania.





Work to promote the sustainable management of forests generally includes developing and implementing forest management plans, introducing less intrusive harvesting techniques and promoting reforestation and tree nursery management. Water resources programs aim to diminish waste, encourage efficiency of use and manage demand through both policy and technological innovation. Integrated coastal zone management, a blending of sustainable use and conservation, involves such activities as developing coastal management plans, encouraging sustainable fishing and protecting mangroves.

Most programs in natural resource management in 1996 fell into the category of sustainable agriculture. Around the world, inappropriate agricultural practices and policies are undermining the productive capacity of land. Soil is rapidly losing fertility through erosion, pesticide contamination and other destructive forces. Overall, USAID programs contributed significantly to sustainable natural resource management during 1996. For example, as a result of the agency's programs in Bolivia,

Guatemala, Honduras and the Philippines, 3,200 square miles of commercial forests were placed under sustainable management practices. Because of USAID-sponsored work in eight countries in Latin America and Africa, more than 210,000 people adopted sustainable agriculture practices in 1996.

The agency's support in Bolivia led to the adoption of 22 environmentally friendly forestry practices, and Bolivia now has a million acres under sustainable management, surpassing USAID's target for the year of a quarter-million acres. These results were largely due to the high-visibility passage of a new forestry law and the better-than-anticipated market response to eco-certified Bolivian hardwoods, trees that have been recognized as being harvested in an environmentally sound fashion.

In Honduras an additional 11,600 families were added to the growing population who no longer practice destructive slash-and-burn agriculture. Almost 36,000 families, of which more than 2,000 are headed by

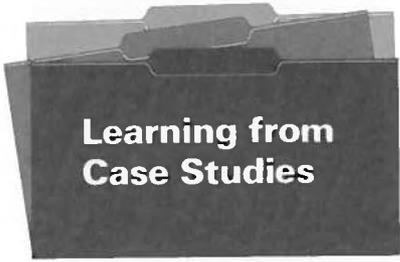
women, are practicing cultivation and land-use technologies that both conserve the soil and water-resource base and dramatically increase farm income. This number surpassed USAID's 1996 target by more than 15 percent. In Haiti, more than 130,000 farmers practiced environmentally sound cultivation and participated in activities to increase sustainable hill agriculture. This substantially exceeded USAID's target of 100,000.

Asia and the Near East have a diverse and well-balanced set of natural resource programs, with more water-management activities than any other region. In Nepal, USAID in 1996 helped organize more than 240 community forest user groups. Almost 54 square miles of forest land were formally turned over to these groups. Improved management of forest resources helped increase production of forest biomass in assisted areas by more than 64,000 cubic meters in 1996. That is 16 percent higher than planned.

Sustainable natural resource management programs in Europe and the

New Independent States are fewer than in the other regions. In Russia, USAID supported the growing of 420,000 new greenhouse seedlings in 1996. This was a 50-fold increase in the number of seedlings produced compared with the year before.

USAID's natural resource management portfolio in Africa emphasizes sustainable agriculture and community forestry. In Senegal, USAID's promotion of anti-salt dikes in the south significantly increased rice yields. Other highlights include improved practice of natural resources management and the positive influence of USAID partners on a decentralization law. The law will allow greater local participation in natural resource decisions.



Learning from Case Studies

This section reviews two long-term USAID efforts, highlighting both the potential for success and the challenges the agency faces in the environment. The first evaluation studies a project in the Czech Republic, where USAID learned valuable lessons in energy conservation in a country making the transition to a free-market economy. The second evaluation examines a regional environment and natural resources project in Central America. It provides a view of the complexity of addressing natural resource management issues regionally. Together, these evaluations point to the need to continue identifying and disseminating new approaches that protect people and the environment while promoting economic growth.



Energy Efficiency: The Czech Republic

Before the fall of communism, communist planners believed society's problems were best solved by cheap energy and subsidized prices for major industrial inputs. Little attention was paid to pollution, efficiency or related public health concerns. Remnants of this old approach to energy production and pollution can still be found in the Czech Republic today. The Czech Republic uses six times as much energy to produce one unit of gross domestic product as any of its Western European neighbors, and its pollution rates are between four and eight times the level of those in Western Europe. These disparities are driven by low energy prices that discourage efficient energy use, outdated equipment and the use of dirty fuels, such as low-quality brown coal.

