

FY 2001 Performance Report



U.S. AGENCY for
INTERNATIONAL
DEVELOPMENT



TABLE OF CONTENTS

| | |
|--|-----------|
| Foreword | 1 |
| Chapter 1. Agency Performance Summary | 2 |
| 1.1 Program Performance Summary | 3 |
| 1.2 Performance by Goal Area Within the New Pillars | 3 |
| 1.3 Program Resources | 13 |
| 1.4 Conclusion | 13 |
| Chapter 2. Management: Achieve USAID's Goals in the Most Efficient and Effective Manner | 14 |
| 2.0 Overview | 14 |
| 2.1 USAID Reform & Reorganization | 14 |
| 2.2 Management Objectives | 16 |
| Chapter 3. Goal Overviews and Operating Unit Objectives | 26 |
| 3.1 Economic Growth, Agriculture and Trade | 26 |
| 3.2 Education | 33 |
| 3.3 Environment | 36 |
| 3.4 Global Health | 42 |
| 3.5 Democracy, Conflict, and Humanitarian Assistance | 49 |
| 3.6 Humanitarian Assistance | 56 |
| Chapter 4. Institutional and Organizational Development Cross-Cutting Theme | 62 |
| Annexes | |
| Annex A: Data Sources | 63 |
| Annex B: Status of Agency Evaluations | 64 |
| Annex C: Data Quality Verification and Validation | 68 |
| Annex D: USAID Goals Table (From 2000 ASP) | 70 |
| Annex E: Involvement of Nonfederal Parties | 71 |
| Annex F: List of Abbreviations and Acronyms | 72 |

MISSION STATEMENT

The mission of the United States Agency for International Development is to contribute to U.S. national interests by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world.



FOREWORD

This Annual Performance Report provides aggregated performance results by each of the Agency's six strategic goals. As part of the FY 2001 Results Review and Resource Request (R4) reporting process, USAID Operating Units self-assessed whether progress towards meeting their Strategic Objectives (SO) was "on track," "exceeded expectations," or "not met." Self-assessments were based on data collected on program activities carried out during calendar year 2000 and earlier periods. With the exception of operating expense funds, the results were generally accomplished using prior year funds. Appropriated funds are generally made available to operating units in the third and fourth quarters of the fiscal year making it difficult to allocate the funding for a specific fiscal year to specific Agency accomplishments.

This APR contains four principal chapters covering the following topics:

1. The **Agency Performance Summary** discusses the consolidation of the Agency's strategic goals into the new program pillars and presents aggregated operating unit self-assessed performance by goal area. This chapter presents a summary table of Agency self-assessed performance from FY 1999 through FY 2001.
2. **Management Systems** describes the four key management objectives and corresponding FY 2001 achievements—financial, human resources, procurement and information technology—that provide the administrative foundation to enable the Agency's field operations to effect development outcomes.
3. **Goal Overviews and Operating Unit Objectives** presents selected Strategic Objective (SO) level results through a narrative description of the country context, SO activities, and self-assessed results. The sample of Strategic Objectives was selected to reflect geographically representative programs with large budgetary resources.
4. The **Institutional and Organizational Development Cross-Cutting Theme** examines the Agency's support for institutional and organizational development that crosscut goal areas.

Annex A lists the Website links to operating unit program performance data. Annex B discusses the status of Agency program evaluations. Annex C provides an overview of data quality verification and validation practices. Annex D lists the involvement of non-Federal government entities in the preparation of this report. Annex E provides a listing of abbreviations and acronyms.

This FY 2001 Annual Performance Report (APR) is a transitional document. As USAID reorganized under the new pillar structure, it continued to work towards its six general developmental goals and management objectives. Accordingly, this APR presents results achieved against each of the Agency's developmental goals that now correspond to the new program pillars.

AGENCY PERFORMANCE SUMMARY

CHAPTER 1. AGENCY PERFORMANCE SUMMARY

USAID's Mission

USAID contributes to U.S. national interests by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world.

The United States has a long history of extending a helping hand to those people overseas struggling to make a better life, recover from a disaster or striving to live in a free and democratic country. U.S. foreign assistance reflects both America's foreign policy interests as well as the compassion of U.S. citizens for those less well off.

USAID has been the principal U.S. agency providing foreign assistance, spending less than one-half of 1 percent of the federal budget to pursue attainment of the Agency goals. As described by Secretary of State Colin Powell: "USAID is an important part of our country's foreign policy team. Its work is at the core of our engagement with the world.... Over the long-term, our foreign assistance programs are among our most powerful national security tools."

The three USAID pillars and Agency management goal, and the

corresponding FY 2001 Agency goals and Strategic Objectives on which performance is being reported in this Report, are presented in Table 1.1.

businesses, international agencies, other governments, and other U.S. government agencies. USAID has working relationships with more than 3,500 American companies and over

Table 1.1

| Program Pillars | FY 2001 Agency General Goals |
|--|---|
| Economic Growth, Agriculture and Trade | <ul style="list-style-type: none"> Broad-based economic growth and agricultural development encouraged Human capacity built through education and training The world's environment protected for long-term sustainability |
| Global Health | <ul style="list-style-type: none"> World population stabilized and human health protected |
| Democracy, Conflict Prevention and Humanitarian Assistance | <ul style="list-style-type: none"> Democracy and good governance strengthened Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established |

Nearly 70 percent of USAID-assisted countries were growing at positive rates in the second half of the 1990's, compared to 45 percent in the early part of the decade. Deaths among children under five have declined from 15 million a year in 1980 to 11 million in 2000. Economic freedom improved in over two-thirds of USAID assisted countries.

The Agency provides assistance in four regions of the world:

- Sub-Sahara Africa
- Asia and the Near East
- Latin America and the Caribbean, and
- Europe and Eurasia

With headquarters in Washington, D.C., USAID's strength is its field offices around the world. The Agency works in close partnership with private voluntary organizations, indigenous organizations, universities, American

300 U.S.-based private voluntary organizations.

Consolidation of Agency Strategic Goals into Pillars

USAID has embarked on a new way of doing business to ensure that the United State's development assistance, humanitarian and disaster relief programs better reflect U.S. national interests. The Agency initiated programmatic and organization changes during FY 2001 to:

- Reorient, simplify and integrate USAID programs to focus on three Pillars supporting achievement of USAID's Strategic Objectives, as illustrated in Table 1.1.
- Introduce the Global Development Alliance as USAID's new model for doing business.
- Adjust the Agency's budget priorities to target increased funding for agriculture, HIV/AIDS, basic

AGENCY PERFORMANCE SUMMARY

- education, and conflict prevention and resolution.
- Direct senior management attention to the sweeping overhaul of the Agency's management and operating systems.

*"[USAID is] more than an element of American foreign policy. You bring hope to people. You bring the American value system to the darkest corners of the world."
Secretary of State Colin Powell at USAID's 40th Anniversary*

1.1 Program Performance Summary

The staff and management of USAID are proud of the Agency's strong performance on behalf of the American people. As illustrated below in Table 1.2 and in the goal descriptions, USAID continues to meet its summary program targets. The overall rate is high and results remain consistent over time. USAID's average rate of Strategic Objectives not meeting expectations is in the 6 to 7 percent range, while the exceeded rate is in the 18 to 21 percent range. Strategic Objectives (SO) are the most ambitious result that a USAID Operating Unit, along with its partners, can materially affect, and for which it is willing to be held accountable.

Looking at the individual goals, in education and

humanitarian assistance all USAID operating units met or exceeded. Even in the Agency's democracy goal, where the achievement of results requires joint action on the part of many other actors, the summary performance ratings exceed Agency wide targets.

Those cases where the individual operating unit failed to meet expectations, the explanation and corrective actions are local and do not require management adjustments at a central level. See Chapter 3, **Goal Reviews and Operating Unit Objectives**, for specific discussions of why performance was not met. In relation to budgetary resources obligated to each goal area, "unmet" Strategic Objectives represent the following percentages:

- Economic Growth, Agriculture and Trade: 2%
- Education: 0%
- Environment: 4%
- Global Health: 2%
- Democracy and Governance: 7.5%
- Humanitarian Assistance: 0%

1.2 Performance by Goal Area Within the New Pillars

The Global Development Alliance

Public-private alliances, as articulated by USAID's new Global Development Alliance (GDA), represent an important

Table 1.2: Performance Assessment Summary*

| Goals | Assessment | Number | | | Percent | | |
|--|------------|---------|---------|---------|---------|---------|---------|
| | | FY 1999 | FY 2000 | FY 2001 | FY 1999 | FY 2000 | FY 2001 |
| Economic growth and agricultural development | Exceeded | 13 | 15 | 15 | 16 | 17 | 15 |
| | Met | 63 | 68 | 78 | 79 | 77 | 80 |
| | Not Met | 4 | 5 | 5 | 5 | 6 | 5 |
| Education | Exceeded | 7 | 7 | 7 | 33 | 26 | 25 |
| | Met | 14 | 20 | 21 | 67 | 74 | 75 |
| | Not Met | 0 | 0 | 0 | 0 | 0 | 0 |
| Environment | Exceeded | 12 | 12 | 12 | 27 | 23 | 20 |
| | Met | 30 | 38 | 45 | 68 | 72 | 77 |
| | Not Met | 2 | 3 | 2 | 5 | 5 | 3 |
| Population, health, and nutrition | Exceeded | 16 | 17 | 18 | 26 | 25 | 24 |
| | Met | 44 | 50 | 54 | 72 | 72 | 73 |
| | Not Met | 1 | 2 | 2 | 2 | 3 | 3 |
| Democracy and governance | Exceeded | 11 | 13 | 15 | 15 | 16 | 16 |
| | Met | 51 | 54 | 61 | 69 | 66 | 68 |
| | Not Met | 12 | 15 | 15 | 16 | 18 | 16 |
| Humanitarian assistance | Exceeded | 2 | 3 | 3 | 13 | 16 | 15 |
| | Met | 13 | 16 | 16 | 87 | 84 | 80 |
| | Not Met | 0 | 0 | 1 | 0 | 0 | 5 |
| Total | Exceeded | 61 | 67 | 70 | 21 | 20 | 19 |
| | Met | 215 | 246 | 276 | 73 | 73 | 75 |
| | Not Met | 19 | 25 | 24 | 6 | 7 | 6 |

Note: Goal assessments reflect performance results in the calendar year prior to the fiscal year operating unit assessment reports.

AGENCY PERFORMANCE SUMMARY

business model for USAID, and are applicable to many of the Agency's programs. USAID proposes to serve as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America, the higher education and NGO communities, and other partners in support of shared objectives. GDA builds on many successful alliances around the world, and seeks to take the best of those experiences and significantly expand this approach to meeting development objectives. Under the GDA and related efforts, USAID will collaboratively create alliances that bring new partners, innovations, and leveraged resources to development challenges.

The Global Development Alliance recognizes significant changes in the assistance environment around the world. It builds on decades of experience working effectively with partners both public and private to take assistance to the next level of shared responsibility and magnified results.

- GDA brings new partners—a mix of NGOs, PVOs, cooperatives, foundations, corporations, higher education institutions and even individuals—to the development challenge, and engages current partners in new ways.
- It entails significant resource leveraging—partners are to bring at least as many resources to the table as those provided by USAID—including funds, in-kind contributions, and intellectual property
- GDA uses collaborative objective setting as a catalyst to mobilize ideas and resources of many actors in support of shared objectives.

Development problems and solutions are jointly defined.

GDA seeks to improve the quality and extent of partnerships, leverage private financing of development assistance, and enhance policy reform through advocacy. GDA responds to a growing international view that public commitment and resources alone are necessary but not sufficient to meet development needs and opportunities.

“The Global Development Alliance will allow us to begin a new era of cooperation, not where we give grants to foundations or universities, but where we use our resources together in the developing world to get projects accomplished at a much grander scale than we’ve been able to do with only our own resources.”

*Administrator Andrew Natsios at
USAID 40th Anniversary*

While the GDA is new, it builds upon years of experience. USAID is already engaged in many successful alliances around the world, such as the Global Alliance for Vaccines and Immunization (GAVI). What is new is that USAID will pursue a systematic approach to alliances on a much larger scale and will institutionalize these alliances as a central business model across Agency operations.

USAID's Three Program Pillars

The Economic Growth, Agriculture and Trade Pillar (EGAT)

The global economy has changed remarkably in the past two decades. With the end of the Cold War, a truly global marketplace for goods, services, technology, and ideas has materialized, and the World Trade Organization (WTO) has begun to establish fair and open markets as a common economic goal requiring international oversight. It is critical to both the U.S. economy and global stability, that developing and transition countries find a way to participate in this process and that the benefits of globalization are broadly shared. Yet, more than 1.2 billion people live on less than a dollar a day; more than 800 million people continue to go to bed hungry; and more than 113 million children are not in school.

USAID assistance provided under the Economic Growth, Agriculture and Trade pillar will focus on creating economies that are viable over the long term. To accomplish this, USAID will pursue the mutually reinforcing goals of promoting economic growth to reduce poverty and increased agricultural production to reduce hunger. The interrelationship and interdependence of economic growth, environmental sustainability, and the development of a country's human capital are highlighted within this pillar. Job creation will be an essential element of this pillar, especially through the promotion of microenterprises and agro-enterprises.

While human capacity development, particularly basic education, and the environment have an impact on all

AGENCY PERFORMANCE SUMMARY

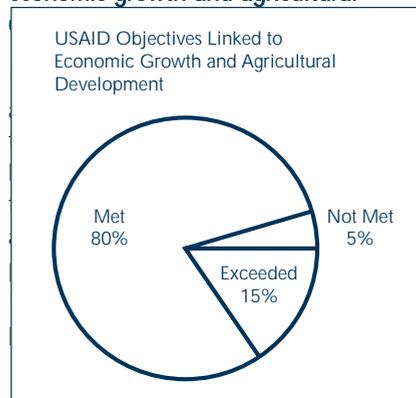
“Without economic growth no development is ultimately sustainable. I would like to focus more of USAID’s resources on economic development to reduce poverty and on agricultural development to reduce hunger and malnutrition.”

Andrew Natsios 4/25/01 Senate Foreign Relations Committee confirmation statement

three pillars, they are included with economic growth. This recognizes their essential link to economic development. Issues of environmental sustainability will continue to play a central role in the execution of USAID programs.

Special emphasis will be directed at integrating growth, agriculture, and environmental objectives in a manner such that market forces play an increasingly important role in the Agency’s strategic approach and in determining a program’s long-term viability. Throughout these sectors and activities, the Agency will take advantage of new information technologies to accelerate advances. Funded activities will assist: the productive sectors, especially agriculture; the environment and energy sectors; human capacity development (including basic education); microenterprises; and improvement of the business, trade, and investment climate.

FY 2001 Strategic Goal 1: Broad-based economic growth and agricultural



USAID activities supported three priority areas:

- Critical private markets expanded and strengthened
- More rapid and enhanced agricultural development and food security encouraged
- Access to economic opportunity for the rural and urban poor expanded and made more equitable

Nearly 70 percent of USAID-assisted countries were growing at positive rates in the second half of the 1990’s, compared to 45 percent in the early part of the decade. Economic freedom improved in over two-thirds of USAID assisted countries. Overall, 95 percent of assessed Strategic Objectives for encouraging economic growth and agricultural development met or exceeded performance expectations.

FY 2001 Strategic Goal 3: Human capacity built through education and training

A country that achieves sustainable economic growth by expanding and

improving basic education becomes a more valuable trading partner with the U.S. The same is true of a country that grows faster because its universities provide better access to new and improved technology developed abroad. Higher education helps a country contribute more to its own development.

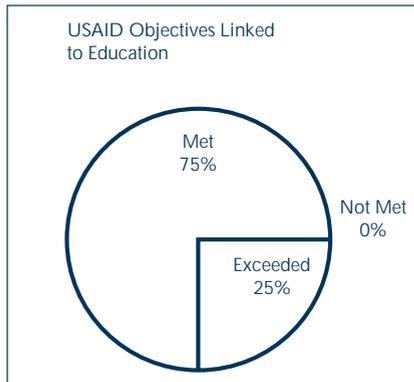
Economic growth in developing countries demands the creation of a productive and skilled workforce. Basic education for all children is the necessary first step. The positive linkages between education and other USAID strategic goals are well established. Better, more accessible basic education raises agricultural output and productivity, improves environmental stewardship, encourages ethnic tolerance and respect for civil liberties, and builds democratic values and practices. In addition, there are specific benefits linked to increased school attendance among girls that lead to higher incomes, better family health, increased child survival, smaller families, and improved social status for women.

Education Strategic Objectives support the Economic Growth and Trade pillar through activities in four areas:

- Improved quality and efficiency of basic education
- New partnerships improved the quality and relevance of higher education and workforce development
- Expanded training for future private sector, NGO, and government leaders
- Information technologies spread to the developing world and those in need.

AGENCY PERFORMANCE SUMMARY

One hundred percent of assessed Strategic Objectives for education met or exceeded performance expectations.



FY 2001 Strategic Goal 5: The world's environment protected for long-term sustainability

Environmental problems increasingly threaten the economic and political interests of the United States and the world at large. Environmental degradation endangers human health, undermines long-term economic growth, and threatens ecological systems essential to sustainable development.

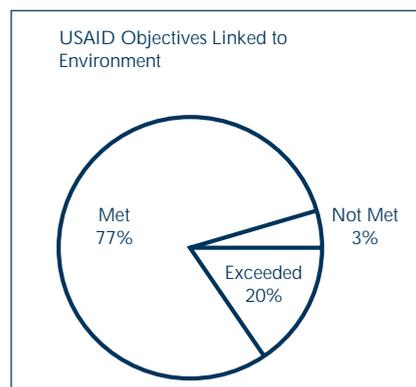
Environmental degradation in other parts of the world, particularly the loss of biological diversity, changes in global climate, the spread of pollutants, the careless use of toxic chemicals, and the decline of natural fish populations directly affect the United States. Struggles over land, water, and other natural resources in the developing world lead to instability and conflict, which often threaten U.S. security and trade interests.

USAID programs tackle major environmental problems abroad before

they pose more serious threats to the United States. Agency programs promote economic growth, global health, technology transfer, and conflict prevention and help people manage their activities in ways that enable the natural environment to continue to produce, now and in the future, the goods and services necessary for survival.

The Agency seeks to protect the environment for long-term sustainability around the world through programs directed at five broad areas:

- The threat of global climate change reduced
- Biological diversity conserved
- Sustainable management of urbanization, including pollution management, improved
- Proportion of environmentally sound energy services increased
- Strengthen natural resource management.



USAID met or exceeded 97 percent of assessed operating unit Strategic Objectives to protect the environment for long-term sustainability.

The Global Health Pillar

Stabilizing the world's population benefits the American public by contributing to global economic growth, a sustainable environment, and regional security. Reduced population pressures will also lower the risk of humanitarian crises in countries where population growth rates are highest. Protecting human health and nutrition in developing and transitional countries also directly affects public health in the U.S. Unhealthy conditions elsewhere increase the incidence of disease and threat of epidemics that could directly affect U.S. citizens, retard economic development, and increase human suffering.

Stabilization of rapid population growth and improved health and nutrition are essential to sustainable development. They are also fundamentally interdependent. When people are nourished and free from the ravages of infectious diseases, they can contribute more fully to their own social and economic progress and to that of their nations. Nutrition education, investments to correct micronutrient deficiencies, and investments in basic health services will significantly improve the health of undernourished people, especially children and vulnerable populations. When people can control the size of their families, resources are made available at the household, national, and global levels for enduring improvements in quality of life. Moreover, improved health status of women and girls plays a critical role in child survival, family welfare, economic productivity, and population stabilization.

AGENCY PERFORMANCE SUMMARY

"In the last 40 years, infant mortality rates have dropped from 162 per 1,000 live births to 69, a drop of almost two-thirds. That drop was principally a result of the introduction of a series of technologies, many of them crusaded by this agency, that led to the lowering of newborn deaths."

*Administrator Natsios at USAID's
40th Anniversary*

FY 2001 Strategic Goal 4: World population stabilized and human health protected

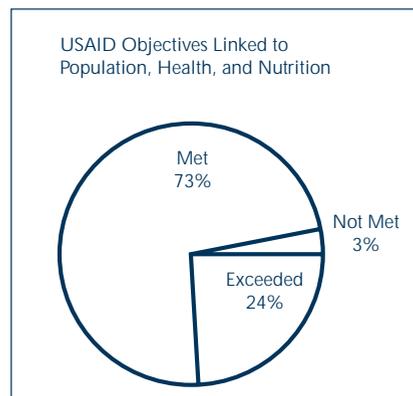
USAID works in the following five main Global Health areas:

- Number of unintended and mistimed pregnancies reduced
- Infant and child health and nutrition and reducing infant and child mortality improved
- Deaths and adverse health outcomes to women as a result of childbirth reduced
- HIV transmission rate and the impact of the HIV/AIDS pandemic in developing countries decreased

- The threat of infectious diseases of major public health importance mitigated.

While USAID has five main thrusts to its Global Health efforts, these are carefully integrated. In addition, research, policy dialogue, health sector reform, systems strengthening, and capacity building—while not among USAID's specific Strategic Objectives for population, health, and nutrition—are significant crosscutting activities necessary for ensuring long-term availability, accessibility, efficiency, and quality of population, health, and nutrition services.

Overall, 97 percent of assessed operating unit Strategic Objectives for stabilizing world population and protecting human health met or exceeded performance expectations.



The Democracy, Conflict and Humanitarian Assistance Pillar

In the aftermath of September 11, 2001, the goal of a peaceful, stable world order has assumed even greater importance to U.S. foreign policy. This single event will have sweeping social, economic, political, and military

consequences that will bear directly on world freedom and democracy.

In this new context, USAID has an important role in promoting resilient, well-governed, capable states that are less vulnerable to violent conflict. With the heightened threat of terrorism, comes the necessity to swing states toward more effective, accountable, legitimate and democratic governance. The global focus on terrorism brings opportunities to advance the rule of law, establish justice, and help countries develop a stake in global integration and stability. USAID will spearhead reforms in developing and transition countries to improve education, promote transparency and accountability, and preempt terrorism. These efforts will complement USAID's broader development programs to help address the underlying sources of alienation, anger, and despair that feed radicalism and propel acts of violence and terror.

Fragile democracies fail because of poor economic performance, stalled economic reforms, inequality, endemic corruption, dysfunctional rule of law, ethnic and religious differences, and violence. Support for democracy and confidence in democratic institutions is declining in many transitional democracies. Increasingly, failed democracies and economies result in civil war and conflict. Nearly two-thirds of countries where USAID works have been ravaged by civil conflict over the past five years. Civil war has produced an unprecedented number of people who fled their homes in search of food and personal security. At the end of 2000, at least 57 countries were the source of significant uprooted populations. These situations are

AGENCY PERFORMANCE SUMMARY

"We need to focus our analytical attention on constructing our programs to deal with those stresses which could, in fact, result in war. And if we do that we may, in fact, save millions of lives, enormous damage, and instability in the future."

*Administrator Natsios at USAID's
40th Anniversary*

marked by widespread violence, collapse of central political authority and public services, the breakdown of markets and economic activity, massive population dislocation, and food shortages leading to starvation, malnutrition or death.

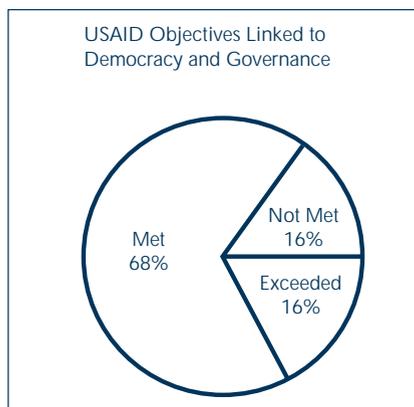
In response to this new global reality, USAID is restructuring its programs. The new pillar on *Democracy, Conflict, and Humanitarian Assistance* integrates programs and approaches to deal more effectively with the underlying social, economic, and political problems that contribute to failed states, and that lead to humanitarian crises. This pillar integrates programs in democracy and governance, economic and social development, agriculture and food security, international disaster assistance, and post-conflict transition initiatives that prevent the re-ignition of conflict. USAID, in collaboration with other U.S. Government agencies and partners, is addressing the causes of conflict to help prevent, mitigate, or resolve conflict. USAID has introduced a new emphasis on dealing with

conflict situations into existing Agency programs. By expanding Agency efforts to promote stability, USAID will assist countries in recovering from conflict, preventing terrorism, and responding to humanitarian crises.

FY 2001 Strategic Goal 2: Democracy and good governance strengthened

Expanding the global community of democracies is an objective of U.S. foreign policy. USAID strengthens democracy and good governance through efforts in four areas:

- Legal systems operate more effectively to embody democratic principles and protect human rights
- Political processes, including elections, that are competitive and more effectively reflect the will of an informed citizenry



- Informed citizens' groups that effectively contribute to more responsive government
- More national and local government institutions open and effective in performing their public responsibilities.

USAID made satisfactory progress towards its democracy and governance objectives. 84 percent of assessed Strategic Objectives that support democracy and governance met or exceeded expectations.

Freedom House Rankings

USAID uses the annual Freedom House survey to gauge the state of democratic development around the world. Freedom House ranks countries "free," "partly free," or "not free" and tracks annual changes in scores in two sub-areas, civil liberties and political rights.

Of the 80 USAID-assisted countries reviewed in 2000, 23 were classified as "free." A further 38, or almost half, were deemed "partly free." 19 were ranked "not free." From 1999 to 2000, three countries graduated from "partly free" to "free," while another advanced from "not free" to "partly free." Conversely, one USAID-assisted country slipped from "free" to "partly free" and another was downgraded from "partly free" to "not free." Overall, more countries experienced increases in their Freedom House ranking. This is in direct contrast to 1999, during which the number of "partly free" and "not free" countries increased.

Long-term trends have also been positive. According to the combined scores for political rights and civil liberties of USAID-assisted countries, 34 (nearly 42 percent) became freer from the Agency performance baseline period of 1995 through 2000. Thirty-one countries (38 percent) remained at the same level in 2000 as they had been in 1995, while 14 countries (17

AGENCY PERFORMANCE SUMMARY

percent) became less free in that period.

FY 2001 Strategic Goal 6: Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established

The United States is one of the largest bilateral donors in humanitarian assistance. American values mandate offering assistance and international leadership to alleviate human suffering from crises. In fulfilling this mandate, USAID has two objectives under the Agency's humanitarian assistance goal:

- To meet urgent needs in times of crisis
- To re-establish personal security and basic institutions to meet critical intermediate needs and protect human rights

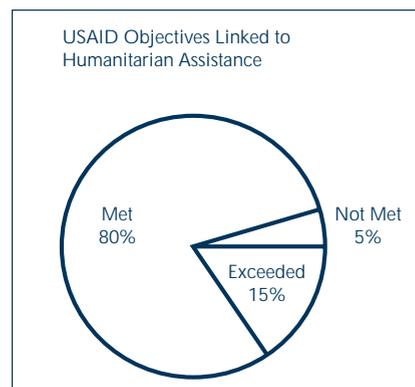
USAID provides essential food, shelter, water, and health services to keep people alive during disasters. USAID mobilizes assistance as soon as a disaster strikes and warrants U.S. Government response. Each year,

millions of people suffer from disasters. Many of these millions—whether refugees fleeing fighting, or residents fleeing flooding—are affected by conflict or disaster year after year. In 2000, more disasters were reported than in any year over the last decade, affecting the lives of 256 million worldwide.

