

Complete List of USAID 2001 Strategic Objectives with NOT MET Self-Assessments

I. Africa Bureau

A. Country: Eritrea

SO Title: Increased income of enterprises, primarily rural, with emphasis on exports

Discussion: The purpose of this strategic objective is to improve incomes and expand employment in rural Eritrea. At the enterprise level, the main beneficiaries are businesspeople who receive technical assistance from the Rural Enterprise Unit (REU) established under the program and credit financing from the Commercial Bank of Eritrea. On one level, consumers benefit from a wider available range of goods and services, and in another, the nation benefits from the generation of hard currency from exports.

Overall, this SO did not meet expectations in 2001.

At the national level, a delay in military demobilization slowed the national economic recovery, on which a fuller response of the rural enterprise program depends.

The technical support that had been planned to complement the emergency credit program was not forthcoming, principally due to the difficulties encountered by the REU in replacing staff called up for national service. As a result, planned business development services (BDS) and export promotion targets were not met. Similarly, delays in securing the return of trained loan officers to the Commercial Bank of Eritrea further postponed improvement in the Bank's financial services.

Action Taken: To address the implementation obstacle of staff shortages, USAID organized meetings between senior government officials and representatives of registered private voluntary organizations (PVOs). The objective was to open a dialogue leading to a pronouncement by the GSE upon which the PVOs could base a more permanent, in-country presence. The number of international PVOs in Eritrea had increased to 34 following the last round of fighting and Eritrea's needs were transitioning from disaster response to reconstruction and economic recovery. The Government of the State of Eritrea (GSE) demurred from a public policy statement. Nonetheless, the PVOs were sufficiently assured of the government's appreciation and the need for assistance that 34 are still working in country. This acceptance by the GSE of a continuing role for PVOs is encouraging and may represent an expeditious solution to the human resource limitations that have plagued the implementation of the rural enterprise program.

B. Country: Eritrea

SO Title: Increased capacity for accountable governance at local and national levels

Discussion: This strategic objective aims to develop human potential for economic and democratic development in Eritrea through training and access to information through the Internet. At the request of the Government, this objective was changed in 2001 from the original strategic objective of increasing accountable governance at the national and local levels.

Government staff shortages caused by delays in demobilization, coupled with university management changes, seriously hampered this SO's performance under the university linkage and civil service scholarship programs. The pool of candidates was limited and the management changes led to delays in the selection of new participants, preventing the achievement of planned targets. The University of Asmara's Program Coordination Unit (PCU), responsible for managing scholarship initiatives, remained understaffed, with half its professionals still in the armed forces. The PCU was disbanded in 2001 and responsibility for university and civil service scholarship programs was transferred to the UoA's Office of

Strategic Planning. Simultaneously, the administration of existing UoA participants was transferred from a U.S. contractor to the University of North Carolina. These management changes led to delays in the selection of new participants, preventing the achievement of planned targets--only five faculty members were sent on new scholarship programs.

USAID did participate in the World Bank-led assessment mission to develop the Demobilization and Reintegration Program (DRP) in January-February 2001, the only bilateral donor to do so. Support was also provided for a private sector training needs survey of over 300 businesses. The data was incorporated into the DRP's Labor Market Analysis, which will be periodically updated throughout the duration of the project, with USAID and other donor assistance. Also due to delays in demobilization, USAID planned assistance to support the National DRP Commission was postponed; it is scheduled for implementation in spring 2002.

Development of the Internet led SO3 efforts in 2001. Four secondary cities were wired for connectivity, but a lack of telephone lines and privileged access for the Telecommunications Services of Eritrea (TSE) ISP customers prevented full Internet operations in those locations, thus that target was only partially met.

Based on a recently completed KPMG assessment, the Ministry of Transport and Communications received formal GoE approval in December 2001 to privatize the TSE, which currently holds a voice monopoly and is the country's sole Internet operator. The World Bank and USAID are planning to support this effort. The launch of cellular phone services under a joint venture in 2002 will further open up the telecommunications market. In addition, following consultations with USAID and the private sector ISPs, the MOTC rescinded telephone line surtax for Internet use, reducing costs and encouraging expanded access. These policy reforms will address certain competition and performance issues identified in several USAID-commissioned assessments and reports in 2001. Other reforms are planned, including replacement of domestic long-distance phone charges with a lower universal Internet charge.

C. Country: Ghana

SO Title: Increased effectiveness of the primary education system

Discussion: USAID continues to be a major force working for primary education reform in Ghana simultaneously at the national policy and at the community schools level and is expected to reach all of Ghana's 110 districts (it is currently in 65). The Quality Improvements in the Primary Schools (QUIPS) program is designed to bring about meaningful, sustainable reform of this sector. The education sector in general and the primary education sub-sector in particular have been identified by both Ghana and its development partners as both in critical need of reform and essential to any real and sustained poverty reduction.

Overall, the SO exceeded 2 out of 3 of its intermediate result targets and missed one.

In the area of learning achievement (an SO level result), 13.2% of Quality Improvements in the Primary Schools (QUIPS) program students passed the national criterion referenced Test in English compared to 9.6% nation-wide. While this performance falls short of the targeted 13.7%, the score was significantly higher than the average score in other public schools. One explanation for the half percentage point shortfall is that over the past two years the QUIPS program has tended to select schools in rural and educationally disadvantaged areas instead of including urban schools, as was done in early years. The result is an over-representation of weaker-performing schools. Since the achievement was 97% of the target, it was considered to have been met.

However, the Ministry of Education (MOE) has not performed well under Tranche III Phase 2 of the Non-Project-Assistance (NPA) Program, meeting only 1 out of 5 benchmarks. This lackluster performance reflects the MOE's limited management, planning and analysis ability.

Action Taken: Because of its poor performance, the MOE agreed to convert the remaining \$4.5 million in obligated NPA funds to Project Assistance. The Mission in turn will use these funds to support district grants and other new initiatives that arose from recommendations of the mid-term assessment. Meanwhile, the EU and the UK's DfID will provide technical assistance to the MOE to strengthen its planning and analysis capacity.

D. Country: Liberia

SO Title: Increased Food Security In Targeted Areas

Discussion: Liberia's food security initiative aims to increase food production with resulting income generation and job creation through provision of tools and high yield, improved planting materials and the introduction of better technology.

In 2001, site visits and grantee indicators suggested good progress with food crops. However the lack of technical advice and marketing problems adversely affected the small ruminant and tree crop components, which did not meet their target. Of the thirty-five community-based organizations targeted to receive 245 small ruminants (mainly goats), only 10 communities received 70 ruminants.

Since the Increased Cash Crop Income for Smallholder Farmers program was begun two years ago, grantees report that 915 hectares, owned by members of 136 community groups, have been rehabilitated or replanted compared to a target of 1,046 hectares. Last year, 417 hectares owned and operated by members of 69 community groups were rehabilitated compared to a target of 560 hectares, figures which have not yet been verified by USAID. Low prices due to a lack of formal marketing facilities severely hampered the program. Before the war, farmers sold their produce domestically to the Liberia Produce Marketing Corporation (LPMC), a Liberian Government parastatal. Currently, the Corporation is inactive due to lack of funds to rehabilitate its war-damaged infrastructure and facilities, and other marketing mechanisms have not yet been developed.

