U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Congressional Presentation
Fiscal Year 1999
ANNEX II

Asia and the Near East

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1999 CONGRESSIONAL PRESENTATION

ASIA AND THE NEAR EAST
ANNEX II

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ASIA AND NEAR EAST

	FY 1997 Actual	FY 1998 Estimate[1]	FY 1999 Request[1]
Development Assistance	$202,600,000	$200,422,000	$223,558,000
Child Survival and Diseases	$52,059,000	$72,550,000	$73,954,000
Economic Support Fund	$2,179,575,000	$2,211,005,000	$2,195,400,000
P.L. 480 Title II	$236,099,000	$126,795,000	$111,112,000

INTRODUCTION: The Asia and Near East (ANE) region spans more than half the globe, is home to more than one-third of the world's population (excluding China), and encompasses some of the world's fastest growing and poorest economies. The region includes economies in transition and crisis, governments ranging from democratic to autocratic, and is a center of transnational environmental, health and population problems.

The ANE region is important to the United States' national security, foreign policy and economic interests. Fostering a comprehensive peace in the Middle East has been at the forefront of U.S. foreign policy for the last 20 years. Strengthening trade and cooperation with Asia is of growing importance since more than two million U.S. workers currently earn their living producing goods that are exported to Asia, and imports from USAID-assisted countries in the region have increased 400% since 1986. Asia also has the highest rate of growth of greenhouse gasses and more than half of all new HIV/AIDS infections in the world.

U.S. NATIONAL INTERESTS: USAID programs in the ANE region respond to critical bilateral and regional development needs and are uniquely structured to address four key U.S. foreign policy interests:

- Secure a comprehensive peace settlement in the Middle East;
- Strengthen trade and technology links, and foster investment and agricultural development;
- Consolidate democracies, strengthen participation and governance, and reduce gender disparities, and
- Improve the global environment, stabilize world population and protect human health.

USAID programs address these foreign policy interests by helping countries in the region develop outward-looking economies, expand trade, attract foreign investment, increase participation of men and women in the market place, improve access to responsive government and public policy institutions, increase investments in the quantity and quality of social services (especially health, education and population), and slow environmental deterioration.

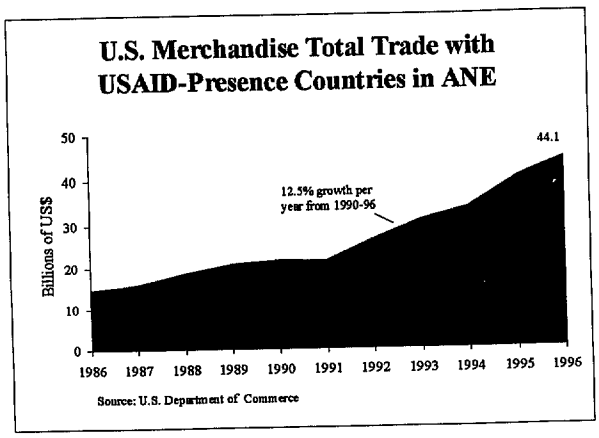

Figure 1

DEVELOPMENT CHALLENGES:

The developing countries in the ANE region constitute the fastest growing regional market for U.S. merchandise exports. This market has expanded at more than 12% per year (see Figure 1), but is now

[1]Economic Support Fund levels in Middle East country narratives for FYs 1998 and 1999 are still under review and the State Department will work with Congress on any changes proposed in country levels within that region.

threatened by the financial crisis in East Asia. The continued growth of this market requires overcoming the current economic crisis in East Asia, and addressing the more fundamental issues of poverty. USAID programs throughout the region help remove protectionist policies and trade barriers, strengthen financial markets, and expand economic opportunities by strengthening microenterprise lending institutions.

Countries in the region face severe health challenges and burgeoning population pressures. The region's population (3.2 billion people) will double in about 42 years at current growth rates. More women die from childbirth in the ANE region than the rest of the world combined (See Figure 2). HIV/AIDS is spreading so rapidly that Asia surpassed Africa in 1996 as the principal center of the HIV/AIDS epidemic. In India alone, the number of infected people is estimated to reach 10 million by 2000. Other emerging health problems include the unregulated use of antibiotics and a lack of infectious disease monitoring. USAID programs target reducing fertility rates to near replacement levels, reducing maternal mortality, slowing the spread of HIV/AIDS, controlling the unregulated use of antibiotics and improving the monitoring of infectious diseases.

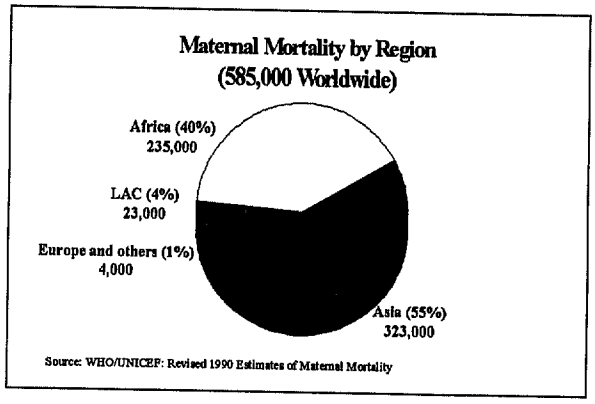

Figure 2

Industrialization helped fuel the region's exceptional economic growth, and in turn accelerated urbanization. While economic growth created more diversified economies, generated millions of jobs and improved incomes, it also contributed to severe environmental problems. Industries and municipalities dump untreated solid and liquid wastes onto the land into rivers and bays. The use of outdated industrial technologies, and dependence on fossil fuels for energy and transportation have caused severe air pollution that translates into local health problems and contributes to global warming. USAID programs target these problems in three ways: (1) link developing industries with U.S. suppliers of modern, less polluting technologies, (2) help national and municipalities overcome water, sewerage and solid waste management problems, and (3) help governments promote investment in cleaner fossil fuel technologies, renewable energy and improved efficiency in the transport and power sectors.

Given the size and diversity of the ANE region, these challenges and ANE's programs are best examined in the context of three subregions: the Middle East and North Africa, South Asia, and East Asia.

Middle East and North Africa: USAID's programs in this subregion support the achievement of a comprehensive peace settlement in the Middle East by addressing four key development challenges:

- resolve chronic water shortages;
- change protectionist policies to stimulate economic growth;
- reduce high fertility rates, and
- strengthen weak democratic processes and institutions.

Water supply and demand are at the heart of bilateral development issues and regional concerns for sustainable peace. Water demand in Jordan is projected to exceed supply by 78% by 2000, and in West Bank/Gaza, Palestinians have access to only one-third the minimum water needed by households according to World Health Organization standards. In response, USAID is making significant investments in water-related programs throughout the subregion to improve supply, quality and

efficient use of freshwater resources. In addition, USAID's regional program is helping resolve specific water disputes within Jordan, Egypt and West Bank/Gaza.

Generally, countries in the subregion have maintained protectionist economic policies that include high average tariffs and cumbersome regulations. These policies inhibit economic efficiency and foreign investment. USAID programs are helping governments and the private sector remove these impediments to trade and investment, and improve economic opportunities and incomes, especially for the poorer segments of society. Complementary activities are expanding access to finance by micro-enterprises. By strengthening national economies and improving the climate for both large and small-scale businesses, these efforts are helping reduce the disparities that can fuel violence and political instability.

The countries in the subregion have some of the highest fertility rates in the world. Stabilizing population improves prospects for development, and is especially important for containing growth in demand for water and increasing education and employment opportunities. By extending knowledge and availability of contraception and reproductive health services, and by integrating health and family planning interventions, USAID's programs in Morocco, Egypt and Jordan improve maternal and child health and reduce fertility. These programs are further expanding services to rural populations and focusing on newly married couples.

Government and political institutions in the subregion are undergoing significant changes. In Egypt, the people are beginning to express democratic aspirations. In Morocco and Jordan, the traditional monarchies are showing signs of democratization, while in West Bank/Gaza the Palestinian Authority and the Palestinian Legislative Council are beginning to understand their respective roles in a democratic system. Working with NGOs and governments in Lebanon, Egypt, Morocco and West Bank/Gaza, USAID's programs are helping decentralize authority, encourage tolerance and respect within societies, transparency and accountability in governments and private institutions, and respect for universal human rights and rule of law.

South Asia: USAID programs focus on four principal development challenges in this poorest subregion of the world:

- stabilize population growth, improve child and maternal health, and slow the spread of HIV/AIDS;
- improve the economic, educational and political opportunities for women;
- improve the environmental performance of industry-led economic growth, and
- strengthen financial sectors to serve as the foundation for economic growth.

The population of South Asia is about 1.5 billion, many of whom live in large urban areas. The U.N. projects that five of the world's largest cities will be in South Asia by the year 2015. In spite of general trends toward lower fertility, population growth rates are still high in northern India, Pakistan, Nepal and Bangladesh. The HIV/AIDS epidemic is spreading rapidly in South Asian countries. In India alone there are an estimated 3 - 5 million HIV cases. USAID programs aim at stabilizing population growth and protecting human health by: (1) expand access to quality maternal-child care and family planning services, (2) improve monitoring to warn of growing resistance to antibiotics by selected infectious diseases, and (3) develop effective responses to the spread of HIV/AIDS. These programs enable couples to make informed and safer decisions about child bearing, and help slow the spread of HIV/AIDS and other infectious diseases.

South Asia statistics show some of the greatest differences between men and women in terms of life expectancy, literacy, educational attainment and income in the world in South Asia. In addition, the low status of women and the low value placed on female children has led to a disproportionately high death rate among infant girls, mainly as a result of neglect and malnutrition. USAID programs address these gender disparities by expanding opportunities to improve women's literacy and social and

economic empowerment. These improvements are essential to reduce fertility and infant mortality, increase women's participation in the economy, and expand democracy.

Rapid industrialization and economic development have exacerbated pollution problems that threaten local health and contribute to global warming. USAID is leading donors in the development of win/win approaches to reduce industrial pollution, mitigate the growth of greenhouse gases, and improve the economic efficiency of energy and industrial processes. These programs focus on the development of policies and incentives that encourage private sector investment in cleaner energy and industrial technologies. They target India, in particular, because it is the world's fifth largest source of greenhouse gas emissions and second only to China in the growth of new emissions.

USAID programs work to increase incomes and generate employment opportunities by: (1) advocating stable, market-oriented financial policies, and (2) expanding availability and access to capital through stronger and more diverse stock and bond markets and microfinance institutions. These measures are stimulating increasing investment, both local and foreign, in productive enterprises that create jobs and income.

East Asia: Programs in East Asia focus on the need to:

- strengthen economic institutions to face the challenges of globalization, and improve opportunities for disadvantaged populations;
- strengthen evolving democratic processes and institutions;
- improve management of natural resources and environmental performance in the energy and industry sectors;
- slow population growth and the rapid spread of HIV/AIDS, and improve maternal and child health.

The subregion's current financial crisis represents a significant setback in long-term efforts to strengthen trade and investment linkages between U.S. and Asian businesses that benefit U.S. workers, businesses, and consumers. The crisis is putting millions of people out of work, cutting real incomes of those who still have jobs, and limiting the ability of governments to meet the growing demand for social "safety-net" services. These social and economic consequences also threaten political stability. USAID has an important role in helping countries address the root causes of the crisis, especially through economic growth and democracy and governance activities. Increasing competition and accountability in capital markets and other financial sector institutions remains the focus of USAID activities in Indonesia, the Philippines and Mongolia. USAID is also working to liberalize international trade, increase the degree of competition within domestic economies, eliminate restraints on foreign and domestic investment, and privatize infrastructure. The needs of the poor are being addressed through programs that strengthen microenterprise finance institutions, transfer improved technologies and practices to business and agriculture, and strengthen civil society.

With the exception of the Philippines, most East Asian countries assisted by USAID have weak or nascent democratic institutions. As an initial step, USAID programs in Mongolia and plans being developed for Laos and Vietnam have targeted strengthening civil society institutions and enhancing respect for human rights and rule of law. In the wake of political upheaval in Cambodia, USAID has redoubled its efforts to strengthen non-governmental organizations that protect and enhance human rights. Finally, the Asian financial crisis has created opportunities for programs in Indonesia and the Philippines that improve transparency and accountability in government and private institutions, strengthen NGOs, and make governments more responsive to citizen needs.

East Asia's rapidly expanding economies fueled by industrialization and large populations have have led to sprawling urbanization and placed tremendous pressure on the subregion's forests, coastal and ocean resources. Most countries today face extensive loss of natural habitats and plant and animal species, and severe air, water and land pollution that threatens health and contributes to global

warming. USAID has responded to these challenges by developing innovative, participatory approaches for sustainable resource management, and by advocating policies, incentives and technology that improve industrial performance and municipal environments.

Total fertility rates vary widely in the region (2.9 - 5.8 births per woman). Several key countries have had successful USAID-led family planning programs (Indonesia, Thailand) and achieved steady declines in fertility to near replacement levels. As a result of its successes, USAID closed its program in Thailand and plans to phase out reproductive health activities in Indonesia, leaving in-place an indigenous capability to provide quality health and family planning services. The more serious threat is the exponential growth of HIV, especially in Cambodia and Vietnam. USAID has developed bilateral and cross-border HIV prevention programs in response to this threat, as well as outreach and clinical services that lower risk and save lives. In countries like the Philippines and Indonesia, where the spread of HIV is considerably slower, USAID supports monitoring and evaluation of HIV and other sexually transmitted diseases, and operations and behavior research that will improve understanding of HIV transmission and how to prevent it.

PROGRAM AND MANAGEMENT CHALLENGES: Over the past five years, USAID has undertaken significant reforms to: (1) improve program performance, (2) link programs to U.S. foreign policy and national interests, (3) improve partnership with host countries, and coordination with other USG agencies and international donors, and (4) improve response to changing development challenges and new USG initiatives. USAID will continue these efforts, but declining budget levels constrains USAID's sustainable development programs and ability to respond to unanticipated foreign policy priorities in the region.

OTHER DONORS: Excluding its assistance to Israel, USAID ranks fifth within the donor community in the level of resources it is investing in the ANE region. The leaders are the World Bank (IBRD), the Asian Development Bank (ADB), the Japanese (JICA and OECF) and European Union (EU). Other significant bilateral donors in the region include Australia, Germany , and United Kingdom. USAID has worked aggressively with these donors and the U.N. agencies to reach consensus on development priorities and coordinate programs in every USAID-assisted country in the region. However, partnering with other donors to deliver timely and appropriate assistance is not without problems. Other donors have their own bureaucratic processes and are just as vulnerable as USAID to changes in budgets and priorities. In spite of the problems, these efforts have paid dividends, enabling USAID to leverage considerable funding for common objectives and maintain significant influence with host countries in this time of declining budgets and staff.

FY 1999 PROGRAM: The resources requested by ANE for FY 1999 total $2.604 billion. Of this amount, $223.5 million is Development Assistance (DA), $73.9 million is Child Survival and Disease (CSD), 2.195 billion is Economic Support Funds (ESF) and $111.1 million is PL-480 Title II. The specific results to be achieved with these funds are described in the detailed country and regional program narratives. In general, USAID will finance programs that contribute to the following results in FY 1999.

- Facilitate economic reforms that increase openness and access to markets (including capital markets).
- Help countries in the region achieve high annual economic growth rates (6 - 8%) that generate large numbers of jobs for poor people.
- Reduce fertility and population growth, improve reproductive and maternal health, and slow the spread of HIV/AIDS.

- Improve energy efficiency and urban waste management, improve water resource management, improve the management and protection of forest and coastal resources, and promote a "clean industrial revolution" in Asia.

- Reduce the rate of growth of greenhouse gas emissions.

- Encourage the liberalization of authoritarian states, consolidate democracy in countries that have recently emerged from authoritarian rule, and strengthen political participation, including local, grassroots participation and the empowerment of women.

- Reduce gender disparities and the trafficking of young girls and women in USAID-assisted countries.

- Use humanitarian assistance resources (PL-480 Title II) to complement and expand upon child survival, women's education and economic growth programs in India and Bangladesh.

ASIA AND THE NEAR EAST REGION
FY 1999 PROGRAM SUMMARY
(in Thousands of Dollars)

Country	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
BANGLADESH							
- DA	5,630	32,000	1,300	2,000	---	---	40,930
-CSD	---	24,430	---	---	---	---	24,340
- PL 480/II	---	---	---	---	---	19,360	19,360
CAMBODIA							
- ESF	500	6,000	1,000	6000	4,000	2,500	20,000
EGYPT							
- ESF	618,700	54,500	101,000	30,800	10,000	---	815,000
INDIA							
- DA	9,900	20,000	11,600	200	300	---	42,000
-CSD	---	14,500	---	---	---	---	14,500
- PL 480/II	---	---	---	---	---	91,752	91,752
INDONESIA							
- DA	5,500	---	18,000	6,169	---	---	29,669
-CSD	---	8,700	---	---	---	---	8,700
ISRAEL							
- ESF	1,200,000	---	---	---	---	---	1,200,000
JORDAN							
- ESF	8,300	6,700	10,000	---	---	---	25,000
LEBANON							
- ESF	6,000	---	3,000	3,000	---	---	12,000
MONGOLIA							
- ESF	4,000	---	---	2,000	---	---	6,000
MOROCCO							
- DA	1,000	2,000	3,755	---	2,026	---	8,781
-CSD	---	3,000	---	---	---	---	3,000
NEPAL							
- DA	4,800	12,000	3,000	1,000	---	---	20,800
-CSD	---	5,460	---	---	---	---	5,460
PHILIPPINES							
- DA	8,442	21,381	8,502	8,500	---	---	46,825
-CSD	---	5,500	---	---	---	---	5,500
SRI LANKA							
- DA	1,500	---	---	---	---	---	1,500
W.Bank/Gaza							
- ESF	7,000	---	58,000	10,000	---	---	75,000
US-AEP							
-DA	---	---	18,000	---	---	---	18,000

Country	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
ANE Regional							
- DA	1,823	6,243	6,317	370	300	---	15,053
-CSD	---	12,454	---	---	---	---	12,454
- ESF	26,000	---	---	16,400	---	---	42,400
Total							
-DA	38,595	93,624	70,474	18,239	2,626	---	223,558
-CSD	---	73,954	---	---	---	---	73,954
-ESF	1,870,500	67,200	173,000	68,200	14,000	2,500	2,195,400
-PL 480/II	---	---	---	---	---	111,112	111,112

Kelly C. Kammerer
Acting Assistant Administrator
Bureau for Asia and the Near East

BANGLADESH

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$32,933,000	$34,200,000	$40,930,000
Child Survival and Disease	13,980,000	20,650,000	24,340,000
P.L. 480 Title II	35,624,000	20,720,000	19,360,000

Introduction: USAID/Bangladesh's goal is to reduce the proportion of Bangladeshis living below the poverty line. That percentage has declined from 80% to 45% since 1971. The program achieves the following U.S. National Interests and Strategic Goals: **Economic Prosperity** through opening markets and promoting broad-based economic growth; **Democracy** by strengthening democratic institutions and developing a more responsible civil society with greater female participation; and **Humanitarian Response** by minimizing the human cost of natural disasters. The program is a major contributor to the **Global Issue** of stabilizing world population and protecting human health.

The Development Challenge: Bangladesh is one of the world's most densely populated countries, with 125 million people, i.e. 860 people per square kilometer. This extreme population pressure on the country's resources, along with a fragile and nascent modern sector that needs economic reform, make Bangladesh one of the poorest countries in the world. Some 56 million Bangladeshi citizens live below the poverty line, measured by consumption of less than 2,122 calories a day, the minimum caloric standard for an average adult.

USAID/Bangladesh has launched a new integrated family planning and health program aimed to reduce fertility and improve family health. USAID's efforts to **reduce fertility** contribute to world wide population stabilization, improved maternal/child health and reduced burden on the domestic resource base. The total fertility rate in Bangladesh dropped to 3.3 in 1996/7 from over 5.1 in 1974. The long term results have also been impressive: the contraceptive prevalence rate has risen from 30% in 1986 to 49% in 1997 and the average Bangladeshi woman will now have 27 great grandchildren instead of 216. USAID's contribution to reducing the fertility rate includes support for marketing of pills and condoms; high-quality and efficient service delivery; efficient operation of the family planning logistics system; information and communication programs; operations research; and quality assurance initiatives to further improve service quality.

As part of this integrated effort USAID is working to **improve family health** to reduce unacceptably high infant, child, and maternal mortality. Customer surveys have shown that endemic poor health significantly affects family income and national productivity. In the health sector, infant mortality dropped from 128 per 1,000 in 1986 to 82 by 1996/7. Child mortality (children from 1 - 5 years of age) dropped from 59 per 1,000 live births in 1986 to 37 in 1996. USAID is contributing to these reductions through support for immunizations, reproductive health, and acute respiratory infection control. By early 1996, 64% of urban infants had been completely vaccinated, up from only 5% in 1986. Oral rehydration therapy, developed in Bangladesh with substantial USAID support in the early 1970s, prevented an estimated 40,000 deaths among children under five from diarrhea in 1996.

With nearly half of its population undernourished, lack of **food security** is a second major constraint to development in Bangladesh. USAID is improving the food security of the poor by increasing the availability of food, the ability of the poor to access food, and the nutritional value of food for the poor. USAID is achieving food security by developing and disseminating productive, environmentally sound technologies and seeds to poor people; providing food grains to the poor and helping better orient the Government of Bangladesh (GOB) food and agricultural policies towards food needs of the poor; increasing the availability of fish in ponds and open waters; increasing agricultural productivity through

extensive improvements in key rural road networks and improving operation of Bangladesh's rural electrification program; and creating an enabling environment within which small and microentrepreneurs can operate profitably and create more jobs for the poor.

Bangladesh is now virtually self-sufficient in rice, and has recently increased homestead vegetable and fish cultivation. USAID programs in 1997 specifically increased the production of fish in household ponds by 2,700 MT and vegetables in home gardens by more than 30,000 MT. Commercial imports of U.S. wheat now average $50 million a year. Recent USAID small and microenterprise assistance activities have resulted in 1,600 new jobs, and $5.3 million in added annual income for the poor. Credit to over 30,000 poor women has created more than 70,000 jobs, resulting in most borrowers rising above the poverty line. USAID's work in rural power means 16 million additional people now have access to electricity and 5 million new jobs have been generated through at least 163,000 small rural businesses and 62,500 irrigation connections.

The **democracy** program aims at improving the quality of elections, making local elected bodies more responsive to the people, developing a legal advocacy program for the poor, including greater respect for their legal rights, developing alternative family dispute resolution mechanisms, and strengthening independent labor organizations representing garment workers.

The USAID program helped ensure free and fair elections and high voter turnout in the 1996 Parliamentary elections (73% of eligible voters - over 50% women), and again in the 1997 December country-wide local Union Council elections. For the first time female candidates were directly elected in Union Council elections and over 47,000 women contested for seats.

Public interest litigation (PIL) activities opened the way for class-action law suits on behalf of certain classes of citizens, including the poor. USAID is helping to empower the poor through legal awareness training and alternative dispute resolution programs targeting 20 million beneficiaries, and by supporting the first independent, democratically organized union federation in Bangladesh.

On the **management** side, the Mission has continued to reengineer its operations and structures, including team development and collocation, integrating embassy officials (State and USIS) into the team process, and aligning the USAID program more closely with the U.S. Mission goals. USAID also has consolidated its previous framework of eight strategic objectives into three broader strategic objectives. By taking a leadership role in the Agency's reengineering process, the Mission has absorbed an approximately 1/3 cut in U.S. and local staff while still achieving planned results.

Other Donors: In November 1997, USAID and the donor community pledged $1.9 billion for development activities in Bangladesh (the U.S. proportion is 4%). Most major donors are represented in Bangladesh. The five largest, in order of magnitude, are the World Bank, the Asian Development Bank (ADB), Japan, the European Union (EU) and USAID. USAID leads several local consultative groups (comprising donors and the GOB) which meet regularly on the major sectors.

FY 1999 Program: USAID's strategy for FY 1999 to help Bangladesh lower poverty levels concentrates on achieving replacement fertility levels, improving health status of the population, increasing food security for the poor, and broadening participation by the poor in democratic institutions and processes. Support for family planning and maternal and child health programs leads to smaller and healthier families, thereby reducing pressures on the country's finite land base and resources. Programs, including sustainable agriculture and natural resource management, that work to increase access to, and availability and utilization of, food by the poor lead to reduced malnutrition. Broadening participation in democratic processes is expected to lead to greater attention to the needs of the poor in the distribution of the nation's resources. All of these factors contribute to the U.S. foreign policy goal of helping Bangladesh contribute to creating a more secure, prosperous and democratic world.

BANGLADESH
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O. 1 Fertility Reduced & Family Health Improved							
-DA	---	32,000	---	---	---	---	32,000
-CSD	---	21,040	---	---	---	---	21,040
S.O. 2 Food Security for the Poor Improved							
- DA	5,630	---	1,300	---	---	---	6,930
- CSD	---	3,300	---	---	---	---	3,300
- P.L. 480/II	---	---	---	---	---	19,360	19,360
SO. 3 Broadened Participation in Local Decision Making & More Equitable Justice, Especially for Women							
- DA	---	---	---	2,000	---	---	2,000
Totals							
- DA	5,630	32,000	1,300	2,000	---	---	40,930
-CSD	---	24,340	---	---	---	---	24,340
- P.L. 480/II	---	---	---	---	---	19,360	19,360

USAID Mission Director, Richard M. Brown

ACTIVITY DATA SHEET

PROGRAM: BANGLADESH
TITLE AND NUMBER: Fertility Reduced and Family Health Improved, 388-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $32,000,000 DA/Population, $21,040,000 Child Survival and Disease
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: Population density and growth affect the ability of Bangladesh to feed itself, create jobs, and provide health, education, and other public services. High fertility and mortality increase the vulnerability of poor households to illness-induced income erosion and expenditure crises, and reduce the quality of life. Although fertility and infant and child mortality rates have declined substantially over the last two decades, further efforts are needed to achieve replacement level fertility and eventual population stabilization and reduce mortality rates to acceptable levels. Despite recent progress, almost ten percent of infants die before their first birthday. Maternal mortality is among the highest in the world at approximately 4.5 per 1000 live births. Controlling population growth and reducing mortality have been identified by Bangladesh as critical development goals.

USAID Role and Achievements to Date: The USAID program supports health and family planning service delivery through local, non-governmental organizations (NGOs); social marketing; information, education, and communication (IEC) activities; operations and survey research; quality assurance; and management of the distribution of contraceptive supplies. USAID has played a significant role in the achievement of large, measurable reductions in fertility and infant and child mortality over the past decade. Fertility has decreased from over 5.1 in 1986 to 3.3 births per woman in 1996/7. Use of contraceptive methods has increased from 30% of married women in 1986 to 49% in 1996/7. Approximately 40,000 deaths among children under five were prevented in 1996 due to use of oral rehydration therapy. Infant mortality has been reduced from 128 per 1000 live births in 1986 to 82 in 1996/7. Similarly, child (children from 1-5 years) mortality declined from 59 to 37 per 1000 live births from 1986 to 1996/7. As a result of polio eradication efforts, the annual number of polio cases has declined from an estimated 2,300 in 1994 to an estimated 40 cases in 1997.

Description: To further decrease fertility and mortality and strengthen the capacity of Bangladeshi institutions to manage and support the program on their own, USAID's program supports five priority activities. First, it expands access to essential health (including immunization and diarrheal disease treatment) and family planning services through community level clinic sites managed by local NGOs, through technical assistance to governmental health institutions, and through private sector entities such as the Social Marketing Company and private providers. USAID supports the control of HIV/AIDS through the social marketing of condoms, education and condom promotion programs targeted at high risk populations, IEC programs, sexually transmitted infection control initiatives, and policy dialogue. USAID also provides support to the eradication of polio in Bangladesh. These services are targeted to under-served groups and low-performing geographical areas. Second, the program increases awareness and use of health and family planning services, and identifies actions that individuals, families and communities can take to protect and provide for their own health through IEC activities. Third, it improves the quality of information and services available, by upgrading standards, improving training, and quality assurance approaches for all essential health services including family planning, maternal health care, child survival and HIV/AIDS. Fourth, it strengthens support systems needed to ensure availability of essential pharmaceuticals and supplies, access to relevant and accurate information, and improved planning, monitoring and decision-making. Finally, the program improves programmatic, institutional and financial sustainability through training, technical assistance and phasing over of responsibility for management and implementation to Bangladeshi partner organizations. Measures to improve cost-effectiveness and cost-recovery are being tested and implemented at all levels of the program. Operations research is used to identify implementation problems, test and scale up improved service delivery approaches. USAID is actively involved in policy

dialogue with the GOB, the NGO sector and other donors with the aim of improving the cost-effectiveness and quality of services, e.g. more clearly dividing work between the GOB and NGO's as well as introducing contraceptive cost sharing or recovery in GOB and NGO programs.

Host Country and Other Donors: The GOB provides the majority of all funding for the national family planning and health program, with a FY 1996/7 budget of $420 million. The GOB supports the delivery of family planning and health services through its rural and urban infrastructure of facilities and personnel. The World Bank and its consortium of nine bilateral and five multilateral donors support the delivery of essential health and family planning services primarily through the government sector, with targeted interventions in such areas as nutrition, communicable disease control, and strengthening of government training. Annual expenditures approach $100 million. The United Nations Children's Fund (UNICEF) provides approximately $10 million of annual support for specific child survival and selected maternal health activities. Since 1995, under the Common Agenda initiative, the Japanese Government has provided or committed over $15 million for the immunization program (primarily vaccines), the expansion of family planning services through local governments, and support of NGOs. After the World Bank and its partner consortium, USAID is the second largest donor in the population/health sector.

Beneficiaries: USAID's service delivery support through its NGO partners benefits approximately 35 million persons, about one-quarter of the population. Mass media communications programs, including those for HIV/AIDS, reach about 40% of the population. National level assistance that benefits all Bangladeshis is provided for: social marketing of key health products, distribution systems for maternal and child health/family planning (MCH/FP) commodities, immunization including polio eradication and disease surveillance, and quality assurance.

Principal Contractors, Grantees or Agencies: USAID implements activities through U.S. and local private firms, universities, and non-governmental organizations. The major partners are the International Center for Diarrheal Disease Research, Bangladesh (ICDDR,B) for operations research; the Partnership for Child Health Care for child survival activities, Access for Voluntary Surgical Contraception (AVSC) for quality improvement initiatives, the John Snow Incorporated (JSI) Research and Training Institute for urban family planning and health service delivery, as well as logistics management, and Pathfinder International for rural family planning and health service delivery.

Major Results Indicators:

	Baseline (1993/4)	Target (2004)
Total Fertility Rate	3.4	2.7
Infant Mortality Rate	87/1,000 live births	72/1,000
Child (Children 1-5 years) Mortality Rate	50/1,000	30/1,000
Pregnancies Attended by Trained Provider	27.5%	50%
NGO Cost Recovery (operating costs covered by program generated revenue)	6%	20%

ACTIVITY DATA SHEET

PROGRAM: BANGLADESH
TITLE AND NUMBER: Food Security for the Poor Improved, 388-SO02
STATUS: Continuing
PROPOSED OBLIGATION & FUNDING SOURCE: FY 1999: $6,930,000 DA; $3,300,000 CSD; $19,360,000 P.L. 480 Title II
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To improve the food security of the poor of Bangladesh.

USAID Role & Achievements To Date: USAID has taken a leadership role in working with the Bangladesh government and the donor community to shift food grain distribution programs towards the needs of the poor. USAID has also supported improvements in agricultural productivity through policy reform and technical innovation, agricultural research, and rural roads and electricity for irrigation and food processing. USAID has worked to increase the food security of the poor by providing technical assistance, training, and commodities to improve: (a) access for the poor to improved rural infrastructure; (b) access for the poor to credit (predominantly women); (c) disaster preparedness; and, (d) the operating efficiencies of financial institutions and private businesses.

The result of these efforts has been a remarkable evolution in Bangladesh from a famine-prone country in the early 1970s, to a country capable of handling food emergencies by the 1990s. Food production has doubled since 1971. The GOB has reoriented its large public food system away from competition with the private sector and towards helping the poor with safety net food programs the private sector cannot provide. Productivity in fisheries, vegetable production, livestock, forestry, and other high potential agricultural subsectors has grown rapidly over the past several years. USAID-supported home gardening and fish culture activities are allowing over 4.3 million poor people to produce and consume more nutritious food. Over 31,000 poor families have benefited from increased access to credit. More than 14 million people now have access to safer shelters during times of disaster. Nearly 7,000 kilometers of farm-to-market roads have been rehabilitated, creating both jobs and greater access to markets and services. Sixteen million rural people now have access to electricity, generating more than five million jobs in the rural areas. Most significantly, USAID's efforts together with those of other donors, have led to a decline in stunting, a measure of long-term nutritional deprivation, from 71.4 % of Bangladeshi children in 1991 to 60.3% in 1996.

Description: To increase the consumption of food by the poor, USAID is focusing on increasing the availability of nutritious food for poor households as well as increasing household incomes to purchase that food. Activities to promote the availability of nutritious food involve NGOs and international organizations developing and disseminating productive, environmentally sound technologies and seeds to poor people in the areas of fish farming and homestead vegetable production. With the use of P.L. 480 resources and through the food policy activity, USAID is providing food grains to the poor and helping better orient the GOB food and agricultural policies towards food needs of the poor. USAID is helping to increase agricultural productivity by making extensive improvements in key rural road networks and expanding Bangladesh's rural electrification program. In addition, local currency resources from Title III resources are being used to support the transfer of agricultural technologies to poor farmers, microcredit activities, and the eradication of illiteracy through non-formal education programs.

To increase household income, USAID focuses on creating an enabling environment within which small and microentrepreneurs can operate profitably and create more jobs for the poor. This involves improving business efficiency through policy change, creating and/or expanding Micro and Small and Medium Enterprises (SMEs), adopting improved management practices and technologies in those firms, and increasing credit to finance investment.

These programs also contribute to improving Bangladesh's level of disaster preparedness to mitigate the amount of property and related income loss caused by frequently occurring disasters by helping to construct an improved rural road newtwork and related infrastructure such as bridges and culverts.. In addition, the Mission has designed a new environmental activity to increase the availability of fish in the open waters, reversing the current trend which shows an alarming decline in the number of fish in these waters. Also, as urban areas in Bangladesh decline, future Title II resources will be used to support rural infrastructure development, agricultural development, disaster management, and urban slum improvement.

Host Country and Other Donors: While many donors are working in the areas listed above, USAID plays a lead role in several sectors, including rural electrification (a program which we pioneered in Bangladesh), agribusiness, nutrition, agricultural policy, and food policy (including the reorientation of the public food system). USAID is a major donor in the rehabilitation of rural roads, an effort which is led by the World Bank and the ADB, followed by the World Food Program. The United Nations Development Program (UNDP), UNICEF, and the U.K.'s Department for International Development all contribute to disaster preparedness and response activities, while the UNDP takes the lead in coordinating the response efforts. The GOB, local NGOs and Bangladeshi farmers have all invested in a broad array of activities to increase agricultural production. Food grain programs are supported by most major donors through the GOB. The GOB contributes to the implementation of the majority of activities through the provision of counterpart resources and logistic support.

Beneficiaries: Over 4.3 million poor Bangladeshi households, particularly women and children under five years old, will benefit from this program. Over 31,000 poor families have benefitted from increased access to credit.

Principal Contractors, Grantees, or Agencies: USAID implements food security activities in partnership with ministries of the Bangladesh government; U.S. international and local NGOs including: International Center for Living Aquatic Resources Management (ICLARM), Asian Vegetable Research & Development Center (AVRDC); International Maize & Wheat Improvement Center (CIMMYT); Cornell University's Collaborative Research Support Program (CRSP); HKI; International Food Policy Research Institute (IFPRI); ICDDR,B; International Fertilizer Development Center (IFDC); Bangladesh Agricultural Research Council (BARC); Palli Karma Sahayak Foundation (PKSF); Non-Formal & Adult Literacy Program (NFALP); Cooperative for American Relief Everywhere (CARE); National Rural Electric Cooperative Administration (NRECA); University of Maryland's Center for Institutional Reform & and the Informal Sector (IRIS); International Development Enterprises (IDE); and Grameen Bank.

Major Results Indicators:

	Baseline	Target (1999)
Average Stunting Among Children, 6-59 months (national)	71.4% (1991)	52.6%
Total Fish Production From Ponds & Open Waters (in target areas)	395,300Kg (1994)	12,500,000Kg
Total Vegetable Production From Homegardens (in target areas)	240,000Kg (1992)	340,120,000Kg
Total Number of [Micro and SME] Jobs Created (in target areas)	0	275,000

ACTIVITY DATA SHEET

PROGRAM: BANGLADESH
TITLE AND NUMBER: Broadened Participation in Local Decision Making and More Equitable Justice, Especially for Women, 388-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $2,000,000 DA/Democracy
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To broaden participation in local decision making and to make justice more equitable, especially for women.

USAID Role and Achievements to Date: USAID-funded programs for voter education, awareness, and election monitoring had a positive impact in the June 1996 Parliamentary elections which were considered to be free and fair (an unprecedented 73% of eligible voter turnout of which over 50% were women). Similar success in the December 1997 nation-wide local (UP) elections was achieved as a result of voter awareness/civic education efforts in expanded target areas and through the mass media (average turnout was over 80%). Customer surveys show that a majority of voters (with a significant increase in women) find themselves to be more informed/judicious in casting votes. In the December 1997 local elections in 4,298 local districts, a number of beneficiaries (mostly female) of several USAID supported NGOs contested the polls (a little over 47,000 women contested the UP polls nation-wide) and around 30%-40% of them won.

Public Interest Litigation (PIL) activities in 1997 expanded the coverage of issues that resulted in the filing of 15 class-action suits to protect/restore the rights of the affected beneficiaries, including many poor. Three sub-grantees of USAID are pioneers in the advocacy of PIL. Due to the efforts of one of these three, the Bangladeshi High Court ruled, in a case of first impression, that a public-interest organization may represent a group of citizens in a class-action law suit. This ruling gave access to, and now permits civic minded legal groups to file cases on behalf of certain classes of citizens, including the poor.

USAID support encouraged some 20 NGOs providing legal awareness training to form a network to jointly develop materials, coordinate activities and undertake awareness programs in family law, marriage law, and property/inheritance law. Because the knowledge gained through legal awareness programs often cannot be used, due to the resistance of local elites, three NGOs have developed training programs that equip local human rights activists and legal workers to more effectively engage local elites on legal awareness issues. By social mobilization, training, advocacy and media, the program will result in 20 million adults being effectively aware of their legal rights by the year 2000.

Three NGOs that have received USAID assistance to train their staff in Alternative Dispute Resolution (ADR), through their established training centers, continue to offer their knowledge and experience to more than 50 other NGOs on ADR. The overall efforts of all of the NGOs working in ADR has led to increased reliability and use of improved techniques in settling local disputes, more women clients accessing ADR, and more representation by women in ADR panels.

USAID supports the newly-formed Bangladesh Independent Garment-Workers Union Federation (BIGUF), the first independent and democratically formed such organization in Bangladesh. The BIGUF was formally registered in July 1997 and has a current active membership of 15,000 workers. An additional 40,000 workers have expressed their intention to form unions and join BIGUF. BIGUF receives USAID-funded technical and organizational assistance from the American Center for International Labor Solidarity (ACILS - formerly Asian-American Free Labor Institute (AAFLI)). Day and evening literacy/awareness classes, day schools for child labor, and health clinics are operating in response to members' requests. Entities like BIGUF contribute to the development of a democratic civil

society and, with USAID's financial support through the year 2000, BIGUF is expected to further expand and consolidate.

Description: This program aims to strengthen the poor's ability to advocate their own interests; enhance the quality of elections; improve the competence of local elected bodies (LEBs) to identify and meet customer needs; increase understanding and respect for the legal rights of the poor; broaden availability and use of local channels to resolve disputes fairly; and increase the ability of garment workers to vindicate their rights through strengthening of independent sustainable labor organizations. Activities include: (1) programs to assist local voters and community associations to know more about funding, policies and programs that affect them and to strengthen their ability to interact with LEBs over such issues; (2) programs to make voters better aware of polling procedures, their voting rights, and the campaign standards to which they can hold political actors and election officials accountable; (3) programs to enable officials of LEBs to be better informed about, and more responsive to, citizen interests and to encourage women to stand for election; (4) nonformal education on human rights/legal affairs for the poor and those elites involved in resolving disputes locally; (5) nonformal mediation skills training for those involved in dispute resolution at the local level; and (6) technical guidance on the organization/operation of an independent, democratic union federation for garment workers.

Host Country and Other Donors: Program implementation is carried out primarily through NGOs/PVOs. In 1997, the EU through the European Commission contributed $1.2 million in parallel financing to the program as part of its commitment under the U.S./EU Transatlantic Initiative. Also in 1997, USAID and six bilateral donors collaborated to support domestic Local (UP) election observation activities. World Bank, ADB, UNDP, Britain, Norway, Denmark, Sweden, and Canada also have programs in the Democracy/Governance Sector. The International Labor Organization and UNICEF are involved with child labor issues in the garment industry.

Beneficiaries: Ultimate beneficiaries are the approximately 50 million socially and economically disadvantaged poor Bangladeshis who, by becoming better informed about democratic processes, institutions, and issues, will be better able to exert their influence over public policy decisions and the allocation of public resources. Their understanding of their legal rights and access to redress will be increased. Program beneficiaries include members of local associations trained in advocacy techniques, locally elected officials introduced to new ways of interacting with customers, women encouraged to stand for election, and individuals who receive training in mediation skills and ADR techniques and members of the BIGUF.

Principal Contractors, Grantees, or Agencies: The Asia Foundation (TAF), the Bangladesh Rural Advancement Committee (the largest national level Bangladeshi NGO), other sub-grantees of TAF, and ACILS.

Major Results Indicators:

	Baseline (1996)	Target (2000)
Number of advocacy associations increased	37	300
Number of local elected bodies using "best practices" increased	0	50
Number of village mediation councils using improved mediation techniques increased	2,015	5,000
Number of registered marriages increased	7,600	9,000
Number of BIGUF members increased	3,962 (1995)	45,000

CAMBODIA

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Economic Support Funds	$35,000,000	$20,000,000	$20,000,000

Introduction

The United States' national interest in Cambodia lies in preserving the fragile gains that have been made since the 1991 Paris Peace Accords and the watershed UN-supervised elections of 1993. This interest is pursued through programs that help protect human rights, promote the democratic process, and bring higher standards of living to a population traumatized by decades of civil war, genocide, and foreign occupation. These interests were threatened in July 1997, when Second Prime Minister Hun Sen ousted his coalition partner First Prime Minister Norodom Ranariddh in a violent military clash. In response, the U.S. suspended two-thirds of its $38 million a year aid program, leaving in place activities that were demonstrably humanitarian in nature and/or were promoting the democratic process without providing direct support to the Government of Cambodia. The suspension remains in place as of this writing pending the outcome of parliamentary elections now scheduled for July 1998.

Development Challenge

In direct reflection of the country's tragic history, Cambodia ranks 124th on the United Nations' Human Development Index of 157 countries. Government and non-government organizations alike are institutionally weak and highly dependent on external donor assistance. Per capita GDP is still less than $300 a year and life expectancy is less than 60 years. Infant and maternal mortality rates are among the highest in the world and are presently being exacerbated by the HIV/AIDS epidemic, which is rapidly undermining the social and economic fabric of the country. Years of war and neglect have ravaged the country's physical infrastructure, which contributes further to keeping the population in a state of poverty. Cambodia was once a rice-exporting country and still has significant unexploited agricultural potential. An estimated 85% of the population is rural, and the country enjoys one of the lowest population densities in East Asia. However, productivity in agriculture and other rural sectors has suffered from the presence of land mines, low levels of domestic and foreign investment, and the continuing absence of on-farm management skills. The current population aged 18-36 lacks the basic skills necessary for more than subsistence living. The education system, which was almost entirely wiped out along with the educated cohort of teachers, managers, and other skilled professionals at the hands of the murderous Khmer Rouge, remains in critical condition today and is unable to support economic growth and the establishment of democratic processes. Given the seriousness of Cambodia's problems, USAID does not foresee graduating the country from development assistance in the near future.

However, significant progress has been made. Prior to July 1997 the economy was growing at a brisk 6% per year (it is now down to about 2% per year as a result of a fall-off in tourism and direct foreign investment associated with the recent political instability) and the government had a good record managing its modest (by developing country standards) external debt.

-- In *democracy*, USAID activities have expanded the reach of human rights and democracy NGOs nationwide, improving the monitoring and reporting of human rights violations and increasing the transparency and professionalism of the judiciary.

-- In *primary education*, USAID has established a nationwide base of in-service teacher training based on increased community participation and a new teaching methodology. Over 70 "cluster school" committees have been established, and in-service teacher training programs

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for grades 1-3 was underway when the program was suspended last July. In addition to increasing the quality of primary education and the level of community participation, the program seeks reduced dropout rates for girls as a special objective.

-- In *maternal and child health*, new policies, protocols, and planning tools have been developed and put into place by the Ministry of Health with USAID assistance. A standard package of services has been introduced in 23 districts serving 165,000 women and children. In the private sector, a USAID-supported reproductive health NGO served more than 39,000 clients in a single year.

-- In *HIV/AIDS,* USAID has completed seroprevalence and behavior analyses of the fast-spreading epidemic that were used in the formulation of Cambodia's first national strategic plan, which in turn helped USAID develop a major new awareness and prevention program. A program to promote the marketing of condoms has proven highly successful, with about 20 million units distributed in 1996-97.

-- In *economic growth,* about 300 kilometers of secondary and tertiary roads in Banteay Meanchey and Siem Reap provinces have been demined and rehabilitated, generating over 80,000 workdays of employment and contributing greatly to opening up fertile rice producing areas. Separately, micro-finance programs have benefitted over 55,000 rural women.

-- In the *environment*, prior to the suspension USAID was leading a consortium of donors working to strengthen the newly-established Ministry of Environment. Assistance was focused on development of a national environmental protection plan (NEAP) and the preservation of national forests that currently comprise about 25 percent of Cambodia's remaining forest cover.

-- Lastly, under the program of *assistance to war and mine victims*, last year over 1,900 amputees were fitted with prosthetic devices. From this group, 478 orphans and 449 adults were given vocational training and other assistance to help them seek gainful employment. About 1,250 people with mental illnesses were treated by health care professionals trained at a USAID-supported facility in Siem Reap.

Under the current aid suspension, USAID continues to support highly effective direcet-impact humanitarian programs (maternal-child health, HIV/AIDS prevention, and assistance to war and mine victims) and certain democracy and human rights programs that work direcly with Cambodian NGOs. Suspended programs include activities in the environment, primary education, and rural economic growth. The U.S. continues to press for improvements in human rights, the safe return of opposition politicians who fled the country during the July fighting, and the establishment of conditions for free and fair elections, all of which constitute near-term prerequisites for the renewed provision of direct elections support to the Government of Cambodia and, in the longer term, for the resumption of other, currently suspended programs. Assuming reasonably free and fair elections and a renewed budgetary commitment to resolving Cambodia's long term development problems, USAID plans to continue ongoing program and resume presently-suspended activities, with modifications as necessary to adjust to the post-elections climate.

Other Donors

Prior to the aid suspension the U.S. was the second largest bilateral donor after Japan. Other major donors include France, Australia, the European Union, Netherlands and Sweden. Cambodia also receives assistance from the World Bank and the Asian Development Bank. The International Monetary Fund has suspended its program in Cambodia due to lack of transparency in the management of state forestry revenues.

FY 1999 Program

Our FY 1999 program assumes acceptable elections will be held in 1998. In d*emocracy and human rights*, our programs in the post-election period will focus on strengthening civil society and indigenous institutions of excellence that promote human rights and the rule of law. In m*aternal-child health and HIV/AIDS prevention* we will continue to build on past success and work toward achieving financial sustainability and fine tune the existing programs to maximize achievements of results. Under a resumed and redefined, *primary education* program we will working on a smaller than national scale. We will continue to fund NGO activities which address basic needs of *war and mine victims*, with a special emphasis on women. USAID has cancelled a planned intervention in the agriculture sector and replaced it with two smaller but related special objectives, in *micro-finance,* which will continue support for and expansion of rural financial services for the rural poor, particularly women, and *environmental management*, under which we will work with NGOs to promote environmental awareness and constituency building in addition to support for community-level environmental awareness activities.

CAMBODIA
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
SO 1. Strengthened democratic processes and respect for human rights - ESF	---	---	---	6,000	---	---	6,000
SO 3. Improved quality of primary education - ESF	---	---	---	---	4,000	---	4,000
SO 4. Improved maternal and child health - ESF	---	4,500	---	---	---	---	4,500
SpO 1. Enhanced assistance for war and mine victims - ESF	---	---	---	---	---	2,500	2,500
SpO 2. Reduced transmission of HIV/AIDS and STIs among high risk populations - ESF	---	1,500	---	---	---	---	1,500
SpO 3. Improved government and NGO capacity to manage natural resources - ESF	---	---	1,000	---	---	---	1,000
SpO 4. Expanded access to sustainable financial services - ESF	500	---	---	---	---	---	500
Total - ESF	500	6,000	1,000	6,000	4,000	2,500	20,000

USAID Director, Gordon West

ACTIVITY DATA SHEET

PROGRAM: Cambodia
TITLE AND NUMBER: Strengthen democratic institutions, 442-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999, $6,000,000 (ESF)
INITIAL OBLIGATION: FY 1992 ESTIMATED COMPLETION DATE: FY 2000

Purpose: To reinforce the democratic transition by strengthening the capabilities of public interest processes and institutions, particularly in the non-government sector, and by strengthening the country's legal, regulatory, and judicial systems.

Background: Since 1992 USAID has been working to help Cambodians establish democratic principles and practices, in particular increased respect for human rights. In the course of two decades of civil war and foreign occupation, virtually all of Cambodia's principal institutions of democratic governance were destroyed or dismantled. Rehabilitation of the rule of law, the judiciary, electoral processes, the national legislature, and local level governance are all fundamental prerequisites for Cambodia's transition to a sustainable and economically viable democratic society. The fragility of the current juncture was evidenced in July 1997, when force of arms--rather than the rule of law--was used to resolve disputes within the government. Efforts to strengthen the country's democratic institutions and increase the accountability of government, police, and military officials are designed to facilitate Cambodia's continuing transition to a democratic society.

USAID Role and Achievements to Date: USAID's $50 million Cambodia Democracy Initiatives project has played a pivotal role in the country's democratic transition thus far. USAID-funded grantees have established a successful community legal education program and have strengthened the newly established Cambodia Bar Association, professional media organizations, human rights and public policy organizations, and--prior to the events of July 1997--the 120-member National Assembly and provincial court system. The Cambodian NGOs supported by USAID under this program have worked to reduce corruption, promote government accountability, and strengthen civil society by introducing internationally recognized fair business and labor practices and by increasing the presence of public defenders in Cambodian courtrooms. NGOs were prominent in supporting preparations for the 1993 elections, and are organizing again to provide voter-education and monitoring for the 1998 parliamentary elections. Prior to the aid suspension, a USAID-supported elections expert was also working with the Cambodian Ministry of Interior helping the government formulate and adopt an internationally acceptable national elections law and create a permanent, independent elections commission.

Description: The majority of funds allocated for FY 1999 under this activity will be used to strengthen the rule of law, governance, government accountability, and respect for human rights. The Asia Foundation, currently the largest grantee under the program, will continue supporting local organizations engaged in protecting human rights, furthering public policy making, improving the capacity of the National Assembly, and implementing a nationwide good governance program focused at the local level. USAID intends to focus its ongoing rule of law program in Cambodia towards its most successful programs, notably the Cambodian Defenders Project, and concentrate on efforts to help end the continuing climate of impunity, including efforts to strengthen the formal legal system. As the post-elections political situation develops, USAID will undertake a sector strategy review preparatory to the development of second generation rule of law programs. Modest funding has been reserved to support local (commune level) elections anticipated in 1999.