USAID's program in the Czech Republic sought to increase energy efficiency to achieve greater economic growth by promoting the use of existing low-cost, quick-fix energy conservation technologies. The program also facilitated the increased use of improved management tools and practices, including energy audits and financial planning. The program also supported relevant policy reforms, such as more rational energy pricing. Whereas the agency emphasized energy conservation, the Czech government focused more predominately on pollution control through regulations and stiff fines that forced factories to move toward cleaner fuels and improved technologies.

In an effort to demonstrate that energy conservation works and is economically viable, the program targeted five pilot industrial plants: a dairy, a brewery, a wood products plant, a fabric plant and an auto parts plant. USAID investments

contributed to the completion of energy conservation measures at each plant. The immediate results from these activities can be measured both financially and environmentally. Financially, the benefits have been unambiguous. The payback period at which cost savings equal investment costs was less than 12 months for all but one plant. The financial rate of return generated at the plants averaged 122 percent.

Environmentally, the five plants saved nearly 400 metric tons of oil and approximately 17,000 metric tons of steam. These energy savings, valued at international energy prices, amounted to almost \$190,000 a year. Both the program activities and the positive results continued after USAID funding ended. At the wood products factory, when some steam valves failed, plant managers bought energy-efficient replacements with their own money. The auto parts plant also has an international partner, which has provided capital to upgrade the heating system and install more efficient production equipment. The story on replicability is not as positive. In the Czech Republic few mechanisms such as trade associations exist for sharing information beyond demonstration activities. Consequently, there have been virtually no efforts by other plants to replicate the energy conservation measures implemented at the demonstration plants.

The Czech experience provides USAID with some useful lessons about energy conservation. The business culture in which the agency introduces energy conservation measures is critical to the eventual impact of those measures. In the Czech Republic, the culture continues to support increases in outputs rather than reductions in production costs. That makes it difficult to promote energy conservation, which can be a major means of reducing costs, even if demonstration efforts show significant economic benefits. USAID's approach was to promote energy conservation as a spur to economic growth. Reducing pollution was merely an added benefit. The

In the Czech Republic, the culture continues to support increases in outputs rather than reductions in production costs. That makes it difficult to promote energy conservation, which can be a major means of reducing costs, even if demonstration efforts show significant economic benefits.

Czech government's approach was to reduce pollution through regulation and fines. The latter may be a stronger driving force in a business culture such as that found in the Czech Republic. The technology the agency introduces may be good, but without dissemination of information, replication of efforts by other plants will remain low.

*Regional Environmental and
Natural Resource Management:
Central America*

In the early 1980s Costa Rica had the highest rate of deforestation in Latin America, at 6.6 percent a year. Central American countries also are experiencing declines in fisheries, reduced soil fertility, a decline in coastal zone water quality, overuse of pesticides and other forms of environmental deterioration that are eroding the region's social and economic potential. From 1990 through 1996, USAID responded to these threats through the Regional Environmental and Natural Resources Management project.

The project had three major components: environmental policy initiatives; environmental conservation of biological diversity; and sustainable forestry and agriculture. Of particular interest was the inclusion of women in training activities and management positions. A common

theme of USAID's regional initiatives was fostering the wise use of natural resources through economically attractive activities.

The project's policy component produced a policy analysis process, documented in The Green Book Complex. The Green Book helps governments, non-governmental organizations and others understand the environmental impact of policies and guides reforms. USAID supported efforts to field-test this policy analysis package and process with non-governmental organizations across the region. This analysis package helped Nicaragua and Guatemala propose new forestry laws and Honduras' efforts to initiate agricultural modernization.

The project also helped train more than 25,000 farmers in improved agricultural practices. A majority of those trained adopted the improved practices. In addition, more than 100,000 farmers planted fast-growing multipurpose tree species during the life of the project. The project established and strengthened national and regional extension networks. These networks trained extension agents throughout Central America and provided them with information about improved forestry practice, pesticide use and sustainable agriculture.

The project also promoted a concerted Integrated Pest Management program. Efforts in integrated pest management seek economic gains through reduced costs for pesticides or increased yields

through improved practices and natural controls. As a result, more than 16,000 farmers, agricultural trainers, health professionals, homemakers and children received training in safe pesticide use. Central American regulatory agencies and educational institutions were linked to a Pesticide Information System that was established at a regional institution in collaboration with the U.S. Environmental Protection Agency. Laboratories in the region and producers can now measure and maintain control over pesticide residues in foods, a result clearly in the best interests of the United States. Two thousand physicians were trained in diagnosis and treatment of pesticide poisoning.

