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**USAID STRATEGY PAPERS**

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## USAID'S STRATEGY FOR SUSTAINABLE DEVELOPMENT: AN OVERVIEW

### **The Challenge**

The United States Agency for International Development was created with two purposes in mind: to respond to the threat of communism and to help poorer nations develop and progress. Both were legitimate strategic roles for the Agency; both were grounded in the belief that it was possible to defend our national interests while promoting our national values. In both these capacities, USAID played a key role in the pursuit of American objectives. It helped advance a foreign policy that embodied a commitment to justice and liberty, a desire to bring the benefits of democracy to people throughout the world, a willingness to be a helpful neighbor, a humanitarian instinct toward people in need, and a determination to lead. Over three decades, USAID achieved considerable success fulfilling these strategic mandates.

The end of the Cold War enables the international community to view the challenge of development directly, free from the distortions of superpower competition. In the post-Cold War world, the international community in general and the United States in particular have an historic opportunity: to apply our ideals, our sense of decency, and our humanitarian impulse to the repair of the world and to the service of our long-term national interest.

It is not wishful thinking to believe that we can constructively address the pollution of the seas and the air, overburdened cities, collapsing rural societies, economic migration, the exploitation of labor, oppression of minorities and women, and ethnic, tribal, and religious hostilities. On the contrary, the cost of not acting, of having to deal with the global impact of imploding societies and failed states, will be far greater than the cost of effective action. Investment in development is investment in prevention.

Serious problems of development will yield to effective strategies: This is a lesson of the last thirty years. Many poor nations have grown at unparalleled rates during this time. Some have become predominantly middle-class societies; others are well along in similar transformations. In many nations, poverty has declined significantly. Foreign assistance has accomplished much: Vast resources and expertise

have been invested to help poor countries develop, and millions of lives have been made better as a result.

Why then is the issue of development so urgent now? It is no exaggeration to suggest that the challenges we face constitute very real global threats to peace, stability, and the well-being of Americans and people throughout the world.

The threats come from a multitude of sources:

The continuing poverty of a quarter of the world's people, and patterns of economic growth that are clearly unsustainable.

The hunger and malnutrition of millions and their desperate efforts to find food security.

Population growth and rapid urbanization that threaten to outstrip the ability of nations to provide jobs, educations and services to millions of new citizens.

New diseases and endemic ailments that overwhelm the health facilities of developing countries, disrupt societies, and divert scarce resources.

Environmental degradation that threatens to poison and impoverish entire societies, and which may ultimately be manifested on a global scale.

And finally, the absence of democracy constitutes a threat: the threat of anarchy, persistent autocracy and oppression, human rights abuses, and the prospect that new and fragile democracies could fail and turn back to authoritarianism, or plunge into societal conflict.

These threats pose a strategic challenge for the United States because they endanger our existence, our way of life, and our social and economic commerce. They imperil our allies in the same ways. The challenge they present is political, economic, and ethical, and it is replacing nuclear war as our primary international concern. We cannot insulate ourselves from it.

To respond in a meaningful way, the United States must articulate a strategy for development. It must forge a partnership with the nations and the people it assists. It must focus on countries where its help is most needed and where it can make the most difference. It must maximize limited financial resources and employ methods that promise the greatest impact. And the United States must bring all its resources to

bear -- not only its money, but its expertise, its values, its technology, and most of all, the involvement of ordinary Americans.

Effectively delivered, development assistance provides a powerful means to address, ameliorate, and even eliminate the problems of rapid population growth, environmental degradation, endemic poverty, debilitating hunger, mass migration, and anarchy. We cannot "develop" nations, but we can help nations unleash their productive potential. As President Clinton has affirmed, foreign assistance is a central component of effective foreign policy.

It is unrealistic to expect that international conflict, oppression, and disorder can be eradicated. But it is not unreasonable to try to eliminate development problems as a root cause. The ultimate dividend of successful development should be nothing less than a more peaceful, more prosperous world.

### **Operational Approaches**

USAID recognizes that its success will be determined by the way it approaches its development mission and the way it responds to urgent humanitarian needs. To meet the challenges of the post-Cold War development environment, USAID will employ certain methodologies: support for sustainable and participatory development; emphasis on partnerships; and integrated approaches and methods.

*Weak* | Sustainable development is characterized by economic and social growth that does not exhaust the resources of a host country; that does not damage the economic, cultural, or natural environment; that creates many incomes and chains of enterprises; and that builds indigenous institutions that involve and empower the citizenry. Many factors determine whether development is sustainable, but four issues are fundamental: Population and Health, Economic Growth, Environment, and Democracy. Development is "sustainable" when it permanently enhances the capacity of a society to improve the quality of life. Sustainable development enlarges the range of freedom and opportunity, not only day to day but generation to generation.

*Interesting* | But sustainable development is not defined only by tangible achievements; it is also defined by attitudes and outlook. In much of the world, the very idea that development can be sustainable is revolutionary. In far too many nations, slash-and-burn approaches are still the norm -- not only in agriculture, but in every phase of development. In such countries, growth, by definition, consumes things: forests, water, soil, people. The very idea of sustainable development is a powerful argument for change.

When sustainable development is the goal, the focus moves from projects to the web of human relations changed by those projects. Sustainable development requires investments in human capital -- in the education, health, food security, and well-being of the population. It takes as a given that the objective of foreign aid is not the completion of a factory, for instance, but the way in which it helps people make their living. Sustainable development sparks changes within society, from the distribution of power to the dissemination of technology. It continually challenges the status quo.

Sustainable development requires participation. It must evolve out of the experiences of ordinary people, their notion of what problems should be addressed, and their consultations with government, development agencies, and among themselves. It must involve, respond to, and be accountable to the people who must live with the results of the development effort. And it must help them build institutions of free discourse and consensual decision-making.

Thus, every USAID program, whether in democracy building, environment, economic growth, or population, will endeavor to enhance indigenous capacity -- the key to sustainable development. Every program will emphasize participation, accountability, transparency, decentralization, and local empowerment. Projects will mandate the involvement of indigenous PVOs (private voluntary organizations), NGOs (non-governmental organizations), productive associations, and community groups -- institutions of a self-sustaining, civic society.

USAID has decided to focus on sustainable development because it is the best way to ensure that the achievements of our foreign assistance are not ephemeral. This approach reflects our environmental concerns and is far more persuasive than assistance for "show projects." Most important of all, by helping to empower individuals and communities, USAID will ensure that its work embodies the fundamental values of the American people.

Partnerships begin with collaboration between donors and host nations. Donors must recognize that development, in every sense, depends on the developing country itself. Donors assist. They can help, facilitate, even accelerate, but the major task must be carried out by the host nation, not the donor. Sustainable development is built upon a sense of ownership and participation. It is not something that donors do for developing countries; it is something that donors help developing countries do for themselves.

The notion of partnership imposes certain responsibilities on host governments. In determining where it will invest its resources, USAID will consider whether the host government permits development agencies and associated PVOs and NGOs full

access to the people; whether it invests its own money in development; whether it is involved directly in the planning and implementation of development projects; and whether it encourages local empowerment, particularly of women, indigenous peoples, and members of minorities, as part of the development process.

Donors must reinforce each other and coordinate at every stage of the development process. USAID can improve its own effectiveness by cooperating with other donors in: joint assessment of development problems and the threats they represent; cooperative planning and division of responsibility; allocation of resources to reinforce other development efforts; pooling of financial resources where possible and appropriate; sharing of technical resources and expertise; rapid transfer of information about methods and results; and collaboration and communication in the field and collectively with host governments.

An increasing portion of development work is being handled by (PVOs), (NGOs), universities, professional and academic groups, and training organizations. These organizations possess unique skills and contacts; they are USAID's natural partners in development and their work is reinforced by the private sector. Improved coordination with these agencies will permit USAID to do the things it does best and concentrate the skills of its employees where they are most needed.

Multilateral development banks (MDBs) and international financial institutions (IFIs) play a leading role in identifying and assessing problems, formulating regional and global responses, providing and mobilizing capital, and offering solutions that address macroeconomic factors and national policies. The Clinton Administration has attached a high priority to closer cooperation with MDBs and IFIs, and USAID will work in Washington and in the field to utilize their strengths.