Host Country and Other Donors: The United States, France, Australia, and various UN agencies are the major donors working in the democracy sector in Cambodia. Coordination of assistance plans and

activities between the donors in specific areas, e.g., elections and human rights monitoring, has been good. Many donors have indicated interest in supporting the 1998 parliamentary elections, with the European Union (EU) committing 10 million ECU and Japan considering almost as much.

Beneficiaries: Stronger legal institutions, improved rule of law, and free and fair elections will benefit all Cambodians. Beneficiaries directly involved in grant-funded training include eight Cambodian human rights/public policy NGOs and two women's media associations. Beneficiaries of free legal aid include indigent Cambodians accused of crimes and those in need of assistance with civil disputes. Additionally, over five million Cambodians benefit by receiving public service announcements through the media. If current restrictions on direct assistance to the government are lifted, additional beneficiaries will include 120 members of the National Assembly and 75 judges.

Principal Contractors, Grantees or Agencies: The Asia Foundation, the University of San Francisco (USF), the Asian-American Free Labor Institute (AAFLI), the International Human Rights Law Group (IHRLG); the International Foundation for Electorial Systems (IFES), others to be determined.

Major Results Indicators:	Baseline (1996)	Target (1999)
▸ Democratic multi-party elections whose outcome reflects the will of the people and result in those elected taking office;	-0-	1
▸ A legislative process that is better coordinated and more responsive to the expressed needs of the electorate;	N/A	N/A
▸ A National Assembly functioning more independently and effectively than at present;	N/A	N/A
▸ Increased professionalism and independence of the judiciary;	3 groups	5 groups
▸ Increased awareness of human rights and democratic processes;	N/A	65% of populace
▸ Greater accountability of military, police and civil servants under the rule of law.		

ACTIVITY DATA SHEET

PROGRAM: Cambodia
TITLE AND NUMBER: Improved ability of schools and clusters to support quality classroom instruction, 442-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $4,000,000 (ESF)
INITIAL OBLIGATION: FY 1995 ESTIMATED COMPLETION DATE: FY 2002

Purpose: Improved ability of schools and school clusters to support quality classroom instruction.

Background: A weak and seriously underdeveloped human resource base remains one of the most serious constraints to Cambodia's future development. Under the Khmer Rouge, the education system was dismantled and a large majority of the educated population either killed or forced to flee, with the result that an entire generation of educated Cambodians was lost. Attempts to rebuild the education system during the 1980s, though considerable, fell far short of expectations. Fortunately there is considerably more donor support now; however, extraordinary steps requiring the coordinated efforts of bilateral and multilateral donors as well as NGOs are required to "jump start" the education system so the next generation of Cambodians can learn the basic skills needed to operate in an expanding and dynamic economy.

USAID Role and Achievements to Date: From September 1994 to July 1997, USAID worked closely with the Ministry of Education, Youth and Sports (MoEYS) to develop and refine the government's investment plan for the education sector. This action was necessary to ensure that USAID's in-service teacher training activities (which began in earnest during the fall of 1996) were coordinated with related activities undertaken by other donors and NGOs. The methodology used under the USAID program built upon pilot activities pioneered by the MoEYS, with assistance from UNICEF, in teacher training and cluster school development. USAID's assistance combined elements of these programs in an effective, low cost fashion than enhanced the likelihood that MoEYS would be able continue skills development on its own after the termination of USAID assistance. Alternatives to the use of school "clusters" were also being explored for the more remote, sparsely-populated areas. Studies were also being conducted to examine constraints to the participation of girls in primary school and develop strategies to increase their participation.

Description: Assuming USAID will be able to resume this activity after the 1998 parliamentary elections, USAID, the implementing NGO consortium, and the MoEYS will work together to select school clusters and then train all primary school teachers in these clusters in improved pedagogic practices for math and Khmer language. (Over the life of this activity, USAID plans to retrain nearly all primary school teachers and administrators in Cambodia). The course of study comprises a series of two three-week workshops, two four-day workshops, weekly tutorials, and weekly classroom observation over the course of an entire academic year. For cluster school development, technical assistance and training will be provided to each new school cluster for a period of two years. Together, these two forms of assistance will provide teachers with improved skills and a community-based support structure to support the primary education system generally. These efforts will be combined with targeted assistance at the central level to make education planning and policy better coordinated and implemented.

Host Country and Other Donors: USAID's assistance to the primary education system builds upon government initiatives to enhance teacher skills and develop school clusters. It is complementary to other assistance being provided by UNICEF, the Asian Development Bank, the European Union, UNESCO, Japan, Australia, Great Britain, and France, as well as various NGOs providing a range of assistance in cluster schools, curriculum, textbooks, capacity building, teacher training, and language. By being dynamic and recognizing that change will occur throughout the life of the activity, the USAID

activity articulates well with these other programs. For instance, new textbooks being developed and published with financing from other donors will require constant modification of the teacher training curriculum being used under the USAID activity. Mechanisms are in place to ensure that these modifications are incorporated as new textbooks come on line.

Beneficiaries: The beneficiaries of USAID assistance under this activity are many. First are Cambodia's children, who will be better able to learn through improved teaching techniques taught by more qualified teachers and through better access to quality teaching materials. Girls of school age will also benefit as studies are conducted, and strategies developed and implemented to increase their participation in primary education. Finally, selected Ministry of Education staff will benefit from hands-on training in data collection and public policy analysis.

Principal Contractors, Grantees, or Agencies: Prior to the aid suspension teacher training and cluster school development activities were implemented through a consortium made up of World Learning (as lead institution), World Education, and Save the Children. Capacity building in education policy was partially provided through the Global Bureau's Advancing Basic Education and Literacy II activity (ABEL2). Grants to these organizations have been suspended pending the holding of parliamentary elections in July 1998.

Major Results Indicators: (Targets are subject to resumption of this activity after elections; FY 1999 target level is 70% for all indicators)	Baseline (1997)	Target (1999)
▸ Schools and clusters able to support quality classroom instruction (i.e., improved teacher knowledge and practice; reduced constraints on teachers' planning and performance; improvements in communication among and between teachers, schools, and parents; and improvements in decision-making and problem-solving by teachers, schools and clusters);	N/A	70%
▸ Effective teacher training (improved math and Khmer competency; increased use of student-centered teaching methodologies; and increased access to teaching resources);	N/A/	70%
▸ Effective school clusters (increased interaction between teachers, schools, clusters, and PTAs; resource centers set up and functioning; and increased community involvement); and	N/A	70%
▸ Appropriate primary education policies.	TBD	TBD

ACTIVITY DATA SHEET

PROGRAM: Cambodia
TITLE AND NUMBER: Improved maternal child health, 442-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $4,500,000 (ESF)
INITIAL OBLIGATION: FY 1995 ESTIMATED COMPLETION DATE: FY 2000

Purpose: To improve Cambodia's reproductive health and child survival profile by increasing modern method contraceptive prevalence from 7% to 17%; by decreasing in infant mortality from 115 per thousand to 100 per thousand; and by decreasing under-five mortality rates from 181 per thousand to 155 per thousand.

Background: Cambodia has one of the highest maternal and child mortality rates in the world, the region's highest population growth rate, and one of the fastest growing HIV/AIDS epidemics anywhere. According to some estimates fewer than 50% of rural Cambodians have access to any health care. Surveys continually highlight the high priority Cambodians place on access to essential health services, particularly those related to family planning and child survival. Recognizing the urgency of the situation, the Cambodian Government and has designated maternal child health as a top priority. Major reforms undertaken by the Ministry of Health (MOH) include instituting a minimum package of services at the lowest level of the health care system, introducing pilot cost recovery schemes, and testing innovative public-private partnership models of service delivery.

USAID Role and Achievements to Date: Building on the Agency's comparative advantage in the health sector, the USAID program in Cambodia works with the MOH, local NGOs, and the private sector to improve the health of Cambodians. USAID is a leader in the maternal-child health sector in Cambodia and has recorded a number of important achievements at a variety of levels. At the policy level, USAID has contributed directly to the elaboration and implementation of policies for reproductive health, specifically for birth spacing and HIV/AIDS testing and prevention; in child survival, through the integration of Vitamin A activities into national systems and the development of a Dengue Hemorrhagic Fever program at the MOH; and in improved sustainability through the introduction of community participation schemes at the lowest levels of the system, the launching of the first private sector reproductive health center in Cambodia, and the introduction of social marketing programs. Programs aimed at improved service delivery have reached over 165,000 women with reproductive health services, sold over 10.5 million condoms annually for the prevention of STDs and HIV and for contraception, and trained hundreds of health care workers in the basic elements of reproductive health and child survival services.

Description: USAID's maternal-child health program focuses on developing a leadership role of the MOH in the policy arena, improving service delivery in the public and private sectors, and increasing access to quality MCH commodities in the public and private sectors. Technical areas include birth spacing, STD/HIV management and prevention, safe motherhood, and child survival with a focus on diarrheal diseases, acute respiratory infections, micronutrient deficiencies, and immunization.

Host Country and Other Donors: With assistance from Japan and World Health Organization (WHO), UNICEF supports the national immunization program. UNICEF and other bilateral donors also support the essential drug system. The United Nations Population Fund (UNFPA), Japan, and Germany are partners with USAID in the area of reproductive health. WHO provides technical advisors to the MOH, with particularly strong support from ODA, in health systems planning, human resources, and management information systems. Both the Asian Development Bank and the World Bank have funded large projects to improve health infrastructure and the management of health services. In HIV/AIDS the World Bank is the major donor, with smaller programs funded by UN agencies and by the European

Union. The Cambodian government supports MOH salaries, selected institutional costs, and principal reform efforts.

Beneficiaries: Primary beneficiaries include an estimated 2.1 million children under the age of five and 2.6 million women of reproductive age. Secondary beneficiaries, particularly for STD and HIV interventions, include 2.7 million men of reproductive age.

Principal Contractors, Grantees or Agencies: USAID/Cambodia implements its MCH and HIV/STI prevention activities through U.S., international, and local NGOs, the Ministry of Health, and centrally-managed (USAID/W-based) cooperating agencies. Grantees include CARE, Helen Keller International, Medicins Sans Frontieres, Partners for Development and Population Services International. Global Bureau partners include AVSC International, John Snow, Inc. (through SEATS) and Partnership for Child Health, Inc. (through BASICS).

Major Results/Indicators: (FY 1999 Target)	Baseline (1995)	Target (1999)
By the year 2000:		
▸ Increase in modern method contraceptive prevalence rate from 7 to 17%.	6.9%	15%
▸ Decrease in infant mortality from 115 to 100 per 1,000 live births.	115	103
▸ Decrease in under-five mortality from 181 to 155 per 1,000 live births.	181	158
▸ Key policies in place for reproductive health, child survival and program sustainability.	1	4
▸ Increase in the proportion of children under the age of 5 who have received oral rehydration therapy when they had diarrhea.	<10%	40%
▸ Increase in the percent of service providers in target areas who are correctly managing STDs from 0 to 40%.	0	0%
▸ Increase in the percent of service providers in target areas who are correctly managing diarrhea cases in children under five from 0 to 80%.	<10%	
▸ Increase in percent of births attended by trained health personnel from 38% to 50%.	38.8%	N/A
▸ Increase in annual sales of Number One condoms from 0 (in 1994) to 12 million.	5 million	12 million

ACTIVITY DATA SHEET

PROGRAM: Cambodia
TITLE AND NUMBER: Enhanced assistance for war and mine victims, 442-Sp001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $2,500,000 (ESF)
INITIAL OBLIGATION: FY 1993 ESTIMATED COMPLETION DATE: FY 2001

Purpose: To increase access to quality rehabilitation services and strengthen institutions for long term service provision.

Background: Cambodia has an alarmingly high number of citizens who suffer from grinding poverty and physical and mental impairments related to 25 years of war. Given the country's poor economy and low human resource capacities, it is not currently possible for Cambodia to care for these victims, nor will it be for years to come. Yet these men, women, and children have much to contribute to the country's reconstruction and development if only they can be provided with basic rehabilitative services. Many local community groups and institutions are willing to provide these and other services but lack the financial means and technical/management know-how to do so effectively.

USAID Role and Achievements to Date: In 1997 USAID grants to Cambodian and U.S. NGOs enabled the provision of prosthetic limbs, orthotic devices, and physical therapy to 1,972 mine and polio victims; mental health care and treatment to 1,252 patients; vocational skills training to an estimated 656 orphans, amputees, and very poor widows; and general social services to 5,107 other individuals. In addition, 41,866 farmers, widows and other community members were provided training and resources in rural community-based approaches to health, savings and credit and agriculture. Just as importantly, capacity-building training was provided to local NGOs and individuals to improve their ability to provide sustainable and cost-effective quality care.

Description: USAID will support the efforts of our international and local NGO partners in meeting the needs of war and mine victims, including social and psychiatric counseling, credit, job skills, prosthetics/orthotics, and increased personal empowerment.

Host Country and Other Donors: The Cambodian Government funds and staffs 20 orphanages around the country and, through its line ministries, supports programs for women, mental health care training, and, with the assistance of international NGOs, prosthetics and vocational training for the disabled. Donors such as Japan, the United Kingdom, Germany, Canada, the European Union, World Food Program, UNICEF, the International Committee of the Red Cross, International Labor Organization (ILO), and the United Nations High Commissioner for Refugees support modest programs (often implemented by NGOs) that target war and mine victims.
Beneficiaries: It has been estimated that over 200,000 children in Cambodia are orphans; 158,000 Cambodians are disabled (landmines continue to claim 150-200 civilian victims every month); and 2% of the population suffers from acute mental illness, with many more thought to suffer debilitating depression or anxiety disorders. Approximately 600,000 women are widows, and 35% of the country's households are headed by women. As a result, women often lack sufficient (male) labor to help with farming tasks and often end up joining the ranks of the very poor, which comprise about 36% of the population.

Principal Contractors, Grantees, or Agencies: USAID implements these through US, international and local NGOs, working collaboratively with the ministries of Social Action; Health; Women's Affairs; and Rural Development. Grantees include the American Red Cross, the Harvard School of Public Health, the Vietnam Veterans of American Foundation, Salesian Missions, and Participating Agencies Collaborating Together (PACT).

Major Results Indicators:	Baseline (1995)	Target (1999)
▸Mental health treatment provided	1,917	2,552
▸Non-formal education made available for orphans & disabled	200	700
▸Number of coordinating mechanisms in place	-0-	10
▸Availability of practitioners proficient in recognizing and treating trauma cases	-0-	50

ACTIVITY DATA SHEET

PROGRAM: Cambodia
TITLE AND NUMBER: Reduced Transmission of STIs and HIV/AIDS in High Risk Populations, 442-Sp002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $1,500,000 (ESF)
INITIAL OBLIGATION: FY 1998 ESTIMATED COMPLETION DATE: FY 2002

Purpose: To reduce HIV and STI transmission in commercial sex workers and their clients in order to slow down the HIV epidemic.

Background: Although HIV infection was first detected in Cambodia in 1991, with the first diagnosed AIDS cases in late 1994, Cambodia has the most serious HIV/AIDS epidemic in Asia and may become one of the worst affected countries in the world. Recent surveys estimate that between 100,000-120,000 people are infected with HIV, and 1997 seroprevalence data indicate an infection rate nationally at nearly 40% of commercial sex workers, 6% of police, over 7% of military and 3.2% of pregnant women, the latter nearly double last year's rate. .

Key contributing factors to the explosive epidemic are political conflict, migration, high levels of sexually transmitted infections (STIs), an unregulated and permissive environment, poverty, a cultural demand for commercial sex and a vigorous sex industry. Unless effective interventions begin immediately, indirect costs to the Cambodian economy by the year 2006 are estimated conservatively at $2 billion! Recognizing this, the Cambodian National AIDS Program led a review in 1997 which contributed a critical anaysis to better understand the epidemic and required response. Findings were presented in a national strategic planning workshop with broad participation of government, NGOs, international organizations and donors, results of which are a National Strategic Plan for STDs/HIV/AIDS for the years 1998-2000. The plan will act as the national framework for action and coordination for all partners contributing to the HIV/AIDS prevention effort.

USAID Role and Achievements to Date: USAID has been active in the area of reproductive health (including STIs/HIV) in Cambodia since 1993, supporting condom social marketing and diagnosis and treatment of STIs in NGO clinics as a part of integrated reproductive health care. By 1995 when it appeared that the epidemic was growing particularly rapidly in Cambodia, USAID brought its comparative advantage to launch a number of activities which examined the epidemiology of the epidemic, the response of the government and donors and made recommendations for effective assistance. Among the activities were HIV sentinel surveillance -- which not only provided a better understanding of the epidemic but also helped the MOH use the data for policy change; behavioral sentinel surveillance which provided essential information concerning reported behaviors relative to sexual practices which enable better targeting of interventions and a useful tool to measure program effectiveness; critical research on STIs which identified drug resistance patterns in order to better inform treatment protocols for nationwide use; and support to the MOH in the elaboration of national counseling and testing policy and guidelines. Based on analysis of the epidemic, USAID opted for a dual approach in its HIV prevention support: first, to continue HIV and STI prevention activities through the maternal and child health program to reach the general population, and second, a new strategy for HIV prevention activities in high-risk populations -- the commercial sex workers and their clients who sustain and increase the epidemic.

Description: Through work at the policy level, communication efforts directed specifically towards commercial sex and special service delivery in selected provinces to reach sex workers and their clients, the HIV/AIDS Special Objective will reduce HIV transmission. Substantial support will be provided for research and monitoring efforts to include forrmative research to inform interventions, pilot

studies to test service delivery models and continued surveillance activities to monitor the epidemic and its trends.

Host Country and Other Donors: The RGC's National AIDS Program works closely with UNAIDS to plan and coordinate major international donors and organizations which make a significant contribution to HIV/AIDS/STI prevention and care. Significant donors include the European Union, UNICEF, WHO, Australia, France, Germany and the United States. A coordination committee of host government, donor, international and implementing organizations meets regularly for joint planning, programming and monitoring.

Beneficiaries: The primary target groups are female commercial sex workers (CSWs) -- both direct and indirect --and their clients. A direct CSW works at an establishment that specializes in selling sex, i.e., a brothel. An indirect CSW works at an establishment that ostensibly has a primary function other than selling sex (e.g., a bar or restaurant). Two primary target groups are chosen because both CSWs and their clients engage in risky sexual practices and are key to the epidemic. The secondary target group is composed of those who derive financial gain from CSWs -- brothel owners, restaurant owners, police, taxi drivers, etc.).

Principal Contractors, Grantees, or Agencies: USAID works with the National AIDS Program, UN agencies, other donors and U.S., international and local PVOs/NGOs to plan and implement its HIV prevention program. Major implementation partners include Family Health International and its partners in the IMPACT project, Population Services International and the HIV/AIDS Alliance.

Major Results/Indicators: Performance targets to be set in February 1988 once action plan is complete, activities defined and target areas identified. Baseline figures given are from a variety of studies in Cambodia.

- Increased condom use by commercial sex workers with non-regular partner in most recent sex act. (Baseline range is 11.5% to 89.4%.)
- Increased condom use by clients of commercial sex workers with non-regular partner in most recent sex act. (Baseline range is 39.2% to 84.8%.)
- Decreased STI prevalence rate in commercial sex workers in target areas. (Baseline range is 36% to 58.6%.)
- Decreased proportion of commercial sex workers in target areas who are paid by the month. (Baseline range is 15% to 64.6%.)
- Appropriate regulatory policies defined and implemented in order to reduce HIV transmission in commercial sex workers.

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA
TITLE AND NUMBER: IMPROVED NGO CAPACITY TO MANAGE NATURAL RESOURCES, 442-Sp003
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $1,000,000 (ESF)
INITIAL OBLIGATION: FY 1999 ESTIMATED COMPLETION DATE: FY 2002

Purpose: To promote and improve community environmental awareness and constituency building through NGO training and support for NGO community environmental protection activities.

Background: While Cambodia has embarked on the path of democratic governance and a free market economy, the environmental impact of the country's development has been largely ignored. The impact of continuing resource extraction is most pronounced for forestry and fisheries. In the early 1970s forests covered 74% of the land area, but today this totals less than 35%, of which less than half is primary forest. The loss of tree cover from logging is destroying fish habitat and spawning grounds and, in the northern part of the country, is contributing to an increased siltation of the Tonle Sap lake and the surrounding wetland ecosystem. Uncontrolled gem mining, disposal of solid waste and sewage into rivers, and biodiversity destruction are additional serious problems.

In recognition of the growing serious of the country's environmental problems, in 1994 the government established the Ministry of Environment. With assistance from a number of donors, it has been actively involved developing its staff, formulating environmental policies and regulations, assessing critical environmental issues, and improving its ability to influence the policies and programs of other ministries to incorporate environmental concerns and safeguards. However, the ministry has a long way to go, both institutionally and programmatically, before it can credibly lead participatory environmental management policy and provide leadership for development and implementation of a regulatory framework. This is largely due to the dearth of qualified staff and a very limited budget. Since the July 1997 political events, uncontrolled logging and exploitation of natural resources has increased, with serious downstream impacts. The ministry's difficulties are compounded by lack of a public constituency, poor public awareness of the seriousness of current problems and their long term impact, and lack of serious political will to deal with the problems.

USAID Role and Achievements To Date: USAID has provided support to the fledgling Ministry of Environment since 1996. The principal focus has been to develop MoE's institutional capacity to deal with Cambodia's environmental problems, principally through staff training, assessment of environmental problems, and development of a National Environmental Action Plan. Prior to the aid suspension, assistance to the MoE under the Cambodia Environmental Management Project (CEMP) was being provided through grants to a consortium of U.S. environmental NGOs headed by CARE International as prime grantee. The program was halted as part of the aid suspension announced in July 1997.

At the time of suspension, a National Environmental Action Plan (NEAP) had been completed and a comprehensive multi-donor strategy for protected areas prepared. Planning of specific conservation activities in Ratanikiri Province had been completed and implementation of improved management plans for Kirirom and Virachey National Parks were had begun. CEMP had also assisted in establishing a community forestry network composed of staff from the community forestry units of Ministry of Agriculture, Forestry and Fisheries, the MoE, and several NGOs supported by CEMP were expanding community team-building toward the establishment of community forestry programs. An environmental awareness campaign and participation campaign to integrate the efforts of local and provincial governmental departments, communities, and local NGOs had also been developed and put into motion. A pesticide information and education campaign for farmers had also been developed and piloted in collaboration with provincial departments of agriculture and health and NGOs. Finally, CEMP had improved collaboration among key players at the local level, raising environmental awareness as

a result of support provided to provincial environment departments. Strategic planning had been strengthened in all six MoE departments, the drafting of a five-year strategic plan for the Ministry itself had been initiated, a restructuring plan had been completed for the MoE's planning and legal affairs department, and a number of provincial Ministry staff and decision makers had been trained in water pollution assessment and abatement in collaboration with a number partners.

Just before the July 1997 aid suspension the CEMP activity had updated its program plan and was on the verge of conducting a number of assessments, studies, and training activities aimed at developing baseline data and improving MOE's capacity to manage and monitor the country's natural resource base. Planned activities included remote sensing GIS training, pesticide management, fuelwood and water quality assessments, and pilot biodiversity and protected areas management activities. These activities were halted along with the rest of the CEMP program as a result of the aid suspension announced in July 1997.

Description: Given he seriousness of environmental issues in Cambodia, USAID intends to resume limited assistance if and when current aid restrictions are lifted. USAID will work with international and local NGOs for public awareness and education for environmental constituency building, support for continued assessment and awareness of critical environmental issues such as deforestation and pesticide use, and support assessments and community action aimed at resolving specific community-level environmental problems.

Host Country and Other Donors: Various donors continue to provide institutional and programmatic support to the MoE, including UNDP, the European Union, UNESCO, the Asian Development Bank, and the World Bank. USAID will work with and coordinate activities with the other donors, including key International and local NGOs and district and community organizations. No support will be provided directly to the MoE, but activities will be coordinated with them.

Beneficiaries: The primary beneficiaries will be the local NGOs and communities who will receive training and other support to improve their capacity to plan and manage environmental awareness and improvement activities. Secondary beneficiaries will be the broader Cambodian population, who will benefit from activities that identify environmental problems and take action to alleviate those problems.

Principal Contractors, Grantees, or Agencies: USAID plans to enter into cooperative agreements with U.S. and local NGOs to implement the environmental activities.

Major Results Indicators:

This a new SO to be implemented in FY99 baseline and targets will be established during spring 1998 country strategy review.

- Improved community environmental awareness, education, and analysis of environmental issues and problems.
- Increased number of community pilot projects which address specific environmental problems.
- Improved capacity of local environmental NGOs.

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA
TITLE AND NUMBER: EXPANDED ACCESS TO SUSTAINABLE FINANCIAL SERVICES, 442-SPO04
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $500,000 (ESF)
INITIAL OBLIGATION: FY 1999 ESTIMATED COMPLETION DATE: FY 2002

Purpose: To expand access to financial services and credit to the poor in Cambodia, especially to women.

Background: Over 50% of the Cambodian population is under 15 years of age, and approximately 85% of the population resides in rural areas, where many households are headed by women. Access to financial services in the rural areas is very limited: it is estimated that effective credit demand in the rural areas alone could amount to $66-97 million in the medium term, equal to 25-35% of the value of agricultural inputs. In the long term, the credit demand possibly will increase as high as 50% of the value of inputs. The current high cost and scarcity of credit to the rural poor retards growth and hinders productivity. Female-headed households comprise over 25% of total rural households, and women comprise the largest percentage of microenterprise operators. Thus, , women would be the major beneficiaries of improved and expanded financial services.

USAID Role and Achievements To Date: USAID has provided assistance to international and local NGOs for poverty-based lending and village banking, with women being the primary beneficiaries. With USAID funding support, World Relief has established 272 banks serving 7,356 women. Catholic Relief Services' (CRS) Village Banking Project has worked through local NGO partners to establish 116 village banks serving 5,124 women clients. USAID also provides a small grant to the local Association of Cambodian Local Economic Development Agencies (ACLEDA) under the Global Bureau's PRIME activity. ACLEDA now works through 11 provincial branches serving approximately 46,000 clients, the majority of whom are women.

Description: In concert with the International Finance Corp. (IFC) and the United Nations Development Fund (UNDP), USAID proposes to provide technical assistance to help ACLEDA become a specialized microfinance bank in 1998. We will also continue to work with World Relief and CRS to continue expanding sustainable financial services for the rural poor, particularly women. World Relief plans to have 500 banks by 1999 serving 15,000 women. CRS plans to establish 121 village banks serving 9,165 women members by 1999.

Host Country and Other Donors: USAID will work with key international and local NGOs to implement this special objective.

Beneficiaries: Beneficiaries will include rural households and micro and small entrepreneurs. Special attention will be focused on the needs of women, who head over a quarter of farm households. Secondary beneficiaries will be NGO and local community staff, who will benefit from training and technical support activities aimed at increasing local capacity to deliver financial services.

Principal Contractors, Grantees, or Agencies: USAID plans to enter into cooperative agreements with U.S. and local NGOs and cost sharing agreements with the UNDP and IFC to implement this special objective.

Major Results Indicators:

This is a new SO and baseline and targets will be established during spring 1998 country strategy review.

- Improved access to and utilization of sustainable financial services; and
- Transformation of ACLEDA into a formal specialized microfinance bank.

EGYPT

	FY 1997 Actual	FY 1998[1] Estimate	FY 1999[1] Request
Economic Support Funds	$815,000,000	$815,000,000	$815,000,000

Introduction

Egypt remains a strong ally of the United States and a moderating force in the Middle East. Egypt continues to play a key role in facilitating the Peace Process. However, for Egypt to continue to be a stable regional power, its economy must operate successfully in the global environment with job creation coming from a dynamic private sector.

Development Challenge

Following 40 years of state intervention in resource allocation, Egypt has made significant strides over the past 15 years in its transition to a market-oriented economy. The country has successfully stabilized its economy and initiated numerous structural reforms. It has cut consumer subsidies; reduced trade barriers; initiated public sector reform and privatization; unified and stabilized the foreign exchange rate; reduced the budget deficit from 20% of Gross Domestic Product to under 1.3%; and liberalized interest rates. Egypt has also made impressive gains in health and family planning with USAID assistance: infant and child mortality rates declined by 43% and 55%, respectively from 1980 to 1990; contraceptive prevalence reached 48% in 1995, almost double the 1980 rate; and the total fertility rate declined from 5.3 to 3.6 live births from 1980 to 1995.

Egypt needs to complete the transition to a fully open, efficient economy that generates the 500,000 jobs annually required to absorb new entrants into the job market. This will require continued legal and regulatory reform to encourage private sector investment. Furthermore, Egypt will have to make substantial investments in health, family planning, education, the environment, and other basic services to reach vast segments of the population currently inadequately served. Strong support of the international community will be essential.

To meet this challenge, the USAID program encourages ***broad-based sustainable development with increased employment and improved quality of life*** for the Egyptian people. The program is structured around eight strategic objectives (SOs): (1) accelerated private sector-led, export oriented economic growth; (2) increased participation of girls in quality basic education in targeted areas; (3) increased citizen participation in public decision-making; (4) reduced fertility; (5) sustainable improvements in the health of women and children; (6) increased access to sustainable water and wastewater services; (7) reduced generation of air pollution; and (8) natural resources managed for environmental sustainability.

Approximately 25% of the economic assistance program is devoted to policy reform to remove economic and social sector constraints, and 25% to the commodity import program, which benefits U.S. suppliers by increasing Egyptian private sector access to and use of U.S. goods and technology. The remaining half of the program is project assistance for infrastructure improvements, technical assistance supporting policy reform and programs to improve the well-being of Egypt's population.

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[1]The program described does not reflect the funding levels under discussion, for which plans are not yet completed; details on the program will be provided if and when approved.

USAID-supported reforms have resulted in increased production of major food crops, substantial increases in real farm income and removal of most direct controls and price interventions. Productivity, as measured by real value per hectare and agricultural revenue per unit of water, has increased by 7.0% and 6.2%, respectively since the 1980s. Since USAID began assisting Egyptian small- and micro- enterprises in 1988, about 70,000 jobs have been created. This was possible through 300,000 loans valued at approximately $245 million provided to more than 121,000 borrowers. In 1997, participation in USAID-sponsored micro-enterprise programs was at its highest since 1988, with 70,000 loans valued at $74 million made to approximately 31,000 borrowers.

To provide basic infrastructure essential to economic growth, USAID has financed the generation and installation of 5,000 megawatts of power, amounting to over 40% of the country's total capacity. As a result of the USAID-funded telecommunications projects, over 5 million Egyptians now have reliable telephone service with international connections. Finally, the program has encouraged efforts to promote private sector participation in both the power and telecommunications sectors, leading to specific private sector investments for new infrastructure.

The U.S. economic assistance program has financed construction of approximately 2,000 primary schools serving almost one million students. More than 10,000 teachers and technicians have received USAID-funded training. Female primary school attendance has increased by 30% over the last five years to 74% nationwide and male attendance by 20% to 84%. However, female access to education remains a problem (only 64% of rural girls attend school). Literacy rates clearly show the disparity between female and male access to education: the current literacy rate for women is only between 34% to 38%, compared to 63% for males. USAID is now addressing this problem by providing access to primary education for rural children, especially girls.

USAID health and population programs have helped to decrease morbidity and mortality nationwide. The Egypt child survival program has been successful in improving the health of young children, preventing more than 80,000 child deaths every year. The immunization program, with USAID support, has maintained average child immunization coverage rates above 90%. Due to widespread knowledge and use of oral rehydration therapy, diarrhea is no longer the principal cause of child deaths in Egypt. Infant and child mortality rates declined by 43% and 55% respectively from 1980 to 1990. At the same time, program-financed family planning activities have led to contraceptive prevalence increasing to 53% in 1997, double the 1980 rate; and the total fertility rate declining from 5.2 to 3.6 from 1980 to 1995. With increased contraceptive use, the population growth rate has dropped from 2.9% to 2.1% over the past ten years.

In the environment, USAID is working in water/wastewater, air pollution and natural resource management. To address the shortage of basic services, since 1975, USAID has invested $2.6 billion in urban water and wastewater infrastructure, benefitting about one in three Egyptians. Institutional reforms and service improvements have strengthened the capacity of local utilities to deliver improved services. USAID is also working to reduce air pollution as a critical environmental problem affecting the health of millions of Egyptians. The introduction of unleaded gasoline has already significantly reduced the lead levels in Cairo and Alexandria. Finally, USAID-financed activities are helping Egypt promote sustainable management of one of its key natural resources, the Red Sea coral reefs.

Other Donors

Egypt receives large amounts of aid from many bilateral and multilateral organizations. In 1997, the donor community, including the World Bank, France, Germany, the European Union, and the African Development Bank Fund pledged over $2.5 billion in economic assistance to Egypt. While at least 35 bilateral and multilateral organizations work in Egypt, the United States remains the largest donor with the most comprehensive program.

FY 1999 Program

For FY 1999 USAID requests $815,000,000 in Economic Support Funds (ESF) to support the following agency objectives: $618.7 million in support of Economic Growth and Agriculture; $54.5 million for Population and Health programs; $101.0 million for the Environment; $30.8 million for Democracy; and $10.0 million in Human Capacity Development.

EGYPT
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O 1. Accelerated Private Sector-led, Export-oriented Economic Growth - ESF	608,700	---	---	---	---	---	608,700
S.O. 2, Increased Participation of Girls in Quality Basic Education -ESF	---	---	---	---	10,000	---	10,000
S.O. 3. Increased Civil Society Participation in Public Decision Making -ESF	---	---	---	25,000	---	---	25,000
S.O. 4. Reduced Fertility -ESF	---	22,000	---	---	---	---	22,000
S.O. 5. Sustainable Improvements in the Health of Women and Children -ESF	---	32,500	---	---	---	---	32,500
S..O. 6. Increased Access to and Sustainability of Water and Wastewater Service -ESF	---	---	50,000	---	---	---	50,000
S.O. 7 Reduced Generation of Air Pollution -ESF	---	---	37,000	---	---	---	37,000

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O. 8. Natural Resources Managed for Environmental Sustainability -ESF	---	---	13,000	---	---	---	13,000
SpO. C. Improved Civil Legal System Research	---	---	---	5,800	---	---	5,800
SpO. D. Approaches to Sustainable Tourism Demonstrated -ESF	---	---	1,000	---	---	---	1,000
SpO. E. Improved Human Capacity Development System Linked to Strategic Priority Areas I -ESF	10,000	---	---	---	---	---	10,000
Totals -ESF	618,700	54,500	101,000	30,800	10,000	0	815,000

USAID Mission Director:John Westley

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Accelerated Private Sector-led, Export-oriented Economic Growth, 263-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $608,700,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To double the rate of broad-based economic growth by increasing private sector exports and the productivity of private enterprise, accelerating privatization and improving Government of Egypt (GOE) support of competitive markets.

USAID Role and Achievements to Date: USAID supports activities to improve the policy environment for private sector business, transfer improved technology, increase access to market information, expand and deepen financial services, and increase access to reliable power and telecommunications services. The program has contributed to increased private sector non-petroleum exports, which rose from $750 million in 1994 to $1,160 million in 1997. Productivity, as measured by real value per hectare and agricultural revenue per unit of water, has increased by 7.0% and 6.2%, respectively. Since 1994, 49 state-owned enterprises have been sold or transferred to employees, 17 have been liquidated and an additional 25 have begun to privatize by transferring minority share holdings. Since USAID began assisting Egyptian small- and micro- enterprises in 1988, about 70,000 jobs have been created. This was possible through 300,000 loans valued at approximately $245 million provided to more than 121,000 borrowers. In 1997, participation in USAID-sponsored micro-enterprise programs was at its highest since 1988 with 70,000 loans valued at $74 million made to approximately 31,000 borrowers. In power and telecommunications, USAID has financed the installation of over 2,500 megawatts of electricity generating capacity and the rehabilitation of an additional 2,500 megawatts, amounting to over 40% of the total generating capacity of the county. The real GDP growth rate has increased from 2.9% in 1993/94 to 5.0% in 1996/1997.

Description: The Sector Policy Reform (SPR) and Agricultural Policy Reform (APR) programs are policy-based cash transfers with an annual budget of $265 million. Disbursements are based on substantive progress against a pre-determined list of policy reforms. SPR focuses on reform in the areas of trade, regulation, privatization and the fiscal and financial sectors. APR emphasizes reforms in five general categories: prices, markets and trade; private investment and privatization; efficiency of agricultural land and water resources utilization and investment; agricultural support services; and food security concerns. USAID provides technical assistance to support and complement SPR activities in such areas as trade and regulatory reform.

Privatization Support finances specific activities critical to creating a policy environment supportive of privatization and completing sales of SOEs. Agriculture Technology Utilization and Transfer assists the Egyptian private sector to increase profitability and export earnings from high value horticulture commodities. Small Enterprise Credit expands access and opportunities for Small and Emerging Businesses. Growth Through Globalization funds activities to enhance the competitiveness of Egyptian firms world-wide and increase private sector exports. Power Sector Support II and Telecommunications Sector Support II target two broad areas: policy/institutional reforms and infrastructure development. Disbursement of funds is conditioned upon GOE implementation of policy and institutional reforms.

Host Country and Other Donors: USAID is the single largest donor in Egypt. Other principal donors include the International Monetary Fund, the World Bank, European Union, and the United Nations Development Program. USAID coordinates its policy reform efforts closely with the IMF and World Bank to maximize our collective policy impact. Egypt has received nearly one billion dollars in financial assistance from several other donors over the past 10 years, mostly in the form of soft loans and/or supplier credits (e.g., France, Germany, Austria, Japan, Italy and Greece) for telecommunications.

The GOE contributes an annual local currency equivalent of between $300 and $400 million. Local currency is used for general or sector budget support, project activities or USAID trust fund expenses.

Beneficiaries: Practically the entire population benefits from increased economic growth. Direct beneficiaries include those private sector businesses and employees who produce goods and services for export and domestic markets. In addition, Egypt's poorest, the approximately four million small farmers, landless laborers and women who produce and process horticultural and agricultural commodities, and as many as three million non-agricultural micro-entrepreneurs in the informal sector are beneficiaries.

Principal Contractors, Grantees or Agencies: Nathan Associates is working on trade and regulatory reform. Chemonics International, the Center for International Private Enterprise and the International Executive Service Corps are working to strengthen private sector market institutions. Arthur Anderson and the International Business and Technology Consultants, Inc. support privatization efforts. The National Cooperative Business Association, Agricultural Cooperative Development International and Environmental Quality International all assist with programs to support small and emerging businesses. Ronco and the Universities of Florida and California (Davis) support horticulture technology transfer activities. Development Alternatives International, ABT Associates, the International Food Policy Research Institute, and DATEX support the agriculture policy reform program. General Electric, Westinghouse Electric, the International Resource Group, Babcock and Wilcox, General Telephone and Electronics, AT&T, and Booz, Allen and Hamilton provide equipment and services for power and telecommunications sector development.

Major Results Indicators:	Baseline (1994)	1999	Target (2001)
Real GDP growth rate	2.9%	4.5%	6.0%
Private Sector share of GDP	61.7%	66.2%	68.2%
Private Sector share of non-petrol exports	49.8%	60.7%	66.3%

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Increased Participation of Girls in Quality Basic Education in Targeted Areas, 263-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $10,000,000 ESF
INITIAL OBLIGATION: FY 1996; ESTIMATED COMPLETION DATE: FY 2001

Purpose: To increase girls' participation in quality basic education. This strategy emphasizes areas where the gender gap in enrollment is greater than 60 girls per 100 boys.

USAID Role and Achievements to Date: This program began in early FY 1997. A previous project in this area, Basic Education, financed the construction of almost 2,000 schools, which now enroll almost one million students per year (360,000 of whom are girls). [Female literacy remains at 34% to 38% and it is estimated that 1.6 million school-aged girls are not enrolled. The Government of Egypt (GOE) has declared female education to be one of its highest priorities.] To date USAID has: (1) provided scholarships for 9,620 girls; (2) given life skills training to 1,358; (3) trained 15 facilitators; (4) started an urban school pilot for disadvantaged areas in Cairo; and (5) undertaken the first systematic assessment of primary education.

Description: USAID is addressing three necessary conditions for increasing girls' participation in quality basic education: (1) an appropriate supply of facilities, curriculum and teaching methodologies; (2) an increased demand (awareness of the importance and appreciation of quality) for girls' educational services; and a (3) broader policy support for quality, flexibility and other incentives to girls' attendance. Recognizing that many constraints to girls enrollment are cultural and social, particularly amongst the very poor, USAID has chosen to follow a community school strategy which is built on a promising United Nations (UNICEF) program, and expanding its scale (1,000 schools) and impact on the educational system. Technical assistance supports: a reformulation of the primary school curriculum for multi-grade classrooms to emphasize problem-solving and analytic skills; a training program for facilitators/teachers and school administrators on how to deliver the multigrade curriculum using interactive, student-centered methodologies; a sustainable and replicable small school model that can be launched and sustained by community organizations in areas of greatest need; and a policy reform agenda. Additional technical assistance will organize a national initiative to mobilize religious, political, business, media and community leaders in support of girls' education. Large dropout rates are attributable to uneducated parents and the poor level of school readiness. Consequently, USAID has provided a grant to develop an Egyptian version of the "Sesame Street" educational television program to assist school preparedness and help parents understand the importance of education and gain a foundation for literacy themselves.

Host Country and Other Donors: The GOE will contribute a minimum of 20% of total activity costs in cash and in kind. The current five year plan of the Ministry of Education (MOE) (1992-97) increased the share of total government expenditures on education from approximately 10% to approximately 14.5% and allocates $2.06 billion annually for education, of which approximately $760 million is for basic education.

USAID is the third largest donor to Egypt in basic education. Donor coordination in education is strong. Donors meet bimonthly to discuss programs and priorities. The World Bank and the European Community have initiated a $200 million program for teacher training, educational technology and increasing access to primary schools. The World Bank, the German Bank for Reconstruction and Development and the multi-donor Social Fund are currently financing school construction. UNICEF and Canada are collaborating with USAID on the innovative community school program, as well as participating in a large primary school assessment.

Beneficiaries: The direct beneficiaries will be girls (approximately 800,000) between the ages of six and thirteen who are currently out-of-school or at risk of dropping out in targeted (high-risk) communities. Additional beneficiaries will be the other primary school students in the targeted areas. The community-based activities should increase girls' enrollment by 50% in the catchment area of USAID small schools. Additional beneficiaries will be illiterate young women and mothers in these communities between the ages of 14 and 35 and six million preschoolers in the age group of three to six reached through "Sesame Street."

Principal Contractors, Grantees or Agencies: Save the Children Foundation (girls scholarships); Center for Development and Population Activities (adolescent activities); Plan International (urban school pilot); Creative Associates and PACT (community schools), Academy for Educational Development (curriculum and training); and Children's Television Workshop (Egyptian Sesame Street).

Major Results Indicators:

	Target (2001)
Increased girls' primary school enrollment	50% in targeted areas
Improved quality of education offered	90% pass rate on MOE third year exams

Baselines are being collected through an assessment to be completed March 1998. The first schools are expected to be launched in school year 1998-1999. Targets will be modified, if necessary, after baselines have been calculated.

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Increased Citizen Participation in Public Decision-making, 263-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $25,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: To increase citizen participation in the formal decision making process by increasing the effectiveness of civil society organizations (CSOs).

USAID Role and Achievements to Date: The ability of CSOs and local government officials to identify their problems, take responsibility for them, and voice them in the public arena is an important focus of USAID assistance. While the pace of democratic change has been gradual, there are promising signs indicating forward movement including recent Government of Egypt (GOE) initiatives in participatory rural governance, emphasizing citizen participation in decision-making at the local level. Under this program the GOE has met initial benchmarks to allow disbursement of the first $10 million of the $30 million sector policy reform program cash transfer. In support of private voluntary organizations (PVOs), in FY 1997 the PVO Development program awarded 26 activity grants for a total of $6.2 million to 10 U.S. PVOs and 14 Egyptian PVOs. In addition, 115 Egyptian PVOs have benefited indirectly as counterpart agencies to the U.S. and Egyptian PVOs receiving direct grants and 40 Egyptian PVOs have received training and technical assistance to improve their own planning and management capabilities.

Description: The program consists of three components that emphasize increasing the effectiveness of selected CSOs through training and technical assistance to develop leadership, planning, management and team building skills. The Non-governmental Organization (NGO) Service Center activity, focuses on special interest groups with specific interests in lobbying and advocacy. This new effort will target more directly USAID specific objectives through grants to Egyptian and U.S. PVOs and CSOs to: (1) improve the capacity of Egyptian CSOs to network among one another and with government agencies at the local, regional and central levels; (2) provide operational support and grants to Egyptian CSOs for activities which contribute to citizen involvement in public decision-making; and (3) establish training and offer technical assistance in areas related to improved advocacy skills. The policy-based Participatory Rural Governance Program (PRGP) program seeks to ensure that over 1,000 village level committees operate in a transparent and accountable manner. The program is designed to enable villagers to have meaningful input into the local decision making process within an organizational structure allowing prioritization of local development projects. The PVO Development activity provides grants to U.S. and Egyptian PVOs to implement their own initiatives in sectors such as credit and micro enterprise, community development, environment, health, and population and in so doing increase popular participation in Egypt's development. Grants also support internal capacity development for Egyptian PVOs to strengthen their capacities to deliver services responding to constituent needs and also to serve as stronger avenues for identifying and channeling citizen's concerns to decision makers.

Host Country and Other Donors: USAID is the lead donor in this area. Multilateral donors include UNICEF, UNFPA, the European Commission and the Arab Council for Childhood Development. An Egyptian/Swiss Development Fund supports employment generation and environmental and social services projects. Other donors working in rural participation activities include the United Nations Development Program (UNDP), the World Health Organization (WHO), Denmark and Switzerland. Under the USAID-supported PRGP, the GOE has budgeted approximately $40 million since 1994 in rural participation and development activities and is committed to substantially increasing this amount over the next five years. Under the PVO Development activity, USAID funds cover up to a maximum of 75% of the total cost of each sub-project. Twenty-five percent (25%) or more is contributed by PVOs from their own funds or from GOE contributions, philanthropic organizations, private businesses,

other bilateral and multilateral donors, private individuals and/or beneficiaries.

Beneficiaries: USAID-supported programs will reach several million villagers who will increase their participation in the democratic and developmental process. Also, local CSOs representing millions of citizens will receive training in effective management skills. Under the PVO development program grants have reached over 35,000 direct beneficiaries, 48% of whom are females.

Principal Contractors, Grantees, or Agencies: USAID implements activities through the National Council of Negro Women, a U.S. PVO. Two firms, Management Sciences International and Development Associates, assist in implementation of PRGP.

Major Results Indicators:	Baseline (1996)	1999*	Target (2004)
Percent of rural villages whose male/female citizens believe that local committees responds to their development needs/priorities.	0%		60%
Index of village ownership and responsibility for development management.	0%		70%
Significant, well-planned actions taken by CSOs to influence public decision-making; e.g., public information and education campaigns, media events, community awareness programs.	0		350

* Annual targets, including 1999, will be established over the next year based on a reassessment to be conducted in FY 98.

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Reduced Fertility, 263-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $22,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To reduce Egypt's total fertility rate from 3.9 in 1992 to 3.55 in 2001 and to support the Government of Egypt's (GOE) goal of reaching replacement fertility by the year 2015.

USAID Role and Achievements to Date: USAID has been assisting the GOE in the family planning sector since 1975. Total fertility rates have declined from 5.3 live births per woman in 1980 to 3.6 births per woman in 1995, and contraceptive prevalence (the percentage of married women of reproductive age currently using contraception) reached 48% in 1995 from approximately 24% in 1980. Institutional capacity for management and service provision in both the public and not-for-profit sectors has grown significantly through USAID assistance, establishing a solid foundation for the program's sustainability. Current USAID activities are successfully meeting, and in some cases exceeding, projections for increased couple-years' protection (CYPs), an indicator of increased demand for family planning services and commodities.

Description: The next stage of the program will build on accomplishments to date, but give greater emphasis to increasing the use of family planning services and strengthening the sustainability of family planning systems. To increase use, an enhanced supply of high quality services and contraceptive commodities must be ensured. In addition, new demand must be created, particularly in areas of high unmet need. The program will continue to work to strengthen implementing agencies' institutional capacity for cost-recovery and revenue generation, increase efficiencies in service provision and reduce dependence on donor subsidies. It will do so through human resource development, improved management systems and development of strategic planning systems. Finally, the program will support an enabling policy environment to reduce restrictive regulations and increase budget allocations for the family planning sector.

Host Country and Other Donors: The GOE contributes approximately 24% of the total project cost for the current Population/Family Planning III project in cash and in-kind, including salaries and benefits, travel and other costs for participant training, and air time on television and radio. USAID is the lead donor in family planning. Among other donors, the United Nations Fund for Population Activities has also been an important supporter of the Egyptian program, followed by the International Planned Parenthood Federation. The World Bank proposed loan assistance in the population sector, principally for non-governmental organization demand-generating activities, has not yet been signed by the GOE. The European Union, the Dutch and German governments provide limited assistance. Donors meet regularly in a working group on population and effectively coordinate their activities.

Beneficiaries: The entire Egyptian population will benefit from a rate of population growth more commensurate with national development goals and from increased choice in planning their families. More specifically, however, the strategy targets Egyptian married women of reproductive age (15-49) to receive more accessible and high-quality care. The 1996 Egyptian census estimates there are 9.8 million women of reproductive age out of a total population of 61,452,382. Intermediate beneficiaries are the family planning managers and workers in USAID-assisted organizations whose skills, facilities, and services to clients are improved.

Principal Contractors, Grantees or Agencies: A new contractor is expected to be engaged by May 1999. This contractor will provide a range of technical and management support to GOE implementing agencies involved in USAID's population/family planning activities in support of GOE national fertility

goals.

Major Results Indicators: Findings from the "1997 Interim Demographic and Health Survey" will be available the end of January 1998. Preliminary results will include the following indicators.

	Baseline (1992)	Target (1999)	Target (2001)
Reduced total fertility rate	3.9	3.59	3.55
Increased contraceptive prevalence	47%	48.70	51.6
Decreased extended use failure rate	10%	8.5%	8.3%

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Sustainable Improvements in the Health of Women and Children, 263-SO05
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $32,500,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To improve the quality and availability of child and reproductive health services as well as to ensure the sustainability of improved systems through cost recovery and policy reform.

USAID Role and Achievements to Date: USAID's child survival programs have helped Egypt reduce the infant mortality rate by 43% between 1980 and 1990, and the child mortality rate by 55% in the same period. Efforts to eradicate polio by 2000 have reduced reported confirmed cases from 584 cases in 1992 to nine in 1997. Reported cases of tetanus among newborns dropped from 1,823 in 1992 to 380 in 1997. New tools and approaches developed through applied research have been helpful in reducing the prevalence of schistosomiasis from 40% to 10% in rural Egypt.

Child survival gains cannot be sustained without a national policy environment that prioritizes resources for these programs. The Health Policy Support Program (HPSP) aims to enhance the capacity of the Ministry of Health and Population (MOHP) to plan, manage, finance, and monitor health services. The World Bank, European Commission, and the Danish have also joined in this collaborative effort. As a result, the MOHP now has, for the first time, a comprehensive and objective health sector policy reform program.

Description: Sustainable improvements in the health of women and children in Egypt are based on three interrelated objectives: improved quality and utilization of maternal and child health care, new tools and approaches to combat selected endemic and emerging diseases, and an improved environment to plan, manage and finance sustained health systems.

Targeted to high risk areas of Upper Egypt, the Healthy Mother/Healthy Child program is developing a basic package of essential reproductive care and child health services, including activities to prevent female genital mutilation. As the primary providers of health for themselves and their families, mothers are the focus of efforts to increase knowledge and improve health behavior in vulnerable households. Strengthening the curricula in medical and nursing schools, combined with practical pre-service training, will further improve the quality of the basic package of essential child and reproductive health care. Ensuring safe delivery care is available to all is the top priority of the program and will save the lives of hundreds of mothers and their newborns each year.