USAID designed the Regional Environmental and Natural Resources Management project to address regional issues. The activities were high-risk but with a potential for high payoff. They had economy of scale because of the regional approach. And they had results that crossed country borders. The Integrated Pest Management program highlights USAID's effort to use demonstrated economic gains as the means to improve natural resource management.

Conclusion

In 1996, USAID continued to achieve progress toward its goal of managing the environment for long-term sustainability. Although environmental degradation is continuing worldwide, the agency has been able to initiate and promote many activities in environmental management. In more than 50 countries, USAID helped strengthen environmental policies and institutional capacity, increase community stewardship of natural resources and facilitate adoption of improved technologies and practices to protect the Earth. Continuing to marry sound environmental policy with sound economic policy in the developing world will remain an important part of the agency's mission.



Advancing Democracy

Democracy offers citizens advantages and opportunities that no other form of government can provide.

Self-governance protects human rights, encourages informed participation, helps foster broad economic growth and promotes accountability. The numerous dramatic transitions from dictatorship to democracy around the globe during the last decade offer powerful testament to the growing popular demand for democracy.

By promoting democracy, the United States supports governments capable of being good allies able to enter into lasting trade and security agreements. U.S. support for democracy also serves as a vital tool in preventing instability and crisis in the developing world. Democracy serves as the cornerstone for nations hoping to enact sound development policies.

USAID helps build democracies in four ways: strengthening the rule of law and respect for human rights; developing more genuine and competitive political processes; increasing development of a politically active civil society; and promoting transparency and accountability in government institutions. In 1996, more than 80 percent of USAID's programs pursued democracy objectives.

In 1996, according to rankings by the independent Freedom House, the number of countries rated free increased from 76 to 79 – the highest number since the survey was launched in 1972. Despite a few notable setbacks in 1996, the level of democracy in USAID-assisted countries continued to improve. By using Freedom House country ratings from 1993 to 1996 to assess the state of democracy in countries that receive assistance, 14 advanced on the Freedom House scale, while seven regressed. Seven of the advances occurred in Africa, including Eritrea,

By using Freedom House country ratings from 1993 to 1996 to assess the state of democracy in countries that receive [USAID] assistance, 14 advanced on the Freedom House scale, while seven regressed.

Ethiopia, Malawi, Mozambique, South Africa, Tanzania and Uganda. Bosnia, Latvia, Romania, the Philippines, Mongolia, Haiti and Panama also improved their ratings. Freedom House also reported some setbacks among USAID-assisted countries. The ratings of Belarus, Kazakhstan, Slovakia, Niger, Cambodia, Lebanon and Ecuador fell. This pattern of democratic evolution demonstrates the need to avoid complacency in promoting democracy.

Strengthening Rule of Law and Respect for Human Rights

USAID provides assistance to countries seeking to create the legal foundations for democracy.

Establishing the rule of law protects citizens against the arbitrary use of state

With USAID assistance, Eritrea, South Africa and Uganda widely publicized and then adopted new constitutions in 1996 and early 1997.

authority and provides a level playing field for citizens, businesses and civic organizations. The agency also helps enhance the ability of the judiciary to ensure fair application of existing laws, stressing the importance of guaranteeing equal rights for women and the disadvantaged.

To strengthen rule of law, USAID and its partners help countries implement legal reforms, improve the administration of justice and increase citizens' access to the justice system. The agency recognizes that safeguarding citizens' rights requires more than just progress with political and economic legislation. For example, enhancing the skills and knowledge of members of the justice system contributes to a fairer application of the law.

USAID encourages countries to conform with international human rights standards. The agency works with governments to establish mechanisms

to redress human rights violations.

USAID also works with non-governmental organizations that monitor the protection of human rights and teach citizens about these rights. Such activities promote the protection of society's most vulnerable citizens and help prevent human rights abuses.

Rule of law programs in Africa concentrate on increasing citizens' demand for effective administration of justice through coalitions for legal reform. The Human Rights Commission in Kenya, supported by USAID, persistently confronted the government with documented evidence of police brutality. In response, the government formed its own Standing Committee on Human Rights to respond to those charges. With USAID assistance, Eritrea, South Africa and Uganda widely publicized and then adopted new constitutions in 1996 and early 1997. However, assistance to countries drafting constitutions does not always guarantee ideal results. For example, in Zambia amendments to the constitution undermined potential opposition



to the existing leadership. As a result, the U.S. government protested and reduced its assistance to Zambia.