Partnership also includes leveraging. In its purest sense, leveraging involves the pursuit of matching funds. Where appropriate, this is an effective way to increase resources, and much of our leveraging work will continue to be done in coordination with MDBs and IFIs. USAID also will encourage other donors to contribute to worthy projects where funds are inadequate and to become involved in areas that deserve support but where we do not have sufficient funds to operate. A strategy for development should seek to expand the donor community, and efforts to increase the number and kind of donors are a legitimate part of USAID's mandate.

Successful development requires more than money; it also requires the skills and talents of individuals. USAID believes that every project should build local capacities and involve as many local participants in the planning and execution of the

program as practicable. This approach, a different kind of "leveraging," will make empowerment an integral part of the development process, and not just an end result.

**Finally, USAID will utilize integrated approaches and methods.**

USAID will construct country strategies that take into account the totality of the development problems confronting recipients. This must be done in close cooperation with host governments, local communities, and other donors. USAID will take a broad view. We will consider how social, economic, political, and cultural factors combine to impede development and identify root causes and remedies that will address them. We intend to minimize so-called "stovepipe" projects that operate without regard for other development programs or larger objectives.

USAID will pay special attention to the role of women. We will integrate the needs and participation of women into development programs and into the societal changes those programs are designed to achieve. Women represent an enormous source of untapped talent, especially in developing nations. The success of women -- as workers, food producers, health providers and teachers of their children, as managers of natural resources, and participants in a democratic society -- is essential to successful development. A development process that fails to involve half of society is inherently unsustainable.

Development assistance must address the specific needs of women in developing nations, especially health, education, equal access, participation in society, and empowerment. In their design and implementation, programs must take gender issues into account. The ultimate success of our work will be determined by the impact it has upon the lives of the women and men it is designed to assist.

By establishing a paradigm of full participation, local involvement, and empowerment in everything it does, USAID will demonstrate that democratic governance, a cleaner environment, healthier people, and economic growth are interrelated and mutually reinforcing.

### **Areas of Concentration**

The United States must commit itself to act, must act in concert with other donors, must act where it can have effect, and must bring its strengths to bear. These strengths determine where USAID will concentrate its resources.

USAID's programs will be undertaken in three types of countries:

-- Countries where USAID will provide an integrated package of assistance -- so-called sustainable development countries. Assistance to these countries will be based on an integrated, national strategy for sustainable development that includes clearly defined program objectives and performance targets.

-- Countries that have recently experienced a national crisis, a significant political transition, or a natural disaster, where the timely provision of assistance is needed to reinforce institutions and national order. These are so-called transitional countries.

-- Countries where USAID's presence is limited, but where aid to non-governmental sectors may facilitate the emergence of a civil society, help alleviate repression, meet basic humanitarian needs, or influence a problem with regional or global implications. In such countries, USAID may operate from a regional base, or may primarily support the work of PVOs and NGOs.

Within these nations, USAID will support programs that address the four issues that are fundamental to sustainable development: Population and Health, Economic Growth, Environment, and Democracy.

Problems in these four areas are the engines of the current strategic threat; conversely, progress in these four areas will ameliorate that threat. Moreover, progress in any of these areas is beneficial to the others. This is especially true with rapid population growth, which consumes all other economic gains, drives environmental damage, exacerbates poverty, and impedes democratic governance.

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Problems of the environment, population, economic growth, and democracy have a transnational impact. They require approaches that consider the global impact and that are not confined to individual states. Investments in these areas thus must be seen as primary prevention -- prevention of the crises, deep-seated poverty, and despair that fuel civil unrest and international turmoil.

The United States in general and USAID in particular have extensive skills in each of these areas. Moreover, USAID's natural partners in development -- American PVOs, NGOs, universities, professional and academic groups, and training organizations -- and the American private sector are particularly strong in the areas of population, environment, economic growth, and democracy-building.

Finally, solutions to each of these problems help create civic societies. Such solutions are characterized by local empowerment, the involvement of the recipients of aid in their own development, decentralization of decision-making, and the

establishment of institutions of consensus-building and conflict-resolution. They mandate the creation and involvement of indigenous PVOs and NGOs -- intermediary organizations that enhance popular participation, that deepen the benefits to society, and whose very existence promotes stability.

USAID will continue to carry out its other traditional mandate: providing emergency humanitarian assistance and disaster relief with dollars and food aid. Like the four areas of sustainable development, a strategy for this assistance is discussed in an accompanying paper.

Emergency humanitarian assistance and disaster aid are integral to the process of promoting sustainable development. Emergency humanitarian assistance relieves suffering and stabilizes nations that have experienced natural disaster or famine. Typical humanitarian crises such as famine, civil conflict, and the inability to respond to natural disaster increasingly owe directly to failures of development. Emergency humanitarian assistance is a necessary, stop-gap response that helps nations recover to the point where they can address the larger issues of development.

As part of its humanitarian assistance and disaster relief function, USAID will acquire the capability to respond rapidly to the humanitarian, political, and reconstruction needs of countries in crisis. This is particularly critical to USAID's long-term development mission. A gap in development assistance currently exists: emergency relief helps nations that have suffered acute crisis or natural disaster; programs of sustainable development address the long-term needs of developing societies. But nations that are trying to emerge from crisis have urgent, short-term requirements that are not addressed by either traditional relief programs or programs of sustainable development.

USAID can help mitigate these problems in two ways:

First, by helping countries reestablish a degree of food self-reliance through the distribution of such things as tools, seeds, and other agricultural supplies essential to begin planting and to reinvigorate the agricultural sector. Both short term and long term, the achievement of food security provides the resilience societies need to cope with inevitable disasters and economic setbacks.

Second, USAID can assist by helping to reinforce and rebuild institutions. The transition from disaster or civil conflict is itself a crisis. From the political point of view, it is best to address such crises early, before famine and social disorder perpetuate and the logic of civil conflict becomes overpowering, and before the cost of reconstruction grows geometrically. From the developmental point of view, it is best

*Food aid?*

to arrest conflict and buttress institutions before the social structure collapses and takes with it the coherent pieces of an economy and a civic society that could grow and modernize.

Institutional reinforcement is especially important in post-conflict situations. The most pressing needs can include security-related training and the reintegration of former combatants and refugees; the quick restoration of basic infrastructure (a factor that generates short-term employment); and political development programs that facilitate conflict resolution, address civil-military relations, support referenda and elections, and revitalize governmental institutions. By responding rapidly to these needs, USAID can help nations at risk move away from crisis and toward stability and sustained growth.

### **Measuring Results**

USAID intends to design programs and set standards that reflect this worldview. The success of foreign assistance is determined by its impact upon developing nations. Inputs are meaningless without reference to effects.

With this in mind, USAID will measure its results by asking how projects actually affect the way people live. This is an open-ended and demanding approach that uses questions as guideposts. This process forces everyone involved in the foreign assistance process to distinguish self-sustaining accomplishments from ephemeral ones. It forces the designers to identify the true causes of development problems. It forces the implementers of programs to consider the dynamic relationship between societal factors and aid projects.

This approach forces project managers to focus on building indigenous capacities and on whether intermediate and long-term improvements are manifested broadly within society. Finally, this approach forces people within USAID to communicate and cooperate more closely -- among themselves, with contractors, with PVOs and NGOs, with the private sector, with other donors, with host governments, with local authorities, and most important of all, with the citizens of developing countries, the intended beneficiaries of these programs.

While no program can touch every aspect of life within a society, individual programs in each of USAID's areas of concentration need to be structured and implemented to produce affirmative answers to these kinds of questions:

Is the program consistent with the interests and values of the American people?

Does the program produce measurable effects? Does it lower population growth rates, create jobs and incomes, enhance public health, improve air and water purity, slow the loss of soil and soil fertility, arrest the loss of biodiversity, create indigenous democratic institutions?

Does it address the actual needs of the local people as they themselves define them? Does it utilize local people to identify related problems and opportunities?

Does the program build indigenous capacities and permanently enhance the capacity of the society to improve the quality of life?

Does the program involve and empower the people who are supposed to benefit from it? Do they participate in planning, allocation of resources, selection of methods, management, oversight, and assessment of accomplishments? Does the program help create the institutions of a civic society?

By its design and operation, does the program help establish and strengthen indigenous PVOs and NGOs? Do they participate in every aspect of its operation?