USAID also supports selected research to combat hepatitis C, an emerging disease, prevent the re-emergence of schistosomiasis, and develop activities to keep the prevalence of HIV/AIDS low throughout Egypt.

Host Country and Other Donors: The Government of Egypt (GOE) contribution to these activities approximates $119.2 million, including cash, salaries and operational expenses. Fourteen other donors are supporting health activities in Egypt, together averaging $22 million annually. USAID is currently the largest donor for both health and family planning programs, although both the World Bank and the European Commission will begin major health sector programs in 1998. Donor cooperation is effective, especially in support of the national health reform program.

Beneficiaries: Egyptian women of child-bearing age and children under five are the primary beneficiaries. In addition, doctors and nurses and health sector managers are the recipients of

improved and extended short-term training as well as some long term public health and administration training. USAID will also work with U.S. PVOs to strengthen Egyptian NGO capacity in the health sector.

Principal Contractors, Grantees, or Agencies: U.S. implementing organizations include University Research Corporation, John Snow International, Maximus, Medical Services Corporation International, the U.S. Centers for Disease Control and Prevention (CDC), and Wellstart International. Grants to U.S. PVOs to promote Egyptian NGO involvement in community health are planned.

Major Results Indicators:

	Baseline	1999	Target (2001)
Infant mortality rate	97.4 (1985)	55	53
Under five mortality rate	130.1 (1985)	76	73
Maternal mortality ratio	174 (1992)	155	139

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Increased Access to Sustainable Water and Wastewater Services, 263-SO06
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $50,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2004

Purpose: To increase access to improved and sustainable potable water and wastewater services in selected urban areas.

USAID Role and Achievements to Date: Since 1975, USAID has invested over $2.6 billion in urban water and wastewater infrastructure, benefitting about one in three (22 million) Egyptians. By the late 1970s, population density, together with long-postponed infrastructure investments, had severely overwhelmed the water and wastewater services of urban areas throughout Egypt, creating numerous environmental health hazards and a severe constraint on Egypt's economic development. By 1997, several of USAID's more recent investments were completed with the following results: two million residents in several poor Cairo neighborhoods are connected to sewage collection lines, and the overall system has benefitted from numerous new or rehabilitated wastewater pumping stations and treatment plants; wastewater conveyance and treatment for over three million people in Alexandria is being provided by two new treatment plants; more than one million residents of Suez, Ismailia, and Port Said are connected to new wastewater treatment plants; three water treatment plants for the communities of Fayoum, Beni Suef and Minia that provide improved water supplies and pressures to over 700,000 residents; and, in Cairo, three major potable water reservoirs were put into service providing improved water supplies and pressures to three million people.

Institutional reforms have focused on strengthening the capacity of local water/wastewater utilities to deliver services. Presidential decrees granting institutional autonomy and decentralized decision-making authorities have been refined for Cairo and Alexandria with new decrees issued for seven governorates, allowing them to operate as economic entities on a cost recovery basis. Revenue collection rates have improved substantially in Alexandria and Aswan through improved billings and accounts functions, and in Fayoum, Beni Suef and Minia through a commercial account metering program (in some cases nearly doubling collected revenues). These improved techniques are now encouraged through each of USAID's ongoing activities with utility organizations. Appropriate tariffs and tariff models continue to be important vehicles for increasing revenues toward cost recovery and sustainability of services.

Description: USAID assistance in the water and wastewater sector is focused on urban centers of economic growth where water and wastewater problems are the most critical and where the maximum number of people can benefit from the interventions. Despite significant progress in increasing the numbers of people with access to services, the conventional attitude of the Government of Egypt (GOE) is that water delivery and wastewater collection are essential services provided for humanitarian reasons, with little regard for the customer/supplier business relationships. The GOE takes the initiative in planning, financing, constructing, operating, and collecting user fees with little regard for operating efficiencies, quality of service, and budget needs. The total water/wastewater investment budget for the Government of Egypt over the next decade is estimated to be $5 - $7 billion, a number that overwhelms available national resources. USAID's program supports the introduction of a commercial perspective to water utility management, focusing on competitive utility management practices that rely on adequate cost recovery and improved utilization of assets. This approach features private sector participation models based on private sector financing and operation of older systems, and private sector provision of new infrastructure to meet growing demand.

Host Country and Other Donors: The GOE continues to be heavily involved as a major partner in the large urban areas of Alexandria and Cairo. The GOE is also contributing $133 million for the smaller urban centers under our Secondary Cities and Egypt Utility Management programs. USAID remains by far the

major donor in the sector ahead of the European Union in Cairo, Great Britain and Italy on Cairo's east bank, Denmark in Aswan and Qena Governorates, and the Netherlands in Fayoum. Cooperation with the other donors is excellent, particularly for complementary programs in the Upper Egypt Governorates of Aswan and Fayoum.

Beneficiaries: Beneficiaries include some 22 million Egyptians, or one out of every three individuals in the country. The health impact has been noteworthy, especially for children.

Principal Contractors, Grantees or Agencies: USAID currently implements the program through nine major U.S. firms, including ABB Susa, Morrison-Knudsen Co., Black & Veatch Int'l, Camp Dresser & McKee, CH2M-Hill, Harza Engineering Co., Metcalf & Eddy Inc., Montgomery Watson, and Chemonics. Numerous subcontracts with other U.S. firms and private-sector Egyptian firms strengthen the delivery of services and improve the domestic management, design and construction supervision capabilities in the sector. Major GOE agencies implementing the program include nine quasi-independent economic utility organizations, twelve Governorates and the Ministry of Housing and Public Utilities.

Major Results Indicators:

	Baseline (1995)	Target (1999)	Target (2001)
Estimated population connected to improved sewerage systems (in millions of people)	18.6	19.8	20.8
Estimated population with access to improved water supply (in millions of people)	22.6	23.3	23.5

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Reduced Generation of Air Pollution, 263-SO07
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $37,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To achieve a sustainable reduction in the generation of air pollution (including airborne lead, total suspended particulates, carbon monoxide, nitrogen oxide, and sulfur oxide) through policy, regulatory and institutional reform, supported by successful pilot activities and new technology applications.

USAID Role and Achievements to Date: Collaborating with the Government of Egypt (GOE), USAID has implemented activities related to air pollution reduction since 1988. Thus far, USAID assistance has helped improve the efficiency of energy use and encourage the widespread practice of pollution prevention in industry, through the Energy Conservation and Environment Project (ECEP). The Cairo Air Improvement Project (CAIP) began implementation in late 1997, with initial results including demonstration compressed natural gas (CNG) buses in operation and the first procurement of operational buses made, the major private sector lead smelter was relocated and began reconstruction, and the vehicle emissions testing program began on a pilot basis. Through the U.S.-Egyptian Partnership for Economic Growth and Development, a notable achievement has been nationwide conversion to unleaded gasoline. Over 80% of Egypt's service stations have converted from leaded to unleaded gasoline.

Description: ECEP financed energy conservation and pollution prevention activities through technical assistance, installation of low cost/no cost applications and energy efficiency technology/practices, and training through numerous subactivities. CAIP is the first donor-assisted effort that directly addresses air pollution issues. Immediate and longer term impacts will be achieved through the demonstration of technologically and economically viable environmental solutions.

Activities under CAIP to reduce air pollution include: introduction of CNG fuel technology for Cairo's municipal bus fleet; implementation of a lead smelter action plan to reduce emissions; a city-wide vehicle tune-up, emission inspection and certification program; air quality monitoring and analysis; public awareness and support campaigns; and policy analysis and dialogue regarding other urban air pollution problems.

The Egypt Environmental Policy Program uses both program and project assistance to encourage policy reforms aimed at removing obstacles to sound environmental management. This major new effort builds on USAID's experience in areas such as energy efficiency, industrial pollution, public awareness, private sector and non-governmental organizational cooperation, and environmentally sustainable tourism. It also reflects the increasing capability of the GOE to undertake needed and difficult policy reforms, as seen through successful GOE-USAID collaboration under the U.S.-Egyptian Partnership for Economic Growth and Development. Drawing on a list of policy and institutional reform measures developed through a recent comprehensive Environmental Sector Assessment, the program uses a combination of policy reform initiatives, technical support and institutional strengthening, selected pilot demonstration activities, and a comprehensive public awareness program designed to inform and motivate stakeholder target audiences and customers to support environmental reform.

Host Country and Other Donors: USAID enjoys a strong collaborative relationship with the GOE, including several ministries having a role in the environment and with regional Governorates. The Environment and Sustainable Development Subcommittee of the Gore-Mubarak Partnership (Subcommittee III) has proven to be a valuable mechanism that complements USAID's efforts.

USAID is the largest donor focusing on reducing air pollution and gives very high priority to coordinating its environmental program with those of other donors. The Environmental Donor Subcommittee meets regularly to discuss activities, common approaches to perceived environmental problems, and coordination with the Egyptian Environmental Affairs Agency. The environmental coordinating subgroup includes: Finland, Denmark, Canada, the European Commission, France, Germany, Japan, UNDP, World Bank, and the UK. USAID assisted the World Bank with the design of its Environmental Pollution Abatement Project, coordinated with the United Nations Development Program on its new energy efficiency program, and works closely with ODA, the Danish and the Canadians on pollution prevention, institutional capacity-building and environmental quality monitoring.

Beneficiaries: The health of Egyptians, especially urban dwellers, will be fundamentally affected by USAID activities to improve the management of Egypt's environment. Individuals most vulnerable to the health impacts of air pollution, such as the very old and very young, women, asthmatics, and those with unusual occupational exposure, will enjoy particular benefits. Egypt as a whole stands to gain long-term economic, social, and health benefits from the reduced generation of air pollution.

Principal Contractors, Grantees, or Agencies: USAID presently implements activities with these U.S. contractors: Hagler-Bailly Services, Overseas Bechtel, Inc., Chemonics International, and IRG-led EPIQ consortium.

Major Results Indicators (tons reduced)	Baseline (1996)	1999	Target (2002)
Lead	519	1,497	1,594
Particulate matter (PM10)	256,000	722,000	1,060,000
Carbon Monoxide (CO)	44,962	275,166	739,674
Sulfur Oxides (SOx)	44,472	248,044	669,726
Nitrogen Oxides (NOx)	36,681	198,130	571,535

ACTIVITY DATA SHEET

PROGRAM:EGYPT
TITLE AND NUMBER: Natural Resources Managed for Environmental Sustainability, 263-SO08
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $13,000,000 ESF
INITIAL OBLIGATION: FY 1998; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To foster sustainable management of tourism resources by protecting the natural sites upon which tourism is based, thereby contributing to long-term economic growth and job creation.

USAID Role and Achievements to Date: In collaboration with the Egyptian Environmental Affairs Agency (EEAA), the Tourism Development Authority (TDA), and the Supreme Council for Antiquities (SCA), USAID initiated a small experimental two-year program in FY 1996 designed to preserve and protect the natural and cultural environment along the Red Sea coast through the promotion of environmentally appropriate tourism activities. Key accomplishments are: (1) development and adoption by the Government of Egypt (GOE) of a policy framework for environmentally sustainable tourism strategy for the Red Sea coast; (2) development of a management plan for the Red Sea Marine Park; 3) installation of 250 mooring buoys in the new Marine Park Protectorates area; (4) development of best practices guidelines for hotel facility construction and management on the coast; (5) training for the newly established ranger corps as well as boat crews and captains; and (6) a solid waste management plan developed which will be implemented with World Bank support.

Description: Building upon the achievements of the pilot phase, USAID is focusing on nationwide policy changes and technical assistance resources for sustainable tourism development along the Red Sea coast. Key issues being addressed under this program are: cross-cutting policy issues that constrain effective environmental management; policies that provide adequate protection for coral reefs and islands in the Red Sea and critical coastal zones; establishment and implementation of the Red Sea Islands National Park management plan; encouragement of sound development of Red Sea properties; improved environmental analysis and management capacity of selected GOE institutions; management training for the tourism sector; and encouraging policy reforms to allow national park sites to raise and retain revenues for maintenance and operation of the sites. This program supports activities aimed at strengthening linkages among the public sector, private sector, and non-governmental organizations.

Host Country and Other Donors: USAID is closely collaborating with the European Union (EU) to replicate the EU-funded Marine Park System in the South Sinai in the Red Sea islands and coast. The GOE is contributing staff (park rangers), salaries, housing, basic training, and operational expenses for the new marine park system.

Beneficiaries: The public and private sectors of Egypt as a whole stand to gain long-term economic benefits from sustainable tourism development.

Principal Contractors, Grantees, or Agencies: Winrock International, Inc. provides technical support.

Major Results Indicators

	Baseline (1996)	Target (2002)
Percent of sites where Coral Reef Index does not degenerate	90%	95%

Major Results Indicators

	Baseline (1996)	Target (2002)
Percentage of sites where environmental safeguards are undertaken to eliminate practice of coastal alterations which threaten fringing reefs and mangroves	80%	90%
Revenues collected from Egypt's Marine Parks allocated to fund full O&M costs of the parks	5%	100%

This is a new strategic objective to begin implementation in FY 98. Annual targets and indicators will be established by the end of FY 98.

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Increased Use of Egyptian Universities in Quality, Demand-driven Applied Research, 263-SpO A
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1998: $0 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To improve and increase the utilization of Egyptian universities in solving key developmental and technological problems, through joint, demand-driven applied research activities with counterparts from U.S. universities.

USAID Role and Achievements to Date: USAID's support includes the provision of technical assistance in project and financial management, technical assistance from U.S. universities to Egyptian counterpart universities in the design and conduct of applied research addressing Egyptian end-user problems in various sectors, and the procurement of laboratory equipment needed for research programs. Achievements to date include the establishment of a project and financial management system for operating the grants system, award of 102 seed grants for investigating the technical feasibility of full grants to be awarded in the coming months, and the award of 28 linkage grants funded at $5 million, among eight Egyptian universities, 22 U.S. universities, of which eight are Historically Black Colleges and Universities (HBCUs). According to an external assessment of the predecessor phase, the project has responded to end-users' needs and has also resulted in new respect for, and confidence in, the ability of Egyptian university scholars to solve "real world" end-user problems.

Description: The project strengthens and institutionalizes the process of utilizing university researchers and encourages long-term relationships between participating Egyptian and U.S. universities. It also develops and sustains a strong relationship between Egyptian universities and end-users by a demand-driven research process, actively involving these end-users in each stage of the applied research process. The project emphasizes assistance to private sector end-users and solving problems related to the private sector growth and development.

Host Country and Other Donors: No other foreign or international donors are involved in this area. The Government of Egypt (GOE) and Egyptian end-users benefiting from the research will contribute an average of 40% of the local currency costs of the activity.

Beneficiaries: The beneficiaries of this activity are the different end-users whose problems will be addressed by funded applied research activities. These include ultimate beneficiaries such as individuals in a health or education research activity or intermediate beneficiaries, who disseminate the results and recommendations of research. Secondary beneficiaries include the implementing agency of the grant system whose capacity to implement a research grant system will be enhanced. The Egyptian researchers participating in applied research are also secondary beneficiaries, as their research capacity will be enhanced through joint applied research activities.

Principal Contractors, Grantees or Agencies: The main contractor providing technical assistance under this project is Mendez-England and Associates (ME&A), an 8(a) firm, which provides assistance in financial and project management to the principal implementing agency and the Foreign Relations Coordination Unit of the Egyptian Supreme Council of Universities. The grantees are the Egyptian and U.S. universities receiving applied research grants. One third of the grants are devoted to linkages with HBCUs.

Major Results Indicators:

Most indicators below measure success of research activities and will be measurable only after these grants are implemented in 1999. The targets will be modified, if necessary, when baseline data is available.

	Base	Target
Seed Grants		120 (1997)
Full Grants		60 (1999)
No. of successful research projects undertaken to solve Egyptian development problems	N/A	75% of a sample of funded research grants judged successful by external expert evaluation panel (based on evaluation criteria) (1999)
No. of implemented research grants with significant end-user cost sharing	N/A	50% of a sample of implemented research grants meet cost-sharing requirements (1999)
No. of high quality research products: full proposals (technically and economically feasible), adequate research designs and research findings and recommendations collaboratively produced by tripartite linkages	N/A	Research products of 75% of a sample of implemented linkage grants are judged to be of high quality by expert evaluation team (1999)
Economic benefits accruing to end-users implementing research findings and recommendations. Increases in efficiency, productivity, cost savings	N/A	25% of a sample of funded/completed grants exhibit significant internal rates of return on USAID investment in the research grant of 30% or more (1999)

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Increased Use of Information Services by the Legislature in Decision-making, 263-SpO B
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: **$0 ESF**
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To enhance the quality and impact of legislative, advisory and oversight functions carried out by the legislature by providing relevant and reliable information services and expanding the use of information.

USAID Role and Achievements to Date: USAID is supporting the technical and institutional development of the legislature to enhance the quality and impact of its legislative, advisory and oversight functions. To date, 2,824 training opportunities in 217 training programs have been delivered. Targeted staff (committee staffers, researchers, librarians and computer staff) have received in-country and overseas training in economics, political science, law, research methodology, public policy formulation, budgeting and financial analysis, data gathering, use of library and information services, and organizational behavior. In addition, 33 orientation and training opportunities have been offered to members of parliament (MPs). This included an observational study tour to the U.S. Congress and in-country computer training programs. As a result, analysis of parliamentary proceedings, i.e., the minutes, indicate that parliamentary performance is in transition and has moved from the baseline level of 1 to level 2. Legislative discourse is moving from being predominately rhetoric to increasing reliance on facts and figures.

Description: Activities supported include: (1) Members' activities - observational study tours to the U.S. Congress and possibly other legislatures to provide comparative insights for leadership for the use of information in the decision-making process. In addition, in-country seminars/workshops are being considered in order to reach a wider array of MPs. (2) Public policy information, research and analysis - in-country training and internship opportunities for parliament staff, improved access to policy resources, and provision of computer systems and resources to enable the committee and research staff to carry out research functions. Training and technical assistance are being provided to the parliamentary library to help the library transition to a more proactive, user friendly information source. (3) Institutional development - activities in this area include providing training, technical assistance and computers in management and automation. On-the-job training is offered to the training unit to help the parliament to institutionalize its activities and functions and ensure sustainablity of activity achievements.

Host Country and Other Donors: USAID is the major donor currently working with the legislature. The Government of Egypt (GOE) contributes the equivalent of $450,000 to fund travel costs. In 1992 the United Nations Development Program (UNDP) granted the parliament $2 million to set up a computer center to service both chambers. The grant, which terminated in 1994, also financed basic hardware, software and preliminary computer literacy training for a limited number of staff. Since 1994, UNICEF, under its Women's Development Program, has been funding consultation workshops on gender issues to parliamentarians. This effort is planned to run through the year 2000.

Principal Contractors, Grantees or Agencies: Associates in Rural Development is the principle contractor implementing this activity.

Major Results Indicators:	Baseline (1995)	1999	Target (2000)
Parliament's actions indicate that more information is being used in the decision-making process	Level 1	Level 4	Level 4

Rating scale:
Level 1: Limited access to and impact of information on legislative actions; rhetoric predominates in legislative discourse; passive acceptance of executive initiatives and budget proposal predominates.

Level 2: Discourse references: Reliable facts and figures on government performance (accountability, integrity) and on the budget (expenditure patterns, multi-year projections, audits) are sought referenced, interpreted and debated.

Level 3: Extensive public policy analysis and simulation modeling used by Members, particularly key committees; legislative discourse references public policy analysis, and analysis of implementation and evaluation.

Level 4: Public policy analysis and modeling integrated into legislative process via committees and debates.

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Improved Civil Legal System, 263-SpO C
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $5,800,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: Improve the civil/commercial legal system by improving the efficiency of two pilot court systems and providing training to help judges become more knowledgeable of Egyptian civil law.

USAID Role and Achievements to Date: USAID's support for the justice sector launched in FY 1996 will improve the efficiency of two pilot court systems, improve judges' knowledge of Egyptian civil law and undertake other judicial strengthening programs. As they are implemented and expanded, these recently-initiated activities are expected to benefit the emerging private sector. To date the following has been achieved: pilot courts assessment completed, strategic plan developed for expediting case processing and an enterprise prototype model developed; plan for streamlining records management and file control developed; court performance and organizational structure analyzed; three judicial fora and information gatherings at various locations around Egypt conducted; four U.S. study tours for 20 judges conducted; two training programs for civil courts judges and the leadership of the National Center for Judicial Studies (NCJS) (20 judges) conducted; NCJS assessment undertaken and strategic development plan completed; administrative/management training provided; and commercial code training program curriculum developed.

Description: The following are planned activities: implementation of streamlined administrative procedures and modern case flow management system; installation of computerized legal information and case processing system; provision of modern judicial training programs.

Host Country and Other Donors: This special objective is completely funded by USAID and the GOE. The GOE contributes approximately $780,000 in local currency to fund training, technical assistance and commodities.

Principal Contractors, Grantees or Agencies: USAID implements activities through AMIDEAST (a U.S. PVO) and USIA.

Major Results Indicators:	Baseline (1997)	1999	Target (2001)
Documented pilot court system tested and accepted for replication by the Ministry of Justice.	0	0	1
Measurable improvement in lawyers' perceptions toward court operations from less favorable to more favorable.	43%	50%	60%

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Approaches to Sustainable Tourism Demonstrated, 263-SpO D
STATUS: Continuing
OBLIGATION AND FUNDING SOURCE: FY 1999: $1,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To foster sustainable growth in tourism which protects the natural and cultural sites upon which tourism is based and contributes to long-term economic growth and job creation.

USAID Role and Achievements to Date: In collaboration with the Egyptian Environmental Affairs Agency, the Tourism Development Authority, and the Supreme Council for Antiquities, USAID initiated a small experimental two-year special objective in FY 1996 designed to preserve and protect the natural and cultural environment along the Red Sea coast through the promotion of environmentally appropriate tourism activities. Achievements include: (1) a fully equipped and staffed Marine Park Office in Hurghada; (2) 250 mooring buoys installed in the new Red Sea Islands Marine Park along the Red Sea coast and 350 boat crews trained to operate appropriately within the Park; and (3) conservation work at the monasteries of Sts. Anthony and Paul well underway and work at the Quseir Fort and Seti I Tomb antiquities has begun.

Description: Based upon successes to date, USAID decided to extend the program from December 1997 to June 1999 to allow for the orderly completion of activities. Natural resource activities will be phased out of this objective and folded into 263-SO08 (Natural Resources Management for Environmental Sustainability).

This special objective supports a variety of activities which are aimed at strengthening linkages among the public sector, private sector, and non-governmental organizations (NGO). Major elements include: (1) site development and management; (2) sustainable tourism strategy development (Red Sea Tourism Action Plan, Solid Waste Action Plan, Comparative Advantage Review of Red Sea Tourist Industry); (3) creation of a new coral reef protectorates area with training for park rangers; (4) touristic facility support (improvement of Sinai decompression chamber, environmental management for hotels); (5) regional and international cooperation activities (International Coral Reef Initiative conferences); and (6) NGO development (Hurghada Environmental Protection and Conservation Association).

Host Country and Other Donors: USAID is currently collaborating with the European Union to replicate the Marine Park System in the South Sinai, funded by the European Commission, in the Red Sea islands and coast. The Government of Egypt (GOE) is contributing staff (park rangers), salaries, housing, basic training, and operational expenses for the new marine park system.

Beneficiaries: The public and private sectors of Egypt as a whole stand to gain long-term economic benefits from sustainable tourism development.

Principal Contractors, Grantees, or Agencies: This program is executed by a $2.6 million grant to the American Research Center in Egypt for cultural site development; a $4.2 million contract to Winrock International, Inc; and a $540,000 contract with IRG International for promotion of environmentally sustainable tourism development and protection of fragile natural resources (coral reefs) along the Red Sea coast and islands.

Major Results Indicators	Baseline (1996)	Target (1997)	Target (1999)
Effective Models Achieved	0	4	6
Effective Models Created	5	6	6

ACTIVITY DATA SHEET

PROGRAM: EGYPT
TITLE AND NUMBER: Improved Human Capacity Development System Linked to Strategic Priority Areas, 263-SpO E
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $10,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To strengthen the management and technical capabilities and enhance the professional performance of individuals and groups serving in Egyptian governmental and private sector entities, including universities, non-governmental and private voluntary organizations (NGOs/PVOs), and other key development institutions.

USAID Role and Achievements to Date: Since the mid-1970s, USAID has provided in-country training to tens of thousands of Egyptians and U.S.-based education and training opportunities to over 15,000 Egyptians. The knowledge and skills acquired by these individuals have contributed to development across all sectors. However, critical human resource constraints still persist across USAID's priority areas, which must be addressed with strategically linked training. We are strengthening systems to effectively plan for, monitor, follow up and evaluate the development impact of training.

Description: Through the Development Training II (DT2) activity, this special objective addresses two development problems: (1) the need for customer-focused training opportunities that fully support strategic priority areas and (2) the need for a consolidated, focused training management system that effectively plans and implements training activities while concurrently demonstrating strategic results. DT2 consists of three activities: training; in-country English language testing and training (ELTT) to prepare trainees for overseas training in English; and evaluations and audits.

The DT2 training activity has put into place a centralized training management system, under a USAID direct contract, to fund and implement all overseas participant training as well as in-country training that directly supports achievement of results under all strategic and special objectives (SOs/SpOs). DT2 works directly with SO/SpO teams and their Egyptian partners to conduct training needs assessments to determine where training is an appropriate intervention to achieve results under the Sos/SpOs. Based on the needs assessments, training plans, budgets, and training results indicators are developed for each SO/SpO. The DT2 training management system also provides consistent and adequate pre-departure orientation for all participants traveling overseas for training, places participants in appropriate training programs, monitors their progress, and follows up and evaluates returned participants to ensure the application of the knowledge and skills acquired. The ELTT activity provides in-country English language training to assist participants in reaching required levels of English proficiency.

Host Country and Other Donors: The Government of Egypt (GOE) contributes the local currency equivalent to pay for international travel and pre-departure medical clearance examinations. In-kind contributions are estimated to be at least $5.6 million in the form of office space, utilities, and salaries and benefits of participant and in-country trainees while in training. Other donors provide in-country and overseas training opportunities for Egyptians to support the development activities they finance.

Beneficiaries: The direct beneficiaries of DT2 are Egyptians who work in the various USAID partner institutions involved in achieving results under the SOs/SpOs. Other beneficiaries include clients served by partner institutions through improved services and programs.

Principal Contractors, Grantees or Agencies: A U.S. contractor, the Institute of International Education, is the implementing contractor for this activity.

Major Results Indicators:	Baseline (1997)	Target (1999)
Strategically linked training plans developed; (training needs assessments and plans **prepared)**	0	25
Positive partner institution feedback on relevance (percent of partner and delivery of training institutions indicating satisfaction)	0	85%

INDIA

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$38,180,000	$37,381,000	$42,000,000
Child Survival & Diseases	11,170,000	13,969,000	14,500,000
P.L. 480 Title II	93,712,000	91,874,000	91,752,000

Introduction

USAID's program in India responds to three key U.S. foreign policy interests: global problems of environmental degradation, population growth and emerging diseases; expanded trade and investment; and humanitarian concerns about alleviating poverty and reducing malnutrition. With nearly a billion people, India is the world's largest democracy. Also, a country vital to successfully addressing the global issues of climate change, population growth and emerging diseases. It is the sixth largest and second fastest growing producer of greenhouse gases. Its growing population, concentrated increasingly in urban areas, contributes to the spread of communicable diseases--HIV/AIDS, malaria, TB and polio. India has the largest concentration of poor in the world, more than 300 million. Despite food production gains, half of its children are malnourished. India's effectiveness in dealing with these concerns will depend in large part on its ability to maintain a strong economic growth rate.

The United States is India's largest trade and investment partner. In 1996-97, trade between the two countries was nearly $10 billion, direct investment $560 million and portfolio investment $1.2 billion. India's external debt situation has improved markedly in recent years falling from a peak of $99 billion in 1995 to $90.85 billion in 1997. Obtaining and maintaining a growth rate of 7-8 percent, India's target, will not only enable them to reduce poverty and deal more effectively with social and environmental concerns, it also expands trade and investment opportunities. USAID's program supports economic reform, promotes pollution prevention and environmental protection, enhances food security, encourages women's initiatives, and strengthens social services in health and family planning.

Development Challenge

To achieve a sustained economic growth rate of 7-8 percent, the Government of India (GOI) needs to make a renewed commitment to the reform process begun in 1991. It must strengthen capital markets and financial institutions, and establish a policy environment capable of marshalling $300 billion over the next ten years for investment in infrastructure. USAID technical assistance strengthens regulation, supervision and enforcement in the capital market and encourages self-regulation by key players. With USAID assistance, the capital market's overall efficiency, transparency and accountability improved this year with the start-up of the National Depository and paperless trading. We also work with municipalities and local governments to develop urban infrastructure projects--water and sewerage--that can be taken to the capital market. In 1998, Ahmedabad offered the first municipal bond in south Asia. Now 12 other cities are interested in similar programs. USAID supports non-governmental organizations (NGOs) working to increase access to bank credit for their members and is preparing a program to increase the ability of the formal banking system to expand loans to small borrowers.

India's ability to achieve sustainable development and reduce poverty depends substantially on its ability to stabilize population growth. Its population will reach one billion by the year 2000, and not long after India will become the world's most populous country. USAID's work in population focuses on improving the quality of and access to family planning services in Uttar Pradesh, India's most populous state with 140 million people. In the pilot areas, contraceptive usage increased from 16 to 36 percent in three years. Improved family planning will also help address India's high rates of infant and child mortality--attributable in large part to poverty-related malnutrition. To respond to malnutrition, USAID is working with the Cooperative for Assistance and Relief Everywhere (CARE) and Catholic

Relief Services (CRS) to feed and deliver health services to seven million poor persons daily.

Of great concern is India's rising incidence of HIV/AIDS. Cited as one of the global focal points for HIV/AIDS, India now has an estimated 3-5 million people who are HIV positive, more than any other country in the world. USAID helped inform 90 percent of the high-risk population in Tamil Nadu on how to prevent HIV/AIDS transmission and plans to expand its program into Maharashtra, the source of 50 percent of India's reported HIV cases.

India's economic growth and its efforts to control population have important implications for the environment. The growing demand for power, fueled largely by high ash coal, makes India a key player in dealing with global climate change. USAID is working with India on practical approaches to cutting greenhouse gas emissions. A USAID-funded pilot activity has helped the National Thermal Power Corporation cut carbon dioxide emissions by 18,000 tons annually and has the potential to eliminate three million tons system-wide. Environmental pollution in India costs the country billions of dollars each year. Three of India's large cities rank among the ten worst polluted cities in the world. Pollution in cities is causing premature deaths, chronic respiratory disease and the emergence of communicable diseases due to crowding and lack of access to clean water and sanitation. USAID is assisting cities to reduce pollution by improved urban planning and management, including the development of urban environmental infrastructure projects. USAID technical and capital assistance through the Urban Environment Credit Program (UE) helped create a $200 million build-operate-transfer water and sewerage project in the city of Tirupur.

The low status of Indian women is a pervasive problem hurting economic development and poverty reduction. India's 1991 census shows a sex ratio of 927 females per 1,000 males and a female literacy rate of 39 percent versus 64 percent for males. Data from 1994 shows 43 percent of eligible girls enrolled in primary school compared with 62 percent of boys. A pilot activity is underway to increase enrollment and retention of girls in primary schools. Also, USAID's programs seek to increase women's decision-making power and access to resources by strengthening local private voluntary organizations to reduce violence against women and improve access of low income women to finance.

A key issue for USAID in India is the allocation of limited resources in an extremely large and diverse country with a staggering array of economic and social problems. The choices present a tremendous opportunity to influence India's development problems and to affect global issues. Repeatedly, USAID has demonstrated that limited but well-targeted assistance can have a significant impact on economic reform, health and family planning, food security and environment, through demonstration of new approaches and introduction of new technologies and ideas. USAID assistance can act as a catalyst, demonstrating the feasibility of activities and approaches that can then be scaled up, leveraging investment from the private sector or from other donors.

Other Donors

Some seven multilateral and 13 bilateral donors provide assistance to India. The United States is the sixth largest donor after the World Bank, the Asian Development Bank, the European Union, Japan and Germany. We collaborate closely with other donors on economic reform, population and health, and environment. Regulatory reform within the capital market, power sector reform and restructuring, increased efficiency in industry, better delivery of family planning services, urban planning and infrastructure development are areas where USAID introduced projects attracted support to scale-up approaches.

FY 1999 Program

The FY 1999 program will promote economic liberalization; stabilize population growth and improve health; cut pollution in power generation, manufacturing and cities; reduce transmission of HIV/AIDS; and meet humanitarian needs of India's poorest populations.

INDIA
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O 1. Increased Mobilization of Capital Through Financial Sector Reforms - D.A.	7,700						7,700
S.O. 2, Reduced fertility and improved reproductive health in north India - D.A -CSD		20,000 3,400					20,000 3,400
S.O. 3. Increased child survival and nutrition in selected areas of India -CSD -P.L. 480/II		5,100				91,752	5,100 91,752
S.O. 4. Increased environmental protection in energy, industry and cities -D.A.			11,600				11,600
Sp.O.1. Reduced transmission of HIV infection -CSD		6,000					6,000
Sp.O. 2. Increased investment in agribusiness by private firms -D.A.	1,000						1,000
Sp.O. 3. Expanded advocacy and service delivery networks for women -D.A.	1,200			200	300		1,700
Totals -DA -CSD - P.L. 480/II	9,900 0	20,000 14,500 0	11,600 0 0	200 0 0	300 0 0	0 0 91,752	42,000 14,500 91,752

USAID Mission Director: Linda Morse

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER: Increased Mobilization of Capital through Financial Sector Reforms, 386-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $7,700,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To increase mobilization of capital through financial sector reforms.

USAID Role and Achievements to Date: USAID's economic growth strategy targets activities that have broad impact through policy reform or demonstrate ideas and approaches that can have widespread impact through replication. For example, USAID helped establish the first securities depository, the National Securities Depository Limited, a critical step in improving the efficiency, transparency and accountability required to attract increased investment from the global capital market. USAID assistance has helped the stock exchanges introduce "screen-based" trading, reducing settlement times from 21 to seven days and increasing security in trading. The changes and reforms influenced by USAID technical assistance have reduced transaction costs, improved disclosure standards, and heightened market oversight and enforcement. USAID's support also helped establish a methodology for credit-rating of municipal corporations--12 cities are now seeking to be rated--and develop the first municipal bond in south Asia. The result is an opportunity for cities to finance on a commercial basis badly needed urban environmental infrastructure, particularly water and sewerage facilities for their dramatically overpopulated and undeserved cities.

Description: USAID's program offers technical assistance to improve securities market policies, regulations, enforcement and oversight while modernizing the market infrastructure. USAID is working with the Securities and Exchange Board of India (SEBI) to raise the transparency and regulatory efficiency of India's equity and bond markets to international standards. USAID assistance also introduces new technologies and best practices required to boost investor confidence in the integrity and fairness of the market and attract greater participation by both domestic and international investors. Last year these markets raised more than $7 billion, including significant sums ($1.2 billion) from U.S. portfolio investors.

The USAID program also works with municipal and local governments on the development of commercially viable, self-sustaining debt market and innovative private-public financing arrangements for basic infrastructure such as water supply, sewerage and solid waste disposal systems critical to environmental health in cities. The program provides $125 million in loan guarantees (Urban Environmental Credit Program funds), as well as technical assistance and training. Its first activity--an initial $85 million portion of a $200 million water and municipal sewerage system in Tamil Nadu--is approaching a loan closing on the AID-guaranteed credit and will start implementation as a build-operate-transfer (BOT) project in 1998. In the second such activity, USAID's support was instrumental in obtaining a credit rating (the first for a municipality in India) for the Ahmedabad Municipal Corporation (AMC) which was used subsequently to access capital markets by issuing bonds valued at about $25 million. USAID assisted AMC in structuring the bond and in developing and packaging the infrastructure for which the bond proceeds will be used. The third activity, a water supply and wastewater system initiative, has been developed with USAID assistance by the Pune Municipal Corporation (PMC) in the state of Maharashtra. The PMC has received an investment-grade rating from India's premier credit rating agency and is in the process of finalizing bid documents with assistance from USAID.

USAID's new Community Infrastructure Financing initiative is developing improved linkages between the "community-based financial institutions" that serve lower-income families and formal finance institutions to facilitate the incorporation of slums and informal settlements into city-wide infrastructure

activities. Linking currently unserved communities and families to the city-wide systems mobilizes additional resources, contributes to the financial viability of the activities themselves, and delivers badly-needed basic services to a rapidly-growing sector of families in India's cities and towns. In addition, USAID also plans to assist India's extensive network of Regional Rural Banks (RRBs) with 37 million accounts to develop their capacity to extend access to microfinance to millions of rural households on a self sustaining basis.

Host Country and Other Donors: The Asian Development Bank (ADB) has provided a $250 million program loan to support reforms in India's capital market. This and other multilateral bank loans directly support USAID efforts. USAID assistance to Infrastructure Leasing and Financial Services (ILFS) has leveraged the sanctioning of a line of credit of $200 million by the World Bank to ILFS for investment in infrastructure. The host country contributes well above the total amount of assistance provided by USAID.

Beneficiaries: Beneficiaries include new employees of start-up and expanding companies which create jobs as a result of increased availability of debt and equity capital; Indian and foreign institutional investors (including U.S. investors) who benefit from access to an efficient and transparent capital market; and low-income urban dwellers, including many women, who benefit from improvements in urban sewage and water supply.

Principal Contractors, Grantees, or Agencies: USAID implements this strategic objective through two U.S. contractors, Price Waterhouse and Community Consulting International. Principal Indian counterpart organizations include the Securities and Exchange Board of India, the National Institute of Urban Affairs, Infrastructure Leasing and Finance Services, Ltd., and the Housing and Urban Development Corporation. USAID also works closely with brokers' associations, national and regional stock exchanges and local governmental and nongovernmental organizations.

Major Results Indicators:

	Baseline	Target
Increased amount of new capital (equity and debt) raised through the securities markets (Rs. billion)	244 (1993/94)[1]	250 (1998/99)
Increased foreign indirect institutional (portfolio) investment ($ billion)	1.63 (1993/94)[1]	4 (1998/99)
Increased amount of private capital used to finance commercially-viable urban environmental infrastructure (Rs. billion)	0 (1993/94)[2]	3.75 (1998/99)

[1] Source: Securities & Exchange Board of India discussion paper
[2] Source: Regional Housing & Urban Development Office
National Institute of Urban Affairs
Infrastructure Leasing and Financial Services
Housing & Urban Development Corporation

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER: Reduced Fertility and Improved Reproductive Health in North India, 386-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $20,000,000 DA and $3,400,000 CSD
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To reduce the current high level of fertility and improve women's reproductive health by increasing quality of, access to, and demand for a broad range of reproductive health and family planning services and to address related fertility parameters, including the status of women in north India, with an emphasis on India's most populous state of Uttar Pradesh.

USAID Role and Achievements to Date: USAID is playing a major role in introducing new service approaches and technologies to improve the quality of reproductive health services, increase access and stimulate demand. In 1993, USAID's program successfully established and staffed an autonomous agency in the state of Uttar Pradesh to implement USAID's largest reproductive health program world-wide, the Innovations in Family Planning Services (IFPS) activity. This autonomous agency funds and oversees improvements in quality and access to services through the Government and a range of private sector groups. To date in Uttar Pradesh, 120 grants to 100 private organizations and 60 grants to government organizations are being programmed, with an emphasis on broadening of services in 28 priority districts to serve 72 million people.

Description: USAID's strategic focus supports broadened access to quality family planning and reproductive health services and improvements in the status of women through engagement and funding of the public and non-government sector, i.e., private voluntary organizations (PVOs), cooperatives, employers groups and private practitioners in the provision of community-based family planning and reproductive health services. A critical element of the strategy is use of commercial networks to promote, market and sell contraceptive products, introduce new technologies, improve product quality and stimulate policy reforms supporting the commercial sector. The IFPS activity, working in the state of Uttar Pradesh, aims to support a more comprehensive reproductive health program for couples to space and plan their families and improve care during pregnancy and delivery outcomes to protect the mother and the new born.

Complementary to the IFPS activity is the Program for the Advancement of Commercial Technology/Child and Reproductive Health activity (PACT/CRH) that stimulates private sector participation and commercial partnerships for the production, distribution and marketing of quality reproductive health products and services. PACT/CRH, which contributes to USAID's work on child survival and HIV/AIDS as well as to IFPS, has served as the major intervention to stimulate commercial participation in provision of reproductive health products and services. While this is an all-India activity given its commercial nature, emphasis is being given to promoting commercial efforts in north India. Through an arrangement with the Industrial Credit and Investment Corporation of India (ICICI), concessional loans have been made to two large condom manufacturers who together sell about 210 million condoms annually in India, supplying almost 60% of condom users in the country. Similar loans have also been made to two large intrauterine device (IUD) manufacturers who currently sell 1.3 million IUDs mostly to the Government, but also directly to private physicians.

Host Country and Other Donors: The World Bank, United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF), and the United Kingdom's foreign aid program provide complementary donor support in reproductive health, safe motherhood and child survival. USAID's program has introduced a number of innovative approaches to supporting both public and private sector efforts, some of which have been incorporated into a major new billion-dollar initiative in reproductive health being launched by the World Bank. Most donor efforts are channeled through the existing government program. Thus, USAID's support to the private sector is a unique contribution

in the Indian context. The GOI contributes substantial resources through its existing personnel and massive infrastructure to provide health and family welfare services to the general public and serves an important need in reaching the large numbers of extremely poor clients who are unable to purchase health services from the private sector.

Beneficiaries: The direct beneficiaries of this strategic objective are women of child-bearing age(15-49) of Uttar Pradesh, totaling approximately 30 million women. Couples of reproductive age throughout India will benefit from broader commercial availability of family planning and other reproductive health products that broaden choice and access. Secondary beneficiaries are the children under age five, in particular, female children whose survival will be enhanced by the activities in this program.

Principal Contractors, Grantees, or Agencies: The major grantees are the State Innovations in Family Planning Services Agency (SIFPSA) and the Industrial Credit and Investment Corporation of India Limited (ICICI). USAID supported cooperating agencies include: The Association for Voluntary and Safe Contraception (AVSC), Cooperation for Assistance and Relief Everywhere (CARE), the Center for Development and Population Activities (CEDPA), Johns Hopkins University/Population Communication Services (PCS), the Futures Group - SOMARC and Policy Projects, the University of North Carolina International Training in Health - PRIME Project, MACRO International Inc., the Program for Appropriate Technologies in Health (PATH), and John Snow, Inc.

Major Results Indicators:

	Baseline	Target
Percent of IFPS activity trained medical officers who meet quality standards for sterilization services +	54% (1997)	62% (2002)
Percent of public sector clinics which meet quality ratings +	3% (1997)	62% (2002)
Number of public sector family planning acceptors +	303,000 (1997)	555,000 (2002)
Number of private sector oral contraceptive pill and condom acceptors +	11,000 (1997)	32,000 (2002)
Contraceptive Sales (subsidized and commercial)		
• oral contraceptive pills (million cycles)*	4.2 (1997)	8.2 (2002)
• condoms (million pieces)*	104 (1997)	161 (2002)
Percent of pregnant women receiving two doses of tetanus toxoid +	43% (1997)	48% (2002)
Percent of pregnant women receiving 100 Iron and Folic Acid tablets +	32% (1997)	37% (2002)
Percent of deliveries attended by trained provider +	17% (1997)	30% (2002)

+ in 28 priority IFPS Activity districts; * in Uttar Pradesh
Source: a and b- special provider/clinic surveys; c, f, g, h - Government statistics adjusted for reliability; d- project NGO MIS; e- Operations Research Group Retail Audit Report

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER: Improved child survival and nutrition in selected areas of India, 386-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $5,100,000 CSD; $91,752,000 P.L. 480 Title II
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To reduce high levels of infant, child and maternal mortality among the poor in selected areas through integration of development assistance and P.L. 480 Title II supplementary feeding into health, nutrition, and other services.

USAID Role and Achievements to Date: USAID supports the Government of India (GOI) and non-governmental organizations (NGO) to improve child survival in the states, primarily north India, where malnutrition, fertility, illiteracy and mortality rates are high. P.L. 480 Title II commodities provide nutrition and serve as an entry point for provision of services in health and education to seven million children and women daily. The Cooperative for Assistance and Relief Everywhere (CARE) and the Catholic Relief Services (CRS) have developed systems to reach underserved and high-risk groups in villages across India. These PVOs have an established system of supply, allowing the program to move large quantities of food to desperately poor people in remote areas. Last year 10,900 officers were trained in commodity and results-oriented program management. More than double these numbers of health and nutrition workers are being trained now to integrate health and nutrition services at the community level. Through the PVO programs, USAID has also been able to respond rapidly to needs of 50,000 people dislocated by two severe cyclones and related flooding, 33,000 people made homeless by the earthquake in Madhya Pradesh and 300,000 people suffering as a result of persistent drought in Orissa. In addition, since 1995, USAID has supported India's polio eradication initiative--one of the largest polio eradication drives in the world. In 1996-97, more than 90% of India's 125 million children under five received polio vaccine.

Description: USAID's program to support child survival includes a number of activities. The largest and most important is the nearly $100 million P.L. 480 Title II food assistance program. The Title II program, through CARE, supports the Integrated Child Development Services (ICDS) program--India's equivalent of Head Start. The program reaches some 6.5 million beneficiaries in 140,000 villages, and CARE complements Title II food with an integrated nutrition and health program to improve child survival. CRS, working through private registered social service societies, including programs managed by Mother Teresa's and the Dalai Lama's organizations, reaches 710,000 beneficiaries.

The Program for Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH), in addition to supporting SO02 in reproductive health and SP01 in HIV/AIDS, provides support for technologies to improve child survival. Implemented through the Industrial Credit and Investment Corporation of India (ICICI) Ltd., the program increases commercial marketing and distribution of quality child survival products and services. The ICICI is negotiating with commercial producers of oral rehydration salts (ORS) to increase marketing, distribution, and use of ORS. ICICI is entering into an agreement with the premier vaccine manufacturer in India, the Serum Institute, for production and marketing of the Mumps, Measles and Rubella vaccine through commercial channels, and has reached an agreement for development of a low-cost electronic scale for growth monitoring of children.

Under the Quality Control of Health Technologies (QCHT) activity, the National Institute of Biologicals is being constructed to expand India's capacity to ensure quality vaccines, blood products and other biologicals. Also, USAID's large family planning activity in the state of Uttar Pradesh promotes contraception to space births, which greatly increases child survival.

Host Country and Other Donors: The GOI funds all the ICDS personnel--including workers in the nearly

140,000 centers reached by CARE, infrastructure, in-country transportation (for both CARE and CRS) and storage costs for P.L. 480 Title II commodities. CARE provides technical assistance, training and logistic support. The World Bank is the largest donor for child survival, providing $300 million in loan assistance to the national ICDS program (with plans for an additional $310 million) and assistance to the Reproductive Child Health program. USAID's contribution to ICDS through P.L. 480 assistance, valued at $68 million annually, provides critical support to ICDS in the neediest states. Other donors for child survival include UNICEF, CIDA, SIDA, UN World Food Program (WFP), and AusAid. Japan is a co-donor with USAID for the QCHT.

Beneficiaries: Direct P.L. 480 beneficiaries are 7.2 million children under six years of age and pregnant and lactating women and several million other women and children reached by other USAID child survival assistance.

Principal contractors, Grantees and Agencies: USAID implements the P.L. 480 Title II India program through CARE and CRS. The PACT/CRH is implemented through the ICICI and with help from SOMARC for social marketing. Indian organizations implement USAID grants to improve child survival services.

Major Results Indicators:

	Baseline	Target
Reduced Under-five mortality (number dying/1000 children)	119 (1993)	95 (2002)
Improved nutritional status of young children (defined as percent of children under three years who are more than two standard deviations below the median weight-for-age index for the WHO international reference population)	56[1] (1993) 62[2] (1996)	50 (2002)

1 Source: National Family Health Survey
2 Source: CARE's baseline survey in assisted areas which are poorer than the national average

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER : Increased environmental protection in energy, industry and cities, 386-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $11,600,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: USAID's environment program seeks to increase efficiency and decrease pollution in energy supply and use through development of effective policies, clean generation technologies, and efficient energy practices; reduce pollution in industry through adoption of environmental management systems and clean technology practices for industry; and strengthen local government's management capacity and ability to finance environmental investments through long-term debt instruments.

USAID Role and Achievements to Date: Progress attributable to USAID action during the past year spans the spectrum from grass roots activities to changes in federal policy. For example, the Government of India (GOI) decreed that steam coal for power generation must be clean of impurities starting in 2001. This should lead to reduced air and water pollution from India's very dirty coal and decreased greenhouse gas emissions by as much as 53 million metric tons in the next decade. Developments in urban infrastructure finance in Tirupur and Ahmedabad, already cited under SO01, also have important implications for the environment by increasing the supply of water and sewerage facilities to India's overcrowded cities. In Haryana, USAID has been asked to lead the energy efficiency program as part of the Haryana State electricity reforms and to assist with privatization of the State Electricity Board's transmission, generation and distribution operations. USAID's energy efficiency demonstrations with the National Thermal Power Corporation have led it to invest $2.5 million this year that will save millions in annual coal purchases, while generating a huge reduction in pollution. In another demonstration, USAID financed 72 high tension US manufactured meters that led to a significant drop in power theft and the purchase by one utility of another 2600 meters. This program, as well as the program to save water and energy by municipalities, is ready for nationwide adaptation.

USAID grants and technical assistance aimed at supporting renewable energy technologies have resulted in increases in the installed generation capacity of renewable energy sources to 900 MW as of March 1997. The signing of new partnership agreements between leading Indian and U.S. power utilities and regulatory agencies under the USAID-funded Utility Partnership Program provide a long-term mechanism for transfer of U.S. technology and experience to Indian organizations, while opening the door for U.S. exports of goods and services.

Under USAID's clean industry program, technical assistance and funding assisted industry to adopt environmentally sound practices while promoting Indo-US environmental business linkages. USAID's relatively small investment has helped establish a U.S. environmental technology and service market of about $635 million in India. One recent collaboration between Kothari Sugar and Chemicals Ltd, India and Amcane International, Minnesota, for extracting sugarcane juice decreased effluents by 66%. Additionally, USAID is promoting incentives for industry to adopt certified environmental management systems and enhancing the capacity of Indian industry to incorporate best technologies and practices into their operations. Under this approach, USAID is facilitating the development of an ISO 14000 accreditation scheme enabling India to achieve international environmental quality standards.

Description: USAID has two major activities to achieve increased financial and environmental sustainability in the energy sector. Working with major development banks, the Energy Management Consultation and Training activity uses technical assistance and training to address critical issues affecting the Indian power sector: identifying and supporting policy reforms related to power sector regulation and restructuring, increasing investments in energy efficiency and demand-side management,

and promoting innovative financing of energy efficiency activities. The Greenhouse Gas Pollution Prevention program combines the strengths of Indian industry with the technological prowess of the U.S. to reduce greenhouse gas emissions by facilitating investments in advanced coal combustion technologies and bagasse co-generation and providing specialized technical assistance for efficiency improvement in existing coal-fired power plants.

The Trade in Environmental Services and Technologies activity provides technical assistance to promote adoption of international environmental quality standards by industry and to increase investment in cleaner technologies leading to decreased pollution per unit of output in key industrial sectors.

Activities described under SO01 to introduce new approaches to municipal finance of urban infrastructure also improved India's urban environment by financing potable water systems and waste-treatment facilities.

