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NEAR EAST BUREAU STRATEGY

FY 93 - FY 97

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EXECUTIVE SUMMARY

A.I.D. programs in the Near East have as a goal the provision of support the U.S. government's foreign policy objectives for the region: a just, lasting, and comprehensive peace between Israel and its neighbors; peaceful relations between all countries in the region; support for political moderation and widespread recognition of basic human rights; and sustainable economic growth with high levels of employment. Assistance levels to Egypt and Israel demonstrate the importance the U.S. Government places on Israel-Arab peace initiatives.

A.I.D.'s development agenda for the region supports these political priorities. A.I.D. has field programs in Morocco, Tunisia, Egypt, Israel, Lebanon, Jordan, Yemen, West Bank/Gaza, and Oman. Many of these share a number of important constraints to continued stability and growth. Most have inefficient, state-led economies and underdeveloped political and legal institutions which cannot sustain economic growth and create adequate employment. High population growth and human capital constraints have put future economic and social progress at risk and have led to environmental degradation. Water quality and quantity are increasingly serious constraints. The Near East Bureau's five strategic objectives, under which the bulk of the Agency's development activities in the region fall, address these problems.

1) **Expanded and more efficient private sector activity** - The Bureau seeks improvements in the regulatory and policy environment, diversification and increases in private sector production (particularly for export markets), improvements in marketing capability, and privatization.

2) **More efficient and accountable governance** - The Bureau seeks to strengthen selected institutions that can improve public accountability of the executive branch and the legal system.

3) **Increased use of effective contraceptive methods, and 4) Increased use of effective maternal and child health services** - The Bureau seeks increased availability of services, greater involvement of the private sector in providing services, improvements in service quality, and increased knowledge of contraceptive methods and MCH preventive measures such as pre-natal care and diarrheal disease control.

5) **More efficient use and improved quality of water resources** - The Bureau seeks to improve the management and pricing of water; to increase wastewater treatment and reuse; to increase use of pollution prevention and minimization techniques; and to promote inter-country dialogue on water sharing issues.

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Beyond working towards these objectives, the Bureau manages specialized programs of significant political importance and visibility including the Israel cash transfer and humanitarian aid to Lebanon.

The Bureau supports regional cooperation as both an end in itself and a method to achieve the above-listed objectives. Some problems such as water and improved trade within the region, are transnational in nature and require joint problem-solving, while others are experienced by individual countries, but improved results can be achieved by learning from one another's solutions. Regional approaches include scientific and technical cooperation between Israel and its neighbors in agricultural research, vector-borne disease prevention, pollution prevention, wastewater reuse, and fish production. A.I.D. also provides technical expertise for the working groups on economic development, water and environment of the Multilateral Peace Talks.

I. REGIONAL CONTEXT

The Near East Bureau has field programs in Morocco, Tunisia, Egypt, Israel, Lebanon, Jordan, Yemen, West Bank/Gaza, and Oman. All except Israel and Oman are classified by the World Bank as "lower-middle income."

With the exception of Israel and portions of some Arab countries, the vast majority of the region's population is Muslim and Arabic speaking, with a relatively homogeneous culture founded on shared historical, political, religious, and commercial ties. This does not belie, however, the existence of occasionally strong tensions emanating from sectarian cleavages. Post-colonial governments in the region have tended to be relatively paternalistic in economic matters, with a strong emphasis on the public provision of basic goods and social services, and on state control over the means of economic production and distribution. Until recent years, GNP growth in the region was relatively strong, particularly for countries with petroleum resources. Regional politics have been dominated by the Israeli-Arab conflict, Iraq's disagreements with its neighbors, and Iranian-Arab competition.

A.I.D. programs in the region have a strong political overlay. Of total DA and ESF funding for the countries in the Near East region between FY 1987 through FY 1991 (inclusive), 98 percent was ESF, and 93 percent went to programs in Israel and Egypt alone. Indeed, of the total DA and ESF resources made available to A.I.D. worldwide during this period, some 33 percent went to Israel and Egypt. These statistics reveal the importance of the Middle East peace process to U.S. foreign policy objectives, both in the region and in the allocation of A.I.D.'s resources worldwide.

Key U.S. foreign policy objectives for the region include a comprehensive lasting peace between Israel and its Arab neighbors; regional stability and growth; promotion of democratic institutions and respect for human rights. The absence of social and economic development threatens the achievement of these objectives. The countries of the Near East region share a number of important constraints to continued social and economic development:

- Most have generally inefficient, state-managed economies, although this is beginning to change;

- Most have underdeveloped political and legal institutions;

- High population growth rates have led to increased pressure on social services, rising unemployment, particularly among the young, and environmental degradation;

- Availability of water and access to arable land are limited, resulting in high rates of urbanization, high population densities per hectare of arable land, and growing concerns about water shortages;

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-- Human capital constraints (i.e. health and education) limit economic and social progress; and

-- Tensions between neighbors have led to the investment of significant resources in military expenditures, a trend which is continuing for several states in the region.

Progress in removing these constraints will require movement away from heavy state control over the production and distribution of public goods and services and toward the building of open market, private sector-led systems underpinned by sound regulatory and legal institutions. At the same time, sharp and enduring disparities among the peoples of the region argue for tempering economic growth strategies with efforts to ensure a more equitable distribution of opportunity and of the material benefits that accompany economic growth.