Action Taken: Results in this SO are encouraging, however, and USAID plans to put more emphasis on food crops with long-term success dependant upon addressing conflict issues and establishing security in rural areas. Proposed interventions may include addressing key policy constraints limiting the growth of sustainable agriculture and private sector growth. This program, aimed to be operational in FY 2003, is intended to lay the groundwork for a more sustainable approach to agriculture and rural development.

E. Country: Mali

SO Title: Increased value-added of specific economic sectors to national income

Discussion: This Strategic Objective, which intends to promote sustainable economic growth (SEG) in Mali, met or exceeded only half of its 2001 targets. For instance, as a major achievement in 2001, domestic cereal production grew to about 2.9 million metric tons, 24 percent higher than last year's harvest. Unfortunately, the value-added figures for cereals showed a decline and related targets were not met.

However, the 2001/2002 cereal balance sheet indicates that Mali will have an overall cereal surplus of 230,000 tons (including 54,000 tons in rice), following a deficit in 2000/2001 of approximately 140,000 tons. In addition, a major breakthrough was made on the marketing front during year 2001. Through the USAID-created marketing information network, more formal contracts are now signed between traders and more payments are now made through the banking system.

Action Taken: A new agriculture credit mechanism, bank loan guarantees provided through the Development Credit Authority, is being implemented in response to the lack of investment financing in the agribusiness sector. The program promotes increased access of small, medium and large agree-businesses to bank financing through a guaranteed fund that will cover 50% of the risk associated with

lending to enterprises in the agribusiness sector. USAID/Mali has signed agreements with two private banks as the implementing financial intermediaries of the program, potentially generating \$3,700,000 in guaranteed credit. However, there is simply not enough credit for agriculture and this remains a major challenge. The potential for expansion is enormous (235,000 hectares) but so is the amount of capital required for infrastructure (for irrigated land development and canal construction, over \$1 billion is needed).

F. Country: Mali

SO Title: Improved social and economic behaviors among youth

Discussion: This objective for Mali is divided into health and education. The health program works to improve health-related behaviors among youth through better service access and quality, service use promotion, and strengthened institutional capacity to provide services. The education program aims to improve educated related behaviors of youth through increased access to quality primary education and strengthened institutional capacity to provide services.

Overall, the health program was not able to meet the majority of the targets that were set for 2001. While contraceptive distribution and sales have been daily management issues, recent DHS data confirmed that little progress has been made in the health sector nationwide. USAID has introduced major course corrections in our program, in anticipation of "getting back to the basics" under the new Country Strategic Plan. For this, and given the one-year extension of the current Country Strategic Plan, only selected activities (family planning promotion, contraceptive security, HIV prevention, reproductive and child health training) will be continued. Others, specifically youth development activities, and field activities currently being implemented by PVOs, will be terminated at the end of the Cooperative Agreements (September, 2002). The Mission has determined that private voluntary organization (PVO) activities, as implemented under this program, are far too costly and too limited in coverage to have any significant impact on a national level. We have opted to invest in those processes and steps that are working or that still need to be developed to address deficiencies of the past. New elements (job aides for service providers, wide-scale malaria prevention, nutrition best practices, community-level services, behavior change approaches) will be introduced.

The education portion of SO1 met most targets in 2001, however community school programs still pose major challenges. In 2001, the gross enrollment rate for community schools was lower than the national averages. Furthermore, the access rate in community schools appears to be declining. Girls' access and enrollment in community schools are generally lower than that of public schools. To address these shortcomings, USAID will take two actions in 2002 and 2003. First, it will commission an independent study of USAID-sponsored community schools to determine the reasons for overall declining enrollment and poorer participation of girls. Second, rather than just continuing to expand the number of community schools, based on the findings of the evaluation USAID will work with its PVO partners to modify their interventions with community schools for improving quality.

G. Country: Mali

SO Title: Community organizations in target communes are effective partners in democratic governance

Discussion: Mali's democratic governance strategic objective aims to improve development decision-making and planning by community organizations (COs) through grassroots empowerment and to institutionalize the decentralization process. The objective met about half of its targets for 2001.

Overall program results are measured by the percentage of community organizations (COs) forming good partnerships with local government in delivering public services. The performance data for 2001 did not meet targets (43% compared to 60% planned), largely due to an expansion in local government (election of communal councils in mid-1999). Another measure is the percentage of COs pursuing specific issues

through systematic civic actions, as defined by a multi-faceted process of strategic planning and implementation. Here, performance was below the planned targets, with 41% achieved compared to 90% planned for target COs.

A major challenge in the program has been the ability to quantify achievements, as progress in capacity development is often judgmental. Qualitative assessments are made more easily, but are difficult to measure over time. Another major challenge for democracy at the local level is the transfer by the government of responsibilities to communities and local-level elected leaders who have not had the training and experience in effective governance.

H. Country: Mozambique

SO Title: Government and civil society are effective partners in democratic governance at the national and local levels

Discussion: Mozambique is a model democratic success in Africa, with a young multiparty democracy. USAID's focus long term is on building the basic institutions required to sustain democratic governance, through training and institution building for the parliament, courts and political parties and work with organizations of civil society to engage the government in dialogue about constitutional reform, judicial reform and legislative issues.

Progress under the Mission's democratic governance program continued on target in 2001, although not all targets were met.

Citizen expectations of government remained high while satisfaction with performance was mixed. Most citizens still defined democracy as an improvement in their socio-economic conditions, and yet believe their conditions have not improved, highlighting the importance of poverty reduction in solidifying democracy in Mozambique.

Also in 2001, a group of lawyers and interested citizens sponsored and widely disseminated the results of a USAID-financed nation-wide corruption survey, the first of its kind. This documented not only the pervasiveness and depth of petty corruption throughout the ranks of the civil service, the police, and the judiciary, but also the anger and latent violence voiced by the citizens who face this corruption daily.

Action Taken: In August 2001, leaders from Mozambique's legal, academic, judicial, and social communities founded Ethics Mozambique, a non-governmental organization whose aims include keeping the pressure on the government to effectively tackle corruption. New indicators have been developed, and baselines established, to measure the success of the Mission's expanded efforts to help Mozambique - both the government and civil society -- fight corruption effectively.

I. Country: Nigeria

SO Title: Improved Management of Critical Elements of the Infrastructure and Energy Sector

Discussion: This strategic objective supports Nigeria's efforts to rehabilitate its energy, aviation, and port sectors, which have suffered from the same mismanagement and neglect as the rest of its economy. Despite possessing some of the world's largest oil reserves, just 34% of Nigerians have any access to electricity, and gasoline and diesel are in chronic short supply. Inefficiency and corruption at ports have led to port costs that are among the highest in Africa. While the poor supply of electricity and fuel significantly retard Nigeria's economic growth, the state of aviation and port services seriously restrict its ability to participate in the world economy.

The objective met its energy targets for FY 2001, but failed to meet the targets established for the port program. USAID's program to reform the port sector funded the training of 20 senior maritime officials at the US DOT facility in Kings Port, NY. At the request of the Minister of Transport, these officials began

drafting a policy paper for the reform of the maritime industry, including privatizing port services, revising port rules and regulations, and improving the environmental impact of ports

Action Taken: The persistence of corruption throughout the society and government underlies many of Nigeria's problems. As the Mission gains experience with the complexity of corruption, it plans to develop additional programs to address the issue in the short term, as well as in a new long-term development strategy.