USAID responds to both natural disasters and complex emergencies. Physical hazards such as drought, earthquake, cyclone, flood, pest and disease outbreaks are considered natural disasters. Those killed are usually the poorest people, with two-thirds from the least developed countries. The cost of natural disasters is significant. For this reason, USAID invests in disaster prevention and mitigation programs that enhance regional, national, and local capacity to prepare for disasters.

Complex emergencies may include natural disasters such as drought, but are usually caused or complicated by civil strife. They are manifested in armed conflict, displaced populations,

hunger, and death. In 2000, there were 25 major armed conflicts in 24 locations. By the end of 2000, at least 34.5 million people—refugees and internally displaced—had fled their homes because of war, persecution, and human rights abuses.¹ The number of internally displaced persons (IDPs) continued to exceed the number of refugees, due to the persistence and violence of conflicts and severe government repression, and to the growing unwillingness of many states to host long-standing refugee populations.



Ninety-five percent of assessed Strategic Objectives to promote humanitarian assistance met or exceeded expectations.

Humanitarian Relief

In relief situations, USAID monitors the health and nutritional status of populations using two benchmark indicators. These are Crude Mortality Rates (CMR) and prevalence of acute malnutrition in children under five years of age. Rates of mortality and

Change in Freedom House Classification 1999-2000

| Change in Status | Countries |
|------------------------|-------------------------|
| Partly Free → Free | Ghana, Croatia, Mexico, |
| Not Free → Partly Free | Djibouti |
| Partly Free → Not Free | Kyrgyzstan |
| Free → Partly Free | Ecuador |

¹ U.S. Committee for Refugees, World Survey Report, 2001

AGENCY PERFORMANCE SUMMARY

malnutrition decrease when essential needs are met - such as food, water, emergency medical care, and shelter. Thus, if humanitarian assistance is effective, CMR and malnutrition rates will decrease over time.

USAID initiated this monitoring work with the broader goal of instituting a global, coordinated system for gathering, analyzing, reporting and disseminating information on progress of relief assistance. This is a collaborative effort with the State Department's Bureau of Population, Refugees, and Migration (State/PRM), the World Health Organization (WHO) and the United Nations Administrative Coordinating Committee/Subcommittee on Nutrition (ACC/SCN). The Refugee Nutrition Information System (RNIS) of the ACC/SCN and WHO's Emergency and Humanitarian Action (EHA) monitor pilot sites and provide updated analysis.

As stated in the FY 2000 and FY 2001 Agency Performance Plan (APP), these indicators are experimental. Progress to date show that this is a feasible undertaking, and additional sites will be included. In pilot sites, the health and nutritional status of beneficiaries are monitored to ensure these are within international standards. The benchmark established was:

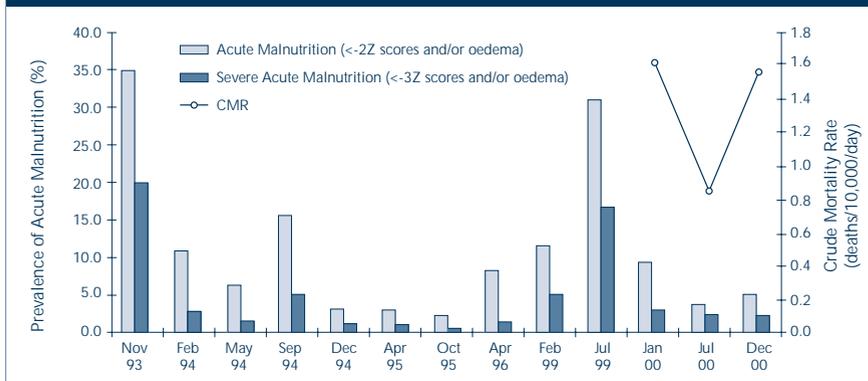
1. Four to five pilot sites selected and baseline established from published data.
 2. CMR and nutritional status in pilot sites monitored.
 3. Methodology for CMR data collection and analysis reviewed, pilot-tested and refined.
 4. Data collection and operational issues (including nutritional status data as part of regular reporting) coordinated within USAID and with other agencies.
- Progress to date on the benchmark:**
1. *USAID has exceeded its target of five pilot sites.* Each year, new sites are added on an incremental basis. Currently, there are 11 pilot sites in 11 countries to monitor CMR, and 14 sites in 12 countries to monitor nutritional status. Pilot sites are in countries where USAID provide significant resources and where data is available. These are: Afghanistan, Angola, Burundi, Democratic Republic of Congo, Ethiopia, Kenya, Nepal, Sierra Leone, Somalia, Sudan, Tanzania, and Uganda.
 2. *CMR and nutritional status in these sites are being monitored.* Several donors and organizations support these sites. USAID views this initiative as a collaborative effort of the humanitarian community of donors, international agencies, United Nations agencies and non-governmental organizations. Data is monitored to ensure that the trend in CMR and nutritional status indicators are within international standards, and compares favorably with national country levels. CMR greater than one death per 10,000 persons per day (1/10,000/day) indicates a very serious situation, while CMR greater than 2/10,000/day means this is an emergency out of control. Prevalence of acute malnutrition (wasting) should be less than 10 percent in children 6-59 months.
 3. *The methodology for CMR data collection with the nutrition survey protocol was reviewed and pilot-tested by World Vision, Sudan (November 1999).* The methodology was found to be feasible and do-able by PVOs/NGOs. USAID, in collaboration with State/PRM, is leading the global effort to standardize methodologies among all relief organizations. A workshop is planned to bring organizations together to resolve technical issues and establish a standardized methodology.
 4. *Data collection and operational issues are being addressed and coordinated within USAID and with other agencies.* Within USAID, the Office of Food for Peace/Emergency Programs has institutionalized nutritional status indicators as part of the regular reporting by its implementing partners, and used for the yearly results report on P.L. 480 Title II emergency food aid. One measure of success of several years of advocacy and coordination efforts is the adoption by State/PRM of CMR as one of its performance indicators. As a joint USG effort, USAID and State/PRM undertook a series of consultations with European partners. This led to the universal acceptance of these indicators by major relief

Elevated levels of malnutrition and mortality are reduced by timely, appropriate interventions, or access to normal sources of food and other essential needs during periods of stability. Illustrative trend data (available as of June 2001) are provided below.

3. *The methodology for CMR data collection with the nutrition survey protocol was reviewed and pilot-tested by World Vision, Sudan (November 1999).* The methodology was found to be feasible and do-able by PVOs/NGOs. USAID, in collaboration with State/PRM, is leading the global effort to standardize methodologies among all relief organizations. A workshop is planned to bring organizations together to resolve technical issues and establish a standardized methodology.
4. *Data collection and operational issues are being addressed and coordinated within USAID and with other agencies.* Within USAID, the Office of Food for Peace/Emergency Programs has institutionalized nutritional status indicators as part of the regular reporting by its implementing partners, and used for the yearly results report on P.L. 480 Title II emergency food aid. One measure of success of several years of advocacy and coordination efforts is the adoption by State/PRM of CMR as one of its performance indicators. As a joint USG effort, USAID and State/PRM undertook a series of consultations with European partners. This led to the universal acceptance of these indicators by major relief

AGENCY PERFORMANCE SUMMARY

Prevalence of Acute Malnutrition among 6-59 Month Olds, and Crude Mortality Rates in Malange, Angola



organizations. These include the International Federation of Red Cross and Red Crescent Societies (IFRC), International Committee of the Red Cross (ICRC), United Nations High Commissioner for Refugees (UNHCR), World Food Programme (WFP), Food and Agricultural Organization (FAO), and non-governmental organizations. In addition, there is consensus to come together as a coordinated group to resolve technical and operational issues.

Illustrative data from pilot sites on CMR and nutritional status:

Angola: The pilot site is in Malange city, 200 miles east of the capital, Luanda. It has repeatedly been under siege throughout the period of instability. As of December 2000, the malnutrition rate declined to 5.3 percent from 31.1 percent in July 1999. The mortality rate dropped but rose again to a serious level of 1.5/10,000/day. These high rates have been partly attributed to a lack of basic health services. In 1999, the CMR for the whole country was estimated at

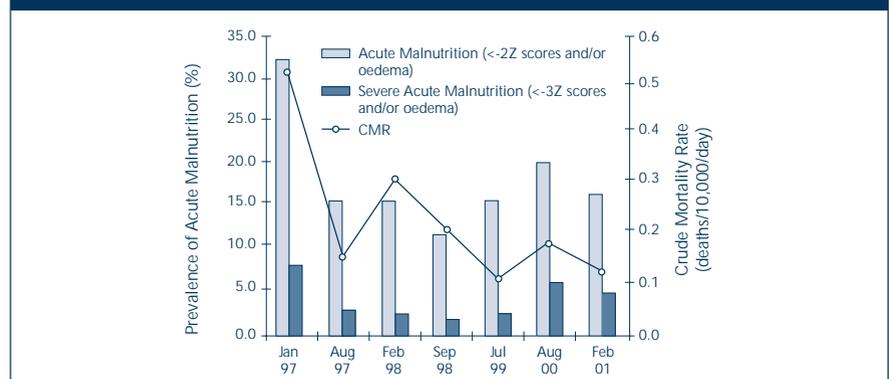
0.5/10,000/day (UNICEF 2000), indicating that Malange is a seriously affected area within Angola.

Kenya: Following the civil war in Somalia in 1988, and the subsequent overthrow of the military ruler in 1991, there has been a steady influx of Somali refugees into northeastern Kenya. At the start of 2001, an estimated 125,000 Somali refugees were living in three camps in the Dadaab area. Deaths of camp inhabitants have been routinely monitored since 1993, providing a

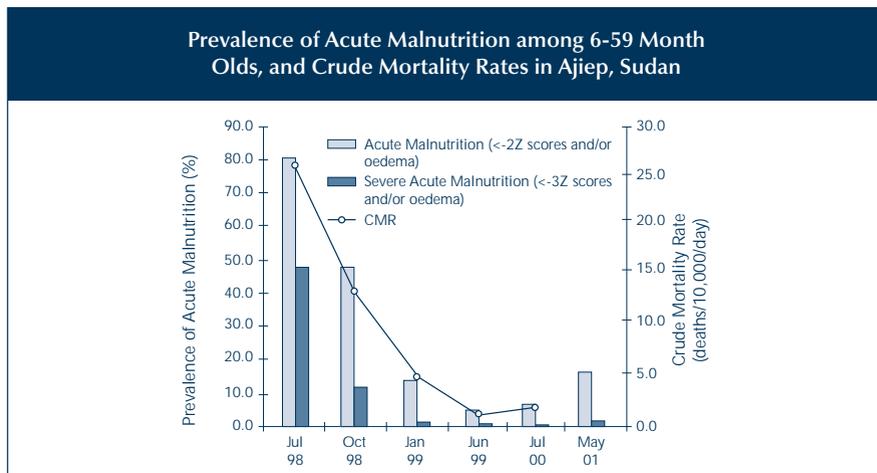
reliable estimation of CMR. Since September 1998, CMR has been consistently lower than 0.2/10,000/day, lower than the estimated national rates for Somalia and Kenya during the same period. Acute malnutrition was at an alarming level in January 1997 at 32 percent. This was attributed to a serious outbreak of diarrheal disease coupled with a seasonal increase in malaria, a reduction in the availability of milk and an influx of people in poor health. Acute malnutrition has decreased significantly with a reduction in the prevalence to 15 percent last year. However, no improvement has been made since last year's report. This may be attributed to inadequate and poorly balanced rations.

Sudan: Decades of civil war and crop failures have created a catastrophic humanitarian situation in southern Sudan. The inhabitants of Bahr-el-Ghazal region have faced some of the greatest hardship. One of the pilot sites is in Ajiep, Gogrial County. At the height of the crisis in July 1998, the CMR was 26/10,000/day. Once humanitarian assistance was accessible, CMR decreased rapidly. As

Prevalence of Acute Malnutrition among 6-59 Month Olds, and Crude Mortality Rates in Dadaab, Kenya



AGENCY PERFORMANCE SUMMARY



of July 2000, the CMR is still considered at a serious level at 1.5/10,000/day. The CMR for the country is estimated at 0.3/10,000/day (UNICEF 2000), a rate considerably lower than that for Ajjeip. On nutritional status, several anthropometric surveys were conducted in Gogrial County. In Ajjeip, the prevalence of acute malnutrition mirrored the CMR trend. Acute malnutrition decreased from the catastrophic July 1998 level of 80 percent to the current 15.5 percent. However, this level is a serious increase over last year, when we reported that the situation was under control at 4.9 percent. This raises concern that the situation is returning to crisis levels.

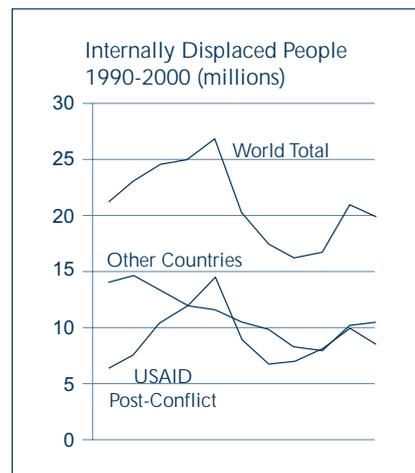
Transition

USAID reviews performance in achieving the “transition” objective against benchmarks in a set of post-conflict transition countries that were selected in 1998. These include eight sub-Saharan African countries: **Angola, Burundi, the Democratic Republic of**

the Congo, Liberia, Rwanda, Sierra Leone, Somalia, and Sudan; three countries from Asia and the Near East: **Cambodia, Indonesia, and West Bank/Gaza**; six countries from Europe and Eurasia: **Azerbaijan, Bosnia, Croatia, Georgia, Serbia/Montenegro, and Tajikistan**; and four countries from Latin America and the Caribbean: **El Salvador, Guatemala, Haiti, and Nicaragua**. In light of changing situations in transition countries, this list will be updated as necessary.

USAID uses two performance benchmarks to monitor progress and trends: The U.S. Committee for Refugees’ *World Refugee Survey* on the number of refugees and internally displaced persons, which USAID uses to understand the breadth of crisis and open conflict in a country; and the Freedom House Index, as expressed in *Freedom of the World*, which provides trend data to assess the democratic status of transition countries. These indicators provide contextual information for assessing changing trends of transitions in various regions.

Of the 21 post-conflict countries reviewed by USAID, only Freedom House classified two as “free” in 2000. Seven countries are still considered “not free.” Despite these setbacks, the number of countries considered “not free” declined from thirteen in 1993 to eight in 2000. Per available published data, improvements in Liberia, Sierra Leone, Indonesia, Azerbaijan, Bosnia, Serbia/Montenegro and Haiti contributed to this trend.

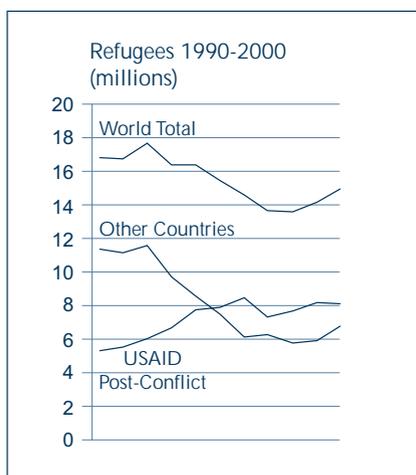


The total number of persons displaced by open conflict in 2000 increased by over one million people from 1999. Of the over 20 million internally displaced people (IDPs), those within post-conflict countries accounted for 11 million. Sudan, the Democratic Republic of Congo (DROC), and Angola account for 6.9 million IDPs. Resettlement progress occurred in Bosnia where the number of IDPs declined by 400,000 during the year. The largest IDP increase during 2000 was in the DROC (one million).

Refugees from post-conflict countries made up the majority of worldwide

AGENCY PERFORMANCE SUMMARY

refugees. The number of refugees from Burundi and the DROC, as well as the number of Palestinian refugees from West Bank/Gaza each grew by over 100,000 during the past year. Refugees from Angola and Sudan also increased significantly.



1.3 Program Resources

Congress appropriates resources to USAID through several different accounts. USAID's more traditional development work in the Third World is funded through the Sustainable Development Assistance (DA) and Economic Support Fund (ESF) accounts. The Agency's assistance to the transitional economies and societies of Eastern Europe and Eurasia is provided through the Assistance for Eastern Europe and the Baltic States (AEEB) and the Assistance to the Independent States of the Former Soviet Union, or Freedom Support Act, (FSA) accounts. The Child Survival and Disease Account (CSD) is aimed at improving child and maternal health and reducing child mortality, reducing the incidence of infectious diseases

Table 1.3
Net Cost of Operations by Fiscal Year Summary (In millions, rounded)

| Goal Centers | FY 1999 | FY 2000 | FY 2001 |
|--|----------------|----------------|----------------|
| Broad-based economic growth and agricultural development | \$2,979 | \$3,320 | \$2,979 |
| Strengthen democracy and good governance | 495 | 350 | 696 |
| Build human capacity through education and training | 294 | 125 | 368 |
| Stabilize world population and protect human health | 1,048 | 1,437 | 1,063 |
| Protect the environment for long-term sustainability | 612 | 448 | 454 |
| Promote humanitarian assistance | 824 | 1,056 | 1,318 |
| Less earned revenues not attributed to programs | (3) | (6) | (12) |
| Net Cost of Operations | \$6,249 | \$6,730 | \$6,990 |

* Source: FY 2000 and FY 2001 Accountability Reports Statement of Net Costs

and assisting vulnerable children. The International Disaster Assistance Account (IDA) provides emergency disaster relief and disaster preparedness to reduce suffering and mitigate loss.

Assistance to countries emerging from complex crises is provided through the Transition Initiatives (TI) account. USAID's credit program account allows the agency to leverage its resources through the use of market rate loans and guaranties to finance largely non-sovereign development projects. USAID also manages Public Law 480 resources appropriated to the U.S. Department of Agriculture.

In FY 2001, approximately 85% of all USAID costs incurred were directly related to support of USAID programs. Costs incurred for the Agency's general operations (e.g., salaries, training, support for the Office of Inspector General) accounted for approximately 15% of the total USAID cost. Net costs by Agency goals are summarized in table 1.3.

1.4 Conclusion

USAID's programs contribute to U.S. international affair goals of economic prosperity, education, humanitarian assistance, democracy and human rights, and the global issues of health and environmental protection. USAID improve the lives of millions of people. Overall, more than 90 percent of Agency operating unit assessed Strategic Objectives met or exceeded their targets.

For those interested in learning more about USAID, the Agency's Web site is <http://www.usaid.gov>. The Web site for USAID's Development Experience Clearinghouse electronic library is <http://www.dec.org>. Readers are encouraged to refer to these Web sites for the Agency Strategic Plans, Annual Performance Plans, and past Agency Performance Reports, as well as country-specific programs, statistics and evaluations.

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

CHAPTER 2. MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

2.0 Overview

The purpose of management at USAID is to enable and support development and humanitarian assistance programs in the U.S. national interest. Thus, USAID/Washington's role is to provide management infrastructure and support to facilitate the efficient administration of field programs—the ultimate customers of Washington's management function. Since the Government Performance and Results Act became law and USAID's original Strategic Plan was prepared, USAID has substantially realigned its management objectives to better support Agency operations and to address issues identified by the Agency's external assessors.

President's Management Agenda

USAID is addressing the President's Management Agenda through its management goal to “achieve USAID's goals in the most efficient and effective manner.” The agenda emphasizes how the government-wide goals are interconnected and mutually reinforcing. These goals are guided by three principles that state that government should be: citizen-centered, results-oriented, and market-based.

Government-wide Initiatives. Following are the five government-wide initiatives

that USAID has incorporated into its management objectives.

1. **Strategic Management of Human Capital** – The administration plans to flatten the federal hierarchy, reduce the number of layers in upper management, use workforce planning to help agencies redistribute higher-level positions to front-line, service-delivery positions
2. **Competitive Sourcing** – The President has proposed opening one-half of the commercial activity positions listed on Federal Activities Inventory Reform (FAIR) Act to private competition.
3. **Improved Financial Performance** – USAID's objectives are to reduce erroneous payments and achieve and sustain unqualified annual audits.
4. **Expanded Electronic Government** – Three part strategy: 1) improve agency IT planning through the budget process, 2) build citizen-centered e-gov infrastructure in and across agencies including e-procurement and e-grants, 3) create an e-gov strategy with specific outcomes.
5. **Budget and Performance Integration** – OMB plans to formally integrate performance with budget decisions. This integration is designed to produce performance-based budgets beginning with the FY2003 Budget submission.

2.1 USAID Reform & Reorganization

Administrator Natsios has made agency reform and reorganization a primary

goal of his tenure at USAID. The reform of five key processes—procurement, administrative services, personnel, information management, and financial management—will improve Agency operations.

While recognizing the very important role played by Washington-based staff in providing support to programs in the field, the Agency's reorganization reinforces the tenet that field missions, as USAID's strength and comparative advantage, remain the focal point of assistance delivery.

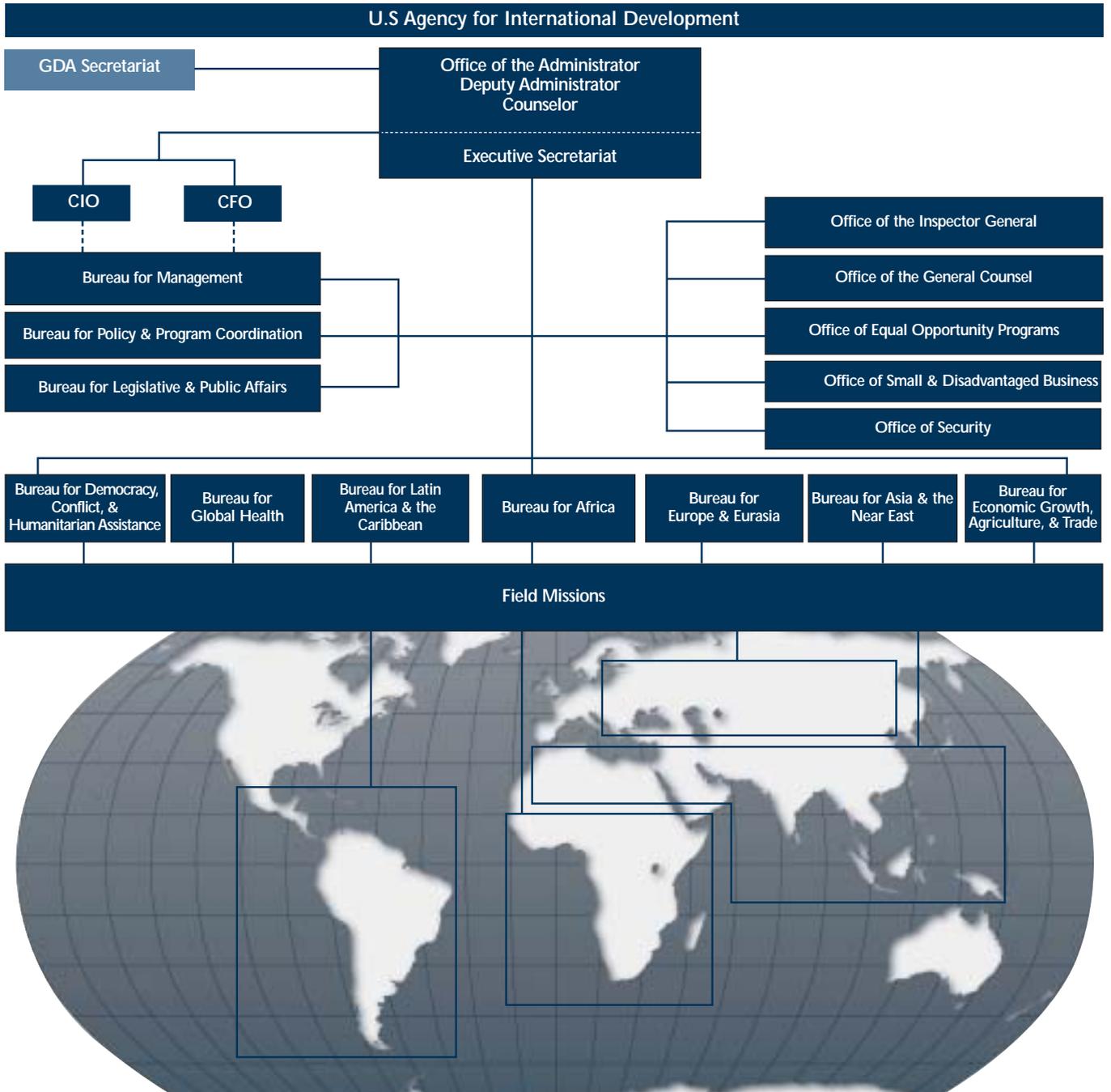
Agency Restructuring

As part of Administrator Natsios' first year reforms, USAID consolidated development and relief activities into three new pillar bureaus to reflect program priorities. In the reorganization process, USAID eliminated two bureaus: the Bureau for Humanitarian Response and the Bureau for Global Programs, Field Support and Research, whose programs were absorbed into the pillar bureaus. The **three new pillar bureaus**, which support the delivery of technical services in the field and promote leading edge research on new approaches and technologies, are:

- Global Health (GH)
- Economic Growth, Agriculture and Trade (EGAT)
- Democracy, Conflict, and Humanitarian Assistance (DCHA)

Two other entities also resulted from the reform and reorganization process: the Global Development Alliance Secretariat and the Conflict Prevention Task Force. These are temporary

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER



Shaded area indicates temporary structure.

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

structures that will be absorbed into the Agency within the next 12 months. These units assist in implementing USAID's new business model of strategic alliances and the Agency's heightened focus on conflict prevention throughout Agency programs. A description of the reorganization can be found online at <http://www.usaid.gov/about/reform/>.

As part of the reorganization, the Bureau for Policy and Program Coordination (PPC) has assumed responsibility for policy making, strategy, and budget allocations within the Agency. Towards this end, the Agency's central budget functions have been reassigned to PPC. Further discussion on the impact of this reorganization will be provided in the FY 2002 APR.

USAID Employee Survey 2001

The Administrator undertook a comprehensive survey of employee satisfaction and morale to ensure that the views of all of USAID's employees are taken into account to improve Agency performance, services, and the quality of their work environment. The survey was designed to identify areas for improvements in administrative processes. Many of the questions provided all members of the USAID workforce an opportunity to recommend both broad strategies and specific actions that would improve USAID's performance and quality as an employer. The public may view the results of this survey at <http://www.usaid.gov/about/reform/>.

Follow-on Measurement of Results. USAID plans to conduct a follow-on survey in the fall of 2002. This survey

will be based on a scientific random sample rather than all employees and contain fewer open-ended questions than the recent survey. The follow-on survey will be a critical element of assessing progress towards improving the Agency's management systems. Managers responsible for administrative services have posted a summary of their management reform plans on the USAID Web site, along with descriptions of the measures that will be used to verify that improvement has occurred. These items were selected, in part, based on input from

"While I am extremely pleased by the accomplishments of the Reorganization Working Group, we know from our experience as development professionals that it is only effective implementation that produces results. Implementation of our restructuring efforts is just beginning, and I know that I can count on your commitment and hard work in helping this to succeed. In the end, we will have an Agency that is better able to meet the foreign policy needs of our country and, in the process, improve the lives of the people we work with around the world."

Administrator Natsios

this survey and service quality focus groups.

2.2 Management Objectives

During FY 2001, significant progress was made towards USAID's four management objectives. While not all specific indicator targets were met, on balance, actual results indicate demonstrable steps taken toward achieving each management objective. The Table of FY 2001 Performance Data provides a comparison of objective indicator targets and results.

