

IMPACT OF DELAYING USAID POPULATION FUNDING

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS FINDINGS THAT THE JULY 1, 1997, LIMITATION ON OBLIGATIONS IMPOSED BY SUBSECTION (a) OF SECTION 518A OF THE FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1997 IS HAVING A NEGATIVE IMPACT ON THE PROPER FUNCTIONING OF THE POPULATION PLANNING PROGRAM—RECEIVED IN THE UNITED STATES HOUSE OF REPRESENTATIVES JANUARY 31, 1997



FEBRUARY 5, 1997.—Referred to the Committee on Appropriations and ordered to be printed

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THE WHITE HOUSE,
Washington, January 31, 1997.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the authority vested in me by section 518A(d) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997 (Public Law 104-208) (the "Act"), I hereby find that the July 1, 1997, limitation on obligations imposed by subsection (a) of section 518A is having a negative impact on the proper functioning of the population planning program. Subject to a joint resolution of approval by the Congress to be adopted no later than February 28, 1997, as specified in section 518A(d) of the Act, funds for these activities may be made available beginning March 1, 1997.

Sincerely,

WILLIAM J. CLINTON.

**The Impact of Delaying USAID Population Funding
from March to July 1997**

**Justification for a Presidential Determination
on Section 518A(a) of the FY97 Foreign Operations, Export
Financing and Related Programs Appropriations Act**

January 1997

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I. Summary

Background. Section 518A(a) of the FY97 foreign assistance appropriations act provides that USAID cannot obligate FY97 funds for population assistance until July 1, 1997. This provision also requires submission of a Presidential finding by February 1 concerning the impact of the funding delay. The provision further states that if the Presidential finding indicates that the limitation is having a negative impact on the proper functioning of the USAID population program, funds may be made available beginning March 1, 1997, if Congress approves such finding by adoption of a joint resolution no later than February 28, 1997. Reflecting the agreement reached by Congressional leadership and Administration negotiators on the FY 1997 omnibus appropriations act, section 518A(e) provides for expedited consideration of the joint resolution, the text of which is included in the section and may not be amended.

This justification shows that the funding delay would have significant negative impacts on the proper functioning of the U.S.-supported international population program. Family planning service delivery and other supporting activities would be disrupted, administrative costs at all levels of the program would increase, and, most of all, the health and well-being of women, men, and children who are beneficiaries of U.S. assistance would be severely threatened. Urgent funding needs during the March-July 1997 period would total more than \$35 million. Programs most affected by the funding delay would have to suspend, defer, or terminate family planning activities. As a consequence, increases in unintended pregnancies and abortions would be inevitable.

The Role of Population Assistance in U.S. Foreign Policy. Progress toward global population stabilization has been recognized as vital to U.S. foreign policy interests for the past three decades. In 1969, in the first Presidential Message to Congress devoted to the subject, President Richard Nixon called population growth a "world problem which no country can ignore" and called for a cooperative response by the United States and other members of the world community. Since then, as reflected in consensus reports from a series of international conferences, countries around the world have shown they share common concerns that rapid population growth undermines economic and social

development, damages the health of women and children, contributes to environmental degradation, and impedes improvements in the status of women.

U.S. global population policy is based on the following principles and objectives: 1) promoting the rights of couples and individuals to determine freely and responsibly the number and spacing of their children; 2) improving individual reproductive health, with special attention to the needs of women and young adults; and 3) reducing population growth rates to levels consistent with sustainable development. To help achieve these goals domestically and internationally, U.S. programs emphasize voluntary family planning and complementary activities aimed at reducing child and maternal deaths; preventing the spread of HIV/AIDS and other sexually transmitted diseases; improving the social, economic, and political status of women; strengthening the family unit; and improving educational opportunities for girls and boys.

Recent international data show that global population is growing at lower rates due to successful family planning and related health and development programs which the U.S. has led over the last thirty years. Unless these lower growth rates continue to be reduced further, however, world population will double to over 11 billion by 2050. U.S. leadership in addressing this critical global issue continues to be essential.

The USAID Population Assistance Program. USAID has been the principal agency responsible for implementing U.S. global population programs. With bipartisan political support over the course of three decades, USAID has built up a comprehensive population assistance program, financing voluntary family planning and closely related health efforts in more than 60 countries with a combined population of over 2.7 billion people. USAID provides assistance through 95 bilateral and worldwide programs, which contribute to all of the essential interdependent elements of an effective family planning effort, including service delivery, contraceptive supplies, training for medical and other personnel, information materials, strengthening management skills, policy support, and applied research.

As a matter of longstanding law and policy of this and previous Administrations, USAID funds may not be used either to fund abortions as a method of family planning or to motivate any person to have an abortion. Both the Congress and the Executive Branch want to decrease the incidence of abortions, and voluntary family planning is the single most effective strategy to achieve this goal.

The Negative Impact of Delaying FY97 Funding From March Until July 1997. The U.S. government's international population program has already been severely affected by FY96 legislative

restrictions that delayed access to newly appropriated funds for nine months. The restrictions further required that population funds be made available only in small monthly installments ("metering"), beginning in July 1996. FY97 legislation continues these restrictions. As indicated below, a delay in availability of FY97 funds would further compound the negative consequences of FY96 restrictions.