J. Country: Tanzania

SO Title: Civil society and government are more effective partners in governance

Discussion: The purpose of this strategic objective is to promote partnerships between civil society and the Tanzanian government to foster good governance. In 2001, this objective did not meet expectations because the launch of a flagship cooperative agreement to implement a significant portion of the program was delayed to the end of the year.

During the year, Ministry of Finance staff expressed increasing concern to donors on two issues: the need for greater government ownership and participation in decision making on new activities; and, the large number of expatriates implementing technical assistance programs. These GOT concerns required protracted and high level discussions and meetings with government counterparts before consensus was reached for USAID's award to the implementing agency. These discussions helped to build an understanding of the longer-term objectives of the program - increased capacity for Tanzanian institutions - which would alleviate needs for expatriates in the future.

At the end of the year, the cooperative agreement was awarded and as the activity moves into full implementation over the next 12 months, the pipeline will be reduced to comply with Agency guidelines. The SO team has identified indicators and will undertake baseline surveys and set targets this spring. A complete Performance Monitoring Plan will be in place by May 31st 2002.

The political process in Zanzibar is at a historic juncture. After a flawed election in 2000, and violent conflict in early 2001, the ruling and major opposition parties are making concrete progress towards peace and reconciliation. It is vitally important to the long-term economic growth and prosperity of the country that this conflict be resolved. The Mission has been continually assessing the situation to take advantage of this unique opportunity to promote an environment for greater civil society and private sector involvement in government decision-making. In conjunction with the US Embassy, USAID/T plans to support a package of electoral reforms and other carefully targeted DG activities with combined Development Assistance (DA) and Economic Support Fund (ESF) resources.

K. Country: Regional Center for Southern Africa

SO Title: A More Integrated Regional Market

Discussion: The Regional Center for Southern Africa's (RCSA) regional market strategic objective aims to reduce barriers to wider participation in the market, provide a more efficient infrastructure, and establish sustainable advocacy mechanisms for regional integration.

Overall the SO did not meet planned targets. The SO met targets for two indicators, but these indicators reflect overall growth in sectors that the RCSA supports rather than the direct effects of current SO activities. RCSA support to the telecommunications sector since 1995 helped change the incentive structure to attract investments by private cellular providers. Increases in tele-density capture the effects of these investments but a better indicator is needed for current telecommunications activities. The SO was unable to obtain data for other important indicators such as transport costs along selected transportation corridors and rail wagon turnaround time. With respect to the latter, the installation of the Rolling Stock Information System is significantly behind schedule.

Action Taken: As a result of an intensive portfolio review in October - November 2001, the RCSA recognized that the SO results framework, Performance Management Plan and portfolio of activities were out of alignment. The SO has streamlined the portfolio and is developing more appropriate indicators that will enable the SO to manage for results more effectively. For example, the SO will develop an indicator to track trade occurring under the SADC FTA rules of origin, and an indicator to track the impact of USAID's AGOA (Africa Growth and Opportunity Act) interventions.

L. Country: Regional Center for Southern Africa

SO Title: Expanded Commercial Markets for Agricultural Technologies and Commodities in the SADC Region

Discussion: This strategic objective builds on prior achievements in technology transfer and development by USAID's Regional Center for Southern Africa. It aims to expand commercial markets by removing or relaxing non-tariff barriers that impede agricultural trade. Meeting international standards for food safety and quality is a prerequisite for the expansion of regional and international trade in agricultural commodities and processed products.

Although the SO achieved a significant result during FY 2001, it did not meet targets in some important areas. For instance, targets for increased private sector participation in improved agricultural technology delivery systems and developing new sustainable agricultural technologies and practices were not met during FY 2001, although the region continues to benefit from previous investments in agricultural technology. Enactment of legislative targets under this strategic objective by the end of the current strategy period is considered unlikely.

Action Taken: Working with SADC and the World Bank, RCSA completed inventories of sanitary and phytosanitary measures in eleven countries, exceeding a target set last year. The next step is to incorporate food safety and quality standards in the SADC Trade Protocol. This will lead to compliance with World Trade Organization commodity standards and increased trade on world markets.

M. Country: RCSA

SO Title: Increased Regional Cooperation in the Management of Shared Natural Resources

Discussion: This objective of the Regional Center for Southern Africa (RCSA) is focused on improving the management of shared natural resources and wildlife through the establishment of trans-boundary natural resource management areas ("trans-boundary areas") where two or more countries share the same natural resources and wildlife. When complete, an estimated 35 million hectares is expected to be jointly managed for the sustained economic benefit of the more than three million residents of the targeted trans-boundary areas who depend on subsistence agriculture, fishing and eco-based tourism for their livelihoods.

Overall, this SO did not meet planned targets. Only four countries have ratified the SADC (Southern African Development Community) Wildlife Protocol, still short of the nine countries that were targeted to ratify it. The SO met most targets related to the adoption of viable practices for sustainable management of shared natural resources in the Great Limpopo and Four Corners trans-boundary areas but not in the Limpopo River Basin. In the area of SADC capacity building, the SO has met most targets, but ecological monitoring systems for decision-making are in early stages of being established and has not yet met its targets.

The African Wildlife Foundation (AWF), a USAID grantee, is collaborating with the Regional Tourism Organization of Southern Africa to include potentially viable community tourism initiatives in a regional tourism marketing strategy. Communities in the Four Corners area are conducting a wildlife census in preparation for the upcoming hunting season, and the government of Namibia has officially endorsed community-level wildlife monitoring.

Mozambique, South Africa and Zimbabwe signed a declaration of intent to establish the Great Limpopo trans-boundary area and reached consensus on a draft treaty. The RCSA assisted in drafting the Great Limpopo Trans-frontier Area Management Plan, which the Heads of State of the three countries are expected to formally adopt in April 2002.

SADC is promoting GIS technology for use in a regional environmental monitoring program, the major component of which will be a regional environmental database managed by SADC. The Education, Democracy and Development Initiative supports a partnership between the University of Botswana and seven universities in the United States. The activity is building the capacity of the Harry Oppenheimer Okavango Research Center to conduct wetlands research and provide data to researchers and planners in the region. The Center is now providing GIS data on the Okavango Delta to the Four Corners initiative.

N. Country: Western Africa Regional Program

SO Title: Early Detection and Response Mechanisms to Prevent Regional Conflicts Established and Functioning

Discussion: Conflict prevention, WARP's newest activity, seeks to improve West African ability to detect and respond to conflict. In FY 2001, it was the activity in which the least discernable progress was made.

WARP had planned to be further ahead in implementing this objective by the end of FY 2001; however a number of factors inhibited progress. The first and key factor was the failure of the Economic Community of West African States (ECOWAS) to appoint and bring on board a fully accredited head of the new conflict prevention mechanism, the ECOWATCH unit, until the third quarter of the fiscal year. Without the presence of this individual, WARP, as well as other donors, could not develop agreements on who would do what with ECOWATCH. The second key reason for a slow start-up was the new conflict advisor's lack of familiarity with USAID's complex procurement procedures and the unavailability of in-house monitoring to provide required support. This was the principal reason why the CSO assessment did not begin until the last quarter of the year and why the support with financial management did not get underway in FY 2001 as planned.

Action Taken: WARP believes that these issues are being addressed. First, the conflict advisor is mastering USAID's systems through a combination of training and in-house support. Secondly, WARP has established a good working relationship with both ECOWAS and with other donors working in the conflict prevention field (i.e., the European Union and British Development Agency) and has made observable progress in defining a work plan. WARP hopes to be able to report significant progress in implementing its conflict prevention program in FY 2002.