Objective 1. Accurate Program Performance and Financial Information Available for Agency Decisions

Performance Results: Financial management is a USAID management priority, in order to bring Agency financial management systems into compliance with the Federal Financial Management Improvement Act. The cornerstone of USAID's financial management improvement program is the implementation of a fully compliant core financial system. To this end, USAID successfully launched Phoenix, a commercial off-the-shelf core financial system that is compliant with Federal requirements and standards. In December 2000, USAID deployed Phoenix to support Washington operations and during FY 2001, the Agency implemented tools to extract overseas financial information for an automated interface with Phoenix. USAID also completed the work necessary to integrate Phoenix with two additional financial systems — the Department of Health and Human Services Payment Management System which services USAID-issued

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

letters of credit for grantees and the Riggs Bank system, which services loans on behalf of the Agency. Phoenix and the Agency's acquisition and assistance system have also been linked to achieve internal efficiencies and to ensure the accuracy of financial information. In addition, USAID implemented a comprehensive program to train Agency staff to transition to Phoenix. As a result of all of these efforts, the new accounting system successfully completed one fiscal year accounting cycle.

Historically, Washington-based managers have not had access to accurate, timely and useful financial information from missions. This was a factor in USAID's reporting a material weakness in financial reporting and resource management. In response, USAID created a repository of overseas financial information in Washington in FY 2001 that provides Agency-wide financial reporting to support internal decision-making and external stakeholder information needs. Overseas financial transactions are now captured and stored monthly in Washington in the Mission Accounting and Control System Auxiliary Ledger (MACSAL), which will be used to generate summary-level postings in the Phoenix General Ledger for external reporting. This management improvement will correct the material weakness in financial reporting, make financial information more readily available to managers, and reduce the number of cuff-record or shadow systems used by bureaus for tracking overseas financial activity. USAID is now meeting government-wide quarterly financial reporting

requirements on time and with current and complete financial information.

In addition, USAID completed the first phase of its implementation of a managerial cost accounting (MCA) model. The model allocates operating expenses recorded in the general ledger from the Management Bureau to benefiting bureaus. The MCA model along with other cost allocation tools will be used in preparing the annual Statement of Net Cost, which reports revenues and expenses by Agency goals.

The overseas deployment of the core accounting system will be resequenced to coincide with acquisition and deployment of a new procurement system and updated telecommunication network capabilities. Plans will be developed for the worldwide deployment of the system based on a detailed review of the Agency's management systems during FY 2002.

Although the Agency did not establish 2001 targets related to performance information, steps were taken to address program performance and reporting issues. For example, the Policy and Program Coordination Bureau (PPC) and the Office of the Inspector General have worked together closely to develop an appropriate Performance Management Audit methodology, which, without compromising IG independence, is geared towards providing guidance on needed improvements.

In addition, PPC did a thorough rewrite of the Agency's Automated Directive

Series sections on programming guidance, emphasizing the need to plan, collect and report empirically reliable data. These new procedures support many of the management reforms and innovations described in this chapter and can be found at: <http://www.usaid.gov/pubs/ads/200/>.

Based on the rewrite of the programming guidance, PPC and HR developed a pair of courses to address immediate Agency training needs. The first of these, the *ADS Rollout Workshop*, covers all changes in the new ADS and has been given to some 700 USAID staff worldwide during FY 2001. Also in FY 2001, USAID gave the *Performance Management Workshop*, a weeklong, hands-on training, to nearly 300 staff and implementers worldwide. USAID has also taken steps to establish websites where performance knowledge can be shared, both inside and outside the Agency. For example, all of USAID's country results reporting is posted on the web as soon as the statutes permit. Other knowledge management websites are being pre-tested.

Objective 2: USAID Staff Skills, Agency Goals, Core Values and Organizational Structures Better Aligned to Achieve Results Efficiently

Performance Results: Human resources were identified as a critical management challenge for USAID. The first major human resource concern is workforce planning,² defined as getting the right person, at the right time, for the right job, and doing the right work.

² The Office of the Inspector General (OIG) receives a separate appropriation and has separate human resource authorities. Accordingly, this discussion does not include OIG human resource issues.

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

Since September 30, 1992, USAID experienced significant downsizing of its combined Civil Service (CS) and Foreign Service (FS) workforce. During FY 1996, it reduced its level of FS and CS employees by 14 percent (from 2,764 to 2,378) and continued to downsize since then. USAID's target employment level is 1,035 CS and 1,010 FS employees, a level 14 percent below its end of FY 1996 level. To reach these new, lower levels, the Agency essentially froze new hiring until FY 1999 and allowed voluntary attrition to occur. As a result, a skill imbalance now exists. USAID offered a "buyout" for the Civil Service in FY 2000 to accelerate voluntary attrition in occupational categories where fewer employees were needed. But more needs to be done to correct the existing skills imbalance and reshape USAID's workforce.

USAID's second major workforce concern is the high number of retirement-eligible employees. The average USAID CS employee is 47 years old; the FS average age is 48 years. As of September 30, 2000, 32 percent of USAID's CS workforce and almost 60 percent of FS employees were eligible to retire immediately or by September 30, 2005.

In FY 1998, USAID implemented the first annual Foreign Service recruitment plan, based upon analysis of each of the 19 FS occupational categories. The analysis projects the number of employees and number of positions five years from the beginning of the current fiscal year. The FY 1998 plan, for example, projected FS employee needs by occupational category through September 30, 2002. The Agency used Mission data on projected

staffing needs by occupation and attrition data to estimate the number of positions and onboard employees five years hence. The recruitment level is then based upon projected shortfalls and USAID's ability to absorb career candidates.

Excluding the OIG, USAID had 996 FS employees on 9/30/2000; and 992 on 9/30/2001. FS attrition was 92 in FY 2001. USAID projects FS attrition to be at least 90 per year through FY 2005 and that total FS & CS attrition will be 200, or about 10% per annum.

The Foreign Service Act of 1980, as amended, requires that the normal Foreign Service entry level be at salary class 4 or below. USAID refers to entry-level employees as New Entry Professionals (NEPs). In addition to NEPs, USAID recruited midlevel career candidate contract officers (salary class 3) and career candidate legal officers (salary class 2). USAID hired 30 career candidates in FY 1999; 51 in FY 2000; and 81 career candidates in FY2001 (77 NEPs and four legal officers).

A total of 141 employees were brought on board in FY 2001, consisting of 77 NEPs (Foreign Service entry-level employees), 18 Presidential Management Interns, and 46 other career Civil Service (CS) employees. NEP Classes are about 10 employees fewer than target, due to last minute cancellations or lack of necessary medical/security clearances. The next NEP class enters March 2002. USAID staffed every critical position through FY 2001, and anticipates that human resource constraints will ease by the end of FY 2002.

For the first time in almost a decade, the direct-hire staffing level did not

decrease significantly from the previous year. The Agency received a "green light" on the Executive Branch Management Scorecard for its progress.

In addition to successfully increasing its intake of professionals in FY 2001, USAID also achieved significant progress in staff training. The Agency increased the number of senior managers trained through such external programs as the Federal Executive Institute and the Foreign Affairs Leadership Seminar. It also developed new in-house training programs designed to enhance managers' results orientation, financial management, acquisition and assistance, and supervisory skills. In FY 2001, 105 executive-level (FS-1/GS-15) employees and 147 midlevel seniors (FS-2/GS-14, senior level Foreign Service Nationals [FSNs] and US PSCs) received training. In addition, 480 employees received Acquisition and Assistance training; 385 employees received supervisory training; and 348 employees were trained in managing for results. In the coming year remains to better align Washington staff with USAID's strategic goals and objectives. USAID is developing a Washington workforce strategy that systematically and comprehensively assesses headquarters staffing needs. This strategy will use a process similar to the FS employment analysis described above, and will include an examination of optimal organization structures in Washington. This analysis is expected to be completed in fall 2002 after the completion of USAID/W reorganization.

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

Objective 3: Agency Goals and Objectives Served by Well-Planned and Managed Acquisition and Assistance (A&A)

Performance Results: USAID achieves development results largely through intermediaries that receive USAID funds, i.e., through contractors or recipients of grants and cooperative agreements. USAID's Direct Hire staff perform the "inherently governmental functions" of strategic planning, program oversight, financial management, assessment and reporting, and negotiations and policy reform with host-country governments. In this environment, efficient and effective acquisition and assistance systems and services are critical. For this reason, USAID leadership designated the development of more efficient and effective A&A services as a priority, and the Agency modified its A&A objective in the 2000 Revised Strategic Plan.

In the recent past, the Agency concentrated on increasing the number of performance-based contracts and results-based assistance instruments as the key to efficient and effective A&A services. While USAID continued to emphasize performance-based instruments in FY 2001, better collaboration and integration among those involved in planning and carrying out A&A activities was identified as equally, if not more, important to achieving development results more quickly. This includes technical officers responsible for program design and implementation, contract officers responsible for A&A negotiations, and suppliers.

In FY 2001, USAID expanded its use of more flexible A&A instruments, such as indefinite quantity contracts and an innovative assistance mechanism known as "Leader/Associate Grants." Notwithstanding these and other A&A systems and procedural improvements, USAID did not fully achieve its goal of spreading obligations more evenly across the year. While Washington exceeded its target for obligations in the first three quarters, fourth quarter obligations Agency-wide were higher than projected. The goal of reducing fourth quarter obligations is partly dependent upon when the Operating Year Budget (OYB) is made available. In addition, some programs, such as the Office of Foreign Disaster Assistance (OFDA), must react to emergency needs, requiring obligation of funds at any time. USAID has retained its obligation targets for FY 2002, but plans further review to determine whether the goals should exclude actions that cannot be planned in advance.

USAID continues to look for ways to improve the timeliness of procurement actions with available staff. The Agency established a pilot program under which another agency, through a franchise fund, will award and administer some contracts in order to enable the USAID contracting staff to concentrate on the most important, high dollar value contracts. USAID achieved important results with regard to skill certification in the A&A arena. The end of FY 2001 certified 96 percent of COs with unlimited warrants and 77 percent of COs with warrants of \$2.5 million or more. In addition, the Administrator approved the new CTO certification program and the

budget resources necessary to complete this process in three years.

A new automated contract writing system was implemented in both Washington and the field that will allow quicker and easier capture of the data needed to report to the Federal Procurement Data Center and the Small Business Administration. Baseline data was developed on post-award meetings. Such meetings with contracting officers, technical staff, and contractors were held after about thirty percent of large new contracts. Planning is well underway to co-locate two contracting branches with their client offices as an experiment to determine whether performance will be enhanced. Finally, although the Contract Review Board (CRB) began reviewing contracts exceeding \$10 million in April, because most of the CRB's work occurred during the last three months of the year, the board has not yet set down its findings in order to establish a baseline.

Objective 4: Agency Goals and Objectives Supported by Better Information Management and Technology

Performance Results: The information management and technology objective was established in USAID's FY 2000 Performance Overview. Specific performance goals and targets were not set for FY 2001. Performance goals, indicators, and targets for FY 2002 will be documented in the FY 2003 Performance Plan.

The following accomplishments during FY 2001 will provide the baseline for FY 2002 targets:

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

- Completed evaluation of new desktop operating system/office suite for USAID/Washington.
- Completed network operating systems and e-mail upgrades at eight missions.
- Completed telecommunications network equipment upgrades in three missions
- E-Gov Strategy/Government Paperwork Elimination Act (GPEA) Plan completed and annual GPEA report updated and submitted to OMB on schedule.

Given the Agency's decentralized, worldwide field presence, improving Agency information management and technology systems is imperative. To address these challenges, USAID developed an Information Management (IM) Strategic Plan for Fiscal Years 2001–05, mapping a course to use information management and technology more effectively in achieving development goals and objectives. Under this Plan, IM will achieve its goals of Exemplary Leadership, Superior Performance, and Full Compliance through the implementation of five Strategic Objectives: Improved Information Infrastructure, Cost-Effective Support Solutions, Integrated Program Solutions, Effective Knowledge Management, and Comprehensive Information Management. During FY 2002 USAID will complete a study to reengineer Agency business practices and develop a plan to accelerate deployment of improved Agency-wide systems.

USAID successfully completed its first GPEA Plan, which identified

transactions that were candidates for paperwork elimination. Since then, each of the candidate transactions has been analyzed for congruence with information security and architecture standards and prioritized in terms of business benefits, life-cycle cost, risk, and return on investment (ROI). The updated GPEA Plan consolidated and documented the results, successfully completing the GPEA Planning Phase on schedule. The Plan provides a platform for initial implementation of the USAID E-gov Strategy, summarized in terms of the IM Strategic Objectives. However, a number of IM requirements critical to the success of the IM Strategic Plan remain unfunded.

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

Management Goal: Achieve USAID's Goals Efficiently and Effectively
Table of FY 2001 Performance Data

| Performance Goals & Indicators | FY 2001 Target | FY 2001 Actual | Assessment | Notes | Linkage to President's Management Agenda |
|--|--|--|---|--|--|
| Objective #1: Accurate program performance and financial information available for Agency decisions (M/CFO) | | | | | |
| <i>1.1: Core financial management system certified compliant with Federal requirements</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 1.1.1: Integrated, automated financial systems worldwide | Such a system is fully operational in Washington and two overseas Missions. | Washington system fully implemented. System linked to missions through electronic interface. No pilot missions. | Target exceeded Target met Target not met per note: | Overseas deployment of core financial system resequenced to follow acquisition and deployment of a new procurement system and upgraded telecommunication network capabilities. | Improved Financial Performance |
| 1.1.2: A fully operational, secure and compliant core financial system installed with interfaces to major feeder systems | Federal certification of the general control environment and system security of the accounting operations of approximately one-half of the Agency's overseas Missions. | Washington system certified. Mission critical interfaces. System security certification and accreditations were conducted at nine of 38 overseas accounting stations. System security vulnerabilities were identified and corrected. The 10th mission was not certified due to delays associated with September 11. Technical and functional managers designated for five mission critical systems. | Target met Target met Target partially met Target exceeded | Target not fully achieved in order to dedicate budget resources to complete implementation of core financial system in Washington. | Improved Financial Performance |
| <i>1.2: A system to allocate costs fully to Agency strategic goals installed in Washington and the field</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 1.2.1: Costs attributable to Agency strategic goals | Provide secure, reliable and accurate financial information at the strategic objective level throughout the Agency. | Financial reporting at the strategic objective level in Washington. Mission financial reporting at the strategic objective level on schedule for June 2002. | Target met Target partially met | | Budget and Performance Integration |

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

Management Goal: Achieve USAID's Goals Efficiently and Effectively Table of FY 2001 Performance Data

| Performance Goals & Indicators | FY 2001 Target | FY 2001 Actual | Assessment | Notes | Linkage to President's Management Agenda |
|---|--|--|----------------|--|---|
| Objective #1: Accurate program performance and financial information available for Agency decisions (M/CFO) | | | | | |
| <i>1.3: Program performance assessment systems and capabilities increased</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 1.3.1: USAID program performance tracked | Target not set for FY 2001. | | Not applicable | New indicator for FY 2002 (introduced in FY 2000 POR). | Budget and Performance Integration |
| <i>1.4: Knowledge to plan and implement USAID's programs acquired and shared effectively</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 1.4.1: Knowledge | Target not set for FY 2001. | Implementation of www.USAIDResults.org as a knowledge management portal for ADS 200 Programming Policies. | Not applicable | New indicator for FY 2002 (introduced in FY 2000 POR). | |
| <i>1.5: Agency operations guided by effective policies and procedures</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 1.5.1: Assessment and audits validate implementation of policies and procedures | Target not set for FY 2001. | 9 OIG Performance Audits Conducted indicating inconsistent adherence to data reliability standards. | Not applicable | New indicator for FY 2002 (introduced in FY 2000 POR). | Budget and Performance Integration; and, Improved Financial Performance |
| Objective #2: USAID staff skills, Agency goals, core values and organizational structures better aligned to achieve results efficiently (M/HR) | | | | | |
| <i>2.1: Human resource planning capabilities strengthened</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 2.1.1: Recruitment efforts result in rapid deployment of staff in all labor categories and services-Target A | An additional 151 employees (of which 131 will be NEPs) brought on board through March 2002. | Total of 141 employees brought on board. Breakdown: 77 NEPs (Foreign Service entry level employees) entered on duty along with 18 Presidential Management Interns, 46 other career Civil Service (CS) employees entered on duty during FY 2001. | Target not met | NEP Classes are about 10 employees fewer than actual target due to last minute cancellations or lack of necessary medical/security clearances. Next NEP class enters March 2002. | Strategic Management of Human Capital |
| 2.1.1: Recruitment efforts result in rapid deployment of staff in all labor categories and services-Target B | Planned FS staffing level maintained. | Excluding the IG, USAID had 996 FS employees on 9/30/2000; on 9/30/2001, it had 992. FS attrition was 92 of FY 2001. (USAID projects FS attrition to be at least 90 per year through FY 2005 and total FS & CS attrition will be 200, or about 10% per annum.) | Target met | The Agency plans to have 1,000 Foreign Service (FS) on board by 9/30/2002. | Strategic Management of Human Capital |

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

Management Goal: Achieve USAID's Goals Efficiently and Effectively
Table of FY 2001 Performance Data

| Performance Goals & Indicators | FY 2001 Target | FY 2001 Actual | Assessment | Notes | Linkage to President's Management Agenda |
|---|--|---|--|--|--|
| Objective #2: USAID staff skills, Agency goals, core values and organizational structures better aligned to achieve results efficiently (M/HR) | | | | | |
| 2.2: Skill shortages addressed | | | <i>Modified in FY 2000 POR</i> | | |
| 2.2.1: In-house training on critical operational skills continued-Target A | Leadership training for 100 executive-level (FS-1/GS-15) employees | 105 executive-level (FS-1/GS-15) employees trained. | Target Met | | Strategic Management of Human Capital |
| 2.2.1: In-house training on critical operational skills continued-Target B | Operations training for 120 midlevel seniors (FS-2/GS-14), senior level FSNs and US PSCs | 147 midlevel seniors (FS-2/GS-14), senior level FSNs and US PSCs trained. | Target Met | | Strategic Management of Human Capital |
| 2.2.1: In-house training on critical operational skills continued-Target C | Assistance and acquisition training for 425 technical officers | 480 employees trained. | Target Met | | Strategic Management of Human Capital |
| 2.2.1: In-house training on critical operational skills continued-Target D | Supervisory training for 300 employees at all levels | 385 employees trained. | Target Met | | Strategic Management of Human Capital |
| 2.2.1: In-house training on critical operational skills continued-Target E | Managing for Results Program made available for computer-based self-instruction. | Program made available and 348 employees trained. | Target Met | | Strategic Management of Human Capital |
| Objective #3: Agency goals and objectives served by well-planned and managed acquisitions and assistance (A&A) (M/OP) | | | | | |
| 3.1: A&A planning integrated with program development | | | <i>Modified in FY 2000 POR</i> | | |
| 3.1.1: Procurement priorities established and modified jointly by technical and contract officers | <p>Negotiate 38% of A&A instruments within first three quarters of FY 2001, 20% during July, 21% during August, and 21% in September.</p> <p>Baseline (FY 1999): 32% of A&A instruments awarded were executed during the first three quarters of the year. The remaining 68% of the instruments were executed during the fourth quarter as follows: July - 13%; August - 14%; September - 41%.</p> | <p>Of the A&A awards made in Washington, 40% of awards were made within the first three quarters.</p> <p>8% were awarded in July; 8% were awarded in August; 44% were awarded in September.</p> | <p>Target exceeded</p> <p>Other targets not met. See note at right</p> | <p>The goal of reducing fourth quarter obligations is partly dependent on when the OYB is made available. In addition, some programs, such as OFDA, must react to immediate needs. (USAID is retaining its targets for FY 2002, but plans further review to determine whether the goals should exclude actions that cannot be planned in advance.)</p> | Competitive Sourcing |

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

**Management Goal: Achieve USAID's Goals Efficiently and Effectively
Table of FY 2001 Performance Data**

| Performance Goals & Indicators | FY 2001 Target | FY 2001 Actual | Assessment | Notes | Linkage to President's Management Agenda |
|--|---|---|----------------|--|--|
| Objective #3: Agency goals and objectives served by well-planned and managed acquisitions and assistance (A&A) (M/OP) | | | | | |
| <i>3.2: A&A competencies of technical and contract staff strengthened</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 3.2.1: Percentage of CTOs and COs certified-Target A | Cognizant Technical Officer (CTO) certification program approved. | The Administrator approved the CTO certification program. | Target met | Administrator's notice of July 16 indicated his decision to budget resources to complete the CTO certification program in three years. | Improved Financial Performance |
| 3.2.1: Percentage of CTOs and COs certified-Target B | 85% of Contract Officers (COs) certified by end of FY 2001. | 96% of COs with unlimited warrants are certified. 77% of COs with warrants of \$2.5 million and more are certified. | Target met | | Improved Financial Performance |
| 3.2.1: Percentage of CTOs and COs certified-Target C | Productivity of COs enhanced by a fully operational, automated contract-writing system. | New automated contract writing system (ProDoc) is operational in Washington and Missions. | Target met | System is required to be used as of 10/01/01. | Improved Financial Performance |
| <i>3.3: Partnerships among USAID technical offices, contract offices and contractors and recipients improved</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 3.3.1: Increase in postaward meetings between all parties when substantial new awards are made | Baseline established and 2002 target set. | Baseline established that joint meetings were held for large new contracts approximately 30% of the time. | Target met | | Improved Financial Performance |
| 3.3.2: Contract administration is simplified | New indicator-target not set for FY 2001. | | Not applicable | | Improved Financial Performance |
| <i>3.4: Consistency in application of A&A policies and procedures</i> | | | | <i>Modified in FY 2000 POR</i> | |
| 3.4.1: Uniform implementation of contracting policies | Uniform implementation of contracting policies | Baseline not established because of end-of-year work requirements. | Target not met | CRB began reviewing contracts exceeding \$10 million in April. Since the majority of the work of the CRB occurred during the last three months of the year--particularly the last month--the board has not yet set down its findings in order to establish a baseline. | Improved Financial Performance |

MANAGEMENT: ACHIEVE USAID'S GOALS IN THE MOST EFFICIENT AND EFFECTIVE MANNER

**Management Goal: Achieve USAID's Goals Efficiently and Effectively
Table of FY 2001 Performance Data**

| Performance Goals & Indicators | FY 2001 Target | FY 2001 Actual | Assessment | Notes | Linkage to President's Management Agenda |
|--|--|--|--------------------------------|-------|--|
| Objective #4: Agency goals and objectives supported by better information management and technology (M/IRM and M/CIO) | | | | | |
| <i>NEW: 4.1: Information technology improves Agency efficiency and effectiveness</i> | | | <i>Modified in FY 2000 POR</i> | | |
| 4.1: Enhanced compliance with Federal requirements and regulations | Continue the process of modernizing Agency systems consistent with the technical architecture adapted in fiscal year 2000. | Evaluation of new desktop operating system/office suite for USAID/W completed. Eight missions completed for network operating system, e-mail upgrades. Telecommunications network equipment upgraded in three missions. | Target met | | Expanded Electronic Government |

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

CHAPTER 3. GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

In Sections 3.1 to 3.6, this chapter provides a brief overview of USAID's six strategic goals under the revised Agency Strategic Plan of 2000, grouped according to the Agency's new pillars, as shown in Table 3.1. The chapter also discusses performance under operating unit Strategic Objectives linked to the Agency's goals, based on assessments by Missions and other operating units. Examples were chosen as a representative cross-section of activities by region and objective, and based on their magnitude and duration.

3.1 Economic Growth, Agriculture and Trade

Overview

Broad-based, equitable economic growth is the most effective means of bringing poor, disadvantaged, and marginalized groups into the mainstream of an expanding economy. The keys to broad-based growth and reduced poverty include a policy environment that promotes economic opportunity for all members of society, well-functioning institutions, private investment, sound investments in public goods and services and in human capacity development, and good governance. The resulting widespread increases in income, employment, and output lead to reduced poverty, increased food security, and higher standards of

living, including better health and education. For transitional countries, broad-based, equitable economic growth offers the best chance to enhance political stability and pursue reform. This section covers the first of three Agency strategic goals addressed by the new programmatic pillar "Economic Growth, Agriculture and

A strong policy environment and strong institutions within recipient countries are two of the most important determinants of the overall success of USAID programs. Therefore, the Agency continues to emphasize economic growth and agriculture programs that address policy and institutional reforms.

Table 3.1

| Program Pillars | FY 2001 Agency General Goals |
|--|---|
| Economic Growth, Agriculture and Trade | <ul style="list-style-type: none"> Broad-based economic growth and agricultural development encouraged Human capacity built through education and training The world's environment protected for long-term sustainability |
| Global Health | <ul style="list-style-type: none"> World population stabilized and human health protected |
| Democracy, Conflict Prevention and Humanitarian Assistance | <ul style="list-style-type: none"> Democracy and good governance strengthened Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established |

Trade." The other two goals are covered in sections 3.2 on Education and 3.3 on the Environment.

What USAID Is Doing

USAID supports broad-based economic growth and agricultural development through programs directed at three broad objectives:

- Critical private markets expanded and strengthened
- More rapid and enhanced agricultural development and food security encouraged
- Access to economic opportunity for the rural and urban poor expanded and made more equitable

Specific Results

Reduced Poverty in Uganda

Uganda is a poor, least-developed, landlocked country with no special advantages such as oil or valuable minerals. Relatively good policies and efforts at institutional strengthening since the mid-1980's, however, have enabled Uganda to overcome a legacy of crisis, conflict, and state failure and to achieve rapid growth and poverty reduction. Under its Strategic Objective, **Increased rural household income**, USAID has focused on commercial production of non-traditional agricultural exports and food crops, financial services, business

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

development, and the enabling environment.

USAID/Uganda partners continued to expand their technology transfer and outreach programs, reaching 500,000 farmers in 35 districts in 2000, a 25% increase over 1999. More than 220,000 farmers, 35% of them women, participated in 4,000 on-farm demonstrations promoting improved seed varieties, proper fertilizer use, integrated pest management, post-harvest technologies and market information systems. USAID/Uganda has supported over sixty new firms engaged in non-traditional agricultural exports with technical assistance.

USAID has provided training to over 60 (out of about 100) micro-finance institutions (MFIs), contributing to their long-term sustainability. In order to reach more people and expand financial services, twelve MFIs were targeted with additional grants supporting operating costs, equipment, and loan capital. Micro-finance and Title II programs have directly assisted over 350,000 microenterprises (70% women) and small businesses to become more profitable.

USAID/Uganda also coordinated closely with other donors and the U.S. Treasury Department to improve the overall performance of the financial sector, by increasing the capacity and quality of central bank supervision through a training program for bank examiners. Additionally, a new loan guarantee instrument was developed with two commercial banks using PL 480 funds.

USAID's policy focus has helped the Government of Uganda and private

sector crystallize a strategy for prioritizing critical reforms to enhance competitiveness within the private sector development and export arenas. USAID has played a key role in assisting the GOU to develop and formally adopt broad sectoral development frameworks for agriculture and competitiveness, for the first time setting out strategies and priorities for these sectors. With leadership through the "Private Sector Donor Group" and extensive policy dialogue with the GOU and private sector, USAID has helped to forge a strong partnership between the private and public sectors that focuses attention on key policy, legal, and regulatory issues confronting enterprises. Through USAID's support, over 400 leaders in the private and public sectors have received specialized training on issues such as globalization, Uganda's interest in agricultural trade reforms, and regional integration with Common Market for Eastern and Southern Africa (COMESA) and the East African Community, and the African Growth and Opportunity Act (AGOA). Efforts have also been initiated to comply with the World Trade Organization (WTO) on issues such as quality standards for export products, positioning within agriculture negotiations, improvement of tax policy and administration, and far-reaching reforms in commercial justice.