In Asia and the Near East, the agency and its partners seek to increase respect for human rights in countries where rights remain inadequately protected. The rights of women are of particular concern in South Asia. In addition, USAID works in some countries to strengthen commercial law. Weaknesses in the law or its application can hamper both democracy and economic growth by encouraging corruption.

In Nepal, women's advocacy led to a supreme court decision to overturn existing inheritance laws because of gender bias. This outcome resulted in part from legal literacy programming that trained 44,000 women in 1996 in fundamental legal rights. With USAID support, the National Human Rights Commission in Indonesia publicized highly controversial human rights cases and opened a field office in East Timor.

In Europe and the New Independent States, the agency helped draft legislation required to implement newly enacted constitutions. New civil and commercial codes have been enacted in Russia and elsewhere with U.S. assistance. USAID helped organize a constitutional forum and provided material on comparative constitutional systems for those drafting the constitution in Ukraine. The constitution was adopted in 1996. In Croatia, USAID jointly funded a civil rights project in Eastern Slavonia to provide information and legal assistance with applications for Croatian citizenship. In 1996, more than 32,000 residents applied for citizenship, much higher than the expected target of 25,000.

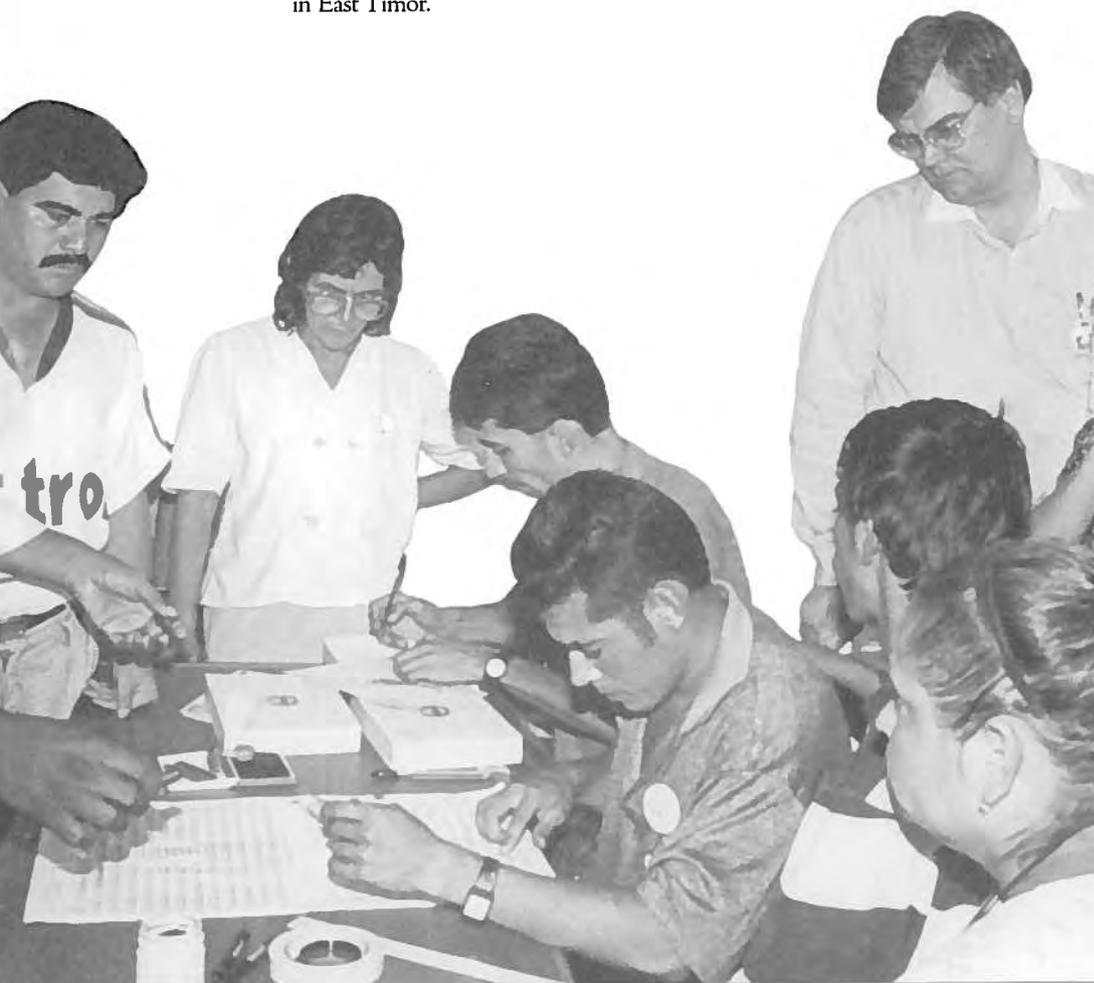
In some countries in the region, judicial review and genuine checks on executive power have emerged. In others, most notably Albania, Armenia, Belarus and Uzbekistan, attempts to establish a legal culture and respect for human rights have remained limited. Even in more