Host Country and Other Donors: Host country agency and industry contributions exceed $1 billion. Multilateral and bilateral programs are offering well over $3 billion in new energy efficiency and environmental programs. Under USAID-financed programs, Indian industries receiving financial assistance through the Industrial Credit and Investment Corporation of India will provide the equivalent of $10.8 million, the Industrial Development Bank of India will lend up to $80 million for bagasse co-generation investments, and the National Thermal Power Corporation will provide $10 million investment in energy efficient equipment as part of its contribution. The Housing and Urban Development Corporation and Infrastructure Leasing and Financial Services Limited together will mobilize from domestic sources an amount equivalent to at least $275 million for investment in urban environmental infrastructure projects, and the World Bank has plans for a major new loan to finance urban infrastructure which will draw heavily from USAID's experience.

Beneficiaries: The program's prime beneficiaries are independent power producers, national and state level utilities, private power utilities, selected high energy intensity industries, energy audit and service companies, sugar industries, agricultural biomass providers, development financial institutions and consumers--both urban and rural--who all need access to power for everything from irrigation to lighting. Also included are Indian companies and municipalities, primarily in urban areas, benefiting from clean air and improved access to water and sewerage; Indian technology and service firms; industry and business associations; financial institutions, power utilities, sugar industry, municipalities, and lower-income communities.

Principal Contractors, Grantees, or Agencies: Principal U.S. partners include: International Resources Group, Institute of International Education, United States Energy Association, Community Consultants, Inc. Principal Indian partners include: Ministry of Power, Power Finance Corporation, Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, National Thermal Power Corporation, National Institute of Urban Affairs, Housing Urban Development Corporation and Infrastructure Leasing and Financial Services.

Major Results Indicators:	Baseline	Target
Plant Load Factor in coal-fired power plants increased (percentage)	60 (1995)	68 (2002)
Increased share of power from clean technologies (percentage of total installed capacity)	0.2 (1995)	6 (2002)
Increased number of industries that meet international environmental quality standards	0 (1998)	70 (2002)

	Baseline	Target
Increased access to improved drinking water, waste water and solid waste services through commercially viable systems (population in million)	0 (1995)	5 (2002)
Urban environmental management tools applied by local government (no. of city governments)	1 (1995)	14 (2002)

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER: Reduced transmission of HIV infection, 386-SP01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $6,000,000 CSD
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To assist the states of Tamil Nadu and Maharashtra to control the spread of the human immunodeficiency virus (HIV) and the acquired immunodeficiency syndrome (AIDS).

USAID Role and Achievements to Date: USAID'S AIDS Prevention and Control (APAC) activity has financed the establishment of a new AIDS unit at Voluntary Health Services (VHS), Madras, a well respected Indian non-governmental organization (NGO), as the implementing agency to manage the activity. Among its activities, VHS provides sub-grants and technical assistance to NGOs working with high-risk groups, their spouses, children and communities. In the last two years, 46 NGOs have been funded to work with high-risk groups on HIV/AIDS prevention. Among these are 11 NGOs who work at strategic locations on interstate highways, and provide behavior change education to approximately 1.5 million truckers who transit through these locations each month. A training module has been designed for training physicians in diagnosis and management of sexually transmitted diseases (STDs). Five institutions in Tamil Nadu have been supported to train 1400 physicians, over the next three years, in providing high quality care for STDs--250 physicians have been already been trained. A comprehensive research study on the availability and quality of condoms at retail outlets in Tamil Nadu was completed in 1996 and follow-up action undertaken with private sector manufacturers to improve both the distribution and the quality of condoms. A significant collaborative venture with a major private sector manufacturer of condoms resulted in sales volumes doubling in a 12-month period between November 1996 and November 1997. The collaboration demonstrated that investments in expanded distribution systems lead to both increased sales volumes and to reduction in the cost of sales.

The Program for Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH), in addition to its contributions to reproductive health (described under SO01) and child survival (described under SO03), has made a significant contribution to HIV/AIDS prevention. It has provided loans to private sector manufacturers to expand the marketing and distribution of condoms, and to manufacture and market condom vending machines. To improve the quality of condom production in India, an issue of central importance to HIV/AIDS prevention, PACT-CRH has assisted manufacturers to improve their internal quality control procedures. PACT-CRH technical experts are also assisting the Drug Controller of India to strengthen the Government's quality control monitoring capacity and to work with manufacturers to improve condom packaging in India. PACT-CRH has provided a grant to the Confederation of Indian Industry to develop and market educational packages for prevention of HIV/AIDS in the work place setting in Indian industries. Over 260 industries with 400,000 employees have purchased the packages.

Description: USAID through the APAC activity supports NGOs with both funds and technical assistance to design and implement community-based prevention programs which target high-risk populations, including prostitutes and their clients, and STD patients. NGOs educate target populations, promote condom use, and enhance STD services and counseling. The APAC activity in Tamil Nadu focuses on prevention and control of sexual transmission of HIV among groups engaging in high-risk behavior. It uses proven strategies of education for behavior change--expanding access to and utilization of high quality condoms; expanding access to and utilization of quality STD treatment, especially for women; and supporting behavioral and operational research to improve program planning to shape intervention strategies and to measure impact. USAID plans to extend the HIV/AIDS prevention program under the APAC to Maharastra, a state with 50 percent of India's total reported HIV positive cases. The PACT/CRH activity provides financial support (including concessional loans,

small grants and conditional grants) and technical assistance to commercial and private sector organizations. The loans support expanded distribution and marketing of existing technologies; the introduction of new reproductive and child health technologies and services; quality control and policy reform in the commercial sector; and the creation of demand through financing generic, social advertising campaigns.

Host Country and Other Donors: The Government of India's (GOI) World Bank-funded $100 million, seven-year, National AIDS Control Program (NACP) assists the government health system in Indian states to work on HIV/AIDS prevention. A second phase program is presently being negotiated for a 1999 start, when the Phase I program ends. The British Overseas Development Agency has launched a country-wide intervention with truck drivers to promote behavior modification and STD treatment. The European Union is supporting NGO activities in several Indian states. Most other donors contribute funds to the GOI's NACP. UNAIDS coordinates the response of the UN agencies to HIV/AIDS in India.

Beneficiaries: Though high-risk sexual activity takes place mostly between female commercial sex workers and their male clients, infection is transmitted to the female partners of clients. In addition to commercial sex workers and their clients, women and their children who are family members of clients are 50% of the beneficiaries.

Principal Contractors, Grantees, or Agencies: Under APAC from 1995 to 1997, USAID's worldwide AIDSCAP activity provided technical support to Voluntary Health Services, Madras, which is the nodal voluntary agency entrusted with APAC activity implementation. Now that the AIDSCAP program has ended, assistance will be provided by IMPACT, USAID's new global program of field support to country missions working in HIV/AIDS.

Under PACT-CRH the Industrial Credit and Investment Corporation of India (ICICI), Program for Appropriate Technologies in Health (PATH), SOMARC managed by the Futures Group, BASICS and Health Technology are the agencies involved.

Major Results Indicators:

	Baseline	Target
Percentage of individuals belonging to high-risk groups who report condom use in most recent sexual encounter with a non-regular partner	37% (1997)	62% (2002)
Percentage of the population seeking care from qualified medical practitioners for symptomatic STDs in Tamil Nadu	52% (1997)	77% (2002)
Cumulative number of APAC grants for AIDS prevention in Tamil Nadu	0 (1996)	100 (2002)

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER : Increased investment in agribusiness by private firms, 386-SPO2
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $1,000,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: The purpose of the Agricultural Commercialization and Enterprise (ACE) program is to accelerate competitive agribusiness development through increased investment flows and strengthened Indo-U.S. business linkages.

USAID Role & Achievements to Date: USAID, through its ACE program, lends catalytic seed capital for pioneering agribusiness ventures producing high value horticultural and agro-processed products. This support has enabled the agribusiness loan portfolio of the Industrial Credit and Investment Corporation of India (ICICI) to grow from $5 million in 1992 to over $100 million in the five years ending December 1997. India's horticulture product exports have increased three-fold from $155 million in 1992 to estimated $500 million in 1997. USAID has facilitated Indo-US agribusiness linkages.

The ACE program has successfully launched and continues to assist expansion of India's first and most comprehensive agribusiness information service housed in the Federated Chamber of Commerce and Industries. The database and trade opportunities listing provide import and export leads for goods and services as well as valuable regulatory, market and contact information for potential investors. USAID-sponsored workshops and training introduced Indian entrepreneurs to new approaches to refrigeration and preservation and established links between Indian businessmen and American suppliers.

Under the program, USAID helped: establish public-private agribusiness advisory panels in Punjab, Maharashtra and Karnataka states; develop models for private investment in agricultural marketing infrastructure such as networks of cold stores, fresh produce wholesale markets and cargo facilities at selected ports and airports; and launch a joint Indo-US agricultural university linkages program for establishing a Center of Excellence for Post Harvest Technology.

Description: USAID, in association with its partner, the ICICI, lends seed capital for pioneering horticultural and agro-processing ventures to demonstrate the feasibility of agribusiness lending. The ACE program also provides technical assistance and training to individual firms and industry associations and promotes Indo-US agribusiness linkages as a mechanism for technology transfer. The program also aims at removal of systemic policy and regulatory constraints on private participation in agribusiness related infrastructure and strengthening of access to information and technology. USAID plans to expand these activities with additional funding in FY 1999.

Host Country and Other Donors: In response to ACE effectiveness and nationwide geographical expansion, the Government of India transferred over $20 million in local currency to ICICI to finance agribusiness operations. Additionally, after the credit worthiness of agribusiness lending was demonstrated, ICICI has invested over $80 million from its own resources in similar agribusiness activities. Other donors such as the European Union, UNDP, FAO and the World Bank have drawn on USAID experience to replicate some of the activities. As an example, the World Bank is designing a similar $300 million activity for the state of Uttar Pradesh.

Beneficiaries: Farmers, rural women, financial institutions, agribusiness associations and individual firms that benefit directly and indirectly from rapid expansion of agribusiness.

Principal Contractors, Grantees, or Agencies: USAID implements activities through Chemonics International, a U.S. contractor; the International Executive Service Corps (IESC), a U.S. private

voluntary organization; ICICI, the leading Indian private development bank; the Federation of Indian Chambers of Commerce and Industry (FICCI); and Winrock International, a U.S. contractor that implements the Farmer-to-Farmer program in India.

Major Results Indicators:

	Baseline	Target
Increase in total investments in ACE-funded agribusiness projects (cumulative $ million)	0 (1991/92)[1]	80 (1998/99)
Increase in ICICI lending to the agri-business sector (cumulative $ million)	4.2 (1991/92)[1]	125 (1998/99)
Increase in value of horticultural exports ($ million)	155 (1991/92)[2]	575 (1998/99)

[1] Source: Industrial Credit and Investment Corporation of India, Chemonics International
[2] Source: Agricultural Products Export Development Authority (APEDA)

ACTIVITY DATA SHEET

PROGRAM: INDIA
TITLE AND NUMBER: Expanded advocacy and service delivery networks for women, 386-SPO3
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $1,700,000 DA
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To expand women's role and participation in decision-making through activities in the areas of microfinance, girls' school participation and violence against women.

USAID Role and Achievements to Date: Financial Services for low-income women: Through USAID assistance to Friends of Women's World Banking, India (FWWB), financial services were provided to 18,750 low-income women who have neither collateral nor access to formal financial institutions. FWWB assisted eight affiliates to develop business plans.

Violence against women: To meet the need for information on violence against women, nine local institutions are conducting research, in collaboration with the International Center for Research on Women, to produce a report on "Patterns and Responses to Domestic Violence" in Gujarat, Maharashtra, Madhya Pradesh and Karnataka. This research is being guided by a National Advisory Council on Violence against Women.

Girls' Education Initiative: Under the USAID Girls' Education Initiative, teachers and communities in one district in Uttar Pradesh (UP) are developing a teachers' training module to improve girls' participation in primary schools.

Description: USAID's program to expand advocacy and service delivery networks for women is based on extensive consultations with women's groups, grass roots organizations, research institutions, government, media groups, and other donors.

USAID activities in financial services for low-income women focus on strengthening capacity of non-governmental organizations (NGOs) to reach poor women with financial services. In FY 1999, USAID plans to continue upgrading the business planning skills of NGOs to increase outreach of financial services to low-income women. Resources are required to strengthen the business planning and microfinance outreach of FWWB affiliates in northern states.

USAID's customer survey found no uniform information base on violence against women that could assist in advocating appropriate responses to widespread violence. NGOs, grassroots activists and professional bodies emphasized the need for USAID to support the development of a national data bank. Funds will be required to expand the data base that is under development in five states to an additional seven states.

Under the Girls' Education Initiative, a teacher training module to eliminate gender-bias in classroom practices and increase participation of girls in schools in one district in UP will be prepared and tested. The module is being developed in collaboration with a District Institute of Education and Training (DIET) and the Uttar Pradesh Primary Teachers' Union. The training module will ultimately be used for in-service training of teachers by DIETs. Additional resources are required to incorporate the teacher training module and develop community support for education of girls in more districts.

Host Country and Other Donors: The UN, World Bank, Swiss, Dutch, Australian and Canadian Governments all support credit and enterprise programs for women. These programs have focused mainly on women's self-help group formation and development of home-based enterprises.

In primary education, the World Bank, UN agencies, the United Kingdom and European Union are

providing assistance to the Indian Government's District Primary Education Program (DPEP) to improve coverage and quality of primary education, including provision of assistance in several states for school construction, teacher training and decentralized management of schools. The USAID activity strengthens this comprehensive program by focusing specifically on teacher training to improve community and classroom environments for girls' enrollment and participation in schools.

Beneficiaries: Girls, women and local institutions of India in areas assisted by USAID's Women's Initiatives (WIN) program.

Principal Contractors, Grantees and Agencies: Center for International Education, University of Massachusetts, International Center for Research on Women, Friends of Women's World Banking, India (FWWB), Tata Institute of Social Sciences (TISS), SNDT Women's University and other local institutions and researchers such as National Law School of India University, Bangalore and Hengasara Hakkina Sangha, Bangalore.

Major Results Indicators:

	Baseline	Target
Increased enrollment and retention of girls in primary schools in one district of Uttar Pradesh	40% (1996)[1]	45% (2000)
Training module being used in number of districts in Uttar Pradesh	0 (1996)	20 (1999)
Increased number of women clients receiving financial services from participating microfinance organizations	15,000 (1996)	29,300 (1999)
Increased business planning process established in participating organizations	0 (1996)	50 (1999)
Increased number of local institutions and their constituencies organizing data for informed advocacy against violence against women	0 (1996)	30 (1999)

[1] GOI estimates

INDONESIA

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$37,700,000	$36,319,000	$29,669,000
Child Survival and Disease	$5,800, 000	$7,481,000	$8,700,000

Introduction

U.S. interests in Indonesia are defined by its trade and investment potential, its progressive influence on certain regional issues, the difficult political transition likely in a post-Soeharto era, and its global importance for the environment and population growth.

Indonesia is the world's fourth most populous country, with 202 million persons. Prior to the current "Asian contagion," three decades of increasingly pro-market policies led Indonesia's gross domestic product (GDP) to grow at an annual rate of 7% for the last 25 years, making Indonesia a key U.S. trade partner and an important contributor to global economic growth. Indonesia's responsible leadership and deft handling of many complex regional and global issues within the United Nations (UN), the Non-Aligned Movement, the Islamic Conference, the World Trade Organization, the Asia Pacific Economic Corporation and the Association of South East Asian Nations, gives the country increasing political prominence.

Notwithstanding these gains, problems remain. Despite a surface adherence to democratic principles, the Indonesian political system is strongly authoritarian with an inadequate and capricious legal system. Serious human rights abuses occur, especially in East Timor, Irian Jaya and Aceh. President Soeharto, at age 76, is likely to be elected to a 7th term in March 1998. Indonesia lacks any plan for an orderly, democratic transition of power. Although the Government of Indonesia (GOI) has made great strides in protecting health and providing reliable family planning for its citizens, Indonesia remains a critical country in U.S. efforts to stabilize world population by 2020, given the large number of young people entering their childbearing years. Indonesia is the world's most important depository of terrestrial and marine biodiversity. Without more responsible utilization and conservation of Indonesia's rich natural resources, Indonesia may further degrade its still abundant but fragile environment. Indonesia is akey global climate change (GCC) country for USAID.

The Development Challenge

Indonesia, like much of Asia, is faced with a severe financial crisis. While regional factors have come into play, a weak banking system, domestic inefficiencies, lack of transparency in decision-making and poor regulatory enforcement are at the core of the problem. Simultaneously, the prolonged El Niño-related drought and forest fires have reduced tourism and agricultural production, affected health and livelihood, and burned up to 2 million hectares of Indonesia's forests. The number of Indonesian's living in poverty will likely increase by at least 15% (total 30 million persons) during the next year, as unemployment may reach unprecedented levels. Given required GOI budget stringency, recent gains in quality of life are unlikely to be maintained. Indonesia's ambitious International Monetary Fund (IMF)-supported economic reform program, announced mid-January, is expected to accelerate financial sector restructuring and tackle many key distortions. Yet economic indicators have worsened as regional financial turbulence continues.

USAID's program is strategically positioned to address many key development issues facing Indonesia. To help Indonesia implement its reform program while addressing free market issues of international trade and domestic competition, USAID is structuring technical assistance and a grants program that partners Indonesian and U.S. institutions to collaborate on market-oriented analysis and policy options. Economic policy-based technical assistance has proven very effective. For example, with the help of

USAID advisors' analysis on potential options for commodity tariff reductions, the GOI went forward with a tariff reduction list that reduced the unweighted import tariff rate by two percent to 11.8%.

A mature democratic political culture that honors human rights and rule of law, and can withstand economic and political turmoil such as Indonesia now faces, requires the development of civil society institutions to serve as watchdogs of government actions and engage government in protecting the rights of citizens. USAID supports the strengthening of key institutions of civil society that foster these concepts. Despite deteriorating economic conditions, the GOI has not cracked down on civil society advocacy activity; in fact, these institutions are playing an important role in venting citizen concerns. In the past year, civil society institutions assisted by USAID engaged the GOI to shape or change policy development and implementation over 45 times. The new Environmental Management Law includes provisions mandating NGO participation in government environmental reviews and allows for class action suits. NGOs supported by USAID lobbied successfully for such measures.

Protection of Indonesia's rich environment is threatened both by growing urban pollution and by extensive exploitation of natural resources for economic gain. (The out-of-control forest fires were largely started intentionally to clear land for agriculture.) USAID's natural resource management program engages central and local governments, indigenous NGOs, businesses and communities to agree jointly on policies and practices that maintain livelihoods while conserving resources. This year improved practices were implemented on at least 600,000 hectares of fragile lands through USAID efforts, and 28 agreements for local land use management by communities and local governments guaranteed greater protection of forest resources. USAID is assisting forest concessionaires to practice low impact logging to conserve valuable hardwood and reduce risk of fires. One concessionaire who experienced a 30% cost savings through the improved practices decided to apply these techniques to all holdings. Through assistance in urban environmental management, USAID works with local governments and the private sector to identify methods to finance urban environmental infrastructure and renewable energy. Such mechanisms helped Indonesia provide access to water for 2 million urban residents last year. In Indonesia's current economic downturn, this program offers help in providing sustainable access to financing for such improvements.

Despite impressive progress in improving health and reducing fertility, Indonesia's ability to provide high-quality, sustainable health and family planning services is challenged by the difficulty of maintaining quality care for a growing population. The challenge is now greater as economic difficulties increase health needs, yet limit available resources. USAID contributions to policy advice, education-communications programs and service delivery improvements by government and private sector providers helped increase national contraceptive prevalence by 2%, to 61.7%, this past year. Fifteen percent more pregnant women delivered babies with professional services in USAID-assisted areas. Expanded private sector services enabled government resources to be targetted by need.

Other Donors

International donors pledged over $5 billion in 1997 or about 75% of the GOI's development budget. The U.S. is Indonesia's 2nd largest bilateral partner after Japan and the 6th largest donor overall. The other four large donors are multilateral banks: the World Bank, Asian Development Bank, the Islamic Development Bank and the European Investment Bank. However, the U.S. provides only 1.4% of Indonesia's development resources. USAID has worked closely with the World Bank on many projects and leveraged Asian Development Bank assistance in urban environment and privatization.

FY 1999 Program

Approximately 24% of Development Assistance funding planned for FY 1999 is for health/family planning, about 34% for environmental management, 21% for economic growth promotion and 21% for democracy and governance.

INDONESIA
FY 1999 PROGRAM SUMMARY
($000)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O 1. Sustained liberalization of international trade and domestic competition for the mutual benefit of Indonesia and the U.S. - D.A.	5,500						5,500
S.O. 2, Sustained improvements in health and reduced fertility - CSD		8,700					8,700
S.O. 3. Decentralized and strengthened natural resource management - D.A.			9,000				9,000
S.O. 4. Strengthened urban environmental management -D.A.			9,000				9,000
S.O.5, Increased effectiveness of selected institutions which promote democracy -D.A.				6,169			6,169
Totals - D.A. - C.S.D.	5,500 0	0 8,700	18,000 0	6,169 0	0 0	0 0	29,669 8,700

USAID Mission Director: Vivikka Moldrem

ACTIVITY DATA SHEET

PROGRAM: Indonesia
TITLE AND NUMBER: Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States; 497-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $5,500,000 (DA)
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To strengthen open markets and greater domestic economic competition by fostering continued economic policy reform.

USAID's Role and Achievements to Date: USAID is a major supplier of technical support and advice to the GOI. Many of our contributions to the formation and execution of macro-policies aided Indonesia's strong economic growth of the last 25 years. Obviously, with Indonesia in the midst of a severe economic downturn, this work is not done. USAID's work continues to produce results. Weighted average import tariffs declined below 12%; new laws supported by U.S. technical assistance were promulgated regarding intellectual property and commodities futures; and progress was made in identifying and quantifying financial and other constraints to the development and expansion of small and micro-businesses in the country.

The sum of exports and imports between Indonesia and the U.S. increased by 14%, nearly double that anticipated by USAID. In 1996, the flow of U.S. investment increased 23%, again nearly twice the USAID target. USAID advisors analyzed and recommended a list of commodity tariffs to be reduced in the July 1997 deregulation package. The GOI agreed to a commodity-by-commodity reduction plan which Indonesia would need in order to meet its APEC targets. There are now over 58,000 users with access to a complete set of commercial laws and regulations made available by USAID on CD-Rom. Increasingly, both private firms and the GOI have used the now-transparent regulations to defend their positions in court. The current economic crisis only reinforces the importance of USAID's focus on liberalized trade and domestic economic competition.

Description: This program supports improvements in two key areas of the economy: the international trade regime and domestic economic competition. Rapid economic progress clearly masked a number of key problems, particularly at the microeconomic level -- weak bank supervision and resultant increases in bad debt; lack of transparency and lack of a strong legal framework in which the economy could operate; and a multitude of barriers to efficient operation of the domestic economy -- which have now been exposed by the financial crisis sweeping Asia. These weaknesses, combined with concerns over the process of political transition led to an over 200% depreciation of the Indonesian rupiah in less than 12 months, an increase in inflation to above ten percent annually, the loss of millions of jobs, and the prospect of widespread corporate failure, diminished economic output and social unrest in the coming year.

The threats previously identified and which this program is designed to mitigate, remain real, and are in fact exacerbated by the crisis: 1) the potential for a rise in protectionist sentiment which could undermine the efficiency and competitiveness of the economy and also threaten future export and investment opportunities for the U.S. and other countries; and 2) continued barriers to domestic economic competition that limit the broadening of participation in the benefits of economic growth.

This program encompasses technical assistance to a number of the key GOI agencies dealing with the economy: the most important being the Ministry of Industry and Trade, the Coordinating Ministry of Economics and Finance, and the National Planning Agency. Technical support to these and other key GOI entities will continue under a new contract to be issued in late FY 98. A new activity known as the Partnership for Economic Growth will support linkages and alliances between private economic

research and development organizations in the U.S. and Indonesia which can provide additional intellectual capital to assist in the ongoing reform process. It will also support a collateral objective to create a strengthened dialogue between the GOI and the private sector on economic reform issues. Strong private sector participation is seen as one avenue through which U.S. support to the economic development process in Indonesia can be sustained once USAID assistance ends. USAID will use these programs as needed to assist the GOI with other aspects of the current crisis, including financial sector reforms, in collaboration with the World Bank and the Asian Development Bank.

Host Country and Other Donors: Host country involvement covers many GOI ministries and agencies and local and international NGOs. USAID has long been a preeminent donor in economic policy analysis. Estimated Host Country Contribution for this activity is $6.4 million. Other major donors in the economic growth field are the World Bank and the Asian Development Bank. Both these institutions have increased their level of technical support to Indonesia to assist in implementing the current IMF-led economic reform programs. USAID collaborates closely with these and other bilateral donors in the development of its economic growth programs for Indonesia.

Beneficiaries: Partners in the economic policy reform field have included a wide range of public institutions. The range of partners is now being expanded to include private institutions which wish to affect the process of economic reform. The customer base for such reforms is country-wide, encompassing not only members of the public bureaucracy, but also private employers and employees and a wide range of customers for both domestic and foreign goods and services. The thrust of the continuous process of reform to which USAID is contributing is to assure that benefits of increased economic efficiency are as widely shared as possible. By use of survey and interview techniques, the opinions and views of customers and partners have contributed substantially to the design of USAID's economic growth activities.

Principal Contractors, Grantees, or Agencies: Several institutional contractors will complete their work in FY 1998. New technical assistance contracts, to be awarded in FY 98, will continue to supply needed support in the fields of international trade and domestic competition. The U.S./Indonesian Partnership for Economic Growth activity will require a new institutional contractor to assist in management of the program. USAID expects to make a series of grants to support U.S./Indonesian institutional linkages under the new partnership concept.

Major Results Indicators:

	Baseline	Target
Lower weighted average import tariff rate	15% (1995) [1]	11% (1999)
Adoption of major new economic enactments which strengthen openness, transparency and competition	2 (1995) [2]	10 (1999)

Source: IBRD data on calculation of average tariff rates

[2] Source: Government of Indonesia Gazette for text of new laws and enactments

ACTIVITY DATA SHEET

PROGRAM: Indonesia
TITLE AND NUMBER: Sustained Improvements in Health and Reduced Fertility, 497-S002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 99: $8,700,000 (CSD)
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To improve health by reducing the fertility rate, reducing the transmission of HIV/AIDS and other sexually transmitted infections (STIs), improving the quality of maternal health services and improving the financial basis for sustained health improvements.

USAID Role and Achievements to Date: USAID's unique contribution in health and population is its ability to provide high quality, short- and long-term technical assistance in a number of key program areas: (1) policy development, (2) institutional development, and (3) operations research. No other donor in Indonesia provides health and population technical assistance on a sustained basis. Most recent performance targets have been met or exceeded. The percentage of married women of child bearing age now using modern contraception is estimated to be 62%, or approximately 25 million women, according to the National Family Planning Coordinating Board. Total fertility declined from 3.1 in the early 90's to an estimated 2.7 children per woman in 1995; it will be measured again in 1998 through a National Demographic and Health Survey. An estimated 42% of current family planning users received family planning services from private sector sources, reducing the burden on the GOI for providing such services. A national STI/HIV/AIDS strategy, launched in 1995, is being implemented through GOI and donor alliances; national health resources allocated to HIV/AIDS increased by 350% from $2.5 million in 1994 to $8.9 million in 1997. The GOI considers the USAID supported managed health care trial in Klaten, Central Java as an important pilot project and has made several important policy reforms including increasing health center tariffs.

Description: USAID will continue to help the GOI to improve the quality of family planning and reproductive health services, and will assist the GOI to expand private sector delivery of goods and services. Grants to key local NGOs are critical ingredients for Indonesia's implementation of appropriate family planning and STI/HIV/AIDS prevention strategies. Technical assistance is helping the GOI's Ministry of Health conduct economic analyses to assess how the managed health care program can be strengthened in order to support expansion. Activities in the population and health sector focus on building sustainable institutions in order to: (1) increase the use, quality, and sustainability of family planning and reproductive health services and (2) increase the use and quality of sexually transmitted infection STI/HIV/AIDS prevention programs. Midwives -- the primary health care providers to Indonesian women and children -- will be trained to provide high quality family planning and reproductive health services. A national clinical training network for family planning and reproductive health will be expanded. The private sector will play a larger role as supplier and financier of family planning, reproductive health and other health services. The development of coherent and appropriate HIV/AIDS policies will help increase public knowledge of prevention practices and encourage a more effective allocation of public funds to combat STI/HIV/AIDS.

Achievement of our objectives depends to a large extent on political commitment, which traditionally has been strong in the health and population sector. However, the deterioriating economic situation may affect the GOI's ability to provide budget allocations for activities financed with local funds and especially for contraceptives purchased with foreign currency. A significantly reduced GOI budget would affect achievement of several objectives, particularly those related to long-term contraceptive use, clinical training, and mass media information and communication campaigns. The new GOI budget demonstrates continued strong commitment for the provision of social services, which will be needed even more as incomes decline.

Host Country and Other Donors: The State Ministry of Population and the Ministry of Health are collaborating with USAID to pursue objectives by formulating new national policies and by coordinating and implementing activities. Local provincial government offices and NGOs are cooperating in carrying out USAID-funded programs: an STI/HIV/AIDS prevention program, improved maternal health service delivery activities, and family planning activities in hard-to-reach areas. The estimated host country contribution for these activities is $12,900,000. The World Bank is also launching an integrated health program which will emphasize improved maternal health and family welfare. USAID, which has always been the lead donor and advisor in family planning, is a major leader of the donor committee coordinating STI/HIV/AIDS. A collaborative effort is underway between USAID and the Japanese government to launch a survey on the effects of Vitamin A in reducing maternal mortality.

Beneficiaries: Beneficiaries include over 40 million women of reproductive age, including expectant mothers, lower-income populations who require improved health care, and persons who practice high-risk sexual behavior. Improvements in the quality of health and family planning services will provide better service to end-users and will make the service more customer-oriented.

Principal Contractors, Grantees, or Agencies: Contractors and grantees, such as Pathfinder International, John Snow International, The Population Council, Futures Group International, Johns Hopkins University, Centers for Disease Control and Family Health International, will continue their activities in family planning, reproductive health, STI/HIV/AIDS prevention and health sector financing.

Major Results Indicators:

	Baseline	Target for FY99
Total fertility rate	2.86 (1994)[3]	2.62
Sexually transmitted infections prevalence rate among high-risk populations in demonstration areas (male and female)	33% (1996)[4]	20%
Proportion of births attended by trained health personnel in demonstration areas	35.4% (1996)[5]	72%

Source: Indonesian Demographic and Health Survey 1994.

Survey data developed in late 1996 is being used for this indicator.

Source: GOI/MOH and Project Survey Data.

ACTIVITY DATA SHEET

PROGRAM: Indonesia
TITLE AND NUMBER: Decentralized and Strengthened Natural Resources Management, 497-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $9,000,000 (DA)
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2005

Purpose: Indonesia has the most diverse natural resource base of any USAID recipient. The purpose of USAID's Decentralized and Strengthened Natural Resources Management program is to give the tools of natural resources management (NRM) to local and provincial government, the private sector and non-governmental organizations (NGOs). Further, USAID seeks to build partnerships among these players so they can collaborate in natural resource policy implementation, planning, and management. With the widest range of biodiversity and the world's richest marine resources, Indonesia also has the longest list of endangered species. Its tropical forests (second only to the Amazon) are disappearing at a rate of a million hectares per year (and double that of last year because of the El Niño aggravated fires), at a heavy cost not only to biodiveristy conservation. Its coastlines are being polluted. Its parks and protected areas are insufficiently financed and staffed to adequately protect them. One GOI response to these problems has been transfer greater authority for natural resource management to local governments.

USAID Role and Achievements to Date: USAID has two advantages over other donors that enable it to support strategic, complex programs at a level sufficient to influence decisions about strategy and priorities: (1) the ability to collaborate directly with NGOs, difficult or impossible for most donors; and (2) top-level technical expertise. This allowed USAID to respond quickly when the large scale forest fires broke out in late 1997. In cooperation with the U.S. Forest Service, USAID provided state-of-the-art wildfire fighting remote sensing maps to assist U.S.G. C-130 water bombing missions, and provided follow-on support regarding the best ways to interpret and use maps. The maps were loaded onto a U.S.-based web site to ensure maximum access by a wide range of user groups engaged in fire suppression activities.

Other achievements this year include the completion of Phase I of the US-Japan Biodiversity Conservation Project Common Agenda activity which funded, among other things, a biodiversity priority setting exercise in Irian Jaya which demonstrated that this eastern island is a megadiversity spot rivaling that of the Amazon basin. USAID contributed to the development of Indonesia's National Maritime Strategy ensuring inclusion of coastline considerations. Finally, a new Environment Law was passed which allows greater authority to the provincial level environmental impact agencies and specific mechanisms for citizen participation.

Description: USAID will continue to work with the GOI, NGOs, community groups and private sector partners to promote strengthened and decentralized NRM. This will be done by providing these partners with NRM tools including: (1) "best practices" which serve to maintain or improve the condition of Indonesia's natural resources while at the same time preserving livelihood of the local communities who utilize the resources, (2) information and training, (3) enabling policies, and (4) methods for ensuring sustainable financing. The field site demonstrations, located primarily in the biologically rich eastern islands of Indonesia, will be linked to national level analysis, and information from lessons learned will be disseminated in key ministries to improve the formulation of national policy options in the NRM sector. Further, USAID will continue to provide medium and longer term response to the fall fires by (1) conducting analyses on causes and consequences of the fires to provide policy and mitigation options for the GOI in preparing an effective response to future wild fires, and (2) expanding efforts to assist forest concessionaires in adopting reduced impact harvesting practices which help to reduce the debris that feeds forest fires. The impact of this program will be measured by total area of USAID-assisted sites where NRM best practices are being demonstrated plus the total area where USAID demonstrated best practices are being replicated by others. Intermediate results under each sector

(forest resources, protected areas resources, and coastal resources management) will be measured by: (1) the extent to which GOI and NGO are strengthened in order to better undertake NRM, (2) the number of advances along a policy and enabling condition index, (3) the number of publications, articles and audiovisual materials documenting NRM lessons learned that are distributed to Indonesian audiences, and (4) the number of individuals, trained in USAID-assisted workshops who are participating effectively in NRM.

Host Country and Other Donors: The GOI's Ministries of Environment, Forestry, Home Affairs, and the National Planning Agency are key host country partners. Other donors are replicating the community-based NRM approach which USAID introduced, including the World Bank, the Asian Development Bank and Australian AID. Multilateral banks, bilateral donors, and international research centers (e.g. International Center for Agroforestry and Center for International Forestry) work with USAID to support Indonesia's forestry and marine conservation. The Government of Japan and the United Nations' Global Environmental Fund also work with USAID on biodiversity conservation and climate change efforts. USAID provides leadership to the donor community in the formulation of forestry policy with the support of Canada, Finland, and Japan. Selected private sector entities and NGOs will also pool resources to pursue this activity. The estimated total host country contribution to this activity is $19,333,000 and other donors provide an estimated $50 million (mainly loan financing from the World Bank and Japan).

Beneficiaries: Direct beneficiaries are (1) the one-third of Indonesia's population (i.e, 65 million people) who are dependent upon forest resources and the approximately 16 million people employed in fishing activities whose livelihood is directly dependent on the health of coastal and marine ecosystems; (2) Indonesia's network of environmental NGOs which will be strengthened to ensure sustainability of their conservation efforts beyond the life of USAID financing; (3) universities that provide professional assistance and training for NRM; and (4) owners of natural resource enterprises that will become more sustainable and productive. Indirect beneficiaries include: (1) the future generations of Indonesian citizens who will use natural resources that otherwise may have been depleted and (2) the global climate which will benefit from protection of forests which help to reduce global warming.

Principal Contractors, Grantees, or Agencies: The activity will be implemented through a variety of complementary instruments: (1) a partnership of key GOI ministries, local NGOs, Indonesian universities, and local governments with U.S. environmental NGOs (World Wildlife Fund, the Nature Conservancy, World Resources Institute, Conservation International); (2) the ongoing Biodiversity Support Program, (3) a cooperative agreement with the University of Rhode Island; and (4) technical assistance from a U.S. consulting firm through the USAID Center for Environment.

Major SO Results Indicator:

	Baseline	Target
	(numbers in thousands)	
Total area (hectares) of (a) USAID assisted sites where best practices are being demonstrated or implemented; plus (b) total area where best practices are being replicated by others.	250 ha (1994/95)	1,030 ha (1998/99)

ACTIVITY DATA SHEET

PROGRAM: Indonesia
TITLE AND NUMBER: Strengthened Urban Environmental Management, 497-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $9,000,000 (DA)
INITIAL OBLIGATION: FY 1996; ESTIMATED COMPLETION DATE: FY 2003

Purpose: To strengthen the management of Indonesia's urban environment by increasing access to water and increasing the environmentally sound production and use of energy.

USAID's Role and Achievements to Date:
To meet the challenge of rapid urbanization, Indonesia must address three constraints. The constraints are: (1) the limited ability of local government to access public and private sector capital to finance urban environmental infrastructure projects designed and managed at the local level; (2) insufficient community participation in the design and management of such projects; and (3) insufficient incentives to the Indonesian private sector for investments in clean sources of energy and its more efficient use. Indonesia's current economic crisis highlights these constraints, which must be overcome to reinstate a climate conducive to economic growth.

To assist Indonesia to meet this long-term urbanization challenge, aspects of the IMF-sponsored reform package, and improvements in intergovernmental relations, USAID will continue to blend technical assistance and grants to foster: (1) the adoption of new policies and practices to facilitate decentralized, and increasingly private sector, financing of urban environmental infrastructure; (2) greater participation by community residents in decisions regarding urban environmental infrastructure; and (3) wider adoption by government and industry of policies and procedures to promote cost-effective use of clean, renewable energy. Decentralized financing of infrastructure will result in better investment decisions by local utilities and will reduce the dependence of local governments on grants and other revenue transfers from the central government, thereby aiding the GOI to meet IMF public expenditure targets as well as other IMF structural adjustment objectives. More community participation in infrastructure decisions will ensure projects have local commitment and can pay for themselves. The promotion of renewable energy production and energy efficiency will help reduce the level of greenhouse gases emitted in power generation and reduce, over the long-term, energy production cost. Progress since last year includes (1) additional 1.7 million urban residents with access to piped water; (2) continued increases in the provision of other urban environmental services; (3) substantial increases in all essential components of financial resource flows for urban environmental services: loans, grants, and investments by the private sector; and (4) a two percent increase in the amount of megawatts of installed generating capacity that use renewable energy resources, representing $150 million of investment in renewable energy. Global climate change activities will be undertaken primarily with assistance from USAID's Global Bureau.

Description: USAID remains a leader among foreign donors in advising the GOI on the reform of its policies and procedures dealing with urban environmental finance and management. USAID expects, however, that the current economic crisis in Indonesia will mean that several anticipated results in the areas of water service privatization, increases in locally-generated municipal revenues, and increases in installed energy capacity from renewable energy may not be achieved. The technical assistance USAID provides to the GOI will be maintained because it focuses on policies and practices that need to be changed to achieve many of the IMF called-for structural adjustments. Our emphasis on private sector financing for infrastructure through instruments such as revenue bonds will be deferred until the banking system stabilizes. We expect to focus in the coming year on improved utilization of public investment for urban infrastructure, local government efforts to increase own-source revenues and privatization activities of low capital intensity that promote immediate infrastructure system efficiencies. Similarly, while the restructuring of the national power utility accelerates, it is not clear what emphasis renewable energy will receive. USAID will closely monitor events in these fields. We

are well situated to support the efforts of both the GOI and the private sector in resolving the current crisis.

Host Country and Other Donors: The GOI's Ministries of Planning, Home Affairs, Finance, and Mines and Energy play key roles in the success of this activity. Private investors, the semi-public power sector, and local community groups also will contribute their resources and time to this activity. The ADB and World Bank's urban sector loans, and equity financing through multilateral organizations such as the IFC support USAID-backed policy initiatives to privatize electric power services and to establish self-financing schemes for urban infrastructure expansion. USAID has consistently been the lead technical advisor in the urban environment sector, with the ADB and World Bank typically providing the greatest funding once USAID-sponsored pilots have proven successful.

Beneficiaries: Forty million Indonesians have water piped into their houses, but 53% of urban residents lack access to piped water. USAID's urban environmental activity will promote the extension of water utility networks to serve an additional two and one-half million beneficiaries. Beneficiaries also include all electricity consumers whose power is unreliable and inefficiently produced.

Principal Contractors, Grantees, or Agencies: Research Triangle Institute will continue its work as a long-term technical assistance contractor in the areas of municipal finance, capital market development, and private sector sector funding of public utilities. A new element in the mix of advisory services in FY 1999 will be the inclusion participation in decision-making about management of urban services.

Major Results Indicators:	Baseline	Target
Percent of total urban population served by (1998/1999) local water treatment and piped distribution	40% (1994/95)[6]	4 7 %
Metric tons of CO2, methane, SO2, and (1998/99) particulate matter reduced or avoided nationally	0 (1996/97)	2 million

[6] Source: Ministry of Public Works and Ministry of Home Affairs

ACTIVITY DATA SHEET

PROGRAM: INDONESIA
TITLE AND NUMBER: Increased Effectiveness of Selected Institutions Which Promote Democracy, 497-SO05
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $6,169,000 (DA)
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To enhance respect for the principles of the rule of law and internationally accepted human rights, to encourage the development of a politically active civil society, and to foster more transparent and accountable governance.

USAID's Role and Achievements to Date: USAID assistance helps both the Government of Indonesia (GOI) and Indonesian civil society introduce and execute reforms which are responsive to the democratic changes Indonesians themselves desire. Indonesia's pace of democratization continues to lag behind its previously rapid, but now stalled economic progress. Demands are growing for greater political participation, for greater adherence to Indonesian law and international human rights standards and for a more open government. Because of the deep economic crisis, Indonesians are also clamoring for increased equality of economic opportunity and equity in development. Special problems exist in the troubled East Timor, Irian Jaya and Aceh regions of Indonesia. Indonesian civil society is relatively weak and disorganized relative to government, military, and state institutions. However, non-governmental organizations (NGOs) are increasingly active in expressing their diverse interests and recently, the GOI has responded more to NGO arguments and positions contributing to NGO legitimacy within the society, validating their political role. The GOI permits some, albeit limited, independent political activity. The Soeharto government controlled political expression during 1997 parliamentary elections and all indications are that Soeharto will be elected President for a 7th term in March 1998. The threat of the GOI and/or the military imposing severe restrictions on NGOs' activities and independence is exacerbated by the continued economic crisis.

Among donors assisting Indonesia, USAID enjoys a unique role in helping to establish and strengthen democratic principles; USAID is the largest financial supporter to and the most active donor in this controversial sector. Recent progress attributable to the actions of USAID-sponsored activities in the NGO sector include: (1) withdrawal of permits for companies which did not provide insurance for immigrant workers; (2) the end of forced contributions to finance the South East Asian games and use of military personnel to assist in collection of television taxes; (3) establishment of a nuclear power monitoring body; (4) class action procedures approved in the new Environmental Management law; (5) alternative dispute mechanisms formally authorized for certain environmental and commercial cases; (6) an unprecedented NGO/military seminar to discuss the role and nature of civil society; and (7) a cessation of distribution of subsidized fertilizer in coffee growing areas certified organic.

Description: USAID will continue to implement a strategy to promote democratic ideals largely through grants to indigenous NGOs focussing on advocacy, human rights, the political economy and rule of law, while always seeking new avenues to work with the GOI. USAID activities promote three results: (1) increased NGO advocacy for democratic participation; (2) greater respect for the rule of law; and (3) enhanced capacity, reliability, and responsiveness of selected NGOs. Through greater participation, Indonesians will channel their views more effectively to political decision-makers. A heightened respect for due process will encourage a more inclusive, consistent and reliable process as citizens demand that civil, criminal and commercial procedures and rulings be more transparent and less arbitrary. As NGOs become technically, administratively and financially sound, they become more capable and respected in representing public sentiments in an independent, balanced, and non-partisan manner. USAID will continue to program resources in the three politically sensitive geographic areas of Indonesia.

Host Country and Other Donors: USAID is by far the leading donor in Indonesia's democracy sector. Local NGOs dealing with citizens' rights, freedom of the press, legal aid, labor relations, land disputes and consumer protection are USAID's primary development partners. International donors and foundations look to the U.S. and USAID for leadership and direction in this sensitive program area. Following USAID's lead, a growing number of bilateral donors have introduced small programs in the democracy and governance sector. The estimated host country contribution for this activity is $3,600,000 derived almost completely from NGOs.

Beneficiaries: Indonesian women, men and children who benefit from the wide range of NGO programs in the areas of legal, consumer, and environmental advocacy, labor rights, land tenure, and freedom of the press are the ultimate beneficiaries of USAID funded activities. Immediate clients, recipients, consumers, executive boards and employees of local NGOs are direct beneficiaries. Intangible benefits of a more participatory form of public policy formulation have a salutary effect throughout Indonesian society.

Principal Contractors, Grantees, or Agencies: USAID continues to pursue this activity primarily through selected Indonesian and U.S. NGOs, such as the Indonesian Legal Aid Society, the National Cooperative Business Association, the American Center for International Labor Solidarity, the Asia Foundation, the Indonesian Consumers Foundation, Institute for the Development of Economics and Finance, and the Indonesian Environmental Law Center, which focus on democratic participation, advocacy and rule of law activities. When appropriate, U.S. advocacy, political and economic, and research institutions are also engaged. A two-year contract with Management Systems International adds analytical depth and broader outreach to USAID's democracy-building activities in Indonesia.

Major Results Indicators:

	Baseline	Target
Number of times that grantee NGOs have a measurable impact on the formulation and implementation of government policy	20 (1994) [1]	45 (1998/99)

[1] Source: NGO reports, independent monitoring

ISRAEL

	FY 1997 Actual	FY 1998[1] Estimate	FY 1999[1] Request
Economic Support Funds	$1,200,000,000	$1,200,000,000	$1,200,000,000

Introduction

The overall goal of U.S. assistance to Israel is to support the furtherance of peace in the Middle East, initiated at Camp David when Egypt and Israel signed the Peace Accords. The process moved forward with Israel's signing of the Declaration of Principles with the Palestinians on September 13, 1993 and the Interim Agreement on September 28, 1995, and the signature of the Peace Treaty with the Jordanians on October 17, 1994. Israel remains the only country in the region with a fully democratic form of government.

Israel's economy has responded favorably in recent years to the restructuring imposed after the crises and hyper-inflation of the mid-80's. Economic growth has averaged six percent since 1990, as the economy becomes increasingly sophisticated and technologically advanced. GDP growth in 1995 was about 6.8 % and unemployment declined to 6.3 % from 1992 levels of 11%. Despite this good news, however, the government still faces economic challenges associated with absorbing over 600,000 immigrants since 1989 in a country of only five million. Its political and economic stability, stressed by the recent absorption of vast numbers of immigrants, continues to be important in furthering the U.S. foreign policy objective of supporting the Middle East Peace Process.

Concurrently, the unanticipated and substantial expenditures associated with the implementation of the peace agreements with the Palestinians and Jordan have exacerbated Israel's domestic budget deficit. U.S. assistance provides Israel the funds it needs both to promote economic reforms and to carry out a domestic agenda that reinforces the government's peace process policy.

Development Challenge

There has been some success by the Government (GOI) in stabilizing the economy of Israel, in spite of the massive inflow of immigrants, which has increased the population by about two percent per annum. Since 1993, employment has risen, export competitiveness has improved, and inflation has been reduced. Expanding business investment and governmental infrastructure investment coupled with sustained export growth are projected to maintain the gross domestic product growth rate at about five percent.

To strengthen the economy, more work is needed to liberalize and restructure the large public sector. Continued expenditure reductions and privatization of public sector enterprises are needed, but political obstacles remain.

Other Donors

The United States remains the largest bilateral donor. Germany, France, the Netherlands and Switzerland are also major contributors.

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[1]The program described does not reflect the funding levels under discussion, for which plans are not yet completed; details on the program will be provided if and when approved.

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FY 1999 Program

The structure of the USAID program for Israel is atypical of other USAID assistance programs in that there is neither projectized assistance nor USAID staff in Israel for this program. Rather, the program supports the implementation of the historic Camp David accords and provides Israel with an annual cash transfer. Hence, there are no structured specific objectives.

The fundamental USAID objective in Israel is to reduce Israel's balance-of-payment pressures as it continues to pursue the economic reforms required for financial stability and structural adjustments needed for rapid sustainable growth. Though the U.S. cash transfer is not conditioned on economic policy reform, the ongoing U.S. State Department-chaired Joint Economic Development Group encourages Israeli reforms to reduce government spending and deficits, to improve tax and public wage structures, to increase privatization, to reform labor markets and to continue to liberalize its trade regime. The cash transfer is used by Israel primarily for repayment of debt to the United States, including Foreign Military Sales debt, and purchases of goods and services from the United States.

By supporting and maintaining the peace process, the program encourages more investment and economic activity, thereby contributing to increased foreign exchange earnings. The GOI's resultant ability to forge new relationships with its neighbors provides further stimulus for exporting goods. Eased border crossings, another result of the peace process, also promise new sources of tourists and export markets.

ISRAEL
FY 1999 PROGRAM SUMMARY
(in Thousands of Dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O 1. Support policy reforms for financial stability and structural adjustments needed for rapid sustainable growth							
- ESF	1,200,000						1,200,000
Total ESF	1,200,000						1,200,000

Office of Middle East Director: Kimberly Finan

ACTIVITY DATA SHEET

PROGRAM: Israel
TITLE AND NUMBER: Israel Cash Transfer. 271-K638
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $1,200,000,000/ESF
INITIAL OBLIGATION: FY 1999 ESTIMATED COMPLETION DATE: FY 1999

Purpose: To support policy reforms required for financial stability and structural adjustments needed for rapid sustainable growth.

Background: The overall goal of U.S. assistance to Israel is to support the furtherance of peace in the Middle East, initiated at Camp David when Egypt and Israel signed the Peace Accords. Israel remains the only fully democratic government in the region. Its political and economic stability, stressed by the recent absorption of vast numbers of immigrants, continues to be important in furthering U.S. foreign policy objectives in the Middle East.

USAID Role and Achievements to Date: The fundamental USAID objective in Israel is to reduce Israel's balance-of-payment pressures as it continues to pursue the economic reforms required for financial stability and structural adjustments needed for rapid sustainable growth. Though the U.S. cash transfer is not conditioned on economic policy reform, the ongoing U.S. State Department-chaired, Joint Economic Development Group encourages Israeli efforts to reduce government spending and deficits, improve tax and public wage structures, increase privatization, reform labor markets and continue to liberalize its trade regime.

Description: FY 1999 funds will be provided as a cash transfer and will be used by Israel primarily for repayment of debt to the United States, including Foreign Military Sales debt, and purchases of goods and services from the United States.

Host Country and Other Donors: The United States remains the largest bilateral donor. Germany, France, the Netherlands and Switzerland are also major contributors.

Beneficiaries: The Government of Israel is the primary beneficiary.

Principal Contractors, Grantees, or Agencies: The transfer is accomplished by a direct grant to the Government of Israel.

Major Results Indicators: By supporting and maintaining the peace process, the program encourages more investment and economic activity, thereby resulting in increased foreign exchange earnings. The GOI's resultant ability to forge new relationships with its neighbors provides further stimulus for exporting goods. Eased border crossings, another result of the peace process, also promise new sources of tourists and export markets.