Does the host country permit the development agency and associated PVOs and NGOs full access to the people? Does it invest its own money in development? Is it involved directly in development projects? Does it respect human rights?

Does this program avoid duplication and incorporate lessons learned by other development agencies? Are the specific ways in which the program affects global and transnational problems shared locally, nationally, and regionally?

Does the program create economic opportunities for different groups in society? Does it generate collateral economic opportunities for American business? Are USAID mechanisms used to identify and disseminate these opportunities to the agencies, companies, and individuals in the country, in the region, and in the United States who might benefit from them?

By applying standards such as these, USAID can ensure that its development programs help the United States respond to the strategic threat of failed development. These standards will shape USAID's approach to each of the areas of strategic concern, as is evident in the five accompanying papers. The value of these standards will be evident in the attitudes they affect within the Agency and the development community, in the development effort that ensues, and in the global improvement in the quality of life.

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## ENCOURAGING BROAD-BASED ECONOMIC GROWTH: USAID'S STRATEGY

### The Challenge

The world economy has grown by an average of 3.5 percent per year during the last quarter century. This growth has been a powerful force for reducing the incidence of poverty in developing countries. Yet in spite of this, a quarter of the world's people remain on the margin of survival, struggling with malnutrition, poor housing, illness, and unemployment.

Economic stagnation in developing countries directly affects the interests of the United States and other industrial nations. Developing countries that have achieved sustained economic growth are the fastest-growing market for U.S. exports. But opportunities to expand into new markets cannot materialize where growth does not occur and where poverty limits the demand for goods and services.

Slow or inequitable growth feeds political instability and civil strife. It can drive economic migrations, as people flee economic and political conflict for safer, more prosperous countries. It causes environmental degradation. Privation, poor health, and illiteracy also contribute to high fertility, rapid population growth, and perpetual lack of food security.

The keys to economic growth are an appropriate policy environment, good governance, adequate investment and savings, the availability of appropriate productive technologies, and access by the population to adequate education and health services. But beyond these basic requirements, there is no single best way to promote economic growth. USAID believes that a strategy for economic growth should be shaped by strategic objectives, not specific methods. What, then, is USAID's vision of economic growth?

USAID will help developing nations permanently enhance their capacity to improve the quality of life. Our fundamental goal is to help individuals within those societies improve the quality of their own lives and share equitably in the benefits of economic growth. We will concentrate on helping nations remove the obstacles that interfere with their economic vitality. We will concentrate on helping people unleash their creative and productive energies. We believe the inevitable result of these endeavors will be broad-based and sustainable economic growth.

## Strategic Goals and Areas of Concentration

USAID aims at helping the people of developing nations become participants in the economic and political lives of their nations. We believe we can measurably contribute to this by supporting policy reforms in key economic sectors, by strengthening economic and political institutions critical to good governance, by encouraging the effective functioning of markets, by investing in human resources, especially the education and health of people, and by aiding projects designed to promote growth.

USAID will promote broad-based, sustainable growth by addressing the factors that enhance the capacity for growth and by working to remove the obstacles that stand in the way of individual opportunity. In this context, USAID will concentrate its efforts in three areas:

**Strengthening markets:** Healthy market economies offer the best prospects for sustained, broad-based growth and expanded individual opportunity. USAID will address policy and regulatory impediments to development of local markets and exports. This would include the enabling environment of policies, regulations, and laws that affects commerce, especially microenterprises and small businesses. USAID will also address weak or absent institutions of a market economy; inadequate infrastructure (including markets, storage, and transport); and investment in the privatization of state-owned enterprises.

**Expanding access and opportunity:** USAID will pay particular attention to expanding economic opportunities for the less advantaged in developing countries by helping to promote microenterprises and small businesses, by focusing on the development and delivery of agricultural technologies appropriate to small farmers, and by supporting social sector development intended to enhance the well-being of poor and disadvantaged peoples.

**Investing in people:** Building human skills and capacities throughout a society is essential for sustained growth and improved quality of life. USAID will support programs that address inadequate health services, particularly in the area of basic and preventive health care; education systems (especially basic education for girls and women); technical and business skills and access to technology; and other related social services and institutions that facilitate broad-based participation, especially by women, indigenous peoples, and other disadvantaged groups.

## **Operational Approaches**

USAID's efforts to promote broad-based economic growth will be shaped by these thematic approaches:

**Participation.** Fundamental to broad-based economic growth is the widespread involvement of individuals in the economy and society at large. USAID programs will foster participation in this broader sense, ensuring that efforts to promote economic growth involve and enhance the prosperity of people throughout the productive sector, especially microentrepreneurs, small business owners, smallholders, and cooperatives.

**Institutional Development.** Development must rely on local capacities. Foreign donors can assist, but the fundamental burden must rest with the people and institutions of the developing countries themselves. USAID seeks to strengthen public and private institutions in developing countries, so that they can manage their own development process, consistent with the wishes and needs of their citizens. The objective should not simply be more institutions, but better institutions – legal codes that are more coherent; courts that can enforce their decisions; and bureaucracies that are more effective and more responsive to the individual.

**Sustainability.** USAID has an interest only in sustainable economic growth. Growth that occurs without regard for degradation of the natural resource base impoverishes future generations. Growth that depends on constant infusions of financial resources from abroad is inherently unsustainable.

Sustainability entails transformations. It requires the transformation of the work force so that it is healthier, better educated, and more inclusive (and concomitantly, it entails increases in productivity that do not rely on the increased exploitation of workers). Sustainability also requires the availability of technology appropriate to local needs and capacities and its effective integration. In predominantly agrarian societies, sustainability entails the transformation of subsistence farming into an agriculture that can create surpluses and rural incomes and the emergence of a viable urban sector that can generate jobs, provide essential services and accommodate migration. Most important of all, sustainability mandates the greater involvement of individuals and communities in the decisions that affect their well-being.

## **Programs and Methods**

In planning and supporting programs, USAID will ask: What is needed to unleash the productive capacity of this society? To strengthen markets, invest in people, and expand access and opportunity, especially for the less advantaged, USAID will support the following kinds of programs and methods.

**In the Area of Strengthening Markets:** The foundation of economic growth is a favorable policy and institutional environment. This creates and strengthens markets, which in turn increase efficiency, encourage broader participation, and promote economic equity. Few foreign assistance projects can achieve their goals in an unfavorable environment.

Our objective is to work with host country governments, local authorities, communities, individuals, and other donors to create an enabling environment comprising policies and institutions that systematically and consciously encourages both individual initiative and choice in the private sector. USAID's programs to strengthen markets will pay close attention to improved governance and local empowerment, because these factors, more than anything else, determine the success or failure of policy reforms and institutional investments.

Our emphasis will be on sectoral reforms, leaving leadership on macroeconomic reforms to the World Bank, the multilateral development banks, and the International Monetary Fund. USAID will assist host nations in building indigenous institutions and policies that promote openness to trade and investment, support agriculture and rural enterprise, provide adequate incentives for exports, and avoid inefficient import substitution and unwarranted protection.

USAID's programs for policy, regulatory, and legal reforms will address such areas as tariffs, taxes, and trade restrictions; tax codes; privatization; pricing mechanisms; the informal sector; financial markets and services; investment; agricultural production, marketing, subsidies, and land tenure arrangements; labor laws and policies; intellectual property rights and patents; contract and property law; and business regulations.

The Agency will help to build institutions by addressing the restructuring and development of local, provincial, urban, and regional markets; reform of the education and health sectors; and reforms that encourage efficient private and public investments in infrastructure, especially capital projects such as roads, ports, sewage and waste systems, and electrical grids.

USAID will encourage the establishment of flourishing agricultural sectors by addressing policy issues, marketing factors, and technologies. Programs will focus on factors that are pivotal in agricultural success: market-oriented pricing and trading policies; access to inputs, such as seeds, fertilizer, credit, technologies, information, and land; access to domestic and export markets; and crop production and marketing choice. USAID will continue to support agricultural research – work that has had a global impact and is indispensable to developing new methods and technologies that enhance growth and food security.