successful states, purely technical issues of legal implementation are often stymied by corruption, incoherent regulatory environments and societies accustomed to circumventing legal conventions to solve problems.

Justice and human rights programs in Latin America and the Caribbean include training of prosecutors, judges and public defenders and involve civil society advocacy and police training through a USAID partner. In Peru, USAID has provided support to non-governmental organizations and the government's ombudsman office. That office leads a special commission to recommend pardons for citizens unjustly detained or sentenced for terrorism. As a result of this assistance, more than 700 of the 1,700 prisoners estimated to be incarcerated unjustly on terrorist charges were released. In Ecuador, investments in the development of the justice sector began to show concrete results. With USAID assistance, the National Congress enacted legislation for the constitutional rights ombudsman and the Constitutional Court. Thus, for the first time since Ecuador's 1979 transition from military rule, the basic legislation for legal protection of constitutional rights is now in place.

Supporting Free and Fair Elections

Free and fair elections strengthen the foundation for democracy. Elections alone cannot guarantee democracy, but they do help the peaceful transfer of power and increase citizens' input into the political process. USAID and its partners help countries develop the necessary institutional capacity to organize and conduct elections. Assistance includes improving the ability of political parties to function in a competitive election. It also involves ensuring that citizens, especially



women and the rural poor, understand the electoral process.

In 1996, election support from USAID helped achieve free and fair national or local elections in Bangladesh, Benin, Bulgaria, the Dominican Republic, Ghana, Lithuania, Mongolia, Nicaragua, Paraguay, Peru, Romania, Russia, Senegal and Uganda. Conditions varied from post-conflict situations to the more routine.

In Africa, USAID provided election support that emphasizes improving electoral processes and increasing local capacity to carry out elections. In South Africa, USAID worked on conflict prevention in Kwa-Zulu Natal. The agency facilitated high-level political dialogue and provided extensive training on conflict resolution to 2,200 people from communities directly affected by violence. The agency also provided voter education and campaign training emphasizing non-violent methods of political participation.

In Niger, the agency funded the training of 800 election observers. These observers drew attention to the government's manipulation of the election and its placement of some candidates under house arrest. When the government declared victory, the observers confirmed that the outcome was fraudulent. The agency's Women in Politics initiative in Africa reported noteworthy results toward a target of increased integration of women in the electoral process. With USAID training, a women's group in Mali identified 132 potential female candidates for legislative and municipal elections.

Election support is not a major objective of the agency in Asia and the Near East. Nevertheless, in a few countries USAID and its partners have sought to strengthen monitoring, increase citizens' knowledge of the electoral process and improve election administration. The agency's Women

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in Politics program reported significant advances in the region. Support to non-governmental organization voter education efforts in Bangladesh helped ensure the largest voter turnout in that country's history. Seventy-four percent of the eligible population voted, compared with 55 percent in the 1991 parliamentary election. Female turnout almost doubled, from 45 percent to 80 percent.

With the collapse of the single-party state throughout Eastern Europe and the New Independent States, the new political leadership took advantage of a strong popular desire for contested elections and more accountable political processes. USAID has helped central election commissions throughout the region. Election-monitoring groups now observe ballot counting in the presence of international observers. Non-governmental organizations have begun to participate in formal electoral processes in ways once thought impossible. Voter education efforts in Romania, together with increased non-governmental organization activity, led to changes in the election law. The changes permitted domestic non-governmental organizations to monitor vote counting. This, in turn, helped legitimize the new presidential and parliamentary elections of 1996, which installed a genuinely reformist economic and political leadership.

Political parties, especially in the former Soviet Union, tend to remain highly personalized and structurally weak. This underscores the difficulties of creating a viable multiparty system under challenging social and economic conditions. In 1996, USAID succeeded in promoting the development of political parties during elections in Bulgaria, Lithuania and Russia. USAID provided support to Bulgaria with its first presidential primary. The electorate's direct involvement in the selection of presidential candidates was seen as a major success. The target for voter turnout in the presidential elections was met, rising for the first time in six years.