II. Asia and Near East Bureau

A. Country: India

SO Title: Reduced Fertility and Improved Reproductive Health in North India

Discussion: The purpose of the SO2 is to reduce the current high level of fertility and improve women's reproductive health in north India, which accounts for more than forty percent of India's population and has a substantially higher growth rate than the rest of India.

A population-based survey conducted in January 2002 established that progress has not been satisfactory since targets were not met on two indicators. In the past year, the sale of condoms in rural UP and Uttaranchal increased by 24% percent from 62 million in 2000 to nearly 77 million in 2001, while pill sales registered a decline in sales from 3.35 million cycles in 2000 to nearly 3 million cycles in 2001, due to a decline in promotional efforts.

Action taken: Greater attention will be paid this year to intensifying promotional efforts in project areas. Further, to accelerate sales of pills and condoms, a pilot integrated marketing approach that includes a wider basket of products is being planned in rural U.P.

USAID and the World Bank are providing support for contraceptive logistics in UP and Uttaranchal. The Logistics Management Information System supported by USAID is currently being piloted in three districts prior to statewide expansion. In FY 2002, USAID plans to expand the IFPS activity to cover the entire state of UP, Uttaranchal and another north Indian state, likely Jharkhand.

B. Country: India

SO Title: Reduced Transmission and Mitigated Impact of Infectious Diseases, Especially STD/HIV/AIDS in India

Discussion: India Strategic Objective 7 aims to slow the transmission of sexually transmitted infectious diseases in India, particularly HIV and AIDS, and reduce their impact.

Progress was made, particularly in the AIDS Prevention and Control (APAC) project in the south Indian state of Tamil Nadu, which is one of India's three recognized epicenters of HIV infection. The APAC activity applied itself to reducing transmission in high-risk groups in two ways: by increasing access to and use of high quality condoms and by expanding access to and use of quality treatment for sexually transmitted diseases (STDs). The Government of India would like to use this project as a model for new projects in other states and has asked USAID to expand APAC and extend it for another five years.

However, this strategic objective did not meet all its targets for the year. In Tamil Nadu, condom use among commercial sex workers during their last sexual encounter decreased slightly from 91.2% in 2000 to 88.25% in 2001. Condom use among attendees of sexually transmitted diseases disease clinics also fell, from 19% in 2000 to 10.9% in 2001. Figures from these two groups more than offset a gain in condom use among truckers, from 70.1% in 2000 to 78.1% in 2001. The combined result for the three groups was a reduction in condom use to 59%, compared to a target of 62%.

Figures for individuals seeking help in treating sexually transmitted diseases in Tamil Nadu also failed to meet targets, with an average of 62.7% for the year among male factory workers, truck drivers and helpers. The target was 75%. A rise in the number of male factory workers seeking help (from 44.7% to 46.8%) was more than offset by a reduction among the two other groups (from 86% to 78.6% among truckers and helpers.)

Action Taken: Reduction in the number of individuals seeking treatment has been attributed to some media reports that implied that AIDS can now be cured. During the next fiscal year APAC intends to make an additional effort to promote accuracy in media reports on AIDS. It also intends to work with local governments to find ways to legislate against spreading misleading AIDS information.

C. Country: Morocco

SO Title: Increased Opportunities for Domestic and Foreign Investment

Discussion: Most of the programs and activities contributing to USAID/Morocco's strategic objective of increasing economic growth through improved opportunities for investment began only in early calendar year 2001. Nonetheless, solid progress was realized in most program areas through the end of the reporting period, 9/30/2001, and has continued to the present date. These areas include reengineering administrative processes, streamlining the commercial court, strengthening business associations and improving microcredit services.

However, one program area, commercial law reform, did not proceed as planned. This was due primarily to the reluctance of the Ministry of Justice to undertake a comprehensive review of commercial laws and

regulations, as had been agreed at the inception of the program. On the positive side, the Ministry has demonstrated a serious interest in internal administrative reforms at the national and local level.

Action Taken: As a partial compromise solution, USAID recently agreed to reallocate some funds to commercial court strengthening in Marrakech. The Mission intends to continue pursuing some legal reforms at the national level.

D. Country: Morocco

SO Title: Increased Capability and Active Participation of Civil Society in Support of Citizen Rights

Discussion: The democracy and governance objective aims to increase the active involvement by the Government of Morocco and by its civil society in support of citizen rights. As an initiative, it was conceived to take advantage of a political environment in Morocco favorable to genuine political reform, respect for human rights and the rule of law. The objective met four of its targets in 2001 and failed to meet three.

Aspects of the legal literacy training program for women, a complex and collaborative effort, are counted among the key achievements of USAID/Morocco for the year although it was not completed on schedule. The program is expected to be finished by March 2002.

Similarly, the Code of Ethics project moved more slowly than expected. A ministerial working group, headed by the Prime Minister, developed a draft code and circulated it among ethics experts around the globe, but a final version was not completed because many members of the Ministerial Working Group became more focused on their own party politics for the upcoming elections in September 2002.

A third target, the advocacy training of trainers for NGO staff, implemented by a Moroccan NGO, was also delayed because of a change in the coordinator of the project.

Moroccan elections will conclude several activities supported by the DWG and likely re-open the strategic framework discussion. A previously slow implementation process is improving.

E. Country: Sri Lanka

SO Title: Increased Sri Lankan Competitiveness in the Global Marketplace

Discussion: This objective aims to increase Sri Lanka's competitiveness in global markets through an improvement in economic growth, and expansion and strengthening of critical private markets. Increasing competitiveness requires accelerated growth of value added industries, a shift away from dependence on low cost advantages such as cheap labor, and increased employment among Sri Lanka's educated youth.

USAID's efforts in this area focus primarily on "industry clusters," which are alliances formed between USAID and individuals and corporations from the private sector, NGOs, and trade organizations. These clusters develop and implement strategies that recommend increasing the value of various products by investing in innovation and technology to upgrade quality and productivity, as well as seeking needed policy or regulatory reforms.

While SO4 realized a number of key achievements, it did not meet all of its targets for FY 2001: "Clusters benchmarked" target was not met. Drafts of the benchmarks were completed, but problems and concerns remain regarding incomplete data, the quality of the data provided, and appropriateness of the models used for comparison. This effort has largely been abandoned, although some additional targeted benchmarking may be done if it is determined it would be useful for certain clusters. "Cluster strategies developed" target was not met. Drafts of the strategies for the clusters have been prepared, but final strategies are still not complete. One sector has completed a strategy, another four are in the final stages

of editing, and another three are still in early draft form. USAID expects to receive final versions during FY 2002.

Action Taken: The Mission has worked with the contractor to resolve management problems in the contractor's project office to facilitate more rapid completion of deliverables and anticipates a significant improvement during FY 2002.

III. Europe and Eurasia Bureau

A. Country: Georgia

SO Title: A More Economically Sustainable and Environmentally Sound Energy Sector

This strategic objective aims to develop a more economically sustainable energy sector in Georgia by (1) emphasizing a business climate that will attract private sector participation and ownership, and (2) the improvement of energy efficiency measured in economic terms.

Performance did not meet expectations during the past year. The energy sector continued to be plagued by extremely low collection revenues and poor cash-flow management. To help address the problem of poor financial discipline, management contracts for the electricity transmission, dispatch and wholesale market were put out for bid. Award and implementation of these contracts is believed to be critical for further sector reform and is the subject of conditionality for disbursement of additional funds by both the World Bank and the IMF.