For the first time in three years, data are available to demonstrate progress against key indicators at the SO level. Results of the Uganda National Household Survey (UNHS) show that mean real consumption per capita grew by 22% between 1997 and 2000, and that the proportion of Ugandans

below the poverty line declined from 44% to 35%. (In 1992, 57% of the population was below the poverty line.) USAID is playing an increasing role in assisting the GOU and private sector to bring clarity and focus to key issues of globalization, trade and tax policy, commercial justice reform, and export expansion.

Production of selected food crops increased dramatically as a result of USAID interventions, with edible oil production exceeding its target three-fold, cassava production reaching more than ten times the target, and beans 35% over target. Adoption of improved seeds, fertilizer, and farm management practices have reduced the cost of production for maize over the last three years from \$340 to \$140 per MT. Post-harvest losses and improper storage have been addressed for maize, beans, and oilseeds.

Non-traditional agricultural export volumes continue to expand and international buyers now recognize Uganda as a top competitor in the supply of cut flowers and other produce. Fresh fruit and vegetable exports exceeded the target at 3,500 MT with a value of \$3.65 million, providing income to about 10,000 households. The export volume of floriculture products, mainly roses and plant cuttings, met the target at 3,017 MT. However, the value of \$14.5 million was 20% below target due to devaluation, increased fuel costs, and border conflicts. Vanilla, which is a relatively new crop for Uganda, went from non-production to the world's third largest producer in just two years, filling a gap caused by storm damage to crops in Madagascar. The drought did affect vanilla production, but

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

exports held steady. The value of papain and cocoa exports dropped by nearly \$4 million, due to rebel insurgency in production areas.

The number of “best practices” microenterprise finance institutions using full cost-recovery interest rates and fees, with delinquency rates below 10% and loan losses under 5% of their portfolio, reached 14, double the target. This year, MFIs realized a quantum leap in savers and borrowers (70% women) as a result of an innovative equity investment and deposit mobilization scheme with Centenary Bank. The number of new savers exceeded the target by over 60%; and the target number of borrowers was surpassed by 50%. All branches of the former Coop Bank are back in business under new ownership, including six former USAID-sponsored Coop Bank microfinance agencies, which were purchased by a private bank. Through innovative loan guarantee programs developed by USAID/Uganda, two commercial banks are now lending over Ushs.600 million (US\$374,000) to the agricultural sector with an average loan size between \$2,000 and \$11,000, and generated \$770,000 in total farm gate revenues with a 99.1% recovery on the loans.

Increased Economic Growth in Egypt

Economic performance in Egypt has improved during the first half of 2001 but the real term prospects for the economy deteriorated as a result of the September 11th events. To build on the Government of Egypt's (GOE) economic reforms in the 1990s, USAID has stressed improving the policy framework for trade and investment, increasing the competitiveness of the

Egyptian private sector, and enhancing opportunities for business growth. This includes special efforts to provide employment and income opportunities to the country's poorest — the four million small farmers, landless laborers, and women — who produce and process agricultural commodities, and the three million non-agricultural informal sector micro-entrepreneurs. Policy and regulatory reforms are increasingly based on public-private dialogue, but slow-moving implementation continues to affect investment.

USAID-supported reforms, technical assistance to the private sector, and strengthening of public services to promote the private sector have improved the environment for trade and investment. Real Gross Domestic Product (GDP) officially increased by four percent this year, less than the GOE target of about six percent (which had also been the average growth rate in recent years). The private sector contribution to GDP is officially 73 percent. The Central Bank reported that exports of non-petroleum products increased from \$3.4 billion to \$4.1 billion, primarily due to a \$928 million increase in exports of finished manufactured products, especially fertilizer. While USAID strongly supports efforts to increase these exports, it must be recalled that exports remain relatively small compared to GDP and that the export sector is not yet a major engine of growth.

Exports in non-petroleum, USAID-supported sectors increased by over \$70 million, with significant domestic investment in new production capacities. A partnership among the public and private sectors and

multinationals is emerging as a greater force in reform, quality improvement, and investment promotion. In addition to jobs created directly through exports and investment, an estimated 35,000 new jobs were created last year through 113,000 loans to Small and Micro Enterprises (SME). Adoption of information technology (IT) is accelerating and significant steps have been taken to strengthen the regulation of capital markets.

USAID's economic policy reform results included establishing a public debt management unit, liberalizing capital markets, approving a plan to reform the insurance sector, and beginning implementation of the customs valuation agreement (a World Trade Organization (WTO) commitment). USAID-supported agricultural policy reforms included: 1) collecting and publishing gender-disaggregated, farm-level agricultural data; 2) new regulations allowing private cold storage facilities at Cairo Airport; 3) a new policy and program for private sector pest management services for cotton; 4) improved criteria for collecting agricultural production and farm income data; 5) consolidating port inspection of refrigerated imports, resulting in faster turn-around times for refrigerated containers exporting fresh produce; and 6) eliminating requirements for testing new varieties of vegetable seeds entering the country from Organization for Economic Cooperation and Development (OECD) countries.

USAID also assisted GOE privatization of state-owned enterprises and joint venture firms through sale to investors, employees, public offerings and/or sales to anchor investors. The pace of

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

privatization has slowed due to several economic, political, and social factors. Moreover, the GOE has been reluctant to accept offers below their “asking” price. In FY 2000 there was limited privatization of public enterprises, power and telecommunication facilities, and banks, but some progress for insurance companies. Continued under-performance will result in a decline in USAID’s technical assistance in this sector.

However, private sector competitiveness is increasing through USAID support to adopt better technology, improve market information, and strengthen Egyptian firms’ capacities to market goods abroad, particularly in high-value horticulture and processed food commodities. In FY 2000, exports of table grapes, strawberries, and green beans increased by 54 percent, 40 percent, and 85 percent respectively.

USAID provided technical, management, and marketing support to nearly 1,000 private firms in 18 of 26 governorates. Overall client satisfaction with USAID-supported services continues to improve and new business support offices are being set up in non-metropolitan areas. The number of firms that export is limited and efforts are being made to broaden Egypt’s export base.

USAID support to Egyptian business associations is accelerating membership growth and building private sector capacities to articulate policy and regulatory reforms. USAID support is also increasing international electronic networking. Business associations have succeeded in establishing new export facilities and

facilitated adoption of improved seeds and IT.

USAID has helped improve the efficiency and transparency of Egypt’s capital market by strengthening the regulatory authorities as well as the major institutions, such as the stock exchange and the Central Depository. Despite the FY 2000 economic slow down, new shares issued increased by 19.5 percent (LE 1.240 billion equivalent to \$326 million) over 1999.

During CY 2000, USAID supported Small- and Microenterprise Development Institutions (NGOs, a private bank, and a credit guarantee company), disbursed 113,000 loans valued at LE 321 million (equivalent to \$84.5 million) to more than 42,300 borrowers, and generated an estimated 35,000 new jobs. More than 90 percent of these borrowers had no prior access to credit from formal financial institutions. Approximately 33 percent of the loans are at the poverty level (\$300), of which 32 percent are extended to women.

The Private Sector Commodity Import Program (CIP) increased trade and investment, jobs, and productivity for Egyptian private sector firms. During FY 2000, the CIP financed 661 commercial transactions totalling \$221 million, with 16 transactions destined for economically disadvantaged areas of Upper Egypt totalling \$6.8 million. A total of 248 Egyptian firms benefited from the program, 34 percent of which are partially women-owned. The program continues to create sustainable trade relationships between Egyptian private sector importers and U.S. manufacturers and suppliers.

Increased Economic Growth in Russia

USAID’s ***Improved economic [institutional] infrastructure to support market-oriented growth*** Strategic Objective encourages Russia’s progress toward the development of a legal and regulatory infrastructure for private sector growth. Activities are concentrated in three strategic areas: support for fiscal reform, economic policy analysis, and financial sector reform. In 2000, all activities under this objective met or exceeded expectations. Moreover, with the election of a new President and Duma, both committed to economic reform, the year 2000 provided the most productive climate for economic reform in years. Shortly after President Putin’s election, his advisers asked USAID to bring international experts to Russia to consult on development of their new economic strategies and policies. USAID quickly complied, bringing in several world-renowned economic policy experts to advise the new Government. Their advice is evident in the “Gref plan” (“Action Plan of the Government of the Russian Federation in the Area of Social Policy and Economic Modernization for the Years 2000-2001”). Following the plan, several legislative initiatives developed with USAID’s support passed the Duma and were signed into law by President Putin: long-awaited tax reform measures and numerous provisions on inter-budgetary finances passed as part of the year 2000 Russian budget code. The outlook remains bright for economic reform. With USAID and other donor support, the Russian Government has prepared and submitted to the Duma legislative

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

packages on pension reform, deregulation, social sector reform, and health reform. Scholars may well look back on 2000 as the year when economic reform in Russia finally began to take hold and flourish.

Under a new fiscal reform program, USAID is helping a local grantee, the Fiscal Policy Center (FPC), become the first fully sustainable Russian organization specializing in public finance and intergovernmental fiscal issues. FPC developed legislative provisions on interbudgetary finances and the transfer of revenue from the central to regional governments, which were incorporated into the Federal Budget Code. FPC also helped six regional governments implement an objective formula to determine regional budget transfers to local governments. Also, following a recent request from the Ministry of Finance, FPC agreed to assist the Russian Government in preparing the 2002 federal budget by conducting a number of expenditure reviews within various public sectors.

USAID made substantial progress in promoting International Accounting Standards (IAS). Because IAS is a transparent financial reporting system used globally, development of an IAS-based bank regulatory system is an essential step in improving transparency and confidence in the Russian banking sector. During the past year, USAID worked with staff from the Central Bank of Russia (CBR) to develop 30 new IAS-compliant reporting regulations for use by commercial banks. Eight Russian commercial banks are receiving extensive IAS training and implementing these regulations on a

pilot basis. In addition, a USAID grantee, the Financial Services Volunteer Corp (FSVC), is strengthening regional offices of the Central Bank, and commercial banks across the country, by providing training in areas such as payment processing, internal and external auditing, risk management, mortgage lending, and bank reporting. Consumer confidence in Russian banks has grown as measured by the growth in deposits: In 2000, personal deposits increased by 30% over the previous year.

Russian think tanks shaped the policy debate on many fronts by publishing and disseminating numerous policy proposals and papers. Policy makers in the GOR and Duma increasingly turned to USAID-supported think tanks such as the Institute for Economy in Transition (IET), Club 2015's National Project Institute, the FPC, the Economic Expert Group, and the Bureau for Economic Analysis, for assistance in areas such as pension reform, tax reform, competition and deregulation policy, health reform, and public finance.

In economic policy analysis, the contributions of one USAID grantee, the Institute for Economy in Transition (IET) were particularly visible. At the request of Russian counterparts in the GOR, IET developed proposals on tax reform, social sector reform, customs duties, corporate governance, and agricultural policy. The Duma passed four critical pieces of tax reform legislation drafted by IET, changing the value-added tax, excise taxes, individual income taxes, and the social tax, which President Putin signed into law. USAID awarded grants for institutional strengthening and research

to 42 other think tanks and analysts in regions across Russia. In FY 2000 these experts presented Russian government officials with 120 policy papers and proposals.

Reduced Poverty in El Salvador

USAID is providing important support to El Salvador in its efforts to promote economic growth, reduce rural poverty, and strengthen regional economic cooperation through its ***Expanded access and economic opportunities for El Salvador's rural poor families*** Strategic Objective. This will be accomplished by: 1) strengthening the policy environment for economic growth and for capital formation in rural areas; 2) improving marketing, technology, and financial services to small and microenterprises; 3) expanding access to secure land titles; and 4) supporting rural infrastructure.

USAID supported various NGOs and the GOES to reduce rural poverty. According to a national household survey, national poverty declined from 60.1% in 1992 to 41% in 2000. Urban poverty declined from 54% to 33% during that time. Supported by USAID activities in the 80s and 90s, urban poor families had better access to economic opportunities and social services, which significantly helped their ability to improve their lives and move out of poverty. While rural poverty rates declined less, they nevertheless fell a considerable 11 percentage points, from 66% in 1992 to 55% in 2000. The USAID strategy is showing success in such areas as access to secure land titles, financial services, electricity, and agricultural support. A USAID-funded rural poverty study indicated that non-farm incomes

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

and accumulation of family assets grew by more than 40% between 1995 and 1999 during the implementation of this USAID objective.

To promote tax policy and municipal finance reform, USAID facilitated discussions among Salvadoran mayors through their nationwide organization (COMURES) and business associations. A national discussion on anti-trust laws and free competition led to development of a draft anti-trust law. The Superintendency of Banks, with USAID technical assistance, developed 30 initial regulations for supervising non-bank financial institutions aimed at guaranteeing their soundness and sustainability. With USAID assistance, the Ministry of Public Works (MOP) automated procedures to improve transparency. To expand private markets, the GOES has developed and is implementing a rural electrification strategy with USAID technical assistance, which will intensify this year. The GOES moved further in reforming the energy sector to foster competition, increase efficiency and reduce costs, and attract new investments in this recently privatized market. This is being achieved through the development of new regulations and strengthening a newly created regulatory entity, the Electrical Energy Unit, within the Ministry of Economy.

More agricultural and microenterprise producers enjoyed access to financial and marketing services. The number of male and female agricultural producers receiving marketing and technical assistance services exceeded expectations by more than 10%. These services are provided through an increasing number of secondary organizations. These increased from 26

to 32, and seven organizations are now financially sustainable. The Equitable Rural Economic Growth Activity (CRECER) created a model partnership between the National Center for Agricultural Technology and private producer associations that enhanced agricultural productivity and marketing of basic grains. The Rural Financial Markets Activity assisted 11 institutions in providing financial services in rural areas. More than half of the clients served by these institutions had loans of \$300 or less, suggesting that they are reaching the poorest of the poor. A significant milestone is that for the first time, these institutions include two commercial banks, which have started to serve the microenterprise sector and have reached almost a thousand clients in only four months. In the past five years, the CRECER project increased savings in 13 credit unions from \$5.5 million to \$24.5 million. This enhanced savings mobilization has important implications for institutional sustainability and client ability to deal with household income fluctuations. Utilizing Catholic Relief Services as an implementing partner, USAID's Micro 2000 project successfully created the micro-credit institution ENLACE aimed at subsistence level micro-entrepreneurs. Client coverage through its four agencies was 10,000 of whom 81% are women; 70% of loans are under \$300.

Unmet Economic Growth, Agriculture and Trade Strategic Objectives

In FY 2000, USAID/**Azerbaijan** focused on the transition of its activities under a new Strategic Plan, which became effective October 1, 2000. These

activities represent a natural progression from earlier activities and are intended to provide both technical and financial assistance to micro, small, and medium businesses in the private sector. Under the new Strategic Objective, ***Accelerated development and growth of private enterprise*** is related to the Agency's economic growth goal.

Overall progress under this SO did not meet expectations. The mission attributed lagging performance to delays in starting new activities and in finalizing the design of proposed interventions. The mission concluded that the new SO requires a comprehensive package of assistance programs, and staff resources, in order to develop private enterprise in Azerbaijan. The addition of two staff members in FY 2001 was expected to allow the program to go forward.

In 2000, USAID achievements under **An improved environment for the growth of small and medium enterprises** Strategic Objective were severely limited by the Government of **Turkmenistan's** unwillingness to reform the state-controlled economy. As a result, Turkmenistan's near-term outlook has not offered prospects for building the necessary foundations for long-term economic growth. The dwindling number of foreign investors face increasing difficulties in most of their business operations. While there appears to be some recognition by the national leadership that the country's financial and fiscal management (budget and debt management) needs to be improved, there was no political will among Turkmen leaders to make needed reforms. In response, USAID will redouble its efforts under the

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

strategy's Intermediate Result, "Increased opportunity to acquire business information, knowledge, and skills." The Agency will focus private sector activities on training and educating the next generation of entrepreneurs and policy makers.

In the **Philippines**, A *more stable and competitive economy* Strategic Objective, aims to create jobs and reduce poverty through reducing the constraints on investment caused by corruption and poor governance, including the barriers to competition that inhibit domestic and international investment.

In 2000, performance against the SO's indicators continued the pattern of the previous year. While trade protection continued to shrink as projected, inadequate implementation of reforms and existing policies, along with a major political crisis, adversely affected all other economic indicators. Gross capital formation slowed from 21.1% to 20.4% of GDP due to a decline in construction, especially public construction, as the government battled an increasing budget deficit. The slow recovery of the economy and continued deterioration in tax administration had a significant impact on corporate tax revenues, resulting in a reduction in the domestic tax effort from 11.6% to 10.7% of GDP. The bleak economic outlook severely affected the industrial sector and employment growth, which turned negative for both sexes.

The goal of the **Asia and Near East Bureau's North Africa Trade and Investment Initiative** is to increase sustainable economic growth in the region and expand United States trade

and investment in North Africa. The Initiative is a multi-agency effort to address the legal, policy and regulatory constraints to increasing trade and investment in North Africa. The expected results are reforms in regulations, procedures and policies that improve the trade and investment climate in North Africa, and the establishment of an Internet-based network to match business opportunities in North Africa with businesses in the U.S. These results should lead to increased trade among the three Maghreb countries and with the United States. Overall program performance is difficult to measure given the manner in which this program is implemented through interagency agreements with other USG Departments.

In **Eritrea**, the purpose of *Increased income of enterprises, primarily rural, with emphasis on exports* Strategic Objective, is to support Eritrean enterprises. In an effort to increase enterprise income, this SO is focused on providing loans and related financial services to entrepreneurs.

This SO did not meet expectations over the reporting period primarily as a result of the economic effects of Eritrea's conflict with Ethiopia. The loss in agricultural production, the disruption of traditional trade patterns with Ethiopia, and the flight of foreign direct investment together acted to slow Eritrea's rate of economic growth.

During the reporting period, USAID activities under this SO were severely constrained by travel restrictions stemming from the security situation. As a consequence, there is no progress to report. The mobilization of staff, the

ordered departure of Americans and the absence of advisory staff delayed skills training planned for the staff of the Commercial Bank of Eritrea (CBER) and the Rural Enterprise Unit (REU). Delivery of improved technical and financial services for entrepreneurs was similarly delayed.

USAID shifted the focus of the SO in 2000 because of the shortage of counterpart support staff (who were called up for obligatory national service), limited access to the target area because of continued physical insecurity, and the generally depressed economy. Under a disbursement procedure established with the U.S. cooperative development organization, ACDI/VOCA, emergency loans were provided to primarily small and medium enterprises whose inventory and businesses were destroyed by the conflict in May 2000.

With the signing of the peace agreement, there is reason to be guardedly optimistic about the prospects for recovery. For this reason, USAID did not delete or change the performance indicators, believing that, with more time and additional resources, progress can be achieved.

The **Global Technology Network (GTN)** was designed to achieve *Private sector business linkages support U.S. technology transfer in support of development objectives* Strategic Objective. GTN serves as a business brokering service to effect the transfer of technology in sectors such as agriculture and environment—that are key to USAID efforts to promote economic development. The primary measure used to track GTN performance is the annual dollar value

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

of transactions resulting from GTN efforts. For FY 2000, GTN reported \$24.6 million in completed transactions, compared to the FY 2000 target of \$80.0 million, and compared to \$119.7 million in FY 1999. In FY2000, GTN leveraged at least 18 deals with a median value of \$200,000. Performance in FY2000 can be characterized as producing slightly fewer deals with a slightly higher median value compared to earlier years.

In response to not meeting its dollar volume target for FY 2000, the Center for Economic Growth and Agricultural Development reviewed GTN operations with the aim of providing better service to business clients overseas and in the United States. For example, a new business lead-matching and deal-facilitation computer platform is being built to provide a more reliable and powerful tool to GTN's representatives in the field and the U.S.-based support staff. Upgrades of other elements of the program are underway.

3.2 Education

Overview

Increased human capacity is essential for sustained social and economic progress. USAID's third strategic goal, supported by the new Economic Growth, Agriculture, and Trade Pillar, is to help host countries and their citizens build human capacity through education and training. The goal has

two objectives: basic education and higher education.

Basic education—which provides literacy and numeracy, along with problem-solving and other core skills—is especially critical to development.³ Investments in expanded and improved basic education have been linked to faster and more equitable economic growth, progress in reducing poverty, lower birth rates, and stronger support for democracy and civil liberties. In addition, expanded and improved basic education of girls and women contributes to enhanced family health, lower fertility, and the enhanced status of women. Research demonstrates that where primary school completion rates are low, investments to broaden access and improve educational quality at the primary level yield especially high returns.

Colleges and universities produce the educated leaders, skilled professionals, and trained workforces essential to the development of politically and economically sustainable societies, from the teachers who provide quality basic education to the decision makers and practitioners essential to sustained growth and progress in all sectors. Institutions of higher education⁴ in developing and transitional countries hold the potential to contribute more fully to the resolution of national and local problems through teaching, research, and community service.

What USAID Is Doing

USAID pursues two key objectives in helping to build human capacity. The Agency works to expand access to quality basic education for underserved populations, especially girls and women; and to enhance the



³ USAID defines “basic education” to include preprimary, primary, and secondary education; adult literacy programs; and training for teachers working at any of these levels.

⁴ In the context of USAID programs, “higher education” includes universities, community colleges, vocational and training institutions, and research institutes.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

contribution of host-country colleges and universities to the process of development.

To achieve the first objective, USAID strives to improve host-country policies and institutions affecting basic education, supports the adoption of improved educational practices, and encourages increased community participation in educational decision-making. To realize the second objective, the Agency encourages the formation of effective partnerships between U.S. and host-country institutions of higher education. In certain countries, USAID also supports improvements in the overall capacity and performance of colleges and universities.

High-quality colleges and universities also contribute to many aspects of development. Developing and transition countries alike need effective institutions of higher education to provide advanced training to the new generation of business executives, technical specialists, and political leaders. Such institutions also help link host countries to global sources of science and technology in all areas and carry out research on problems of local and national importance. However, colleges and universities in many countries fall short of their potential in these roles, lacking the faculty skills and institutional capacity to meet local and national development needs. To help host-country institutions more fully realize their potential, USAID promotes partnerships with U.S. universities, colleges, and community colleges, widely acknowledged as world leaders in their fields.

Specific Results

Wider Access to Basic Education in Guinea

Guinea is a poor country in West Africa. Its human resource base and domestic economy are still recovering from the dictatorship of Sekou Toure, who died in 1984 after 26 years of rule. During the dictatorship, essential social services and infrastructure collapsed, and state central planning devastated the private economy, including the formerly prosperous agricultural sector. In 1990, the current government initiated a program of political and economic reforms that has liberalized the economy, restrained public sector spending, controlled inflation, and stabilized the exchange rate. The reform program has also helped improve the delivery of social services, including basic health and basic education. USAID has supported the reform program since its inception; efforts to reform basic education have been an important element in USAID's overall development strategy. USAID's current efforts in basic education build on progress achieved during the first phase of the education reform effort (1990-1995), in which Guinea increased the share of the national budget for primary education, reassigned many teachers from the secondary to the primary school level, and decentralized key budgetary and management functions to the regional and local level. These and other measures contributed to the increase in the primary enrollment ratio and the drop in the educational gender gap since 1990.

Despite this progress, Guinea has a long way to go to achieve universal enrollment in primary education, especially among girls, and to improve educational quality. Thus, USAID has supported a second-phase reform effort since 1996 under the Strategic Objective, ***Quality basic education provided to a larger percentage of Guinean children, with emphasis on girls and rural children.*** Major elements include: support for interactive radio instruction for all six primary grades, which reaches schoolchildren in remote areas and introduces new teaching strategies and greater gender sensitivity to teachers; assistance to the Ministry of Education to improve capabilities in strategic planning, management, and budgeting; support for local Parent-Teacher Associations (PTAs); and direct support for the construction of community schools in the poorest region of the country, based on a commitment to maintain a 50/50 boy/girl enrollment ratio.

USAID Guinea assessed progress under the SO to have met expectations in 2000. The first interactive radio broadcasts were launched in late 1999, and have expanded to cover all six primary grades. The Government has assumed the cost of keeping the broadcasts on the air. The radio programs were complemented by a variety of on-the-ground measures to reinforce teachers' understanding and ability to use the new educational approaches. USAID encouraged decentralized educational planning by involving regional and local education authorities in assessing the effectiveness of teacher deployment. Also in 2000, a USAID grantee delivered training sessions in

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

organizational management to 187 school PTAs, including nearly 4,000 female trainees.

Together, these activities supported Guinea's progress in basic education. At the national level, the gross primary enrollment ratio rose from 53.5 percent in 1999 to 56.8 percent in 2000. The percentage of girls in primary enrollments rose from 40 percent in 1999 to 44.3 percent in 2000, while the corresponding figure for rural girls rose from 36 percent in 1999 to 38 percent in 2000.

Increased Girls' Enrollment in Egypt

Egypt suffers from a number of educational problems, which together constrain its ability to participate in the global economy. First, a substantial share of primary-school-aged children is out of school. This problem is especially acute among girls in rural Upper Egypt, 26 percent of whom were not enrolled in 2000. Second, the quality and efficiency of schooling is low, causing many children to drop out before they complete primary school. Third, the educational system fails to provide children and young people with the skills needed to find high-paying jobs in the emerging economy of the 21st century, especially competence in the English language.

USAID's Strategic Objective **Basic education improved to meet market demands** is intended to help Egypt resolve these problems. First, the SpO seeks to demonstrate and encourage adoption of improved models of basic education, emphasizing girls and young women—especially those in under-served areas of rural Upper Egypt. For this purpose, USAID is

supporting the New Schools Program in Upper Egypt, which includes construction of new schools, teacher training, and efforts to mobilize community support for girls' education. USAID also provides a limited number of scholarships to help out-of-school girls from the poorest families enter school and complete a primary education. Second, USAID is supporting the adoption of improved methods of teacher training, to



market demand for skills; these include a mechanism for businesses to provide input to the technical secondary school curriculum, a job referral center, and direct support for technical and vocational schools.

USAID/Egypt judged that the SpO met expectations overall in 2000, and had exceeded expectations in several key areas. In particular, the New Schools Program was successfully launched, with strong community participation during its first year. More than 20,000 girls and young women directly benefited from USAID-funded basic

education programs (formal and non-formal) in 2000. Alongside the efforts of the Ministry of Education and other donors, these programs contributed to an increase in the share of 6-10 year old girls in Upper Egypt who are enrolled in primary school, from 69.8 percent in 1999 to 74 percent in 2000.

USAID-supported programs directly trained 4,861 teachers, supervisors, facilitators, and teacher trainers in the use of modern learner-centered teaching methods in 2000. USAID/Cairo judged that the Ministry of Education had internalized this approach to teacher training, ensuring that those directly trained would pass on their skills to many others through "cascade" training. Meanwhile, the Integrated English Language Program directly trained 3,438 teachers, supervisors, and staff of the Egyptian Faculty of Education. Eighty percent of these trainees demonstrated strongly improved knowledge, skills, and attitudes.

Finally, the pilot job referral center received 440 requests from the private sector, and placed 185 students; another 200 requests are pending. USAID/Egypt plans to use this experience as the basis for designing expanded secondary education and School-to-Work programs in FY2001.