JORDAN

	FY 1997 Actual	FY 1998[1] Estimate	FY 1999[1] Request
Development Assistance	$120,000	--	--
Economic Support Funds	$22,976,000	$30,080,000	$25,000,000
P.L. 480 Title II	2,628,000	---	---

Introduction

U.S. assistance to Jordan supports a stable and moderate government committed to peaceful solutions to the region's political problems. Throughout the difficulties of the ongoing peace process, King Hussein has played a vital role in resolving potential conflicts and maintaining dialogue among the various parties involved. This essential contribution has continued despite growing domestic opposition to Jordan's October 1994 peace treaty with Israel and a pervasive feeling within Jordan that the long promised "peace dividend" has not materialized. Maintenance of a strong U.S.-Jordan partnership is key to sustaining dialogue and maintaining stability within the Middle East. All USAID-funded activities will continue to be closely linked with the Mission Performance Plan (MPP) approved by the Ambassador. A number of specific United States Government (USG) foreign policy concerns highlighted in the MPP are directly supported by the USAID program, including national security (regional peace, support for allies), economic prosperity (broad-based economic reform, expanded markets) and global issues (stabilized population, health protection, environmental concerns). USAID's current strategy runs to 2001; graduation will depend on both developmental and geopolitical factors.

Development Challenge

USAID programs address three concerns that are central to Jordan's future development: too little water; too many people; and too few jobs. This formulation highlights the fact that the real constraints in Jordan are systemic in nature, cutting across several sectors at once. It also underscores the direct links among the three main problem areas facing Jordan. For example, high population growth rates place enormous pressure on Jordan's scarce natural resources, especially water. So too, rapid population growth makes it increasingly difficult to find productive employment for large numbers of Jordanians who enter the workforce each year. Failure to address any one problem area would jeopardize progress in all others.

With regard to water, USAID's main objective is improved water resources management. Annual water demand is expected to increase to 1.2 billion cubic meters by 2001, far above the 750 million cubic meters now available on a sustainable basis. Per capita freshwater availability in Jordan also lags far behind that available in most other countries: approximately 170 cubic meters is available per person each year in Jordan, one-third of that available in Israel and Syria, a sixth of that available in Egypt and one-fortieth of that available in the United States. In response, USAID is supporting Jordan's 14-year, $5 billion priority water investment plan aimed at ensuring efficient management of this scarce resource. USAID is heavily engaged in improving wastewater management, thereby addressing environmental concerns and obtaining additional water from a source that would otherwise be wasted. As results of USAID'S institutional and capital assistance, illustrative impact will be that water use efficiency of irrigated agriculture in Jordan Valley will increase by 3% in 1998 and 1999, four springs supplying 6.3 million cubic meters (mcm) of drinking water will be rehabilitated by the end of 1998,

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[1]The program described does not reflect the possibly higher funding levels under discussion, for which plans are not yet completed; details on the expanded program will be provided if and when approved.

and the construction of the Wadi Mousa wastewater treatment facilities will benefit 40,000 Jordanians by 2000.

Given Jordan's high population growth rate, another USAID focus is to increase the practice of family planning utilizing modern methods. Notable progress has been made in recent years, and there is some evidence to suggest that Jordan is beginning the demographic transition that most societies eventually make in terms of greater contraceptive use and a shift toward lower fertility rates. For example, the modern contraceptive prevalence rate increased from 27% in 1990 to 37.7% in 1997, putting the country well within reach of the National Population Commission's 41.5% target by the year 2000. Similarly, fertility rates have declined from an estimated 5.6 in 1990 to 4.6 in 1994 and are believed to be dropping still further. New approaches to delivering comprehensive child and mother care services are being tested, and will be expanding, with the following expected results: operational Comprehensive Postpartum Centers (CPP) will have grown from 12 in 1997 to 21 in 1999, reaching to outlying population centers; and the percentage of women delivering in hospitals with CPP Centers who return for postpartum/family planning services will have grown from 30 in 1997) to 45 in 1999.

USAID's economic growth strategy will increase economic opportunities for Jordanian citizens, thus ensuring that a broader section of the population benefits from the economic expansion and liberalization now taking place. This approach has been developed partly in response to growing perceptions that the benefits of recent growth and major debt reduction efforts are not being shared equally. Recent estimates point to an increase in poverty levels and one report suggests that unemployment rates may be as high as 27%. USAID activities include a new sustainable microfinance initiative. In addition, USAID supports technical assistance and training aimed at sustaining the process of economic restructuring underway in Jordan. Legal reforms, privatization, and a liberalized trade, investment and financial sector regime receive special emphasis. Significant steps have already been taken, including the adoption of a new Companies Law, a new Securities Law, and elimination of remaining foreign exchange controls. A large cash transfer program also helps support and sustain Jordan's market-based economic reform agenda. Under this objective, illustrative results are planned to include making microfinance services available to 25,000 active borrowers (50% of whom are women and 30% percent of whom reside outside greater Amman) by 2001; Investment Promotion Corporation facilitates investments that create 17,000 new jobs and result in at least $4.5 billion in new investment by 2001; and Jordan accedes to the World Trade Organization by 2000.

Other Donors

Jordan received $414 million in new donor assistance during 1997, of which 42% is grant aid. The U.S. was the largest single grant donor, providing $126.1 million. Other major grant donors included Japan ($34.1 million), Germany ($7.7 million), and the Netherlands ($7.5 million). With regard to loan assistance, the World Bank was Jordan's major creditor, providing $62 million, followed by the European Investment Bank ($61 million), Spain ($50 million), Germany ($35 million), Denmark ($20 million), and Italy ($11 million).

FY 1999 Program

FY 1999 will mark the "midpoint" of the renewed, five-year commitment of USG assistance to Jordan. This commitment stems in large part from the establishment of the Middle East Peace and Stability Fund announced by President Clinton on June 17, 1997. The fund provides additional resources for countries making a positive contribution to Middle East peace. As a result, USAID resources to Jordan were placed at $126 million in FY 1997 and $140 million in FY 1998--and are expected to exceed $100 million in each of the remaining years through FY 2001. The funding levels shown in this request are the appropriated levels and do not include funds that will be provided through the Middle East Peace and Stability Fund.

USAID programming will continue to pursue both MPP and major Agency goals. For example, USAID/Jordan's water strategic objective directly addresses global environmental issues. Similarly, its family planning strategic objective is aligned directly with the Agency goal of promoting sustainable reductions in unintended pregnancies, and its economic opportunity strategic objective strengthens market forces, expands access for the poor, and works to achieve broad-based economic growth. The inclusion of a large cash transfer component is also closely linked to these wider economic liberalization and reform issues.

JORDAN
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O.2. Improved Water Resource Management - ESF	---	---	10,000	---	---	---	10,000
S.O.3. Increased Practice of Family Planning with an Emphasis on Modern Methods - ESF	---	6,700	---	---	---	---	6,700
S.O.5. Increased Economic Opportunities for Jordanians - ESF	8,300	---	---	---	---	---	8,300
Totals - ESF	8,300	6,700	10,000	---	---	---	25,000

Note: Strategic Objectives 1 and 4 are closing; no additional funds will be added.

USAID/Jordan Mission Director, Lewis W. Lucke

Activity Data Sheet

PROGRAM: Jordan
TITLE and NUMBER: Improved Water Resources Management - 278-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $10,000,000 ESF
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: USAID's water strategic objective supports that portion of U.S. foreign policy aimed at mitigating global environmental degradation. Given the importance of water as a potential source of regional conflict and the extreme water scarcity Jordan faces, it also helps support regional stability. Specific activities within the strategic objective are designed to improve Jordan's water resources management by strengthening the key public-sector water institutions, increasing water use efficiency, and improving the quality of treated wastewater so that it can be used for agricultural and industrial purposes.

USAID Role and Achievements: In 1997, USAID became the single largest bilateral donor in Jordan's water sector. As a result of USAID's support, the Ministry of Water and Irrigation (MWI), Water Authority of Jordan (WAJ), and Jordan Valley Authority (JVA) now have an integrated management information system that affords greatly improved water data collection, analysis and strategic planning. Such capability is essential for introducing improved management approaches and new cost recovery policies. It also enhances the ability of the Government of Jordan (GOJ) to understand and successfully negotiate regional agreements related to water. With regard to managing municipal water supplies, commendable progress has also been made. For example, the GOJ recently announced that it had attained a 100% cost recovery level for operation and maintenance expenses of municipal water supplies in Greater Amman. The GOJ has established a goal of 125% cost recovery by the year 2001.

In addition, USAID plays a significant role in improving Jordan's water infrastructure, through direct support and by leveraging other donor funds. USAID-funded emergency improvements at the As-Samra wastewater plant (which services Greater Amman) ensure that the effluent from a single aerated system meets almost all Jordanian water quality standards, despite the fact that the plant receives more than twice the volume of wastewater it was originally designed to treat. Completion of the new USAID-funded wastewater treatment plant at Wadi Mousa, near Petra in southern Jordan, should afford similar benefits to an additional part of the country. Elsewhere, the $150,000 provided by USAID to design a new water conveyance system resulted in a $25 million commitment from the German Government to construct the system. Once complete, residents in greater Amman will have access to an additional 45 million cubic meters of "peace water" from the Sea of Galilee and Yarmuk River.

Description: USAID supports three main sets of activities in pursuit of its water-related strategic objective, namely (1) building stronger water institutions; (2) increasing the efficiency of water use, and (3) improving the quality of wastewater.

Strengthened water institutions principally involves improvements in data collection and analysis and the installation of new management information systems. This foundational work is essential to adopting new management approaches. Significant improvements already underway in the area of municipal water supply include introducing private-sector management contracts and enhanced cost recovery policies. By contrast, cost recovery and management improvements in the irrigated agricultural sector, which uses three out of every four gallons of water consumed in Jordan, continue to lag behind despite recent promising developments.

Improving water use efficiency will help stretch scarce water resources further. With respect to municipal water supplies, this includes improvements in billing and collections as well as reductions in physical losses as a result of leakage or contamination. With regard to irrigation agriculture, the goal is to increase water use efficiencies from 40-50% to 80% for many crops. Improvements either

planned or underway include creating an Irrigation Advisory Service (which will provide on-farm, water-use advisory services), a change in the irrigation scheduling system from rotational to on-demand, and infrastructure improvements in various water delivery systems.

Finally, USAID is providing substantial resources to improve the quality of wastewater treatment in several areas of the country thereby ensuring that a significant and previously unusable water resource is made available for agricultural or industrial use (in 1995, Jordan obtained an additional 58 million cubic meters of water from this source, representing seven percent of the country's total water supply). This includes emergency improvements at the As-Samra treatment plant outside Amman and the construction of new treatment facilities at Wadi Mousa near Petra and in North Shounah. Wastewater improvements at Aqaba and elsewhere are also under consideration.

Host Country and Other Donors: Water investments in Jordan are shaped in large part by a $5 billion GOJ plan covering all aspects of water supply and wastewater treatment in Jordan through 2011. Donor coordination is excellent, with Germany, Japan, Italy, France and the European Community all providing substantial resources to this sector. Both Germany and Japan support construction of new conveyance systems bringing "peace water" from the Jordan Valley to Amman. Similarly, both Germany and France are funding the new water supply system in conjunction with the USAID-financed construction of the new Wadi Mousa wastewater treatment plant. Most major donors, including Italy, Germany, the World Bank, the European Investment Bank and USAID also support the recently completed wastewater plan for Greater Amman. The World Bank, Japan and Sweden are helping the GOJ to implement various aspects of this USAID-financed plan.

Beneficiaries, Principal Contractors, Grantees or Agencies: All Jordanians benefit from improvements in the water sector, widely viewed as one of the most critical constraints facing Jordan today. Emergency improvements at As-Samra benefit the approximately 1.6 million residents of Greater Amman, who rely on this plant for wastewater treatment. An estimated 40,000 Jordanians will directly benefit from the completion of the new wastewater treatment plant at Wadi Mousa near Petra, which will also help protect Jordan's major tourist attraction and "World Heritage" site. Another 18,000 Jordanians should directly benefit from similar wastewater improvements in northern Jordan.

Major U.S. contractors involved in water include Development Alternatives, Inc. (for work related to water policy, information systems and irrigation water use efficiency) and Camp, Dresser and McKee and Morganti (for design and construction related work). The U.S. Bureau of Reclamation has also provided technical assistance to assess sedimentation problems at the King Talal reservoir.

Major Jordanian counterparts include the Ministry of Water and Irrigation, the Water Authority of Jordan, and the Jordan Valley Authority. Also, a USAID grant to the Jordanian Environment Society has allowed this organization to play an innovative role in drawing greater public attention to the growing water problems faced by Jordan.

Major Results and Indicators

- New management information systems at the MWI, WAJ and JVA function effectively by the end of 1998.
- Series of new water policies and organizational changes introduced by 1998.
- Water quality and quantity monitoring system for entire country rehabilitated by 1999.
- A public awareness program on water scarcity and conservation completed by June 1999.
- Water use efficiency of irrigated agriculture in Jordan Valley increased by 3% in 1998 and 1999.
- Four springs supplying 6.3 million cubic meters (mcm) of drinking water rehabilitated by end 1998.
- One spring and seven wells providing 18.7 mcm of drinking water rehabilitated in 1999 and 2000.
- Aerate two remaining sections of As-Samra wastewater treatment plant by end of 1999.
- Develop design and tendering documents for wastewater improvements at Aqaba by mid-1999.
- Complete construction of Wadi Mousa treatment facilities, benefitting 40,000 Jordanians by 2000.

Activity Data Sheet

PROGRAM: Jordan
TITLE and NUMBER: Improved Practice of Family Planning With an Emphasis on Modern Methods 278- S003
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $6,700,000 ESF
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: USAID's family planning strategic objective in Jordan supports that portion of U.S. foreign policy aimed at stabilizing world population growth and protecting human health. Given the pressures of a rapidly growing number of people on a fragile, resource-scarce environment, it also indirectly supports broader global environmental concerns. Specific activities within the strategic objective are designed to improve maternal and child health by reducing the number of unwanted pregnancies; promote sustained use of modern family planning methods through increased knowledge of family planning and improving access to services; and move Jordan's health sector toward financial sustainability through a rationalized national health care financing system.

USAID Role and Achievements: Jordan's annual population growth rate of 3.7% is among the highest in the world. Continued rapid growth adversely affects prospects for sustained economic and social development. Spurred by this realization, the Government of Jordan (GOJ) and USAID have made significant progress in ensuring nationwide availability of quality family planning products and services. Modern contraceptives are now available in public hospitals and in local pharmacies throughout Jordan. Modern family planning services and information is provided by USAID-trained physicians, nurses and pharmacists in all 12 governorates. To ensure that modern contraceptive supplies keep pace with demand, USAID and the United Nations Family Planning Association (UNFPA) established a national contraceptive distribution network in 1997. This logistics and information system is maintained by trained Jordanian health care management specialists.

The public affairs dimension of family planning is also addressed through media campaigns and seminars and workshops involving religious leaders, government officials, health professionals, and others. The public information campaign on television has proven to be a notable success, with the GOJ providing free, prime-time advertising (worth $500,000) to air USAID-funded contraceptive "infomercials." According to one recent study, 80 percent of religious leaders surveyed now agree that family planning principles are "in accordance with the teachings of Islam." Overall, the modern contraceptive rate in Jordan has increased from 27% in 1990 to 37.7% in 1997. Similarly, fertility rates have declined from an estimated 5.6 in 1990 to 4.6 in 1994 and are believed to be declining still further.

Description: USAID support is an integral part of Jordan's first National Population Strategy adopted in 1996. Specific USAID-funded activities are organized around three main themes, namely (1) improving knowledge about contraceptives; (2) increasing the availability of family planning products and services; and (3) rationalizing health care financing.

Information about contraceptives is regularly provided through the media. Current efforts focus on increasing male confidence in specific contraceptive methods, with a view toward increasing the percentage from 47.6% to 67.7% those who believe that pills are safe, and increasing the percentage from 60.4% to 80.4% of those who believe that IUDs are safe for their spouses to use. Information about the broader implications of rapid population growth on Jordan's social and economic development is also advancing USAID's program goals. This is achieved in part through policy-based presentations to parliamentarians, religious leaders, government officials, and others aimed at alerting the GOJ to future problems posed by rapid population growth and strengthening their support for the GOJ's national family planning efforts.

Increased availability of family planning services relies in part on the close link between family planning and broader mother and child health care concerns. Almost all births in Jordan occur in a hospital.

Although only six percent of mothers return specifically for postpartum health care after giving birth, 95% of children received the recommended vaccination by age one. Given these circumstances, a complete "package" of services has been organized around the needs of both mother and child. The recently adopted referral systems also help strengthen this relationship and expand the availability of family planning services within the GOJ public health system.

Bringing modern, efficient methods into the health care financing system has become an important new area of USAID involvement, especially given the enormous pressures placed on the health care system as a result of rapid population growth. Population momentum, as a result of increasing numbers of women entering their peak childbearing years, suggests that Jordan's population will continue to grow for decades, even as fertility rates decline. High population growth will also increase the demand for GOJ funding for family planning and reproductive health services. Beginning this year and continuing at least through FY 1999, USAID will help introduce a national health accounts system; increase private-sector participation in health care service delivery; review national accreditation and licensing rules for health care providers; strengthen the ability of the Ministry of Health and Health Care (MOHHC) to lead health-related policy dialogue and better manage its implementation; and utilize health econometric models to evaluate health insurance schemes in developing financing options and payment mechanisms.

Host Country and Other Donors: USAID remains the single largest bilateral donor in the health sector. UNFPA is also an active player and coordinates closely with USAID. More recently, the Japanese have begun to support Jordan's family planning efforts. In 1997, the MOHHC, USAID's main GOJ counterpart, provided an estimated $700,000 for equipment and furniture to support USAID initiatives. Jordan Television, in cooperation with the MOHHC, also provided $500,000 in free, prime-time advertising space.

Beneficiaries, Principal Contractors, Grantees or Agencies: USAID activities directly benefit the 630,000 married Jordanian women between the ages of 15 and 49, nearly 70% of whom have an expressed desire for family planning services. Indirectly, fathers and children benefit due to substantial maternal health improvements associated with longer birth intervals and smaller families.

Principal contractors involved in the USAID-funded program include Johns Hopkins University, U.S. Bureau of Census, Abt Associates, Harvard University, Pathfinder, Futures Group, John Snow, the Academy for Educational Development, the Centers for Disease Control and the University Research Corporation.

Major host country partners include the MOHCC, Jordan University Hospital, Jordan University for Science and Technology, Royal Medical Services, Department of Statistics, Jordan Association for Family Planning and Protection, Noor Hussein Foundation, National Population Commission, and private sector entities such as pharmaceutical companies and pharmacies.

Major Results and Indicators	Baseline	1996 KAP	Target
Total Contraceptive Prevalence Rate	40.0 (1990)	48.0	53.6 (2000)
Modern Contraceptive Prevalence Rate	27.0 (1990)	38.9	41.5 (2000)
Five Jordanian Association for Family Planning clinics recover 60 percent of their costs	45% (1997)		60% (2000)
Operational Comprehensive Postpartum Centers (CPP)	12 (1997)	21 (1999)	
Percentage of women delivering in hospitals with CPP Centers who return for postpartum/family planning services		30 (1997)	45 (1999)
Nine additional Comprehensive Postpartum Centers functioning by 1999			

Activity Data Sheet

PROGRAM: Jordan
TITLE and NUMBER: Increased Economic Opportunities for Jordanians - 278-SO05
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $8,300,000 ESF
INITIAL OBLIGATION: FY 1997; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: USAID's economic opportunity strategic objective directly supports the U.S. Government's "economic prosperity" foreign policy goal, aimed at opening markets and promoting broad-based economic growth. Indirectly, it also promotes regional stability and economically strengthens a key U.S. ally that is vitally engaged in the Middle East peace process. Specific activities within the strategic objective are designed to increase access to business services, implement important policy reforms, and sustain Jordan's market-based, economic restructuring program.

USAID Role and Achievements: In April 1997, USAID approved a new, five-year, $30 million economic growth strategy for Jordan. The creation of the Middle East Peace and Stability Fund in June 1997 further strengthened and expanded this effort by helping to launch the first in what is expected to be a series of significant policy-based, cash transfers. The initial cash transfer of $50 million was effected in late FY 1997, with further tranches anticipated during each of the next four years and total funding under the expanded SO expected to eventually reach $300 million. Future cash transfers will hinge on the Government of Jordan's (GOJ's) attainment of specific policy and implementation benchmarks in key areas related to trade, investment, financial and legal reform, and privatization, among other areas. The impact of the cash transfer program is further strengthened by technical assistance and training which will support policy reform implementation. Also, local currency associated with this program is being used to support a wide range of USAID and GOJ development priorities.

USAID is also launching a series of initiatives focused on the micro- and small-business sectors and related to microfinance and other business services. Policy constraints that contribute to the formal banking sector's reluctance to meet small businesses needs will also be examined and addressed. The intent is to ensure that a wider spectrum of Jordanian society shares the benefits of economic growth. Though this new strategic objective began only recently, two leading U.S. NGOs are already involved in innovative new microfinance programs designed to demonstrate that micro-enterprises can be both sustainable and profitable in Jordan.

Description: By the end of FY 1999, USAID will have completed the second year of a four-year, technical assistance program (in cooperation with the World Bank) designed to help implement key economic policy reforms. Parallel technical assistance and training through other mechanisms will also be available to support GOJ's economic reform agenda. Areas of major emphasis include streamlined customs procedures, the elimination of legal and administrative constraints to international trade, improved foreign and domestic investment policies and procedures, modernized capital markets, wider use of new financial instruments, the introduction of full protection and enforcement procedures for internationally recognized intellectual property rights and accession to the World Trade Organization (WTO).

Milestones anticipated under the GOJ reform program will be reenforced through a significant cash transfer element of approximately $50 million annually. Specific policy objectives linked to this cash transfer will likely include, among others, trade and investment reforms, financial sector and legal reforms, support for privatization, expanded private sector participation in infrastructure and management projects and improved public sector efficiency. Changes in the latter area might include, among others, more transparent procurement procedures, budget rationalization, and new approaches to fiscal management.

Finally, significant aspects of this strategic objective target the micro- and small-business sectors which continue to make important contributions to economic activity and employment in Jordan. Lack of access to credit and other business services has been identified as a key constraint toward more rapid

private sector growth. USAID interventions will increase productivity and competitiveness by creating new financial service mechanisms, improving access to technology and markets and promoting modern business management practices. USAID's strategy includes active and early engagement with the formal banking sector to help demonstrate that sustainable microfinance can work in Jordan, with a view toward helping to ensure future access to financial services. Importantly, USAID's microfinance activities are focused on women and will encourage the expansion of micro-credit to the relatively poor southern region of Jordan, where unemployment rates exceed 50% and poverty is believed to be on the increase.

Host Country and Other Donors: The GOJ's Ministry of Planning (MOP) has already established a task force to coordinate activities undertaken by USAID and other donors in microfinance. USAID launched its own initiative after organizing a "best practices in microfinance" workshop (which was also sponsored by the World Bank, UNDP, European Commission). USAID, along with the World Bank and the United Nations Development Program, is now supporting a jointly developed, sustainable microfinance training program for Jordanian practitioners. With regard to the policy element of this strategic objective, the World Bank, Germany and Britain, among other donors, will provide related technical assistance and training. Coordination with the World Bank is especially strong and includes a new technical assistance fund supported by USAID through a three-year, $15 million performance-based grant with the World Bank.

Beneficiaries, Principal Contractors, Grantees or Agencies: This strategic objective benefits broad sections of Jordanian society, given its interest in promoting reform in ways that expand economic participation and unleash heretofore dormant elements of Jordan's market economy. The microfinance component is specifically focused on the relatively disadvantaged sections of society, including women and residents of less prosperous regions of the country. By 2001, there should be at least 25,000 microfinance loans outstanding that will benefit a much larger number of individuals whose livelihoods depend on the success of micro-enterprise entities.

Contractors and grantees involved in implementing USAID-funded programs under this strategic objective include Chemonics, Save the Children, Cooperative Housing Foundation, UNDP, as well as the Peace Corps. The MOP is the main government counterpart though other entities such as the Ministry of Industry and Trade, Ministry of Finance, Central Bank, Customs Department, Economic Privatization Unit and the Investment Promotion Corporation are also involved. Local business associations and private-sector firms should also participate as the result of efforts designed to strengthen the constituency for economic reform in Jordan and provide business development services.

Major Results and Indicators

- Microfinance services available to 6,000 borrowers in 1999, an additional 9,000 borrowers in 2000, and an additional 10,000 borrowers in 2001 -- a total of 25,000 Jordanian microentrepreneurs (50% of whom are women and 35% of whom reside outside of Greater Amman).
- Two microfinance institutions utilizing "best practices" lending principals and linked to the formal banking sector by 1999; a third microfinance institution meets this criteria by 2001.
- Cost-effective business development services (e.g., technology, marketing, production, business management) available to micro- and small-businesses that increase sales by 25% and employment by 10% at targeted entities by 2001.
- Investment Promotion Corporation facilitates investments that create 10,500 new jobs by 1999 and an additional 12,000 new jobs and $2.2 billion in new investments by 2001.
- Jordan accedes to the World Trade Organization by 2000.
- At least two major privatization transactions completed by 1999 and three additional privatization actions by 2001.

LEBANON

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	300,000	-0-	-0-
Economic Support Funds	$12,000,000	$12,000,000	$12,000,000

Introduction

Since the signing of the 1989 Ta'if Agreement that ended the civil war that engulfed Lebanon from 1975 until 1991, the country has been rebuilding itself, and living conditions have improved. It is important to the United States that Lebanon progress as a stable, responsible, and prosperous partner that shares our goals of peace, democratic society and market economies. Moreover, Lebanon is a critical link to achieving a comprehensive settlement in the Middle East peace process. USAID assistance is designed to assure that we contribute to these goals. The current strategy covers the period through 2002. The evolution of the peace process as well as progress in development factors will influence decisions regarding graduation.

Development Challenge

The end of the war provided an opportunity for many Lebanese to return to their homes and villages and to start rebuilding their lives. However, this return has been difficult, and many displaced have not been able to resettle. Thousands of homes, villages and businesses were destroyed or severely damaged during the war. Electricity, water and telecommunications networks were destroyed, directly affecting 1.5 million people and cutting off potable and irrigation water. Government health care and education also suffered. Lebanon is now in the process of extensive reconstruction, hindered by fiscal imbalance, income distribution issues, social problems, and fragile political stability. Both Syria and Israel continue to occupy large parts of the country.

During the war, U.S. economic assistance was concentrated mainly on providing humanitarian assistance to victims of the civil conflict. After the Ta'if Accord, economic assistance gradually shifted more towards development, with USAID providing, through non-government organizations (NGOs), support in rural communities to rebuild homes, restore basic infrastructure, and regenerate economic activity. These activities affected over 200 villages and some 36,000 families. By the end of 1996, microenterprise credit programs provided capital to poor women in over 500 lending groups, accounting for 90% of all microenterprise lending in Lebanon. In 1997, as a result of the success of the programs and a decision to concentrate on rural areas neglected by other donors and the government, USAID awarded grants to five NGOs to provide assistance to thirty "clusters" of approximately 220 rural communities over a five year period. This assistance concentrates on returning the affected communities to economic and social viability through support for basic infrastructure, civic participation, income generation, and environmental protection.

The depletion and degradation of land, water, air, coastal and natural resources was unabated during the war, and is now recognized as a major impediment to the restoration of Lebanon. By 1996, USAID had assisted the American University of Beirut (AUB) to establish a new graduate program to train environmental experts, and had helped AUB to develop a program to monitor pollution and engage in environmental research and to generate public dialogue on the environmental problems facing Lebanon. The investment in AUB and a recent environmental policy assessment will assure environmental considerations are taken into account in USAID's investments in rural communities, as well as the national efforts of the government and other donors.

The country's government also suffered during the war, as entire buildings and records were destroyed, staffs left, procedures fell into disuse, elections were postponed, and government legitimacy was questioned. USAID provided assistance through an NGO to the parliament and the central control agencies responsible for the civil service and integrity of accounts and procedures. In the parliament, bills can now be tracked through the Internet by the public, voting can be managed electronically, key committees and the budget process have been strengthened, and staff capacity has been upgraded. The control agencies now have modern information systems, improved case management procedures, and have gained the autonomy and legitimacy these agencies need to do their work for more accountability, transparency, and effectiveness in the entire government.

While Lebanon has adopted macroeconomic stabilization measures, there remains a critical need for broad economic reform and structural adjustment. Country debt and budget deficits have been growing with the burden of reconstruction, and the Government of Lebanon (GOL) has been taking measures to bring these under control. USAID is helping the GOL to establish a modern regulated capital market, and is engaged with the government and other donors on the development of a comprehensive economic reform program. Through the Lebanese American University (LAU), USAID is supporting conferences to bring government, business, and academics together to focus on a series of development problems and investment opportunities. LAU has also competed a study of women in the labor market, leading to new education programs to increase women's participation in economic growth.

In 1997, USAID revised and updated the strategy and objectives to best utilize increased funding and eliminate the humanitarian aid image of the program. USAID placed a resident Representative in Beirut. A slight increase in the local staff is anticipated in FY 1999 to implement and monitor the activities under three restructured objectives (economic growth, democracy and governance, and environment).

Other Donors

While US assistance in 1996 was approximately 5% of all bilateral donor disbursements, and only 2% of all donor disbursements, the renewed USG commitment announced at the Friends of Lebanon conference in December of 1996 has enabled USAID to assume an active role in donor coordination. Additionally, the decision to focus in areas like rural development which are not being covered by other donors has given USAID access to key decision makers and a role in filling gaps in the overall donor effort. The largest amounts of assistance come from multilateral sources for reconstruction of urban infrastructure. Bilateral assistance is more varied, but also tilts toward infrastructure. In 1996, Kuwait was the largest bilateral donor, followed by Saudi Arabia, the European Union, and France.

FY 1999 Program.

USAID's program will continue to support Agency goals for economic growth, building democracy, and protecting the environment. In the rural development clusters, funding will support U.S. NGOs involved in reconstruction and expanded economic opportunities, civic participation, and improved environmental practices. On the national level, democracy and governance activities will no longer involve the central control agencies, but will continue to strengthen the efficiency and effectiveness of the parliament, and provide support for the newly-installed local governments and the ministry that supports them. There will be a democracy and governance assessment in early 1998, which may influence future programming in this sector. Under the improved environmental practices objective, USAID will fund specific activities such as solid waste management, soil conservation, and restoring lost vegetation in the rural development clusters. In addition, USAID will expand its programs with AUB, and based on an assessment completed in 1997, implement an activity that would lessen the impact of a major environmental problem. While USAID will work closely with the government, all assistance will continue to be channelled through grants or contracts to NGOs or U.S. firms.

Lebanon
FY 1999 PROGRAM SUMMARY
(in Thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O.1. Reconstruction & Expanded Economic Opportunity -ESF	6,000	---	1,000	---	---	---	7,000
Sp.O2 Increased Effectiveness of Democratic Institutions -ESF	---	---	---	3,000	---	---	3,000
Sp.O3 Improved Environmental Practices -ESF	---	---	2,000	---	---	---	2,000
Totals ESF	6,000	---	3,000	3,000	---	---	12,000

USAID Representative, James Stephenson

Activity Data Sheet

PROGRAM: Lebanon
TITLE and NUMBER: Sustained Rural Reconstruction and Expanded Economic Opportunities 268-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $7,000,000 ESF
INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: USAID supports a range of community-level reconstruction and rehabilitation activities designed to revitalize rural communities in areas that were either heavily affected by the civil war or show a high incidence of poverty and government neglect. The intent is to make these communities viable for the return of displaced families, or to retain the population that might otherwise join the migration to overcrowded urban areas. In seeking to expand economic opportunities, USAID's grantees extend credit to women in poverty, and contractors provide technical assistance to modernize capital markets and support structural adjustment at the macro level.

USAID Role and Achievements: From 1993 to 1996, USAID took the lead in working in over 200 of these communities (involving 36,000 families), by providing grants to US non-governmental organizations (NGOs) to carry out a number of activities that rehabilitate health care facilities, reconstruct homes, roads, irrigation and potable water systems, and enhance Lebanese NGO capacity to plan and manage reconstruction and community revitalization efforts. The activity requires a high degree of community participation and contribution to plan, implement, operate and maintain the local projects. Close coordination with other donors and with Government of Lebanon (GOL) agencies is a key element. The United Nations Development Program (UNDP) and the World Bank have planned programs to complement or emulate and extend the USAID approach to additional rural areas.

USAID supported the first large-scale microenterprise lending activity in Lebanon, which now serves over 500 groups in all regions. In supporting the restoration and modernization of Lebanon's capital market. USAID's experts are creating a regulatory framework of international standard to assure investor confidence so that new capital is attracted to support Lebanon's economic growth. This effort is currently being supported by a comprehensive economic/commercial policy assessment that should lead to fundamental economic and structural reforms.

Description: Community surveys are conducted in target areas, including assessments of basic services, physical infrastructure, economic conditions and potential, community willingness to actively participate in solving problems, and environmental conditions. Local organizations are strengthened through training in project development and execution, or created if they are not in place. In 1997 the program took a new direction, focusing on clusters of villages that share services, or are geographically linked. Multiple actions in these larger clusters of communities (encompassing over 700,000 people in 220 additional villages) are to provide more visible and integrated impact, and to serve as a demonstration for the GOL and other donors that work in rural development. Areas of focus are basic infrastructure, income generation, environmental action, and civic participation. USAID grant funds are matched by contributions of cash, materials, and/or labor by local people, with NGOs providing expertise as needed in engineering, agriculture, public health, civic participation, crafts and light industries.

Microfinance work requires forming groups of women to guarantee each other's repayment of credits, helping them establish bank accounts for the savings component, and training them to manage their own village banking operations.

Technical inputs for upgrading the capital markets include reviewing the new legislation, setting up the structures, bylaws, regulations and procedures for the regulatory body (National Council for the Securities Market in Lebanon), providing training for public and private participants in the new context, and educating the investing community about the new organization and framework.

Host Country and Other Donors: During the first two or three years of this activity, the GOL had minimal ability to serve reconstruction needs in the rural areas, and the NGOs were engaged in reestablishing electrical service, patching main roads, and providing core housing for returning families. As the GOL's capacity was restored, public institutions took the lead role in electrical and housing programs. The NGOs turned their focus to community facilities (e.g. schools and clinics), irrigation and potable water systems, and needs related to restoring or improving economic conditions through new crops, processing local production, establishing nurseries, apiaries, improved herds, or responding to other community needs. During this period, the World Bank, UNDP, and bilateral donors have borrowed ideas from this model to design their own community development, rural revitalization and resettlement programs. They have also encouraged the GOL to devote more attention and resources to needy rural areas.

Beneficiaries: Under this SO, beneficiaries will include the poorest families in rural areas under the rural development clusters grants, as well as the investing community through the modernized capital market. The microfinance effort benefits women in both rural and urban poor communities.

Principal Contractors, Grantees or Agencies: Rural Development grantees include Mercy Corps, YMCA, Catholic Near East Welfare/Pontifical Mission for Palestine, Cooperative Housing Foundation, and Creative Associates. Microfinance grantees are Save the Children and Catholic Relief Services. Technical assistance on capital markets has been provided by Coopers and Lybrand/MetaMetrics. The economic/commercial assessment is being performed by SRI.

Cooperation with the GOL in the rural development activities includes the Ministries for the Displaced, Social Affairs, Agriculture, Environment, Water and Hydraulic Resources, and Municipal and Rural Affairs. In the capital markets work, the principal counterpart is the Banque du Liban (Central Bank). In economic policy, USAID works with the Ministry of Finance as well as the central bank and the Ministry of Economy and Trade.

Major Results and Indicators

	Baseline (1997)	Target (2001)
Number of Target Communities Revitalized: (measured by families resettled, additional cultivated land, and potable water systems improved)	220	420
Number of Informal Sector Loans:	2,500	18,700

Activity Data Sheet

PROGRAM: Lebanon
TITLE and NUMBER: Increased Effectiveness of Selected Institutions which Support Democracy, 268-Sp002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $3,000,000 ESF
INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: This objective contributes to the rehabilitation and reform of the central control agencies, the civil service, parliament and local government to better manage a restructured central government and to carry out the country's redevelopment objectives. As part of this assistance, USAID introduces and reinforces concepts of transparency, accountability, integrity and effectiveness of government.

USAID Role and Achievements: While other donors have supported restoration of Lebanon's devastated postwar government (see below), many in the GOL consider the USAID-supported activity to have been the one that has set a standard of quick response, sensible problem-solving, educational value for key decision-makers, and systems that can be put to work in key governmental functions.

Description: The point of entry for this activity has been the installation of basic modern information systems (word processing, electronic mail, data bases) to simply put key agencies of the GOL back in business. In the process of meeting these needs, a number of other benefits have occurred. Outdated and cumbersome procedures have been streamlined; and staff have been trained in use and maintenance of information systems. Senior civil servants have travelled to the US for policy dialogues to learn about government reengineering, customer service, quality management, transparency of decision-making, and other contemporary public sector management values and concepts. USAID has been asked by the Minister for Administrative Reform to work on information technology policy, civil service reforms, and financial planning and management. In the Parliament, information systems have opened the door to rationalizing the work of key committees and opening their work to public hearings; installing an electronic voting system; and setting up for the first time a data base of existing laws that improves the quality (and minimizes conflicts and duplication) of law-making. The progress of bills through the committees and debates can now be tracked electronically.

In the next phase, the focus will shift away from assisting the "control agencies" listed below, which have now gained new autonomy, effectiveness and legitimacy. Work with the parliament will continue as it moves into a new building and takes on an expanded role in responding to constituents and oversight of budgets and programs. Municipal elections -- the first in over 30 years -- are scheduled in 1998, and new legislation was just passed that gives added authority to local government. USAID assistance will be extended to strengthen local government. This will include cooperation with the Ministry of Municipalities and Rural Affairs and with selected local governments, particularly in areas where the rural development clusters program under SO 1 is operating. The cooperation will include creating essential information systems, training elected and appointed officials, and putting decentralization into practice.

Host Country and Other Donors: The counterparts in this program have been the Ministry for Administrative Reform, the Speaker's Office in the Parliament, the so-called "control agencies" which are the General Accounting Office (GAO), the Civil Service Board (CSB), the Central Disciplinary Board CDB), and the Central Inspections Board (CIB). The World Bank and the United Nations Development Program have been supporting
the National Administrative Rehabilitation Program, but their managers and technicians often turn to the USAID program for technical advice in areas such as civil service performance evaluation, standardizing the government-wide budgeting system, and models of quick problem-solving.

Beneficiaries: The beneficiaries have been the control agencies and the parliament, as well as the

citizens and public servants they serve or represent.

Principal Contractors, Grantees or Agencies: All work so far has been performed under a cooperative agreement with the Center for Legislative Development at the State University of New York/Albany. In the next phase, CLD/SUNY will continue to play a key role, building on the excellent track record and relationships that have been set in place, though other organizations may be involved in technical aspects of local government. There will also be close coordination with the NGOs involved in the rural development clusters under SO 1. Finally, a democracy and governance assessment will be completed in early 1998 to develop options for further activities and policy dialogue.

Major Results and Indicators*

1. Improved effectiveness of major parliamentary committees
   - Increasing percentage of committee recommendations approved in GOL budget
   - GOL-wide budget system operating

2. Improved operation of control agencies
   - Increasing percentage of CSB operations conducted electronically
   - Increasing percentage of CDB inspections become cases
   - Increasing percentage of GAO cases carried to decision

3. Ministry of Municipalities and Rural Affairs (MOMRA)
   - MIS system functions to provide technical assistance and information to municipalities
   - Increasing no. of requests from municipalities responded to

4. Six municipalities have developed budgets and plans
   - 6 pilot municipality plans and budgets in place and local authorities are able to interact with central agencies and provide citizen services

*Note: Targets and timeframes for indicators under measers 1 and 2 are still being negotiated and analyzed with the respective GOL institutions. Results and timeframes for measures 3 and 4 are not in place, as these are new activities still being designed.

Activity Data Sheet

PROGRAM: Lebanon
TITLE and NUMBER: Improved Environmental Practices: 268-Sp003
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $2,000,000 ESF
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: Lebanon's environment problems will be better understood, and policy reforms as well as demonstration activities will point the way to solutions at national and local levels.

USAID Role and Achievements: Until 1997 USAID has supported the American University of Beirut (AUB) to equip and organize environmental laboratories, and to establish a multi-faculty research, teaching and outreach program involving the departments of public health, engineering and agriculture. Beginning in 1997, USAID included environmental activities under the rural development clusters activity. This will be expanded in FY 1998 and FY 1999. Also in 1997, USAID completed a participatory assessment of national environmental challenges, currently planned solutions and needed policy reforms to identify areas where USAID could work through contracts or grants to tackle broader problems. AUB now has the capacity to conduct water quality testing and air pollution monitoring, and provide policy and technical leadership on some of Lebanon's most pressing problems, especially in the heavily populated coastal zone. As USAID's planning is still evolving on this objective, details will be provided in future notifications as they are decided.

Description: AUB now has three laboratories that support environmental research, testing of air and water, and teaching for undergraduate and graduate students. Studies of the country's surface and subsurface water resources (quantity and quality) are under way, which will provide needed data and analysis to the country's decision makers. AUB is also involved with solving solid waste problems.

At the community level, environmental activities take several forms. These include building or restoring retaining walls, upgrading potable and irrigation water systems, improving road drainage to reduce erosion, tackling community solid and liquid waste disposal problems with low-cost technologies, and in some areas, planting crops that serve both income and environmental objectives.

Host Country and Other Donors: Lebanon's Ministry of the Environment is still unprepared for the challenges that face it. The World Bank and other donors have assessed environmental problems, and proposed programs for coastal resources management, solid waste management, wastewater treatment, and national reserves.

Beneficiaries: Thousands of families in urban and rural areas will benefit from more sustainable land use, clean water and reduced pollution

Principal Contractors, Grantees or Agencies: USAID's activities (supporting AUB, Mercy Corps, Catholic Near East Welfare, YMCA, Cooperative Housing Foundation, and Creative Associates) will have benefits both at the national and the community level by demonstrating low cost methodologies for waste treatment, as well as productive agriculture that is environmentally sustainable. Through technical assistance, policy dialogue, and possibly treating a major problem such as Beirut's air pollution, a national problem can be alleviated. Through sustained community action, and then disseminating the results and methods, local solutions can be replicated on a national scale. The Ministries of Environment, Water, and Agriculture will cooperate in these efforts.

Major Results and Indicators*

1. AUB provides environmental testing services to GOL and private sector
   - Number of technical assistance activities conducted
   - Level of utilization of Core Environmental Lab

- Number of spot check samples of water quality
- Number of samples monitoring hazardous substances

2. Land area in rural communities placed in environmentally managed use
   - Number of hectares in sustainable production
   - Number of hectares restored to environmental use
   - Improved quality of water resources

3. A major national environmental threat is substantially reduced
   - Measured decrease in level of pollution

*Note: This Special Objective is still being designed and negotiated with the participating institutions, after which firm baselines, targets and timeframes will be established.

MONGOLIA

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Economic Support Funds	$7,000,000	$12,000,000	$6,000,000

Introduction

As the first communist Asian country to simultaneously reform its economy and politics, Mongolia provides an important example to all of Asia. The United States has a clear national interest in the long term success of Mongolia's reform. All political parties, including the top leadership of the Mongolian People's Revolutionary Party (MPRP) (the former communist party), are publicly committed to democracy and are actively participating in democratic institutions. However, economic hardships remain for many, including the non-herding agricultural sector as well as other industries in rural areas. Since its election in June 1996, the current Mongolian Government has undertaken a bold and wide-ranging economic reform program, designed to eliminate the last vestiges of the centrally planned economy. With the next nationwide election due in 2000, the long term success of democratic reform depends upon all segments of Mongolian society feeling they have a stake in a the new system. USAID's program focuses on three areas: (1) providing assistance to the energy sector, (2) encouraging broad-based economic growth, and (3) building democracy.

Development Challenge

The Government of Mongolia (GOM) and USAID recognize that Mongolia must create a stable political and economic environment if it is to attract the domestic and foreign investment necessary for development. Specific obstacles to growth include: (1) a vast territory with limited energy supplies, transportation and communications systems which have created a fragmented domestic market and make it difficult for Mongolian firms to compete in international markets; (2) a high level of dependence on overseas development assistance; (3) continued reliance on top-down systems of governance below the national level; (4) an inadequately developed judicial branch; and (5) growing alienation among the population because tangible benefits of reform have failed to reach the typical Mongolian.

Despite these problems, development activities in Mongolia are able to build upon a number of strengths in Mongolian society. These include: (1) a broad commitment to the development of democracy and a market economy among key members of Mongolian society; (2) a literate human resource base; (3) a high degree of internal social cohesion; and (4) a government committed to reform and development. The assistance provided by the United States is especially valued because America is seen as a vigorous advocate of democracy and market-oriented growth, with no vested interests in Mongolia.

USAID has treated these obstacles and strengths as guideposts to help develop its program in Mongolia. USAID recognizes that the growth of democracy and a market economy in Mongolia must be carefully paced to promote political and economic development. USAID's strategy of balanced development in Mongolia is producing significant results. Four years of limited reform under the previous MPRP administration created the foundation of a market economy and allowed democracy to grow deeper roots, setting the stage for the current government's more ambitious program of reform. This new plan, which has been developed and implemented with USAID assistance, includes new and sound banking laws, a far reaching privatization program, pension reform and eliminated most subsidies on energy prices. The approach has been to reduce inflation, build up the banking system and make Mongolia friendly for investors, both domestic and foreign.

Given the 1989 baseline of a completely controlled society with no democratic institutions, Mongolia's political transformation has been astonishing. While the inflation rate has improved to 1.7% per month

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(from 3.5% in 1996) and economic reform efforts promise to bring significant benefits over the long term, economic difficulties remain. Per capita income is still 20% below its 1989 level, industrial output is declining, banking reform is just beginning, and credit is very limited for new enterprises. Thus, while many of the hard decisions associated with the transition to a market oriented economy have been made, and the Mongolian economy is growing (at an average rate of 3.6% during the last four years), the nation continues to experience hard times. In sum, the most significant development challenge faced by USAID in Mongolia is to continue to provide Mongolia with the optimum package of development assistance that will enable the GOM to uphold and deepen the democratic and economic reforms it has so vigorously and so successfully championed.

Other Donors

In 1997 the donors pledged $250 million in support for Mongolia. Among bilateral donors, the United States ranks third, behind Japan and Germany, in the value of its grant assistance to the Government of Mongolia. The International Monetary Fund, the Asian Development Bank, The World Bank and the Government of Japan also provide substantial development-related loans to Mongolia. Other donors include the United Nations Development Program, UNICEF, and the governments of Denmark and Sweden. In addition, the Soros Foundation, non-governmental organizations, and various missionary organizations are active in the field of development.

FY 1999 Program

USAID's strategy for the strengthening of the private-sector led market economy is contained in the Economic Policy Support Project (EPSP). This program provides technical assistance and training opportunities to empower both the public and private sectors to strengthen and deepen Mongolia's reform efforts. The program provides assistance through the placement of an economic policy advisor in the Office of the Prime Minister.

Beginning in FY 1998 and continuing through FY 1999, EPSP will expand to include the provision of long-term technical assistance in the areas of energy policy, pension reform, privatization and budget formulation and analysis. Technical advice will be provided according to priorities set by the Mongolians themselves.

USAID will broaden and deepen democratic reform. We will continue strengthening democratic institutions with a goal to assist the GOM to be more responsive to citizens' interests and respectful of human rights and values. The democracy program, responding to government and parliament interests, will continue to assist public information and legislative affairs offices in the government ministries and provide guidance in law-writing in selected areas. USAID will continue to support judicial reform through judicial training and the distribution of digests of laws and precedents for use on the bench.

A proposed Rural Civil Society Program (RCSP) is geared to help in the economic and political development of rural Mongolia, which contains 40% of the population and which has felt the full brunt of economic dislocations of the past eight years. The new program, planned to begin in FY 1998, is intended to support critical needs of farmers and herdsmen. It will begin by working on the development of rural-based NGOs and, in due course, hopes to develop additional programs in rural infrastructure and small-scale private enterprise.

The energy emergency is now largely over and USAID's energy assistance will shift to policy support and the expansion of rural electrification. We expect to provide some generator sets for provincial centers, assuring a stable power source and a foundation for small scale enterprise development in these depressed areas.

MONGOLIA
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
SO1: A policy and institutional framework conducive to rapid private-sector expansion created. - ESF	4,000	---	---	---	---	---	4,000
SO2: Gains in the transparency, accountability, competency, and responsiveness of Mongolia's primary institutions of democracy consolidated. - ESF	---	---	---	2,000	---	---	2,000
SpO1: Support provided to the Mongolia power production system. - ESF	---	---	---	---	---	---	---
Totals - ESF	4,000	---	---	2,000	---	---	6,000

USAID Representative, Edward Birgells

ACTIVITY DATA SHEET

PROGRAM: Mongolia
TITLE AND NUMBER: Mongolia Economic Policy Support Project, 438-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $4,000,000 (ESF)
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: The goal of the Economic Policy Support Project (EPSP) is to increase the standard of living of the people of Mongolia and to improve social indices by assisting the Government of Mongolia's (GOM) transition from a centrally-planned economy to a true private sector-led, market oriented economy. The project seeks to provide technical assistance and carefully targeted in-country training to establish sound, growth-oriented market-economy policies and practices, and to develop and/or strengthen select public and private-sector institutions that will help develop and sustain a market-oriented economy.

USAID Role and Achievements to Date: Perhaps the most significant achievement under the technical assistance component of this activity is that the current Prime Minister has taken on three American-trained, Mongolian economists who worked under EPSP during its first year as his economic advisors, naming one of them as his Senior Economic Advisor. In this one decisive action the, GOM hired a core cadre of experienced economic policy analysts, capable of implementing the GOM's economic growth objectives. Other achievements under the technical assistance component include the following:

First, the activity played a key role in organizing the current government's Economic Policy Workshop helping to set its agenda, recruit four expatriate experts as speakers, and pay for workshop costs. The results of the conference influenced the highest levels of the GOM, including the Prime Minister and senior ministers, and led to the development of a comprehensive economic reform agenda.

Second, with direct assistance provided by the activity, the new government's economic reform agenda was drafted, finalized and an implementation timetable was set.

Third, EPSP played a key role in encouraging and helping to set new (and significantly higher) electricity, heat, coal and petroleum prices, which resulted in the Central Energy System (CES) showing a profit for the first time in recent memory. It also suggested that existing, subsidized prices be maintained on the first 100 kw of household electricity consumption. This suggestion made the increase more politically palatable.

Fourth, EPSP played a key role in alerting the new Democratic Union government to the precarious financial condition of two of the nation's largest banks and to the inadequacy of the banking reform efforts under the previous government. It also actively assisted in the design and implementation of a new banking strategy which has been widely praised.

Training also constitutes an important part of USAID's efforts under this activity. Fifteen Mongolians are in the United States on long-term economics training. Training activity will continue with targeted long-term training. However, EPSP will focus more on short-term training in both the United States and third would countries that compliments the technical assistance to be provided, in the areas of macroeconomic reform, budget analysis and energy policy. The goal of this activity is to build a cadre of market oriented policy makers for the GOM.

Overall, the hallmark of USAID assistance under EPSP has been its speed, flexibility and high quality. Senior Mongolian government officials have consistently identified EPSP as the single most important technical assistance activity in Mongolia. The tremendous impact of the activity is directly attributable

to the three qualities cited above. EPSP fully deserves credit for helping the GOM to go further, faster and achieve higher quality reform outcomes than would have been possible without the project.

Description: The Economic Policy Support Project is a $7.5 million activity, designed to provide a diverse array of technical assistance and training opportunities to empower both the public and private sectors to strengthen and deepen Mongolia's transition to a fully functioning market economy. At the GOM's request, the technical assistance component of this activity has been located in the Office of the Prime Minister where it serves as an intra-governmental resource for developing, debating, implementing and evaluating economic policies.

Host Country and Other Donors: The International Monetary Fund, the World Bank, and the Asian Development Bank, the United Nations Development Program and the Japan International Cooperation Agency provide technical assistance in the fields of economic policy and public administration. However, no other donor plays the all-encompassing role that the EPSP plays. Indeed, the other donors count on EPSP to ensure that their assistance is needed and appropriate.