Efforts to privatize energy sector generation and distribution assets -- hydropower plants in Western Georgia and the Tbilisi gas distribution company -- were also unsuccessful. Until revenues are collected from customers, little investment interest can be generated in the assets. USAID has provided the necessary advisory services and tools to correct much of the problem, but the municipality has little political will to enforce the recommended action.

Action Taken: In FY 2002, USAID will continue to support training and operational improvements in the regulatory and oversight agencies. Additional resources will be directed toward improving the billing, collections, and revenues cycle. Pilot programs will be initiated in selected communities in Georgia to link improved revenue collections with improved service delivery.

B. Country: Kazakhstan

SO Title: More Effective, Responsive, and Accountable Local Governance

Discussion: Because the lack of political will makes central government decentralization in Kazakhstan a difficult challenge, USAID has focused energy and resources on building capacity in local government. There were some noteworthy accomplishments over the past year, however, targets for this SO were not met overall.

Polling data revealed a decrease from the previous year in the public's confidence in local government. Local government also suffered a severe blow when the Government of Kazakhstan fired a number of young reformers. While the loss of these key counterparts devastated USAID's local government activities, it also opened new opportunities for discourse on topics previously avoided.

Action Taken: In FY 2002, this SO will merge with SO 2.11, "Strengthened democratic culture among citizens and targeted institutions." Combining these two strategic objectives may allow a broader application of the local government program and further integration with the democracy objectives and programs.

C. Country: Kyrgyzstan**SO Title:** Increased Soundness of Tax and Budget Policies and Administration

Discussion: USAID's fiscal reform program in Kyrgyzstan aims to strengthen tax and budget policies and administration in order to improve overall economic stability and growth. By helping to increase government revenues and the efficiency of public expenditures and by making government more responsive to public demands, USAID's work in fiscal reform helps expand economic opportunities and reduce the potential for conflict. This work is key to Kyrgyzstan's meeting requirements for International Monetary Fund loans.

Although revenues did increase significantly for the year, they have not yet fully recovered from the financial crisis of 1998, and tax revenue growth failed to meet original targets. A new agreement between the IMF and the GOK has lowered the tax revenue target to 15% of GDP by 2004.

USAID has helped the Government of Kyrgyzstan develop more realistic revenue projections for the 2002 budget and devise a set of revenue raising proposals aimed at closing the projected fiscal gap that was created by the introduction of major tax rate cuts earlier this summer. USAID will participate in the meetings that will lead to the negotiation of the next IMF loan to Kyrgyzstan.

Marked improvements in budgeting, tax policy and program budgeting demonstrated the need to begin graduating those portions of the fiscal reform program, thereby setting the stage for the implementation of an exit strategy in FY 2003 and focus on fiscal reforms at local levels.

D. Country: Moldova**SO Title:** Local Democratic Institutions More Effective, Responsive and Accountable

Discussion: Building effective, responsive, and accountable institutions is considered essential for Moldova's transition to a democracy. This strategic objective aims for results in three areas: local government fiscal autonomy, improved municipal services, and more democratic governance.

Although local government autonomy was strengthened, capacity of civil society organizations to represent and serve citizens increased together with citizens' confidence in and respect for the legal system, challenges to the achievement of this objective have emerged. The decision of Moldova's Communist government to return to the former 'rayon' system and adopt an anti-decentralization policy related to local government raised serious concerns. The Council of Europe reacted firmly against the government's decision, while the international community, particularly the IMF and the World Bank, were strongly opposed.

Action Taken: In light of these developments, USAID intends to conduct a full assessment of the project, taking into account its technical performance to date and the new political developments so that a decision on the project's future prospects can be made.

E. Country: Russia**SO Title:** Improved Effectiveness of Selected Social Benefits and Services

Discussion: This strategic objective combines local governance and health. It includes activities aimed at strengthening delivery of Russian social services at the local level and services intended to be replicated nationally.

The local governance part of SO 32 did not meet half of its targets. To be sustainable, Russian cities need to make more efficient use of their assets and improve the delivery of services. So far, true reform in this regard has come only to a handful of Russian communities. However, with the Government of Russia's policy development efforts re-energized and a continued physical deterioration of municipal

infrastructure, this situation is rapidly changing. There has developed a huge demand for assistance with national and local-level reforms. USAID's local governance activities are and will continue to be in the forefront in responding to those needs.

In addition, debate had continued on the distribution of authority and resources among different levels of government. The Russian Constitution clearly separates local self-governance from the federal government, but local governments are often deprived of real autonomy. In an increasingly negative trend, federal and regional governments are attempting to preempt many important local decisions. Another phase of the debate was anticipated to begin in mid-2002, following recommendations issued by the year-long Presidential Commission on Distribution of Authority and Resources issued recommendations to the Putin Administration. Similar challenge lies in getting the word up to the federal level on how reforms work at local level and what reforms are needed.

The health program, which includes efforts to combat infectious diseases such as HIV/AIDS, sexually transmitted diseases and tuberculosis, to promote community-based preventive health measures, and to provide assistance to orphans, met its targets. Data are not yet available for the key indicator on tuberculosis, but recent trends suggest this target will be met.

Much of the poor state of Russia's health indicators has its foundation in individual lifestyle choices and the low priority given to preventive health practices. To make major gains in health, a new activity will target the major causes of elevated mortality in Russia and pursue approaches using the Internet and other communication strategies to further disseminate successful models and intensify our focus on youth.

F. Country: Russia

SO Title: Strengthened Rule of Law and Respect for Human Rights

Discussion: USAID's work to advance the rule of law in Russia includes efforts in the areas of judicial and legal reform, human rights and anti-corruption. Despite significant advances in each area during FY 2001, of the 19 indicators of performance used to measure this strategic objective, seven did not meet their targets.

The Putin administration made legal and judicial reform a high priority, resulting in three important laws affecting the judiciary enacted in late 2001, however, on the human rights front, the picture was bleaker. Western and Russian NGOs collected large amounts of information documenting human rights abuses and disturbing new developments affecting broadcasts media and religious freedoms.

Future challenges to be addressed in the area of rule of law include adjustments to the new legal system, a continuing lack of transparency, persistent corruption, and lack of public understanding and trust. Implementation of the most important legislative advances in the legal system, such as the change from an inquisitorial to an adversarial system, will require new written guidelines. They will also require substantial training for lawyers, judges and other legal personnel, continuing the work of USAID-assisted clinical law education programs which are already showing results in this area.

Prospects for significant improvement in establishing the rule of law will depend heavily on continued political will within both the presidential administration and the judiciary. Among other challenges are the lack of public understanding and trust in the judicial system, failure of the public to be adequately informed about recent judicial changes, and pervasive corruption in economic and political institutions, including the judiciary. The code of ethics of Russian judges, only a few years old, so far lacks consistent application. There also remains the great challenge of informing citizens of their rights while also motivating them to take responsibility, a task that will be complicated by widespread apathy, particularly among youth.

G. Country: Tajikistan

SO Title: Improved Environment for the Growth of Small and Medium Enterprises

Edited Discussion: USAID's small and medium enterprises (SME) program in Tajikistan is based on the principle that a strong SME sector will fuel economic growth and job creation, and that expanding economic opportunities will help reduce the potential for social tension and conflict.