A four-month delay in FY97 funding from March to July would translate into a reduction of \$123 million in funds available during FY97 out of the total of \$385 million appropriated by Congress. At least 17 bilateral and worldwide programs will have urgent funding needs in the March-June period, amounting to at least \$35 million more than will be available from remaining FY96 funds. If FY97 funds are delayed, these programs would need to suspend, defer, or terminate family planning service delivery and other critical supporting activities.

The consequences of the four-month delay for women and men who need family planning services now would be significant, and could never be completely overcome. The consequences would be increased unintended pregnancies, more abortions, higher numbers of maternal and infant deaths, and, of course, more births.

USAID has done everything it can to find ways to mitigate the damage, but even with shifting some funds within the population program, negative impacts would be enormous. Shifting funds from one population program to another (such as from training to service delivery or from one country program to another) would carry undesirable programmatic and political consequences, as well as significantly increased administrative costs. The management burden of coping with a possible delay in funding would be added to the administrative costs already resulting from the increased transactions and paperwork associated with metering of funds. These costs exceed \$1 million to U.S. taxpayers.

II. U.S. Population Policy and Programs

1. **Policy overview.** Rapid population growth undermines economic and social development in poor countries, outpaces investment in human capacity and infrastructure, damages the health of women and children, contributes to environmental degradation, and impedes improvements in the status of women. For three decades, the United States has encouraged international cooperation to address this issue around the world. With bipartisan support, these efforts have been aimed at contributing to a number of interrelated foreign policy objectives: protecting the Earth's environment, encouraging worldwide realization of basic human rights and standards of health; encouraging global economic progress and opportunities for exporting American goods and services; promoting international stability; and reducing pressures that lead to refugee flows and migration.

Under the Clinton Administration, the United States has worked to strengthen international consensus on behalf of an integrated and comprehensive policy approach to population stabilization. This approach stresses the interrelated nature of voluntary family planning programs; provision of services to improve women's health; reduction of maternal and child deaths; prevention of the spread of AIDS; improvement of the social, economic and political status of women; strengthening of the family unit; and improvement of educational opportunities for girls and boys.

This integrated approach was the principal outcome of the broad consensus reached by 180 countries at the 1994 International Conference on Population and Development, in which the U.S. government was an active participant. At this conference, the global community also agreed for the first time on the urgent need to mobilize substantially increased donor and developing country resources on behalf of population stabilization, within the context of national laws.

The overriding objective of these efforts has been to help families determine freely and responsibly the number and spacing of their children through support for voluntary family planning programs and related health services. These programs play a critical role in improving maternal and child health and reducing fertility, thus helping countries buy time to address other development challenges and improve their citizens' standards of living.

Recent international data show that global population is growing at lower rates due to successful family planning and related health programs which the U.S. has led over the last thirty years. Unless these lower growth rates continue to be reduced further, however, world population growth will double to

over 11 billion by 2050. U.S. leadership in addressing this critical global issue continues to be essential.

2. **Program overview.** The U.S. has been the leading donor for family planning in developing countries for over thirty years. USAID population programs currently benefit families in over 60 countries with a combined population of over 2.7 billion people. (See Appendix 1 for a current list of USAID-assisted countries.) The developing countries in the group account for over three-fourths of the developing world population outside of China.¹

USAID's program is built on principles of voluntarism and supports access to a full range of safe, reliable, modern family planning methods which have all been approved by the U.S. Food and Drug Administration for use in the United States. Since 1983, USAID has also been the principal donor in support of natural family planning. As a matter of longstanding law and policy of this and previous Administrations, USAID funds may not be used either to fund abortions as a method of family planning or to motivate any person to have an abortion. Close technical monitoring and annual independent audits of USAID programs ensure that funds are used for intended activities and not for prohibited purposes.

USAID population assistance is provided through two main channels: 36 bilateral programs, each designed around the needs of a particular country, and approximately 59 worldwide (or regional) programs, which provide a wide range of technical assistance, commodities, and other support across countries.

3. **Program impact.** The program has enabled millions of couples to choose the number and spacing of their children and has helped to slow population growth worldwide, as confirmed by recent international data. Principal beneficiaries of the program have been poor women and men with virtually no prior access to family planning services. By expanding the availability and accessibility of modern contraceptive methods, the program has reduced abortions and high-risk pregnancies, helping to save the lives of hundreds of thousands of women. Specifically, since the start of the program:

- The average number of children per woman in the developing world has fallen from six to four, in large part due to the efforts of organized family planning programs. As the largest bilateral donor, USAID has played a significant role in this achievement.

¹In this report, all references to the developing world exclude China. China is excluded from analysis because it does not receive U.S. assistance and because its size would distort the apparent effect of global efforts.

- Modern contraceptive use in developing countries has risen from under 10% to 35% today.

The Population Council estimates that without the organized family planning programs of the last three decades, there would be 500 million more people in the world today--almost twice the population of the United States. (See Figure 1.) In spite of this progress, over 100 million couples still have unmet needs for family planning services, and the momentum of population growth requires continued global cooperation in support of family planning efforts. (See Appendix 2.)