Beneficiaries: Mongolians are benefiting from lower inflation and interest rates, reliable energy services, as well as other benefits of an efficient market economy.

Principal Contractors, Grantees, or Agencies: USAID implements this activity through the GOM's Prime Minister's Office, Development Alternatives Incorporated, a technical assistance contractor, and the Academy for Educational Development, a training contractor. Privatization assistance will be provided by an undetermined contractor under the Global Bureau's Support for Economic Growth and Institutional Reform contract (SEGIR)

Major Results Indicators:

1. Macroeconomic management improved.
2. Economic policy analysis improved.
3. Commercial energy policies implemented.
4. A privatized economy, run by a strengthened private sector.

A Performance Monitoring Plan for this program is in the final stages of development, but not yet in place. More specific results will be reported on in the next Congressional Presentation.

ACTIVITY DATA SHEET

PROGRAM: Mongolia
TITLE AND NUMBER: Gains in the Transparency, Accountability, Competency and Responsiveness of Mongolia's Primary Institutions of Democracy Consolidated, 438-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: $2,000,000 (ESF)
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To consolidate gains in the transparency, accountability, competency and responsiveness of Mongolia's primary institutions of democracy.

USAID Role and Achievements to Date: USAID has supported Mongolia's democratic transition from the very beginning of its democratic movement. The first phase of USAID support was designed to open the doors to the West and to allow Mongolians to study other democratic systems. The second phase of USAID assistance sought to improve the capabilities of Mongolia's new democratic institutions and to foster the development of robust and sustainable citizen initiated non-governmental organizations in Mongolia. A third phase was entered in FY 1998, with the introduction of the Rural Civil Society Program (RCSP), which will assist local communities in addressing problems, as well as develop the institutional capacity of local, private organizations to identify and implement solutions to problems at the grassroots level.

Mongolia's overall accomplishments in embracing democracy have been profound: 1) a new constitution has been put into effect which guarantees basic democratic rights and protection; 2) a representative parliament has been created; 3) five free and fair national-level elections have been held; 4) a new, independent, judicial system has been established; 5) a vibrant community of citizen-initiated nongovernmental organizations has emerged and 6) the national parliament has passed legislation protecting and promoting the development of non-governmental organizations. USAID assistance has played a role in all of these accomplishments and has been major contributor to the last two accomplishments listed above.

Description: USAID currently works through three organizations to implement its democracy program: The Asia Foundation (TAF), the International Republican Institute (IRI) and the International Development Law Institute (IDLI), and a contractor still undetermined to implement the Rural Civil Society program.

The Asia Foundation's program helped to: 1) develop non-governmental organizations (NGOs); 2) support NGOs engaged in economic and political policy issues and 3) provide research and information support services to other NGOs engaged directly in policy development. USAID/Mongolia's assistance to The Asia Foundation will terminate at the end of FY 1998.

The International Republican Institute is providing training and technical assistance to members of Parliament and major political parties. Its efforts are focused on establishing democratic representative processes throughout Mongolia, particularly in the countryside. Funds are also being used to improve the organizational viability of political parties, especially at the aimag (provincial) and soum (county) levels. IRI is also actively engaged in efforts to improve the effectiveness of Government of Mongolia (GOM) ministries and the Great Hural (national parliament).

The International Development Law Institute's program seeks to reinforce the professionalism and independence of the Mongolian judiciary. Specific activities include: 1) the development of "benchbooks" for judges which will serve as reference materials and self-training guides; and 2) training in the use of the benchbooks.

The RCSP will: 1) increase the capacity of local civil society to identify and meet community priorities rapidly and successfully; 2) bring together NGOs, the public and the private sectors to begin to address shared needs in a systematic fashion and as partners; and 3) develop alliances between local communities and politically sophisticated national civil society groups to defend local interest and to act as a conduit for policy decisions at the local and national levels; 4) develop rural institutions that can provide training and support for the development of rural enterprises and agriculture.

Host Country and Other Donors: Several other donors are very actively involved in commercial and general legal reform and education. The United Nations Development Program, in cooperation with the governments of Sweden and Denmark are engaged in a program to upgrade the quality of public administration and adherence to democratic processes in local government. The Asian Development Bank (ADB) also engaged in a effort to improve the quality of administration, particularly within the judicial branch. Gesellschaft Fur Technische Zusammenarbeit (GTZ) is supporting major training of judges. (USAID activities in the judicial branch are designed to complement the work of the ADB and GTZ in this field.)

Beneficiaries: All of the Mongolian electorate - those individuals on whose behalf a democratic state is supposed to govern - stand to benefit from these activities, especially young men and women who are expected to play an increasingly important role in determining Mongolia's future. The RCSP could benefit up to 40 percent of a rural Mongolians

Principal Contractors, Grantees, or Agencies: USAID implements this activity through the following partners: The International Republican Institute, the International Development Law Institute, a competitively selected U.S. NGO (to be determined) and ACDI/VOCA.

Major Results Indicators:

1. A robust and self-sustaining community of indigenous NGOs exists.
2. An independent court and judicial system makes and disseminates informed legal rulings.
3. The electorate is given access and a voice in national and local legislatures.
4. Communities are taking a greater role in solving economic and social problems.

A Performance Monitoring Plan for this program is in the final stages of development, but not yet in place. More specific results will be reported on in the next Congressional Presentation.

ACTIVITY DATA SHEET

PROGRAM: Mongolia
TITLE AND NUMBER: Support Provided to the Mongolian Power Production System, 438-SP01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE:
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To increase the reliability of Mongolian electricity and district heating systems in Ulaanbaatar and selected aimag (provincial) centers through the provision of spare parts, commodities and limited technical assistance.

USAID Role and Achievements to Date: The Mongolian Energy Sector Project (MESP) has been USAID's most visible project in Mongolia. It has provided critically needed equipment, spare parts, technical assistance and training to shore up energy production at Power Plants #2, #3 and #4 in Ulaanbaatar and the Sharyn Gol and Baga Nuur coal mines. The emergency situation in the energy sector has subsided and power plants and coal mines are now running more efficiently and price increases have resulted in a positive cash flow for the energy authority. More recently, project funds have been used to purchase diesel generator sets to produce electricity in five provinces. These diesel generator sets will be 40% more efficient than the Soviet and Czech sets they replace. In addition, the Mission has entered into an inter-agency agreement with the U.S. National Renewable Energy Laboratory to accelerate the use of wind energy technology in Mongolia.

The most significant achievement of the MESP is that it has kept the Mongolian electricity, steam heat, and hot water system up and running without any major long-term interruptions. In addition, the project has trained key Mongolians in power plant operations and management, thereby helping to protect the sustainability of USAID's energy sector investments.

Description: With the breakup of the Soviet Union in 1990, the Government of Mongolia (GOM) assumed increased responsibility for construction, operation and maintenance of their infrastructure. As early as 1991 it was apparent that outside assistance would need to be provided if the electric power and urban steam heating systems were to continue to function, particularly during the extended winter period. Much of Mongolia's power generation equipment was on the verge of being unserviceable and the country lacked the foreign exchange to purchase critically needed spare parts in international markets. USAID authorized the subject project in 1992. The Agency's strategy has been to help the Mongolians maintain existing levels of power production and improve the reliability of their energy systems.

This project is currently in its last stages. Project funds are being used to help the Government of Mongolia to maintain energy production through the winter of 1997/98 and to replace obsolete Soviet and Czech diesel generator sets in selected aimag centers. Upon achievement of these activities, the project will have largely succeeded in meeting its primary goal, namely, avoiding a calamity in the Mongolian energy production sector. The last major action under this project, undertaken in response to a request from the GOM, will be to purchase a limited number of additional generator sets for selected aimag centers. After this action is completed, USAID intends to fold any remaining energy sector activities into the Economic Policy Support Project.

Host Country and Other Donors: The GOM has sharply increased electricity and coal tariffs over the past year, and the revenue from these price increases is now making it possible for the GOM to cover the maintenance costs associated with the energy production system. Other donors involved in the energy sector include the World Bank (upgrading production at the Baga Nuur and Sheve-Ovoo coal mines), the Asian Development Bank (assisting in the rehabilitation of Power Plant #3 and improving

the financial management of the Mongolia Energy Authority), the Government of Japan (also upgrading production at the Baga Nuur and Sheve-Ovoo coal mines and assisting in the rehabilitation of Power Plant #4), the NORDIC Development Fund and DANIDA, (engaged in limited rehabilitation work at Power Plant #3), Gesellschaft Fur Technische Zusammenarbeit, (assisting in upgrading the power plant at Darkhan).

Beneficiaries: Direct beneficiaries are all residents who are serviced by the Mongolian electricity and district heating systems in Ulaanbaatar and selected aimag centers. Indirect beneficiaries include the entire population of Mongolia because the activity has succeeded in averting a humanitarian, economic and political calamity in the energy sector, thereby permitting the GOM to move more rapidly in implementing its democratic and economic reform agenda.

Principal Contractors, Grantees, or Agencies: USAID implements the program through the GOM Ministry of Infrastructure and Wagner Asia Equipment, distributor for caterpillar equipment in Mongolia, a U.S. firm.

Major Results Indicators:

1. Disruption averted to the energy production system.
2. Sustainable improvements made in the energy sector.
3. Considerable cost savings in supplying rural electricity

(This SO will not be funded in FY 99.)

A Performance Monitoring Plan for this program is in the final stages of development, but not yet in place. More specific results will be reported on in the next Congressional Presentation.

MOROCCO

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$12,000,000	$8,000,000	$8,781,000
Child Survival and Disease	3,200,000	2,300,000	3,000,000
P.L.480 Title II	4,047,000	---	---

Introduction

The USAID/Morocco program supports the following U.S. foreign policy and strategic goals: regional stability, economic prosperity through broad-based economic growth, and expanded trade markets. It also addresses critical transnational issues of stabilized population growth, improved maternal and child health, and environmental protection.

Development Challenge

Morocco is a country of contrasts and dualistic development. Morocco has 27 million people of which 35% are under 15 years of age, potentially leading to an explosion in the population growth rate within the next 10 years. The average population growth rate, despite recent declines, is still 2.1%, which will double the country's population in 33 years. Population thus affects the government's ability to provide services, as well as affects the country's natural resource base and productivity.

Debilitating urban and rural poverty coexists alongside modern urban centers. Morocco's per capita Gross Domestic Product (GDP) was estimated at $1,280 in 1996, making it a lower-middle-income (LMI) country. However, economic growth since the end of the structural adjustment program in 1992 has lagged to an average 1.3% owing to droughts and slow sectoral reform. In 1997, the growth rate is estimated to have been a negative 2.2%. At the same time, the urban labor force is growing at 7% annually, with unemployment nearing 20%. Two-thirds of the poor live in rural areas and an estimated 5.6 million people (22% of the population) lives at or below the poverty level.

Illiteracy continues to be a problem with 51% of the adult population considered illiterate (compared to 19% for LMI countries and 45% for the MENA region). Natural resources are scarce; the most significant, phosphate and its derivatives, accounts for most of its export earnings. Only 20% of the land is arable with agricultural production dependent on irrigation because of recurring droughts.

Morocco must face four challenges in the coming decade: 1) a growing population; 2) water scarcity; 3) job scarcity, and 4) access to basic education. An overarching development challenge is assuring equitable distribution of economic opportunities and services within the country. Rural areas lag far behind urban centers in providing adequate water and sanitation, housing education, economic growth opportunities, and social services.

USAID programs are helping Morocco overcome these challenges. USAID supports Morocco's efforts to reduce fertility and improve the health of children and women. The investment made in building institutional sustainability through technical assistance, training and material has had demonstrable results--the infant mortality rate has dropped from 82.4 per thousand (1987) to 36 per thousand (1997). By the end of FY 1999, USAID plans to graduate from involvement in population and health services allowing the private sector, government, and other donors to sustain the investments made to date.

Recent USAID initiatives in basic education, particularly for girls, and microenterprise will assist Morocco in addressing its education and job needs. USAID is supporting the Government's policy reform agenda and improving the enabling environment for small and medium scale enterprises, by

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increasing credit available to small and micro-entrepreneurs and supporting institutional development through training and technical assistance. A microfinance facility, established in 1997, has outpaced USAID and government projections for microenterprise credit and loan repayment.

Water scarcity is a critical constraint affecting Morocco's long-term development. Therefore, USAID is continuing its focus on improved water resources management in the agricultural, urban, and industrial sectors. The program is demonstrating results--annual water usage in one major irrigation scheme has been reduced by 13 million cubic meters.

Other Donors

Donor assistance to Morocco totals about $1 billion per year. An estimated 80% of donor assistance, mostly in the form of loans, loan guarantees, or commercial credit, finances infrastructure development (roads, ports, dams, railroads, electricity, water, housing, sewerage, and telecommunications). The largest donor programs in Morocco are those of the World Bank, the European Union, France, the African Development Bank, and Spain. U.S. assistance (grants and housing guarantees) accounts for about 10% of total grant assistance. Nevertheless, USAID remains one of the most visible and active donors, and plays a far more significant role than its program size would indicate, through its leveraging of other donor resources and demonstrating successful U.S. development models. USAID is perceived as the leading donor in microenterprise development and finance, water resource management, and family planning.

FY 1999 Program

USAID's strategy for FY 1999 focuses on areas critical to Morocco's sustainable development. Support for improved water resources management in the agricultural, urban, and industrial sectors will reduce toxic emissions, improve the living environment, reduce water usage, reduce surface water pollution, and provide modern sewerage and potable water systems to more of Morocco's citizens. The basic education activity will increase the participation of rural girls in primary schooling helping them to address their development problems. Activities in small and micro- enterprises will improve access to credit and markets for the poor and will broaden the base of stakeholders in the economic growth process.

MOROCCO
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic and Special Objectives	Economic Growth & Agriculture	Population and Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
1. Reduced Fertility and Improved Health in Children Under Five and Women of Child-Bearing Age - DA - CSD		2,000 3,000					2,000 3,000
2. Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors - DA			3,755				3,755
3. Expanded Base of Stakeholders in the Economy, Targeting People of Below - Median Income - DA	1,000						1,000
4. Increased Basic Educational Attainment for Rural Girls in Selected Rural Areas - DA					2,026		2,026
Total DA CSD	1,000 0	2,000 3,000	3,755 0	0 0	2,026 0	0 0	8,781 3,000

USAID Mission Director : Michael Farbman

ACTIVITY DATA SHEET

PROGRAM: Morocco
TITLE AND NUMBER: Reduced Fertility and Improved Health of Children Under Five and Women of Child-bearing Age, 608-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $2,000,000 DA; $3,000,000 CSD
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 1999

Purpose: To reduce fertility and improve the health of children under five and women of childbearing age. The major focus is to achieve these results by assuring sustainable institutions in the public and private sector which are capable of maintaining key maternal and child health programs in the absence of significant USAID resources.

USAID Role and Achievements to Date: USAID initiated support for family planning and maternal and child health (FP/MCH) in Morocco in 1971, and since has become the Government of Morocco's (GOM) principal external partner in this program. As a result of USAID assistance to the Moroccan family planning program, the population of Morocco today is 8.8 million fewer people than it otherwise would have been. U.S.-Moroccan collaboration has resulted in an increase in contraceptive prevalence from 42% in 1992 to 53% in 1996; and a concomitant decline in total fertility of 31%, from 4.8 in 1987 to 3.3 children per woman in 1996. USAID's assistance also has supported GOM efforts to increase childhood immunizations from 76% to 85% since 1992, and to promote increasing private sector participation in family planning activities, with social marketing of contraceptives reducing the costs of contraceptives available to the consumer and resulting in approximately 462,195 couple-years of protection achieved through private sector sales of contraceptives in 1996. Despite this significant progress, constraints to access and use of these services continue, and are shown by large disparities in all health statistics between rural and urban populations; limited use of maternity services including prenatal, delivery and postpartum care, resulting in high rates of maternal mortality; and high child and infant mortality due to diarrheal disease and acute respiratory infections compounded by micronutrient deficiencies. Challenges include ensuring that FP/MCH services are readily accessible, that quality is sufficient to attract and retain clients and promote improved health practices, and that populations are informed to use services appropriately. Enhancing sustainability of health service delivery has become the priority focus of Strategic Objective 1 (SO1) during the past two years, as USAID prepares to end bilateral assistance to the health/population sector by the end of 1999. USAID/Morocco's health/population sector Transition Plan emphasizes strengthening institutional capabilities required for sustainable programs. Thus USAID supports in-country, inter-institutional partnerships to support capacity-building within the FP/MCH service delivery system. Most notable among these efforts are the involvement of schools of medicine and nursing in public health through the introduction of family planning/reproductive health curricula in basic medical and nurse training programs, and the transfer of management expertise located within Morocco's School of Public Health (INAS) to improve field program management. In addition, specific areas of USAID support -- for example, the sexually transmitted disease (STD) and the voluntary surgical contraception (VSC) programs -- are being systematically transferred to and institutionalized within Ministry of Public Health (MOPH) structures which now have the required expertise and resources. USAID is also supporting a number of important activities in the private sector in order to diversify access to essential FP/MCH services.

Description: USAID focuses on increasing use of quality FP/MCH services and on their longer-term sustainability through four activity areas: 1) establishment of greater access to quality FP/MCH services responsive to client demand; 2) improvement of the policy environment to support expansion of FP/MCH services; 3) reinforcement of the institutional capacity to manage FP/MCH programs in a decentralized demand-driven mode; and 4) promotion of increased diversification of the resource base for financing the delivery of FP/MCH services. Support is channeled primarily through the MOPH, to strengthen the ability of the system to provide an expanded range of services, with emphasis on long-

term methods of family planning, integrated child health and quality safe motherhood services. Assistance is also provided in the areas of policy reform; use of data for decision-making; developing services that are responsive to client needs; and assuring private sector participation in preventive health care service delivery and family planning services. The GOM has been assuming an increasing percentage of contraceptive and local cost requirements for the FP/MCH program, with the intention that all USAID bilateral support for contraceptive procurement will end in December 1999.

Host Country and Other Donors: For the last three decades, USAID has been the lead donor in family planning in Morocco, and has been an important contributor to MCH activities. Other lead donors in the health sector include the European Union (EU), which is assuming an increasingly significant role in the areas of health and population, supporting health sector reform, family planning, HIV/STD programs and safe motherhood. UNFPA is an important donor in the area of population, including Information, Education and Communications (IE&C) activities, safe motherhood initiatives and advocacy programs. The United Nations Children's Fund (UNICEF) is an important donor in child survival, working in two provinces on community approaches to child survival. The World Health Organization (WHO) provides support for AIDS control, public health training, communicable diseases and epidemiology. The World Bank has two active health sector loans, largely for infrastructure development, and a health sector reform loan in design. The African Development Bank also has health sector loans, particularly for essential drugs.

The MOPH continues to develop national plans and strategies for the sector, for which it seeks donor support. MOPH contributions include infrastructure, personnel, operating costs, pharmaceutical products, health facilities, etc. FP/MCH are priorities for the sector, serving as "engines" that promote service and systems development in related areas. The GOM is currently financing 56% of all USAID-GOM program costs.

Beneficiaries: Children under five years and married women of child-bearing age in Morocco represent approximately 28% (7.6 million) of Morocco's population of 27 million. USAID-supported programs, which operate at the national level, are reaching these beneficiaries in numerous ways.

Principal Contractors, Grantees, or Agencies: USAID implements most activities through a U.S. consulting firm (John Snow International), but important sub-activities are being carried out by numerous USAID health sector cooperating agencies.

Major Results Indicators	Baseline (1992)	Target (1999)
- Total Fertility Rate (TFR) (1)	4.0	3.0
- Infant Mortality Rate (IMR) (2)	57.0	52.0
- Contraceptive Prevalence Rate (CPR) (3)	41.5	58.0
- Proportion of FP/MCH program operating costs financed by GOM (%)	33.0	83.0

(1) TFR: Estimated number of children born to Moroccan women aged 15 to 49 years.
(2) IMR: Estimated number of deaths of children aged 0-11 months per 1,000 live births.
(3) CPR: Percentage of married women of child-bearing age (15-49) who are using a contraceptive method at the time of the survey.

(Source: Demographic and Health Survey, 1992)

ACTIVITY DATA SHEET

PROGRAM: Morocco
TITLE AND NUMBER: Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors, 608-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $3,755,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To improve Moroccan water resources management practices and systems in the agricultural, urban and industrial sectors.

USAID Role and Achievements to Date: With water demand expected to exceed supply by 2020, improved management of water resources is key to Morocco's future sustainable development. USAID's programs support improved water management in the agricultural, industrial, and urban sectors. Since its initiation in 1995, this Strategic Objective (SO2) has shown significant achievements: (a) Improved system-level irrigation management, as well as level-basin irrigation technologies, have demonstrated water savings in one of Morocco's largest irrigation perimeters, which is now seen as a model for the national irrigation system. Irrigated agriculture is responsible for nearly 90% of Morocco's water use. (b) Public participation in irrigation management has expanded rapidly in the past year to include a significantly more important role for water-user associations in local decision-making. (c) Environmental audits have reduced toxic emissions from the tannery sector. Clean technology activities will continue to reduce surface water pollution in targeted areas, and to improve conditions for both workers and the public. (d) Under USAID's urban environmental programs, modern sewerage and potable water systems have been brought cumulatively to over 1,000,000 people (70% of whom are below median income) as of 1996, with indirect benefits such as reduced seasonal flooding and related water-borne diseases for an additional 225,000 low income people over the last decade.

Description: The Strategic Objective activities include: Water Resources Sustainability (WRS), Urban and Environmental Services (UES), Urban and Environment Credit Program (UE), and Tadla Resources Management (TRM). The WRS activity focuses on policy and institutional strengthening, with pilot activities demonstrating improved technologies relating to erosion control, urban waste water treatment and reuse for agriculture, and reduction of heavy metal-laden effluents from the tannery industry in Fes. Activities were first initiated in 1996, with feasibility studies and environment assessments for three pilot activities completed in 1997 and implementation planned for 1998.

The UES activity, started in 1996, works with national institutions, local governments and a citizens' group on improving environmental services delivery, strengthening key urban development institutions, and providing basic environmental infrastructure, such as sewers, potable water and sanitary landfills. UES also provides technical and institutional analysis services in support of the current $100 million Moroccan Housing Guarantee program. Owing to unexpected funding shortfalls, all UES activities will necessarily be completed by FY 1999, and the breadth of initiatives will be decreased correspondingly.

The TRM activity was initiated in 1994. It concentrates assistance in the irrigated agriculture sector for the promotion of water savings through system-level and on-farm water-use efficiency improvements, water quality improvements through promoting integrated pest and fertilizer management technologies, and strengthening of participation by farmer water-user groups in decision-making related to water management.

Host Country and Other Donors: The World Bank supports complementary programs in irrigated agriculture and municipal finance. They are planning a new loan which will be able to take advantage

of USAID program models for pollution reduction and water savings. European donors -- especially the EC, France and Germany -- are increasing their support for this sector. The host country contributes at least 25% of the total cost of the USAID interventions.

Beneficiaries: Beneficiaries range from farmers, to urban residents (in particular poorer families), and workers in polluting industries (such as tanneries). Families benefitting from all aspects of the program currently total over 120,000 (600,000 people), with a potential for several times that amount over the next four years.

Principal Contractors, Grantees or Agencies: Numerous U.S. firms and local organizations, including NGOs, are involved in implementing this activity. U.S. firms include Chemonics, Environmental Alternatives Unlimited, and Technical Support Services as principal contractors. Subcontractors include various U.S. and local firms.

Major Results Indicators:	Baseline (1994)	Target (1999)
Amount of water pollution in target areas (chromium and nitrates)	100%	90% reduction in chromium 25% reduction in nitrates
Volume of water savings in target areas	0 million m^3/yr	70 million m^3/yr
Number of farmers in viable water-user associations effectively managing water resources at the local level	200	10,000
Percent of poor urban household units connected to sewerage and potable water	35%	70%
Number of municipalities/population with improved waste water treatment, garbage collection, landfill management, green-spaces and recycling services	2/600,000	11/2,100,000

ACTIVITY DATA SHEET

PROGRAM: Morocco
TITLE AND NUMBER: Expanded Base of Stakeholders in the Economy, Targeting People of Below Median Income, 608-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999; $1,000,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To provide greater economic opportunities for the poor, by expanding the base of stakeholders in a growing economy, targeting people of below-median income.

USAID Role and Achievements to Date: USAID assistance serves as an important catalyst promoting an enabling market economy, business environment, competitiveness of employment-generating firms, and access to financial resources of micro- and small-scale enterprises. Activities have focused on policy, institutional, and regulatory reform, to stimulate micro-, small- and medium-sized enterprise development, access to credit for entrepreneurs; agricultural product, market, and export diversification; and low-cost housing construction. USAID's policy dialogue has contributed to several important reforms. These include simplifying the business registration process, passing a law for protecting agricultural intellectual property rights (promulgated in 1997), and proposing a law to ease the legal requirements and taxes for non-governmental micro-credit associations. Through USAID's efforts, the cost of road transport of agricultural exports has been reduced by 20 percent. Micro-lending operations were initiated in three cities in 1997 and are rapidly expanding, reaching over 3,000 poor clients in 1997.

Other program achievements include helping Moroccan firms export $101 million worth of horticultural and other products, which in turn generated 20,800 person-years of employment (46% women and predominantly people from lower-income strata). Through the housing activities, about 112,000 urban households of below-median income have become homeowners, creating an additional estimated 71,000 person-years of employment. Some 28 small business associations have been strengthened as advocates for member interests, policy reforms, and new market opportunities.

Description: The Strategic Objective currently comprises three activities: (1) New Enterprise Development (NED); (2) Morocco Agribusiness Promotion (MAP); and (3) Microenterprise Finance (MFA). The establishment of a pilot micro-lending program in 1997 helped stimulate the creation of additional micro-lending associations, and is encouraging traditional banks to develop banking services for microentrepreneurs. The second phase of the activity will be launched in 1998, opening three more branch offices in other cities and testing the possibility of on-lending other donors' funds. The NED activity assists small- and medium-sized enterprises (SMEs), and has promoted several reform initiatives, including creating a one-stop business registration center, a simplified tax reporting format, and an association law to expand the NGO movement serving disadvantaged Moroccans. NED has a loan guarantee component which will provide working capital credit to several hundred SMEs that would otherwise not have access to this key business resource. The MAP activity continues to expand markets and create jobs for the poor within Moroccan horticultural growing, processing and exporting firms, and is focusing on strengthening key institutions and regulatory functions during its final year (ends June 1998). Through housing loan guaranties and leveraging of private sector financing, USAID is providing squatter families access to service, titled housing lots, and is upgrading urban environmental conditions for the urban poor in selected communities.

Host Country and Other Donors: Through separate activity agreements, the Government of Morocco will finance $15 million, and the private sector $16 million, of the total costs associated with the MAP, NED and MFA activities. The Ministry of Agriculture and the World Bank are using the MAP activity

as a model for the Bank's agro-industrial project which is in the pre-implementation phase. The European Union supports small business services and has pledged 30 million ECUs for microenterprise. Its projects are designed to complement USAID's micro- and new enterprise activities. Spain provides limited funds targeted to NGO development and support. One U.S. NGO -- Catholic Relief Services -- implements microenterprise development activities in Morocco.

Beneficiaries: The principal beneficiaries of the activities under this SO are poor people, both rural and urban, who gain employment opportunities, low-cost housing, and access to financial resources. Micro- and small-scale entrepreneurs acquire improved access to credit and other business development services. Private employers of all sizes, especially agribusinesses, benefit from enhanced productivity and opportunities to compete in international markets, and Moroccan consumers benefit from increased availabilities of food products and improved food quality and safety standards.

Principal Contractors, Grantees, or Agencies: The primary contractors for these activities include: Development Alternatives, Inc., the Foreign Agricultural Service of the U.S. Department of Agriculture (USDA/FAS), the University of Minnesota, Chemonics International, and Volunteers in Technical Assistance. Numerous subcontractors also contribute to implementation of these activities.

Major Results Indicators:	Baseline (1993)	Target (1999)
Person-years of employment for below-median income people	16,496	121,628
Increased number of below-median income urban households owning homes	48,500	160,000
Business licenses issued to small and medium-sized enterprises	16,000	152,557
Number of microenterprises receiving loans	128	12,000

ACTIVITY DATA SHEET

PROGRAM: Morocco
TITLE AND NUMBER: Increased Basic Educational Attainment among Girls in Selected Rural Areas, 608-SPO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999; $2,026,000 DA
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: To increase the participation (access and retention) of rural girls in primary schooling through a series of innovative pilot activities at the local, regional and national levels.

USAID Role and Achievements to Date: In 1996, USAID began helping the Ministry of National Education (MNE) to test ways of improving retention of rural girls during primary school. In Morocco, the school enrollment rate for rural girls is a dismal 22% (50.4% for rural boys). Of the minority of rural girls who enroll in primary school, only four out of ten complete the fifth year. The MNE views USAID's technical leadership in this sector as critical to providing credibility to their strategy for the improvement of rural primary education. USAID plays the role of lead donor in terms of in-country presence and use of international experience to identify innovative interventions which will have visibility and impact in pilot rural areas. Achievements to date include: the launch of the MNE strategy, improvement of teacher training and classroom dynamics in 20 pilot schools in five provinces, and the completion of agreements between the MNE and community leaders for the promotion of girls' education.

Description: By the year 2000, this Special Objective (SPO4) will have formulated and validated a replicable model of interventions for improving primary education for girls in rural areas through institutional strengthening and capacity-building, policy reform, and greater community participation. In a second phase (2001-2003), the model will be extended to schools in up to nine additional provinces. USAID assistance supports: (1) the improvement of classroom dynamics through training of teachers and administrators in multi-grade teaching and curricula adaptation; (2) interventions to strengthen MNE capacity at the provincial and national levels to design, manage, evaluate and replicate the model; (3) policy reform initiatives which target the MNE management information system, primary education budget, rural teachers' incentives, and decentralized decision-making; and (4) greater involvement of local communities, private sector entities, and non-governmental organizations in girls' education.

Host Country and Other Donors: The MNE initiated monthly coordination meetings to ensure that all donors' activities conform to the strategy and that there is no duplication of effort or waste of resources. The host country will finance at least 25% of all program-related costs, including manpower costs associated with management, monitoring and evaluation of pilot interventions. The expansion of primary school reforms beyond the pilot areas to the national level will be funded in its entirety by the GOM. The GOM and the World Bank signed a loan agreement for a Social Priorities Program in September 1996, which includes an important basic education infrastructure component ($54 million). USAID's assistance package was prepared in close collaboration with the World Bank. The United Nations Children's Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Population Fund (UNFPA), World Food Program (WFP), United Nations Development Program (UNDP) and the French and Spanish cooperation agencies have modest programs that support elements of the MNE strategy for rural education.

Beneficiaries: In Morocco, there are about 2.5 million girls of primary school age. Approximately 1.3 million of these girls live in rural areas and are directly affected by the weaknesses of the rural primary school environment.

Principal Contractors, Grantees or Agencies: Current contractors for ongoing activities include AMIDEAST, Management Systems International and Creative Associates Incorporated International (all have U.S. subcontractors). The principal grantee is the Ministry of National Education.

Major Results Indicators:	**Baseline** (1992)	**Target** (1999)
Percentage of total number of eligible rural girls enrolled in primary school in selected rural areas	22.3%	35%
Retention rate for rural girls through the sixth year	39.6%	50%
Repetition rate for rural girls, grades 1-6	12% (1996)	8%
Percentage of girls who complete grades 1-6	8.8%	20%

(Note: The above baselines are the latest data available at the national level. Both baselines and targets are provisional, pending the establishment of a data collection system in targeted areas.)

NEPAL

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$13,821,000	$15,700,000	$20,800,000
Child Survival and Disease	4,779,000	10,000,000	5,460,000
P.L. 480 Title II	273,000	683,000	---

Introduction

Nepal is one of the poorest countries in the world, with a per capita income of approximately $210 and with half of its 22.6 million citizens living in absolute poverty. A limited natural resource base, rapid population growth, environmental degradation, low levels of social development, and widespread poverty present formidable development challenges. Meeting these challenges is central to a number of U.S. national interests, including: promoting broad-based economic growth; securing a sustainable environment; stabilizing population growth and protecting human health; promoting democracy and respect for human rights, especially for women; and opening the market for hydropower investment.

Development Challenge

Nepal's population growth rate is high while health is poor. The population is growing at 2.3% annually while infant and maternal mortality rates remain among the world's highest. To reduce the fertility rate, USAID is helping to expand the availability of quality, voluntary family planning services. Modern contraceptive use has risen from 2.9% to 28.8% over the past 20 years while desired family size declined from 4 to 2.9 children per woman. The fertility rate dropped from 5.6 to 4.6 in just five years. USAID is also helping to reduce under five-year-old child mortality which dropped from 165 deaths per 1,000 live births in 1988 to an estimated 118 deaths per 1,000 live births in 1993. USAID is also increasing prevention and control of HIV/AIDS which is growing steadily among high-risk-behavior groups in Nepal.

Agriculture is the primary occupation for 80% of the economically-active population, but cultivated land constitutes only 18% of Nepal's land area, with little room to expand. To optimize income generation from this limited resource, USAID assistance is encouraging subsistence farmers to move into high-value cash crops. The program is showing phenomenal success with a high-value commodity increase to 200,000 metric tons (64% increase) and a sales increase of 30% ($20 million total) over the past year. In forestry, USAID's support to over 1,000 community forestry user groups improved management of nearly 84,000 hectares of forest. The value of biomass produced in such forests is now $3.3 million annually per year and is projected to reach $4.5 million per year by 2000.

Nepal's long-term development requires that the women's roles in the economy and society be recognized and strengthened. But low levels of literacy, restricted access to resources, and limited knowledge of legal rights obstruct women from fully contributing to the development process. Through a unique, integrated program USAID is strengthening women's skills by increasing their literacy, knowledge of their legal rights, and access to economic opportunity. In the past year alone, over 35,000 more women became literate, over 40,000 became aware of their legal rights, and another 20,000 had access to financial assistance for their businesses.

As home of the Himalayas and the headwaters of South Asia's major rivers, Nepal has the world's greatest hydropower potential. Yet only 1% of that potential is developed, and power shortages continue to constrain economic development. To reverse this, USAID is encouraging investment in hydropower by assisting the Government of Nepal (GON) to improve the enabling conditions for investment in environmentally sound hydropower development. U.S. investors have shown a high degree of interest in this sector, attracting the single largest U.S. investment in Nepal's history.

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According to the World Bank[1], the external deficit of Nepal remains high at 10.3% of GDP in 1997 and is fully financed by external aid. USAID is not involved in debt relief in Nepal.

Other Donors.

Donor assistance accounts for nearly 60% of the GON's investment budget. Approximately $400 million is provided annually by donors, with the greatest contributions coming from Japan, the World Bank, and the Asian Development Bank. The United States is the third-largest bilateral donor, accounting for about 5% of the total donor assistance..

FY 1999 Program.

Priority investments in high-value agriculture and forestry, family planning and health services, women's empowerment and hydropower development are necessary for Nepal's attainment of sustainable growth and broad-based development. These investments will also address global issues by promoting democracy, protecting the environment, stabilizing population growth, and controlling HIV/AIDS.

With USAID's assistance, total fertility (the average lifetime births per woman) declined from 5.6 in 1990-91 to 4.6 in 1995-96, a move from a high to a moderate population growth rate. Eighty percent of this decline is from increased use of contraceptives--the focus of this objective. Complementary USAID assistance in maternal and child health has made substantial progress in reducing under-five mortality. Continued funding will: help Nepali families reach their desired size of 2.9 children; promote treatment of diarrheal diseases, acute respiratory infections, and vitamin A deficiency; and increase awareness and use of HIV and STI (sexually transmitted infection) prevention and control services.

Continued support to agriculture and forestry will support continuation of the exceptional growth in high-value products with expected annual growth between 20% to 25%, and will foster environmentally sound practices to ensure the growth is sustainable. In the energy sector, improved investment policies and procedures as well as a better local capacity for environmental impact assessments is expected to attract at least $35 million more in hydropower investment in the next year.

Providing Nepali women with literacy, knowledge of their legal rights, and microenterprise assistance serves to both strengthen democracy and the economy in Nepal. Over the FY 1998-2000 period, USAID expects that 100,000 more women will learn/obtain basic literacy skills, knowledge of their legal rights, and the tools to create or expand and sustain a microenterprise. This should benefit hundreds of thousands more where these women live and work.

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[1] World Bank Report: Nepal 1997 Economic Update: The Challenge of Accelerating Economic Growth (November 11, 1997).

NEPAL
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O 1. Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products. - DA	2,600	---	1,500	---	---	---	4,100
S.O. 2. Reduced Fertility and Improved Maternal and Child Health - DA	---	12,000	---	---	---	---	12,000
-CSD	---	5,460	---	---	---	---	5,460
S.O. 3. Increased Women's Empowerment -DA	2,000	---	---	1,000	---	---	3,000
Sp.O. 4 Increased Private Sector Participation and Investment in Environmentally and Socially Sound Hydropower -DA	200	---	1,500	---	---	---	1,700
Totals - DA	4,800	12,000	3,000	1,000	---	---	20,800
-CSD	---	5,460	---	---	---	---	5,460

USAID Mission Director, Dr. Frederick E. Machmer, Jr.

ACTIVITY DATA SHEET

PROGRAM: NEPAL
TITLE AND NUMBER: High-Value Agriculture and Forestry, 367-SO01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999; $4,100,000 DA
INITIAL OBLIGATION: FY 1992; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To increase the sustainable production and sales of forest and high-value agricultural products. This will be accomplished by expanding market participation by farmers, traders and entrepreneurs, promoting sustainable management of the productive resource base, and increasing adoption of improved technologies for high-value agriculture.

USAID Role and Achievements to Date: USAID's focus is on development and implementation of sustainable, farm-level forest and high-value crop production and marketing strategies. These activities are resulting in: (a) expanded market participation by farmers, traders, and agroentrepreneurs; and (b) sustainable management of the productive resource base in midwestern Nepal. USAID's support is creating market linkages for new technology inputs to improve production, and to develop markets for forest and high-value agricultural products in Nepal and the South Asia region. At the national level, USAID supports development and adoption of export-oriented trade policies and implementation of natural resource legislation which expands community and private management of forest and water resources. As a result, sales of forest and high-value agricultural products have increased from an estimated $3 million in 1993 to over $20 million in 1997; production of vegetable seeds and apples in midwestern Nepal now account for over 10% of national production levels; and the legal framework for transferring Nepal's national forests to community-based user groups has been established. This has resulted in the turnover of nearly 84,000 hectares of forest land to community management. In cooperation with the Asian Development Bank, USAID is assisting with the turn-over of government-operated irrigation systems (covering 15,000 hectares) to private user associations. This has already resulted in significant income increases (approximately 25%), benefitting over 50,000 members of farm households. USAID will build on these achievements to help Nepal attain sustainable economic growth.

Description: Accelerating agricultural growth is a key component of USAID's strategy for addressing the needs of the 80% of Nepal's population employed in agriculture and agrobased industry. Commercializing agriculture and improving management of the productive resource base are key elements of USAID's highly successful high-growth agriculture model, which has been established in mid-western Nepal.

USAID is providing funds to NGOs and private firms to develop community level capacity to produce, process, and market forest and high-value agricultural commodities. USAID also works with national level organizations, including the Agro-Enterprise Center of the Federation of Nepalese Chambers of Commerce and Industry and government ministries, to create an improved economic and business environment for market-oriented high-growth agriculture. Increasing access to improved technologies and augmenting the competitiveness of community-based and small enterprises have fueled growth in production and sales. Greater community and private control of local forests is enhancing the quality and productivity of the resource base. Sustainability is further enhanced by strengthening government capacity to provide extension services in support of commercial agriculture, and by linking producers and community groups with private traders, agroentrepreneurs and other market intermediaries to provide market information and access.

Host Country and Other Donors: Donors are now expanding this high-growth model into new geographic regions and further supporting the development of a policy environment which promotes the commercialization of agriculture. A consortium of donors, including USAID, participated in developing Nepal's principal agricultural planning document, the Agriculture Perspective Plan, and is

now coordinating with the GON to implement the 20-year plan. The high-growth agriculture models being employed by the British Department for International Development in eastern Nepal, and by German Technical Aid (GTZ) and the Swiss Development Cooperation in central Nepal are based on USAID's experience in midwestern Nepal. USAID's efforts to strengthen the GON's capacity to conduct agricultural research and provide extension services complements similar efforts by the World Bank and the Asian Development Bank. The two banks also fund large infrastructure programs in irrigation and rural roads.

Beneficiaries: Approximately 1.2 million people (210,000 farm households) in the Mid-Western Development Region will directly benefit from increased production and marketing of forest and high-value agricultural products. Many additional people throughout Nepal will benefit from the introduction of improved varieties, increased trade, off-farm employment opportunities, and increased access to high-quality/lower-cost agricultural products. Women make up 35% of the participants in the high-value agriculture program, and have traditionally been involved in production, processing and marketing of fruits and vegetables. USAID also will improve the nutritional status of women and preschool children in midwestern Nepal. This is part of a new initiative to link nutrition with increased production and consumption of high-value, micronutrient-rich foods.

Principal Contractors, Grantees or Agencies:

Ministries of Agriculture, and Forest and Soil Conservation
Winrock International Institute for Agricultural Development
Chemonics International
Canadian Center for International Studies and Cooperation
World Wildlife Fund
Cooperative for American Relief Everywhere
Development Alternatives, Inc.

Major Results Indicators:

	Baseline	1999 Target	End of SO Target
Production of forest and high-value agricultural commodities (metric tons)	21,428 (1993)	110,000	170,000 (2002)
Annual sales of forest and high-value agricultural commodities ($ 000)	3,200 (1993)	25,100	32,000 (2002)

ACTIVITY DATA SHEET

PROGRAM: NEPAL
TITLE AND NUMBER: Reduced Fertility and Improved Maternal and Child Health, 367-SO02
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $12,000,000 DA; $5,460,000 CSD
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To reduce currently high levels of fertility and maternal and childhood mortality by expanding the availability, access to and use of quality, voluntary family planning and reproductive health services, and key child survival and maternal health services.

USAID Role and Achievements to Date: USAID's support to the public and private sectors includes improving the quality as well as availability of family planning (FP) services, and selected community-based maternal health and child survival interventions. The total fertility rate has dropped from 5.6 children per woman in 1990-91 to an estimated 4.6 children in 1995-96. Modern contraceptive prevalence has increased from 24.1% in 1991 to an estimated 28.8% in 1996, and under-five child mortality has decreased from 165 deaths per 1,000 live births in 1988 to an estimated 118 deaths per 1,000 live births in 1993.

Description: Nepal is faced with major problems in the health sector that impact especially on women and children. Although significant advances have been made in some areas, the nation still faces high population growth rates, high maternal and child death rates, weak health institutions, a difficult geographical setting, and many social barriers to improved health practices.

USAID focuses on three activity areas: increasing the quality and the use of family planning services, increasing the use of selected maternal and child health (MCH) services, and increasing the use of HIV and STI (sexually transmitted infection) prevention and control practices. Assistance is delivered to cooperating agencies through an integrated program of USAID bilateral and centrally funded field support. Technical assistance and local cost funding are provided to the Ministry of Health to strengthen policies and procedures to improve the delivery of selected high-impact child survival interventions, as well as to support an integrated logistics management system, family planning and reproductive health training programs, and the FP/MCH service delivery system. Assistance is also focused on increasing awareness and use of FP/MCH, HIV/AIDS and STI services through effective communications and counseling. USAID supports a private, nonprofit Nepali company that markets contraceptives and health products, accounting for 45% of the distribution of oral contraceptives and condoms in Nepal. USAID provides 75% of the contraceptives to Nepal for distribution by the GON, private commercial outlets, and NGOS. A network of U.S. and Nepali NGOs provides community-based health and family planning services in 26 of Nepal's 75 districts. Female community health workers and community members participating in health education and adult post-literacy classes provide information and community-level services for diarrheal diseases, acute respiratory infections, vitamin A deficiency, child spacing, safe birthing practices and HIV/AIDS. This forms the basis for long-term sustainability of changed health behaviors and practices.

Host Country and Other Donors: USAID is the lead donor for family planning service delivery and is the only donor supporting private sector family planning services. It is also a major contributor to selected maternal and child health programs (vitamin A, diarrheal disease control, and acute respiratory infections). In addition, USAID is the chief donor supporting the private sector to deliver interventions to combat HIV/AIDS and other sexually transmitted infections. The United Nations Children's Fund (UNICEF) assists with the national immunization program, control of diarrheal diseases, acute respiratory infections, vitamin A capsule supply, water and sanitation, nutrition, and basic education programs. The United Nations Population Fund (UNFPA) provides the balance of the contraceptive supplies, promotes population awareness, and supports family planning and safe motherhood

programs. The World Bank supports construction and renovation of health facilities and warehouses. Host country contributions include procurement of some essential drugs and vaccines, payment of staff salaries and maintenance of facilities. USAID works closely with these donors and the host country in implementing its program.

Beneficiaries: Children under five years of age and women of child-bearing age in Nepal represent 35% of Nepal's population (about 7.9 million people). USAID-supported MCH programs reach over half of these customers. USAID's support to the family planning program potentially reaches the entire population of women (15-49 years of age) and men of reproductive age.

Principal Contractors, Grantees, or Agencies:

Ministries of Health, and Population and Environment
World Education International
John Snow, Inc.
Family Health International
Save the Children
The Asia Foundation
Adventist Development and Relief Agency
Cooperative for American Relief Everywhere
The Futures Group
Johns Hopkins University
Center for Development and Population Activities
Association for Voluntary Surgical Contraception
Management Sciences for Health
Center for Disease Control

Major Results Indicators:

	Baseline	End of SO Target
Total Fertility Rate	4.6 (1995-96)	4.0 (2002)
Under-five Mortality Rate per 1,000 Live Births[2]	165 (1988)	85 (2002)

[2] Sources: 1991 Demographic and Health Survey and Preliminary Report; 1996 Nepal Family Health Survey, September, 1996. There is no target for 1999 because the Demographic Health Surveys are only done every five years.

ACTIVITY DATA SHEET

PROGRAM: NEPAL
TITLE AND NUMBER: Increased Women's Empowerment 367-S003 **STATUS:** Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $3,000,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To enable women to improve their own well-being and that of their family and community by facilitating their access to literacy, income generating opportunities, and legal rights.

USAID Role and Achievements to Date: USAID is recognized as a lead donor agency addressing women's issues in Nepal. USAID interventions--literacy, legal rights, and economic participation--are inextricably linked to the empowerment of Nepali women and their strengthened participation in the overall economy.

Through USAID programs, 35,000 women became literate, 40,000 women learned of their legal rights, and 20,000 women participated in savings and credit programs in 1997 alone. These women are empowered by their successful participation in these programs: they are better able to direct the allocation of household expenditures toward investment or consumption which improves their own well-being and that of their families and communities.

Description: Nepal needs the full participation of women in its struggle to confront the challenges of poverty. Women constitute more than half the population and are the primary providers of subsistence for much of the population in Nepal. While women are considered vital and productive workers, their access to information and to productive resources has remained severely limited. In terms of labor participation, women are predominantly confined to agriculture, account for the majority of unpaid family workers, number predominantly among the underemployed and are heavily concentrated in low paying jobs. Attitudinal biases and belief patterns in Nepal affect women's capacity to participate in decisions about daily activities. They have limited ownership of property rights, little access to and control over social or economic resources, and restricted mobility. As Nepal continues the struggle to develop, women continue to be marginalized in terms of literacy, legal rights, economic opportunities, and general control over their lives. Women's status is a marker of Nepal's ability to participate in the increasingly complex global economy and to redress the overwhelming poverty enveloping the country.

Increasing women's empowerment is a key component of USAID's strategy to stimulate national economic growth and reduce rural poverty. USAID defines women's empowerment as "women making choices which improve their well-being and that of their families and communities." Through a unique approach, USAID is focusing on three areas to empower women: increasing adult female literacy rates; improving the legal awareness of women; and strengthening women's economic participation. Literacy is an agent for awareness and change. Women's literacy groups are entry points for income-generating activities that also facilitate more effective participation in markets. Since women's legal status also impacts on their ability to contribute to and benefit from economic opportunities, USAID works with the same women's groups to improve their knowledge about the law, legal processes and the judiciary. As these women gain confidence and take an active role in decision-making, families can better confront the challenges of poverty in Nepal. Empowered women will support poverty reduction efforts, achieve significant productivity gains, and have a positive influence on their children's health and education. Their improved status is pivotal to political and economic change and the ability of Nepal to participate in the increasingly complex global economy.

Host Country and Other Donors: USAID has become the recognized leader in supporting empowerment of Nepali women. UNICEF believes that to help children, women must be empowered. Their programs target women for health, water, education, and advocacy. The Asian Development Bank has a

comprehensive program in microcredit for women through Nepali NGOs. USAID is the lead donor in adult female literacy and for legal rights as a post-literacy activity.

Beneficiaries: The direct beneficiaries are primarily adult women of Nepal aged 15-44. Under the second stage of this objective (FY 1998-2000) 100,000 Nepali women will become literate, understand their legal rights and how to advocate for them, and learn to effectively operate microenterprises. Hundreds of thousands of family and community members will indirectly benefit from economic and social gains of the empowered women.

Principal Contractors, Grantees, or Agencies:

Ministry of Women and Social Welfare
Save the Children
Canadian Center for International Studies and Cooperation
The Asia Foundation
Private Agencies Collaborating Together

Major Results Indicators:

	Baseline	1999 Target	End of SO Target
Women who are literate (000)	123 (1991)	550	550
Women who know their basic legal rights	325 (1994)	149,000	194,000
Women with active loans (000)	7 (1996)	48	81 (2000)

ACTIVITY DATA SHEET

PROGRAM: NEPAL
TITLE AND NUMBER: Increased Private Sector Participation and Investment in Environmentally and Socially Sound Hydropower , 367-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $1,700,000 DA
INITIAL OBLIGATION: FY 1998; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To increase private sector participation and investment in environmentally and socially sound hydropower.

USAID Role and Achievements to Date: The USAID-funded Nepal Hydropower Strategy and Options assessment, completed in 1992, was the first major review of potential for private hydropower development, and led to a new GON commitment to attract private U.S. and other international investment. Since then USAID has been providing small amounts of technical assistance to the GON to improve its capacity for negotiating private sector hydropower development agreements. USAID has been successful in increasing Nepal's institutional capacity to attract private investments in small and medium scale hydropower projects. Nepal has developed and begun to implement environmental, engineering and competitive contracting guidelines, and has undertaken a series of initial regulatory reforms required for private power development. Tremendous strides have been made during the last two years towards development of the policy and regulatory infrastructure needed for private development of Nepal's hydropower capabilities.

USAID has played a critical role in leveraging several hundred million dollars of private and other donor investments in hydropower development. This includes the 36 MW, $98 million Bhote Koshi Project; the 60 MW, $138 million Khimti Khola Project; and the 144 MW, $250 million Kaligandaki A Project. The majority of the equity investment for the $98 million Bhote Koshi Project is being provided by Americans, which makes this project the single largest American investment in Nepal.

In December 1997, recognizing that continued assistance was needed in this sector, USAID signed a three-year $4.3 million Hydropower Special Objective Agreement with the GON.

Description: Nepal currently has a shortage of electricity to meet even its relatively low peak demand of 303 megawatts (MW). Nepal has no indigenous supplies of fossil fuels, but does have significant hydrologic resources. Nepal has roughly 83,000 MW of hydropower potential, half of which is economically feasible for development. At present less than 1% of these resources are being used. Nepal's demand for power is outstripping supply by 25 MW or 10% per year, and the domestic energy demand is expected to rise to 610 MW by 2005. India and China provide natural markets for Nepal's excess hydropower potential and are both experiencing critical energy shortages.