**In the Area of Expanding Access and Opportunity:** Local groups and individuals must take part in identifying problem areas, suggesting solutions, planning and designing projects, organizing intermediary institutions, overseeing implementation, and evaluating successes and failures. This, in turn, requires a commitment to empowering individuals so that they can fully participate in the development of their nation.

This is especially true for people who are mired in extreme poverty. Their primary need is the wherewithal to acquire sufficient food and a modicum of assets so that they can join the productive economy. Support for microenterprise and poverty lending attempts to address this need – the overriding, daily concern of more than a billion people.

USAID's programs thus will emphasize microenterprise and small business development. Our microenterprise programs will address three elements that are critical to broad-based economic growth and participation: removing obstacles that impede the creation of new businesses that provide incomes; helping existing enterprises to expand; and supporting the transition of small businesses and microenterprises to the formal sector.

To help microenterprises and small businesses become established and grow, and to assist the poorest of the poor to become economic participants, USAID will work with national and local authorities to enhance access to capital through village banks and other poverty lending institutions. To help poor individuals and communities accumulate assets, finance their own development, and lessen their dependence on external sources of capital, USAID will support the development of small savings institutions, including credit unions. We will also support programs to simplify regulatory procedures and increase access to markets and appropriate technology.

To help small businesses respond to economic opportunities created by policy reforms, USAID will support business development programs that offer direct global

technical assistance to the private sector, provide international networking services through U.S. and foreign trade associations, and disseminate business information.

Finally, because the protection of civil and worker rights is fundamental to sustainability, USAID will support programs that seek to expand and safeguard these basic rights. USAID programs to promote economic growth will take into account labor conditions and worker rights, especially those of women, the poor, indigenous peoples, migrants, and those vulnerable to debt servitude and indentured labor.

**In the Area of Investing in People:** USAID believes that sustainable, broad-based development requires investing in people to improve their health and productivity, enhance their skills, and help them be full participants in society.

The acquisition of economically valuable skills plays a central role in the empowerment of individuals. It widens the scope for social mobility and thus serves as a formidable mechanism of conflict resolution. Moreover, rising education levels are critical to democratic governance and peaceful political discourse.

USAID's education programs will give particular emphasis to the quality and availability of primary education, especially for the poor, women and girls, and members of minorities. The Agency will also support technical and vocational training, the freer flow and broader availability of technical information and technology, and training in business skills.

Recent World Bank findings show that a package of basic health care services can dramatically enhance societal productivity, especially among the poor. Such services eliminate many curable but endemic and debilitating illnesses that prevent people from earning a living or participating in society. Thus, USAID will focus on the provision of basic and preventive health care, including maternal health, childhood immunizations, and the prevention of AIDS and other sexually transmitted diseases; childhood nutrition; access to clean water; control and elimination of tropical diseases; and the training of workers in basic and preventive health care.

### **Measuring Results**

Programs will be designed to produce results that measurably affect and enhance the way people live. In their conception and implementation, programs to stimulate economic growth must benefit local populations. In evaluating the impact of programs, the overarching concern should be whether standards of living have improved and whether improvements have been manifested broadly within society.

While no program can touch every aspect of economic life within a society, individual programs in each of the three areas of concentration need to be structured to produce affirmative answers to these kinds of questions:

Are markets working more efficiently, with increased levels of activity and broader participation?

Have governments implemented and maintained agreed sectoral reforms? Have those reforms had the positive economic effects intended?

Has the quality of primary education improved? Has the number of children with access to primary education risen? Is the proportion of girls in primary schools increasing? Is the proportion of children of indigenous peoples in primary schools increasing?

Has public health improved? Are improvements evident among all sectors of society? Have these indicators improved: the rate of infant mortality? Access to family planning services, including programs for prenatal care and maternal health? Number of cases of communicable diseases? Rate of childhood inoculation? The rate of malnutrition among children? Access to basic health care services? Equal access to health care by gender? Access to clean water?

Has the incidence of poverty declined? Have incomes and employment risen for the key groups that comprise the poor? Have indigenous PVOs and NGOs, including labor unions, cooperatives, and consultative planning councils, been created that empower the poorest people in society and enable them to participate in national economic and political life?

Has the availability of affordable capital to the poor increased? Are more community-based institutions of lending operating? Have the number of small savings institutions, such as credit unions, increased? Has the ability of these institutions to attract deposits increased? Are they more viable and sustainable?

Have the flow and availability of technical and support services to small businesses and microenterprises improved, and have they had a measurable effect upon productivity, job creation, and profitability?

Are employment, incomes, and productivity in the informal sector rising? Have a significant number of microenterprises made the transition to the formal sector? Have women, minorities, and indigenous peoples participated in this expansion?

**Have agricultural and rural incomes improved? Have increases in agricultural incomes been spread broadly among the rural population? Do small farmers have increased access to improved seeds, farming methods, purchasing and marketing structures, and appropriate technology, and have these improvements increased farm income?**

**By supporting programs that produce positive answers to questions like these, USAID can enhance the political and economic interests of the United States and materially assist the emergence of a more peaceful, more prosperous world.**

**PROTECTING THE ENVIRONMENT:  
USAID'S STRATEGY****The Challenge**

Environmental problems increasingly threaten the economic and political interests of the United States and the world at large. Both industrialized and developing nations contribute to the threat.

Human activities are disrupting the Earth's global life support systems -- the atmosphere and the planet's wealth of biological resources. Atmospheric concentrations of greenhouse gases continue to rise, with potentially catastrophic consequences for the global climate. The loss of untold numbers of plant and animal species and their habitats impoverishes the natural world for future generations and eliminates raw materials for advances in medicine, agriculture, and other fields.

At the local level, environmental degradation poses a growing threat to the physical health and economic and social well-being of people throughout the world. Cities in the developing world and the former Soviet bloc face severely polluted air, water, and soils. The erosion and degradation of soils, loss of fertility, deforestation, and desertification beset rural communities and undermine food production, cause malnutrition, and impel migrations. Water shortages cause conflicts among human, industrial, and agricultural users within countries and among nations.

The impact on developing nations can be measured in graphic human and economic terms. Water pollution alone accounts for some 2 million preventable deaths and billions of illnesses each year. Environmental degradation can reduce national incomes by 5 percent or more. In Eastern Europe and the former Soviet Union, air-borne pollutants are the likely causes of high levels of morbidity and respiratory illnesses.

America's own well-being is directly threatened by environmental degradation around the world. We cannot escape the effects of global climate change, biodiversity loss, and unsustainable resource depletion. The consequences of local environmental mismanagement -- increasing poverty, social instability, resource wars -- endanger our political and economic interests. The quality of life for future generations of

Americans will in no small measure be determined by the success or failure of our common stewardship of the planet's resources.

The scope of the problem is clear:

**Environmental problems are caused by the way people use resources.** Workable solutions must focus on the relationship between humans, their economic interests, and the natural environment and its resources. They must address how people perceive the environment and how they utilize it; how they judge the costs of using resources; and how political, industrial, and agricultural processes either damage or protect the environment.

**Environmental problems reflect the imperfections of private markets.** Adam Smith's "invisible hand" is not always a "green" hand. Public interventions to correct market failures are often necessary to protect the environment. Strong public institutions that monitor and create an environment for more sustainable use of resources are critical. This, in turn, requires active public participation in the setting of standards, monitoring, and enforcement. Since solutions ultimately must make economic sense, regulatory institutions and incentives must help redefine what is economically rational and what is not.

**Environmental problems have systemic effects.** The impact of most environmental problems is ultimately regional or global, so the solutions must transcend borders. Interventions produce the best results when they simultaneously address the problem locally, nationally, regionally, and globally.

**Environmental damage often is irreversible and thus the need to address it is urgent.** Early intervention is a critical factor in preventing the extinction of a species or containing the impact of pollution upon public health. Debates over ways to save biodiversity after the tropical forest is gone or how to clean up a river after children have been hurt are moot: Worse, the failure to act makes it more difficult to respond effectively to future environmental problems.

At the 1992 UNCED "Earth Summit," both rich and poor nations agreed that economic growth and environmental stewardship must both be pursued to avoid a catastrophic overload of the Earth's carrying capacity in the next century. Economic growth cannot be sustained if the natural resources that fuel that growth are irresponsibly depleted. Conversely, protection of the environment and careful stewardship of natural resources will not be possible where poverty is pervasive. This is the conundrum and the opportunity of sustainable development.