4. The consequences of reducing access to family planning services. Access to family planning is universally recognized as a key strategy to improve the health and survival of women and children. In addition, evidence from countries in all regions of the world shows that **increased contraceptive use, by reducing unintended pregnancies, plays a major role in reducing abortions.**

- This relationship has been well documented in multiple studies carried out in the United States and other industrialized countries, South Korea, Chile, and Hungary. Analysts are now finding a reduction in the rate of abortion as a result of increased contraceptive use in countries such as Russia, the Central Asian Republics, Mexico, and Colombia. In Russia, for example, use of contraceptives increased from 19 to 24 percent of women between 1990 and 1994, and resulted in a drop in the annual abortion rate from 109 per 1000 women to 76 per 1000 in the same time period, a 30 percent decrease.

Based on the well-established causal links between family planning and the health and survival of women and children, any reduction in access (or quality) of family planning services is likely to result not only in an increase in unintended pregnancies, but also in increases in abortions and maternal and child deaths. Even a temporary loss of services for women exposed to the risk of unintended pregnancy brings lasting consequences. As the remainder of this report documents, disruptions in family planning services and other critical supporting activities would occur if FY97 funding for USAID-supported programs is delayed from March to July.

III. FY96 Population Funding

1. FY96 population funding. For 30 years, U.S.-funded population assistance has received bipartisan political support. Funding for USAID's population assistance program reached a peak of \$548 million in FY95. The 104th Congress reduced FY96 funding

for population by 35 percent, to \$356 million. In addition, the appropriations act had an unprecedented restriction that delayed access to these funds until July 1996--nine months into the fiscal year--and further restricting the availability of funding to \$24 million per month (6.7 percent per month) over a 15-month period.

2. Program consolidation. During CY 1995, in anticipation of FY96 budget reductions, USAID began to reshape the population program through consolidating and cutting activities. This process was intensified during CY 1996. Setting priorities for making cuts was facilitated by the completion during 1995 of strategic plans for most Agency units, including clearly articulated objectives and results for USAID-funded population programs.

- The Agency began consolidating worldwide programs in a number of key areas such as: support for family planning through partnerships with private voluntary organizations (PVOs); breastfeeding; increased involvement of the private commercial sector; operations research; and data collection and evaluation.
- Activities within programs closely related to service delivery were protected, while greater cuts were made in social science research, publications, regional initiatives, and other activities with fewer immediate consequences for service delivery.
- Funding for multilateral activities was cut, and several smaller projects were designated for phase-out without renewal.
- Worldwide contracts and grants with U.S. institutions which provide essential technical support of field programs were protected.
- All programs were required to undertake and report on additional economies. Staff cuts and hiring freezes were instituted by USAID implementing partners. Other measures taken include consolidating trips, moving offices to less expensive space, sharing field office support staff, and cutting back on communications costs.

3. Delay and monthly metering of FY96 funds. In order to reduce disruption of critical programs as a result of the delayed access to FY96 funds, USAID made available prior year funds to meet urgent population program needs before July 1996. In addition, to address the monthly metering provision, USAID

disbursed funds to each of its population programs on a quarterly rather than annual basis. This was designed to minimize disruption of program activities, but it was accomplished at a significant administrative cost.

As a result of the FY96 population funding restrictions, only a limited number of programs can be funded each month. Programs therefore have had to draw down on reserves, and many are left with very limited cash balances or "pipelines."

As a direct consequence of this reduction in the availability of appropriated funds, a number of USAID-funded program managers have had to lay off service-related staff and avoid subcontracts and other long-term commitments -- with negative impacts on access and quality of services.

- Pathfinder, for example, the largest worldwide family planning service provider funded by USAID, cut back on long-term agreements with host country partners in FY96.
- AVSC International (Access to Voluntary and Safe Contraception), the second largest service provider among USAID cooperating agencies, reduced subcontracts with developing country partner institutions by more than 50 percent in FY96, and reduced short-term technical assistance activities by a comparable amount.

Bulk purchases of equipment, commodities, and supplies have been reduced, with attendant higher unit costs for the U.S. government. At AVSC, for example, such costs are estimated to have increased by approximately a quarter of a million dollars. All programs have had to allocate more funds to management of metering, thereby reducing funds available for services.

The full impacts of the FY96 restrictions are just beginning to be felt. The lag reflects the time that elapses between USAID's funding of programs, expenditures by program managers for activities, and use of expanded or improved services by clients and other beneficiaries at the country level. Still, the impacts of restrictions are emerging and will become increasingly damaging over time.

- For example, in Bolivia and Peru, countries with dynamic family planning programs, key USAID-funded service delivery activities have been reduced or frozen in place because of metering.

4. Increased inefficiencies and costs to the U.S. government of FY96 restrictions. The FY96 monthly metering restrictions on USAID population assistance are believed to be unprecedented in the administration of government funds. While

they might appear at first to contribute to closer oversight and more careful management of government funds, in reality they do not. The metering actually undermines effective program management; jeopardizes the availability and use of family planning services; and imposes unnecessary costs on U.S. taxpayers and USAID implementing partners.

- The number of separate actions to fund USAID worldwide agreements and bilateral programs is nearly triple what would otherwise be required. Each funding action involves dozens of communications among the various participants, including USAID country missions, USAID/Washington regional, technical, and procurement offices, and host country as well as U.S.-based implementing partners.
- USAID officers in the country missions are less able to focus on their technical oversight functions, which include responsibility for the Agency's child survival and other health programs. The population and health officer in Uganda, for example, has reported that because of metering provisions, he spent a significant portion of his time (over two hundred hours) last year working with computerized funding tables to manage population funding flows to the various components of the integrated population and health programs he oversees. This substantially reduced the time he could devote to critical AIDS prevention programs.
- In Bolivia and Ukraine, progress on planned activities has been more rapid than anticipated, allowing more clients to be reached and served. It will be difficult for USAID to take advantage of this success, however, because with metering there is little "pipeline" to permit a flexible response to changing field needs.