II. THE RELATIONSHIP BETWEEN BUREAU AND MISSION OBJECTIVES

The Bureau's objective tree summarizes and gives shape to those strategic objectives that have been adopted by all or most of the Bureau's Missions. It also articulates some objectives which are Agency priorities but can be addressed more effectively at the regional rather than Mission level (governance and water). There are a very few Mission strategic objectives that are not reflected in the objective tree. They represent country and not regional priorities, although some of the activities carried out in support of them also support one or another Bureau strategic objective. For example, Morocco's housing and urban services objective supports improved municipal governance (related to the Bureau's second strategic objective); improved infrastructure in support of an expanded private sector (the Bureau's first strategic objective); and improved water supply and sewerage (the Bureau's fourth strategic objective).

The Bureau's objectives are not intended to replace Mission objectives, most of which were approved only recently. To the contrary, the Bureau has shaped its regional objectives as much as possible from Mission priorities. The Bureau's objective tree will be used to describe Bureau development priorities to the outside world, including Congress; to organize Mission-level reporting on program performance; and to allocate regional Bureau resources. In terms of allocating scarce resources from the Bureau's regional OYB, activities encompassed by the objective tree will have priority over activities addressing Mission programs not covered by the Bureau's tree. Short of major changes in the Agency's mandate or policies, both Mission and Bureau strategies should remain stable for the five year period, since changes adversely effect the ability to make and measure impact. It is possible, however, that program performance, country situations, or changes in resource levels may dictate changes in strategies. If this occurs,

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revised Mission strategies must continue to conform to a considerable extent with the Bureau's strategy. Missions will require a clear and pressing rationale for new strategic objectives outside those of the Bureau.

NEAR EAST BUREAU OBJECTIVES

GOAL

Support US foreign policy promoting in the region sustainable economic growth, high levels of employment, widespread recognition of basic human rights, and peaceful relations with neighbors, the benefits of which are shared by a broad spectrum of the population

Foreign Policy-Directed Activities: e.g. Lebanon and Israel Programs

SUBGOAL

- **Increased Efficiency, Productivity and Competitiveness of selected economies in the region**
- **Healthier, Smaller Families**
- **Sustainable Development of the Region's Natural Resources**

STRATEGIC OBJECTIVE

- **1. Expanded and more efficient Private Sector Economic Activity**
- **2. More Effective and Accountable Governance**
- **3. Increased Use of Effective Contraceptive Methods**
- **4. Increased Use of Effective MCH Services**
- **5. More Efficient Use and Improved Quality of Water Resources**

PROGRAM OUTCOMES

1.1 Improved financial and economic policies and regulatory environment

1.2 Improved infrastructure and urban services

1.3 Improved operating and management technology applied to productivity and competitiveness of firms

1.4 Strengthened Private Sector Services for Marketing and Trade Promotion

1.5 Strengthened and increased U.S. business-host country alliances

2.1 Improvement in Selected Aspects of Public Accountability

2.2 Improvement in Selected Aspects of Legal Accountability

2.3 Improvement in Selected Aspects of Administrative Accountability

3.1 Increased availability of FP Services in the public and private sectors

3.2 Improved Quality of FP Services in service outlets

3.3 Increased knowledge of Effective FP measures

4.1 Increased availability of child survival and maternal health services in the public and private sectors

4.2 Improved quality of child survival and maternal health services at service outlets

4.3 Increase knowledge of important MCH preventative health measures

5.1 Improved public management, including appropriate policies

5.2 Increased public awareness of and support for conservation needs

5.3 Increased wastewater treatment and water reuse by public and private sectors

5.4 Increased use of pollution prevention and waste minimization techniques by public and private industry

5.5 Greater inter-country discussion of joint approaches to water resources management

Special Interests: The NE Bureau will support capital projects to employ US expertise and technology in building needed infrastructure and improving the environment. It will also use project resources to foster regional cooperation on development problems

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MISSION SUPPORTING STRATEGIC OBJECTIVES

BUREAU STRATEGIC OBJECTIVES		MISSION SUPPORTING STRATEGIC OBJECTIVES
Bureau S.O. 1 - Increased Private Sector-Led Production & Marketing of Exports	Morocco:	Increased competitiveness of Moroccan firms Expanded base of small & medium enterprises
	Tunisia:	Revitalization of the private sector
	Egypt:	Increased macroecon stability & market pricing
		Increased production, productivity & incomes in the agric. sector
		Increased private investment & trade
	Oman:	Promote growth of investment, employment & business activities
	Jordan:	Increased foreign exchange earnings from light industry, agribusiness, tourism & other services
	West Bank/Gaza:	Increased marketed production of agricultural and manufactured goods
Bureau S.O. 2 - More Effective & Accountable Governance		Egypt will have a governance S.O. but this is not yet formulated. Other missions may treat as cross-cutting issue
Bureau S.O. 3 - Increased Use of Effective Contraceptive Methods	Morocco:	Improved health of children under five & MWRA
	Egypt:	Increased level & effective use of modern contraceptive methods
	Jordan:	Reduced fertility
	Oman:	(no S.O. but Population Planning project supports)
	Yemen:	More responsive systems & practices in selected... health, family planning & women's institutions

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MISSION SUPPORTING STRATEGIC OBJECTIVES (con't)

BUREAU STRATEGIC OBJECTIVES		MISSION SUPPORTING STRATEGIC OBJECTIVES
Bureau S.O. 4 - Increased Use of Effective Maternal Child Health Services	Morocco:	Improved health of children under five & MWRA
	Egypt:	Improved MCH
	Oman:	(no S.O. but Nurses' Training supports)
	Yemen:	More responsive systems & practices in selected... health, family planning & women's institutions
	West Bank/Gaza:	Increased use of selected improved health care services
Bureau S.O. 5 - More Efficient Use, Conservation, & Protection of Water Resources	Jordan:	More efficient management of water resources
	Oman:	Improve the management & conservation of renew. natural resources, especially water & marine resources
	Morocco:	(no S.O. but Tadla Water Resources project supports)
	Egypt:	Enhanced protection of Egypt's fresh water & air resources (Egypt program outcome: Power, telecomm. & water provided to enable growth of private industry & commerce in urban areas)

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In addition to its five developmental objectives, the Bureau objective tree includes a separate category of "foreign policy-directed programs." This category recognizes that the Bureau has responsibility for several important programs that respond to foreign policy priorities but do not directly relate to the strategic objectives.

