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## OFFICE FOR DEMOCRACY AND GOVERNANCE FY 2010 PROGRAM BUDGET BRIEF

8/2/2010

### I. Strategic Challenge

USAID's FY 2010 Democracy and Governance (DG) programming occurs in the context of greater instability in developing countries resulting from continued economic crisis; continued conflict in Iraq and Afghanistan; new levels of organized crime in Mexico; and a long-term U.S. commitment to reconstruction in Haiti.

Economic instability stemming from the 2009 financial crisis continues to threaten otherwise stable democracies, and provides opportunities for more autocratic regimes to justify consolidation of power. Reform-resistant governments have used the continuing turmoil of the economic crisis to crack down on opposition, close a democratic space and delay or conduct less than free and fair elections.

For a number of years there has been ample evidence of reversals in a large number of countries where democratic reforms had been made in the past. Stemming democratic reversals is now the most important challenge to the State/USAID strategic objective of Governing Justly and Democratically (GJD). Equally, State/USAID must be better prepared for opportunities of democratic breakthrough, including those in post-conflict environments.

### II. DG FY 2010 Budget Summary

|  | <u>FY 09 Actual</u> | <u>FY 10 Budget</u> | <u>FY 11 Request</u> |
|--|---------------------|---------------------|----------------------|
| • DG Office Base Funding                     | \$ 12,544,000       | \$ 12,000,000       | \$ 20,000,000        |
| • Democracy Fund (DA)                        |                     |                     |                      |
| o EPP Fund                                   | \$ 19,500,000       | \$ 32,500,000       | \$ 17,000,000        |
| o HR/Media/ROL                               | \$ 10,000,000       | \$ 10,000,000       |                      |
| o Labor Sector                               | \$ 7,500,000        | \$ 7,500,000        | \$ 7,500,000         |
| • Directives (ESF)                           |                     |                     |                      |
| o HDP  | \$ 2,000,000        | \$ 2,000,000        |                      |
| o EITI                                       | \$ 3,000,000        | \$ 4,500,000        |                      |
| • Displaced Children and Orphans Fund (GH-C) | \$13,044,000        | \$13,000,000        | \$13,000,000         |
| • Leahy War Victims Fund (DA)                | \$12,087,000        | \$14,000,000        | \$14,000,000         |
| • Victims of Torture Program (DA)            | \$ 8,000,000        | \$10,000,000        | \$10,000,000         |
| • Disability Program (ESF)                   | \$ 3,968,000        | \$ 5,000,000        |                      |
| • Wheelchair Program (ESF)                   | \$ 4,960,000        | \$10,000,000        |                      |

**DG Office Base Funding** finances DCHA/DG's main functions and programs. This funding allows DG to follow through on its mandate of: 1) building and advancing the science of DG programming; 2) providing USAID Missions with state-of-the-art DG assessment, design, implementation, monitoring, and impact evaluation programs; and 3) recruiting and developing the professional cadre needed to keep USAID and the U.S. Government at the forefront of democratic development and effective governance world wide.

**The Democracy Fund** supports three sub-funds. The Elections and Political Process (EEP) Fund enables USAID to respond quickly to urgent political developments that could not have been predicted during the normal planning and budgeting process. The Human Rights (HR)/Media/Rule of Law (ROL) funding provides institutional support to partner organizations, while the Labor sector funds support democratic unions and collective bargaining.