By a conservative estimate, developing and implementing the funding plan for FY96 alone required the equivalent of 27 full-time persons' effort, representing an opportunity cost to the government (and taxpayers) exceeding one million dollars. This estimate does not include the substantial additional costs of managing metering for the many U.S. universities, PVOs and commercial firms which are USAID's implementing partners.

- One U.S.-based implementing partner, AVSC International, estimates that administrative costs have increased by 12.5 percent as a result of metering. In the words of the President of AVSC, this effective organization is in danger of becoming "a showcase for bad management" as a direct consequence of these metering provisions.

IV. The Negative Impact of a Delay in FY97 Population Funding

1. **Urgent funding needs.** As is clear from the discussion of the FY96 program, USAID's population programs have drastically reduced funding reserves. If no FY97 funds were received until July, the population program would have available \$123 million less to obligate during FY97 than if funds became available in March.

While some programs will be able to continue with FY96 metered funds, USAID estimates that there is a shortfall of at least \$35 million in the March-June period which would make it necessary to cut or defer obligations to at least 17 out of the approximate total of 95 bilateral and worldwide programs. These 17 programs would need to suspend, defer, or terminate service delivery and other important supporting activities, directly affecting millions of clients. U.S.-based PVOs with worldwide service delivery programs will be among those most seriously affected, as will country programs in every region. Most service programs or other activities that would be deferred or terminated due to a delay in receiving USAID funds could be restarted. Many others probably would not be able to resume because of inadequate cash reserves to keep services and other activities going. Under the conditions of scarce resources in developing countries, if critical staff depart or if leadership or priorities shift, restarting a USAID-funded activity could be problematic and very costly.

Many programs beyond those immediately affected by the delay of funds would be damaged. If FY97 funds are first made available in July, a number of programs will not receive their funds until considerably later than July because of the metering. In addition, programs other than those with urgent needs in the March-June period will have important funding needs that must be met in July, August, and September. These programs would also be jeopardized if some of the metered funds that become available in the July-September period have to be used to make up the shortfall in the preceding four months. Finally, in the process of "robbing Peter to pay Paul," many more programs would continue to work with very constrained budgets and financial uncertainty, affecting their ability to respond to emergency needs such as contraceptive shortages, to plan ahead and make commitments for technical assistance and training, and to take advantage of unanticipated opportunities where a small expenditure could have a large payoff.

2. **Impact at the country level.** As noted earlier, while the combined effect of reduced overall levels, deferred budgets and metering is taking its toll on the entire program, there are a number of programs for which the FY97 restrictions are especially harmful. The following is a brief summary of the impact of funding delays until July on these programs. With few

exceptions, all of the countries listed below are experiencing rapid population growth, with annual rates of growth exceeding 2 percent. The exceptions are Turkey, where the annual growth rate is 1.6 percent, and Russia and the Ukraine, which both have low fertility but extremely high abortion rates.

Bolivia - Early in this decade, the Bolivian government made a strong commitment to expand access to family planning. With USAID funding, both the government and non-governmental organizations (NGOs) greatly expanded their delivery of family planning services between 1989 and 1994. This expansion in service delivery resulted in a 50 percent increase in acceptance and use of family planning by Bolivian couples. If funding is delayed until July 1997, USAID would have to defer ongoing population assistance to the National Social Security Medical System, jeopardizing services for 20 percent of Bolivia's population, and reduce support to local organizations providing family planning services to an additional 30 percent of Bolivia's rural population.

Haiti - By May 1997, the NGOs supported by the USAID population assistance program would need to start laying off staff, leaving thousands of poor Haitian women and men without family planning services. If funds are not available, the process of integrating family planning into CARE's child health and maternal care program and reorienting its well-established humanitarian relief program to development assistance would be delayed and possibly canceled.

Mexico - USAID helps support improved access and quality of care in public and private family planning programs in ten states. If funds are delayed, USAID-funded training in the public sector would be curtailed and NGO clinics potentially would close. One of the states receiving USAID assistance is Chiapas, where USAID-supported programs serve 70,000 people annually. Chiapas is the poorest state in Mexico and second highest in level of unmet need for family planning services. Under the current binational agreement, the government of Mexico has fulfilled its commitments to increase support for family planning, despite the country's economic crisis. If USAID cannot meet its funding commitments, not only would programs suffer, but US credibility would be damaged as would US ability to leverage Mexican resources in the future.

Guatemala - USAID is by far the largest family planning donor in Guatemala, and the only one providing contraceptives. If funding is delayed until July, many USAID partners, including the largest private provider, would have to reduce their family planning services. This

provider would close down its rural health promoter program, greatly reducing access to services for rural, indigenous women and children with the greatest health problems. In addition, USAID would be unable to fulfill its planned role in an agreement reached with the Guatemalan government to support the national program to reduce maternal mortality by 50 percent. This program is a component of the accord to end the 36-year civil war there.