In developing its strategic objectives, the Bureau kept in view the notion of "manageable interest." Barring major changes in programs due to external circumstances outside A.I.D.'scontrol, the Bureau expects to achieve a substantial impact on its strategic objectives by the close of FY 97.

III. NEAR EAST BUREAU GOAL

The Near East Bureau goal is to:

Support US foreign policy by promoting sustainable economic growth, high levels of employment, widespread recognition of basic human rights, and peaceful relations with neighbors, the benefits of which are shared by a broad spectrum of the population.

With respect to sustainable economic growth, the Bureau envisions steady gains in per capita gross national product through expanded private sector production, increased productivity, and gains from international trade in agricultural and industrial products. In order for such growth to be sustainable over time, however, it needs to take place in an open, free-market economy under an institutional and legal regulatory framework that ensures broad participation and accountability. High levels of unemployment, particularly among youth in the cities, are of critical concern in many countries of the region, particularly as governments can no longer serve as employer of first or last resort.

The Bureau defines widespread recognition of human rights in the broadest sense as government and individual respect for the rights of all citizens. It signals the existence of legal rights and institutions that protect the rights of individuals, including minorities.

Peaceful relations between neighbors applies not only to political relations between countries (e.g. the deepening of inter-country diplomatic relations and the avoidance of cross-border hostilities), but also to joint problem solving on technical issues such as water sharing, and the continuing development of functioning and expanding capital markets and trade linkages.

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IV. FOREIGN POLICY DIRECTED PROGRAMS

Certain special, Congressionally-mandated programs are important in supporting the Bureau goal but fall outside of the strategic objectives established for development programs in the region. U.S. assistance to Israel supports the preservation of Israel's political and economic stability and thereby enhances the Government's pursuit of the Middle East peace process. Major components of the Israel assistance program managed by the Near East Bureau include cash transfers ($1.2 billion annually), loan guarantees ($2 billion annually through FY 97), and programs promoting economic reform and regional cooperation.

A.I.D. programs for Lebanon provide emergency humanitarian assistance and support for U.S.-based educational institutions. As political stability increases, A.I.D. plans to shift its focus to promote redevelopment, support resettlement of displaced people, and encourage responsible public administration. A.I.D.'sobjective is to continue to demonstrate to the Lebanese U.S. interest in their welfare, support for the Government of Lebanon, encouragement of private sector-led redevelopment, and democratic institutions.

V. NEAR EAST BUREAU SUB-GOALS AND STRATEGIC OBJECTIVES

A. Sub-goal (1): Increased Efficiency, Productivity and Competitiveness of Selected Economies in the Region

Most of the AID-assisted countries in the region entered the 1980s with highly statist economies. Some have moved a considerable distance away from this model, while others are just embarking on reform programs. National economies are expected to become increasingly more efficient and productive over time. Productivity increases will manifest themselves through standard measures such as output per labor hour and agricultural output per hectare (acre, feddan, dunnam). Competitiveness will be exhibited: (a) domestically, as government monopolies in some industries are superseded by numbers of private firms and as indigenous entrepreneurs adopt modern technologies in their respective industries; and (b) internationally, as increasing numbers of firms demonstrate their ability to compete effectively in international markets for their products. The two strategies through which the Bureau will contribute to this sub-goal are (1) expanded and more efficient private sector economic activity; and (2) more efficient and accountable governance. Since public sector policy and activity affect the functioning of the economy, resources devoted to improving governance are as critical to the achievement of the sub-goal as are resources devoted directly to strengthening the productive sectors.

Strategic Objective 1: Expanded and more Efficient Private Sector Economic Activity

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Government activity still represents an unduly large proportion of the economy in Near East countries, and much work still remains to be done to achieve a more efficient balance between the private and public sectors. Through its activities, the Bureau assists these countries in their efforts to expand the role of the private sector in mobilizing and allocating resources. All USAID Missions except the one in Yemen have formulated one or more strategic objectives targeting an expansion of private sector activity. Most Mission strategies have a strong export focus, which includes non-traditional agricultural exports, while a few (those in Egypt, Jordan and Morocco) work with micro- and small enterprises, which more typically produce for the domestic market. The Moroccan and Jordan Missions also promote tourism.

The Near East Bureau supports this objective through five program outcomes. These program outcomes represent the bulk of what Missions are doing to strengthen the private sector. Each is critical to the achievement of the strategic objective.

Program Outcome 1.1: Improved Financial and Economic Policies and Regulatory Environment

The efficiency gains from a market-oriented economy can only be achieved if an appropriate policy environment is in place. This environment includes a modern and efficient system of financial intermediation, including banks, nonbank financial institutions and securities markets, to mobilize and allocate national savings to productive investment uses. Efficient markets furthermore presuppose economic and fiscal policies, laws and regulations that do not create or sustain incentives to business and farmers, and consumer decisions that will misallocate resources. Through its projects, policy dialogue and technical assistance, the Bureau assists governments in their efforts to reduce managerial, technical, legal, regulatory and judicial barriers to efficient resource allocation.