## **Strategic Goals and Areas of Concentration**

USAID will pursue two strategic goals:

- Reducing long-term threats to the global environment, particularly loss of biodiversity and climate change.
- Promoting sustainable economic growth locally, nationally, and regionally by addressing environmental and economic practices that impede development and are unsustainable.

USAID will concentrate on the following kinds of problems:

**Globally**, it will focus on the growing sources and diminishing sinks of greenhouse gas emissions and on impoverishment of the planet's biologically richest ecosystems.

**Locally**, it will focus on the abiding impairment of human health due to air, water, and soil contamination from industrial, agricultural, and household activity; unsustainable exploitation of forests, wetlands, coastal zones, and other ecosystems that provide vital ecological services; degradation and depletion of water resources; unsustainable agricultural practices; inefficient and environmentally unsound energy production and use; inadequate management of household and municipal wastes in growing urban areas; and regulatory, statutory, enforcement, and policy issues and social and economic patterns, including the lack of local participation and empowerment, that contribute to the aforementioned problems or impede solutions.

## **Operational Approaches**

USAID will pursue an integrated approach to environmental issues as outlined in Agenda 21 of the Earth Summit's guidelines for ecologically sustainable development. The causes of environmental degradation are often the result of underlying pressures of poverty and rapid population growth. Programs in every sphere of development – environment, economic growth, population, democracy – must be designed with conscious regard for their impact on the natural environment and their potential for improving environmental stewardship locally, nationally, regionally, and globally.

USAID will strengthen its institutional capacity to ensure that all Agency-supported efforts, whether projects or program-related investments, are

environmentally sound. Where necessary, it will require mitigating measures or project redesign.

Solutions begin at the local level, even for environmental problems with global implications. Lack of education, antiquated and inappropriate technologies, the local regulatory environment, and the absence of economic and social incentives to protect the environment all contribute to the continuation of damaging practices. USAID's environmental assistance programs thus must empower individuals and communities to act and facilitate collaboration between government agencies, the private sector, and local groups. Such empowerment efforts must specifically reach out to include women and members of minority groups in communities and local groups. Experience has shown, for example, that improving education for girls may be the most important long-term environmental policy in Africa and other parts of the developing world.

USAID will promote the involvement of citizens in identifying problem areas, suggesting and designing solutions, overseeing implementation, and evaluating results. USAID will actively support environmental initiatives by local governments and communities and the creation of local environmental PVOs (private voluntary organizations) and NGOs (non-governmental organizations) to help articulate local concerns and involve individuals and communities in decisions that affect the local and global environments.

Close coordination and communication with the host government are essential to all development work but especially critical here. Environmental projects invariably involve diverse political actors, economic forces, and social groups. USAID will work to create and strengthen consultative, management, review, regulatory and monitoring capacities at the regional, national, and local levels, in order to avoid misunderstandings and build consensus about plans and action.

To sustain the environmental impact of its work, USAID will encourage the development of an institutional and policy capacity within recipient countries. This improved capacity will help facilitate the flow of information, encourage consultations in-country, and support the development, transfer, and adoption of technologies that enhance environmentally sound growth. Since many environmental problems (and solutions) are regional in nature, USAID will encourage regional approaches, including ongoing coordination, establishment of priorities, allocation of responsibilities, exchange of techniques, and sharing of technical resources.

USAID will coordinate its efforts with other members of the donor community. It will pursue partnerships with the U.S. and international environmental community

of universities, PVOs, NGOs, professional and academic groups, scientific organizations, and the private sector to identify priority areas and appropriate methods, share responsibilities and technical resources, and reinforce the efforts of other donors and avoid duplication. Agency field missions will work to strengthen local markets for U.S. environmental technology services and equipment through capacity building, local environmental management, training and dissemination of information.

### **Programs and Methods**

USAID will focus on programs that address these issues and utilize these methods:

**Global Issues:** In the area of climate change, USAID will identify key developing and former Soviet bloc countries that are, or will become, significant contributors to global greenhouse gas emissions. USAID will work with these countries on a case-by-case basis to develop appropriate action plans to reduce sources and enhance sinks of greenhouse gas emissions, through activities consistent with local environmental and economic goals. As appropriate, efforts in this area will include energy efficiency improvements, expanded use of renewable energy technologies, limiting deforestation and other carbon-emitting land-use changes, and introduction of new agricultural practices to reduce methane emissions.

USAID's approach to biodiversity will focus on conserving the planet's biologically richest ecosystems. By "biodiverse," USAID means areas that contain a large variety of animal and/or plant species; in which there is a high degree of genetic diversity among individuals and species; that comprise diverse and complex ecosystems; and/or whose very size, complexity, and physical integrity are critical to their continued existence. The ultimate value of these areas lies in their irreplaceable diversity, the dimensions and uses of which are just beginning to emerge.

Protecting biodiversity is a complex and multifaceted challenge that involves strengthening systems of parks and protected areas and promoting sustainable economic uses of biological resources, as well as ex-situ efforts such as herbaria, gene banks, and zoos. Geographically, USAID will focus on two types of areas: those richest in biodiversity and facing the greatest threat; and those that are least disturbed and present the greatest opportunity for long-term conservation. Substantively, USAID will focus on building local capacity for the management of parks and protected areas, developing sustainable economic uses of biological resources, supporting innovative, non-governmental conservation and research programs, and

facilitating the setting of conservation priorities that respect the rights of indigenous peoples at the local, national, and regional levels.

**Country Issues:** USAID's approach to national environmental problems will differ on a country-by-country basis, depending on a particular country's environmental priorities -- as determined by USAID, the host government, and local communities and citizens -- and by USAID's overall country program. All country strategies will include the following two elements:

**Improving agricultural, industrial, and land-use practices that play a central role in environmental degradation.** As appropriate, USAID-supported programs will target objectives such as:

- Soil and water conservation through improved tilling practices, erosion planning and control, integrated pest management, reductions in the use of pesticides and in fertilizer and pesticide runoff, efficient design and management of irrigation systems, and protection of aquifers and integrated water resource planning.

- Reducing industrial- and energy-related environmental degradation through adoption of pollution prevention strategies and pollution control systems in industry, and through energy efficiency programs, renewable energy applications, fuel switching, and installation of environmental controls in the energy sector.

- Reducing rural and urban land-use problems through efforts to limit deforestation and promote reforestation, support for environmentally sustainable uses of forests, coastal zones, and other important ecosystems, and improved land-use, sewage and waste disposal, and transportation planning in urban areas.

**Strengthening public policies and institutions to protect the environment.** As appropriate, USAID will support such activities as:

- Reform of national economic development strategies and policies to end unintended or misguided environmental damage and to promote conservation and sustainable resource management.

- Development of a comprehensive environmental policy framework, including laws, regulations, and standards at national and local levels, as appropriate.

- Improved enforcement of environmental laws and regulations through increased funding and technical training for regulatory agencies, enhanced public participation, and development of non-governmental advocacy groups.

- Creation or strengthening of competent environmental institutions within government, the private sector, the NGO community, and academia.
- Creation of environmental data bases and natural resource inventories.

**Bilateral and Multilateral interventions.** USAID will also work bilaterally and multilaterally, pursuing: dialogues with governments on environmental issues, such as environmental regulations, natural resource usage, and energy pricing policies; dialogues with international agencies, especially agencies of the United Nations and international financial institutions, on the environmental impact of lending practices in developing nations; and the design and implementation of innovative mechanisms to support environmental work, including the establishment of trust funds and endowments and the design and completion of debt swaps and tied debt forgiveness.

**Environmental research and education.** As resources permit, USAID will continue its support for scholarly investigations of key environmental issues; non-capital intensive elements of technology transfer, such as institutional cooperation, scientific exchanges, development of human resources, and policy development; and support for public education on issues affecting the environment.

### **Measuring Results**

USAID will insist on measurable results from its programs. It is not enough to measure only project inputs, funds spent, etc. The sole standard of success is the impact that programs have on host nations, their societies, and the lives of their citizens. Detailed performance criteria for environmental activities will be developed in consultation with expert and interested outside parties. As appropriate, the following types of questions will be asked of USAID environmental programs:

**In the area of climate change:** Are greenhouse gas emissions being reduced in countries that contribute most to the problem? Have these countries identified sources and sinks of emissions and implemented national action plans that address key sectors, e.g., energy, forestry, agriculture?