El Salvador - As a result of FY96 funding delays and metering, the Salvadoran Demographic Association, a major USAID partner in reaching the poorest segments of the population, has had to reduce its family planning and maternal/child health services. Staff have been cut back, paid health promoters have been transformed into "volunteers," and a full service clinic has been downgraded to a satellite clinic. If further funding delays occur in FY97, these cutbacks would continue, damaging programs that served some 800,000 people between 1990 and 1994.

Dominican Republic - The FY96 funding delays forced USAID to reduce approved funding to four organizations that deliver the bulk of family planning services. The organizations have had to cut back a total of \$350,000 (10% of planned expenditures). Opportunities to increase male involvement in family planning programs and to train staff in institutional strengthening have been lost. Even the current lower levels of service delivery could not be maintained if funds were not available before July 1997.

Russia - Historically, abortion has been the major means of restricting family size in Russia, with the average Russian woman having between two and three abortions in her lifetime. Data for 1990 through 1994 show an increase in contraceptive use from 19 to 24 percent, while abortions have dropped from 3.6 million to 2.8 million. Continuation of these encouraging trends depends on further progress in support of training of service providers and introduction of modern contraceptive methods. Two of the largest organizations providing this support would run out of USAID funds between March and June 1997, jeopardizing programs to train service providers and provide 1.7 million couples with access to modern family planning methods as an alternative to abortion.

Ukraine - Because of budget cuts in FY96, progress has already been slowed in increasing use of modern contraception, a necessary step to reduce high abortion rates in Ukraine. If FY97 population funds are also delayed, the program of training in clinical reproductive health, contraceptive counseling, and prevention of sexually

transmitted diseases would not be able to expand as planned from Odessa to other major cities in the country.

The Philippines - Programs that would have to be deferred if there is a funding delay include training of government health personnel in natural family planning by Georgetown University and technical assistance for voluntary surgical contraception at 200 sites across the country provided by AVSC International. In addition, agreements with three local manufacturers providing oral contraceptives at reduced prices for social marketing might have to be deferred, making contraceptives less affordable to low-income couples.

Egypt - Rapid population growth is viewed by Egyptians as one of the principal obstacles to social and economic development. Egypt's national family planning program, where USAID has been the primary donor, has been extremely successful, increasing use of family planning to 48 percent of couples in 1995 from 30 percent in 1984. If there is no access to population funds before July 1997, USAID's central contract to provide technical and financial support for the program would have to be suspended. This disruption would not only affect the thousands of women and men now served, but would damage a program crucial to the future development and stability of Egypt.

Jordan - The Government of Jordan recognizes the need to make family planning services available to contain its rapidly growing population. To this end, the Government entered into an agreement with USAID for expansion of family planning services. Several important activities would run out of funding before June 1997. These activities include mass media information campaigns on the availability of family planning and the establishment of model family planning centers in the twelve governorates of the country. Approximately 500,000 couples who are current and expected users of family planning would be left with lower quality services, and many would have less access to correct information about family planning methods.

Turkey - USAID is planning to phase out its support for Turkey's family planning program in 1999. Training activities are critical to the sustainability of the program and its ability to expand family planning services for the over four million couples in Turkey who are not currently served. Johns Hopkins University is poised to provide additional training of trainers for nurses and midwives to expand greatly access to a full range of family planning methods. If funding is delayed until July or later, the resulting shortage of trained providers would delay access

to services for couples who need and want them, and threaten an orderly phase-out of USAID support.

Mozambique - The public sector network of health facilities in Mozambique has been devastated by 17 years of civil war. Mozambique has some of the highest maternal mortality levels in the world. The almost 4 million women of reproductive age and their families desperately need family planning services. The delayed funding would substantially reduce activities in four focus provinces with a combined population of over 6 million, including nurse training and development of more effective delivery of family planning and maternal-child health services.

Uganda - If FY97 funds are delayed, programs implemented by Pathfinder through four local NGOs will have to be suspended. These programs have recently begun to provide basic family planning services and community-level education on family planning, HIV/AIDS, and maternal health among a population of about 1.5 million. Programs to train and supervise 900 nurses and midwives implemented by Pathfinder International, the University of North Carolina and CARE in 13 districts comprising about 35 percent of the population of Uganda may also have to be suspended, as would information and communications programs implemented by Johns Hopkins University in 10 of these districts. In all these instances, if staff salaries cannot be paid while activities are suspended, staff are likely to leave, effectively terminating the programs. Supervision of voluntary surgical contraception activities supported by AVSC would also be seriously curtailed, as would the contraceptive social marketing program--the major source of condoms for the country.

Zimbabwe - Zimbabwe's population program is one of the most successful programs in Africa, with 42 percent of women using modern contraception, principally injectables and pills. Although USAID is phasing out of funding contraceptives in Zimbabwe, it remains the largest donor. If funds are delayed, USAID-funded contraceptives would not be delivered on schedule, resulting in stock-outs for clinics and community-based distributors.

3. Impact across countries. The funding delay would force difficult choices for U.S.-based private voluntary organizations (PVOs), universities, and commercial firms that provide technical support as well as funding and commodities to many different USAID-supported family planning programs.

Service delivery - Support for family planning service delivery activities is the core of USAID's population assistance, accounting for the largest share of all

population expenditures in FY95. Critical PVO service delivery programs, including CARE, Pathfinder International, and AVSC, would have to suspend or even shut down key activities if no FY97 funding is provided to them until July or later. AVSC, for example, would shut 70 percent of the family planning service sites it supports in Nepal.