Tajikistan's precarious political and social situation continued to limit the scope of USAID economic reform programs in FY 2001. Because of tight travel restrictions, only limited programs were pursued. Some progress was made in supporting the development of the legal framework necessary for a market economy by providing training for legislative drafters and by increasing access to modern business information and skills.

During FY 2001, USAID assisted reformers in the Tajik judiciary to create a more transparent and efficient system of justice. The index measuring improvement in the legal and regulatory environment showed some progress, but fell just short of the planned target.

Political and social instability remained a serious obstacle to the successful implementation of USAID reforms.

Action Taken: Increased U.S. military presence in Tajikistan and the elimination of much of the threat to the south have already increased stability there, and USAID/CAR is confident of being in a position to deliver a more comprehensive portfolio of economic reforms in the near future.

H. Country: Tajikistan

SO Title: Strengthened Democratic Culture Among Citizens and Target Institutions

Discussion: Strengthening democracy in Tajikistan is considered essential to maintaining peaceful relations between former warring parties and avoiding a return to conflict. USAID programs have concentrated on two major political institutions, Tajikistan's pluralistic parliament, which provides a peaceful means for various viewpoints to be aired, and its coalition government, which offers legitimate avenues for reconciling differences through peaceful democratic processes. During a period of recovery from civil war, these two institutions continue to provide a peaceful way of allocating scarce resources among various factions in a climate of extreme poverty which tends to aggravate tensions and during a period of recovery from civil war.

Although USAID's overall goal was met for the year, according to polling data, the sub-goals of creating stronger and more sustainable civic organizations and increasing availability of information were not met. The NGO sector showed a marked improvement in advocacy, service provision and organizational capacity, but lower than expected numbers were recorded in some categories.

NGOs directly benefit from USAID assistance through financial support and through training and technical assistance which strengthens NGO capacity and sustainability. USAID's region-wide program for civics education textbooks, which is aimed at 10th and 11th grade levels for other countries of the region, needed to be adapted for 9th graders, because of the country's low literacy and school attendance rates. Next year this program will pilot a teacher's manual and textbook in 10 or more schools in four or five regions as permitted by the security situation. It will also offer training courses for teachers on use of the materials.

I. Country: Turkmenistan

SO Title: Improved Management of Critical Natural Resources, Including Energy

This Objective targets improved management of Turkmenistan's most important natural resources -- its water and its large oil and gas reserves. Equitable sharing of water resources and maintenance of harmonious relations between downstream and upstream republics is considered critical to the region's economic growth. Much of Turkmenistan's water resources originate in Tajikistan. However, the Government of Turkmenistan does not recognize a need for water conservation and has shown little interest in trans-boundary water cooperation or regional water treaties that could limit its access to water. Because of resistance to change at the top level of government there appear to be few prospects for any immediate progress.

USAID's performance targets for this strategic objective were modest, but they were not fully met.

Action Taken: The Mission is proposing to shift the emphasis of its program from the existing unresponsive government managers to university students and the next generation of managers within the government bureaucracy. A university curriculum of focussing on natural resources management courses will be developed by the Natural Resources Management Project. If targets of the current strategy cannot be met, the program may still succeed in the long term, by preparing the next generation for reform in the event of a radical change in the existing government structure.

J. Country: Uzbekistan

SO Title: Improved Management of Critical Natural Resources, Including Energy

Discussion: Equitable sharing of water resources in the Central Asian republics is important to U.S. strategic interests, critical to future economic growth in the region and vital to the maintenance of harmonious relationships between the upstream and downstream republics. This is particularly true in Uzbekistan, which depends on the upstream countries on Kyrgyzstan and Tajikistan upstream for virtually all its water supply.

USAID's activities in the water sector in Uzbekistan were met with positive responses during the year, and the Mission believes that the highest level goal will likely exceed expectations by the end of the strategy period. The Ministry of Agriculture and Water Resources (MAWR) indicated its willingness to undertake needed policy reforms in water resources management in order to increase agricultural production and to establish water user associations for farmers. In addition, several of USAID's training courses developed under the Natural Resources Management Project (NRMP) were replicated by various government agencies and NGOs.

However, the program in general fell short of its targets for the period, for one reason because a reduced number of regional and international flights into Uzbekistan, significantly delayed procurement of equipment and the services of short-term technical specialists.

In the regional training program, four new Natural Resources Management Project pilot demonstration models were scheduled for completion during the year, but all were delayed, some because of shortfalls in the Government of Uzbekistan's matching contribution, others because of chronic delays with programs implemented by Israel's Center for Cooperation (MASHAV) across the region. Two other models were delayed because of insistence upon US-based training by the US National Oceanic & Atmospheric Administration (NOAA). This component has been transferred from NOAA to the project's institutional contractor and the Mission is attempting to accelerate development of these models in order to improve the impact of classroom training and improve future performance with regard to meeting targets for training and public advocacy.

Action Taken: The mission is reviewing the situation to determine the best approaches to overcome these hurdles.

K. Country: Uzbekistan

SO Title: Strengthened Democratic Culture Among Citizens and Target Institutions

Discussion: Following the September 11 terrorist attacks, this strategic objective has become one of the most critical in the Central Asia region's portfolio, no less so in Uzbekistan. The balance between the U.S. Government's new military and security relationship and Uzbekistan's horrendous human rights record and lack of progress on political reform places new importance on USAID's efforts in democracy. Moreover, USAID's analysis of some of the triggers which can set off conflict in Central Asia point to several of the factors being addressed through the democracy program. Stability in Uzbekistan depends on progress being made in opening up political space, providing avenues for political dissent and achieving greater respect for human rights.

While achievements in Uzbekistan over the past year have been significant, overall the program did not meet the primary target set out for the objective. Polling data indicate that only 38% (the target was 41%), of the population exhibited civic consciousness and activism -- a drop from the last reporting period.

Factors which may have contributed to weak performance include the forced closure of USAID's civic education program, a lack of focus by USAID on politically active NGOs, and too few resources devoted to media.

Action Taken: More positive results are expected next year because of changes to the program such as a new media effort with bolstered resources. Results are also expected to improve because of slightly less tension in the political environment due to reduced threat from the Islamic Movement of Uzbekistan (IMU) and because international pressure is expected to focus on Uzbekistan's poor human rights record. The State Department intends to increase its support of human rights NGOs in Uzbekistan, a program managed by USAID. The Mission is also exploring the possibility of implementing an education reform activity. Together these efforts should help USAID meet its target for the democracy strategic objective in Uzbekistan next year.

IV. Latin America and Caribbean Bureau

A. Country: Brazil

SO Title: Increased Effective Programs to Prevent HIV Transmission and Control Tuberculosis

Discussion: The purpose of USAID/Brazil's HIV/AIDS/TB program is to increase the number of sustainable and effective programs to prevent sexual transmission of HIV among target groups and to control tuberculosis in targeted geographic areas.

While the program demonstrated many successes in FY 2001, overall, the SO did not meet all expectations. This was primarily due to a significant change in the mission's HIV/AIDS portfolio. In April, USAID/Brazil's cooperative agreement with two cooperating agencies was terminated due to inadequate financial and programmatic performance. As a result, the planned targets for the program component that focuses on strengthening the technical capacity of USAID-targeted STI/AIDS programs were not achieved.