Program Outcome 1.2: Improved Infrastructure and Urban Services

Improvements in infrastructure and certain critical urban services can reduce the costs of both manufacturing and farming and improve the overall business climate. The Egypt Mission is the most heavily engaged in funding improvements in infrastructure, but other Missions are involved to a more limited extent. Missions in Morocco, Jordan and Tunisia manage Housing Guarantee loans, which support greater involvement of the private sector in housing construction as a mechanism for increasing the housing stock, especially in urban areas, more rapidly and efficiently. The provision of urban services such as roads, water, sewerage and electricity permits the development of a more diverse range of business activity, and also has beneficial health and environmental effects.

Program Outcome 1.3: Improved Operating and Management Technology Applied to Productivity and the Competitiveness of Firms

Increases in productivity and an enhanced ability to manufacture or produce efficiently a broader range of goods and services require improvements in business management and the application of new or improved technologies. Improving accounting practices; rearranging assembly lines; introducing new equipment; strengthening consulting services for businesses; improving packaging; new techniques for producing a more diverse range of exportable horticulture crops; etc. are the kinds of activities included under this program outcome. All Missions that have strategic objectives aimed at strengthening the private sector are trying to improve management skills and production and distribution technologies. A regional project now being developed may also support this outcome.

Program Outcome 1.4: Strengthened Private Sector Services for Marketing and Trade Promotion

The region's indigenous private sector needs better access to export markets in order to sell more goods, and to accomplish this the Bureau will work to strengthen those parts of the private sector that provide marketing and trade promotion services. Strategies include strengthening host country trade associations in agribusiness, environmental technology, light industry and other areas; improving contacts between better trained indigenous businessmen and U.S. businessmen, thereby facilitating trade and technology transfer; and improving communication between governments and private sectors concerning the removal of policy constraints on free market trade and investment. The Bureau will accomplish this via Mission projects and a regional project to be designed for FY 94 funding.

Program Outcome 1.5: Strengthened and Increased U.S.-Host Country Alliances

Access to U.S. technology can improve the competitiveness of new and/or expanded businesses in the region. Indigenous entrepreneurs are interested in establishing linkages with U.S. firms in order to gain access to improved management and operating technologies (see program outcome 1.3 above) and access to new markets. The Bureau will work in sectors (e.g. environmental technology, agribusiness, medical equipment, computers, telecommunications, health products and technology) in which the U.S. has a competitive edge and where an expanded U.S. business presence in Near East countries will help complement A.I.D.'s development objectives. The strengthening of trade association abilities to establish connections between interested firms or make the

relevant introductions will be among those activities supported. The Bureau will work closely with other US Government agencies such as USDA, DOC, SBA, OPIC, etc. in undertaking such activities and will ensure that restrictions imposed by U.S. law are fully honored.

At present, most Missions are less active and less well placed than the Bureau in facilitating U.S.-indigenous business transactions. Stronger US-Near East business linkages are likely to be an important objective of the Bureau's planned regional project.

STRATEGIC OBJECTIVE 1: EXPANDED AND MORE EFFICIENT PRIVATE SECTOR ECONOMIC ACTIVITY (x000)

279-0083	Yemen Technical Services and Feasibility Studies	LOP: $ 4,000
279-0085	Yemen Enterprise Support	LOP: $ 14,700
278-0255	Jordan Loan Guarantee/Small Enterprise Development	LOP: $ 10,000
278-0274	Jordan Agricultural Marketing Development	LOP: $ 5,000
278-0277	Jordan Private Enterprise Technical Resources	LOP: $ 12,000
278-0289	Jordan Trade and Investment Project	LOP: $ 10,000*
278-K646	Jordan Trade and Investment Program (CIP)	LOP: $ 65,000*ǂ
608-0189	Morocco Private Sector Support & Export Promotion	LOP: $ 16,900
608-0204	Morocco New Enterprise Development	LOP: $ 16,000
608-0208	Morocco Development Training	LOP: $ 28,000*
608-0210	Morocco Agribusiness Promotion	LOP: $ 20,000
608-0215	Morocco Privatization Support	LOP: $ 25,000*
608-0218	Morocco Micro-Enterprise Development	LOP: $ 14,000*
608-0219	Morocco Accessing International Markets	LOP: $ 10,400
664-0346	Tunisia Enterprise Promotion	LOP: $ 14,000*
664-0354	Tunisia Agribusiness Promotion Grant	LOP: $ 21,500*
064-0355	Tunisia Management Training for Private Sector	LOP: $ 14,000*
664-0356	Tunisia Private Sector Initiatives in Municipal Development	LOP: $ 3,000*
263-0201	Egypt Private Enterprise Credit (CIP)	LOP: $1,385,000ǂ
263-0202	Egypt Agricultural Production Credit	LOP: $ 283,000
263-0212	Egypt Small and Micro-Enterprises	LOP: $ 20,000
263-0226	Egypt Export Enterprise Development	LOP: $ 10,000
263-0228	Egypt Small Enterprise Credit	LOP: $ 9,000
263-0238	Egypt Privatization Support	LOP: $ 30,000*
263-0241	Egypt Alexandria Sewerage II	LOP: $ 200,000
263-0107	Oman Business Development Project	LOP: $ 5,000
294-0159	West Bank/Gaza Development	LOP: $ 70,543●▲
298-0376	Environment and Competitive Technology Services	LOP: $ 6,000

* Planned funding, not yet authorized.
ǂ Loans paid back in local currency.
● Authorization to date, annual Congressional earmark.
▲ These funds do not exclusively support Strategic Objective 1.

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Strategic Objective 2: More Effective and Accountable Governance.