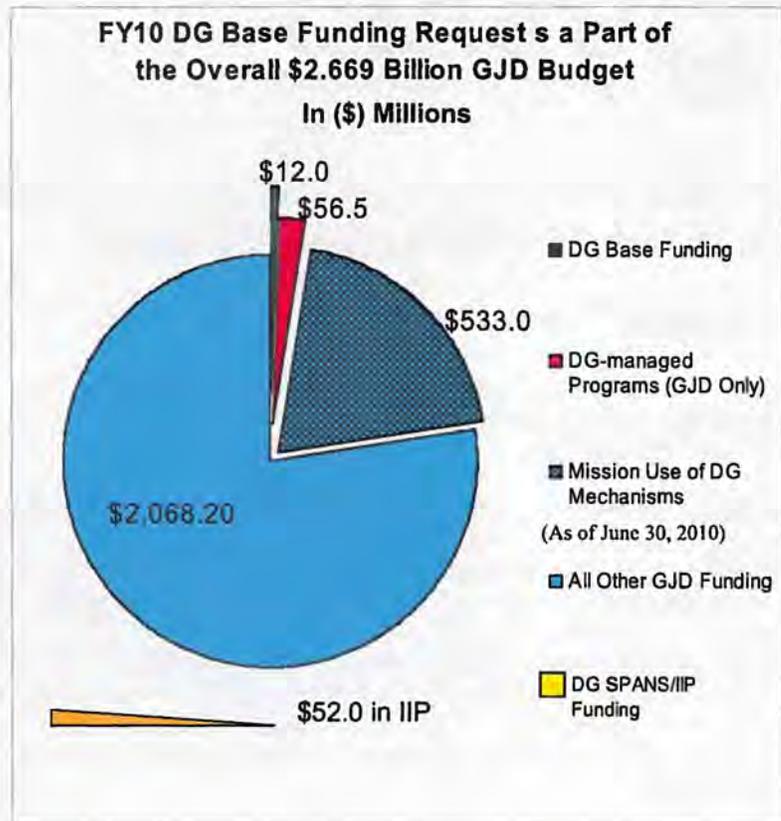
**Congressional Directives**

Economic Support Funds support the House Democracy Partnership (HDP), which was established to assist parliaments in emerging democracies. USAID assists HDP by organizing, implementing or facilitating legislative strengthening activities. The United States is a major donor to the Extractive Industries Transparency Initiative (EITI), which aims to strengthen governance by improving transparency and accountability in the extractives sector.

**Support for Vulnerable Populations**

DCHA/DG provides technical leadership and administers Special Programs Addressing the Needs of Survivors (SPANS), which consist of five funds: the Leahy War Victims Fund, the Displaced Children and Orphans Fund, the Victims of Torture Program, and two funds which address concerns of people with disabilities and those who require the use of a wheelchair. The initiatives seek to reduce the risks and reinforce the capabilities of communities, local nongovernment organizations, and governments to provide services and protection for vulnerable

populations. This mission involves strong linkages with DG's work in the areas of rule of law, governance, human rights, and civil society. SPANS funding is discussed in greater detail in the document "Office for Democracy and Governance FY 2010 Program Budget for Vulnerable Populations".



**III. Governing Justly and Democratically (GJD) <sup>1</sup>**

DG Office Base Funding leverages less than 1% of the GJD budget to maximize the effectiveness of GJD programming world wide, including Mission use of DG mechanisms. Within the U.S. Government, the DG Office takes the lead role in developing programs supporting the strategic goal of GJD. By making available leading experts and pre-qualified partners in all fields of democracy assistance, the office supports the GJD efforts of USAID Missions as well as other Agencies (State, MCC, DOJ and DOD).

**IV. DG Base Funding Allocation**

A. Allocation of FY 2010 DG Office Base Funding is as follows:

|  | <u>FY 10</u>          |
|--|-----------------------|
| Strengthening Design, Research, and Evaluation           | \$4.8M                |
| Technical Experts (Non-USDH Personnel)                   | \$3.6M                |
| Joint Programming with Missions and Technical Assistance | \$2.4M                |
| Staff Development in Technical Skills and Knowledge      | \$1.2M                |
| <b>Total</b>   | <b><u>\$12.0M</u></b> |

**Strengthening Design, Research, and Evaluation** includes the re-design of the DG Strategic Assessment Framework, a Handbook on Conducting Rigorous Program Evaluations, Guidance for Democracy and Governance Programming in Post-Conflict Countries, a Field Guide for Police Assistance, and rollout of the newly designed Global Labor Sector Analytical Initiative Assessment Framework and Program Guide.