Action Taken: The Mission has shifted resources to strengthen the more successful activities of its HIV/AIDS prevention portfolio. This includes expanding condom social marketing initiatives to other regions within Brazil, strengthening the management capacity of selected Brazilian NGOs that work in HIV/AIDS prevention, and supporting new operations research activities in HIV/AIDS prevention, TB control and HIV/TB co-infection.

In addition, several factors were identified that increase the risk of HIV/AIDS transmission in six Brazilian border region, including the concentrated movement of people and goods, drugs and arm trafficking, child

prostitution and trafficking of girls and women, and isolated populations, especially indigenous groups without access to HIV/AIDS information. Based on the assessment's final results, USAID plans to support prevention interventions in collaboration with the Brazilian MOH, the Pan American Health Organization (PAHO), neighboring countries and other USAID missions.

B. Country: Colombia

SO Title: Provide economic and social alternatives to illicit crop production

Discussion: USAID's alternative development program in Colombia provides alternative licit income and employment opportunities to small producers of illicit crops. It also provides a vital social and productive infrastructure to ensure adequate access to markets for the licit crops.

Overall, the program did not meet its targets due to the greater than anticipated problems with security and deficient institutional capacity of key Government of Colombia entities. While the number of families that benefited directly from medium-term productive and resource management activities under the poppy reduction programs in FY 2001 exceeded expectations, the number of hectares of illicit crops eliminated and hectares of legal alternative crops supported by the program have fallen short of planned levels.

Action Taken: Several adjustments have been made to the program implementation strategy. Hectares of poppy and coca production eliminated will no longer be used as a measure of program success (although they will be tracked), as there is a general recognition that alternative development programs do not eradicate but rather help to sustain the eradication efforts of other U.S. and Colombian agencies. The program will limit alternative development investments in remote, scarcely populated areas with few or no traditional communities, and where prospects of alternative income development are very limited, and instead concentrate its efforts in areas west of the Cordillera Oriental (the eastern range of the Andes), where better security conditions, increased market access, and stronger, more cohesive civil organizations prevail.

Moreover, additional program implementers such as local and international NGOs, foundations and private sector enterprises will be incorporated into the program to improve implementation efficiency and expand outreach. The program will also broaden the scope of its activities from the community to the regional level.

It is hoped that a regional approach, rather than the current focus on individual communities, will improve the long-term sustainability of results. With this broadened scope, the program will have a larger impact on both eradication and prevention, achieve better forward and backward market linkages and product processing, and garner greater private sector investment, thereby ensuring a more integrated program with improved potential for success.

C. Country: Ecuador

SO Title: Increased Support for the Democratic System

Discussion: Ecuador's democracy and governance program was focused primarily on establishing a more effective and fair criminal justice system and fighting corruption during this period, although in June 2001 the strategy was revised to include increasing citizen support for the democratic system. The new strategy continues to include key justice and anti-corruption components.

USAID/Ecuador did not meet expectations with respect to aspects of implementing Ecuador's new code of criminal procedures (NCCP), which was developed with significant USAID support and became law in July 2001. Expectations were also not met with regard to the Government of Ecuador's sanctioning of corruption. USAID's efforts were constrained by factors outside its management control, including a general lack of political leadership for justice reform within the Supreme Court, USAID's continued inability to work with the Attorney General's Office (a key player in the new criminal process) due to

serious allegations of corruption, and a lack of clear political direction and inter-institutional coordination in implementing the NCCP.

Specifically, the Mission was not successful in achieving the FY 2001 benchmark "Judges agree with prosecutors on accusatory interpretation of indictment procedures." The Mission is concerned by the confusion among the main justice sector actors on their new roles in implementing the code, and the way in which this is undermining anti-corruption efforts and the criminal process more broadly. The Mission will continue to support capacity building to ensure proper NCCP implementation. To do so, the Mission is working closely with the Narcotics Affairs Section (NAS) and Ecuadorian counterparts to more formally diagnose problems in NCCP implementation, and will then use this diagnosis to tailor appropriate, high impact capacity building interventions for the principal justice sector actors.

The target of providing training under a formal implementation plan for the NCCP was not met because the plan was not developed, following charges of personal corruption against the Attorney General and USAID's suspension of support. The attorney general was to have led the commission charged with developing the formal implementation plan. Despite the lack of a formal plan and weak institutional coordination, the Mission successfully supported introductory NCCP training for 97% of Ecuador's penal court judges, saw production of the first training manual, and intends in the future to build upon this promising start.

Action Taken: The Mission's revised democracy and governance strategy is broader in scope and more opportunity-based than the previous strategy. FY 2001 achievements provide an important foundation for the continued implementation of justice and anti-corruption efforts. Prospects for achieving higher level justice results are improving with the recent election of a new Supreme Court President, who appears highly committed to justice reform and judicial independence. Support for the President from reform elements within the Court, high-level Executive Branch officials, and a Mission-supported, incipient civil society reform initiative make the Mission cautiously optimistic that reforms are achievable. In addition to its justice and anti-corruption efforts, the Mission has begun a major democratic local governance activity as part of the revised strategy.

Lastly, USAID has suffered staffing constraints in the DG area that have hampered Mission efforts to get more done. The Mission will increase staff in this (and other program) areas once FY 02 program funding is received.

D. Country: Guatemala

SO Title: Support the Implementation of the Peace Accords

Discussion: The Peace Program in Guatemala fell short of expectations, despite a few breakthroughs and significant progress at Intermediate Result (IR) levels. The Peace Accords established an ambitious set of objectives to be accomplished in a short time frame. Demobilization of combatants, justice reform and land titling have advanced, but progress has been less impressive in areas such as dismantling of the Presidential Military Guard, reparations for victims of conflict, electoral reform and decentralization, and indigenous rights and participation.

The Government of Guatemala's financing of Peace Accord recommendations continues as a major constraint to implementation. Despite the Guatemala government's estimates of tax collections reaching 10.4 percent of GDP in 2002, revenue has been slow to trickle in and receipts will fall short of the 12 percent mandated by the Accords, leaving inadequate resources to fund Peace commitments. Efforts to improve government tax collections have progressed slowly given delays in passage of new tax laws, and slower than expected progress in improved tax administration. These factors, combined with the near weekly "discoveries" of government corruption, and the ruling party's aversion to dialogue on key reforms and "steamroller" approach to certain legal reforms, have created a serious governance crisis.

Implementation of pending Peace Accord commitments will require legislation and financing, and progress has stalled in the present context. The February 2002 Consultative Group facilitated dialogue among sectors and a renewed commitment to the Accords, but continued U.S. Government and broader international community support and pressure will be required if advances are to be made in 2002 and 2003.

E. Country: Honduras

SO Title: Economic reactivation meeting the needs of the poor

Discussion: Activities for this strategic objective for Honduras focused on three major areas. The first includes economic policy analysis and advocacy to support reforms to foster business development, enhance trade and investment, and reduce poverty. The second includes technical assistance in production, quality control, and marketing of high value products such as specialty coffee, non-traditional agricultural exports, and milk and milk products. The third includes provision of technical assistance to micro-finance institutions and chambers of commerce, and provision of business development services to small and micro enterprises in secondary cities.

Despite some success at the activity level, several macroeconomic goals were not met primarily because of factors beyond the control of USAID. A primary SO1 target of increasing private real investment by 5% in 2001 was not met. According to Central Bank statistics, it actually fell by 9.1%. This reduction reflects a decrease in agricultural real GDP of 0.1%.