**In the area of biodiversity:** Have levels of biodiversity in key geographical areas been conserved? Have conservation plans and strategies been implemented for these areas, including provision for protection of parks and sensitive areas and support for sustainable economic activities for inhabitants of these areas and their buffer zones? Have national and regional biodiversity strategies that address underlying

social and economic forces been implemented, including both in-situ and ex-situ approaches?

**In countries where the concern is environmentally harmful agricultural practices:** Have agricultural activities in fragile lands been reduced? Has soil management improved, as demonstrated by better soil tilth and nutrient content and reduced soil erosion? Has the use of inappropriate pesticides been ended? Has pollution from chemical runoff been reduced? Have integrated pest management techniques been disseminated and adopted? Have government subsidies or other policies encouraging environmentally harmful agricultural practices been reformed? Has an indigenous research capacity committed to the development of environmentally sustainable agricultural technology been developed? Are local farmers, both male and female, benefitting from this research and from permanent lines of communication with international agricultural experts and institutions?

**In countries where the concern is environmentally harmful industrial and energy practices:** Have ambient levels of air and water pollution been reduced in target airsheds and water bodies? Have pollution-related public health conditions, including the incidence of lead- and heavy metal-poisoning, improved? Have industries implemented pollution prevention and control strategies? Have government subsidies or other policies encouraging inefficient and environmentally harmful industrial practices or activities been reformed? Have policies for energy efficiency, renewable energy, and fuel switching been implemented? Have energy production facilities adopted appropriate environmental controls?

**In countries where the concern is environmentally harmful land-use practices:** Have rates of deforestation been reduced? Have subsidies or other policies that encourage deforestation been reformed? Have conservation strategies been implemented for watersheds, critical ecosystems, and habitats for rare, threatened, or endangered species? Have national forestry policies been reformed to discourage unsustainable forestry practices? Have rates of destruction for other critical ecosystems, e.g., wetlands, coral reefs, and coastal zones, been reduced? Have urban land-use plans been developed in consultation with affected businesses and communities and implemented?

**In poorer countries where the concern is strengthening environmental policies and institutions:** Have culturally appropriate incentives to encourage the conservation of resources been established? Has a comprehensive environmental policy framework been adopted? Have regulatory agencies been established and are they functioning effectively? Have local NGOs and PVOs been created or strengthened and do they participate at all levels of environmental planning and

monitoring? Has the environmental research capacity of indigenous institutions been enhanced?

**In advanced developing countries and economies in transition where the concern is strengthening environmental policies and institutions:** Are national economic development strategies consistent with environmental goals? Has a comprehensive environmental policy framework been established that is appropriate to changing economic and social circumstances? Are regulatory institutions well funded, staffed, and trained? Do NGOs, PVOs, academic research institutions, and community groups participate effectively in all levels of environmental planning and monitoring?

## STABILIZING WORLD POPULATION GROWTH AND PROTECTING HUMAN HEALTH: USAID'S STRATEGY

### The Challenge

Certain factors play a critical role in keeping nations poor: a lack of resources; a dearth of skills; and economic, social, and political systems that impede growth. Rapid population growth and poor health exacerbate every one of these conditions.

Poor health conditions and rapid population growth are inextricably linked. They obstruct rational planning by forcing the national discourse to focus on day-to-day survival. No other factors so limit the options and flexibility of developing nations.

Rapid population growth renders inadequate or obsolete any investment in schools, housing, food production capacity, and infrastructure. It challenges the ability of governments to provide even the most basic health and social services. When people are undernourished and disease-prone, they cannot contribute to their own development.

As expanding populations demand an even greater number of jobs, a climate is created where workers, especially women and minorities, are oppressed. The educational and economic framework collapses from the pressure of supporting too many people with too few resources.

The problems of population and health in the developing world are aggravated by the spread of AIDS. This health emergency threatens to overwhelm already limited health facilities and consume resources needed for long-term investments.

By their nature and consequences, population and health are global problems. Diseases know no boundaries. Population pressure puts increasing stress on the Earth's already fragile environment. The world's population will grow by almost 1 billion people over the next 10 years. This translates to a net increase of 250,000 people every day -- 95 percent of them in the developing world. Actions taken this decade will determine if the world's population will begin to stabilize or continue to grow. What is done, or not done, in the next decade will determine the economic, social, and political prospects for much of the world for the next century.

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The high fertility rates associated with rapid population growth have implications at the family and individual level as well – by drastically increasing the health risks to mothers and their children, limiting opportunities for women, and diminishing the ability of families to invest in their children. Millions of unwanted births and the prevalence of abortion are evidence that women lack adequate access to reproductive health services.

More than 500,000 women die each year because of complications from pregnancy and childbirth; 35,000 children die each day, most from preventable causes, most in the developing world. The HIV/AIDS epidemic continues to spread at the rate of approximately 5,000 new infections per day. These conditions impede sustainable development and are tragedies for families, communities, and nations.

The challenge of addressing the population and health problems in the developing world can be met. By slowing the rate of population increase, societies can give themselves more time and better options. With better access to family planning and health services, individuals can enhance their ability to affect and improve their own lives and the lives of their children.

Progress has been made. Decreased child mortality, increased availability of family planning services, expanded education, especially among females, and improved economic growth in the developing world have combined to bring down fertility rates in most countries. USAID's population and health programs, conducted in close cooperation with concerned national governments, PVOs (private voluntary organizations), NGOs (non-governmental organizations), and other donors, have contributed significantly to this progress.

### **Strategic Goals and Areas of Concentration**

Global population policy aims at the stabilization of the world's population at the earliest possible date at the lowest possible level. Specifically, USAID's goal is to contribute to a global effort that results in a total world population between 8 billion and 9 billion people by the year 2025, and less than 10 billion by the year 2050, with very low growth thereafter. Health policy aims at a halving of current maternal and child mortality rates and a 15 percent decrease in new HIV infections by the year 2000. The two goals are intertwined and mutually reinforcing.

To achieve this, USAID will concentrate its population and health programs on two types of countries:

**Countries that contribute the most to global population and health problems.** Such countries have the following characteristics; child bearing by very young and older women; many closely spaced births; high levels of infant, child and maternal mortality; significant gender gaps in education; social and cultural outlooks that diminish the worth of women and impede their empowerment; and large numbers of women with an articulated but unmet need for family planning services.

**Countries where population and health conditions impede sustainable development.** Relevant characteristics of these countries include: fertility and population growth rates that outstrip the country's ability to provide adequate food and social services; growth rates that threaten the environment; significant reproductive health problems due to heavy reliance on unsafe abortions; health conditions that impede the ability of children to learn and the ability of adults to produce and participate; growing rates of HIV infection; and significant gender gaps in education.

### **Operational Approaches**

USAID will work closely with other donors, host country governments, development agencies, universities and academic organizations, the private sector, PVOs, and NGOs. Where appropriate, USAID will pursue and practice joint planning and allocation of resources, sharing of methods, and pooling of technical resources. This will extend from the institutional level to the field.

USAID will construct country plans that take into account the activities of other donors, development efforts in other sectors, and every element of USAID's population assistance in that country. These country plans will try to establish how population growth problems can be solved in that country, how the country can acquire the independent ability to cope with its population problems, and how USAID's programs will help the country graduate from foreign assistance.

We will help the United States expand its leadership in the field of population and health. The United States already possesses an extensive network of specialized programs and institutions. USAID will rely on these resources and encourage their expanded use by the donor community and developing nations.

The Agency will operate both bilaterally and multilaterally. It will continue to support and work with UNFPA, IPPF/London, WHO, UNDP, UNICEF, the World Bank and other international financial institutions and their global population, health, research, and information activities. This will enhance USAID's ability to deal with

the transnational effect of population problems while enabling USAID to share its resources with virtually all developing countries.

USAID, its contractors, and grantees will consult and involve indigenous experts and local participants in the conception, design, operation, and evolution of population and health programs. To be effective, these programs must encourage the development and involvement of indigenous PVOs and NGOs.