<sup>1</sup> See FY 2007-2012 Department of State and USAID Strategic Plan, Strategic Goal 2: Governing Justly and Democratically

**Technical Experts** are essential to USAID's capacity in addressing political issues related to U.S. national security. Senior Field Advisors are working on governance in Afghanistan and Pakistan, as well as elections in Afghanistan, Pakistan, Iraq, and Sudan; ten FSLs are USG technical leaders in issues such as media in authoritarian climates (Middle East, Russia), security sector reform (Liberia, West Bank/Gaza), labor sector development, and local governance (Pakistan and Afghanistan); six Democracy Fellows are implementing a scientifically designed impact evaluation program, advising community policing activities (Mexico), and developing new media programming techniques using cell phone technology (Burma and Georgia).

**Joint Programming with Missions and Technical Assistance** provide country-based democracy and governance assessments and technical research. DG Office technical programs are a vital tool in rebuilding the political, economic, and social fabric of countries affected by conflict or state failure, as well as assisting countries vulnerable to sliding into chaos or collapse. DCHA ensures that building institutions of democratic and accountable governance and the rule of law is part of a holistic strategy to address the causes of fragility such as ethnic grievances and economic exclusion.

**Staff Development in Technical Skills and Knowledge** is another agency-wide function of DG Office Base Funding. The DG Cadre consists of all DG Officers and Foreign Service Nationals in USAID Missions and in Washington, DC. The DG Office orients and trains new staff and provides on-the-job training to the current cadre. Development Leadership Initiative (new hire) training is provided every other month and many new modules are being designed. Training sessions are also offered regularly at the National Defense University (NDU), Foreign Service Institute (FSI), U.S. Army Peacekeeping and Stability Operations Institute (PKSOI), and a module for training of incoming Civilian Response Corps personnel.

B. Allocation of the FY 2010 DG Base Funding by Sub-Sectoral and Functional Area:

DG activities in over 75 countries improve rule of law, electoral processes, civil society and governance. DG Base Funds are allocated among six Divisions. The technical programming sectors are: 1) Rule of Law, 2) Elections and Political Processes, 3) Civil Society and Media, and 4) Governance, 5) Sectoral and Country Strategy, Research and Evaluation, and 6) program support. Primary usage of the funds is summarized by category.

**1. Rule of Law:**

- Development and implementation of a new Trafficking In Persons (TIP) prevention initiative;
- Dedicated programs enabling Missions to program funds through pre-qualified partners with specific expertise in Rule of Law and building Culture of Lawfulness;
- Piloting of police assistance and community policing programs;
- Establishment and initiation of sub-sectoral impact evaluations for order and security, legitimacy, checks and balances, and fairness; and
- Institution of a Participating Agency Service Agreement (PASA) with the Dept. of Justice for assistance with program assessment and development delivery of training to police and prosecutors.

**2. Electoral and Political Processes:**

- Refining the strategic framework for conceptualizing political party programs;
- Development and testing of impact evaluation methodology for assessing political party programs;
- Development of capacity and expertise of local and regional institutions engaged in elections and political processes worldwide;
- Conducting country assessments, designing and delivering assistance for fair elections and competitive political processes; and
- Carrying out research on subjects such as electronic voting, political parties and media ownership, political party fundraising, adjudication of election disputes, electoral legal reform, political violence, negotiated political transitions and elections in insecure environments.

**3. Civil Society and Media:**

- Researching and employing new technology and games in developing training modules for youth on civic and life skills;
- Researching and employing computing, Internet, and mobile phone technology for applications in support of democracy and good governance;

- Providing legal assistance to counter restrictive legal environments for civil society and democratic participation;
- Expanding the application of the NGO Sustainability Index to Africa and Asia as an analytical assessment tool;
- Continuing the support of the Media Sustainability Index in the Middle East, North Africa and sub-Saharan Africa; and
- Reinforcing the teaching and learning of civic education in the Middle East.

#### **4. Governance**

- Development and testing of the assessment framework for Democratic Decentralization and Local Governance;
- Development and piloting of new approaches on Security Sector Reform (SSR), and facilitating the integration of civilian police and SSR initiatives into existing Mission programs;
- Establishing and initiating country-level impact evaluations on decentralization programming;
- Refining and issuing policy brief on Legislative Strengthening;
- Initiating research aimed at refining impact indicators for legislative strengthening;
- Evaluating impact of legislative strengthening programs in sub-Saharan Africa; and
- Continuing engagement with the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC).