The agricultural sector suffered historically low world prices for coffee (the value of coffee exports fell by 53%), bananas, palm oil and shrimp. Diseases devastated melon crops; leaving previously profitable agribusiness's bankrupt. A drought and Tropical Storm Michelle exacerbated the agricultural crises, while farmers' exceedingly high debt burden and the lost orders because of the U.S. recession left many insolvent.

USAID met the target of providing financial services to 39% of all small and micro-enterprises, however, the delinquency rate target of 7% was missed, and actual delinquency was reported to be 8.1%.

Action Taken: USAID will continue implementation in the expectation that these environmental factors will improve. The situation will be monitored closely to determine whether a new approach is appropriate.

F. Country: Mexico

SO Title: Critical ecosystems and biological resources conserved

Discussion: Improved conservation management and sustainable resource use in targeted regions of Mexico is the focus of this strategic objective, which aims to strengthen institutional and NGO capacity to design and implement conservation strategies. Although the majority of the programs supported met their expected goals and SO6 continued to play a critical role in developing NGOs' and institutions' ability to support conservation management in Mexico, SO6 did not meet several of its targets.

In FY 2001, the number of communities adopting USAID-promoted sustainable use practices dropped, primarily because USAID-supported programs are ending and are no longer providing annual data for this non-cumulative indicator. SO6 has refocused efforts on promoting skills and facilities that will help local communities benefit from tourism and micro-enterprises. These efforts should be reflected in future adoption rates.

Finance policy continues to be a major limitation to conservation in Mexico. In FY 2001, the Parks in Peril (PIP) site of Loreto Bay became the first Mexican reserve permitted to collect and manage its own entrance fee; this action may open new policy options for long-term financing of protected areas.

SO6 is entering the last year of its strategy in FY 2003 and is assessing progress and developing new visions for the future. SO6's successful development of site conservation models will support future work to link sites and better integrate conservation and sustainable development models. Great potential exists to coordinate with the Mission's Democracy team and the Mission's South-South thrust, including Partnership for Prosperity, to work with federal, state, and local officials on environmental issues and to build from site management to develop the regional plans in critically threatened areas including the Gulf of California, the Mesoamerican Reef, and the Selva Maya.

G. Country: Mexico

SO Title: Sustainable and Effective Institutional Capacity Developed to Diagnose, Control, and Monitor Tuberculosis in Target Areas

Discussion: The tuberculosis (TB) program for Mexico is the first ever program implemented between the Government of Mexico and USAID in full partnership. Because of obstacles to implementation, this SO did not meet its targets for the period. In December 2000, a new administration took office in Mexico and requested to review administrative and technical issues contained in the strategic objective grant agreement (SOAG) that had been signed in August 2000, causing significant delays during FY 2001.

Despite these setbacks The TB program made some important programmatic accomplishments in FY 2001. Laboratory and computer equipment was procured to strengthen Mexico's tuberculosis laboratory network and information systems in the 13 priority states. To be distributed once the new SOAG agreement is signed, this equipment will be used to improve the quality of TB testing, to facilitate the quality assurance certification process by the National Institute of Epidemiological Reference for local laboratories, and to expand and improve the SSA's computerized data system for TB monitoring surveillance and analysis.

H. Country: LAC Regional

SO Title: Protection of selected LAC parks and reserves important to conserve the Hemisphere's biological diversity

Discussion: The largest program under this Latin America and Caribbean strategic objective is the Parks in Peril (PiP) program, which aims to ensure the protection of up to 37 critically-threatened LAC national parks and reserves of global significance. This program is a partnership among USAID, the Nature Conservancy, local non-governmental organizations and local government agencies.

Overall this SO did not meet planned targets during the past year. Because implementation at some PiP sites began later than expected and some PiP implementing partners changed, the PiP program has been granted a no-cost extension through FY 2002. End-of-SO targets are expected to be met by September 2002. Future LAC Regional activities aimed at conserving the regions biological resources will be reported under SO 598-022.

V. Washington Strategic Objectives

A. Operating Unit: Office of Agricultural and Food Security

SO Title: Private sector business linkages support U.S. technology transfer in support of development objectives

Discussion: The Office of Agricultural and Food Security involves the U.S. business community in addressing the economic development problems of USAID's partner countries. U.S. technology combined with an entrepreneurial drive, competitive ability and the management acumen of U.S. businesses has the potential to make significant contributions to other countries' economic development.

Despite a significant number of accomplishments and an increased number of deals closed by the office this year compared to previous years, the Global Technology Network (GTN) did not meet its goal of \$85 million in deals in FY 2001.

Action Taken: GTN will continue to concentrate on technology transfer, while a different trade initiative will focus on building the capacity of firms to compete globally.

B. Operating Unit: Office of Food for Peace (FFP)

SO Title: Increased effectiveness of FFP's partners in carrying out Title II development activities with measurable results related to food security with a prim

Discussion: This strategic objective of the Office of Food for Peace aims to increase the effectiveness of Title II implementing partners in achieving results in food security, with a focus on increasing agricultural productivity and improving household nutrition.

During FY 2001, the Title II development programs showed a modest increase in the percent of results achieved, from 55% in FY 2000 to 61% in FY 2001. Results do not come close to the 90% target set by the SO2 Team at the inception of the SO, and thus the SO target was not met.

The challenge facing the Team and the Agency is to insure efficient intra-agency coordination, and develop a performance reporting plan that reports the contribution of the Title II development program to goals in all three pillar bureaus, without overburdening the Team and its partners with unrealistic reporting requirements. In addition, the FFP Strategic Plan should address a process for establishing a more competitive mechanism for the allocation of Title II development resources, given the prospects for limited opportunities for growth in the size of the program and the number of players in coming years.

Action Taken: The Team has recognized that the SO2 indicator of percent of results achieved is an imperfect measure of performance, and doesn't assist the Agency in telling the success stories of the Title II development program. The Team will look at different performance reporting strategies based on the objective of the FY 2003 - 2007 Strategic Plan.

One of the biggest difficulties the SO2 Team faced with the existing Strategic Plan was implementing a reliable performance monitoring system. Over the past five years, most of the performance indicators originally identified have been dropped, either because they were not sufficiently sensitive measures of improved effectiveness, capacity or resource integration, or because a consistent, reliable source of information was not available to quantify them. If the SO of the new Strategic Plan is the same or similar to the existing SO - focusing on improved partner capacity - the team will still face significant challenges in implementing a performance reporting system.

C. Operating Unit: Office of Agricultural and Food Security

SO Title: Improved food availability, economic growth and conservation of natural resources through agricultural development

Discussion: Under this objective, the Office of Agricultural and Food Security pursues science- and technology-based solutions to increased agricultural productivity, a critical element in alleviating hunger, preserving the environment, enhancing trade and promoting economic growth in order to reduce poverty and conflict. Agriculture remains the backbone of economic growth in most developing countries and provides the most employment opportunities and a chance to attain food security.

The performance target of increases in per-capita food production for all developing countries under this strategic objective was not met and actually decreased slightly (0.49%) in 2001. This was due to increases in population and a slow-down in the rate of increase in production. The target for increased

food production rose slightly (+1.04%) in 2001, but the rate of performance was slower than in previous years.

Action Taken: Two varieties of "miracle" sorghum seed were released in the Sahel during the period. These are resistant to striga, one of Africa's biggest weed problems. Since sorghum is one of the most widely grown cereal crops in the semi-arid zones of Africa, this advance will favorably impact food supplies on the continent.