Increased Girls' Enrollment in Guatemala

In Guatemala, poor children suffer disadvantages in basic education, in terms of initial enrollment and educational quality. These problems are especially acute for girls from rural indigenous communities. In rural areas,

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

one of every three children does not attend school. Mayan children complete only 1.3 years of school on average, while Mayan girls complete less than a year. Six in ten children repeat first grade, one in four at least twice. Dropout and truancy are high, and only two in ten rural children complete sixth grade. Contributing factors include very limited public funding for basic education; the limited influence of rural indigenous communities on national politics; and a tendency among poor indigenous families to keep girls home to help with chores and take care of siblings, in some cases allowing them to attend school just long enough to learn basic reading and arithmetic. In addition, the fact that classes have traditionally been taught only in Spanish has discouraged many among the 50 percent of children from Mayan-speaking households. Since the signing of the 1996 peace accords that ended Guatemala's long civil war, universal primary education has been a top priority.

USAID/Guatemala's Strategic Objective ***Better educated rural society***, comprises three Intermediate Results: 1) increased access to intercultural and bilingual primary education for children of rural Quiché Department; 2) greater access to education services for rural communities in the seven Departments designated the "Peace Zone"; and 3) implementation of education strategies and policies that enhance gender and cultural pluralism. In particular, USAID has supported an intercultural bilingual education program that directly affects 96,000 children in Quiché Department. Program efforts include teacher training, developing and applying

innovative pre-primary and primary instructional materials and methodologies, organizing communities around educational issues, and increasing parents' and especially mothers' participation in educational management and student learning. National policy reform activities complement these activities to strengthen the educational policy environment to support cultural pluralism and gender equity.

USAID reported progress in meeting this SO both in Quiché and at the national level. The gross primary enrollment ratio for girls in Quiché increased to 93.3 percent in 2000, up from 79.1 percent in 1999 and from the 1997 baseline of 62.1 percent. The gender equity ratio in rural primary schools in Quiché, the number of girls enrolled per 100 boys, continued its gradual climb, reaching 78.7 percent in 2000, up from 74.2 percent in 1997. Finally, the third grade completion rate for girls in Quiché increased from 22 percent in 1999 to 28 percent in 2000, providing evidence of improved quality, equity, and system efficiency. These improvements contributed to an increase in the net primary enrollment ratio at the national level, from 69 percent in 1996 to an estimated 84 percent in 2000. Additional progress was seen in the area of policy toward bilingual education. For example, the Ministry of Education issued a decree mandating that, in all schools located in indigenous areas, teachers who speak indigenous languages should be assigned to pre-primary through third grade. Meanwhile, the Government committed to provide funding for an additional 75,000 primary school scholarships for girls, helping scale up

an intervention pioneered by USAID to encourage educational participation among girls.

3.3 Environment

Overview

Recognizing the many benefits a healthy environment plays in human well being and development, USAID works towards promoting clean air, well-managed forest and water resources, the conservation of biological diversity and energy efficiency. Careful management of natural resources and of the environmental impacts of rural and urban development is essential if development investments are to yield sustainable benefits. Forest resources directly contribute to the livelihoods of 90 percent of the 1.2 billion people in the developing world that live in extreme poverty.

Unpolluted and underrated natural resources are required for long-term economic growth and food security. Clean air and water are prerequisites to human health. Sustainable management of natural resources, energy resources, and urban areas relies on public-private partnerships, and public awareness built through education and training. It crosses gender, culture, and class lines, and stretches across the entire political spectrum. Sustainable resource management is one of the keys to building civil society.

What USAID Is Doing

USAID seeks to protect the environment for long-term

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

sustainability through programs directed at five broad objectives:

- The threat of global climate change reduced
- Biological diversity conserved
- Sustainable management of urbanization, including pollution management, improved
- Proportion of environmentally sound energy services increased
- Strengthened natural resource management



To achieve these objectives, USAID provides technical and financial assistance in close partnership with a range of development partners, including host-country governments, nongovernmental organizations (NGOs), other donors, the private sector, and international organizations. USAID's approaches to addressing environmental problems vary according to the kind of environmental challenge and according to regional priorities. The **Africa, ANE and LAC**

regions emphasize biological diversity and natural resource management programs. These regions contain threatened forests that, in many cases, are the last refuge for endangered species. In **Africa**, USAID has incorporated traditional community property rights in its community-based natural resource management. In the **ANE** and **LAC** regions, urban environmental problems such as clean water, sanitation, and air pollution are of particular concern. In the **E&E** region, programs concentrate on policy issues and strengthening environmental standards. Supporting the adoption of cleaner, more efficient technologies for energy production is an integral part of these policy-related efforts, as is supporting industrialized urban applications of environmental practices, especially in the private sector.

Specific Results

Improved Conservation and Natural Resource Management in Madagascar

The evolution and flora and fauna in Madagascar is unique and entirely distinct from that of the rest of Africa. International conservation organizations cite Madagascar as the highest biodiversity priority in Africa and among the top three global "biodiversity hotspots." USAID is helping to preserve these invaluable natural resources through its **Biologically diverse ecosystems conserved in priority zones** Strategic Objective.

USAID has led Madagascar's National Environmental Action Plan (NEAP) donors since 1990, supporting

biodiversity conservation, forest management, environmental policy development, and institutional strengthening. USAID's support reinforces Madagascar's capacity to develop and manage its protected area network, increase local participation in natural resources management, encourage adoption of sustainable agricultural technologies, increase eco-tourism and private sector involvement in conservation enterprises, and establish enabling conditions and mechanisms for sustainable environmental agencies.

Preliminary data suggest that annual forest loss decreased in two priority conservation zones where USAID has worked for the last decade. Over 8% of Madagascar is now protected (versus 4.7% before the NEAP began in 1989) with 15 of 16 critical habitats in the protected area network and 380 villages in priority conservation zones using community-based conservation techniques. Financing provided for local environmental activities by an independent Malagasy foundation, initially capitalized by USAID, has increased six-fold since 1997.

In response to perceived corruption in government management of natural resource exploitation, USAID led the donor-government debt reduction dialogue to secure Government of Madagascar (GOM) commitment to improve governance in fishing, logging, and mining exploitation as a trigger for debt forgiveness under the Highly Indebted Poor Countries (HIPC) program. As a result, the GOM will create a semi-autonomous forest management observatory to monitor forest exploitation. Decentralized and

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

participatory planning committees now integrate environmental concerns into regional development strategies using USAID-supported analytical techniques, greatly enhancing the contributions of local communities.

As the lead donor in establishing Madagascar's National Park system, USAID supported the National Park Service (ANGAP's) development and use of a protected area management plan, which provides a cohesive eco-regional management strategy: It identifies critical biodiversity areas; prioritizes unprotected area entry into the park network; outlines research, ecological monitoring, park development, community involvement and eco-tourism objectives; and creates systems for achieving National Park system financial sustainability. Park Service revenue has increased an average of 14% each year for the last five years. During the same period, Madagascar's tourism revenue showed an average 14% annual increase. With USAID support, three new eco-tourism investment zones were established adjacent to three National Parks, encouraging eco-lodge and tourism investments. This has helped generate employment, and handicraft and farm revenue benefits for local communities.

USAID also supported a process to transfer management of nine classified forests to local communities: Forest management was transferred to four village associations following GOM approval of their management plans; and village forest management plans were finalized for 8 classified forests. Completion of management schemes for these classified forests (200,000 hectares) empowered local

communities to begin the process of sustainable forest resource use.

Emphasizing the connection between environment and economic growth, USAID helped link conservation to sustainable small farm agriculture and increased rural family incomes. The number of communities participating in conservation activities increased 71% in USAID intervention zones. USAID support has resulted in 7,312 farmers forming 280 producer organizations (POs) in biodiversity rich but unprotected forest areas. To participate, farmers formally abandon slash and burn farming. Fifty-two percent of participating farmers adopted improved agricultural practices. Despite last year's droughts and cyclones, many of these farmers doubled rice yields while off-season crop yields increased by as much as 120%. PO families have emerged within their communities as compelling examples of how good environmental stewardship contributes to more household food and cash.

Improved Conservation and Natural Resource Management in Ecuador

Ecuador is one of the world's leading megadiversity countries, with 1,600 bird and 3,500 orchid species, both roughly 18% of the world's total; almost 10% (415) of the planet's amphibian species; and 8% (369) of its mammals. Ecuador also has exceptional endemism (species found nowhere else on earth), yet the country's high population density, poverty and widespread corruption place these resources at grave risk. Through its ***Biodiversity conserved in selected protected areas and their buffer zones*** Strategic Objective,

USAID is helping Ecuador better manage its globally significant resources by improving the policy and legal framework and strengthening the capacities of local groups and communities for biodiversity conservation.

An analysis of aerial photography demonstrated a 50% reduction in deforestation (1998-2000) in areas of project intervention. Such results require effective local management, and USAID continued to build the technical and administrative capabilities of local partners. In addition to playing increasingly visible roles in conservation, these groups attracted almost \$2 million in non-USAID funds (e.g., from Great Britain, Germany, private foundations) to support the SO, with cumulative results for the indicator nearly doubling targets (\$6,007,000 vs. the \$3,162,000 target, although two NGOs fell just short of goals). USAID's partners worked with 61 indigenous, Afro-Ecuadorian and other communities to develop and/or implement improved management practices, and more than 1,313,000 hectares are now under participatory management plans (just short of a target of 1,341,000, and including 22,700 hectares titled in the Chachi Ethnic Reserve, surpassing the target).

Development of policies, legal frameworks and enforcement mechanisms almost doubled targets, and USAID's support to the Charles Darwin Foundation provided the scientific basis for key management tools to protect the Galapagos Marine Reserve. These include: a fishing calendar; regulations for lobster and sea cucumber fishing; a moratorium on

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

new fishing permits; and a proposal for zoning the Reserve to regulate use.

USAID, along with its partners, broke new ground with the development of environmentally sound guidelines for farm-forest management that are now helping conserve biological diversity in privately held forestlands. The Agency helped build a strong coalition of local and regional groups dedicated to responsible resource management, and the Community Forestry Network had its first timber sales, following environmental guidelines for harvesting and treatment. In the Condor Bioreserve, field research defined adequate habitat size for the endangered Andean (spectacled) bear; this information is now being used to inform regional planning (e.g., for road and water system development).

USAID has also effectively encouraged inclusion of women in decision-making bodies, such as the Palenque Regional Council (Esmeraldas) and the Board of San Alfonso's (Condor Bioreserve) community development organization. Similarly, the Charles Darwin Foundation is working with women in the Galapagos to develop economic alternatives to fishing. USAID's support for eco-tourism development and mangrove conservation on Isabela Island in the Galapagos is similarly oriented, though activities were delayed by violent protests from some fishermen against lobster catch limits. To raise national awareness of the challenges of managing this global patrimony, build political will for sound management, and underscore that the more aggressive fishermen are not the Galapagos' only stakeholder group, a program to better educate Ecuador's

mass media. In addition, USAID played a critical role in helping Agency partners mitigate the impacts of the Galapagos oil spill.

More Effective Water Management in Jordan

Helping Jordan manage its scarce water resources wisely will improve the country's economic prospects. Because water scarcity is also a critical issue in the pursuit of Middle East peace, improving Jordan's ability to manage its water resources can help address regional concerns over water availability. Through its **Improved water resources management** Strategic Objective, USAID's water portfolio is focused on strengthening key water sector institutions and policies through increasing water use efficiency and improving the quality of treated wastewater.

In 2000, construction was completed on three important infrastructure projects: the Wadi Mousa wastewater treatment plant with a capacity to serve an estimated 40,000 residents and almost half a million visitors to Petra each year; water treatment plants for four contaminated springs and wells serving 120,000 people; and rehabilitation of the MOH Environmental Health Lab, which tests water and wastewater from across the country. The designs for the North Shouneh wastewater treatment plant and the Greater Amman water system rehabilitation project were completed, and the design for the expansion of the Aqaba wastewater treatment plant is now finalized. USAID participation in North Shouneh will not go forward due to cost considerations, but the other two designs set the stage for new

infrastructure projects that are about to commence.

USAID's efforts to strengthen water sector institutions emphasize three themes: policy implementation; cost recovery and private sector participation; and, management improvements. Regarding private sector participation, USAID supported the training of 74 people in private sector approaches to water infrastructure and management. Model tender documents for concessions, lease arrangements and build-operate-transfer (BOT) infrastructure projects were developed for the Ministry of Water and Irrigation, along with tender documents for a private management contract for the Wadi Mousa project. The Mission continues to press for progress in this area, and the GOJ recently reached consensus on the financing of the private management contract for Wadi Mousa.

Progress on tariff structures remains politically challenging, especially because even though their water institutions are not financially sustainable, Jordanians pay more for water and wastewater services than most of their neighbors. However, the anticipated 12 percent increase in the wastewater tariff for the new As-Samra plant was approved, publicly announced and will be reflected in 2001 first quarter consumer bills. With regard to irrigated water, the Jordan Valley Authority (JVA) submitted a recommendation to the Cabinet for irrigation water restructuring based on a USAID-funded analysis. Unfortunately, a change in government and crisis in the region delayed further parliamentary action.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Improvements in policy management and technical skills are essential to improve long-term prospects for effective water management. In 2000, USAID supported the training of more than 300 procurement staff from the JVA, Ministry of Water and Irrigation (MWI) and Water Authority of Jordan (WAJ) in project management and contracting, and changes in management policies and procedures were identified for implementation. Increasing water use efficiency through repairing leaks, addressing contamination, and improving irrigation practices aims at stretching scarce water resources even further. USAID-supported construction began on projects designed to treat contaminated water at three springs in Salt (120,000 residents) and three wells at Kafrein to serve tourist facilities and communities near the Dead Sea. Both projects should be completed in 2001.

With regard to water for agricultural purposes, results of the Irrigation Advisory Service from the first full crop season show significant reductions in water use with no reduction in yield; in some cases, yields have actually increased. Finally, the water conservation initiative has resulted in new activities aimed at changing water use behavior, introducing home maintenance, and expanding the use of new water-saving technology.

The third component of the USAID water program focuses on improving the quality of treated wastewater, so it can be re-used in agriculture and industry. Construction of the wastewater treatment plant at Wadi Mousa is now complete. The plant has been turned over to WAJ, which will operate the plant until the procurement

of a private sector management contractor. There will be a 1 JD increase in the Petra entrance fee to cover the cost of the management contractor. Design work on the expanded Aqaba wastewater treatment plant was also completed.

Unmet Environment Strategic Objectives

In **Armenia**, USAID's Strategic Objective **A more economically and environmentally sustainable energy sector** is characterized as not meeting expectations due to a range of technical obstacles and the opposition of vested interests. Of particular concern is the impact of Armenia's growing energy debt to Russian entities and indications that payment of the debt may be made through the transfer of Armenian generation facilities to Russian ownership, a move that would undermine the longer-term objective of private, market-driven operation of the sector. In addition, despite previous gains related to several commercialization and efficiency measures that compared favorably with experiences throughout the NIS (e.g., cost recovery and collection rates of 59% and 88%, respectively, in 1999), progress stalled in 2000 and further progress can not be expected until privatization moves forward.

Revenues as a percentage of full cost recovery increased only modestly, from 59% at the end of 1999 to 63% in June 2000, while the Mission's 2000 target was 75%. Likewise, it is estimated that collections from end-users and energy efficiency as reflected by the amount of energy per unit of GDPs did not improve at all from 1999-2000, while the Mission targeted 7% and 9%

improvements, respectively. In each of these areas, USAID's previous assistance had resulted in significant gains through 1999. However, since additional gains are unlikely under the current inefficient and ineffective state-operated energy system, it was to be expected that the failure to privatize distribution assets in 2000 would be reflected in stagnant data for USAID indicators. Under the assumption that the privatization process will be successfully completed later this year, USAID's annual targets have been adjusted to reflect the delays to date, but the ultimate results expected for the SO by 2004 are still considered attainable.

As outlined above, the fact that the distribution company privatization process was not completed over the course of the year was a major disappointment to USAID's energy sector program. The ultimate failure of the process remains a potential risk, which to a large extent is beyond USAID's control. However, USAID can cite substantial progress in laying the groundwork for the eventual private sector operation of Armenia's energy system. In direct support of the privatization process, draft Tender Documents including legal revisions, Tariff Methodology and License and Share purchase Agreements were prepared for the Legal Advisors' and Tender Committee's use.

USAID efforts to facilitate both privatization and broader sectoral reforms included: supporting amendments to the Privatization Law, with the distribution companies re-inserted; drafting amendments to the Energy Law to strengthen the Energy Regulatory Commission's (ERC's) role

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

and to restructure the role of Ministry of Energy (MOE); establishing a steering committee to review, adapt, and endorse the proposed Market Structure, Grid Code and Settlements procedures for a wholesale electricity market to function on the basis of a Power Market Members Union (PMMU); producing a revised Least-Cost Generation Plan to inform sector restructuring, privatization, generation expansion, and other planning activities; and developing a draft Hydro Power Law to support the appropriate rehabilitation of hydro-electric facilities and encourage the investments needed to develop new ones.

Although the failure to privatize the distribution companies undermined hopes that collection rates would again increase in 2000 (they stayed virtually unchanged at 88%-90%), USAID made significant progress in laying the groundwork to promote the economic and environmental efficiency of sector entities. These accomplishments included: assisting the ERC in developing a two-part tariff methodology to allow economic dispatch; implementation of international accounting standards by all eleven energy sector entities; and installation of nearly 90% of the equipment for the nationwide metering upgrade, start-up of monitoring, and approval of final plans for the data acquisition system.

In **Georgia**, USAID's Strategic Objective ***A more economically efficient and environmentally sustainable energy sector*** focuses on: 1) creating a business climate that will attract private sector participation and ownership, leading to improvements in the management of resources and

provision of services; and 2) improving energy sector efficiency in economic terms, with increased capital and operating resources available to energy sector companies. The SO did not meet expectations, due to the energy sector's lack of generated revenues and poor management of cash flows.

In FY 2000, the number of customers served through privately held distribution companies held constant (480,810), and the proportion of electricity generated by private suppliers improved from 9.3 % to 22.6%, exceeding USAID expectations. However, although revenue collections for electricity improved in Tbilisi and other major cities, payments from large, state industrial users and local distribution companies declined, causing a drop in the economic basis for delivery of electricity to from 43% (FY 1999) to 40% (FY 2000). Lack of revenues strapped the energy sector during the winter, as funds were not available to pay for imported gas for electricity generation, and widespread outages occurred.

Factors such as the lack of political will to cut off non-payers account for the failure of the sector to meet heat and electricity needs. The formation and initial operations of the Georgia Wholesale Electricity Market (WEM), a transparent electricity trading mechanism, has not met expectations, and local distribution companies and large industrial customers are still not paying fully for electricity received. Likewise, the state-owned electricity transmission and dispatch organizations bow to political pressure and supply electricity to non-paying customers.

Management contracts are viewed as a politically acceptable solution to rectify this situation. Thus, issuing management contracts for the WEM and preparing the rest of Georgia's electricity generation and distribution entities for sale to qualified international investors, have been USAID's major emphases in this sector in 2000. In addition in line with recent conditions for U.S. contributions for winter heat subsidies, the GOG agreed to cut off electricity to non-paying enterprises.

In mid-year, the Ministry for State Property Management (MSPM) broke off negotiations with several potential bidders for 26 western Georgian electricity distribution companies and several hydroelectric facilities, citing unreasonable expectations for tariffs and rates of return on investment. The MSPM and the Ministry of Fuel and Energy then "re-aggregated" the remaining municipality-controlled electricity distribution companies into eight regional companies and readied them for another privatization effort to be conducted in 2001. This re-aggregation should make it easier to sell these more economically sized entities to foreign investors. USAID will assist the GOG to reaggregate the local electricity distribution companies and improve revenue collections and technical operations. The goal of this assistance will continue to be preparation for commercial operations and privatization. The MSPM is in negotiations with the World Bank's International Finance Corporation, which USAID is financing, to provide investment banking services to facilitate the sale of the remaining distribution and generation assets.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Privatization of the gas distribution system for Tbilisi is also a major component of USAID's program. During the past two years, USAID had difficulty in finding investors willing to assume the deteriorating assets and poor history of payments. In response, USAID shifted its focus to customer meter installation, operational improvements, and increased revenue generation to improve the attractiveness of the system for another attempted sale.

3.4 Global Health Overview

Stabilization of population size and improved health and nutrition are essential to sustainable development. They are also fundamentally interdependent: healthy and adequately fed citizens can contribute to their own social and economic progress as well as to national progress. Immunizations, education, investments to correct micronutrient deficiencies, and investments in basic health services significantly improve the health of people, especially women, children, and vulnerable populations. When people can control the size of their families, resources are made available at the household, national, and global levels for enduring improvements in quality of life. Moreover, improved health status of women and girls plays a critical role in child survival, family welfare, economic productivity, and population stabilization.

What USAID Is Doing

USAID seeks to help stabilize world population and protect human health

through programs directed at five broad objectives:

- Unintended and mistimed pregnancies reduced
- Infant and child health and nutrition improved and infant and child mortality reduced
- Deaths, nutrition insecurity, and adverse health outcomes to women as a result of pregnancy and childbirth reduced
- HIV transmission and the impact of the HIV/AIDS pandemic in developing countries reduced
- The threat of infectious diseases of major public health importance reduced



Research, policy dialog, sector reform, systems strengthening, and capacity building, while not among the Agency's specific Strategic Objectives for population, health, and nutrition as such, are significant cross-cutting activities necessary for ensuring long-term availability, accessibility, efficiency and quality of population, health, and nutrition (PHN) services.

Moreover, USAID approaches PHN interventions in an integrated manner, with proven cost-effective country-level, regional, and global interventions.

Specific Results

Improved Health Services in Uganda

Although burdened by high HIV/AIDS prevalence (9% of adults are infected), a total fertility rate of 6.9 children per woman, and one the lowest life expectancies in Africa (42 years), Uganda has demonstrated impressive resolve and success in responding to these disturbing trends. USAID has supported this success by targeting services utilization and behavior change in both the public and private sectors through initiatives generated under its **Increased service utilization and changed behaviors** Strategic Objective, related to reproductive, maternal, and child health in selected districts. With major financial and technical support from USAID, Uganda's public and private sectors have slowed—and in many cases reversed—the devastating trends that have affected its livelihood.

Since 1996, USAID has supported successful initiatives to upgrade the skills of public and private health care providers. USAID interventions have focused on integrated reproductive health and family planning, maternal and child health, sexually transmitted infections, HIV/AIDS counseling and testing, and care and support of people living with and affected by HIV/AIDS. USAID has also funded public and private sector improvements. For example, USAID support for the Ministry of Health (MOH) and 12

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

districts is directed at expanding availability of essential components of the minimum health care package, improving quality of health care services, and strengthening district and sub-district capacity. USAID support for two successful NGOs (The AIDS Information Center and The AIDS Support Organization) is directed at combating HIV/AIDS by providing counseling and testing, as well as providing care and support to over 60,000 individuals and their families.

Through the Delivery of Improved Services for Health (DISH) II project, USAID supports major training, supervision, capacity building, service delivery, and health communication activities. As a result, substantial increases in service utilization and behavior change have occurred in USAID-supported districts. Couple Years Protection (CYP) from socially marketed family planning methods saw a dramatic 43% increase. The dramatic increase in condom sales is largely a function of the success of the social marketing program's "My Choice" campaign.

USAID-funded HIV/AIDS interventions seem to have had an equally successful impact. Sentinel surveillance data for 1999 indicate a continuation of the steady declines in HIV prevalence that have occurred since the 1994 baseline. Based on the available data, 1999 prevalence levels among 15-19 and 20-24 year old antenatal care clients were 5.9 and 10.4 respectively. These values represent declines that are 17% (15-19) and 26% (20-24) beyond targeted declines, and are unprecedented in sub-Saharan Africa.

The number of DPT3 immunizations has increased by 74%, exceeding the target by 58%. This increase is associated with newly introduced Child Survival and Disease account-funded training in Integrated Management of Childhood Illness (IMCI). In USAID-supported districts, 457 providers were trained in IMCI by the end of 2000 and 157 public sector health facilities had at least two IMCI trained providers, up from only 8 in 1999. This IMCI training, along with a commitment to improving immunization coverage, resulted in increased DPT3 immunizations and a nearly 250% increase in children receiving vitamin A supplementation at the time of measles vaccination. The quality of health care in USAID-supported districts also continues to improve. Over 90% of providers trained in IMCI were complying with guidelines at follow-up.

Declining HIV Prevalence in Zambia

Like Uganda, Zambia's health needs are enormous. Approximately 20% of adults are HIV-infected. The nation faces accelerated AIDS death rates and a tragic secondary HIV epidemic among orphans and other vulnerable children. Zambia also has some of the world's highest infant and under-five mortality rates in addition to a high maternal mortality ratio of 649 per 100,000 live births. Largely because of the AIDS crisis, life expectancy at birth is declining. Vitamin A deficiency, which increases the risk of blindness, severe illness, and death in children, affects an estimated 66% of Zambian children. Under Strategic Objective ***Increased use of integrated child and reproductive health, and HIV/AIDS***

interventions, USAID has taken aggressive action to support Zambian health reforms by expanding public health interventions in four integrated areas: HIV/AIDS; infectious diseases; child survival; and family planning/reproductive health.

Given the severity of the HIV/AIDS epidemic in Zambia, USAID's program to increase access to HIV/AIDS prevention and support continues to expand. Ongoing activities include: behavior change campaigns; social marketing of condoms; improved treatment of sexually transmitted infections (STIs); policy development; and monitoring and evaluation of the epidemic to inform policy makers. At the community level, USAID also continued its work to support orphans and vulnerable children and caregivers. These efforts are beginning to show impressive results. USAID-funded HIV/AIDS prevention programs have contributed to a decline in prevalence rates among Zambian youth aged 15 to 19 years, and surveillance data shows that the decline for urban antenatal clients extends to the 20-24 years age group. As a result of USAID support, sales of socially-marketed condoms increased by 30% from 6.6 million in 1999 to 8.6 million in 2000, exceeding targets. Also, preliminary results from the 2000 Zambia Sexual Behavior Survey show condom use among men and women with non-regular partners increased significantly between 1998 and 2000: from 33% to 40% (men) and 24% to 34% (women). There was also a significant decline from 29.8% to 23% in the proportion of men reporting a non-regular partner. These data suggest that many Zambians, particularly those who are young and

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

urban-based, are changing their sexual behavior by practicing abstinence, having fewer partners, and/or using condoms to reduce HIV transmission.

Turning to childhood disease, Zambia has completed three consecutive semi-annual mass distributions of vitamin A supplements with the support of USAID, Zambia's major donor. Coverage rates are among the highest in the world. In addition, for the third consecutive year, USAID support has helped ensure that all of Zambia's domestic sugar has been fortified with vitamin A, making it the most important source of vitamin A in the diet. Other vitamin A supplementation programs reached approximately 86% of Zambian children, exceeding the target for 2000. Sales of the home water chlorination product, Clorin, increased to 569,000 bottles in 2000, up from 187,043 in 1999, and almost double the target of 300,000 bottles. The percent of children under 1 year of age that were fully vaccinated against common childhood diseases was 76%, meeting the target for 2000.

Continued Improvements in Health Indicators in Bangladesh

Despite significant developmental challenges, Bangladesh has achieved impressive reductions in fertility and in infant and child mortality over the past thirty years. Nonetheless, the population continues to grow rapidly, and poverty and illness deny many families the opportunity for long, healthy, productive lives. Continued emphasis on family planning is required to reach replacement fertility, and basic health services must be improved. Accordingly, the goal of USAID's population and health efforts

in Bangladesh under *the Reduced fertility and improved family health* Strategic Objective, is to enhance the quality of life of the socially and economically disadvantaged people of Bangladesh by helping to reduce the country's fertility rates and improve family health. To this end, USAID concentrates on improving service quality and coverage at clinic sites and on improving and strengthening the skills of local NGOs.