USAID's natural family planning program, which has been implemented through a five-year cooperative agreement with Georgetown University, ends on June 30, 1997. If the funding delay is not reversed, the planned new agreement could not begin soon enough to prevent loss of Georgetown's trained staff and suspension of programs serving over 700,000 people annually, including in Bolivia, the Philippines, and Ecuador. USAID's natural family planning program, initiated in 1983, is the only significant program of its kind in developing countries funded by any donor.

Contraceptive supplies - Five U.S. manufacturers and their many subcontractors across the country have continuous production lines dedicated to the supply of contraceptive commodities to USAID family planning and HIV/AIDS prevention programs around the world. As the largest bilateral donor of contraceptive methods, USAID provided \$53.2 million worth of contraceptives to 80 countries in 1995. If a nine-month funding delay occurs in FY97, there could be serious contraceptive shortages across a number of countries in 1998--a gap of up to 50 million condoms, 4.8 million cycles of oral pills, and 500,000 intra-uterine devices (IUDs)--as well as potential loss of jobs at one or more of USAID's contraceptive manufacturers in Alabama, Michigan, New Jersey, New York, and Pennsylvania.

USAID's large-volume advance purchases enable it to procure contraceptives at low prices. The delivery of products for a given calendar year requires that contracts be funded in the previous fiscal year. Through careful management of metered funds in FY96, 1997 contracts have been funded to ensure continuous supplies of contraceptives through the year.

However, if FY97 funds are not available until July or later, USAID would be unable to fund all of the contracts for deliveries needed beginning in January 1998 without terminating additional field programs. The most directly and immediately affected would be the planned September 1997 contract for condoms. The \$8 million in population funds needed to fully fund that contract would constitute one-quarter of the metered funds available in September. If less than \$8 million were available because of the pressing needs of other programs, USAID would be faced with three undesirable options:

- A first option would be to delay the contract by one or two months until adequate metered funds were available. That would result in disruptions in condom shipments to field programs and require the manufacturer to lay off most of the 200 workers dedicated to USAID contract production.
- A second option would be to renegotiate the contract to allow for shorter-term, lower volume purchases. This option could result in higher unit costs and a loss of up to \$3 million to the U.S. government.
- A third option would be to fund the contract at the expense of funding other programs--such as family planning service delivery through PVOs or training activities--that are also critical for accessible, high-quality family planning services.

Training - Training programs supported by USAID play an essential role in making services accessible, safe, and responsive to client needs. Many training activities would be indefinitely deferred if there is a funding delay in FY97, including training by the University of North Carolina, Johns Hopkins University, Georgetown University, and Pathfinder International of over 4,500 service providers in Bolivia, Nicaragua, Brazil, Peru, Tanzania, Uganda, India, the Philippines, Turkey, and the Central Asian Republics.

Information and communications - Accurate and timely information is fundamental to informed decisionmaking by couples and to the success of family planning efforts at all levels. Potential family planning users need to know where to obtain services and how to use contraceptives correctly. If there is a delay in funding, however, information campaigns designed to reach millions of women in Bolivia, Ukraine, the Philippines, Kenya, and other countries would be slowed.

Research - Although contraceptive research and development (R&D) constitutes less than 5 percent of USAID's total population assistance program, it is critical to providing new and improved methods, achieving better understanding of current methods, and increasing the overall use of family planning. Research has shown that increasing the number of contraceptive methods available results in increasing use of family planning. USAID's research program is thus an integral element of USAID's comprehensive population program, and it contributes directly to reducing unintended pregnancies and abortions.

USAID has played a unique role among donors in support of contraceptive R&D and has been the primary donor agency concerned about methods appropriate for use in developing country settings, which private drug companies are not prepared to pursue because of the limited profit potential and issues related to product liability. The U.S. National Institutes of Health, understandably, focuses on methods for the U.S. consumer. While aimed primarily at methods for developing countries, USAID research has had direct and important benefits for American women and men, including the availability of the female condom, improved methods of sterilization for men and women, and extending the use-life of the Cu-380A IUD to 10 years.

Contraceptive R&D, especially the development of better technology, is a long-term investment that relies on consistent and continual funding, and long-term planning. The consequences of cutting off funding to ongoing projects would be felt for many years to come. For example, a simple funding delay to July 1997 would defer the initiation of a large scale clinical trial needed for USFDA approval of a new female-controlled barrier method and would slow down work on several other current leads, including methods that also provide protection against HIV infection and other sexually transmitted diseases. Furthermore, if some ongoing clinical trials need to be suspended because of funding delays, they would have to start over, wasting years of prior investment and the willing participation of participating physicians and study volunteers.

4. The human consequences. In reporting on global and country level consequences of funding delays, it is easy to lose sight of the human dimension. But clearly, the consequences for the clients of many service delivery programs supported by USAID would be immediate. The burden would fall most heavily on impoverished women and men who rely on these services, often with no alternatives. For example, in Nepal, where women average more than five children each, many women walk miles every three months to meet mobile health workers for contraceptive injections. In Kenya, Uganda, and Tanzania, with similarly high fertility, men are responding in increasing numbers to the opportunity to receive vasectomies. Millions more people like these depend on the programs supported by USAID.