To help Nepal tap this tremendous potential, USAID is helping the GON to focus on two aspects of hydropower development investment: (a) improving the policies and procedures for hydropower investment and thereby improving the enabling environment for potential investors, and (b) strengthening local capabilities to ensure that investments are environmentally and socially sound. USAID will provide assistance to the GON's Electricity Development Center (EDC) to do such things as: improve the "one window" facility for investment, monitor investor compliance with social and environmental mitigation requirements, use instruments for open competition, do cost-benefit analyses, and privatize hydropower. To bolster environmental and social soundness of hydropower investment, USAID will strengthen local capability to conduct social and environmental impact assessments, which will improve both the quality and quantity of such assessments in Nepal. The program will also encourage more public hearings in the investment process, thereby improving transparency and assuring that needs of local residents are heard and addressed.

Host Country and Other Donors: USAID has participated actively and substantively in discussions with the World Bank and the GON regarding conceptualization and design of the World Bank's new Power Development Fund (PDF) which will be established in 1998. USAID consultants drafted the implementation guidelines for the PDF, the model Request for Qualifications and other PDF design documents. The PDF will provide $175 million to support hydropower development in Nepal. Of this total, $100 million will be used to leverage private investments at an expected ratio of 3:1. If used successfully, this initial $100 million fund can be increased annually. The remaining $75 million will be used to improve Nepal's power transmission and distribution system. The Asian Development Bank also provides financing for hydropower projects. The UNDP and GTZ implement projects to promote development of micro and medium scale hydropower projects. NORAD (Norwegian Aid) is another donor involved in the sector.

Beneficiaries: The principal beneficiaries will be the thousands of Nepalis who will receive dependable, clean electricity that can be used for productive purposes and to improve their well-being. The GON will benefit from improved capacity to attract private investment, and investors will benefit from an improved, more transparent investment climate.

Principal Contractors, Grantees, or Agencies:

Ministry of Water Resources (Electricity Development Center). A competitive bidding process is underway which will determine the principal contractor.

Major Results Indicators:

	Baseline	1999 Target	End of SO Target
Private Sector Companies progressing toward hydropower investment (by improving the GON's processing/ negotiating capabilities)	8 (1997)	14	18
Private financial commitments for environmentally and socially sound hydropower investment ($millions)	238 (1997)	325	400 (2000)

PHILIPPINES

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$42,900,000	$39,050,000	$46,825,000
Child Survival and Disease	5,050,000	4,550,000	5,500,000

Introduction

The current era of Philippine-American relations is characterized by a shared commitment to human rights and democratic governance; a mutual economic interest in promoting broad-based national and regional economic growth; a joint concern for opening markets and expanding trade; and a common interest in the global issues of environmental degradation, population growth and child survival. Trade with the United States has blossomed, more than doubling overall since 1990, with the Philippines importing over $6 billion of U.S. products in 1996. As a growing trade partner that shares our political ideals, the Philippines has the potential to emerge as a model free-market democracy in Asia.

Development Challenge

The Philippine Government's (GOP) economic reform efforts are paying off. The financial sector has so far withstood recent financial turmoil better than elsewhere in the region, thanks to relatively strong capitalization and sound lending practices. With a debt service ratio to exports of goods and services of about 12% in 1996, foreign debt has not been a major problem. The Government's strong commitment to sound management is further shown by its willingness to work with the International Monetary Fund (IMF) to meet the challenge of the recent financial instability through a "precautionary" program in 1998, even though the country is expected to graduate soon from more traditional IMF programs. As a result, many experts believe that the Philippines, unlike some other Asian countries, has an excellent chance of bouncing back quickly from the recent regional financial instability if it continues to pursue economic reforms. Under these circumstances, it is essential that USAID pursue its collaboration with the GOP in addressing regional financial turmoil; increasing competition; eliminating tariff and non-tariff barriers; improving intellectual property rights, fiscal policy and telecommunications policy; and facilitating the development of microenterprises.

The Philippines has one of the highest population growth rates in East Asia, 2.32%. USAID works with local governments, private commercial organizations and non-governmental organizations (NGOs) to meet the demand for family planning and child survival commodities and services. In addition, the Agency provides assistance to the GOP to develop policies and establish systems that support services delivered at the local government level. The country's burgeoning population is putting pressure on the natural resource base and contributing to the global problem of greenhouse gases. USAID is working with local communities to effectively manage forest and coastal resources and sustain income-generating capacities. The Agency is helping create industry demand for pollution abatement equipment and energy-efficient machinery, which can both increase profits and improve environmental quality. USAID is also helping the GOP promote cleaner forms of energy.

The Philippines' democratic, decentralized governance system is unique in the region, but the quality of governance is uneven, and access to Government is often closed to the disadvantaged. Through support for increased participation of the disadvantaged and efforts to improve the responsiveness of local governments, USAID helps expand access and improve local governance. These initiatives are supplemented by efforts to strengthen the capacity of Government at all levels to adopt sound economic policies and carry out social and environmental programs. The success of the peace agreement signed in 1996 between Muslim rebels and the GOP will depend on the degree to which the inhabitants of Muslim Mindanao benefit from increased economic growth and expanded

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employment opportunities. USAID was the first donor to provide emergency livelihood assistance to the ex-combatants. The Emergency Livelihood Assistance Program is expanding employment and export promotion activities in Mindanao to the Muslim areas.

USAID has achieved significant results throughout the Philippines since its current strategy began in FY 1995. In Mindanao, USAID helped the private sector create 252,000 new jobs, associated with the export of $6.9 billion of higher-value products. Through support for policy reform measures, USAID has helped the GOP increase investor confidence in the country's economy. As a result, gross capital formation as a percentage of gross domestic product increased from 22.2% in 1995 to 24.9% in 1996. As a result of USAID assistance to the Philippine National Family Planning Program, modern contraceptive use has increased from 25.2% in 1993 to 30.9% in 1997 and the proportion of family planning services provided by the private sector increased from 18.2% in 1995 to 24.4% in 1997. Among those at greatest risk of being infected with AIDS, the use of condoms is increasing and HIV seroprevalence remains below 1%, due in part to USAID's educational programs to reduce high risk behaviors. In the environment sector, USAID helped 120 firms reduce pollution discharges by 29%. USAID assisted the GOP in decentralizing forest management control. As a result, more than a million acres of forests are now managed by 250 upland communities and the number of spots affected by illegal logging decreased by 97%. Forest clearing and burning has also dropped dramatically. Efforts to help industries and large energy consumers improve their energy efficiency avoided the emission of the equivalent of 438,000 metric tons of CO_2. USAID encouraged oil companies to establish price differentials between leaded and unleaded gasoline and facilitated the issuance of an executive order eliminating leaded gasoline. Partly due to these efforts, lead emissions in Metropolitan Manila were reduced by at least 90 metric tons. USAID's work with coalitions of NGOs and People's Organizations has resulted in some important changes in government policy potentially affecting millions of the poor. The coalition of the urban poor gained the support of the President to repeal a Marcos-era law criminalizing squatting. As a result, squatting will be treated in civil courts and policy arenas without the threat of imprisonment. In 1996, USAID helped 400 NGOs participate in meetings with local government units to jointly determine priorities for funding or action.

Other Donors

The major donors in the Philippines are Japan, the World Bank, the Asian Development Bank (ADB), Spain, the United States, Germany, Australia, Canada, and the European Union (EU). In the Mindanao economic development program, USAID has been the lead donor and works closely with the UNDP, EU, Australia, Japan, the World Bank, and the ADB. USAID also is the lead donor in family planning. Other donors in family planning and maternal child health include the United Nations Population Fund, UNICEF, Australia, the ADB, the World Bank, Germany, and the EU. The Philippines is a priority country for the U.S-Japan Common Agenda under its population, health and HIV/AIDS initiatives. In the environment sector, USAID works closely with the World Bank, the ADB, UNDP, Canada, Japan, and Germany. USAID programs in democracy are coordinated with the Ford Foundation, the Asia Foundation, and Canada.

FY 1999 Program

The Philippines program contributes directly to the achievement of the Agency's goals. Through supporting private sector growth in Mindanao, microfinance activities and the GOP economic reform program, USAID promotes broad-based economic growth. Through strengthening the advocacy efforts of civil society and the capacity of local government, the program strengthens democracy and good governance. Through supporting the efforts of government, the private sector and NGOs to increase the use of contraceptives, prevent AIDS and promote child survival, USAID helps stabilize population growth and protect human health. Through promoting community management of forest and coastal resources and helping industry reduce pollution and greenhouse gases, the program helps protect the environment. The GOP's efforts to liberalize its economy and devolve greater decision-making authority to the local level will help assure continued achievement of significant results in these areas.

PHILIPPINES
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environ-ment	Democracy	Human Capacity Develop-ment	Humanita-rian Assistance	TOTALS
S.O.1. Accelerate the economic transformation of Mindanao - DA	4,221						4,221
S.O.2. Improved national sys. for trade and investment - DA	4,221						4,221
S.O.3. Reduced fertility rate & improved MCH - DA - CSD		21,381 3,000					21,381 3,000
S.O.4. Enhanced ma-nagement of renew. natural resources - DA			4,000				4,000
S.O.5. Reduced emissions of greenhouse gases - DA			4,502				4,502
S.O.6. Broad. particip. in formul. & implem. of public policy in selected areas - DA				8,500			8,500
SpO1. Rapid increase of HIV/AIDS prevented - CSD		2,500					2,500
Totals - DA - CSD	8,442	21,381 5,500	8,502	8,500			46,825 5,500

USAID Mlission Director: Kenneth G. Schofield

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Accelerate the Economic Transformation of Mindanao, 492-S001
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $4,221,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To maximize people's participation in, and benefits from, increased public and private investments in the economy of the island of Mindanao.

USAID Role and Achievements to Date: The program extends successful models for agricultural and entrepreneurial development, investment promotion, and policy reform in Southern Mindanao. Between 1992 and 1994, job and income growth in Southern Mindanao was among the highest in the Philippines. Family income growth in the area led the country and was more than twice the national average. USAID training and market linkages enabled farmers' groups and microentrepreneurs to participate actively in the area's economic growth. USAID also assisted in inducing critical policy reforms, such as consolidation and market-determined pricing of government credit programs, increased microenterprise access to the formal financial sector, and lower tariff levels for important agricultural inputs. In FY 1997, USAID was the first donor to provide major transition assistance programs to Muslim ex-combatants. In FY 1998, USAID is initiating an innovative institutional development program for microfinance activities in the formal financial sector.

Description: Mindanao constitutes more than a third of the landmass of the Philippines and is home to about one-fourth of 74 million Filipinos. Indicators show that the quality of life in Mindanao is well below the national average. After a long period of economic stagnation, Mindanao appears positioned to experience a period of substantial and accelerated economic growth. To assist in the economic transformation of Mindanao, USAID is implementing an aggressive and broad-ranging enterprise development program aimed at facilitating maximum participation of small farmers, fisherfolk, and small and microentrepreneurs in the economy. USAID supports efforts to help Mindanao's leaders identify and modify governmental policies that will support the island's continued economic progress. The program helps the region's leaders assure appropriate levels of public infrastructure funding and private investment. USAID also assists finance institutions in Mindanao to develop their capacity to provide profitable banking services to small and microenterprises. Further, USAID is intensifying assistance to the Muslim Community, including transition programs for ex-combatants, to help sustain the peace initiative. A steering committee for this activity is composed of the Presidential Assistant for Mindanao, the leaders of the principal Muslim separatist organization, other concerned GOP agencies, private sector leaders, and USAID representatives.

Host Country and Other Donors: The Asian Development Bank is funding infrastructure, agriculture and education activities. Australia is focusing on northern Mindanao and presently has three development advisors. Canada is working with local governments and the Mindanao Autonomous Region. Japan is continuing infrastructure investments and is studying further assistance activities. The World Bank is implementing a water district pilot project and plans to undertake rural finance and rural infrastructure projects. It also is planning to establish a social development fund for small infrastructure requirements in the Muslim areas. The Asian Development Bank, Germany and Canada also are providing assistance in micro-financial service development. The United States is a major donor in Mindanao and helps coordinate donor efforts through the Office of the Presidential Assistant for Mindanao. Contributions to this USAID activity from the GOP, local government units, and private sector organizations, are approximately $18 million.

Beneficiaries: In Mindanao, about 8.6 million people (54% of Mindanao's population) are considered poor; two-thirds of these people live in rural areas. The activity will provide (1) opportunities for farmers and fisherfolk to gain access to the more lucrative markets emerging as a result of expanding

agribusiness investment in Mindanao; (2) opportunities for small and microenterprises to enter into beneficial business arrangements with incoming investors and firms; and (3) a major increase in employment and entrepreneurship opportunities particularly for women, Muslims and other traditionally disadvantaged groups.

Principal Contractors, Grantees, or Agencies: USAID relies on a U.S. firm, Louis Berger, as a general contractor. USAID also recently contracted with another U.S. firm, Chemonics International, to implement the microfinance sub-activity with the rural banks. In addition, many public and private sector U.S. and local organizations, as well as local government units, are participating.

Major Results Indicators:

	Baseline	Target
Growth in employment: average number of jobs created annually	240,000 (1992-95)[1]	349,000 (2001)
Value of Mindanao's direct exports to foreign markets	$1.2 billion (1992-95)[2]	$2.5 billion (2001)
Value of higher value products shipped from Mindanao	$5 billion (1995)[2]	$8.8 billion (2000)

[1]Source: Integrated Survey of Households, National Statistics Coordination Board
[2]Source: National Statistics Office and commissioned surveys

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Improved National Systems for Trade and Investment, 492-S002
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $4,221,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To create an environment conducive to trade and investment through liberalized policies, improved financial markets, and improved mobilization and allocation of fiscal resources.

USAID Role and Achievements to Date: USAID is actively promoting trade and investment liberalization in the Philippines. This USAID role supports continued implementation of the Philippine agenda for reform under the Multilateral Assistance Initiative (MAI), which started in 1989. The MAI agenda called for maintaining an environment conducive to private sector-led investment and sustainable growth, and alleviation of widespread poverty. Among the major policy reforms to which USAID contributed significantly are: accession to the terms of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), conversion of remaining quotas to tariffs and further tariff reduction and simplification, legislation of the Export Development Act, introduction of self-regulation among stockbrokers and dealers, facilitation of electronic transfers of securities, tax reform, financial sector reform for credit access to small and microenterprises, and liberalization of the banking, inter-island shipping, telecommunications and retail trade sectors. Initial measurable benefits from these efforts include the 16% annual average real growth in exports from 1992 to 1996, the 14.6% average annual real increase in tax collections of the Bureau of Internal Revenue during 1993 to 1996, and the increase in telephone service coverage from 1.17 (1992) to 4.0 (1996) per 100 population.

In 1996, liberalization was advanced further with the approval of legislation changing the basis for import valuation from home consumption value to the GATT customs valuation code of transaction value; elimination of permanent exceptions to the Foreign Investment Act; and elimination of remaining quota restrictions on sensitive agricultural items. In 1997, more reforms were implemented with reduced tariff and nontariff barriers, legalized electronic data interchange transactions, passage of the Intellectual Property Code, liberalization of coastal shipping rules, finalization of the proposed Securities Act and the Revised Investment Company Act, and restructuring of public sector microfinance activities. Filipino consumers are now enjoying a wider range of choices for consumer goods and services, at more reasonable prices than ever before. USAID expects to initiate activities to assist the Philippine Central Bank in improving its capacity to deal with financial crises and implementation of an import valuation system based on transactions value.

Description: Compared with the highly protected and regulated business environment of the 1970s, the Philippine trade and investment regime in recent years has become increasingly open and liberalized. Over the last year, the GOP has continued to liberalize its economic policy framework and to design and install better structures for administering its tax and fiscal programs and financial markets. The Philippine Government's economic reform efforts have recently paid off well, as the financial sector has so far withstood recent financial turmoil better than the financial sectors in some other countries of the region. However, if the Philippines is to be able to maintain or accelerate its economic growth, the GOP will have to formulate and implement reforms in a number of areas.

This activity subsumes all existing USAID programs dealing with economic policy reforms at the national level, and includes programs designed to further promote domestic competition in selected key sectors of the economy. Reforms focus on reducing barriers to entry in domestic industries; improving transportation and communications services; improving tax planning, administration and collection; facilitating the movement of investment capital; and improving financial system stability and efficiency. USAID assistance is provided through advisory services in the review, analysis and formulation of

policies, and through technical assistance for policy reforms by coalitions of interested groups. USAID support enhanced the capability of local institutions to implement and sustain policy reform efforts.

Host Country and Other Donors: Several donors provide technical assistance and commodities for the sectors in which they are engaged. The Asian Development Bank supports capital markets development. The World Bank's assistance is primarily for tax administration and also financial markets development. The Canadian International Development Agency supports improved implementation of economic and social policies and telecommunications. Private sector contributions come from business and trade groups in cash and in kind for studies, workshops and advocacy efforts. GOP contributions come in the form of sector-specific human resources and logistical support.

Beneficiaries: The ultimate beneficiaries of this activity to liberalize the trade and investment environment will be: the currently unemployed or underemployed Filipino workers estimated at 9 million in 1996; Filipino consumers who will benefit from lower prices and greater selection of goods and services; the poor Filipinos (41% of the population) who are dependent on public provision of basic services; and U.S. and other foreign enterprises whose trade with the Philippines will grow with the Philippine economy.

Principal Contractors, Grantees, or Agencies: USAID implements activities through contracts with U.S. consulting firms, federal agencies (U.S. Internal Revenue Service and Bureau of Census), and through grants and cooperative agreements with local non-governmental organizations. Major contractors include the Barents Group and Arthur Andersen.

Major Results Indicators:	Baseline*	Target
Ratio of gross domestic capital formation to gross domestic product (GDP)	25%(1994)	30%(2001)
Ratio of total exports plus imports to GDP	74%(1989-94)	92%(2001)
Ratio of tax revenues to GDP	17%(1994)	23%(2001)

*Source: Philippine National Accounts, National Statistical Coordination Board

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Reduced Fertility Rate and Improved Maternal and Child Health, 492-SO03
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $21,381,000 DA, $3,000,000 CSD
INITIAL OBLIGATION: FY 1995 ; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To improve the health of women and children by expanding access to quality family planning and selected other reproductive health services in the public and private sectors as well as fostering the continued provision of selected child survival interventions at the local government unit level.

USAID Role and Achievements to Date: Based on the results of the 1993 demographic and health survey, USAID designed an integrated family planning and maternal child health strategy to assist our partners -- the GOP's Department of Health (DOH), the Commission on Population, local government units, NGOs in the private voluntary and commercial sector -- to expand quality services. In addition, USAID supports four key child survival interventions: acute respiratory infection, expanded program on immunization, oral rehydration therapy, and micro-nutrient supplementation and fortification.

This activity is organized into three components. The first focuses on increasing public sector provision of family planning and maternal child health services at the local government level where the responsibility for service delivery is now devolved as a result of the Local Government Code which fosters decentralization and increased community participation. The second component strengthens national systems in the DOH to: 1) promote and support the family planning and maternal child health programs at the local level; and 2) carry out functions, such as contraceptive logistics, that are more efficiently handled at the national level. Support also is provided to the Commission on Population to strengthen its national and local policy and advocacy initiatives. Finally, USAID encourages sustainability and market segmentation whereby the NGOs and private commercial sector will provide services to those able to pay partial or full cost while the DOH targets its resources on those of the lowest income group. The third component increases the private sector provision of contraceptives and family planning and maternal child health services.

Results to date are encouraging. Since 1993, the program has achieved its goal of raising overall and modern method contraceptive prevalence by 1.5% per year. According to the results of the 1997 national family planning rider survey, actual overall usage increased from 40.0% in 1993 to 47.0% in 1997. Modern contraceptive method use, including modern natural family planning methods, increased from 25.2% to 30.9%. The private sector share in the provision of FP services has increased from 18.3% in 1995 to 24.4% in 1997. Although this is below the 1997 target of 31%, the increase is a welcome reversal of the decline witnessed in recent years and reflects the positive effects of restructuring initiated by USAID in 1996 to improve private sector (including NGO) performance and results. A major breakthrough in program sustainability was achieved in April 1996 when the DOH assumed full responsibility for the clearance and distribution of contraceptives nationwide, a task performed by CARE/Philippines until then with funds provided by USAID.

USAID support helps sustain the gains achieved by the GOP's maternal and child health programs in the last five years. The 1995 estimate of infant mortality is 48.9, lower than the target of 52.9. Also, the percent of births to women in high-risk groups declined from 62.4% in 1993 to 56.2% in 1997. In 1996, vaccination rates for children under 5 increased to 90.6%. The local performance-based program is aimed at strengthening the capabilities of local governments to improve the delivery of maternal and child health services in order to ensure that the impressive achievements in recent years are maintained.

Description: FY 1999 funds will support the local performance-based program whereby USAID releases a tranche of funds after the DOH and participating local governments meet a series of

performance benchmarks concerning the delivery of family planning and maternal child health services. Funds will also be provided through bilateral mechanisms as well as channeled through the Global Bureau's Office of Population, Health and Nutrition to support eleven U.S. cooperating agencies who will be providing technical assistance to the DOH, the Commission on Population, NGOs and the private commercial sector in strengthening systems for information, education and communication, logistics, policy formulation, applied research, family planning and maternal child health service delivery, training, management information systems, and social marketing. Funds will also be used to procure U.S. contraceptive commodities.

Host Country and Other Donors: USAID remains the largest donor to the Philippine National Family Planning Program (PNFPP). In 1995-99, the United Nations Population Fund will contribute approximately $25 million to the PNFPP for activities complementary to the USAID program. A combined World Bank, Australian AID, Asian Development Bank, European Union, and Germany Loan/Grant Agreement supports a five year $120 million Women's Health and Safe Motherhood project which, by emphasizing safe motherhood activities, complements USAID's more targeted family planning and reproductive health approach. In 1996, the DOH increased its financial contribution in order to take over support of the local costs of the contraceptive distribution system previously funded by USAID. The DOH increased the Family Planning Service budget by 50% in 1997 over the 1996 allocation.

Beneficiaries: The 10.4 million currently married women in their reproductive ages, with particular focus on those who want to limit or space their next birth and those in the high risk categories for childbearing (i.e., under 18 years of age; over 34; birth interval less than 24 months; birth order of last child greater than three), are the key beneficiaries of the family planning and reproductive health interventions. The 2.0 million children under one year of age are the beneficiaries of the four key child survival interventions.

Principal Contractors, Grantees, or Agencies: USAID implements activities through the Department of Health, the Commission on Population, local governments, and non-government organizations (local and U.S. PVOs and private commercial sector entities) involved in the Philippine National Family Planning Program. Major contractors include Management Sciences for Health, John Snow Inc., Family Health International, the Futures Group, the Academy for Education Development, and Macro International.

Major Results Indicators:

	Baseline[1]	Target
Total Fertility Rate[1]	4.1 (1991)	3.1 (2000)
Infant Mortality Rate[2]	56.7 (1990)	41.2 (2000)[3]
Maternal Mortality Ratio[1]	209.0 (1990)	190.0 (2000)
Contraceptive Prevalence Rate(all methods)[1]	40.0% (1993)	50.5% (2000)
Contraceptive Prevalence Rate (modern methods)[4]	25.2% (1993)	35.7% (2000)
Percent of Births in High-Risk Groups[1]	62.4% (1993)	56.0% (2000)

[1] 1993 Demographic and Health Survey
[2] GOP Infant Mortality Task Force
[3] GOP Infant Mortality Task Force revised the Year 2000 goal from 49.0 to 41.2 based on 1995 achievement
[4] 1993 Demographic and Health Survey, including modern natural family planning methods in the baseline and target

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Enhanced Management of Renewable Natural Resources, 492-SO04
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $4,000,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To enhance and sustain the management of natural resources by communities and businesses, and thereby prevent environmental collapse while the opportunity still exists.

USAID Role and Achievements to Date: USAID was the first donor in the Philippines to develop a strategic initiative to support community-based coastal and forest resources management. This initiative is creating a "social fence" in coastal and forest ecosystems through the community-based management approach which USAID promotes. This has resulted in improved forest supervision and watershed management by communities under the program, and is contributing to the reduction of forest clearing, soil erosion, damaging fishing practices and near-shore pollution in critical areas. The activity has two major components: Coastal Resources Management (CRM) and Forest Resources Management (FRM). A new activity called the Municipal Coastal Environmental Initiative (MCEI), a follow-on to the successfully concluded Industrial Environmental Management Project, will be implemented in 1998 to 2002 to complement CRM and integrate land-based pollution management into the CRM program. The following results have been achieved under the strategic objective:

Forestry Resources Management: USAID has made excellent progress in advancing a policy and regulatory environment that supports the widespread implementation of community-based forest resource management (CBFRM) as the mandated national forest management strategy of the Government of the Philippines (GOP). This has resulted in the dramatic increase in the area coverage of CBFRM, and has further resulted in USAID's exceeding its targets (320,000 hectares actual vs. 275,000 hectares target.) As a result of these policy changes and USAID's direct support, the GOP has signed 28 agreements that transfer management control of approximately 334,280 hectares to more than 250 different upland communities.

Coastal Resources Management: Under this activity, the management of coastal resources is being assumed by local, community-based user groups with support from the local governments and the private sector. The Program has made remarkable progress in generating and sustaining investments of local government units (LGUs) in CRM activities: 28 out of 29 target LGUs have signed memoranda of agreement to commit funds and implement CRM activities, resulting in a 25-30% increase in budget allocations for sustainable resource management for 1997. Community-based CRM has likewise expanded to 10 other LGUs. There is a growing local ownership of CRM by communities, as evidenced by local groups and NGOs initiating and coordinating CRM activities on their own. Capacity-building is ongoing in communities and 600 local leaders have been trained in 1997. The CRM performance is on track in meeting its targets. An innovative and pioneering index system to measure results to reflect the objective of "sustainable resource use" and "improved habitat" has been developed and is in place. The program continues to aggressively pursue donor coordination and the private sector to leverage resources for CRM activities and establish a unified approach to coastal resources management.

Description: USAID channels its efforts mainly through U.S. contractors to achieve the following:
Forestry Resources Management: Assist upland communities to secure management authority and responsibility for at least 500,000 hectares of the country's public forest lands, and build local capabilities to manage these lands sustainably. This forest land is being converted from open access conditions into community-managed enterprises. Activities in 1998 include: enterprise development in upland communities, devolution of guidelines for the partnership in forest land management between the Department of Environment and Natural Resources and the LGUs; and increasing financial support

of LGUs to community-based forest resources management.

Coastal Resources Management: Over the next four years, USAID's efforts will lead to communities controlling access to, and managing sustainable harvests in coastal waters along 3,000 kilometers of shoreline. In turn, these communities are expected to supply up to 25% of national harvest from coastal waters by 2002. The following activities are underway in 1998: increasing the demand for CRM by local communities, enhancing partnerships and multi-sectoral collaboration with the private sector and other donors, CRM expansion to other coastal communities, initiating enterprise development activities, and beginning implementation of the Municipal Coastal Environmental Initiative.

Host Country and Other Donors: The Program is implemented directly with the GOP and closely coordinated with initiatives by the World Bank, Japan, the Asian Development Bank, Canada, and Sweden. USAID also works with groups such as the U.S. Peace Corps, CARE, the U.S. National Academy of Sciences and the International Marinelife Alliance.

Beneficiaries: The forestry resources management activity is working with upland communities in Mindanao, Palawan, and Northern Luzon (those regions of the Philippines with the greatest remaining residual forest). The coastal resources management activity is targeting coastal communities in Palawan, the country's richest fishery, the Central Visayas, where USAID can build on previous initiatives in community-based resource management, and Mindanao. The MCEI will work with 400 industries within selected sectors located in 8 coastal areas, which are expected to benefit from clean production/environmental management, while protecting fragile marine resources.

Principal Contractors, Grantees, or Agencies: USAID implements activities through GOP agencies, U.S. contractors, and U.S. and local NGOs. Major contractors include Development Alternatives, Inc., Tetratech, Inc. and the International Resources Group.

Major Results Indicators:

	Baseline	Target
Hectares of residual forests managed sustainably by community-based enterprises	5,000 (1994)	500,000 (1999)
Kilometers of shoreline along which coastal waters are managed for sustainable harvest	0 (1995)	3,000 (2002)

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Reduced Emission of Greenhouse Gases, 492-SO05
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $4,502,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Purpose: To mitigate emissions of greenhouse gases from the power industry through the use of cleaner fuels and improved energy efficiency.

USAID Role and Achievements to Date: With USAID assistance, the Philippines continues to be a leader among developing nations on global climate change mitigation. USAID has funded technical assistance for the development of new legislation for power sector restructuring and privatization, the Omnibus Electric Power Industry Bill. This Bill, when enacted, will spur private investments in the natural gas industry, and U.S. firms have been established as strong potential entrants. The program is also creating a demand for energy-efficient equipment and services, particularly among owners of major industries, commercial buildings, malls and major hotels. Over the next decade, it is estimated that private sector investments for clean and efficient power systems will approximate $20 billion. USAID's past support for improved efficiency of the rural electrification system has helped eliminate about 440,000 metric tons (MT) of CO_2 equivalent and 3,700 MT of SO_2 emissions. For cooperatives receiving USAID assistance, line losses have been reduced by an average of 5.4%, thereby avoiding needed investment of approximately $56 million to construct 56 megawatts of additional electricity generating capacity. In addition, the GOP continues to incorporate demand side management into its electricity regulatory framework, which encourages utilities to invest in increasing the end-use efficiency of their power generation and distribution networks. In 1996, the program met all its targets. The confluence of environmental and commercial interests is the rationale for the strong support this program enjoys from the GOP, the U.S. Embassy in Manila and the U.S. Department of Energy.

Description: USAID's global climate change mitigation strategy in the Philippines is to mitigate greenhouse gas emissions from the power sector. Power industry emissions are expected to increase four-fold in the next ten years as a result of the country's economic and population growth. USAID has developed a strategy for slowing this significant growth in greenhouse gas emissions from the power sector by expanding the use of cleaner fuels, and promoting more efficient generation, distribution and consumption of electricity. The program builds on USAID's past policy and program support to the GOP's National Electrification Administration and the Department of Energy, and on extensive U.S. experience in the promotion of environmentally-friendly and efficient power. These provide potential opportunities for the U.S. private sector to invest in the rapidly expanding power industry in the Philippines. USAID provided the Department of Energy with a methodology to measure the impacts of global and local emissions of various mitigation efforts. Impact is measured in terms of metric tons of carbon dioxide (CO_2) equivalents and sulphur dioxide (SO_2) avoided by the use of cleaner fuels (such as natural gas, hydro and geothermal), and by improved efficiency in power generation, transmission, distribution and consumption. Efforts continue to target the development of natural gas, renewable energy, and clean coal, and greater end-use efficiency by industrial and commercial enterprises.

Host Country and Other Donors: USAID continues to collaborate with ten other U.S. Government agencies in implementing the country studies program to reduce greenhouse gas emissions, with twelve GOP agencies in the Inter-Agency Climate Change Committee (IACCC), and with several environment sector non-governmental and private sector organizations. USAID technical assistance grants to improve energy sector policies are providing the basis for other donors and multilateral banks, e.g., World Bank and Asian Development Bank, to extend energy loans to the Philippines. USAID has also collaborated with the U.N. Development Program, Economic and Social Council for Asia and the

Pacific, and bilateral agencies of Germany, Australia, Switzerland, the Netherlands, United Kingdom, and Japan in efforts to reduce greenhouse gas emissions from the power industry.

Beneficiaries: By 2005, this program is expected to reduce projected emission levels by 18%. Unmitigated global climate change patterns have the potential to adversely affect global ecosystems, increase the severity of weather extremes (e.g., typhoons, droughts and floods) and increase associated losses in life, infrastructure, and food supplies. They also may create new geographical niches for deadly diseases. The benefits to reducing emissions will cross national boundaries and extend into the future for generations. Filipinos also will benefit from avoided health care costs due to reduced local air-borne pollutants. Indirect beneficiaries include those firms and agencies that gain experience in the implementation of an environmentally friendly power industry.

Principal Contractors, Grantees or Agencies: USAID implements activities through GOP agencies, U.S. contractors, and NGOs. Major contractors include Hagler Bailly Consulting Inc. and the National Energy Laboratory.

Major Results Indicators:

	Baseline	Target
Thousand metric tons of avoided global emissions through the use of cleaner fuels	0 (1995)	19,155 (2002)
Thousand metric tons of avoided global emissions through improved energy efficiency	242 (1995)	1,665 (2002)
Thousand metric tons of avoided local emissions through the use of cleaner fuels	0 (1995)	225 (2002)
Thousand Metric tons of avoided local emissions through improved energy efficiency	2 (1995)	14 (2002)

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas, 492-SO06
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $8,500,000 DA
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To broaden participation in the formulation and implementation of public policies in selected areas.

USAID Role and Achievements to Date: USAID's assistance helped the GOP implement the 1991 Local Government Code. As a result, revenue-sharing rose from $400 million in 1991 to more than $3.0 billion in 1996 and approximately 70,000 government employees were transferred from the national to local governments. Non-governmental organizations (NGOs) are being incorporated into local councils to ensure broad-based participation. USAID is assisting local government leagues in analyzing and promoting changes in the Code that will strengthen local autonomy and effectiveness.

USAID's past assistance to over 200 non-profit organizations evolved from meeting basic needs of less privileged populations to capacity building of indigenous private voluntary organizations (PVOs) to enhancing the role of PVOs as intermediary institutions and partners of government. USAID's current strategy supports coalitions of marginalized groups by increasing their participation in the public policy arena. Involvement of PVOs and peoples' organizations in planning is allowing the integration of community needs in local development plans and national legislation. In 1996, 400 NGO representatives participated in local government committees, a 37% increase from the 1995 baseline number.

Under the local governance program, introduction of a participatory planning method to help local leaders and community members plan, budget, and set development priorities has been a great success. The demand for this methodology increased the number of planned workshops on local administration, investment prioritization and promotion, environmental planning and fiscal management plans from a few dozen to several hundred over a two year period. Bohol province recently completed its provincial planning with involvement of about a thousand citizens, many of whom played an active role in setting the agenda and allocating resources in their own communities. Reporting surveys indicate that in USAID's project areas, the net percentage of people who feel that their priority concerns are being addressed by local governments increased from 36% in 1995 to 39% in 1996. Establishment of an association of governors, mayors, and local councils modeled on the National Civic League in the U.S. is helping local leaders share information, disseminate successful ideas, and serves as a platform for advocacy on behalf of local governments.

Achievements under the civil society program show how coalitions are influencing public policy formulation and implementation. Through USAID support, the coconut farmers were able to deliberate, organize, and draft a unified policy position, which was translated into specific Cabinet recommendations to President Ramos. Similarly, despite pressure from GOP agencies to exclude the issue of squatting in the Poverty Summit agenda, the urban poor coalition successfully argued its position, and in October 1997, Presidential Decree 772, which criminalizes squatting, was repealed. President Ramos also signed into law the Anti-Rape Law which redefines rape as a crime against the person, replacing the concept of its being a crime against chastity.

Description: USAID is providing assistance to local government units of ten provinces and their municipalities and cities. Premised on "assisted self-reliance," the assistance uses participatory mechanisms to innovate and implement service delivery systems that establish new performance standards. Work is ongoing in resource mobilization, investment prioritization and environmental

planning and management. Participatory processes build on Local Government Code provisions for local special bodies with at least 25% of members coming from NGOs. Future activities will focus on dissemination of "best practices" among local governments, further development of health, environment, and investment protocols, and strengthening of local revenue raising through credit, bond, and taxation.

USAID is assisting disadvantaged groups to unite into coalitions of member-controlled associations that promote under-represented interests. Over four years, nine major coalitions or alliances will be established, broadened, and strengthened. In addition to the seven earlier coalitions (fisherfolk, urban poor, indigenous people, informal sector, coconut farmers, education and microfinance sectors), three additional coalitions were funded this year, advocating on behalf of disadvantaged women, children, and marginalized groups in high-growth areas. The coalitions will be strengthened to the point where they are able to analyze and debate public policy issues and to participate actively in the public policy arena.

In preparation for the upcoming national elections in May 1998, USAID is providing assistance to the Philippine Commission on Elections (COMELEC) to undertake an information and education campaign incorporating information on new laws and procedures related to the elections, and an assessment of computer systems in the Philippine House of Representatives.

Host Country and Other Donors: The Ford Foundation supports research on local governance and capacity strengthening of indigenous people's groups. The local government leagues are assuming leadership in decentralized government policy and practices. Major NGOs are putting in substantial matching resources to strengthen civil society. Canada supports capacity building of local governments and NGOs, and various local academic institutions serve as democracy and decentralization monitors and policy option generators.

Beneficiaries: Beneficiaries are: (1) the citizens of Philippine local governments that have committed to work with USAID to improve governance with broad participation; (2) coalitions and coalition members of socio-economically disadvantaged and under-represented groups and interests; and (3) those interested in expanding their understanding of and assistance to democracy in the Philippines.

Principal Contractors, Grantee or Agencies: USAID implements activities through U.S. and Philippine private consulting firms, U.S. and local NGOs, and Philippine local government leagues, cities, provinces, and municipalities. The major contractor is Associates in Rural Development. Major grantees include Agricultural Cooperative Development International, Asian-American Free Lbor Institute, Volunteers in Overseas Cooperative Assistance, World Vision Relief and Development, and several other Philippine PVOs.

Major Results Indicators:

	Baseline	Target
Number of NGO representatives actively participating in local special bodies	293 NGOs (1995)	1,000 NGOs (1999)
Percent of people in project areas who feel their priority concerns are being addressed by local government	36% (1995)	over 50% (1999)
No. of total disadvantaged impacted by coalitions		
- Fisherfolk	0 (1995)	8.0 Million (1996)
- Urban poor	0 (1995)	10.0 Million (1998)
- Indigenous people	0 (1995)	6.0 Million (1998)
- Informal sector	0 (1996)	13.0 Million (1998)
- Coconut farmers	0 (1996)	3.4 Million (1999)
- Microfinance borrowers	0 (1996)	5.5 Million (1998)

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES
TITLE AND NUMBER: Rapid Increase of HIV/AIDS Prevented, 492-SP01
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $2,500,000 CSD
INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2000

Purpose: To prevent the rapid increase of HIV/AIDS in the Philippines by (1) monitoring the prevalence and transmission of HIV infection, and (2) encouraging behaviors which reduce HIV transmissions.

USAID Role and Achievements to Date: USAID is assisting the Government of the Philippines' (GOP's) Department of Health, non-governmental organizations (NGOs) and other government organizations to: (1) implement a national sentinel surveillance system to monitor the transmission of the disease and risk behaviors among population groups at risk; (2) develop and implement effective communication and behavioral change programs about AIDS prevention before AIDS reaches major epidemic proportions in the Philippines; and (3) establish model sites for sexually-transmitted disease (STD) care and management.

The eighth round of the national HIV sentinel surveillance system of the GOP's Department of Health was conducted in April 1997. Survey results show that HIV prevalence rates among the sentinel group, registered female commercial sex workers, have remained at below 3% in all of the eight sentinel surveillance sites. Risk behavior data also show an increase in condom usage rates in both men and women at risk, and a decrease in sharing of needles by injecting drug users. These behaviors suggest increasing prevention practices, although high levels of risk behavior continue among the injecting drug users.

Description: The GOP and USAID have designed a program to control HIV/AIDS transmission within the Philippine population by institutionalizing public and private sector mechanisms for monitoring HIV prevalence and by encouraging behaviors which reduce individual risk for contracting or transmitting HIV. The Philippines can still prevent extensive spread of HIV and sexually transmitted infections in the general population if individuals engaging in high-risk behaviors can be persuaded to change their practices. Accordingly, USAID is targeting education efforts on these individuals. FY 1999 funds will be used to continue the implementation of a sentinel surveillance system for monitoring HIV seroprevalence in the Philippines and to improve data collection on risk behaviors through the implementation of a refined behavioral sentinel surveillance system. Funds will also be used to provide technical assistance, supplies, and materials for the effective delivery of information, education and communication services to STD/HIV/AIDS high risk groups in a greater number of areas by a network of NGOs, government organizations and private commercial sector groups. With USAID support, the GOP and NGOs will develop, implement and evaluate a set of STD interventions among groups with high prevalence of STDs in selected sentinel sites. Additional funding is also required for the analysis, dissemination of results, and implementation of advocacy efforts on policy and environmental and structural constraints to promoting STD/HIV prevention.

Host Country and Other Donors: USAID has been and continues to be the largest contributor to the Philippine National AIDS/STD Prevention and Control Program. USAID's grant to WHO to support the establishment of HIV sentinel surveillance system is complemented by the Government of Japan's contribution. USAID focuses on financing and providing technical assistance to the surveillance system itself, while Japan provides laboratory, office and communications equipment. The US-Japan Common Agenda has been an important forum for this collaboration. USAID-supported training activities on STD syndromic case management are also being complemented by the Netherlands' contribution for STD drugs. USAID's focus on HIV/AIDS education for high-risk groups is complemented by support from other donors for educational activities directed towards the broader general population. Both Australia

(through AusAID) and the European Union support NGO projects to strengthen community-based responses to AIDS. In addition, AusAID supports NGO projects to improve STD management in model clinics in commercial sex areas in a few selected urban areas. A number of donors are upgrading selected public sector services for STD/HIV/AIDS diagnosis and treatment - - an essential complement to the IEC activities supported by USAID. AusAID and the European Union are the major players, and emphasize integration of these services into primary health care. Other donors are placing special importance on diagnosis and treatment of STDs and reproductive tract infections. These include the World Bank, through the Women's Health and Safe Motherhood Project, and UNFPA through its reproductive health program. Various United Nations and multilateral agencies (with UNAIDS as a coordinating body) concentrate on support for intra-governmental activities on HIV/AIDS prevention. USAID meets frequently with other donors to ensure complementarity of activities that are supportive of the programs of the GOP.

Beneficiaries: Direct beneficiaries are individuals who engage in high-risk behaviors. Indirect beneficiaries include the general population in the Philippines who will face a lower risk of contracting AIDS.

Principal Contractors, Grantees, or Agencies: USAID implements the program through the GOP's Department of Health and selected local government units, World Health Organization, Program for Appropriate Technology in Health and local NGOs.

Major Results Indicators:

	Baseline	Target
Percent HIV seroprevalence rate among the sentinel target risk group - registered female commercial sex workers	<1.0% (1993)*	<3.0% (2000)

* Source: Field Epidemiology Training Program - Department of Health National HIV Sentinel Surveillance Surveys.

SRI LANKA

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance	$3,500,000	$3,000,000	$1,500,000

Introduction

The USAID program supports U.S. interests through promoting U.S. economic opportunities, protection of human rights, and mitigating the adverse humanitarian effects of the ongoing conflict. With the Government of Sri Lanka (GSL) focusing on bringing an end to the conflict, and with clear potential for achieving sustainable economic growth, USAID is helping to move the country through an important economic transition.

The Development Challenge

Economic performance in 1997 underscored the strong resilience of the country's private sector, with moderate increases in GDP growth and exports. Although annual GDP growth averaged only 4% over the past two decades, the GSL is projecting GDP growth in 1998 at 6%, the same as current 1997 estimate, with manufacturing leading the way with a 9% growth rate. In 1997, average inflation fell from the 1996 level of 16% to 9% and unemployment dropped from 14% to 10%. Exports increased in 1997 by 14%. The 1998 budget estimated the debt service ratio for 1997 at 13.0%, a decline from 15.1% in 1996. However, these positive trends must be supported by a strong commitment to reform, and USAID is perfectly positioned to assist the GSL with key policy reforms, as well as the continuation of the development of an open and strong financial sector.

The primary development constraint in Sri Lanka today is the ethnic conflict based in the North and East Provinces of the country. The civil war will continue to place a strain on limited Government resources and threaten overall economic and political stability. The need for humanitarian assistance, to provide relief to the estimated one million internally displaced persons, much of it furnished by the Government itself, will continue to grow over the next two years. The challenge is to begin to lay the foundation for a truly democratic society, free from human rights abuses, once the conflict is resolved. In the meantime, efforts to protect human rights, increase the efficiency and effectiveness of the judicial system, and provide legal aid to disadvantaged groups is of paramount importance.

Sri Lanka is a responsible and accountable development partner. The 1998 budget takes steps in the policy reform area: corporate taxes have been reduced, duties on capital and intermediate goods for targeted industries have been reduced or eliminated, and tax incentives are being offered to encourage direct and portfolio investment. However, without significant additional progress in economic growth and the development of better functioning democratic institutions, Sri Lanka will not be able to bring more of its people into the economic mainstream and sustain its gains to date. In summary, the country's main constraints to equitable, sustainable development are: the ongoing civil war; an improved, but still inadequate macro policy and regulatory environment; fragile economic growth (caused in part by low levels of investment); weak democratic institutions; and persistent poverty.

Other Donors

In 1996, total donor disbursements to Sri Lanka was about $531 million. The United States, with about 4% of total disbursements, was the third largest bilateral donor, and the fifth largest overall. The leading donors were Japan, the Asian Development Bank, the International Development Association, Norway, and the United States. In 1996, total donor assistance to directly improve the

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policy environment and strengthen capital markets was approximately $30.0 million. If this level continues, USAID's contribution in FY 99 will be 5% of the total. However, USAID is the lead donor working with the Colombo Stock Exchange, the Central Bank, the Securities Exchange Commission and in developing a policy reform program through private sector associations.

FY 1999 Program

USAID's goal in Sri Lanka is expanded broad-based participation in sustainable development. To achieve this goal, USAID has a Strategic Objective for economic growth to improve the framework for trade and investment, complemented by a Special Objective to better protect citizens' rights. USAID will also continue to provide humanitarian assistance through the Global Bureau's War Victims Fund and the Displaced Children and Orphans Fund.

USAID's Strategic Objective will focus on two themes:

Financial Markets Improved. USAID will continue its highly successful programs with the Central Bank and the Colombo Stock Exchange to improve the performance of the country's financial markets. An efficient, transparent, but well regulated and managed financial sector is critical to attracting investment and to raising the capital necessary for growth. USAID's efforts to expand the stock exchange will increase investment in total, and broaden the investor base. Work with the Central Bank will put mechanisms in place (e.g., Government borrowing through open market operations) which will provide fiscal discipline, since the Government will be borrowing at market-determined rates. This component of the program will increase investor confidence, make Government borrowing practices more efficient and market-oriented, and will help Sri Lanka avoid the type of financial crisis now being felt by several East Asian nations.

Liberalized trade and investment policies. By improving the enabling environment for economic growth, USAID will help create better conditions for broader participation (across all sectors and sizes of enterprises, socio-economic strata, and among foreign and domestic investors) in the growth process. USAID will help to implement key economic policy reforms related to financial markets, agriculture, manufacturing and trade liberalization. Business and other associations will be the key partners in a program that supports their efforts to improve policies which negatively affect their members. This component of the program will also assist Sri Lankan companies (on an industry or sector level working through business and other associations) with the adoption of international standards, such as ISO 9000 and 14000. Other impediments to global competitiveness will also be addressed: improvement in intellectual property rights, the development of a long-term trade and growth strategy, for example.

USAID's goal will be reinforced by its Special Objective to better protect citizens' rights. Technical assistance and other support will be provided to the new Human Rights Commission so that it may better fulfill its mandate to identify, monitor and reduce human rights abuses. At the grassroots level, NGOs will provide practical advice on citizens' rights, as well as direct legal aid for disadvantaged groups. The judicial system will be improved through a series of activities: court modernization, expansion of the current system of mediation boards, and the training of lower court judges. These activities will help reduce the tremendous backlog of court cases and reduce the time for court settlements, as well as improve the administration of justice (training for judges). Together, these activities will mitigate many of the injustices and abuses taking place currently and will also lay a foundation for an efficient and fair judicial system, with a minimum of human rights abuses, when the current ethnic conflict is finally resolved.

SRI LANKA
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Develop-ment	Humanitarian Assistance	TOTALS
S.O 1. Improved framework for trade and investment. - DA	1,500						1,500
Sp.O. 1. Citizens' rights better protected in law and practice - ESF							
Totals - DA - ESF	1,500						1,500

* USAID will continue to support humanitarian assistance programs through the Global Bureau's War Victims and Displaced Children and Orphans Funds.

USAID Mission Director: Lisa Chiles

ACTIVITY DATA SHEET

PROGRAM: SRI LANKA
TITLE AND NUMBER: Improved framework for Trade and Investment, 383-SO01
STATUS: Revised
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $1,500,000 DA
INITIAL OBLIGATION: FY 1998; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: The economic growth program will focus on two themes: 1) continuation of efforts to improve the efficiency and stability of financial markets by improving financial market practices; and 2) liberalization of policies/regulations which impede increased trade and investment.

USAID Role and Achievements to Date: USAID's previous support to increase private sector employment and income resulted in the creation of a significant number of new jobs. Under this program, financial markets and institutions were strengthened through policy reform and instituting best practicies; technical and financial assistance was provided to hundreds of individual businesses (including agribusinesses); and new technologies, e.g. state of the art computers were made available. Last year the Colombo Stock Exchange (CSE) became one of the most technologically advanced stock exchanges in the world. The Central Bank of Sri Lanka (CBSL) introduced two and four year bonds as first steps towards establishing a long-term debt market in Sri Lanka. To date over 40,000 people have increased their income through full or part time employment from micro-enterprises, self employment, and medium and large enterprise development. Technology grants and business assistance to manufacturing and agribusiness firms strengthened the private sector's contribution to the country's economic growth.

Description: USAID's current program will continue to improve financial market practices in Sri Lanka by working with the Securities Exchange Commission, the CSE and the CBSL. USAID will strengthen the regulatory framework of the financial and capital markets to ensure that markets operate with standards of integrity. Work with the CBSL will put mechanisms in place to make Government borrowing practices more efficient and market oriented. In concert, these efforts will increase investor confidence and attract capital needed for sustained growth. USAID activities will also build on its established relationships with the private sector and work directly with advocacy groups (e.g., business associations) to identify and analyze policy and regulatory impediments. Advocacy groups will be provided with institutional support, technical assistance to adequately document the negative impacts of poor policies/regulations, and assistance to resolve these issues with the appropriate decision-making authorities. These activities will be complemented by assisting the GSL in the development of long-term trade and industrial diversification strategies and policies.

Host Country and Other Donors: USAID Sri Lanka's programs complement World Bank and Asian Development Bank (ADB) programs, especially those related to sectoral policy reforms. The ADB's Financial Sector Program is assisting the GSL to establish a credit rating agency and is planning a Capital Market Development Program. The World Bank has a major private finance development project which is aimed at improving macro-economic management.

Beneficiaries: Beneficiaries include the people who gain new or better employment which is sustainable as a result of business expansion and increased availability of capital; Sri Lankan and foreign institutional investors (including U.S. investors), who benefit from access to an efficient capital market; and private sector businesses and individuals who produce goods and services for the export and domestic markets.

Principal Contractors, Grantees, or Agencies: USAID will work with the International Executive Service Corps, Oregon State University, Development Alternatives, the CSE, SEC, CBSL, the Ministry of Industry, the Ministry of Commerce, various chambers and private sector associations.

Major Results Indicators:	Baseline 1997	Target 1999	2003
Key policies and practices adopted (cumulative) (e.g. reforming foreign exchange trading practices and overall banking operations, increase value of government securities at public auction)	0	4	10

ACTIVITY DATA SHEET

PROGRAM: SRI LANKA
TITLE AND NUMBER: Citizens' rights better protected in law and practice 383-SPO01
STATUS: New
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999 $ (to be determined)
INITIAL OBLIGATION: FY 1998; **ESTIMATED COMPLETION DATE:** FY 2003

Purpose: This human rights/democracy program will seek to ensure that the rights and obligations conferred by law are in actual practice understood by all citizens and that their rights are better protected.