Since 1997, USAID has funded the National Integrated Population and Health Program (NIPHP), a seven-year, \$255 million activity mobilizing a network of selected technical assistance organizations and local NGOs. These organizations deliver the Bangladesh Government-approved Essential Service Package (ESP) of family planning and health interventions in urban and rural areas. Forty-six local NGOs provide service delivery, which includes integrated maternal and child health and family planning services, for a population of approximately 22 million. In its third year of operations, NIPHP attracted 65% more client contacts than the prior year to a network of 322 NGO clinics, 10,335 associated satellite clinic sites, and more than 9,300 depot holders (rural women providing contraceptives, oral rehydration salts (ORS) and referrals from their homes). NIPHP also supports the Social Marketing Company (SMC), a large social marketing program, operations research on issues related to the ESP, a modest AIDS-prevention program, and national nutrition surveillance. With USAID support, NIPHP also provides technical assistance to the Ministry of Health (MOH) for polio eradication,

logistics, training, and immunization and other child-health services.

The 65% usage increase at NIPHP clinics, for a total of more than 14.1 million client contacts, produced wide-reaching results in USAID-health objectives: Couple Years Protection (CYP) increased 3.12 million, up 32% from FY 1999. Distribution of oral contraceptives, injectables and condoms increased by 53%, 77% and 50%, respectively. The treatment of childhood diarrhea and acute respiratory infection increased by 124% and 213% respectively, and measles vaccination increased by 70%. Antenatal and postnatal care increased by 84% and 90%, respectively. Additional polio-surveillance facilitators helped document an acute flaccid paralysis rate of 1.6, up from 0.81 in FY 1999, indicating an increasingly effective surveillance system. USAID supported the National Immunization Day campaign, which achieved a full polio protection coverage rate of 89.5%, up from 76% last year. In addition, SMC sales of injectables increased by 274% and orals by 40%. Sales of both condoms and ORS rose by 5%.

USAID/Bangladesh is reaching the fiscal limits of its ability to expand the satellite clinic network. Future efforts will, therefore, concentrate on improving service quality and coverage at current sites and on using these NGOs as models for expanding the private provision of basic services with government and other-donor financing.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Improved Health Management and Services in Ukraine

Life expectancy has fallen in Ukraine due to numerous factors, including poor health decisions and increasing morbidity and mortality from two emerging epidemics: tuberculosis (TB) and HIV/AIDS. USAID activities under the **Increased promotion of good health and access to quality health** Strategic Objective target these health issues by developing a more accessible, efficient, and affordable Ukrainian health care system.

The USAID-sponsored Health Information Systems and Management Reform (HIS) Program has achieved broad success. Completed nation-wide rollout of HIS resulted in fully meeting the indicator "Oblast Health Information & Surveillance System Implemented at the National Level." This management tool monitors vaccine use and immunization data in children's vaccination campaigns. To ensure even broader monitoring capabilities, WHO/Europe will field HIS in Moldova and Belarus, and the Global Alliance for Vaccinations and Immunizations (GAVI) will adopt HIS for use in West NIS and beyond.

The USAID-supported American International Health Alliance (AIHA) Health Partnerships Program has opened 46 model clinics, each one testing innovative approaches to health care delivery. For example, in Kyiv, AIHA focuses on ambulatory mental health services, and in Donetsk, with its heavy coal mining operations, on miners' health. The USAID indicator, "Clinics focused on primary health/family medicine," takes into

account the number of primary health/family medicine clinics (PH/FMC) that have had previous USAID assistance. Nation-wide, there are 200 PH/FMCs, which are providing approximately 12% of the primary health care services in Ukraine. This will increase substantially with the Government of Ukraine's (GOU) policy of supporting family medical care.

To improve screening for many of the ongoing health problems associated with the Chernobyl accident, USAID's Children's Illness Program supports four clinics, which screen for thyroid tumors and psychosocial problems in children exposed to the accident. USAID has supported advanced training for over 1,000 specialists and community volunteers. These efforts have resulted in the screening of nearly 45,000 children. On a similar front, USAID-supported breast cancer mammography screening programs. Six new screening programs have exceeded the indicator "Targeted screening programs operate on a regular basis."

Sustainable Advances in Health in Bolivia

Despite continued low growth in the economy and upward adjustment in some targets, USAID Bolivia under **Improved health of the Bolivian population** Strategic Objective,, achieved important results. These are reflected in improved nutrition levels of targeted populations, better maternity care, further increases in vaccination coverage, strengthened family planning, and strides in decentralization of health services. Bolivian public sector health services gained strength over the year, and new

policy directions point to further decentralization of health services. As Bolivians become better nourished and protected from infectious diseases, they contribute more fully to their own social and economic progress and to that of Bolivia as a whole. By increasing Bolivians' control over the size of their families, resources are made available at the household and national levels for enduring improvements in the quality of life. The program impacts about 70 percent of Bolivia's approximately 8 million people.

USAID support to the District Strengthening Project (DIDESCO), active in 5 of Bolivia's 9 departments, is key to improving Bolivia's public obstetrical services. As a result of the increased efforts under DIDESCO, assisted births have increased by 72% since 1995 (a conservative figure due to underreporting), and institutional births have increased from 52% to 55% of all births in 2000, exactly on target.

USAID supports Bolivia's family planning programs through contraceptive supply, logistics assistance, provider training, and client education. These efforts have resulted in couple-years protection (CYP) growth of 15% in 2000, to 269,052, or 7% above the target. The 3-month injectable contraceptive almost doubled its share of CYPs, from 6% to 11% of all CYPs. However, the economic crisis in Bolivia is hurting NGOs, which charge for contraceptives; their portion of CYPs fell from 25% to 21%. In contrast, the public sector, which provides contraceptives free of charge, increased

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

its share from 47% to 50%. Social marketing sales maintained their 29% share of CYPs.

Vaccination coverage in Bolivia succeeded well beyond target. In 2000, vaccination coverage for children receiving their third dose of DPT vaccine in USAID target areas rose from 62% to 73%, exceeding the target of 65%. USAID also played a significant role in halting the measles epidemic of 1998-99 in a joint effort with other donors and the Government of Bolivia (GOB).

Three additional USAID-supported advances in the sustainability of Bolivia's health systems and programs stand out. First, policy dialog resulted in the GOB's financing of staff positions in HIV/AIDS, the Social Security Institute, and the demographic analysis unit. Second, to reduce future in-service training needs, significant gains have been made in reforming undergraduate curricula in reproductive health, tuberculosis, the integrated management of childhood illnesses (IMCI), and epidemiology. Third, the NGO ProSalud completed its expansion phase by opening its 34th center and modernizing its by-laws.

Comprehensive Child Survival and Infectious Disease Programs in India

In India, HIV/AIDS incidence is rapidly increasing, and over one-third of the population of more than a billion people lack adequate food. Food insecurity is one of many factors that contribute to a child mortality crisis: One of every 11 children in India dies before the age of five.

Two USAID/India objectives address these challenges. Through the ***Improved child survival and nutrition in selected areas of India*** Strategic Objective, USAID has partnered with the GOI by programming over \$127 million in assistance to combat child mortality and nutritional shortfalls through the P.L.480 (Food for Peace) Title II program and Child Survival (CS) funds. CARE and Catholic Relief Services (CRS) implement the Title II program, the largest U.S. non-emergency food aid program in the world. The program reaches about 7.5 million poor women and children at the greatest risk to mortality, morbidity, and malnutrition in over 102,000 remote rural and tribal villages. With USAID support, CARE's Integrated Nutrition and Health Program works within the GOI Integrated Child Development Services. CRS' Safe Motherhood and Child Survival program, also funded by USAID, is implemented through social service societies.

The Title II program has reached 98% of the planned target population, with 193,553 Metric Tons of Title II commodities supplied in 102,355 villages across the nation. Progress in integrating food and health continues. Further, Title II activities were refined in FY 2000 according to the recommendations of a mid-term review. CARE's Title II program implemented a unified capacity building strategy that replaced four previous models of varying intensity and interventions. CARE also developed, tested, and implemented a new Management Information System (MIS) that integrates commodity and health information systems.

Using Child Survival funds to address the causes of child mortality, USAID initiated discussions with the Government of Uttar Pradesh (GOUP) and UNICEF to improve vitamin A coverage in UP. The ongoing USAID-World Bank supported De-worming and Enhanced Vitamin A trial (DEVTA) in UP, covering about one million children and slated for completion in 2003, will validate the impact of concurrent vitamin A supplementation and de-worming on mortality and growth of children. Under the Program for the Advancement of Commercial Technology/Child and Reproductive Health activity, a leading Indian bank, ICICI Limited, supported the social marketing campaign to position ORS as the scientific, doctor-recommended, first-line product for childhood diarrhea.

Through the Strategic Objective ***Reduced transmission and mitigated impact of infectious diseases especially STD/HIV/AIDS in India***, USAID targets the HIV/AIDS epidemic and its associated killer, tuberculosis. Although prevalence is less than one percent nationwide, India is second only to South Africa in the numbers infected. In addition, over 420,000 Indians die annually from TB and nearly two million new cases are diagnosed annually.

USAID results reflect the reduction in transmission of HIV/AIDS and related infectious diseases in the Indian state of Tamil Nadu, one of India's three recognized HIV epicenters. USAID began tackling the disease in Tamil Nadu in 1992 by developing the AIDS Prevention and Control (APAC) activity. This ten-year program targeted transmission in high-risk groups by

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

using proven strategies for behavior change; increasing access to and utilization of high quality condoms; and expanding access to and utilization of quality treatment for sexually transmitted diseases (STDs). Results from Tamil Nadu are promising. APAC results continue to demonstrate high levels of condom use among commercial sex workers (CSW) and their clients. CSW condom use increased by 3.1 percent from FY 1999 to FY 2000 (88.1% to 91.2%) and 70.1% of truckers reported condom use during their last non-regular sexual encounter, up from 66.9% in FY 1999. Condom use among Sexually Transmitted Infection (STI) patients is 19%; more work is required to increase use for this risk group.

In 1999, USAID supported the development of a model Directly Observed Therapy Short Course (DOTS) treatment center in Tamil Nadu in collaboration with WHO. USAID saw a doubling of treatment success through 2000. Tuberculosis control data from the DOTS project indicated that 70% of cases were detected in the project area, of which 75% were treated successfully. Over 100,000 people were tested for TB as part of a systematic community survey in Tamil Nadu. With USAID and World Bank support, over 50% of Tamil Nadu has been covered by DOTS, although the effectiveness of coverage needs to be improved. A TB resistance survey was completed and data indicated about 2% of TB patients present some form of resistance. The Multidrug-Resistance TB (MDRTB) survey will continue. Through the DOTS project, over 1,400 health providers have completed in-depth training.

Improved Child Survival and Maternal Health in Nicaragua

The **Better-educated, healthier, smaller families** Strategic Objective, supports the development of Nicaragua's human capital through basic education, primary health care, nutrition, and reproductive health. Activities under this objective are designed to achieve further large-scale reductions in nationwide total fertility rates, major reductions in infant and maternal mortality in target geographic departments, and increased access of Nicaraguan children to quality primary education.

In 1999, the MOH attributed 10.5% of deaths in children under one year of age to diarrhea; this decreased to 9.4% in 2000. USAID's implementation of Integrated Management of Childhood Illness (IMCI) programs and treatment of children with ORS contributed to this decline. 1998 DHS data revealed that 56% of children with diarrhea received ORS from their mothers. Since 1998, USAID-funded PVO partners have pioneered programs bringing IMCI to the community level. In areas where PVOs are working, recognition and treatment of dehydration have increased sharply.

USAID's strategy also targets vitamin A deficiency. With USAID financial and technical assistance, the Government of Nicaragua (GON) has implemented universal sugar fortification, increasing vitamin A intake for older children and allowing greater focus on those younger children and infants who generally consume less sugar. As a result, levels of vitamin A deficiency and anemia have declined: Preliminary data show that the prevalence of

vitamin A deficiency in children between the ages of one and five years has dropped from 31.3% in 1993 to 9.1% in 2000.

Last year, in response to concerns about Nicaragua's high rate of maternal mortality, USAID focused on Jinotega and Matagalpa, two departments that have reported the highest numbers of maternal deaths in the country. The number of maternal deaths in the two departments decreased from 62 in 1999 to 31 in 2000. Nationwide, maternal mortality dropped 27% from its 1999 level. The USAID Prosalud (pro-health) project, working with the Quality Assurance project (USAID/Washington), contributed substantially to this achievement by promoting the use of the partogram (a monitoring device used during childbirth) and pregnancy history to improve emergency obstetric care. Births in hospitals, health centers, and health posts have increased nationally from 46% in 1999 to 61% in 2000, and the percent of registered births attended by trained personnel increased from 72% in 1999 to 81.6% in 2000. The number of maternal deaths decreased by 27% in 2000.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Rapid Response to HIV/AIDS

USAID is committed to strengthening the capacity of developing and transitional countries to prevent the further spread of HIV infection and to provide services for those already affected by the epidemic. By 2007, USAID aims to significantly decrease HIV prevalence among youth and newborns and to provide basic care for people living with HIV/AIDS. To this end, USAID is intensifying HIV/AIDS assistance under the Expanded Response initiative.

The central purpose of USAID's Expanded Response strategy is to support programs that save the most lives. There are two important elements to this strategy: a geographic focus and a programmatic focus. Although the Agency works in over 50 countries, USAID concentrates HIV/AIDS resources in 20 countries and regional programs. These countries have been selected on the basis of three criteria: the severity of the epidemic; risk of rapid increase of infection; and national commitment to deal aggressively with the pandemic. Primary attention is given to 4 high-prevalence countries where programs will be quickly scaled up to achieve measurable impact within 2 years. In cooperation with other donors, host governments, and NGOs, USAID seeks to provide comprehensive care and prevention services to at least 80% of targeted populations in these severely affected nations. These "Rapid Scale-up" countries include Cambodia, Kenya, Uganda, and Zambia. The Agency is also expanding its efforts in 13 "Intensive Focus" countries where significant impact is expected to be achieved in the next 3 to 5 years, and USAID is maintaining HIV/AIDS programs in 25 "Basic"

countries where longer-term impacts are expected.

USAID is now pursuing six interrelated strategies for fighting the HIV/AIDS pandemic worldwide.

Prevention remains the cornerstone of USAID's program. Special attention is given to scaling up proven approaches. USAID targets youth and high-risk populations to change behavior through abstinence, faithfulness, and the use of condoms to slow the spread of the virus. USAID supports the measured introduction and expansion of comprehensive programs to prevent mother-to-child transmission through the provision of anti-retroviral (ARVs) medications for the mother and newborn.

Care, treatment and support: USAID focuses care interventions to reach the most vulnerable populations, with the aim of improving the quality of life of infected individuals. The Agency's support to people living with AIDS is focused on the prevention and treatment of AIDS-related illnesses. Also, USAID is finalizing the selection of a number of introductory clinical sites in Eastern and Southern Africa, which will incorporate ARV therapies into care programs. These sites will generate valuable lessons about how to safely and effectively deliver these drugs and provide a platform on which to improve the capacity of health systems and expand access to treatment.

Orphans and vulnerable children: USAID's help to orphans and other vulnerable children is focused on those countries that are most severely affected and draws upon community resources to develop programs and solutions. USAID funds provide material support such as school fees,

shelter, and clothing for these disadvantaged children as well as counseling, psychosocial support, and economic strengthening activities for households affected by HIV/AIDS.

Increasing surveillance capacity to track the epidemic: USAID supports programs to monitor the status of the epidemic, measure the impact of prevention, treatment and care programs, coordinate donor and other partner activities, and use resources most effectively.

Encouraging greater financial commitments of other donor governments and multilateral institutions in the fight to combat the disease: USAID recognizes the need to generate additional financial and human resources from an array of sources, including the private sector, as well as multi-national initiatives, such as the Global AIDS and Health Fund.

Engaging national leaders and other sectors: The battle against HIV/AIDS must enlist the active, sustained and visible support of national political leaders in mobilizing their own governments to change people's behavior and to address the pandemic. Mitigating the consequences of the HIV/AIDS pandemic requires a broad, multi-sectoral approach.

USAID's prevention-to-care policy is based on sound public health and development principles. This approach provides for the optimal use of the available human and financial resources. The prevention-to-care policy should have an immediately positive impact on the course of the pandemic and the people affected by it, while laying the groundwork for a greatly expanded, comprehensive attack on AIDS. .

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Unmet Health Strategic Objectives

Reduced fertility and improved reproductive health in North India has been classified as “not meeting expectations” because the SO program did not meet the CY2000 target for Intermediate Result 2.2, “increased use of family planning service, which reflects the use of contraceptive services as measured by the contraceptive prevalence rate (CPR).” Reasons for the shortfall in IR 2.2 are: 1) decline in the provision of sterilization services following 1996; 2) slow uptake by couples of modern temporary methods; 3) slow start to state-wide rural contraceptive marketing efforts; and 4) the need for more intense Information, Education, and Communication (IEC) promotional efforts to promote demand for spacing methods.

The Mission plans to review the CPR data with USAID’s partners and identify how the SO activities can be adjusted to reach the expected 2% increase per year increase in CPR, or whether this ambitious target needs to be adjusted. Given the pipeline under SO2, no bilateral obligations were planned in FY 2001 for the Innovations in Family Planning Services (IFPS) activity. However, funds will be required for expanding IFPS technical support, social marketing efforts, and geographic coverage within Uttar Pradesh and to another state(s). Promoting convergence of interventions is a priority; IFPS activities provide a platform for convergence especially for child

survival and HIV/AIDS prevention and control activities. The Mission plans to extend the PACT/CRH⁵ and IFPS activities.

In **Namibia, *The risk of HIV/AIDS transmission reduced through a model prevention program in a key region*** is classified as not meeting expectations. Performance data were unavailable for the Results Review and Resource Request (R4) due to revision of the results framework.

USAID launched a new program designed to assist Namibia in its multi-sector HIV/AIDS prevention and care efforts. Initially designed to target only one key geographic region, the USAID program is now being reviewed in conjunction with the Government of Namibia (GRN) to better counteract the burgeoning spread of HIV/AIDS across a wider geographic area. Another critically important dimension to the program began in early FY2001 to address the challenge of adequately caring for orphans and vulnerable children. USAID/Namibia was unable to reach agreement with the Government on the originally designed program and is currently negotiating a new program. Outside the context of an agreement with the GRN, USAID began to implement activities through Family Health International (FHI). To date, FHI has established productive relationships with the two ministries of education, the Ministry of Labor, several municipalities, and a number of NGOs. Prospects for the future, however, will depend on the strength of the USAID health program’s

relationship with the Ministry of Health and Social Services, which is charged with national coordination.

In consultation with the GRN, USAID is planning to increase efforts to support the care of orphans and vulnerable children (OVC), and focus on behavior change and other related activities of the target populations of youth and labor in four municipalities. Following the recommendations of a recent design team and input from the Africa Bureau, the Mission has modified the IRs and indicators of the Special Objective to better reflect the program as it is currently being implemented.

3.5 Democracy, Conflict, and Humanitarian Assistance

Democracy and Governance

Overview

The idea of democracy is inextricably linked to our country’s national identity and position in the global community. As President Bush noted in his inaugural address: “Our democratic faith is more than the creed of our country, it is the inborn hope of our humanity, an ideal we carry but do not own, a trust we bear and pass along.” Indeed, the United States’ long-term domestic and foreign policy objectives are best served by enlarging the community of democratic nations worldwide. A world with increasing numbers of democratic countries

⁵ Program for the Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH).

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

provides a more receptive and secure global arena in which to advance our interests and values. Democratic governments, for example, are more likely to observe international laws and experience the kind of stability necessary for sustained economic development and international trade. Reflecting these precepts, Secretary of State Colin Powell noted in his Senate confirmation hearing “that America stands ready to help any country that wishes to join the democratic world.”

What USAID Is Doing

During the past year, USAID democracy support has helped promote political transformation and democratic consolidation in 78 operating units around the globe. This support has reinforced the principles of inclusion, participation, and peaceful competition across all sectors of society. And it has worked to make integrity, accountability, transparency, and responsiveness to citizens more and more the norm for officials and employees at all levels of government. Agency democracy support has also helped overcome the legacies of authoritarian rule and promoted increased citizen participation and societal commitment to democratic principles. Finally, the support has reinforced the links between political development and economic and social development.

These USAID efforts to strengthen democracy and good governance focused on four areas:

- Helping legal systems operate more effectively to embody democratic principles and protect human rights;

- Supporting political processes, including elections, that are competitive and more effectively reflect the will of an informed citizenry;
- Promoting informed citizens' groups that effectively contribute to more responsive government; and,
- Aiding national and local government institutions in becoming more open and effective in performing their public responsibilities.

Specific Results

Strengthened Institutions and Democratic Reforms in Bolivia

Although shaken by violent demonstrations rooted in popular dissatisfaction and impatience with the pace of democratic and economic development, Bolivia has continued to move forward in its long march toward a stable democratic system. In the process, USAID has played an important role in strengthening the sustainability of political reform under the **Increased citizen support for the Bolivian democratic system** Strategic Objective. Its assistance has deepened needed decentralization and judicial reform by increasing participation and transparency, and strengthening judicial, legislative, and municipal institutions.

The implementation of the Code of Criminal Procedures represented a critical step forward for judicial reform in Bolivia. With the government fully committed to the Code's implementation, the key areas targeted for USAID assistance included legal and institutional reform, training, case

backlog resolution, and public awareness. Major progress occurred in 2000 with congressional approval of the Public Ministry Law, which professionalized and institutionalized the selection and training of public prosecutors. In addition, USAID assisted in drafting a new Police Law under review in Congress. USAID further contributed to the Code reform process through the training of over 9,000 judicial trainers (judges, prosecutors, defenders, and investigators), whose training of colleagues has led to sharp reductions in trial time and use of preventive detention throughout the country. A massive public education campaign, designed with USAID's assistance, aimed at consolidating the reform process by reaching over 400,000 Bolivians in an attempt to increase awareness of the Code. Results from a nationwide survey showed that over half of the respondents had heard of the Code and showed strong support for oral trials, one of its major goals.

As part of USAID's major strategy to increase popular support for democratic reform, the Agency has continued to encourage the decentralization process in Bolivia. In particular, USAID has facilitated the creation of municipal associations in eight of nine Bolivian departments, helping to establish an effective voice for local government on the national level. This voice was particularly helpful in pushing implementation of the landmark Popular Participation Law, in spite of lukewarm government support. With USAID support, departmental associations have formed an official lobby, the Federation of Municipal Associations, insuring a strong presence in national policy

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

discussions. USAID has also supported efforts to increase women's participation in municipal government, providing funding for the creation of an Association of Women Council Members.

Despite the turmoil caused by last year's street protests, survey data show that Bolivian citizens increasingly recognize the importance of the municipality in political and economic life. A nationwide Democracy Values Survey revealed that 46 percent of respondents agreed municipal governments should receive more resources and responsibility, compared to just 16 percent arguing for more central government authority. In a dramatic show of popular support for municipal control of resources, a National Dialogue Law called for 70 percent of all resources secured during the current Enhanced Highly Indebted Poor Countries debt relief initiative to be processed through municipalities, with the remaining 30 percent to be channeled into health and education with municipal participation. By 2000, municipal governments controlled 50 to 60 percent of all public investment – a marked contrast to the situation before 1995, when central and departmental authorities controlled 90 percent of all funding.

Electoral Reform and Consolidation of Democracy in Nigeria

After four decades of corrupt military and civilian regimes, Nigeria began a difficult political transition to democracy with the May 1999 election of a new civilian government. During the following year, USAID worked to strengthen the new government's ability to govern effectively,

transparently, and with the full participation of Nigerian citizens. Key among the mission's goals was to sustain public confidence and willingness to continue the democratization process. (A USAID-funded poll in February 2000 showed the rate to have remained remarkably high, with 80% of those polled indicating their continued support).

Through its Strategic Objective, ***Transition to democratic civilian governance sustained***, the mission has sought to aid Nigeria's nascent democracy by increasing the transparency and responsiveness of government institutions, creating a stable competitive electoral system, promoting the participation of civil society organizations in public discourse, and lessening destabilizing forces in Nigerian society. USAID was well positioned among donors to respond to the inherently complex challenges posed by Nigeria's transition. The mission took advantage of openings created by political developments, facilitated collaborative mechanisms among partners, and maximized results over the long-term by designing issue-driven initiatives that consolidated the gains of partners' programs.

A critical step in strengthening both the democratic process and Nigerian citizens' confidence in democracy was the establishment of a free and fair electoral system. For the first time in the country's history, Nigeria enacted a major electoral law reform with important and broad input from the public. With USAID funding and technical support, 37 public forums nationwide involving over 10,000 people provided critical suggestions on

changes to the proposed draft law. The role of civil society organizations, many supported by USAID, became central to the design process, as over 50 percent of the acceptable suggestions they contributed were included in the final law enacted by the National Assembly. Furthermore, USAID supported the formation of a civil society network, called the Electoral Reform Network, to monitor political developments and resulting changes as they relate to the electoral system. With civil society input into the design of the electoral system as its key goal, USAID insured the broadest participation ever of Nigerians in a key part of the democratic reform process.

As with the electoral reform process, USAID encouraged the participation of advocacy-oriented civil society organizations in the oversight of local and federal government. At the national level, a coalition of USAID-supported NGOs crafted and presented a draft Freedom of Information Bill to the National Assembly. Locally, women's organizations in three states successfully introduced bills in their State Assemblies outlawing traditional practices deemed harmful against women, such as genital mutilation and marriages of girls. The efforts of these organizations were considered particularly successful in that they altered views of some traditional leaders who had previously made little effort to change these harmful practices. Many of these leaders, moreover, made further pronouncements to reinforce the legal changes, mobilizing traditional institutions on the side of democratic reform.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

In addition to electoral reform and strengthening civil society, USAID supported two other major avenues of democracy reform. First, USAID worked to reinforce several key government institutions, particularly state and national legislatures, as counterweights to executive power. Nigeria's young National Assembly moved quickly and dramatically to assert its independence through passage of the National Assembly Service Commission Bill and the Legislative House Powers Bill. USAID supported legislators and advocacy groups in 80 percent of the key bills passed last year. Second, USAID championed judicial strengthening as a key area of support. The Nigeria Rule of Law project facilitated judicial independence through focused training efforts and fostering an appreciation of a strong and independent judiciary throughout the country.

Expanded Roles for Parliament and Civil Society in Indonesia

As in Nigeria, Indonesia's emerging democracy struggled in the last year under the heavy weight of economic recession, increasing ethnic and religious unrest, and the crisis in political leadership that led to the president's removal. With USAID's help, however, Indonesia is making progress with improved transparency, accountability, and civic participation. Since Indonesia's first free and fair presidential and parliamentary elections in over 40 years in 1999, USAID/Indonesia's democracy program has shifted its emphasis to strengthening key institutions, including national and sub-national legislative bodies, political parties, civil society organizations, and the media.

The mission's democracy Strategic Objective, ***Democratic reforms sustained and deepened***, represents USAID's comparative advantage among donors. It embraces short-term program flexibility to cope effectively with the country's political, economic, and humanitarian crises, combined with efforts to promote long-term political and economic development.

A critical step on the road to better governance was the establishment of Indonesia's national legislature as a legitimate branch of government. With USAID support, during the past year Parliament began to establish itself as more than a rubberstamp institution. It approved a series of major reforms, including legislation on human rights courts, a parliamentary code of ethics, and tests to identify corruption among prospective government officials. USAID funding also supported legislative reforms on electoral procedures and rules for establishing a new election commission, human rights, the role of women in legislatures, regional autonomy, and civil-military relations.