5. Consequences for U.S. leadership and credibility. A significant delay in funding for a second year in a row would have an impact far beyond USAID's own programs because of the leadership role the U.S. has played. Even more than in other areas of development, other donors look to U.S. leadership in making their own commitments to population activities. In recent years, with U.S. urging, other donors such as Japan, Germany, and the European Union, have begun to take on additional commitments

for international population efforts, although their programs are limited in size and scope. There is a real danger that if U.S. programs are curtailed by the delay in funding and other restrictions, other donors will follow the U.S. lead and downgrade the relative importance they assign to international cooperation on population matters.

6. Increased inefficiencies and costs to the U.S. government of the FY97 funding delay. Because of a tighter overall budget in FY97, construction and implementation of a metering plan would be likely to result in even higher levels of management burden than in FY96, as well as continued diversion of attention from technical program oversight. With or without the delay, the effort required to keep programs going under "metering on top of metering" is enormous, and the risk of severe disruption of program activities at all levels is high. If FY97 funding is delayed, however, there would be even less capacity to shift funds among programs to make the FY97 metering plan workable. This would add further to the considerable administrative costs already incurred by USAID and its development partners.

V. Mitigation Measures

Recognizing the severity of the impact of a delay in FY97 population funding detailed above, USAID has explored every option to mitigate the impact of the legislation on the millions of people whose health depends on the services provided through USAID's population programs. These include: (1) shifting funds on a temporary basis among selected Agency population programs; (2) shifting funds from other development programs; (3) further termination of programs; and (4) approaching other donors to step in to meet urgent program needs.

1. Shifting funds on a temporary basis among selected USAID population programs. USAID has analyzed the current funds on hand of each of these programs; many have reserves that are already dangerously low compared to previous years. The Agency review of pipelines identified only \$15 million which could be shifted temporarily--through de-obligations or adjustments in FY96 commitments--without immediate negative impact on delivery of services or other ongoing programs. Funds shifted would have to be "repaid" later, however, so as not to jeopardize bilateral commitments.

Beyond a certain point, shifting funds causes undesirable tradeoffs, and the negative consequences outweigh the positive. While USAID could endeavor to minimize immediate impact on individual clients in the process of shifting funds among population programs, other negative impacts could occur that would undermine USAID's objectives. Retrieving funds that have

been committed under agreements with developing country governments entails reworking agreements which may have required months to negotiate through all of the relevant ministries and host country institutions. The reliability of the United States as a partner and U.S. ability to negotiate future commitments could be seriously affected. In addition, the management costs burden for USAID would significantly increase if funds were to be shifted among programs to cushion a delay in funds.

2. Shifting funds from other USAID development programs. Pursuing this approach would not be possible because of the large cuts in USAID's overall budget in recent years. Prior year, de-obligated funds for non-population programs have already been reallocated to meet urgent needs in other sectors. USAID would not want to weaken capacity to address other key components of the Agency's development strategy.

3. Further termination of programs. USAID, as noted in earlier sections of this report, has already made significant adjustments in its population assistance program to reflect new budgetary realities while continuing to provide the high quality, comprehensive population assistance program that has had such an impact on health and fertility to date. Congress has set a level of funding of \$385 million for FY97, and USAID has budgeted for effective use of this amount. Further termination of activities which would be supported at the Congressionally-approved \$385 million level simply to accommodate funding delays would not be prudent management.

4. Approaching other donors. With the State Department, USAID has undertaken concerted efforts since 1993 to work more closely with other donors and encourage them to allocate more resources to population-related assistance. While there has been some program expansion by several other donors recently, only a few of the 21 donors are currently projecting any substantial increases. USAID still provides over 45 percent of total population assistance from Western donor countries. And, while USAID has been working closely with donors to coordinate programs, especially in countries where USAID is or will be terminating its assistance, no donor is able to provide the emergency funding needed by USAID programs which are most immediately affected by the funding delay.

VI. Conclusion

USAID wants to implement the \$385 million program which Congress has approved for FY97, and it wants to do so in the most efficient and effective manner possible. The evidence presented here demonstrates the significant harm that would be caused by a delay of FY97 population funding until July 1997. The impact of reduced obligations in the period between March and July 1997

would fall heavily on those countries and programs where funds are running short -- and most heavily on the individuals immediately served by those programs. The delay in funding would also affect worldwide activities such as training, communications, contraceptive procurement, and research, thereby having a ripple effect throughout the program. Further, the delay contributes to the administrative burden and greatly increased costs already experienced at all levels of the population program in coping with the monthly metering of funds, and with no discernible benefit.

No alternative measures exist to eliminate the negative impact of this delay other than the legislative remedy created in the FY97 appropriations bill. Temporarily moving funds out of other programs would reduce the shortfall in funding somewhat, but would carry its own negative consequences. Harm to the individual women and men served by USAID-funded programs would be inevitable.

Advancing the monthly disbursement of population funds from July to March 1997 would make an additional \$123 million already provided by Congress available for obligation to the population program during FY97. A March start to metering would make adequate funds available to meet the urgent funding needs of a number of critical programs and allow all programs to avoid the delays, reductions, and suspensions of activities that they would otherwise carry out. In addition, earlier funding would enable managers to plan and make commitments to the partner organizations that are responsible for programs in the field.