Most Latin American and Caribbean countries are now more capable of effectively administering elections. Accordingly, USAID emphasizes strengthening citizens' involvement in the electoral process. For example, USAID worked with domestic monitors in the Dominican Republic, El Salvador, Haiti and Nicaragua. USAID supported the October 1996 elections in Nicaragua. The assistance contributed to a process in which more than 75 percent of eligible citizens voted, more than the target of 60 percent. The elections, judged free and fair, brought about a peaceful transfer of power.

Supporting Civil Society

The value of citizen participation in a society goes well beyond elections. In a democracy, a politically active civil society creates a vital link between the public and decision-makers. Organizations, community groups and associations of citizens form a healthy counterweight to state power. USAID promotes the development of civil society by helping civic organizations improve their management and ability to influence public policy. Through civic education and support to the independent media, USAID helps create an environment that encourages greater citizen participation.

In Asia and the Near East, the agency and its partners help non-governmental organizations, coalitions and women's groups engage the public and authorities to bring about policy reform and political system change. In the Philippines, support to a marginalized coalition of fishermen enabled the group to campaign for a municipal ordinance banning commercial trawlers from municipal waters. The ordinance passed. Two months later, fish had returned to municipal waters in unprecedented numbers.

Virtually all programs in Latin America and the Caribbean aim to engage citizens more fully in politics. These programs range from support-

of a Latin American advisory board.

USAID continued to help citizens overcome the legacy of communist rule. Citizens in Georgia, Kyrgyzstan, Romania, Russia and elsewhere in the region organized to advance their collective interests through advocacy-oriented non-governmental organizations, community groups, political parties and labor unions. Even where the political environment proved less conducive to non-governmental organization development – such as in Azerbaijan, Belarus and much of Central Asia – citizens began creating more space for autonomous action. In Poland, USAID surveyed non-governmental organizations to determine the effect of organizational strengthening. Among Polish non-governmental organizations assisted by USAID, 77 percent had become self-sufficient.

Experiences in Eastern Europe and Central Asia also indicate some of the limitations of activities that promote civil society. In Kazakhstan, USAID assistance failed to bring about improved laws and policies enabling the right of assembly and association. The agency plans greater efforts in this area to overcome such difficulties.

Virtually all programs in Latin America and the Caribbean aim to engage citizens more fully in politics. These programs range from supporting non-governmental organizations that advocate democratic reforms to bolstering citizens' roles in decisions about how money is spent at the local level.

In Namibia, USAID helped improve the dialogue between citizens and the legislature. Activities to increase the accountability of the legislature to Namibian citizens included opening up legislative processes for greater citizen participation in policy-making. USAID has helped empower women throughout Africa by supporting more effective advocacy for legislation expanding women's rights. The agency also trained and supported female parliamentarians.

ing non-governmental organizations that advocate democratic reforms to bolstering citizens' roles in decisions about how money is spent at the local level. For a decade USAID worked with Florida International University to strengthen the media in Latin America. Consequently, the Latin American Journalism Center was established in 1996. Funded entirely by Latin American media organizations, the center in 1996 began training for professional media under the guidance

Promoting Accountability and Transparency in Government Institutions

Good governance is essential to development. Corruption, mismanagement and inefficiency rob tremendous potential from the people of the developing world. Accordingly, the agency works with countries seeking to establish transparency, accountability and participation in their government. To foster more transparent and accountable government institutions, USAID supports decentralization and local capacity



building, citizen access to government information, civilian control over the military, ethical standards in government and strengthened legislatures.

The predominant agency strategy in Asia and the Near East is to support decentralization, particularly by enhancing citizen and non-governmental organization involvement in local decision-making. Women's groups in Mongolia, supported by USAID, successfully lobbied for public access to the voting records of the parliament. This helped increase the transparency and

accountability of the legislature and facilitated greater citizen participation.

In Eastern Europe and the New Independent States, reform-minded officials appreciate the importance of decentralization to the economic and political transformation in their countries. At the national level, USAID has supported the development of policies that advance democratic decentralization. Through a combination of technical assistance, training and selected technology purchases, the agency has helped local governments in the region become

more responsive to citizens' needs. For example, in Bulgaria, USAID reported impressive progress in local government programming. A national mayors association was established. Municipal government lobbying helped shape a draft law on municipal finance and presented four unified policy positions to the central government. However, because the devolution of responsibility to municipal governments has not been accompanied by commensurate increases in decision-making authority, local government administrations throughout the region remain institutionally weak.