We will emphasize the use of integrated approaches to help slow population growth, decrease maternal and child mortality, and reduce the spread of HIV/AIDS. Access to a range of family planning methods is an indispensable element of any population program, but a successful strategy will also support programs to enhance maternal and child survival and provide education for girls and women.

Integrated methods are also important in addressing AIDS, because this disease targets the very people who should be most active in the development process: the young, the college educated, and people in urban centers. Care and treatment consume ever-larger portions of national resources. Limiting the spread of HIV/AIDS is an economical and essential investment in prevention and sustainable development.

Where appropriate, USAID will seek to integrate family planning programs with programs that enhance public health. For instance, barrier contraceptive methods, particularly condoms, are the most effective means of preventing the spread of AIDS and other sexually transmitted diseases. Similarly, mothers taking their children for immunizations may themselves be available for family planning services.

### **Methods and Programs**

The types of programs USAID supports will vary with the particular needs of the individual country. However, most of USAID's resources will be directed to the following areas:

-- Voluntary family planning services, including information on family planning methods and distribution of contraceptives. Support for family planning will remain the core of USAID's population programs. Over 100 million women worldwide have an articulated but unmet need for family planning. Providing information about and access to a wide range of appropriate family planning methods remains the single most effective means of affecting population growth rates. Programs designed to affect popular attitudes toward family planning should target men as well as women.

– Reproductive health care, including prevention and control of sexually transmitted diseases, especially HIV/AIDS, and improved prenatal and delivery services. Contraception is but one element of reproductive health, and to be effective, population and health policies must address women's reproductive health needs throughout their lives.

– Infant and child health, particularly immunizations, diarrheal and respiratory disease control, and nutrition. Complete immunization coverage and good nutrition are among the most cost-effective preventive health strategies.

– Education for girls and women, particularly at the primary and secondary school levels, because this also correlates strongly with lower birth rates, improved child survival, and smaller desired family size.

USAID, its contractors, grantees, and associated NGOs and PVOs will design programs with certain critical standards in mind to maximize their impact and to ensure the greatest return from the development funds invested. Programs will be based on some of the following standards:

Does the program contribute to reducing population growth rates consistent with sustainable development?

Does it promote the ability of couples and individuals to determine freely and responsibly the number and spacing of their children?

Does the program contribute to measurable improvements in immunization coverage, reductions in infant, child and maternal mortality, and reductions in new HIV infections?

Does the program address attitudes as well as practices of both men and women? Does it train local people to deal with local health and family planning issues?

Does the program take into account links between population and environment, health, working conditions, social mobility, or democratic governance?

### **Measuring Results**

Measures of success at the country level will vary. The key signs of progress are expanded access to services, contraceptive prevalence, assessments of improved

women's reproductive health, immunization coverage, reduced infant, child and maternal mortality, and seroprevalence of HIV/AIDS.

To assess the interim progress of its programs, USAID will evaluate programs in terms of reduced fertility, reduced maternal, infant and child mortality, reduced high-risk births, reduced instances of new HIV infections, increased education levels, particularly for girls and women, and increased empowerment of women.

Ultimately, the success of USAID's population and health strategy will be measured in terms of its contribution to stabilizing world population at a sustainable level, expanding reproductive choice, improving maternal and child health, and reducing the spread of HIV/AIDS.

## **BUILDING DEMOCRACY: USAID'S STRATEGY**

### **The Challenge**

People throughout the world have demonstrated by their own actions that freedom is a universal concept. Men and women have risked their lives for the proposition that liberty, dignity, and individual worth are not just the province of those living in the developed world. The influence of democratic ideas has never been greater.

Democratic openings during the past decade came as a result of concerted, often courageous, indigenous efforts at democracy building. Some autocrats conceded their failures at the ballot box; some simply resigned; some embraced reform. A number of nations embraced democracy as a solution to civil war.

The democratic transitions of the last few years create the possibility of a more peaceful, more rational, and more productive world. At the same time, nascent democratic institutions and processes are strained by unrealistic expectations of immediate socioeconomic progress, and by the rekindling of old enmities, including religious, regional, and ethnic passions. Faltering democracies and persistent oppression pose serious threats to the security of the United States and other nations. Narco-terrorism, ethnic warfare, uncontrolled migration, and religious intolerance threaten the very notion of a world community and international peace.

The absence of democratic change in certain regions is also a matter of utmost concern. Autocracy survives in many parts of the world. Violations of human rights occur on a scale unacceptable by any moral standard. Every day -- in fewer nations than a decade ago, but in too many nations nonetheless -- people are victimized and denied any meaningful participation in decisions that affect their lives. As illegitimate governments crumble, violence and corruption by those acting under state authority frequently ensue.

Because of the menace generated by non-democratic regimes and because democracy and respect for human rights coincide with fundamental American values, the Clinton Administration has identified democracy promotion as a primary objective of U.S. foreign policy. Foreign assistance is a natural vehicle for achieving this goal.

In accordance with Administration policy and congressional mandate, USAID will decline to provide any form of assistance, except to meet humanitarian needs, to governments that engage in a consistent pattern of gross violations of internationally recognized human rights. Further, when allocating scarce development resources among countries, USAID will consider a government's human rights performance, including its willingness to permit the emergence and functioning of democratic institutions and independent political groups.

Democratization is an essential part of sustainable development because it facilitates protection of human rights, informed participation and public sector accountability. USAID's success in the other core areas of sustainable development -- environmental protection, population and health planning and broad-based economic growth -- depends on democratization. Repression, exclusion of marginalized groups, human rights abuses, disregard for the rule of law, corruption, and autocracy are antithetical to development. Therefore, USAID has attached a high priority to strengthening of democratic institutions and popular participation in decision-making.

### **Strategic Objectives and Areas of Concentration**

USAID's strategic objective is the transition to and consolidation of democratic regimes throughout the world -- as an end in itself and because it is a critical element in promoting sustainable development. This objective is achieved through the establishment of democratic institutions, a vibrant civic society, and a relationship between state and society that encourages pluralism, inclusion and peaceful conflict resolution. The promotion of democracy is a long-term process that will require both sustained commitment and timely and politically adept interventions.

Local involvement is important in any kind of foreign assistance, but it is essential in democracy-building. Local forces must provide the principal impetus for creating, nurturing, and sustaining an environment in which democracy can thrive. USAID's role is to stimulate and reinforce democratic elements within a society.

USAID faces a twofold task: to help people make the transition to democracy from authoritarian rule and to facilitate the empowerment of individuals and communities in non-democratic societies, in order to create a climate conducive to sustainable development. USAID aims to accomplish this task not only through democracy-building programs, but also through economic and social development programs that mandate participation, transparency, and accountability.

Democracy-building programs will occur in three categories of USAID countries:

- Countries where USAID will provide an integrated package of assistance -- so-called sustainable development countries.
- Countries that have recently experienced a national crisis or natural disaster, where timely provision of assistance is needed to reinforce institutions and national order.
- Countries where USAID's presence is limited, but where aid to non-governmental sectors may facilitate the emergence of a civil society, help alleviate repression, or prevent reversals of democratic gains.

USAID recognizes that there are many paths to democracy and many variations of governmental mechanisms. Yet, all mature democratic societies share certain fundamental characteristics: respect for human and civil rights, peaceful competition for political power, free and fair elections, respect for the rule of law, accountable government and an environment that encourages participation. USAID will emphasize those universal elements by addressing the impediments to democracy.

USAID's programs will focus on some of the following types of problems:

- Human rights abuses, arbitrary action by security forces, and impunity of those forces from the rule of law.
- Misperceptions about democracy and free-market capitalism.
- Lack of experience with democratic institutions.
- The absence or weakness of intermediary organizations, such as labor unions, business organizations, media outlets, and civic groups.
- Non-existent or ineffectual political parties.
- Disenfranchisement of women, indigenous peoples, and minorities, ethnic divisions, and the re-emergence of nationalist politics.
- Absence of national charter documents -- a constitution, a bill of rights, citizenship laws, land reform laws -- that meet international standards.

- Powerless or poorly defined democratic institutions, including politicized or corrupt judiciaries that deny due process, overly centralized government institutions, and rudimentary or unaccountable institutions of local government.
- Elected positions for which there is no meaningful competition or tainted elections.