The Near East Bureau's Governance and Democracy Program (GDP) is aimed at achieving more effective and accountable governance as a means of reducing political and legal constraints to economic development. Accountable governance means that decision makers in the executive bureaucracy are held responsible to those most affected by government decisions and actions. Effective relates to the capacity of governing institutions to fulfill their objectives. GDP assistance primarily targets the building of sustainable institutions and will select the specific governing institutions that are appropriate given a particular country's history, existing institutions, and major development challenges. The specific in-country GDP strategies may well show similarities but they are also likely to differ.

Because of the political sensitivity of donor assistance in GDP in the Near East, only one Mission in the region, Egypt, has a governance strategic objective. Other Missions are treating governance as a cross-cutting issue, improvements in which are critical to the achievement of their economic growth objectives in particular. This is an area where the Bureau is better placed to manage resources than the Missions, so the Bureau has instituted a major regional program to do so.

Three program outcomes which describe different kinds of accountability support achievement of the strategic objective. Strategies are still evolving so it is not possible to say at this point that the Bureau will undertake activities supporting all three program outcomes. The Bureau may end up focussing more of its efforts on one or two of the outcomes described below. The "selected aspects" and the improvements expected will be defined as the GDP strategy evolves.

Program Outcome 2.1 Improvement in Selected Aspects of Public Accountability

This outcome encompasses greater accountability of the executive branch to the public affected by government decisions. It will be achieved through more active, better informed and better organized interest groups and more effective consensus building fora (parliaments, municipal councils). An illustrative list of activities includes:

- Legislative reform through staff development and better information systems
- Improvements in municipal and local elected councils
- Reforms in electoral institutions
- Support of non-governmental advocacy organizations
- Professional development of the media
- Institutionalization of public opinion polling
- Development of independent policy institutes

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Those Missions with Housing Guarantee loans are promoting increased decision making authority and capacity building for municipal councils. The Egypt Mission has also supported greater local municipal council decision making. Activities have also strengthened labor unions in Egypt, and a women's advocacy group in Tunisia. In addition, a number of Missions are focussing on strengthening business associations.

Program Outcome 2.2: Improvement in Selected Aspects of Legal Accountability

This outcome refers to improving the capacity of independent legal systems to ensure that public policy is implemented in a fair and efficient manner. Illustrative elements of this program area include:

- Improvement of legal/judicial education and in service training
- Enhanced systems for court case management
- Establishment of specialized courts for contract law
- Computerized law and regulations archives.

Strategy development on a per country basis starts with a legal and judicial system assessment to identify needs. While these assessments are being conducted, some activities have been initiated. For example, senior Moroccan jurists have toured the United States to learn about how the judicial system works in this country.

Program Outcome 2.3: Improvement in Selected Aspects of Administrative Accountability

This outcome refers to mechanisms within the executive bureaucracy itself that ensure that official decisions and actions are held to high standards and are pursued in the national interest. Illustrative elements of this program area include:

- Development of performance- and merit-based civil service systems
- Incorporation of better management controls in public agencies
- Establishment of ombudsman functions

STRATEGIC OBJECTIVE 2: MORE EFFICIENT AND ACCOUNTABLE GOVERNANCE
(x000)

294-0159	West Bank/Gaza Development	LOP: $ 70,543● ▲
298-0375	Regional Development of Democratic Institutions	LOP: $ 1,600
298-0377	Regional Democratic Institutions Support	LOP: $ 3,500
298-0378	Palestinian-Israel Cooperation	LOP: $ 700,000●
298-0379	Near East Human Rights Project	LOP: $ 300,000

* Planned funding, not yet authorized.
● Authorization to date, annual Congressional earmark.
▲ These funds do not exclusively support Strategic Objective 2.

B. Sub-goal (2): Healthier, Smaller Families

Sub-goal (2) has both a quality of life and an economic rationale. A reduction in the total fertility rate, implicit in the notion of smaller families, is essential to reduce the negative impact that high population growth rates will have on future economic and social development and the environment. Healthier families also result in a more productive labor force. All A.I.D. Missions in the region, except for Tunisia where AID activities in the past have contributed to sustainable health and family planning services, are working to improve the health of women of child bearing age and children under five years of age and to increase contraceptive prevalence. Because Missions and national governments generally support integrated family planning and MCH services, the two strategic objectives supporting this sub-goal will be discussed together. Increases in contraceptive prevalence also support improvements in maternal and child health since optimal spacing between births increases the chances of child survival and reduces the risk of childbirth for mothers.

Strategic Objective 3: Increased Use of Effective Contraceptive Methods

Strategic Objective 4: Increased Use of Effective MCH Services

Progress has been made, particularly in the last five years. Tunisia's contraceptive prevalence rate has now exceeded 50%, while Morocco's and Egypt's rates are approaching that mark. USAIDs in Egypt and Morocco are helping these more mature programs shift a greater burden for the provision of services to the private sector, segmenting the market by introducing a broader range of contraceptives to appeal to women with different requirements, increasing the adoption of more effective longer term methods such as sterilization and I.U.D.s, and concentrating more on increasing prevalence in rural areas, which lag behind urban areas in prevalence. In other countries, Jordan, Yemen and Oman, contraceptive prevalence is lower and national population policies are relatively new. Efforts to expand knowledge and services are key. The Bureau, which will be developing a regional project over the next few months, plans to concentrate these project resources in countries where the total fertility rate remains high, and in areas of higher prevalence countries where the prevalence rates lags significantly behind the national rate.

The U.S. Congress has laid great emphasis on improving child health by earmarking A.I.D. funds for child survival programs. Most Near East Missions support activities that will lead to more effective MCH services in both the public and private sectors and increased use by the citizenry of key services. The two exceptions are Tunisia where assistance is no longer required and Jordan where as much as 40% of infant mortality is related to short birth intervals and a focus on fertility reduction seems merited. The services which Missions emphasize depend on progress made in a given country.