In Latin American and the Caribbean, USAID's activities are consistent with regional trends toward decentralization and intolerance for public sector abuse and impunity. In Honduras, participating municipalities are more responsive and effective as a result of U.S. assistance. Capital investment in basic infrastructure projects increased. More citizens participated in decision-making at the local level through open town meetings. In USAID-supported municipalities, the average number of inhabitants receiving water, sanitation and refuse-collection services increased from 17 percent to 30 percent.

In Bolivia, the National Congress changed its rules to officially include public hearings by congressional committees as a result of pilot public hearings supported by the agency. The revised rules require that at least one of the three weekly committee working meetings be a public hearing, allowing unprecedented citizen participation in the legislative process. These activities helped increase legislative efficiency and strengthen the voice of citizens. A regional anti-corruption effort in Latin America and the Caribbean is being carried out in consultation with multilateral donors to strengthen the transparency, independence and professionalism of financial management and audit institutions. Seven countries in the region have ratified the International Convention Against Corruption.

Learning from Case Studies

USAID has provided effective assistance to many countries undergoing political transitions. In a number of cases, however, democracy remains fragile and limited. As a result, USAID increasingly faces the challenge of helping countries stay the course

and broaden participation. The discussion of elections in war-torn societies illustrates the positive short-term effect of a coordinated international donor effort. At the same time, it cautions against elections assistance where short-term gains are unlikely to promote long-term democratic consolidation. The discussion of parliamentary assistance in Central and Eastern Europe confirms the necessity of political will and emphasizes that such will is critical in the initial stages of a program.

Elections in War-Torn Societies

Mozambique's experience illustrates the challenges of organizing an election and building democracy following conflict. In September 1991, when USAID's Democratic Initiatives project was first authorized, Mozambique was in its sixteenth year of a brutal civil war, with non-combatants the primary targets and victims. A year later, in October 1992, the warring parties signed the General Peace Accords,



which included a provision for general elections. The environment for elections was extremely problematic: Mozambique was suffering from famine and destruction; the nation had to resettle 1.6 million refugees; 3.7 million people had been internally displaced; and nearly 100,000 soldiers and their families had to be demobilized. In addition, the country had no prior experience with multiparty politics or competitive elections.

USAID's role in the elections was critical to Mozambique's electoral process. This assistance trained 52,400 election officers and 32,000 political party poll watchers and deployed them to 7,000 voting locations. It delivered ballots to remote areas and, following elections, collected any leftover materials. Most significantly, it taught the majority of voters the importance of voting and how the process was conducted. Fully 87 percent of verified registered voters cast their ballots in the 1994 presidential and legislative elections — evidence of the impact of this assistance.

Just as international assistance was essential to Mozambique, it was vital to the first elections in several other nations attempting to emerge from conflict. Without international assistance, elections would not have materialized in Angola or Cambodia. Ongoing conflict, lack of trust and paucity of resources made large-scale donor support a necessity. El Salvador and Nicaragua would have managed to hold elections, but continuous external monitoring and technical assistance made the elections credible. The Ethiopian elections, which received the lowest level of international involvement, were not judged as being as credible.

In the medium term, results were mixed. In El Salvador and Nicaragua, the opposition accepted election results, and a democratically elected government was installed. Since then, Nicaragua has held three rounds of elections, and El Salvador has held

two, the most recent in March 1997. These elections are a significant indication that democratic processes are taking hold. In Mozambique, too, democratic processes continue, but the country's lack of resources raises questions about its capacity to manage future elections on its own. Angola's election precipitated a return to civil war, although the parties later returned to the negotiating table. In Cambodia, a post-election compromise was reached because the loser did not wish to relinquish power. That compromise broke down during 1997.

USAID and other donors must carefully evaluate whether target countries are ready for elections.

In addition to elections assistance, joint donor efforts supported long-term democratic governance such as political party building and support for an independent media. Political-military movements, such as the Frente Farabundo Marti para la Liberacion Nacional in El Salvador and Renamo in Mozambique, transformed themselves into political parties. Centrally controlled ruling parties, such as the Sandinistas in Nicaragua and Frelimo in Mozambique, had no alternative but to become more open and broaden their bases. Privately owned radio and television stations opened in Cambodia, El Salvador, Ethiopia, Mozambique and Nicaragua. National reconciliation made significant progress. In the aftermath of their elections, El Salvador, Mozambique and Nicaragua continued to move toward reconciliation.