USAID democracy efforts also focused on building public support for the democratic reform process. To that end, USAID provided support to various media projects to "bring reform to the people." One such project, the Voice of the People's Representatives, (Swara Wakil Rakyat) has established a C-SPAN-like broadcast of parliamentary sessions and legislative committee meetings. Another has worked with Parliament to launch *Indonesia Baru*, a weekly thirty-minute television talk show on critical policy issues that encourages substantive dialogue

among government representatives, civil society, and the public.

The Agency's media strategy also emphasizes the role of civil society. One USAID-supported non-governmental organization, for example, created a secure e-mail network of 15,000 members that disseminates articles and information on corruption, military abuses of power, and human rights. The same NGO assisted a popular radio station called Kantor Berita Radio 68H, which became the core of a 130-station network. This radio network is the first major instance of efforts to promote the development of decentralized, independent media. Previously, large areas of Indonesia had been dependent on government-controlled news sources.

Other civil society-media initiatives focus on conflict prevention. For example, one mission-supported private media group publishes a newspaper called *Jubi*, which has been providing an independent and responsible view of conflict in West Papua. This paper was instrumental in promoting special autonomy status for the province and tempering divisions between supporters of independence and integration. Largely due to *Jubi*, special autonomy has been incorporated into a bill being considered by Parliament, significantly reducing tensions in West Papua.

Improved Local Governance and Human Rights in South Africa

South Africa faces daunting problems, such as widespread poverty, HIV/AIDS, and an increasing crime rate. However, it also has important assets for

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

democracy, including two free and fair national elections and the stewardship of former president Nelson Mandela. Building on these assets to foster the development of a stable, responsive, and effective government, USAID has assisted South Africa's democratization through its **Democratic consolidation advanced** Strategic Objective.

These USAID-supported efforts have been successful on several fronts. For example, in the area of local government, the year 2000 saw the fruits of nearly ten years of effort to transform the legacy of apartheid into the new system of governance mandated by the Constitution. With significant contributions from USAID, the government demarcated new municipal boundaries incorporating previously all-white and non-white areas, legally established 284 municipalities covering the entire country, and passed major legislation to define municipal powers and functions and modernize management systems and practices. In addition, as the new local government system moved toward full implementation, USAID launched direct assistance projects in 20 target municipalities to support the new councils and strengthen citizen-council engagement in planning, revenue management, and operational effectiveness. These projects resulted in increased property tax payments, growing citizen participation, and improved government performance.

USAID has also promoted awareness and observance of human rights. Some 56,032 South African citizens—nearly twice the number planned—were educated on the new Constitution and Bill of Rights. More than double the

number of expected human rights violations were reported (9,923 actual against 4,055 expected), which suggests that South Africans may be becoming less acquiescent when human rights violations are committed. In addition, 192 (200 planned) human rights public awareness events were held, and about 6.5 million people—one million more than planned—were reached through these and other such activities.



Finally, USAID efforts have furthered reforms of the criminal justice system. Most significant has been the support provided to the Criminal Justice Strengthening Program, a six-year program with the Ministry of Justice designed to create “a more effective and accessible criminal justice system.” In addition, USAID has worked with the National Director of Public Prosecutions to help reduce outstanding caseloads by 52% (from 5,750 to 2,750 cases). Additional assistance to this agency helped its asset forfeiture unit win 37 of 43 cases tried under newly promulgated laws.

More Politically Active Civil Societies in Haiti, Russia, and Zimbabwe

A significant trend in USAID democracy programming has entailed efforts to develop and implement activities in the face of host government ambivalence and, at times, outright opposition to meaningful reforms. A major USAID program area in this regard is the development of a politically active civil society, as in Haiti, Russia, and Zimbabwe.

In **Haiti**, the tightening grip of the Executive branch on most areas of government has led USAID to pursue the democracy Strategic Objective, **Genuinely inclusive democratic governance**, through civil society organizations that advocate reforms in the democracy as well as other sectors. USAID/Haiti sees continued support of civil society as the strongest defense against regression toward a one-party state. For example, civil society organizations played a major role in the high voter turnout (60% on election day) in the May elections. USAID-supported training and institutional development of the National Committee of Observer Organizations resulted in 22,000 multipartisan volunteers participating in the first-ever independent, national monitoring effort by Haitians. After gross irregularities were detected in the vote tabulation, the observer groups denounced the first round elections and refused to participate in the second round. Similarly, the USAID-supported Haitian Association of Mayors and other elements of civil society, such as the Church, independent labor unions, and a large group of intellectuals, strongly

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

protested the government's conduct of the electoral process through open letters to the President and demanded rectification of the electoral irregularities.

In **Russia**, efforts under USAID's ***Increased, better informed citizens' participation in political and economic decision-making*** Strategic Objective, have helped NGOs and NGO networks become more effective advocates for citizen views. In addition, USAID-supported NGOs serve as an important avenue for participation in political and economic decision-making, while also channeling citizens' input into solving problems, such as service delivery, at the local level. In 2000, USAID supported 5,000 NGOs in 37 regions – over two-thirds of Russia's territory – through 48 NGO resource centers, and provided information to thousands more organizations. The effect of this support is demonstrated in the recent case where environmental NGOs from across the country united to oppose a government decision to merge the State Committee for Environmental Protection into the Ministry of Natural Resources. While the group failed to reach its objective of having this decision become part of a national referendum, the alliance succeeded in obtaining more than 2.5 million signatures on a petition and in building an environmental NGO network that has outlived the petition drive.

Under USAID/**Zimbabwe's** democracy Strategic Objective, ***Enhanced citizens' participation in economic and political decision-making***, the Agency supported the work of civil society organizations to demand good governance and accountability through advocacy to the

Parliament. Although numerous donors support civil society and a few focus on Parliament, USAID has implemented a comprehensive effort to strengthen both civil society and Parliament, while improving the dialogue between the two. Advocacy work with Parliament achieved promising results, despite the high level of political hostility and suspicion, and the breakdown in the rule of law that prevailed in 2000. For example, measurement of "valid engagement with Parliament" rose substantially among civil society organizations from an indexed score of 3 (1999 baseline) to 16. This score reflects the increased number of organizations involved in Parliamentary advocacy: prior to 1999, only one NGO was engaged in any way with the legislative branch. Similarly, from a baseline of zero in 1999, in 2000, 9 out of 10 NGOs made progress in their advocacy efforts, including the development of objectives and strategies to work with Parliament and its portfolio committees.



Unmet Democracy Strategic Objectives

During 2000, 85 percent of Agency operating units met or exceeded targets in their democracy and governance objectives. However, in 14 countries—six in Europe and Eurasia, four in Latin America and the Caribbean, and four in Africa—accomplishments failed to meet expectations.

In **Armenia**, the aftermath of the October 1999 assassination of the prime minister, speaker of the parliament, and other top officials led to frequent turnover in ministers, the merger or splitting of a number of key ministries, and instability within the National Assembly. This political turmoil diverted attention from Armenia's legislative agenda; for example, the passage of a constitutional amendment that would increase the judiciary's independence that needed to be advanced in order to improve democratic governance and meet expected targets.

In the **Central Asia Republics**, Kazakhstan, Kyrgystan, and Turkmenistan, government policies and actions have continued to undermine USAID democratic reform efforts. In **Turkmenistan**, the government continued to tighten its grip, blocking civil society activities, strictly controlling the media, and trampling citizens' rights. The **Kazakhstan** government has been unwilling to make meaningful changes on decentralization and local government reform, while in **Kyrgystan**, harassment of opposition candidates and manipulation of results in last year's failed parliamentary and presidential elections have negatively affected the

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

development of civil society and independent media.

In **Ukraine**, serious slippage in the government's commitment to democratization has adversely affected USAID democracy programming as well. High-level officials, including the president, have been implicated in criminal acts, such as the murder of a well-known journalist. In addition, the deeply divided parliament did not pass the constitutionally mandated capstone Law on the Judiciary. In the country's 2000 by-elections, responsible officials were relatively ineffectual as guardians of fair electoral standards and, at the local level, elected mayors have been harassed, and in some cases, forced to resign. In **Macedonia**, failure to meet expected targets was due primarily to delays in implementing the local government program. These delays resulted from a lack of political momentum for decentralization, the unexpected change in leadership at the Ministry of Local Government, and distractions caused by local level elections.

Among the Agency's **Latin America and the Caribbean missions**, Ecuador, Guatemala, Haiti, and Nicaragua, failed to meet their democracy targets. In **Ecuador**, democracy efforts focused almost exclusively on criminal justice sector reform, with particular emphasis on the role of the Prosecutor General's Office in combating public and private corruption. However, the Prosecutor General was found to be blocking prosecution of corrupt bankers, resulting in the suspension of this major component of the mission's democracy program. In **Guatemala** targets were not met in two democracy objectives, primarily because of a lack

of resolve on the part of executive branch officials and hard-liners in the Congress. As a result, the Portillo administration failed to meet seminal Peace Accords targets for increased revenue collection and its corollary, social investment. Similarly, Guatemala's Congress failed to produce key Peace Accords legislation and to follow through on commitments to institutionalize USAID-supported technical units.

In **Haiti**, progress on the democracy front came to a virtual standstill as a result of the flawed May 2000 parliamentary elections. Executive branch influence over the elections – through candidate and voter intimidation and glaring manipulation of vote tabulations – created widespread doubt over the process' validity and the legitimacy of the government institutions to which the officials had been elected. With the government demonstrating a total lack of political will, there was also little progress in the ongoing efforts to improve the Haitian National Police and only slight progress in the areas of judicial reform and increased responsiveness on the part of public officials. In **Nicaragua**, the lack of political will and transparency in government institutions has also hampered progress in USAID democracy efforts. A January 2000 agreement between the two dominant political parties resulted in constitutional reforms that substantially weakened the independence of the Supreme Court, Comptroller, and Election Commission. Although observers agreed that the November 2000 municipal elections were generally free and fair from a technical standpoint, prior changes to the

election law effectively excluded a number of parties and candidates from participation.

In **Africa**, democracy targets were unmet in four countries. In **Ethiopia**, efforts to promote decentralization failed to meet targets because the government shifted its emphasis on reforms from the regional to the federal level. This meant the planned introduction of a public investment program at the regional level would have to await the implementation of a federal-level public expenditure plan. Similarly, expected reductions in federal and regional budget accounting backlogs failed to materialize because of the added burden placed on government staff by a parallel, donor-requested interim accounting system. In **Liberia**, the mission's democracy activities were undermined by a lack of government interest in creating viable democratic institutions or a favorable environment for political activity. The executive branch was intolerant of any criticism and individuals who expressed such views were often threatened, beaten, charged with treason, and/or jailed. The climate for reform deteriorated further due to both the government's assistance to Sierra Leone's rebels and to subsequent sanctions imposed by the United Nations.

Political crosscurrents in **Tanzania** also adversely affected USAID democracy program performance. Most notably, the nation's second national multiparty election in October 2000 was marked by political violence on Zanzibar, which resulted in the deaths of more than 20 people. This violence and the harsh stance of the government and opposition inhibit mission efforts to

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

promote partnerships between civil society and government. Problems cited in **Eritrea** included a change in government priorities soon after the objective was approved, together with the fact that many key personnel and intended trainees were called up for military service during Eritrea's war with Ethiopia. The Mission is in the process of re-designing this Strategic Objective.

3.6 Humanitarian Assistance

Overview

In 2000, more disasters were reported than in any year over the last decade, affecting the lives of 256 million worldwide. This is well above the decade's average of 211 million. While

more people were affected, the number of lives lost due to disasters was 20,000, well below the decade's average of 75,250 deaths per year.⁶

Physical hazards such as drought, earthquake, cyclone, flood, and pest and disease outbreaks are considered natural disasters. Two-thirds of the people affected by these disasters reside in the least developed countries.

Democracy and Governance Lessons Learned

In last year's Annual Performance Report, USAID reported on a series of pilot studies undertaken in **Bolivia, Bulgaria, and South Africa** to develop better qualitative ways to measure democracy and governance impact at the program level. The studies found ample evidence that USAID democracy and governance programming had an impact on individual, institutional, and systemic change and that such changes can and do have country-level implications.

A synthesis report—*On the Crest of the Third Wave: Linking USAID Democracy Program Impact to Political Change*—builds upon the case study findings. The report found the most significant impact in the area of political processes, which USAID assistance helped become regularized and better managed; election outcomes, for example, came to be routinely accepted by political elites and the citizenry. The synthesis also found significant USAID impact in rule of law efforts, where legal reforms and the creation of new institutions supported by USAID increased judicial independence and offered citizens more protection of individual rights. USAID local government programs achieved noteworthy early results in South Africa and Bolivia, although in Bulgaria, the impact is uncertain because the government continues to be largely centralized in its operations and outlook. In the legislative area, however, results of Agency efforts were mixed.

The synthesis also set forth a number of lessons learned. For example, it found the most significant factor affecting USAID program impact was political elites' commitment to reform. It also noted that, even when political elites supported reform, USAID assistance was still valuable because it helped reinforce and expand political will. Among the three country case studies, moreover, the synthesis found no clear correlation between dollars invested and significance of program impact. In fact, small investments sometimes produced major, systemic impact. Lastly, the synthesis also found that the complexity of the desired changes and existing institutional capacity affected program impact: the less complex the institutional reforms, the quicker and more obvious the success. These findings and lessons learned are being shared with USAID staff to help them more fully understand and maximize the impact of the Agency's democracy and governance programs. USAID also expects to refine the pilot studies protocol and undertake additional case studies to validate this approach to impact assessment, and as a means of satisfying GPRA reporting requirements.

A second study in 2000, *Linking Democracy and Development: An Idea for the Times*, examined the emergence of linkages between democracy and governance activities and programs under USAID's other strategic goals. As described in Appendix B, the study found that DG linkages with Agency environment, economic growth, health, and education activities are enhancing democratic development and achievement of these sectoral objectives, as well. In many cases, linked activities produced synergy – the sum of sectoral achievements and increased democratic governance was greater than the individual results achievable independently. At the same time, however, the study found a formidable array of obstacles impeding DG linkages. These obstacles include stovepipe Agency operations, an unfavorable institutional culture, restrictive performance measurement and reporting procedures, inadequate personnel and budget resources, and Congressional directives and earmarks. The study concludes that DG linkages need to become part of the Agency's institutional culture and operating environment.

⁶ World Disasters Report, 2001.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Complex emergencies may include natural disasters, but are usually caused or complicated by civil strife. Complex emergencies are manifested in armed conflict, displaced populations, hunger, and death. In 2000, there were 25 major armed conflicts in 24 locations. Conflicts often lead to protracted humanitarian crises with millions of people uprooted from their homes and livelihoods. By the end of 2000, at least 34.5 million people—refugees and internally displaced—had fled their homes over the years because of war, persecution, and human rights abuses.⁷ The number of internally displaced persons (IDPs) continued to exceed the number of refugees, due to the persistence and violence of conflicts, severe government repression, and the growing unwillingness of many states to host long-standing refugee populations.

What USAID is Doing

USAID's goal in Humanitarian Assistance is to save lives, reduce suffering, and reestablish conditions necessary for political and economic development. The two objectives under this goal are 1) to meet urgent needs in times of crisis and 2) to reestablish personal security and basic institutions to meet critical intermediate needs and protect human rights. USAID mobilizes assistance as soon as a disaster strikes and warrants U.S. Government response. The Agency provides essential food, shelter, water, and health services to keep people alive during disasters. In addition, USAID

invests in disaster prevention and mitigation programs that enhance regional, national and local capacity to plan for, respond to and mitigate disaster events, as well as in programs that assist countries in post-conflict and post-disaster transition.



USAID provides relief assistance primarily through the Bureau for Democracy, Conflict and Humanitarian Assistance Office of U.S. Foreign Disaster Assistance (OFDA) and the Office of Food for Peace (FFP). OFDA coordinates the U.S. Government response to international emergencies. OFDA disaster response efforts meet a wide range of emergency needs including food, water and sanitation, shelter, clothing, and health care. The Office of Food for Peace provides Public Law 480 (P.L. 480) Title II emergency food aid. The Bureau for Humanitarian Response's Office of Transition Initiatives (OTI) provides transition assistance globally. These three offices coordinate their responses with USAID Missions, which contribute financial and staff resources

to meet urgent needs and to manage post-crisis reconstruction programs.

Specific Results

Relief Assistance

In FY 2000, OFDA responded to 66 declared disasters in 63 countries. The majority (46) were natural disasters that affected 154 million people. OFDA obligated \$231.7 million for disasters in FY 2000. Of this, 55.3 percent (\$128.2 million) was used for complex emergencies and 21.6 percent (\$50.1 million) for natural and man-made disasters. Complex emergencies in Angola, Burundi, Rwanda, Sierra Leone, Somalia, and Sudan are protracted humanitarian crises that continue to require significant resources. OFDA estimates that its assistance reached 64 million people worldwide, primarily to severely and moderately malnourished children, nursing and pregnant women, elderly and disabled people.

Activities included: search and rescue for victims of floods and earthquakes; emergency health and nutrition; water and sanitation; shelter and survival kits; food security and agriculture; emergency infrastructure rehabilitation; resettlement and reintegration of IDPs; disaster preparedness and mitigation; and general relief, administration and logistics. Illustrative activities in emergency health and nutrition included special therapeutic and supplementary feeding programs for the malnourished, and for nursing and pregnant women, immunization

⁷ U.S. Committee for Refugees, World Survey Report, 2001.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

against measles, meningitis, and polio. In countries where government-run basic health services had collapsed or were inadequate (Afghanistan, Burundi, the Democratic Republic of Congo, Eritrea, Ethiopia, Sudan, Sierra Leone, Somalia), OFDA repaired and restocked health clinics and hospitals with essential drugs and equipment, and trained local health care in primary health care. It funded mobile emergency health clinics to reach isolated and mobile vulnerable groups.

In FY 2000, USAID provided 947,917 metric tons of P.L. 480 Title II emergency food commodities, valued at \$506.9 million to 32 countries. The Africa Region demanded over 54 percent of the overall emergency food tonnage, and received assistance valued at over \$293 million. Most of this assisted the drought in Ethiopia and prevented mass starvation. In addition, protracted complex emergencies in Angola, Sierra Leone, Kenya, Sudan, Uganda and Rwanda continued to require considerable emergency food aid. Asia and Near East received food aid valued at over \$101 million, with most of the assistance provided to the Democratic People's Republic of Korea. The level of assistance to Europe and Eurasia was \$73.6 million, and USAID provided \$2.3 million in food aid to Latin America and the Caribbean. This is a significant decrease from the previous year when more resources were required to respond to Hurricanes Mitch and Georges, and the Balkan crisis.

Transition Assistance

"Transition" encompasses a variety of dynamic situations, often implying

marked and dramatic changes in economic, political, and social areas. USAID is involved in at least five different types of transition situations: From a society in conflict to a society in peace; from relief to development; from authoritarian government to democracy; from a closed market to an open, market economy; and from receiving development assistance to graduation from assistance.

In 2000, besides OTI's core funding from the Transition Initiatives account (\$50 million), USAID contributed an additional \$12 million from other sources such as SEED, ESF and DFA. OTI channeled 72% of its budget to countries that are high priorities for U.S. national interest: Indonesia, Nigeria, Kosovo, Serbia-Montenegro, and East Timor.

Integrated Transition Programming in Angola

After years of conflict and emergency assistance, Angola is in a state of transition, requiring longer-term approaches. USAID's Strategic Objective to **increase resettlement, rehabilitation and food-crop self-reliance of war-affected Angolan communities**, resulted in significant program achievements in FY2000. Over 68,000 metric tons of Title II commodities valued at \$50 million were distributed to 1.4 million vulnerable people affected by the civil conflict. USAID supported five USPVOs that implemented agricultural development and food security activities in five provinces. USAID supported the training of 25,000 farming families in techniques such as multiplying improved seed for staple food crops, improved soil conservation,

and pest management. This training contributed to an 18 percent increase in maize and bean yields over 1999 harvests. These increased yields supported household food needs for five months, twice as long as in 1998 and 1999.

In addition, seed imports dropped from 70 metric tons in 1999 to zero in 2000. Producers had ready access to improved staple food-crop seed from their own multiplication or from local private operators. The increased availability of good-quality seed for staple food crops contributed to a 10 percent average increase in overall productivity in one province.

USAID complemented its support of efforts to increase food security with child survival activities that supported cold chains and immunization services; trained Ministry of Health nurses and rural health care providers; and provided health education to rural populations. In 2000, this contributed to a significant increase in national polio immunization coverage, significant increases in health consultations, and to positive behavioral changes in the target population, particularly among women. Illustrative results included: National immunization coverage against measles for children under five reached almost 80 percent in 2000, a substantial increase over 1999; and in two heavily war-affected provinces, the proportion of births assisted by trained medical staff rose from 21 percent in 1999 to 99 percent in 2000. As the security situation improved in FY 2000, USAID shifted the focus of its health program from the emergency response for IDPs to developing community-based health providers and facilities.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Support for Peace and Stability in Indonesia

In Indonesia, political unrest and acute economic crises, compounded by violent conflict, have fostered humanitarian emergencies. During FY 2001, violence in Indonesia killed hundreds of people and left more than 1.3 million people displaced. Indonesia also faced natural disasters such as earthquakes, flooding, landslides, and volcanic eruptions. In addition, there was a serious malaria outbreak.

USAID established its Strategic Objective to **Reduce the impact of conflicts and crisis** to alleviate existing and emerging conflicts, and develop local capacity to mitigate the impact of future crises. USAID assistance provided critical help to those displaced from their homes due to conflict, and others affected by natural disasters, using a combination of emergency and development resources to meet this objective. Activities included the provision of emergency food, monitoring nutritional status of beneficiaries, improving health conditions, and building the capacity for peace and reconciliation.

Illustrative results included: NGO partners distributed nearly 20,000 metric tons of food to approximately 400,000 people. Over 500,000 Indonesians benefited from food-for-work programs that provided more than 10 million person-days of employment and that helped meet critical needs, improve living conditions, ease social tensions, and mitigate the risk of political instability.

USAID implementing partners not only met expectations, but their performance established the framework and justification for a new three-year transition program to continue Title II food assistance for food insecure populations. USAID will monitor the nutritional and socioeconomic impact of this program through the government of Indonesia's Nutrition and Health Surveillance System, established with USAID support under the health Strategic Objective.



Besides providing sustenance for physical survival, USAID brought together representatives of groups in conflict to begin to seek common ground. USAID-supported efforts focused on the "hot spot" areas of Aceh, Maluku, Central Sulawesi, and West Papua. Through OTI, USAID was one of the first donors to provide support to the peace negotiations between the Government of Indonesia and the Free Aceh Movement. USAID supported the Henry Dunant Center for Humanitarian Dialogue, the group that brokered the signing of the ceasefire agreement. OTI supported a free media campaign, and jump-started the work of the newly created security and humanitarian assistance committees. In

other areas, USAID worked with local NGOs to conduct workshops on the role of media in conflict prevention, provided civic education using interactive radio and television, and supported the human rights investigative techniques of advocacy groups.

Income Generation and Community Participation in Azerbaijan

Located in the Caucasus region, Azerbaijan provides a critical link in the East-West corridor. Its stability facilitates the flow of ideas and commerce from Europe and the Black Sea to the Central Asian Republics and beyond. The Nagorno-Karabakh conflict that began six years ago has deeply scarred the country. An estimated 850,000 IDPs and refugees, one-seventh of the population, continue to live under difficult conditions. Regions located along the front lines have suffered economically as a result of the conflict. The decline of the centrally planned system and transition toward a free-market economy has been accompanied by widespread hardship for the whole population. There is a steep decline in living standards, few people have access to medical care, and there is a decline in overall public health.

Under USAID's Strategic Objective to **Reduce human suffering in conflict-affected areas**, the Agency provided shelter, health services, and economic opportunities. Although priority beneficiaries continue to be IDPs, USAID also assisted other vulnerable groups whose livelihoods and access to basic needs were disrupted by the conflict. USAID is increasingly

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

orienting its assistance to help vulnerable populations acquire the means to meet their own needs through small-scale income generation projects and community development activities. The new three-year strategic plan focus is on the transition from relief to economic development. USAID's intent is to increase access to economic opportunities and support services for the vulnerable. All activities are meeting expectations. Training of vulnerable groups has resulted in the creation of 3,179 jobs. The credit program played an integral role in sustaining job levels by providing micro loans to existing businesses. The repayment rate improved to 98 percent.

To increase the effectiveness and longer-term impact of assistance, increasing community capacity and participation is critical. Community action groups implemented over 78 development projects in shelter, income generation, and health. Because living conditions continue to be a critical problem facing the IDP/refugee community, USAID supported the construction/improvement of 5,066 shelters that benefited 5,500 families. Health programs improved access to vital health care services for IDPs. USAID supported primary health care for over 167,000 patients and the immunization of 98 percent of targeted IDPs. Partnership programs, linking hospitals in Baku with hospitals in the United States, have been established to address the primary health care needs of refugees and IDPs. Essential medical equipment was installed and 38 medical professionals received training. Some 67,000 people, 72% of whom are women, benefited from these

projects, with the local communities themselves having mobilized 33 percent of the total cost of the micro-projects.

Hurricane Reconstruction in Honduras

In Honduras, USAID's objective for rebuilding after Hurricane Mitch was to **Meet critical hurricane reconstruction needs**. In the fall of 1998, Hurricanes Mitch and Georges struck Central America and the Caribbean, leaving thousands dead, many homeless, and livelihoods destroyed. In May 1999, the U.S. Congress passed emergency supplemental legislation that provided \$621 million for disaster reconstruction for affected countries. USAID is the primary agency responsible for carrying out the USG reconstruction program. Of the \$621 million authorized, USAID is directly responsible for \$587 million, including about \$62 million in agreements with USG agencies such as the U.S. Department of Agriculture and U.S. Geological Survey. Of the total fund, Honduras received the most assistance (\$293.1 million).

2000 was the second year of USAID's comprehensive strategy for a reconstruction program. USAID's programs are laying the groundwork for a more profound transformation by using reconstruction efforts as an opportunity to "build back better" and incorporate disaster mitigation techniques. Geographic information critical for reconstructing infrastructure and preventing future disasters are being gathered and disseminated. To prevent and mitigate future disasters, USAID conducted training on forest management, sustainable agricultural,

and watershed management practices. Over 1,636 local officials and community leaders received training in disaster preparedness.

USAID's overall objectives are to help bring about economic recovery, restore and improve basic services, and mitigate the effects of future natural disasters. USAID provided 1,100 families with transitional shelter and constructed 2,073 permanent housing units. An additional 2,825 homes are under construction. To prevent the threat of infectious diseases after the disaster, USAID constructed 11,744 latrines, reconstructed 717 water and sanitation systems, equipped health centers, and trained health technicians, nurses and doctors in infectious disease surveillance.

To date, USAID has re-built 608 kilometers of farm-to-market roads, and 1,231 meters of bridges. The Agency is financing the repair of 1,250 kilometers (775 miles) of roads and 5,220 meters of bridges. When completed, this program will connect two million people in 375 communities in six departments with secondary cities and commercial centers.

USAID is also strengthening local capacity by encouraging municipal governments in Honduras to play a critical role in reconstruction and in recovering from the financial problems they have experienced in responding to Mitch. To date, 30 municipalities have returned to pre-Hurricane Mitch local income-generating levels.