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Maternal health services are critical to the health of children as well as the well-being of their mothers. In most countries in the region, insufficient deliveries are adequately attended and optimal pre-natal care is extremely limited.

Both strategic objectives are supported by three program outcomes, each of which is essential to achieve the objectives.

Program Outcomes 3.1 and 4.1: Increased Availability of FP Services in the Public and Private Sectors and Increased Availability of Child Survival and Maternal Health Services in the Public and Private Sectors

Efforts to increase the availability of services in the public and private sectors includes the following: increasing access to services for groups that had limited or no access by increasing the number of service delivery points and trained personnel; increasing the range of services and striving for better integration; supporting policy and pricing changes that allow the private sector to provide competitively-priced services; and supporting efforts to improve service-delivery sustainability through policy dialogue, technical assistance in health financing, and greater private sector provision of services.

Program Outcomes 3.2 and 4.2: Improved Quality of FP Services in Service Outlets and Improved Quality of Child Survival and Maternal Health Services at Service Outlets

The public is much more likely to use health services that it sees as being of high quality. Improvements in quality are also essential if services are to achieve the impact they are meant to achieve - i.e., vaccinated children do not develop diphtheria, and women taking the pill, if properly instructed and motivated, should not become pregnant. The quality of services varies from country to country, and also tends to be better in urban areas than in rural. USAID Missions supporting MCH and family planning objectives invariably support improvements in quality, through training for Ministry of Health staff and private sector practitioners, development of service delivery protocols, and improved management systems.

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Program Outcomes 3.3 and 4.3: Increased Knowledge of Effective FP Measures and Increased Knowledge of Important MCH Preventive Health Measures

Knowledge is still a constraint to the use of effective services, particularly in the countryside and among less well educated portions of the population, which in the Near East generally includes the majority of women. Improvements in knowledge should lead to higher numbers of women choosing modern methods of contraception and using those methods correctly. Knowledge of which methods are most effective and a clearer understanding of the possible side effects connected with each method will help women make better choices and may lead to greater satisfaction with the choices made. Increased knowledge of the health benefits of family planning may also lead more women to use effective contraceptive methods. Increased knowledge of MCH measures should lead more women to seek pre-natal care, tetanus/toxoid immunization and assisted deliveries. In addition, they will understand the importance for their children of full immunization and the best ways to prevent and deal with diarrhea or acute respiratory infections in young children. Missions promote increased knowledge through improving the knowledge and health education skills of health personnel, through the development of print materials and mass media campaigns, and through social marketing techniques.

STRATEGIC OBJECTIVES 3: INCREASED USE OF EFFECTIVE CONTRACEPTIVE METHODS and 4: INCREASED USE OF EFFECTIVE MCH SERVICES (x000)

279-0080	Yemen Development Training III	LOP: $ 75,000
279-0082	Yemen Accelerated Cooperation for Child Survival	LOP: $ 12,708
279-0090	Yemen Options for Family Care	LOP: $ 10,600
278-0275	Jordan Marketing of Birth Spacing	LOP: $ 5,000
278-0287	Jordan Family Health Services	LOP: $ 7,000*
278-0293	Jordan Post Partum Project	LOP: $ 11,000*
936-3057	Morocco Central Contraceptive Procurement	LOP: $ 10,000
608-0198	Morocco Population and Child Survival	LOP: $ 31,000
263-0144	Egypt Population Project/Family Planning II	LOP: $ 117,600
263-0170	Egypt Cost Recovery Health	LOP: $ 95,000
263-0203	Egypt Child Survival	LOP: $ 67,941
263-0227	Egypt Population/Family Planning III	LOP: $ 62,000*
263-0242	Egypt Child Survival II	LOP: $ 30,000*
272-0110	Oman Population Planning	LOP: $ 5,000*
294-0159	West Bank/Gaza Development	LOP: $ 70,543● ▲

* Planned funding, not yet authorized.

● Authorization to date, annual Congressional earmark.

▲ These funds do not exclusively support Strategic Objectives 3&4. This project only supports objective 4.

C. Sub-goal (3): Sustainable Development of the Region's Natural Resources

High rates of population growth combined with a limited land base on which to support a population have led to degradation and/or looming threats to the region's natural resource base. Future economic growth and improvements in the quality of life are both imperilled if countries in the region cannot develop their natural resources in sustainable ways. The Bureau has chosen to focus on water as the principal environmental issue as well as a major development constraint in the region. Water is also a key regional problem since aquifers, rivers, and of course coastal waters are often shared by more than one country.

Strategic Objective 5: More Efficient Use and Improved Quality of Water Resources

The quantity and quality of water resources are growing problems in the region. The region is predominantly arid, with limited arable land dependent on irrigation from rivers and streams. Many countries have a water deficit in that they currently consume more fresh water than is produced naturally within their boundaries. Most rivers and several aquifers are shared by more than one country. The diminishing quantity and quality of water due to growing populations, urbanization and industrialization have also exacerbated political sensitivities and inter-country tensions related to control over water and have emphasized the need for rational transnational water sharing schemes. Water quality is also becoming a major problem. Reductions in quality have an effect on public health, and can also reduce the ability to reuse water. For example, water that is contaminated with human wastes cannot be recycled for irrigation. Poor water quality, then, affects the quantity that is available for certain uses. For these reasons, the Near East Bureau views increases in the efficiency of use and protection of water quality as the major environmental issue that this region faces. USAID Missions in Egypt, Jordan and Oman have formulated strategic objectives concerned with water conservation and enhancement of quality. The West Bank/Gaza program, while it does not have a strategic objective that addresses water, does have a program outcome under a health objective that targets improved water and wastewater management. In addition, under its private sector objective, the program will seek to improve agriculture technologies, particularly related to the introduction of water-saving crops in Gaza. The Mission in Morocco has as a target of opportunity an irrigation project from which it hopes important management lessons will be learned and disseminated. In addition, Missions in Jordan, Tunisia, and Morocco are, through Housing Guarantee loans, addressing improved management of urban services, including water and sewerage. Planned and existing regional projects also support this strategic objective.