USAID conducted a full assessment to synthesize and disseminate the most valuable lessons it learned from electoral assistance following conflict. The study stressed the following precondi-

tions for successful elections: realistic election timetables, successful demobilizing and reintegrating of combatants, and the establishment of law and order. USAID and other donors must carefully evaluate whether target countries are ready for elections. Criteria for evaluation include the state's capability of performing essential functions, a working consensus among the former conflicting parties on the essential outlines of a system of government and a political commitment among former combatants to carry out the peace accords. Where these

conditions do not exist, USAID may consider interim alternatives that are less divisive and less likely to lead to a resumption of hostilities.

Parliamentary Assistance in Central and Eastern Europe

In 1990, the U.S. Congress sent a delegation to Central and Eastern Europe to find out how the United States could most effectively support newly elected parliaments. The members of these parliaments overwhelmingly reported that they were committed to instituting democratic change but lacked the tools and knowledge to do so. In response, USAID and Congress cooperated on a program to help the parliaments become more effective through strengthening their ability to access, disseminate and use information about legislation, legislative issues and

parliamentary rules and procedures. The underlying premise was that freedom and democracy are closely linked to information and that an informed independent legislature is a critical building block of a stable democracy.

Under an agreement with USAID, the Library of Congress and the U.S. House of Representatives Information Systems Office carried out programs in Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Romania from 1991 through 1996. Under the program, the United States provided parliaments with automation and telecommunications equipment, books and library equipment and technical assistance in designing research and information capabilities.

The program also helped create information units to perform background research, answer questions and monitor current events for legislators in Bulgaria, the Czech Republic, Lithuania, Poland and Slovakia.

In Albania, because the needs were so great, the agency also provided voting equipment, translation equipment, printing machines and a sound system for the legislative chamber. In all the countries, legislative staff and new members of parliament received training in legislative procedures, information management and the use of information equipment. Members also received political development training both at home and in the United States.

In all countries except Albania, new computer networks enabled all mem-

bers of parliament to review up-to-date materials. Two countries reported that before the networks were created, legislators had voted on incorrect versions of bills and had to rectify the bills later. Now, in Bulgaria, the Czech Republic, Hungary, Lithuania and Poland, legislators can find all essential documents on their networks. In two countries, the public now has access to parliamentary debates through World Wide Web pages.

In Albania, the time required to officially publish a law decreased from 90 days to two weeks, thanks to the new printing and binding equipment provided by the program. In Poland, legislators reported that the computer networks allowed them to cut the time needed to edit, print and distribute draft legislation from a week to

overnight. Likewise, the parliament reduced the time to prepare transcripts of parliamentary sessions from six months to overnight. The program also helped create information units to perform background research, answer questions and monitor current events for legislators in Bulgaria, the Czech Republic, Lithuania, Poland and Slovakia.

In Hungary, training led to amendment of the law on the legal status of members of parliament, more rigorous procedures for monitoring and verifying expenses and stronger conflict-of-

interest rules. In Albania, installation of electronic voting equipment made voting fraud more unlikely. Parliamentary spokesmen in Poland indicated that, as a result of the program, the parliament was for the first time generating more legislation than the government ministries. This made the parliament more independent and assertive relative to the executive branch.

The program made its strongest contributions in countries such as Poland, where legislative leaders understood and supported the program's goals. One lesson USAID has carried away from its parliamentary work in Central and Eastern Europe is the value of ensuring this kind of support before beginning such a program. In polarized environments such as that in Bulgaria, where parliament is divided by factionalism and legislators are suspicious of one another, the success of such a program will depend on USAID's ability to win endorsement and support by representatives of the factions.

Conclusion

During the last decade, communications have improved, citizens move around more freely, and democratic values and institutions have been promoted. All this has contributed to democratization around the world. In 1996, with assistance from USAID, many countries made important progress toward establishing or strengthening democracy. The results demonstrate the agency's growing experience in building sustainable democracies. However, the process a country undergoes on the path to democracy is slow and complex. Recent events in Albania, Armenia, Belarus, Cambodia, Peru and Sierra Leone remind us of the volatile nature of democratic transitions. Despite setbacks in some countries, the overall outlook remains very positive.





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