GOAL OVERVIEWS AND OPERATING UNIT OBJECTIVES

Unmet Humanitarian Assistance Objectives

Improvements in Child Health and Nutrition Through Food For Peace⁸

The P.L. 480 Title II non-emergency food aid program managed by the Office of Food for Peace constitutes the single largest source of USAID funding focused on food security. The Strategic Objective is ***Increased effectiveness of the Office of Food for Peace partners in carrying out Title II development activities with measurable results related to food security with a primary focus on household nutrition and agricultural productivity.*** In FY 2000, FFP assessed that it did not meet this objective, due in part to measuring difficulties that relied on proposal review scores without an objective method to quantify results, and to the high target of 100 percent set for measuring food security results. In response, FFP is reviewing other methods for capturing achievement across the Title II non-emergency portfolio for the new Strategic Plan.

FFP is making other changes, as well, to address the increased number of development food aid activities (84 in 2001, compared to 53 in 1997). Much of this increase was in small activities in sub-Saharan Africa, which required as much management attention as long-standing and larger programs. FFP has also made several operational changes to streamline proposal approval guidelines and processes, and to conform to the Automated Directives

System. This will constitute the annual guidance required by the P.L. 480 legislation.

Although the overall Strategic Objective was not met, Title II development food programs made significant contributions in several areas: health and nutrition, water and sanitation, agricultural production, food security, increased income, agro-forestry, natural resource management, and basic education. For example, Title II programs improved the nutritional status of children in Benin, Guinea, Haiti, Bolivia, Peru, Guatemala, and India. The Guinea program reached 31 districts, comprised of 146 villages with a total population of 56,155. From 1997 to 2000, the prevalence of chronic malnutrition, as measured by stunting, decreased from 30 percent to 19 percent, exceeding the program target of 24 percent. In addition, there was an increase from 1 percent to 51 percent of mothers exclusively breastfeeding their children during the first five months, and an increase in measles immunization coverage from 25 to 63 percent.

FFP programs led to sustainable improvements in clean water and sanitation in Bolivia and Ethiopia, with communities maintaining and supporting the water systems. In Bolivia, this provided safe water to 60 percent of the population within the program target area with an average supply of 75 liters per person per day, surpassing the 30 liters per person per day recommended by the World

Health Organization. In Ethiopia, more than 12,000 people benefited from the program, leading to a significant increase in the percent of households using protected water sources from 5 percent in 1996 to 65-75 percent in 2000. The amount of available water increased from 27 liters to 43-56 liters per person per day. This has mitigated the negative effects of the recent drought on vulnerable households and has also resulted in a significant decline in the prevalence of water-borne disease. The prevalence of diarrhea among children under five has decreased by more than a quarter in two years. In one area, there was a decrease from 31.5 percent of children suffering from diarrhea to 11 percent.

⁸ USAID source documents disagree on the status of this Strategic Objective. For transparency purposes, a summary description has been included under this "unmet" section, but this SO was not included in the tabulation of Agency goal results.

INSTITUTIONAL AND ORGANIZATIONAL DEVELOPMENT CROSS-CUTTING THEME

CHAPTER 4. INSTITUTIONAL AND ORGANIZATIONAL DEVELOPMENT CROSS- CUTTING THEME

The 2000 revision of USAID's Strategic Plan includes five crosscutting themes, in addition to the six Agency goals. One of these crosscutting themes, institutional and organizational development (ID/OD) was chosen for reporting on progress this year.

This chapter summarizes a longer USAID Cross Cutting Theme Report analyzing institutional and organizational development support in USAID programs as reported for FY 2000. In April 2002 USAID will post the full report at <http://www.dec.org/partners/>.

The report indicates that ID/OD interventions are deeply embedded in Agency programs. As envisioned by the Agency Strategic Plan, these interventions are found across USAID goals, and that USAID targets capacity building support to diverse entities. The pervasiveness of institutional and organizational development among USAID Intermediate Results (regardless of the corresponding Strategic Objectives' goal areas) also demonstrates that Operating Units systematically program ID/OD activities to achieve development results. The report's findings validate the following three hypotheses:

1. **Support for institutional and organizational development is systematically programmed in**

USAID Results Frameworks. Every USAID Operating Unit reporting in FY 2001 had at least one ID/OD Intermediate Result (IRs) in its Results Framework. Of the 454 Strategic Objectives reported by USAID Operating Units, 236 - or 61% - had institutional or organizational development IRs. Overall, 649 USAID Intermediate Results focused on ID/OD, and several countries had multiple ID/OD Intermediate Results. For example, in the Latin America and Caribbean region, there are 147 ID/OD interventions across 62 Strategic Objectives. Seven out of nine country programs reviewed in this region had ID/OD IRs under all of their Strategic Objectives.

2. **ID/OD support systematically crosscuts Agency goal areas.** As anticipated in the Revised 2000 Agency Strategic Plan, ID/OD support cuts across all USAID goal areas and all four geographic regions, as well as central programs.
3. **ID/OD support is provided reasonably proportionally to the public, private for-profit, and private non-profit sectors, consistent with program objectives.** USAID provides ID/OD support to the three sectors in the following proportions: 41% to the public sector, 29% to the private for-profit sector, and 30% to the private non-profit sector. In the Economic Growth goal area, for example, the data reflect the high involvement of all three sectors in Small and Medium Enterprise (SME) activities in many countries. In the Democracy and Governance goal

area, the data reflect that all three sectors are participating in policy reform and constituency building activities.

The major strengths identified in ID/OD from a number of USAID operating Units worldwide are:

- Successes in linking downstream interventions with upstream, macro-level policy or institutional changes. USAID has been particularly successful in linking microenterprise interventions with upstream policy and structural reform.
- Mobilization and support of civil societies and NGOs, contributing to a critical mass of citizens participating in development interventions. In many cases, programs realized a multiplier effect through training of a representative group who, in turn, trained large numbers of citizens.
- Strengthening local NGOs and civil societies to participate in planning and management of educational, health, and conservation activities.
- Support for strategic partnerships, which resulted in advocacy for needed change and in leveraging funds and regional cooperation.

ANNEX A: DATA SOURCES

Program Performance Information is from individual operating unit annual reports. These documents are available at <http://www.dec.org/partners/r4/>. In some cases, links to agency goals and self-assessments were updated/amended by the parent bureau after submission of the individual performance reports.

A comprehensive list of agency objectives with descriptions is compiled in the agency's Congressional Budget Justification and can be found at <http://www.usaid.gov/pubs/cbj2002/>.

Country context information in this report is from several secondary sources. Data files and lists of sources can be found at <http://www.usaidresults.org/Natsios> [this link the Natsios report a similar page for the APR is under development]

For those interested in learning more about USAID, the Agency's Web site is <http://www.info.usaid.gov>. The Web site for USAID's Development Experience Clearinghouse electronic library is <http://www.dec.org>. Readers are encouraged to refer to these Web sites for the Agency Strategic Plan, Annual Performance Plans, and past Agency Performance Reports. Here readers will also find the most current information about country-specific programs, statistics, evaluations, and nearly 100,000 other documents describing USAID's activities.

ANNEX B: STATUS OF AGENCY EVALUATIONS

Learning from experience why programs succeed and fail is important for managing for results at USAID at both the central and operating unit levels. Sharing lessons on what works and does not work is critical to improving the implementation and performance of Agency programs.

USAID annually updates its two-year agenda of evaluation topics that examine significant policy, technical and operational issues. The agenda includes evaluations identified and conducted in collaboration with technical and regional bureaus. The Center for Development Information and Evaluation (CDIE), USAID's central evaluation unit, conducts evaluations that address effectiveness concerns across country settings and goal areas. Lessons learned are shared with USAID managers and technical staff, partners, other U.S. government agencies, donors and the general public. Modes of sharing include a newsletter, publications for various audiences, web sites, roundtables, workshops, and seminars.

Central evaluations include experience reviews that rely primarily on secondary data and field-based evaluations that also involve primary data collection from country settings. Evaluations fully or substantially completed in FY 2001 include *Partnerships Between U.S. and Developing Country Entities*, *Linkages Between Democracy/Governance and Other Areas*, *Democracy and Governance Programs and Political Change* and *Review of Poverty Reduction Approaches*.

Partnerships Between U.S. and Developing Country Entities

USAID has supported partnerships for many years but until the early 1990s devoted little attention to the partnering process. Recognizing that the quality of partnerships affects the results achieved, the Agency decided to examine a selection of partnerships and, based on the findings, prepare a guide for USAID staff and partners to improve the effectiveness and sustainability of such relationships. The guide focuses on planning and managing those voluntary collaborations between two or more entities (American and developing country) that have agreed to cooperate to achieve mutually desirable objectives. It includes 27 case studies of partnerships between hospitals, universities, cities, businesses, U.S. private voluntary organizations (USPVOs) and developing country non-governmental organizations, and USPVOs and commercial organizations. It also provides examples of agreements, work plans and assessment tools.

Weighing the Pros and Cons

The guide identifies factors USAID staff should consider when determining whether or not a partnership is useful in achieving a specific result. Partnerships are associated with faster organizational learning, expanded technical and managerial resources, improved capacity to adapt to change, and better prospects for financial and organizational sustainability. They can also improve the technical and managerial capacity of developing country organizations and expand the experience base of U.S. organizations.

But partnerships can also generate tensions, take a long time to form, and can be unstable and expensive to support and maintain. Their success frequently hinges on factors hard to achieve and manage – trust, good communication, and cross-cultural sensitivity.

Seeking Favorable Characteristics

It is important to explore whether an emerging partnership can be sustained beyond the termination of USAID support and how the assistance can be structured to enhance sustainability. The study found that there is no reliable way to determine in advance if a partnership will succeed. But certain characteristics are associated with effective partnerships. These include a favorable country context, mature participating organizations, complementary income sources, and similar organizational cultures and nature of the program of work. Effective partnerships tend to have a common vision that reinforces the relationship and helps the partners transcend difficulties arising from different operating styles. Effective partners share decision-making, investment, risks, and rewards. Addressing sustainability issues from the beginning increases the likelihood that the partnership will endure.

Designing and Managing Partnership Programs

The way partners are first brought together and the procedures employed to solidify their relationship are crucial to achieving favorable results. Many case studies illustrate how certain partners negotiated the difficult processes of creating a common vision,

ANNEX B: STATUS OF AGENCY EVALUATIONS

establishing transparency in business dealings, ensuring mutual accountability, or establishing the perception of equal power and influence.

A variety of financial mechanisms included in a contract, grant, or cooperative agreement can provide incentives to steer the partnership in the right direction. Three suggested are cost-sharing, performance conditions, and budget control. Because effective partnerships also share risks, cost-sharing can be used to encourage progress toward financial sustainability. To ensure that the intended results are achieved, goals and accomplishments can be incorporated into the agreement as performance conditions. Traditionally, the American organization controls the budget. An alternative has been to provide the funds to the local organization. The primary advantage of this latter arrangement is to give the local group a stronger sense of equality in the relationship.

Linkages between Democracy/ Governance and Other Areas

In the post-cold war era, a variety of factors have prompted the emergence of linkages between democracy and governance (DG) activities and those of USAID's other strategic goals. To examine this trend, the CDIE collaborated with the Global Bureau Center for Democracy and Governance and the Africa Bureau in studying how and why the linkages are occurring, what impact they are having on USAID programs, and what obstacles are hindering their development and use. Study teams interviewed senior staff at USAID/Washington and conducted

fieldwork in the Dominican Republic, Guinea, Madagascar, Mali, the Philippines, Zambia, and Zimbabwe.

The study found that linkages between DG and other goal areas are enhancing both democratic and other goal area achievements. Such linkages are valuable because they support the Agency's sustainable development mission, capturing the unique ability of democratic governance to serve as both a means and an end. On the other hand, the study found that the Agency's operating environment and institutional culture are barriers to the very collaboration on which linkage efforts depend. The study concludes that DG linkages need to become part of the Agency's institutional culture and operating environment. Specific lessons learned include:

Significant results can be achieved by using democratic principles in implementing projects supporting forest land use, rural economic development, health service delivery, and parental involvement in children's education. On numerous occasions, linked activities produced synergy – the results from democratic governance and other goal areas together were greater than the results achieved under the individual goals.

A number of obstacles have impeded the development and application of DG linkages. The Agency's strategic framework and results reporting and review procedures reinforce independent treatment of Strategic Objectives, thereby discouraging linkage. And because reporting and review procedures have no way of readily accounting for results in more than one objective, USAID is not

getting credit for such accomplishments. Also, linkages are simply not part of the Agency's culture. There is little incentive to pursue them; even when staff try, they find scant guidance and no clear constituency for such efforts.

A variety of approaches and techniques were used to implement DG linkages in the missions studied. The most productive application was with government decentralization programs at the local level. Staff used different mechanisms to facilitate DG linkages, including cooperative funding arrangements and joint site visits.

Imaginative, committed leadership was clearly the most important factor in encouraging the development of linkages. In six of the seven missions studied, directors were the key change agents. Their imprint was on every significant aspect of their staffs' collaboration efforts to collaborate. Without this support, it is unlikely linkage activities would have occurred, let alone succeeded.

The outlook and behavior of mission staff and partners can spark successful linkage efforts. Some key individuals working in the environment area, for example, intuitively understood that DG elements and principles would enhance their ability to accomplish environment objectives. Others found that discussing implications for linkages at a retreat helped overcome difficulties in program collaboration.

Democracy/Governance Programs and Political Change

The Global Bureau Center for Democracy and Governance, in

ANNEX B: STATUS OF AGENCY EVALUATIONS

collaboration with CDIE, launched a study in late 2000 to examine the impact of democratization assistance on political change in Bolivia, South Africa and Bulgaria. The study marked the first time the Agency systematically explored the link between program performance and democratization at the national level across a number of countries.

The synthesis found that USAID democracy programs had a marked influence on political change in all three countries. Across the three countries, the most remarkable and significant changes were found in the political process area. With USAID help, political processes were regularized, became increasingly well managed, and election outcomes came to be routinely accepted by respective political elites and the citizenry. A second major impact was found in rule of law efforts, where legal reforms and the creation of new institutions supported by USAID increased judicial independence and offered citizens more individual rights protection. In the legislative area, the results of Agency efforts were mixed. USAID local government programs have achieved noteworthy early results in South Africa and Bolivia although the impact in Bulgaria has been uncertain because of the government's continued centralized status. Specific lessons learned include:

The commitment of political elites to reform was found to be the most important factor in accounting for impact. Gains were most notable when a broad consensus among elites existed and remained consistent over time. Donor assistance, particularly the introduction of new concepts and

financial support for reform, led to a broader consensus on reform and reinforced it over time.

Even in cases where political elites supported reform, USAID assistance was valuable because it helped consolidate and reinforce political will. For example, it supported the introduction of important ideas that might not otherwise have received a hearing. Ideas provided through donor support appear to be particularly critical in periods of wide-ranging and intensive reform, where political leaders need to better understand numerous complex technical areas. Without such assistance, reformers may otherwise be unable to appropriately devise and stay the course in implementing reforms.

The case studies found no clear correlation between dollars invested and significance of program impact. Small investments sometimes produced major systemic impact, while large investments did not necessarily produce more impact than small ones. Modest investments were more likely to have substantial impact when political elites were able to shape a consensus on reform. Where political will needed to be created or reinforced, a larger share of the investment had to be diverted to building commitment, thereby producing a smaller and less predictable result.

Program impact was also affected by the complexity of reform and existing institutional capacity. The less complex the institutional reform, the quicker and more obvious the success. Electoral reforms present fewer organizational complexities and more

obvious benchmarks. Thus, a novice political elite can more easily tackle them. Reforming judicial or local government systems appears to be more complex – that is, reformers are dealing with a wider array of institutions and must counter responses from many potential losers.

Review of Poverty Reduction Approaches

Development agencies have been preoccupied with poverty for some time. Poverty has also been central to USAID's efforts. In recent years reducing poverty has been at the forefront of donor concerns. In 1996 members of the Development Assistance Committee of the Organization for Economic Cooperation and Development formally adopted international development goals, the most prominent of which is the reduction by 50 percent of the proportion of people living under the \$1 per day poverty line by the year 2015.

As donors focus more on poverty reduction, USAID has begun to examine its own strategies. To this end, CDIE has completed two studies. This first is a Poverty Experience Review that identifies what USAID and other donors have learned about poverty and various approaches to reduce poverty. The second is comparison of the *broad-based sustainable development strategy* that USAID has been carrying out and the *emerging poverty reduction approach* advocated by some donors. The analyses identified several key points:

In contrast to most donors, USAID does not have an over-arching

ANNEX B: STATUS OF AGENCY EVALUATIONS

development goal of poverty reduction. Instead, its strategic emphasis is sustainable development. But reducing poverty is an underlying concern of most USAID activities.

For monitoring progress on achieving Strategic Objectives under the six goal areas, USAID uses indicators that are quite similar to those employed to monitor progress on the OECD/DAC international development goals. This consistency reflects USAID's active participation in developing these goals.

Broad coverage of gender issues, support for partnerships between developing country partners and civil society organizations, and emphasis on the poorer countries that have evidenced some commitment to poverty reduction policies are other aspects of USAID programs that support poverty reduction.

The most significant difference between the *emerging poverty reduction approach* and *USAID's broad-based sustainable development approach* involves their direct or indirect impact. The former tends to place more emphasis on direct impact activities such as service delivery to poor areas (e.g., microenterprise or agricultural extension activities) and less emphasis on indirect activities (e.g., economic policy reform and government transparency). In the democracy and governance area, the poverty reduction approach emphasizes empowerment of poor people rather than broader election systems development.

A major portion (nearly 80 percent) of USAID programs funded under the FY 1999 Development Assistance and

Child Survival and Disease accounts were direct poverty reduction programs that principally supported the delivery of goods and services to poor people. Most of the Agency programs supporting poverty reduction through indirect activities were funded under the Economic Support Fund, Support for Eastern European Democracies and Freedom Support Act accounts. .

An important aspect of USAID's approach is its flexibility to tailor strategies to specific regional or country circumstances in order to more effectively reduce poverty and improve well being.

Past successful USAID programs having poverty reduction as their over-arching goal were the Development Fund for Africa (1988-1995) and the Public Law 480 Title III Food for Development Program (ended in 1998).

Poverty today is increasingly defined in multi-dimensional terms. The definition not only includes low income and consumption but also the lack of access to markets, vulnerability to risk, lack of empowerment and denial of rights. Reducing poverty is no longer viewed as the result of a simple economic "take off," but rather as a complex process involving interactions among a wide range of political, social and economic events.

ANNEX C: DATA QUALITY VERIFICATION AND VALIDATION

Introduction

USAID is committed to ensuring that those who use our reported performance information to make decisions can do so with the assurance that our data are valid and reliable. During FY2001, USAID continued working energetically to improve the quality and availability of performance data within and beyond the Agency. Some important accomplishments include:

- Development of an Agencywide training on planning for performance management, including a session on data quality assessment. This training will enhance the skill of managers in identifying data needs, improving data quality, and expanding the use of performance data in decision-making.
- Revision of the Automated Directives System 201-203 Series to include more extensive guidance on data quality assessments and performance monitoring.
- Expansion of technical assistance for missions and offices
- The selective review of operating-unit performance reports and monitoring plans

Data Reporting

For the FY 2001 APR, our annual Results Review and Resource Request (R4) was the Agency's principal tool for assessing program progress. The R4 results reporting included the Operating Unit's overall assessment of the SO (as described by one of three possible summary statements, "expectations met," "exceeding

expectations," or "not meeting expectations").

Data Limitations and Significance

As noted above, the data used to measure USAID performance come from a variety of sources. Much of the data originates from sources outside of the Agency and, therefore, outside the direct control of the Agency.

Like other organizations whose mission is to produce sustainable changes in the conditions of people's lives, USAID faces a complex problem when it comes to assessing results and reporting progress. Four main issues contribute to this complexity:

Attribution: USAID does not work alone. Its activities enable host country institutions to meet social needs. This is often in collaboration with other donors. As we do this, we need to define results that both represent significant change and reflect the aspirations and desires of others. We must then work in partnership with individuals and institutions to collaboratively co-produce these development results. We rarely, if ever, have complete control over outcomes, and we can rarely, if ever, claim results solely as our own. In this setting, it is difficult to measure the relative impact of our specific contributions to the development results we seek to achieve.

Data Availability: We typically work in data poor environments. This stems in part from limitations in resources and institutional capacity in host countries. It can be very difficult to find reliable and practical indicators that measure incremental progress or final outcomes.

This often means that we need to establish simple, low-maintenance data collection and analysis systems rather than rely on existing ones. Limitations in our own resources often preclude us, however, from completely filling existing gaps.

Unstable Environments: We often work in unstable environments. Conditions constantly change due to events at a local, national, and even international level. Our programming system helps us stay flexible and adjust to change. It is important that our performance measurement systems be flexible enough to remain useful when changes occur.

Delayed Impact: Finally, when we are most successful, the full development impact of our work is not realized immediately. Sometimes full impact is not felt until years after our investments were made and activities completed. This means that complete information on the positive impact of activities is typically not available at the time that management decisions on these activities have to be made. It also means that the best learning may not take place without monitoring and review of activities and SOs even after they are completed. Nonetheless, while final impact data may be hard to attain, one can monitor other information about progress using intermediate outcome data.

Significance of Data Limitations

- USAID is actively addressing known data quality limitations
- USAID has changed its operating unit result reporting document.

ANNEX C: DATA QUALITY VERIFICATION AND VALIDATION

- USAID has changed its performance goals and results measures—see our FY 2003 APP.

For More Information

For more on information about the means that USAID uses to verify and validate measured performance values:

- TIPS No. 12, Guidelines for Indicator and Data Quality
- Automated Directives System (ADS) Chapter 203, Assessing and Learning

For information on the quality of specific performance indicators and data:

www.usaidresults.org

ANNEX D: USAID GOALS TABLE (FROM 2000 ASP)

- Strategic Goal 1:** Broad-based economic growth and agricultural development encouraged
- Strategic Goal 2:** Democracy and Good Governance Strengthened
- Strategic Goal 3:** Human capacity built through education and training
- Strategic Goal 4:** World population stabilized and human health protected
- Strategic Goal 5:** The world's environment protected for long-term sustainability
- Strategic Goal 6:** Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established.
- Strategic Goal 7:** Achieve USAID's goals in the most efficient and effective manner

USAID has defined its major functions and operations in terms of sustainable development; i.e., actions that lead to a lasting increase in the capacity of a society to improve the quality of life of its people. This is the fundamental mission of USAID and, although it manages a variety of resources responding to U.S. national interests, it does so with an emphasis on activities that contribute to sustainable development at the community, national, regional or global level.

USAID full strategic plan can be found at http://www.dec.org/pdf_docs/pdabs960.pdf

ANNEX E: INVOLVEMENT OF NONFEDERAL PARTIES

PwC Consulting is a contractor to the Bureau for Policy and Program Coordination. PwC Consulting has experience assisting USAID and other Federal agencies with the preparation of agency performance reports, in compliance with the Government Performance and Results Act and guidance from the Office of Management and Budget. For this report, PwC Consulting suggested timelines, provided logistical support, and edited the first and second draft. In addition they printed, bound, and produced this report.

The Academy for Educational Development, with a sub-contract to DevTech Systems, Inc., manages the Development Information Services contract for PPC. The Academy and DevTech provided research, statistical and analytic support for the APR process, including maintenance and development of statistical data on developing countries for use by Agency staff. Agency staff, in benchmarking USAID-assisted country performance across all development program sectors, use the developing country statistics maintained by the Development Information Services.

LTS Corporation manages the Development Experience Clearinghouse contract (DEC) for PPC/CDIE. The DEC played several roles to support the Annual Performance Report. The DEC populated the R4 database with both narrative and performance indicator data provided by the USAID Operating Unit's R4s. Various search tools were made available to users to make both the narrative and performance indicator data more accessible to users to assist in quickly and comprehensively gathering all relevant information across all Agency operating units by country, region, Agency goal and objective areas. Cross-tab reports assessing the distribution of Strategic Objectives by regional bureau were also provided. The DEC also is responsible for maintaining the Development Experience System (DEXS), which contains records for over 100,000 Agency technical, and program documents, including all Agency evaluations.

ANNEX F: LIST OF ABBREVIATIONS AND ACRONYMS

| | | | |
|----------------|---|-------------|--|
| A&A | Acquisition and Assistance | FP | Family Planning |
| ADS | Automated Directives System | FS | Foreign Service |
| AIDS | Acquired Immunodeficiency Syndrome | FSA | Freedom Support Act |
| ANE | Asia and the Near East | FSI | Financial Systems Integration |
| APP | Annual Performance Plan | FSN | Foreign Service National |
| APR | Annual Performance Report | FY | Fiscal Year |
| ASP | Agency Strategic Plan | GDA | Global Development Alliance |
| AWACS | A.I.D. Worldwide Accounting and Control System | GPEA | Government Paperwork Elimination Act |
| BHR | Bureau for Humanitarian Response | GPRA | Government Performance and Results Act |
| BJ | Budget Justification | GTN | Global Technology Network |
| BUCEN | U.S. Bureau of the Census | HCD | Human Capacity Development |
| CDIE | Center for Development Information and Evaluation | HIV | Human Immunodeficiency Virus |
| CFO | Chief Financial Officer | IDP | Internally Displaced Persons |
| CFR | Country Financial Reporting Systems | IG | Inspector General |
| CIMS | Contract Information Management Systems | IT | Information Technology |
| CIO | Chief Information Officer | LAC | Latin American and Caribbean |
| CITES | Convention on International Trade in Endangered Species | MACS | Mission Accounting and Control System |
| CO | Contract Officer | MoH | Ministry of Health |
| CONOPS | Concept of Operations | NEAP | National Environmental Action Plan |
| COTS | Commercial Off-the-Shelf | NEP | New Entry Professional |
| CRB | Contract Review Board | NER | Net Enrollment Ratio |
| CS | Civil Service | NFC | National Finance Center |
| CTO | Cognizant Technical Officer | NGO | Nongovernmental Organization |
| CYP | Couples Years of Protection | NIS | Newly Independent States |
| DA | Development Assistance | NMS | New Management System |
| DEC | Development Experience Clearinghouse | NXP | Non-Expendable Property |
| DFI | Direct Foreign Investment | OFDA | Office of U.S. Foreign Disaster Assistance |
| E&E | Europe and Eurasia | OIG | Office of the Inspector General |
| EC | European Commission | OTI | Office of Transition Initiatives |
| EGAD | Economic Growth and Agricultural Development | OYB | Operating Year Budget |
| ESF | Economic Support Fund | P.L. | Public Law |
| FACS | Financial Accounting and Control System | PAHO | Pan-American Health Organization |
| | | PHN | Population, Health, and Nutrition |
| | | PMP | Performance Monitoring Plan |
| | | PPC | Bureau of Policy and Program Coordination |
| | | PRM | Population, Refugees, and Migration |
| | | PSC | Personal Services Contractor |

ANNEX F: LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|---------------|---|
| PVC | Private and Voluntary Cooperation |
| PVO | Private Voluntary Organization |
| R4 | Results Review and Resource Request |
| SEED | Support for East European Democracy |
| SO | Strategic Objective |
| State | U.S. Department of State |
| STD | Sexually Transmitted Disease |
| STI | Sexually Transmitted Infection |
| TFR | Total Fertility Rate |
| UNAIDS | Joint United Nations Programme on HIV/AIDS |
| UNDP | United Nations Development Program |
| UNEP | United Nations Environment Program |
| UNESCO | United Nations Educational, Scientific, and Cultural Organization |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNICEF | United Nations Children's Fund |
| US-AEP | U.S.–Asia Environmental Partnership |
| USAID | U.S. Agency for International Development |
| USDH | United States Direct Hire |
| WHO | World Health Organization |
| WID | Women in Development |



U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523

If you want to know more about USAID,
please contact us:

USAID Information Center (202) 712-4810
Internet Home Page: www.usaid.gov
Internet E-mail: pinquiries@usaid.gov