The Bureau has identified five program outcomes which, if achieved, would have a significant impact on the strategic objective.

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5.1 Improved public management, including appropriate policies

Improved management of government-operated water resource facilities such as irrigation systems, domestic water supply utilities, etc. is a key element of many Mission programs in water resources. Traditional approaches have included the provision of technical assistance and training. More recently Missions have placed greater emphasis on improving water use efficiency through policy change, including implementation of policies to reallocate water to more highly valued uses, and managing demand through charging fees more reflective of the true economic value of water.

5.2 Increased public awareness of and support for conservation needs

Public awareness of and support for water conservation can potentially contribute to gains in efficiency. The Bureau is working with Ministries to increase the ability of the latter to raise public awareness of conservation. It supports public education carried out by environmental NGOs. It is developing a training and reference manual for conducting public awareness campaigns. The Bureau is also, through its regional project (PRIDE), examining the possibility of a school pilot, distributing environmental kits for use in science classes.

5.3 Increased wastewater treatment and water reuse by public and private sectors

Inadequate sanitary services is a common problem through the Near East. Untreated wastes are a health hazard and contribute to degradation of water quality. Since many rivers in the region cross national boundaries, degraded water quality in these water bodies is of international concern. Many cities in the Near East region have rudimentary, if any, wastewater treatment facilities. High urban population growth rates compound the problem and result in municipalities being unable to keep up with the demand for sanitation services. A.I.D. has made major contributions to improving wastewater treatment in Egypt. Given the common water short situation throughout the Near East region, many countries are looking at treated wastewater as a resource which can be used again for irrigation and other purposes.

5.4 Increased use of pollution prevention and waste minimization techniques by public and private industry

The concept of pollution prevention or clean technologies refers to a complete and systematic method of assessing industrial production and/or processing system for opportunities to minimize the generation of waste products. Steps to be taken in this method include 1) good housekeeping or adequate operation and maintenance; 2) recycling and reuse; 3) materials substitution (choosing less hazardous materials and solvents); and 4) process modification. The attractiveness of the pollution prevention

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philosophy is in its applicability to resolving both existing urban, industrial, and agricultural pollution problems and in providing an environmentally sound basis for further developing these sectors. The Bureau provides information to the Missions about these technologies and their potential applications and, in a planned regional project, will be introducing new U.S.-based technologies through "clean technology centers."

5.5 Greater Inter-Country Discussion of Joint Approaches to Water Resources Management

Some conflict in the Near East can be traced to the inherent water short nature of the region. Given the importance of water in the region, discussions of common problems and attempts to resolve national and international problems of water allocation, water use and water quality are of extreme importance. A.I.D. can serve as a participant in formal U. S. delegations to such talks and provide funding either bilaterally or through other means towards efforts to further the peace process and resolve problems in the region.

STRATEGIC OBJECTIVE 5: MORE EFFICIENT USE AND IMPROVED QUALITY OF WATER RESOURCES (x000)

278-0288	Jordan Water Quality Improvement and Conservation	LOP: $ 25,000*
278-0291	Jordan Environment and Tourism	LOP: $ 14,000*
608-0194	Morocco Tetouan Urban Development	LOP: $ 5,264
608-0197	Morocco Supplemental Irrigation	LOP: $ 700
608-0213	Morocco Water Resources Management	LOP: $ 18,750
263-0100	Egypt Alexandria Wastewater Systems Expansion	LOP: $ 390,000
263-0132	Egypt Irrigation Management	LOP: $ 340,000
263-0140	Egypt Science & Technology for Development (Subproject 02: Schistosomiasis Research)	LOP: $ 136,750
263-0160	Egypt Rehabilitation and Modernization of the Aswan High Dam	LOP: $ 140,000
263-0173	Egypt Cairo Sewerage II	LOP: $ 816,000
263-0174	Egypt Canal Cities Water and Wastewater	LOP: $ 380,000
263-0176	Egypt Water and Wastewater Institutional Development	LOP: $ 15,000
263-0193	Egypt Cairo Water III	LOP: $ 145,000
263-0232	Egypt Environmental Policy and Planning	LOP: $ 15,000*
263-0235	Egypt Cairo Sewerage III	LOP: $ 300,000*
263-0236	Egypt Secondary Cities Water & Wastewater	LOP: $ 200,000*
263-0239	Egypt Water Resources Management	LOP: $ 150,000*
263-0241	Egypt Alexandria Sewerage II	LOP: $ 200,000*
272-0106	Oman Fisheries Development Management	LOP: $ 20,000
272-0111	Oman Natural Resource Management	LOP: $ 11,911*
294-0159	West Bank/Gaza Development	LOP: $ 70,543● ▲
298-0158	Middle East Regional Cooperation (MERC)	LOP: $ 58,000●
298-0178	Regional Environmental Activities	LOP: $ 6,737
298-0365	Regional Project in Development and Environment	LOP: $ 19,000
398-0289	Irrigation Support for Asia/Near East	LOP: $ 20,100
298-0376	Environment and Competitive Technology Services	LOP: $ 6,000

* Planned funding, not yet authorized.
● Authorization to date, annual Congressional earmark.
▲ These funds do not exclusively support Strategic Objective 5.