USAID Role and Achievements to Date: Significant progress has been made in increasing national attention on human rights abuses. Human rights support initiatives include legal awareness campaigns, the establishment of legal aid services, alternative dispute resolution mechanisms such as the Mediation Boards and community counselling. During 1995-1997 the Asia Foundation (TAF) and a number of local sub-grantees were involved in implementing a program aimed at efficient administration of justice, professional training, citizens' rights, and increasing access to justice. A computerized case tracking system installed at the country's Courts of Appeal brought down the backlog of cases from 13,000 in 1995 to 8,700 in 1997. Support to the mediation boards program achieved a major policy change by the GSL, which introduced a law stating that all disputes below the a certain value must be referred to a mediation board before action can be filed in the formal courts. Four local NGOs were supported to provide free legal aid for victims of human rights violations. There were a total of 500,000 direct beneficiaries in these programs during 1995-1997.

Description: The Mission will work with two principal partners, The Human Rights Commission of Sri Lanka and TAF to achieve the special objective. TAF will work through government and non-government organizations including Ministry of Justice (mediation boards program) and Sarvodaya (the largest indigenous NGO in Sri Lanka). Based upon past experience, the program will reinforce previous successes in increasing awareness of legal rights by expanding legal literacy programs into new areas in the north and east of the country, expanding legal aid to disadvantaged people, and improving the effectiveness of formal and non-formal dispute resolution systems. A comprehensive program approach will be used in educating the public about their rights and methods of redress, providing legal aid to enable disadvantaged people to use their rights, increasing the efficiency of formal and informal dispute resolution systems, and improving the general environment of human rights by increased monitoring and reporting of violations.

The war-affected areas in the north and east will receive special attention. The Human Rights Commission has established offices in five cities in the north and east, and logistic and technical assistance will be provided. Courts in many areas of the north and east are now functioning and legal aid will be provided to people of these areas to have their cases legally represented at no cost. Indigenous NGOs operational in the north and east will be supported to conduct legal awareness and legal aid programs. The Ministry of Justice has already set up some mediation boards in the east, and assistance will be provided to set up boards in the north.

Host Country and Other Donors: Other donors involved in these activities include UNDP, CIDA, NORAD, SIDA, ODA, JICA and the World Bank.

Beneficiaries: All citizens, especially disadvantaged people including children, women and ethnic minorities.

Principal Contractors, Grantees, or Agencies: USAID will implement activities through TAF and its five partners (Sarvodaya Legal Services Movement, University of Colombo - Center for the Study of Human

Rights, Bar Association of Sri Lanka, Center for Policy Alternatives and Center for Women's Research) and the Human Rights Commission.

Major Results Indicators:	Baseline 1996	Target 1999
Number of legal aid cases	9,000	11,000
Number of cases referred to alternate dispute resolution systems	101,639	130,000

WEST BANK AND GAZA

	FY 1997 Actual	FY 1998 Estimate	FY 1999[1] Request
Economic Support Funds	$75,000,000	$85,000,000	$75,000,000

Introduction

Following the September 1993 signing of the "Declaration of Principles on Interim Self-Governing Arrangements" (DOP) by the Palestinian Liberation Organization (PLO) and the Government of Israel, the U.S. Government committed to provide $500 million over a 5-year period (FY 1994-FY 1998). Of this total, USAID is administering $375 million; the remainder is to be provided through the Overseas Private Investment Corporation (OPIC). It is expected that USAID's $75 million annual budget will be extended through FY 1999. In September 1995, the Interim Agreement extended Palestinian self-rule to six major population centers in the West Bank, and elections were held in January 1996. Progress towards a final status agreement slowed after a series of suicide bombings in Israel and the change of government that followed the May 1996 Israeli elections. The January 1997 Hebron Accord included Israeli withdrawal from most of that city, but further redeployment actions lagged in the succeeding year. The U.S. Government, acting within its role as the primary facilitator for the overall Middle East Peace Process, has been actively engaged in defusing tensions and seeking compromises that are acceptable to both parties. USAID assistance to the Palestinian people, an essential element of this approach, supports U.S. interests in promoting regional stability, economic prosperity and adherence to democratic principles.

The Development Challenge

The USAID/West Bank and Gaza program responds to the economic and political challenges posed by the Palestinian-Israeli peace process, which is scheduled to conclude with a final status agreement in May 1999. The program is designed to promote long-term, sustainable development, which will ultimately determine the stability of the region regardless of the political formula that is accepted by the parties. Some of the basic constraints to carrying out an assistance program in the West Bank and Gaza include: deteriorated infrastructure; outdated or nascent legal, regulatory and institutional frameworks; limited natural resources; and restrictions on movement of goods and people. This latter factor is especially problematic. The World Bank estimates that constraints on cross-border movement of commodities and Palestinian workers, which followed several suicide bombings, resulted in approximately $1.3 billion in losses to the Palestinian economy between 1994-1996. The United Nations estimates costs between July and September of 1997 at an additional $113 million. These types of losses only underscore the fact that meeting the development challenge in the West Bank and Gaza will depend primarily on political solutions.
Immediately following the signing of the DOP, USAID support focused on the start-up of Palestinian Authority operations, high-priority infrastructure, employment generation, and economic reactivation. Beginning in FY 1996, resources have been concentrated in three strategic areas:

Mission Strategic Objective No. 1: Expanded Economic Opportunities. According to analysis conducted by the United Nations, real per capita GNP in the West Bank and Gaza fell from approximately $2,500 in 1992 to under $1,500 in 1996. Among other factors, this reflects the impact of limited employment opportunities as Palestinian access to jobs in Israel has been restricted subsequent to

[1]The program described does not reflect the possibly higher funding levels under discussion, for which plans are not yet completed; details on the expanded program will be provided if and when approved.

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terrorist attacks in Israel. Security measures also have reduced commercial activity. Currently, insufficient access to credit, limited markets, low productivity and inadequate infrastructure restrict the potential for economic growth--and therefore political and social stability--in the West Bank and Gaza. Donor programs designed to promote private sector development must be responsive to the special circumstances which define the Palestinian economy. These include the predominance of small and microenterprises (90% of businesses have less than 10 employees), the dependance on Israel for access to markets for labor and goods, and the absence of a transparent and comprehensive legal and regulatory framework. Through the year 2001, results of USAID's program will include: annual increases in employment levels of 8%, an increase in daily wages from approximately $16 in 1996 to $21.60 in 2000, and 5% annual increases in exports by assisted firms.

Mission Strategic Objective No. 2: Increased Access to and More Efficient Use of Scarce Water Resources.
Economically and developmentally sound water management practices are essential to sustainable growth. Water consumption rates are well below the World Health Organization's minimum standard, the inadequate supply of water is a limitation for both agricultural and industrial development, and only 25% of households are connected to sewage networks. In response to commitments within the Interim Agreement that assure Palestinians of access to an additional 70 million - 80 million cubic meters of water per year to meet immediate needs, the U.S. Government has played an active role as a member of the Trilateral Committee (with the Israelis and Palestinians) in dealing with the political and technical issues related to water. Through the year 2001, results of USAID's program will include: a 10% increase in domestic consumption rates, up to 6% of agricultural and industrial needs being met with non-potable water sources, and 100% recovery of operation and maintenance costs.

Mission Strategic Objective No. 3: More Responsive and Accountable Governance. Following the initial establishment of the Palestinian Authority and the 1996 elections, Palestinians must focus on further transition towards self-rule, including the establishment of democratic checks and balances, and the development of accountable and transparent governance. In order to achieve this, a vibrant civil society with an active role in the decision-making process must emerge, the branches of government must develop technical proficiency, constituency outreach and institutional stability, and appropriate management responsibilities must be devolved to entities of local governance. Through the year 2001, results of USAID's program will include: civil society organizations effectively transmitting citizens' concerns to the government and having them incorporated into the public decision-making process; the Palestinian Legislative Council functioning as a representative legislative body by developing responsive and technically sound legislation, and overseeing the work of the Executive; the Executive applying uniform rules and procedures for the development of legislation and policies; and decentralized service provision and control of resources.

Other Donors

At the October 1993 Conference to Support the Middle East Peace Process, donors pledged $2.4 billion in assistance to the Palestinian people. Of the total donor pledge, approximately $1.6 billion had been made available through FY 1997. Given the combination of political and financial resources dedicated to the Palestinian-Israeli peace process, the U.S. Government, the European Union and Norway are considered the lead donors in the West Bank and Gaza.

FY 1999 Program

In FY 1999, USAID intends to finance: 1) lending for small and microenterprises, technical support to small businesses to enhance domestic and export marketing, support for Palestinian industry associations and other business organizations, and policy-related initiatives to improve the efficiency and transparency of commercial transactions ($7 million); 2) development of new water supplies for household consumption, testing and improving the quality of potable water, repairing and installing transmission/distribution and waste/storm water systems, and promotion of more efficient allocation

of all water resources (potable and non-potable) for domestic and commercial uses ($58 million); and 3) enhancement of citizens' capacity to participate in and influence the governing process through their government representatives and civil society organizations, and development of the ability of the public sector (the legislature and local government entities) to better meet the needs of Palestinians in a transparent and efficient manner ($10 million).

WEST BANK AND GAZA
FY 1999 PROGRAM SUMMARY
(in thousands of dollars)

	Encouraging Economic Growth	Stabilizing Population Growth and Protecting Human Health	Protecting the Environment	Building Democracy	Providing Humanitarian Assistance	Total
USAID Strategic Objectives						
1. Expanded Income Opportunities -ESF	7,000					7,000
2. Improved Access to Extremely Limited Water Resources - ESF			58,000			58,000
3. Improved Key Democratic Practices and Processes ESF				10,000		10,000
TOTAL ESF	**7,000**		**58,000**	**10,000**		**75,000**

USAID Mission Director: Christopher D. Crowley

Activity Data Sheet

PROGRAM: WEST BANK AND GAZA
TITLE AND NUMBER: Expanded Economic Opportunities, 294-SO01
STATUS: Continuing
PROPOSED OBLIGATION/FUNDING SOURCE: FY 1999 $7,000,000/ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: The Palestinian economy is characterized by its high and fluctuating levels of poverty and unemployment and under-employment; limited access to labor markets in Israel and unreliable passage for manufactured inputs and final products, especially in times of border closures; low productivity; constraints to credit, particularly for microenterprises; and an uncertain political environment and undefined legal/regulatory framework that undermine investor confidence. USAID's program addresses these issues, focusing on the private sector as the key to long-term stability and growth in the West Bank and Gaza.

USAID Role and Achievements to Date: In FY 1994, USAID began activities to develop the skills of small entrepreneurs and to generate emergency employment opportunities--especially in Gaza--through infrastructure projects. Since FY 1996, a comprehensive program of support to the private sector has evolved, including initiatives designed to expand financial services available to small and micro-enterprises, increase the industrial sector's access to markets, and enhance the productivity of the industrial sector.

To date, USAID has assisted more than 270 Palestinian enterprises to increase productivity and sales, business skills have been upgraded for 2,800 Palestinian entrepreneurs, 4 leading Palestinian firms have been assisted to become ISO 9000 (international export standard) certified and 8 others are programmed for certification in 1998. USAID assistance sponsored a Palestinian Products Exhibition in Dubai which was instrumental in opening the Gulf region as a market for Palestinian goods, with more than $10 million in initial sales and many additional agreements in process. USAID has financed more than 8,500 micro-loans through UN and NGO intermediaries; a parallel program of micro-finance through commercial banks is underway. USAID technical assistance and infrastructure financing have been critical elements in the establishment of a pilot border industrial estate in Gaza, with first-phase construction completed and manufacturing activities scheduled to begin by June 1998.

Description: USAID's private sector program comprises the following: (1) To improve the access of small and microenterprises to financial products and services, USAID is establishing technical assistance to participating banks and providing working capital loans. This includes UNRWA's small business lending program which has made loans averaging $17,000, as well as $300-$1,000 loans through a US PVO and another UNRWA program. In addition, a formal financial sector micro-credit mechanism has been established, with commercial banks committing $6 million in loan capital and USAID financing technical support and start-up costs. Beginning in 1998, USAID expects two local banks to lend $6 million annually, and possibly increase this level to $10 million annually thereafter. It is also expected that the NGO mechanism will be expanded in FY 1998-FY 1999. (2) To develop new and expanded markets for Palestinian goods and services, USAID is providing market information and supporting industrial zone development. USAID is providing firm-level assistance through a U.S. contractor to meet export standards and promote Palestinian products. USAID is also financing the construction of major elements of the off-site infrastructure at the pilot Gaza Industrial Estate (GIE), as well as expert advice related to security and regulatory arrangements at the Estate and the overall operation of an industrial estate authority. Increased emphasis will be placed on this latter element in FY 1998-FY 1999. Furthermore, USAID may support a new apex organization of Palestinian exporters, to be managed by leading industry representatives from the West Bank and Gaza. (3) To enhance the productivity of Palestinian enterprises, a U.S. contractor and U.S. PVO provide training for small businesses in entrepreneurial skills and appropriate technologies. The second phase of this assistance, including its market access component, will be initiated in FY 1999. (4) To encourage an appropriate

policy environment for private sector development, in FY 1998 USAID will initiate activities to modernize the accounting profession and will consider other options to enhance equity capital mobilization.

Host Country and Other Donors: USAID has been the lead donor in providing private sector support, chairing the related Sectoral Working Group of the Local Aid Coordinating Committee. The European Union and the UK have funded programs providing loans to small businesses, excluding microenterprises. Along with USAID, the World Bank is providing assistance for joint Israeli and Palestinian efforts related to industrial zone development, and the International Finance Corporation is providing financing for private sector development of the on-site infrastructure. The World Bank is planning an initiative focused on improving the private sector legal framework and commercial regulations.

Beneficiaries: Primary beneficiaries of these activities will be the majority of Palestinians working in micro, small and medium-sized firms. More specifically, it is estimated that 150,000 microenterprises will be eligible for loans through USAID-assisted programs, either through capitalization of credit funds or technical assistance/training to establish credit for such enterprises through the formal financial sector. Approximately 22,000 jobs will be created at the pilot Gaza Industrial Estate and up to 40,000 jobs in feeder industries, with the expectation that significant levels of employment will be generated through successor projects. The development of an appropriate policy framework through USAID and other-donor support will have a broad impact the Palestinian economy.

Principal Contractors, Grantees, or Agencies: USAID is implementing activities through U.S. firms (Development Alternatives International, Metcalf & Eddy and Chemonics), U.S. NGOs (the Save the Children Federation and the YMCA), and the Palestinian private sector.

Major Results Indicators: While all indicators of success for the USAID/West Bank and Gaza program depend on the peace process, indicators in this sector are particularly sensitive to the level of access Palestinian goods and labor have to Israel. In the event of frequent/lengthy border closures and political instability, USAID's initiatives will mitigate the negative impact on the Palestinian economy, but established targets will not be achievable. Through the year 2001, indicators of USAID's success will include: annual increases in employment levels of 8%, an increase in daily wages from approximately $16 in 1996 to $21.60 in 2000, and 5% annual increases in exports by assisted firms.

Activity Data Sheet

PROGRAM: WEST BANK AND GAZA
TITLE AND NUMBER: Greater Access to and More Effective Use of Scarce Water Resources, 294-SO02
STATUS: Continuing
PROPOSED OBLIGATION/FUNDING SOURCE: FY 1999 $58,000,000 ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: USAID will address the problem of the inadequate quantities and substandard quality of water available for domestic consumption in the West Bank and Gaza, to include the related issues of inappropriate waste/storm water collection/treatment and the inefficient allocation of water resources. In addition to the health and environmental impacts of USAID's program, its rationale derives largely from the constraints on economic development posed by the current water situation.

USAID Role and Achievements to Date: Early in FY 1995, USAID began to finance efforts to rehabilitate, and later to upgrade and expand, the waste and storm water systems in Gaza City. Since the signing of the Interim Accords in September 1995, USAID has worked with the Palestinian Water Authority (PWA) and the Palestinian-Israeli Joint Water Committee (JWC) to support the water aspects of those accords. In addition to ongoing waste/storm water activities in Gaza, this has entailed the design and implementation of a series of initiatives to develop new water supplies for household consumption, test and improve the quality of potable water, repair and install transmission/distribution systems, and promote more efficient allocation of all water resources (potable and non-potable) for domestic and commercial uses.

To date, the emergency phase of USAID's waste/storm water initiative in Gaza City has been completed, with approximately 50 kilometers of sewer lines and stormwater culverts cleaned, repaired or replaced, a critical pump station/reservoir renovated, and a central drainage area dredged. As a result, flooding and sewage overflow has been reduced in surrounding sections of the City. This work also represents the first step in a longer-term, multi-donor construction program that is now underway, based on the waste and storm water facilities master plan for Gaza City developed in 1997 under a USAID contract. Furthermore, 39,000 residents in four of the poorest sections of Gaza City have benefited from a neighborhood upgrading program, incorporating water infrastructure improvements, community awareness and health interventions. In the West Bank, water distribution systems in 27 communities have been upgraded, and the first phase of similar work in Hebron has been completed. When work in several additional villages and subsequent phases in Hebron are completed later in 1998, these activities will have resulted in approximately 260,000 Palestinians having improved access to potable water. Designs have been finalized for and construction is scheduled to begin in early 1998 on four production wells, five or six monitoring wells, transmission systems in Jenin and Hebron-Bethlehem, and distribution systems for 11 Jenin-area villages.

Description: USAID's water program comprises the following: (1) To increase the quantity and quality of potable water, USAID is supporting the development of new wells, the upgrading and extension of water transmission and distribution systems, and the monitoring of water quality. This includes improvement of village water distribution systems in the West Bank, and a major contract for overall planning, design and construction of wells and water networks. Through the latter, 6 million to 8 million cubic meters per year of water will be made available, with a transmission capacity to handle additional future supplies. FY 1998-FY 1999 initiatives will include the construction of additional distribution systems and the establishment of community-based management structures in these Jenin-area villages, as well as further well development. (2) To promote integrated water management practices, USAID is financing activities to collect, treat and reclaim wastewater and stormwater, develop alternative supplies (e.g., brackish water and desalination), and institute conservation and loss prevention measures. Through a U.S. firm, construction is underway in Gaza to more than double the capacity of the existing wastewater treatment plant, expand a storm water reservoir, develop a pilot

stormwater infiltration scheme, and construct pump stations/force mains and sewer lines. In addition, in FY 1998 USAID will initiate support to improve the management of the Gaza Coastal Aquifer in order to prevent its further deterioration as a source of safe drinking water, including the exploration of options such as desalination, recharge of aquifers, reuse of treated water and loss-prevention/conservation. In FY 1999, USAID also intends to initiate a similar aquifer protection program, including wastewater activities, in the West Bank. (3) To establish market-oriented allocation mechanisms, USAID is enhancing the capacity of Palestinian organizations to carry out long-term planning and enact policies that account for the economic, social, health and environmental implications of water use. These efforts are incorporated in the ongoing activities cited above. In FY 1998-FY 1999, USAID expects to focus on issues such as the enactment of tiered-tariff structures based on water quality and use, as well as the capacity of municipalities, utilities and users groups to manage water resources.

Host Country and Other Donors: Because of the significant level of USAID financing ($255 million from FY 1996-FY 2000) and the political involvement of the U.S. Government, USAID is considered the lead donor in the sector. Reflecting the urgency of addressing the wide range of issues relating to water shortages in the West Bank and Gaza, through 1996 donors had committed approximately $350 million to water activities, with Germany, Norway, Sweden, the European Union, Japan, Italy and the World Bank being the most active. Other donor financing for wells, sections of water networks, emergency treatment plant repairs, sewage systems, and operational support have been integral to each USAID water initiative.

Beneficiaries: All Palestinians in the West Bank and Gaza will benefit directly or indirectly from USAID's efforts to increase supplies and improve management of water resources. USAID support for the development of wells and transmission/distribution lines has been focused initially in the Bethlehem-Hebron and Jenin areas, with technical support also provided in Nablus, Ramallah and Jericho. Financing for storm/waste water activities has been concentrated in Gaza City. However, system-wide improvements resulting from USAID's water program will enable Palestinians in general to better meet their water needs in a sustainable manner.

Principal Contractors, Grantees, or Agencies: USAID is implementing activities primarily through U.S. firms (Camp, Dresser & McKee, and Metcalf & Eddy are the two prime contractors), with U.S. private voluntary organizations (the Save the Children Federation, Catholic Relief Services and American Near East Refugee Aid) also playing significant roles.

Major Results Indicators: Indicators of success through the year 2001 will include: a 10% increase in domestic consumption rates, up to 6% of agricultural and industrial needs being met with non-potable water sources, and 100% recovery of operation and maintenance costs.

Activity Data Sheet

PROGRAM: WEST BANK AND GAZA
TITLE AND NUMBER: More Responsive and Accountable Governance, 294-SO03
STATUS: Continuing
PROPOSED OBLIGATION/FUNDING SOURCE: FY 1999 $10,000,000/ESF
INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: Through its programs, USAID is responding to the need to rapidly establish a functioning and accountable system of self-governance in the West Bank and Gaza. Related issues that USAID is addressing include limited citizens' input into the decision-making process, nascent government structures especially those related to constituent representation, unclear allocation of roles and authority among and within the various branches and levels of government, and inadequate guarantees and exercise of basic freedoms.

USAID Role and Achievements to Date: USAID's FY 1995 and FY 1996 support for the first Palestinian elections, which led to the election of the Palestinian Legislative Council (PLC) and the head of the Executive Authority in January 1996, provided the basis for its current democracy and governance portfolio. Activities are designed to strengthen the active participation of citizen groups in the governing process through their government representatives and civil society organizations, and to develop the capacity of the public sector (including the executive and legislative branches, as well as local government) to meet the needs of Palestinians in a transparent and efficient manner.

USAID's activities to date have resulted in a series of town hall meetings allowing constituents to express their concerns to PLC, Executive and local government representatives; the collection of public input on draft laws through the use of the internet; the establishment of a citizens' rights center in the West Bank; new mechanisms in a pilot sector (health) to allow the Ministry and non-governmental organizations to jointly develop a policy agenda and allocate responsibilities for service provision; and civic education sessions targeting rural populations and women. With the PLC, USAID has helped establish procedures for record-keeping and tracking the growing number of constituent inquiries, installed equipment to record votes and produce verbatim transcripts of proceedings, provided assistance in the review of draft laws (e.g., those related to the judiciary, political parties, the Basic Law, the civil service law), financed a parliamentary research unit to provide objective, non-partisan analysis and information, supported Executive oversight mechanisms--including review of the Executive's budget, and televised PLC plenary proceedings to increase citizen awareness of the PLC's activities. With the Executive, USAID has developed procedures for the review of legislation and established a unit focusing on the qualitative technical review of draft laws and policies.

Description: USAID's democracy and governance program includes the following interrelated components: 1) To increase the participation of civil society organizations in public decision-making and government oversight, USAID is supporting the development of non-governmental organizations, strengthening their capacity to exercise government oversight, policy analysis and advocacy roles, enhancing the skills of the media, and encouraging the dissemination of information to the public. These programs are conducted through the United States Information Agency (USIA) and local and international non-governmental organizations, which currently include five local civil society organizations and three international organizations partnered with local groups. FY 1998-FY 1999 initiatives will include an increased emphasis on Gazan civil society organizations, which tend to be less developed than those in the West Bank. 2) To enhance the capability of the newly elected Palestinian Legislative Council to perform functions of a legislative body, USAID is supporting the development of key administrative systems, increasing the PLC's ability to draft and review legislation, enhancing their skills in reviewing and monitoring the Executive's budget and overall performance, and providing assistance to improve PLC responsiveness to its constituents. These programs are implemented by a U.S. contractor and a U.S. grantee. 3) To increase the effectiveness of the Executive Authority's legislative and policy-making process, USAID is providing targeted support to establish a transparent

process for developing, drafting and reviewing policies and legislation, which includes public input and legal and technical review. This support is being provided by a U.S. contractor, and will be completed in FY 1999. 4) The extent and nature of USAID's support to establish a foundation for decentralized local government will be determined in FY 1998. Work to date has focused on the analysis of revenue generation capabilities, the legal framework for local government operation, and the feasibility of devolving certain key functions from the central to the local level.

Host Country and Other Donors: Although many donors have indicated interest in supporting programs in the democracy and governance area, USAID has been a leader in the design and provision of assistance, especially in the area of civil society. The World Bank, the UK and Australia are supporting initiatives related to legal reform and the justice sector, which complement the areas in which USAID is working. The European Union's program of support with the PLC has been developed in coordination with USAID. The World Bank, UNDP and other donors have programs which support the development of local government entities; USAID anticipates working in related policy reform areas.

Beneficiaries: All Palestinians will benefit from the emergence of open, transparent and effective self-rule mechanisms.

Principal Contractors, Grantees, or Agencies: USAID is implementing activities through U.S. contractors (primarily Associates in Rural Development and Checchi/PalTech), U.S. non-governmental organizations (the International Republican Institute, the National Democratic Institute and Internews) partnered with local organizations, and grants to local non-governmental organizations. USAID is working with USIA on media activities.

Major Results Indicators: By the year 2001, USAID expects that: citizens will have a positive perception of the government's allocation and management of public resources; civil society organizations will play an effective role in transmitting citizens' concerns to the government and having them incorporated into the public decision-making process; the PLC will be fulfilling the functions of a representative legislative body by developing responsive and technically sound legislation, and overseeing the work of the Executive; uniform rules and procedures will be in effect for the development of legislation and policies in the Executive; and service provision functions and control of resources will begin to be decentralized to local entities.

ASIA AND THE NEAR EAST REGIONAL ACTIVITIES

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Estimate
Development Assistance	$18,946,000	$28,822,000	$33,053,000
Child Survival and Disease	5,980,000	11,550,000	12,454,000
Economic Support Funds	20,876,000	37,250,000	42,400,000
PL 480 Title II	97,165,000	8,297,000	---

Introduction

The Asia and Near East (ANE) regional portfolio provides reinforcement to USAID bilateral and regional strategies in economic growth, HIV/AIDS prevention, environment, family planning and maternal child health, and democracy. The ANE regional program serves U.S. national interests and foreign policy objectives in support of the Middle East peace program; by providing critical family planning and maternal child health programs which improve the well-being and health of women and children thereby reducing the pressures on the region's water resources and environment; by monitoring the spread of HIV/AIDS in the region and supporting measures to limit the cross-border spread of infectious diseases; by supporting nascent democracy and rule of law activities within the region; and by addressing critical transnational environmental issues such as the Indonesian crisis regionally through ASEAN.

ANE regional activities in civil society, rule of law, family planning and maternal child health, basic education, and microcredit are supported in both bilateral and non-presence countries including Vietnam and Pakistan. ESF funded regional activities include support to the Middle East Peace Process, the 1987 Tuna Treaty with sixteen Pacific Island Countries, and human rights and civil society activities in Burma, Laos, Cambodia, China, as well as other countries within the region. Residual activities for close-out programs in Oman, the South Pacific, Thailand, Tunisia, and Yemen are also supported.

The Development Challenge

The Asia Near East Bureau encompasses one of the world's most diverse and dynamic regions. The region presents both challenges and opportunities for USAID. In Asia, rapid economic growth and industrialization is being offset by high population growth rates, the highest rate of new HIV/AIDS incidence in the world, high levels of poverty, and systemic gender discrimination. In the Near East, high population growth rates magnifies the effects of acute shortage of freshwater supplies and further degrades water quality and the environment. Thus, ANE has identified three critical development challenges: (a) sustain the trends in economic growth while slowing population growth; (b) improve environmental quality; and (c) help find ways to reduce conflicts over water.

The Fostering Resolution of Water Resources Disputes (FORWARD) activity is an ANE initiative to bring parties in the Middle East which compete for scarce water resources together to find sustainable solutions. FORWARD uses traditional mediation and conciliation efforts along with international collaborative approaches to resolve water use and tariff disputes in Egypt, Jordan, and the West Bank/Gaza.

Regional activities are also helping to stabilize population growth by analyzing trends, providing education and communication resources, data collection, and service delivery within ANE.
Operational research, particularly in the areas of integrated family planning and mother child health programs and infectious disease, is supported through regional and bilateral programs. Other regional programs support NGO strengthening and service delivery in Pakistan, Cambodia, and Laos.

Regional activities are supporting the analysis of economic growth trends, the trade enabling environment in Vietnam, and the Asia economic crisis to ascertain what interventions, if any, are most appropriate bilaterally and regionally. Economic growth analysis also examines the threats to growth from the spread of HIV/AIDS infections, high population growth rates, and the degradation of the environment. The region already has the highest incidence of new HIV/AIDS cases in the world and its spread has the potential to restrict economic growth significantly. Regional interventions support the prevention of cross-border transmission of the disease and the education of high-risk populations, policy-makers, and businesses.

The United States - Asia Environmental Partnership (US-AEP) is an inter-agency initiative, sponsored by USAID, which engages the strength of the U.S. Government, and U.S. academic, business, professional and technological communities, to deal with the environmental challenges of rapid industrial and urban growth in Asia. While continuing to support environmental activities to ameliorate the harmful effects of industrial pollution and to help provide urban infrastructure to Asia's teeming cities, US-AEP introduces U.S.-developed highly efficient and inherently less pollution process to technologies to Asians. US-AEP brings together U.S. environmental technology and the Asian private and governmental entities to develop clean technologies for future Asian growth.

Economic Support Funds support the Middle East Peace Process through joint economic and technical activities which strengthen cooperation between Israel and its neighbors. The Treaty on Fisheries between the USG and various Pacific Island nations is supported through an annual transfer of funds to the Department of State which manages this program. The Treaty, which expires in FY 2002, allows U.S. licensed boats to harvest $200 million in tuna annually from Treaty waters.

FY 1999 Program

Resources requested will support ANE regional and bilateral activities which (a) support country and regional HIV/AIDS prevention and effectiveness programs, particularly in Laos, Cambodia, Thailand, and Vietnam; (b) provide support to country and regional program interventions in the areas of economic growth, health, population, infectious disease, environment, and democracy and governance; (c) promote equitable and environmentally sustainable water use strategies, policies, and plans in ANE countries which face shortages and/or disputes over water; (d) support the Middle East Peace Process and other USG treaties; and (e) implement critical non-presence programs in Vietnam, Pakistan, Laos, and Burma.

ASIA AND THE NEAR EAST REGIONAL
FY 1999 PROGRAM SUMMARY
($000)

USAID Strategies and Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
Fostering Resolution of Water Resources Disputes (FORWARD) - D.A.			1,100				1,100
Asia and Near East Regional HIV/AIDS -CSD		5,200					5,200
Reengineering Development and Support - D.A. - CSD	1,823	6,243 7,254	5,217	370	300		13,953 7,254
Promote an Asian clean environmental revolution (US-AEP) - D.A.			18,000				18,000
South Pacific Fisheries Treaty -ESF	14,000						14,000
Middle East Peace Process/Democracy Building -ESF	12,000			4,000			16,000
Asia Regional/South Asia Democracy -ESF				12,400			12,400
Totals - D.A. - CSD - ESF	1,823 0 26,000	6,243 12,454 0	24,317 0 0	370 0 16,400	300 0 0	0 0 0	33,053 12,454 42,400

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional
TITLE AND NUMBER: Fostering Resolution of Water Resources Disputes (FORWARD) (298-SO01)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $1,100,000 DA
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Purpose: To promote equitable and environmentally sustainable water management strategies, policies and plans in countries in the Asia and the Near East (ANE) region which are facing serious water shortages and/or disputes over water.

Background: A key factor in water resources problems in the ANE region is the absence of effective mechanisms to manage shared water resources collaboratively and to resolve domestic and transboundary disputes over water. This results in impediments to efficient integrated water management. Where water disputes can be resolved, peaceful relations are enhanced.

USAID Role and Achievement to Date: USAID has been a partner to many ANE countries in water resources development over the years, and has supported collaborative use of water resources in both Asia and the Near East with capital projects and technical assistance. The initial focus of the Fostering Resolution of Water Resources Disputes (FORWARD) activity is on the water problems of Egypt, Jordan, and the West Bank and Gaza, but any ANE country with domestic and/or international water sharing problems can participate in FORWARD.

Now that new peace process funds have been infused into the water programs in Jordan, FORWARD activities will be particularly vital there, providing synergy with these programs to increase their impact and long-term sustainability. The success of FORWARD in Jordan has made it among the highest priorities of the Jordanian government. One major focus of FORWARD in Jordan is to provide the two main sections of the Jordanian water ministry (the Water Authority of Jordan and the Jordan Valley Authority) with the tools they need to determine the real cost of delivering water services to users. This capability is essential for the water authorities to determine realistic tariffs and commercialize their operations. Another key element of FORWARD there is to ensure that a core of well-trained and experienced Jordanian mediators exists as a long-term resource beyond the life of the project. So far about a dozen mediation candidates have been trained in Jordan who can co-facilitate and co-mediate disputes with American experts. In Gaza, FORWARD designed an approach for resolving the groundwater management dispute in the Gaza Strip, in conjunction with the Palestinian Water Authority. USAID and the Palestinians reached agreement on this approach in November 1997.

Description: FORWARD will provide U.S. contractor services for developing approaches to disputes resolution based on traditional practices in the countries involved, such as mediation or conciliation by persons respected by all parties, and environmentally sustainable technical approaches. FORWARD will support preparatory seminars to acquaint the parties with these approaches and will give limited support to measures to carry out solutions or will help the parties obtain financing from international development finance institutions if major costs are involved. Once new resolution practices are proven, FORWARD will spread their wider use.

Host Country and Other Donors: Host governments and educational and development institutions will be sources of traditional expertise and personnel for interventions in disputes. Costs of testing resolution methods may be shared with the relevant USAID country program(s). The parties will share costs of solutions. FORWARD will assist, where appropriate, in obtaining major financing needs from other donors and international institutions like the World Bank.

Beneficiaries: The parties to water disputes are the primary beneficiaries. The wider local, national or international community also benefits from better integration of water management and reduction in tensions associated with resolution of disputes.

Principal Contractors, Grantees or Agencies: The principal contract for implementation of FORWARD was awarded in June 1996 to Development Alternatives, Inc.

Major Results Indicators: The Bureau is in the process of rearticulating performance indicators for this activity. New indications should be finalized in the Spring of 1998.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional
TITLE AND NUMBER: Reengineering Development and Support (298-SO02)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $13,953,000 DA: $7,254,000 CSD
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** Continuing

Purpose: To support country and regional programs in the operation of reengineered systems; and to improve country and regional strategies and activities in the areas of economic growth, health and population, environment, and democracy and governance.

Background: Many of the services needed for the transition of programs and activities in the Asian and the Near East (ANE) region to results-oriented reengineered systems can be provided most efficiently on a regional basis. It is also cost effective to provide support for design of strategies, activities and performance monitoring systems.

USAID Role and Achievement to Date: Over the past year, regional advisers under the ANE Reengineering Development and Support (RD&S) program supported the development and review of 13 strategic plans and 16 action plans and monitoring plans. This helped assure that ANE country and regional programs serve USAID Agency Goals and are effectively monitored for results. RD&S advisers continue to sharpen performance monitoring and reporting tools. In 1996, the advisers strengthened the first annual review of reengineered performance reports on country and regional activities. These annual reviews are the basis for performance-based budgeting of future years' resources.

Description: The RD&S Program consists of both sector-specific experts (health, HIV/AIDS, environment) and experts in cross-cutting support (performance monitoring, economic analysis, and women in development). These experts provide assistance directly to programs throughout the region to develop strategies, determine appropriate performance measures, identify appropriate data sources, and conduct evaluations. They also help in the review of strategic plans, monitoring plans, and performance reports and provide technical advice on both the merits of the program performance and how it can be improved over the next year. In addition, RD&S supports approaches to disengage from successful USAID programs in ways that enhance their sustainability.

Host Country and Other Donors: RD&S is not supported by other donors and host countries, but country activities supported by RD&S receive host country and other donor support.

Beneficiaries: The beneficiaries are host country populations who benefit from the bilateral and regional programs RD&S supports.

Principal Contractors, Grantees, or Agencies: RD&S experts are provided by contractors including: Management Systems International, DevTech, Academy for Education and Development, Daytex, Johns Hopkins University, Red Cross, and the University of Michigan.

Major Results Indicators: The Bureau is in the process of rearticulating gperformance indicators for this activity. New indicators should be finalized in the Spring of 1998.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional
TITLE AND NUMBER: Asia Near East Regional HIV/AIDS (298-SO03)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $ 5,200,000 CSD
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** Continuing

Purpose: Increased use of effective responses to the HIV/AIDS pandemic in the region. The program focuses on increasing condom availability, behavioral change interventions, control of sexually-transmitted diseases, demonstrations of model service delivery programs and close collaboration with NGOs. This program provides technical assistance in support of missions' bilateral programs as well as support for programs in non-presence countries such as Vietnam and Laos.

Background: The HIV/AIDS epidemic began in Asia some ten years after other regions of the world but now accounts for more than half of all new cases worldwide each year. Given the immense population of the region, absolute numbers of AIDS cases may dwarf what has been experienced elsewhere. In many countries of south and southeast Asia, the velocity of HIV transmission exceeds the rates experienced in Africa. This may be attributable to factors such as a large and growing commercial sex industry, significant cross-border movements of migratory labor and sex workers, and lack of effective governmental response to the problem.

USAID Role and Achievements to Date: The Asia and the Near East (ANE) regional HIV/AIDS activity has served as a catalyst to generate innovative area-specific programs, has brought together decision makers and program managers to share information and has enabled country programs to experiment. With the exception of Jordan, all missions in the region now support HIV/AIDS prevention activities. The ANE regional program also initiated cross-border HIV/AIDS awareness and prevention programs in Cambodia, Vietnam and Laos, the latter through a grant to CARE International. Sentinel and behavioral surveillance have been supported in most countries of the region to increase understanding of transmission routes and identification of vulnerable populations. Social marketing efforts are making condoms more accessible in most countries. New pilot activities at cross-border sites in the region are helping to slow transmission between countries. The activity also supports the numerous non-governmental organizations that work to prevent HIV transmission among target groups and that mobilize support against trafficking. Workshops for advocacy have been held for political leaders, government workers, and private sector groups.

Description: ANE regional HIV/AIDS activities are implemented through Family Health International (FHI), the International HIV/AIDS Alliance, CARE International and The Asia Foundation, which support studies and innovative approaches which have proved successful. A recent evaluation of the regional HIV/AIDS program found the regional HIV activities to be crucial to HIV/AIDS prevention in the region, citing the importance of FHI's regional expertise in Bangkok. Future activities continue support for testing interventions with vulnerable populations such as commercial sex workers, intravenous drug users and migratory laborers. Strengthened HIV seroprevalence testing and behavioral surveillance are also on the agenda. NGOs play a critical role through development of grass roots organizations and community empowerment. They also play a crucial role in the prevention of HIV transmission through education and behavioral change efforts. The regional program initiates pilot programs in prevention and treatment of sexually transmitted diseases, which are highly prevalent in the region, and contribute significantly to the spread of HIV/AIDS. Efforts also will continue to integrate HIV prevention activities into reproductive health programs.

Host Country and Other Donors: The ANE regional program works closely with UNAIDS, other major donors, local government and national AIDS committees, local and international NGOs, and international advocacy organizations to maximize the efforts to slow the pandemic.

Beneficiaries: In low prevalence countries, efforts are targeted toward the most vulnerable and neglected groups, whose high velocity of transmission tends to predominate at the early stages of an AIDS epidemic. Generic media and face-to-face messages aimed at the general population are more appropriate in more advanced epidemics; messages include risk avoidance strategies as well as AIDS mitigation and human rights advocacy. Men and women are both susceptible to HIV/AIDS, and both benefit from the ANE regional program.

Principal Contractors, Grantees or Agencies: Contractors, grantees and subgrantees providing assistance under this activity include The Asia Foundation, CARE International, DKT International, Family Health International, the International HIV/AIDS Alliance, the Population Council, and Population Services International.

Major Results Indicators:

	Baseline (1993)	FY 1999	Target (2003)
Number of Successful Cross-Border Interventions Implemented	0	12	45
Minimum Surveillance System Functioning	0	7	10
Number of Countries with Adequate National Condom Availability	0	4	10
Number of Countries with Adequate National Behavior Change Programs	0	3	8
Number of Countries with Adequate National HIV/AIDS Policies	0	6	8
Number of Successful STI Management Activities	0		26

ACTIVITY DATA SHEET

PROGRAM: United States-Asia Environmental Partnership (US-AEP)
TITLE AND NUMBER: Promote an Asian clean environmental revolution (499-SO01)
STATUS: Continuing
PROPOSED OBLIGATION AND FUNDING SOURCE: FY 1999: $18,000,000 DA
INITIAL OBLIGATION: FY 1992 ESTIMATED COMPLETION DATE: FY 2001

Purpose: To promote and re-enforce the introduction of a sustainable, clean production regime for the industrial and urban sectors in the Asia region.

Background: The relationship between rapid economic growth in Asia and industrial and urban pollution in the Asia region defines a global environmental crisis. Asia has yet to install a significant proportion of the industrial capacity that it will have by the year 2010, suggesting a once-in-a-generation opportunity to get ahead of the investment curve to introduce a clean environmental regime. A large part of this new investment will originate in the advanced Organization for Economic Cooperation and Development countries. This is an important economic opportunity for the United States.

USAID Role and Achievement to Date: United States-Asia Environmental Partnership (US-AEP) promotes and reinforces initiatives directed to a clean production revolution in the industrial sector of Asian economies. Achievements include the mobilization of U.S. Government agencies in a partnership with the U.S. business and environmental community to address the Asian challenge on a broadly-conceived regional basis. For example, in partnership with the Council of State Governments (CSG), US-AEP has invested more than $2.4 million in 18 projects involving 18 states and nine Asian economies. Partners have matched these grants with more than $6.3 million. More impressively, more than 87 state agencies, 24 academic institutions, 16 NGOs and 54 businesses are participating in this USAEP/CSG effort. Results are quantified in a range of indicators of the clean technology revolution, including the adoption of U.S. experience, technology and practice. To date, the US-AEP has contributed to the export sales of approximately $500 million worth of U.S. environmental goods and services and participation in infrastructure projects valued over $500 million. In 1997, APEC Ministers agreed to a "Cleaner Production" initiative which resulted in an endorsement of US-AEP's project with the U.S. National Academy of Engineering. This project will develop measures of industrial environmental performance in selected cross-cutting and industrial sectors for adoption by both the public and private sector. Ten other APEC economies have agreed to participate fully in this endeavor by carrying out similar studies with the aim of producing practical and concrete recommendations.

US-AEP has entered into a memorandum of understanding with Indonesia to expand a plant by plant environmental performance ranking and disclosure system from 250 to 750 sites. This system represents a new model for possible replication and has already demonstrated an ability to encourage industrial behavior that goes beyond traditional compliance requirements. Through The Asia Foundation, the US-AEP has mobilized 51 partnerships between businesses and NGOs that foster collaborations in solving environmental problems in Asia.

Description: US-AEP focuses on four activity areas: strengthening and expanding the incentives and public policies for environmental quality in the industrial sector, introducing environmental management systems to the industrial sector, reducing the barriers to the transfer of environmental and clean process technologies, and increasing the investment in environmental infrastructure. The US-AEP engages the experience, technology and practices of business, not-for-profit, and government organizations already committed to related goals and prepared to extend their own initiatives to Asia. Most provide funds for joint efforts with US-AEP. A separate activity continues support for the Biodiversity Conservation Network which provides grants to communities and local organizations in

Asia working on site-specific enterprise-oriented approaches to biodiversity conservation and sustainable use of forest and marine resources.

Host Country and Other Donors: The U.S.-Asia Environmental Partnership is not a typical assistance project. It seeks to foster partnerships rather than donor-client relationships. Working with other federal and state agencies, with the private sector, and with a wide range of nongovernmental organizations and universities, USAEP has forged a set of institutional partnerships mobilizing private initiative and resources. In this sense, it is a new model for development promotion. Other donors, such as Japan and Germany, have sought US-AEP advise on adopting the US-AEP model. USAID, through USAEP, is truly in a leadership position. Working through the U.S. executive offices at the multilateral development banks, through international political fora such as the Asia Pacific Economic Council (APEC) and the Association of South East Asian Nations (ASEAN), and through partnership with the Council of State Governments, National Association of State Development Agencies, and the Greening of Industry Network, the U.S.-AEP is defining the economic/environmental agenda for the other donors in the region. The US-AEP directs its primary efforts toward building partnerships rather than donor-client relationships. As a result, the US-AEP has been increasingly successful in leveraging other public and private sources of funding for achieving its goals. For example, various grant programs with the States have leveraged from one to three dollars for each federal dollar. Further, the US-AEP and its various U.S. grantees seeks cost sharing or complementary investments from many Asian counterparts.

Beneficiaries: There is a range of beneficiaries: the citizens of participating countries, and particularly urban populations; populations on all continents will benefit from reductions in greenhouse gasses and other pollutants threatening human health, the quality of life or global climate; and U.S. business and labor will benefit from sales of their experience, technology and practice to Asian clients.

Principal Contractors, Grantees or Agencies: The US-AEP is implemented by three contractors (the Institute for International Education, International Resources Group, and Louis Berger International) and by cost-share partnership arrangements with U.S. Government agencies (such as the Departments of Agriculture and Commerce, and the Environmental Protection Agency, the Overseas and Private Investment Corporation), the California Environmental Protection Agency, the National Association of State Development Agencies, the Council of State Governments, and seven non-governmental organizations (the Air and Waste Management Association, the Water Environment Federation, National Pollution Prevention Roundtable, the East-West Center, the American Consulting Engineering Council, the Asia Foundation, Winrock International, and the World Wildlife Federation). The Biodiversity Conservation Network is a consortium of the World Wildlife Fund , the Nature Conservancy and World Resources Institute.

Major Results Indicators:	Baseline (1994)	Target (1999)
Environmental goods and services as a percentage of total industrial imports in ten target countries	1%	5%
U.S. market share of environmental goods and service imports in ten target countries	10%	12%
Environmental infrastructure - increase in percentage annual growth in five target countries	3%	6%
Countries in which sustainable development is an explicit goal	2	4
Countries in which industrial environmental performance is a strategic factor in industrial policy	0	4
Countries in which industrial technology extension systems are operating	3	5

ABBREVIATIONS AND ACRONYMS

AAFLI	Asian-American Free Labor Institute
ABEL2	Advancing Basic Education and Literacy
ACILS	American Center for International Labor Solidarity
ACLEDA	Association of Cambodian Local Economic Development
ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
AMC	Ahmedabad Municipal Corporation
ANE	Asia and Near East
APAC	AIDS Prevention and Control
APEDA	Agricultural Products Export Development authority
APR	Agricultural Poicy Reform
AUB	American University of Beirut
AVRDC	Asian Vegetable Research & Development Center
AVSC	Access for Voluntary Surgical Contraceptive
BARC	Bangladesh Agrocultural Research Council'
BIGUF	Bangladesh Independent Garment-Workers Union Federation
BOT	Build-Operate-Transfer
CAIP	Cairo Air Improvement Project
CARE	Cooperative for Assistance & Relief Everywhere
CBFRM	Community-based Forest Resource Management
CBSL	Central Bank of Sri Lanka
CCP	Second Prime Minister Hun Sen
CDC	Centers for Disease Control and Prevention
CEDPA	Center for Development and Population Activities
CIMMY	International Maize & Wheat Improvement Center
CNG	Compressed Natural Gas
CPP	Comprehensive Postpartum Centers
CRM	Coastal Resources Management
CRS	Catholic Releif Services
CRSP	Cornell Universities - Collaboration Research Support
CSE	Colombo Stock Exchange
CSOs	Civil Society Organizations
CSWs	Commercial Sex Workers
CYPs	Couple-Years' Protection
DA	Development Assistance
DAVIS	Universities of Florida and California
DIET	District Institute of Education and Training
DOH	Department of Health
DPEP	District Primary Education Program
ECEP	Energy Conservation and Environment Project
EEAA	Egyptian Environmental Affairs Agency
ESF	Economic Support Funds
EU	European Union
FICCI	Federation of Indian Chambers of Commerce and Industry

FP	Family Planning
FRM	Forest Resources Management
FWWBf	Friends of Women's World Banking
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GOE	Government of Egypt
GOI	Government of India
GOJ	Government of Jordan
GOL	Government of Lebanon
GON	Government of Nepal
GOP	The Philippine Government
GTZ	German Technical Aid
HBCUs	Historically Black Colleges and Universities
HKI	Helen Keller International
HPSP	Health Policy Support Program
IACCC	Inter-Agency Climate Change Committee
IBRD	International Bank for Reconstruction and Development (World Bank)
ICDDR,B	International Center for Diarrheal Disease Research
ICDS	Integrated Child Development Services
ICICI	Industrial Credit and Investment Corporation of India
ICLARM	International Center for Living Aquatic Resources Mgmt
IDE	International Development Enterprises
IEC	Information, Education and Communication
IESC	International Executive Service Corps
IFC	International Finance Corp
IFDC	International Fertilizer Development Center
IFPRI	International Food Policy Research Institute
IFPS	Innovations in Family Planning Services
ILO	International Labor Organization
IMF	International Monetary Fund
INAS	Morocco's School of Public Health
IRIS	Institutional Reform & The Informal Sector
JSI	John Snow Incorporation
JVA	Jordan Valley Authority
JWC	Joint Water Committee
LEBs	Local Elected Bodies
LGUs	Local Government Units
LMI	Lower-Middle-Income
MAFF	Ministry of Agriculture Forestry and Fisheries
MAI	Multilateral Assistance Initiative
MAP	Morocco Agribusiness Promotion
MCEI	Municipal Coastal Environmental Initiative
MCH/FP	Maternal and child health/family planning
MCH	Maternal and Child Health
ME&A	Mendez-England and Associates
MEA	Middle East and North Africa

MEA	Middle East and North Africa
MFA	Microenterprise Finance
MNE	Ministry of National Education
MOE	Ministry of Environment
MOEYs	Ministry of Education, Youth and Sports
MOH	Ministry of Health
MOHHC	Ministry of Health and Health Care
MOHP	Ministry of Health and Population
MOPH	Ministry of Public health
MPP	Mission Performance Plan
MPs	Members of Parliament
MT	Metric Tons
MW	Megawatts
NACP	National AIDS Control Program
NCJs	National Center for Judicial Studies
NEAP	National Environmental Action Plan
NED	New Enterprise Development
NFALP	Non-Formal & Adult Literacy Program
NGO	Nongovernmental Organization
NORAD	Norwegian Aid
NRECA	National Rural Electric Cooperative Administration
NRM	Natural Resources Management
NWI	Ministry of Water and Irrigation
ODA	Official Development Assistance
OPIC	Overseas Private Investment Corporation
ORS	Oral Rehydration Salts
PACT	Participating Agencies Collaborating Together
PACT/CRH	Program for the Advancement of Commercial Technology
PATH	Program for Appropriate Technologies in Health
PDF	Power Development Fund
PEDS	Provincial Environment Departments
PIL	Public Interest Litigation
PKSF	Palli Karma Sahayak Foundation
PLO	Palestinian Liberation Organization
PMC	Pune Municipal Corporation
PNEPP	Philippine National Family Planning Program
PVO	Private Voluntary Organization
PWA	Palestinian Water Authority
QCHT	Quality Control of Health Technologies
RCG	Royal Cambodian Government
RRBs	Regional Rural Banks
SCA	Supreme Council for Antiquities
SEBI	Securities and Exchange Board of India
SMEs	Small and Medium-sized Enterprises
SOE	State-owned Enterprises
SPR	Sector Policy Reform
STD	Sexually Transmitted Disease
STIs	Sexually Transmitted Infections

TAF	The Asian Foundation
TDA	Tourism Development Authority
TISS	Tata Institute of Social Sciences
TRM	Tadla Resources Management
UES	Urban and Environmental Services
UNDB	United Nations Development Bank
UNESCO	United Nationa Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations' Children's Fund
UP	Uttar Pradesh
USG	United States Government
VHS	Voluntary Health Services
VSC	Voluntary Surgical Contraceptive
WAJ	Water Authority of Jordan
WFP	World Food Program
WHO	World Health Organization
WTO	World Trade Organization