### **Operational Approaches**

Democracy programs are often undertaken in a dynamic political environment. They can be subject to significant time pressures. They are intensely scrutinized locally and internationally -- especially when the United States is involved.

Given these realities, USAID must pay considerable attention to the political situation within a country and must work closely with other U.S. government agencies, especially the Department of State, to devise and implement democracy programs. In particular, USAID field missions, in collaboration with U.S. Embassy personnel operating as part of a country team, must continue to monitor the political situation once programs are under way and respond to changing circumstances.

This is a particular challenge when decisions must be made about whether to withdraw from a country or suspend programs, for example, in a situation where human rights abuses are steadily increasing. The amount of money already invested should not prevent the difficult decisions that may have to be made to suspend programs.

Timing is often critical in democracy promotion activities. One-time events -- such as a transition election or a trial of a government official -- can often jumpstart the democratization process, even where conditions in the country are not propitious. To seize these opportunities, USAID plans to establish a crisis and transition office and an expedited decision-making process. This will enable the Agency to quickly provide start-up funds for democracy activities where events warrant. Such assistance will demonstrate a U.S. commitment to the democratization process and encourage other donors to act in a similar fashion.

The United Nations, the OAS, the CSCE and other intergovernmental organizations are committed to assisting member states in responding to requests for assistance in the democratization process. USAID will coordinate with these organizations on planning and programming. Many of these organizations are

enhancing their ability to support democracy building, and USAID will assist them in that endeavor.

The potential damage caused by conflicting signals emanating from the international community and the waste caused by duplication demands a high level of coordination among bilateral and multilateral donors through the use of such mechanisms as the DAC and in-country consultation. Coordination may include: joint assessments of priorities, needs, and donor strengths; harmonizing of financial allocations, sharing of technical resources and expertise; rapid transfer of relevant information; consultation on program effectiveness; and ongoing reassessments of a dynamic political situation.

USAID recognizes the dilemma posed by providing direct democracy program assistance to regimes in which the commitment to democracy is weak or absent. USAID officials would consult with democratic forces outside government, before agreeing to provide such assistance. USAID will not provide assistance that legitimizes an entrenched non-democratic regime or supports a government where human rights abuses are steadily increasing.

In implementing programs, USAID will work closely with PVOs, NGOs, and private organizations that are committed to supporting democratic development abroad and that have experience working in this field. Their ties to indigenous counterparts and their international credibility make these organizations valuable partners in democracy building. USAID recognizes that the effectiveness of these organizations depends in large measure on their institutional autonomy.

USAID cannot and should not micromanage or exert excessive control over these organizations. However, to ensure that programs achieve their objectives, USAID will insist upon a critical evaluation of project designs, implementation capabilities, and past field performance before selecting organizations to work on democracy programs. It will continue oversight and communicate regularly once projects have begun.

USAID will ensure that its programs build upon, but do not duplicate, the important work undertaken by the National Endowment for Democracy. The endowment provides start-up funds to support activities that stimulate momentum for democratic change at an early stage of the transition process.

USAID will encourage contractors and grantees to take an international approach to democracy promotion and enlist parliamentarians, judges, election officials, and men and women with technical skills from throughout the world in

program activities. Internationalism conveys a fundamental lesson: Democracies support and assist each other. Experience has shown that nascent democrats are influenced by the insights and perspectives of people who have faced similar challenges, especially those from their own region.

USAID will concentrate on building local democratic capacities, rather than relying exclusively on intermittent importation of outside experts whose long-term impact is questionable. USAID programs should stress appropriate technologies that can be maintained locally without continuous international involvement.

USAID will conduct periodic, cross-regional reviews of democracy programs. These will help ensure that USAID, its contractors and grantees, other donors, and the broader international community share experiences and benefit from field experiences.

Finally, USAID recognizes that the lack of economic development impedes the consolidation of democratic institutions. Where governments commit themselves to democratization, USAID will endeavor to provide assistance to promote socioeconomic growth through direct USAID programs and will encourage other bilateral and multilateral donors to provide appropriate support.

### **Methods and Programs**

The specific types of democracy programs undertaken or supported by USAID will depend upon the social, political, economic, and cultural realities of a country, and upon the amount of available resources. In sustainable development countries, and, to a lesser extent, transition countries, democracy programs will form part of an integrated country plan, which will have both short-term and long-term objectives. In countries with limited USAID presence, democracy programs will focus on discrete objectives, e.g., supporting non-governmental organizations.

USAID's democracy programs will support:

**Constitutional mechanisms**, including organizational and technical assistance to constitutional conventions and constitution-makers.

**Democratically elected legislatures**, including programs to improve the material, technical, and decision-making capabilities of legislatures.

**Legal systems**, including independent judiciaries and civilian-controlled police, and alternative and informal mechanisms for resolving disputes.

**Local government entities, particularly those that have recently acquired additional institutional authority and responsibilities.**

**Credible and effective elections, where voters have confidence in the process.**

**Local, national, regional, and international organizations that protect human rights, including the rights of workers, indigenous peoples, minorities, and women.**

**Intermediary organizations, including trade unions, professional associations, women's groups, and a wide range of indigenous PVOs and NGOs, particularly those that are partners in development programs.**

**Political parties and other national mechanisms of political expression, subject to current statutory limitations, such as the prohibition against influencing the outcome of an election.**

**Independent media outlets and groups formed to protect freedom of expression.**

**Improved civil-military relations, including effective civilian control of the military establishment.**

**Institutions and organizations that increase government responsiveness and accountability at the national, state, and local levels.**

**Civic education, including providing materials for students in primary and secondary schools, assisting in the establishment of local PVOs and NGOs that provide civic education programs, and supporting programs that encourage tolerance within society.**

**Finally, as a natural complement to longer-term democracy-building efforts, USAID will support programs in crisis or transition situations for the demobilization and retraining of soldiers and insurgents, the training of police, the rebuilding of school and health delivery systems, and the establishment of mechanisms for a viable, market economy.**

## **Measuring Results**

Democracy building is inherently a long-term, cumulative process. The fruits of a particular effort frequently are not discernable for a considerable period of time. Breakthroughs sometimes are followed by sudden reversals that are beyond the control of external actors. Moreover, democratic progress is a complex process, making it difficult to pinpoint precise cause-and-effect relationships. Democratic progress also is defined by changes in perception or attitude that are difficult to measure.

Notwithstanding these hurdles, USAID will assess results rather than just count inputs and outputs, in order to incorporate lessons learned from past work into future programs. USAID will review individual democracy programs to determine whether they met their original specific objectives, whether they were carried out in an efficient and professional manner, and whether they had unanticipated positive or negative spin-offs. Democracy programs concentrated on particular areas, e.g., rule of law or electoral assistance, will be reviewed on a cross-regional basis to identify effective program designs and mechanisms for overcoming specific political, social and cultural obstacles. Finally, programs in other areas will be reviewed to assess what impact they had on democratization objectives, in order to facilitate the successful integration of our efforts.

USAID will consider discrete standards in evaluating the performance of democracy programs, including transformed attitudes and perceptions and changes in process and behavior. Not all standards can be applied universally to all programs. Programs will address some of the following concerns:

Are basic laws relating to human rights being enforced? Has there been a significant reduction in the overall rate of human rights abuse in the country?

Is the electoral process honest, as judged by accepted results by all parties or by experienced international observers? Are election laws the product of consensus? Are they fairly and universally enforced?

Do the institutions of a civic society take an increasingly active role in decision-making? Do they measurably influence policy outcomes? Do they involve broad sectors of society, including previously disenfranchised groups such as women and minorities?

Is there a viable system of checks and balances? Do institutions at both the national and local levels exist that are accountable, transparent, and accessible?

**Is there evidence that the rule of law is increasingly respected and that disputes are resolved without violence?**

**USAID's emphasis on results should not discourage experimentation and innovation. International democracy is a laboratory in which individuals and nations are expected to both borrow ideas and apply new methods.**

**The political process, by definition, is never complete; even long-established democracies continuously reinvent themselves. However, democratization is ultimately an internally-driven process. Sustainable democracy is a fact when indigenous forces within a society can maintain and strengthen democracy without external support. USAID's programs will aim at this outcome.**

**Once that point is reached, democratization support need no longer be a primary emphasis in USAID's development plan for that country, and the Agency will shift resources to other strategic objectives.**