VI. CROSS-CUTTING ISSUES, TARGETS OF OPPORTUNITY AND THE RESEARCH AGENDA

A. Cross-Cutting Issues

Cross-cutting issues are ones that are relevant to most or all of the Bureau's strategic objectives. They are problems in and of themselves that the Bureau feels are addressed more effectively in the course of achieving other objectives. These include regional cooperation and problem solving, and gender issues in development.

1. Regional Cooperation and Problem Solving

In selecting this as a cross-cutting issue, the Bureau recognizes the potential value of region-wide work on technical development problems in improving political relations; the transnational nature of some of the problems addressed by its strategic objectives; and the fact that countries in the region can learn much from one another. Support for cooperative problem solving and the development of regional networks are therefore important mechanisms for achieving the Bureau's strategic objectives. The Bureau has projects that seek to foster cooperation particularly in scientific research between Israel and the Arab countries. For example, Egypt and Israel are involved in investigating the use of wastewater for irrigation, in support of the Bureau's fifth strategic objective. In addition, the promotion of greater discussion between countries in the region about certain problems is woven into various Mission and regional projects, such as the Democratic Initiatives Support Project.

The peace process has the potential to introduce profound changes in the socio-political dynamics of the region and has already begun to present new socio-economic development opportunities. The Bureau believes that active follow-up when such development opportunities are created will not only produce tangible development results but can reinforce the peace process. Areas of particular interest are matters benefiting regional trade, joint management of coastal waters, and natural resources management. The Bureau intends to closely monitor the negotiations and support appropriate development activities as they arise.

2. Women in Development

Women's status in the region overall is low and clearly constrains development in certain areas. The Yemen Mission is the one Mission which has formulated a strategic objective that addresses women's development. Most other Missions treat WID or gender as a cross-cutting issue pertinent to many or most of their objectives. These latter Missions have or will develop guidelines for integrating women's concerns and interests into those strategic objectives to which gender concerns are relevant. They will be asked by the Bureau to monitor progress. This may require some separate indicators, while data for other Mission strategic objective indicators will be disaggregated by sex

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and will have separate male/female targets, with strategies for reaching those targets. Under the Bureau's private sector strategic objective, enlarging opportunities for female entrepreneurs is of concern. Under the governance objective, women's legal and civil rights are an area where much effort is needed. Vis-a-vis strategic objectives 3 and 4, women are the obvious beneficiaries of efforts to improve maternal and child health and to expand family planning services. Family planning in particular will allow greater female participation in the work force and may reduce the opportunity costs of sending older daughters, who are expected to care for younger siblings, to school. Women, of course, carry responsibility for the provision of water in the household and are users of water. Their efforts to conserve water and protect its quality are important to accomplishing the fifth strategic objective, and they certainly benefit from cleaner and more abundant water. The Bureau is in the process of developing a guidelines for incorporating women's needs and interests in planning for all Bureau objectives.

B. Targets of Opportunity

Targets of opportunity are objectives which do not fit on the objective tree but represent a new opportunity particularly to introduce ideas and technologies that might help mitigate a significant problem in the region. The Bureau applies the following criteria in selecting targets of opportunity:

- o the problem to be tackled seriously affects three or more countries in the region;
- o the aspect of the problem that the Bureau chooses to address is narrowly defined, and the potential to demonstrate results is strong;
- o the problem is a growing and compelling concern which A.I.D. may need to address on a larger scale later on;
- o A.I.D. or the U.S. has a comparative advantage in working on the problem;
- o the problem can be addressed without drawing significant Bureau resources away from implementation of the main strategy; and
- o the proposed intervention will introduce new technologies and ideas to the region.

Because the Bureau wishes to be able to respond to changing conditions and new opportunities, the list of targets of opportunity will not be set for the five year period of the strategy. Targets will be reviewed annually, and old ones may be dropped and new ones added. However, the list will remain short.

Targets selected to date include:

1. The introduction of pollution prevention technologies

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Various kinds of pollution are increasingly evident throughout the region. Perhaps the major problem, that of water quality, has been addressed as part of the fifth strategic objective. Air quality is also of growing concern. Industrial pollution is growing, and, as private sector business activity expands, could worsen. Pollution prevention is being incorporated into relevant Mission and regional activities, where appropriate, but additional targets of opportunity will be seized as they arise. Consideration will be given to conducting generic analyses of pollution streams (by-products of industrial processes such as air and water pollution, and solid and hazardous waste disposal); assistance with pollution prevention policy and program design for industries and governments; introduction of prototype prevention technologies; and methods of increasing the rate of pollution prevention technology transfer.

2. AIDS and TB

AIDS appears to be a growing problem in the region and is beginning to appear in mothers and neonates. Because the disease is under-reported, Ministries of Health may not be aware of the growing magnitude of the problem and the burden that AIDS will impose on government and society in five to ten years' time. The Bureau would support activities designed to raise Ministry understanding of the disease's process and knowledge of how to tackle the problem. TB is also a growing problem, and the Bureau will promote activities that assist governments in getting this disease under better control.

VII. TRACKING PROGRESS

The Bureau will review methods for determining progress in meeting its strategic objectives and for monitoring targets of opportunity and cross-cutting issues in the next couple of months. Where possible, the Bureau will rely on Mission reporting and will attempt to summarize and compare Mission achievements. In some areas, such as the second strategic objective concerning governance and democracy, it will not be possible to rely on Mission reporting, and the Bureau will develop its own indicators and data collection requirements. The Bureau will also track the use of research findings for those topics on its analytical agenda.

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