USAID has demonstrated that it has the expertise and the experience to help meet the global population challenge and enable millions of couples in poor countries to build better lives for themselves and their children. The key missing ingredient is access to appropriated funds on a timely basis.

Appendix 1
Recipients of USAID Population Assistance in FY96

Africa

Benin
Botswana
Cote d'Ivoire
Eritrea*
Ethiopia*
Ghana*
Guinea
Guinea-Bissau
Kenya*
Madagascar*
Malawi*
Mali*
Mozambique*
Niger*
Nigeria
Senegal*
South Africa*
Tanzania*
Uganda*
Zambia*
Zimbabwe*
Population Subtotal:
426 million

Asia/Near East

Bangladesh*
Cambodia*
Egypt*
India*
Indonesia*
Jordan*
Morocco*
Nepal*
Oman
Philippines*
Sri Lanka
Yemen*
Population Subtotal:
1.508 billion

*Bilateral population programs.
A number are part of larger
integrated bilateral health
programs. Remaining countries
on this list receive assistance
through worldwide and regional
programs.

Europe/Newly Independent States

Albania
Belarus
Central Asian Republics:
 Kazakhstan
 Kyrgyzstan
 Tajikistan
 Turkmenistan
 Uzbekistan
Caucasus
Moldova
Poland
Romania
Russia
Slovakia
Turkey
Ukraine

Population Subtotal:
419 million

Latin America & Caribbean

Bolivia*
Brazil
Colombia
Dominican Republic*
Ecuador*
El Salvador*
Guatemala*
Haiti*
Honduras*
Jamaica*
Mexico
Nicaragua*
Paraguay
Peru*

Population Subtotal:
386 million

**Total Population in Countries
Receiving USAID Population
Assistance: 2.739 billion**

Appendix 2

The challenge ahead

Despite the progress that has been made, the need for assistance to strengthen family planning programs in developing countries continues to increase.

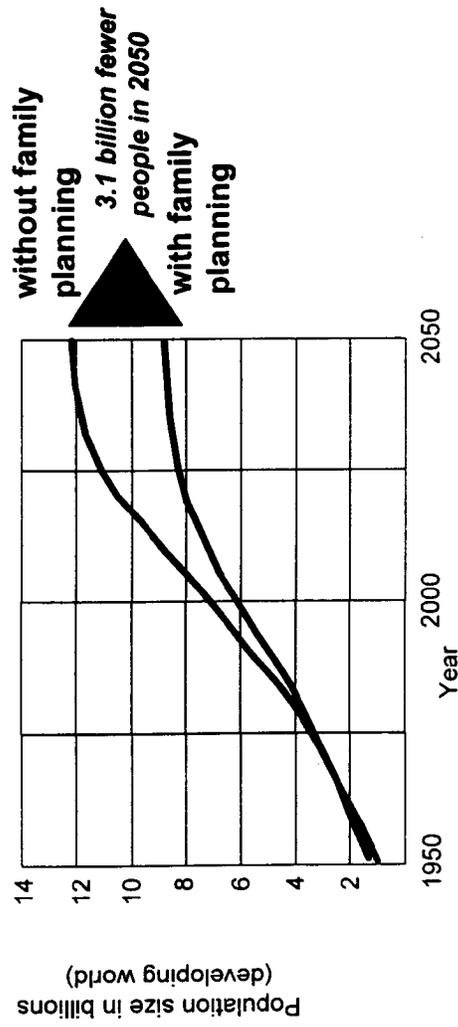
Although the world population growth rate has declined, about 81 million people are added to the world population each year. Developing countries are still growing at close to 1.8 percent annually -- a rate which, if continued, would double their population in 38 years. Both the United Nations and the U.S. Census Bureau project that without continued declines in the growth rate, the world population, currently 5.8 billion, will double to over 11 billion by 2050. Without significant fertility decline now, there will be large increases in the number of people and dramatic effects on their quality of life later on.

Equally important are the health consequences of lack of access to family planning services and high fertility. Data from Demographic and Health Surveys show that on average, infants born less than two years after a previous birth are twice as likely to die as those born after intervals of two or more years. According to the World Health Organization (WHO), almost 600,000 women die annually of causes related to pregnancy and childbirth, mostly in the developing world. Of the 190 million pregnancies worldwide each year, a high proportion are unintended. Surveys indicate that many women in every country -- more than 50 percent in some countries -- say their last birth was unwanted or mistimed. According to WHO, every year approximately 50 million of these unintended pregnancies, mostly in the developing world, end in abortion.

In responding to these demographic and health needs in developing countries, the global community faces a dual challenge. The first challenge is to **catch up with the current need for family planning**. Survey data show that over 100 million women in the developing world (excluding China) want to space or limit childbearing but are not using contraception, largely because of lack of access to quality family planning services.

The second challenge is to **keep up with emerging needs for family planning**. The number of women of childbearing age in the developing world (excluding China) is **growing by 21 million women per year**--roughly the total number of women of childbearing age in the states of California, Texas, New York, and Florida combined. As a consequence, the number of individuals at the peak of their reproductive years is the largest in human history, with serious consequences for population growth over the next generation.

Figure 1
Population Growth in the Developing World
With and Without Family Planning



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Source: Adapted from John Bongaarts et al., *Studies in Family Planning*, Vol. 21, No. 6 (Nov/Dec 1990).