#### **5. Strategic Planning/Research/Evaluation:**

- Conducting country assessments and strategy development;
- Revising the DG Strategic Assessment Framework to more accurately capture the complexity and importance of governance as an analytic variable and area of intervention, especially in conflict/crisis and authoritarian settings;
- Initiating a series of sectoral (multi-country) impact evaluations;
- Addressing deficiencies in progress indicators, including gaps and data quality;
- Preparing Agency guidance for DG programming in post-conflict countries; and
- Better coordinating and expanding the use of public opinion surveys; and
- Developing a handbook on conducting rigorous program evaluations.

#### **6. Program Support:**

- Supporting program-funded staff – Foreign Service Limiteds (FSL) and Democracy Fellows;
- Building the cadre – orienting new staff and providing on-the-job training to upgrade competencies of existing USAID democracy and governance personnel at all levels;
- Improving outreach – through web sites, consultations, conferences;
- Improving communication and information sharing; and
- Integrating disability policy and inclusion for vulnerable populations.

## **V. The Democracy Fund**

### **EPP Fund**

Since the Fund was established in 2006, \$45 million of assistance has been provided to 60 programs in 41 countries to meet critical unanticipated needs. The following kinds of issues have been addressed: post-conflict peace and constitutional design processes; political violence, electoral violence and political instability; urgent managerial needs created by snap elections; citizen oversight of critically important elections; protection and promotion of democratic governance in backsliding countries and other electoral and broader political processes in priority countries.

### **Human Rights, Independent Media and Rule of Law**

These programs can now help build the capacity of institutions that promote needed democratic reforms. In cases where countries are undergoing a transfer of political power, experiencing backsliding, or recovering from conflict, support in the areas of rule of law, media, and human rights can be essential. Some examples include the drafting of new constitutions, supporting independent judicial institutions in the face of executive pressure, promoting independent media in countries that lack alternative sources of information, supporting new media technologies such as blogging and Short Message Service (SMS), strengthening accountability and effectiveness of democratic police forces, reducing corruption, and supporting human rights NGOs and access to justice.

### **Democratic Engagement in Labor Sector**

USAID assessment of labor sector programming suggests a multi-pronged programming approach in this sector may be needed to better support labor rights and the well-being of workers. In addition to continued support for democratic unions and collective bargaining, research is being conducted to analyze the possible integration and expansion of DG programming in the labor sector. Specifically, program integration and expansion is anticipated to address associated matters of legal reform, access to justice, government institution building, civil society strengthening, competitiveness and productivity, corporate social responsibility and labor governance, and increased representation and empowerment of vulnerable groups in the labor sector.

## **VI. Congressional Directives**

### **House Democracy Partnership**

The House Democracy Partnership (HDP) was established as the House Democracy Assistance Commission (HDAC) in 2005 by the U.S. House of Representatives to strengthen democratic institutions by assisting parliaments in emerging democracies. HDP and USAID work together to provide technical expertise and material assistance to enhance accountability, transparency, legislative independence, and government oversight in foreign parliaments. The Commission currently has partnerships with 15 legislatures around the world: Afghanistan, Colombia, East Timor, Georgia, Haiti, Indonesia, Kosovo, Kenya, Lebanon, Liberia, Macedonia, Mongolia, Pakistan, Peru and Ukraine. The Office of Democracy and Governance manages the HDP's annual appropriation; and assists HDP by organizing, implementing or facilitating many of the HDP's legislative strengthening activities.

### **Extractive Industries Transparency Initiative (EITI)**

The global Extractive Industries Transparency Initiative (EITI), established in 2003, promotes and supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas, and mining. More than 3.5 billion people live in countries rich in oil, gas and minerals. With good governance, the exploitation of these resources can generate large revenues to foster growth and reduce poverty. In contrast, when governance is weak, it can result in poverty, corruption, and conflict. The EITI is a coalition of governments, companies, civil society groups, investors and international organizations.

To support the work of the EITI, a multi-donor trust fund (MDTF) was created. The World Bank Group supports the global initiative by administering the funds to provide technical and financial assistance to countries implementing or considering implementing the methodology of the EITI. DCHA/DG provides grant assistance in support of the EITI and the Trust Fund.

### **USAID Missions with DG Programs (2010)**

