

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



**Congressional Presentation
Fiscal Year 2000
ANNEX II**

Asia and the Near East

LEWIS

ASIA & THE NEAR EAST

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ASIA AND NEAR EAST

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$199,768,788	\$196,453,000	\$230,799,000
Child Survival and Disease	\$77,300,000	\$83,226,000	\$92,512,000
Economic Support Fund	\$2,199,646,832	\$2,148,300,000	\$2,069,900,000
FREEDOM Support Act	---	\$6,000,000	---
P.L. 480 Title II	\$260,100,000	\$143,878,000	\$106,642,000

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 countries of the ANE region remain central to U.S. national security, foreign policy, and economic interests. For over four decades, the Arab-Israeli conflict and maintaining secure access to the energy resources of the Persian Gulf, have been key foci of U.S. foreign policy. The tensions between Pakistan and India that were exacerbated by nuclear testing have added greatly to U.S. national security concerns over the spread of weapons of mass destruction and regional peace and stability in South Asia. The Asian financial crisis continues to pose a threat to global economic stability, and has slowed democratic reform and economic progress throughout this region.

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

- Stimulate economic recovery in Asia;
- 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.

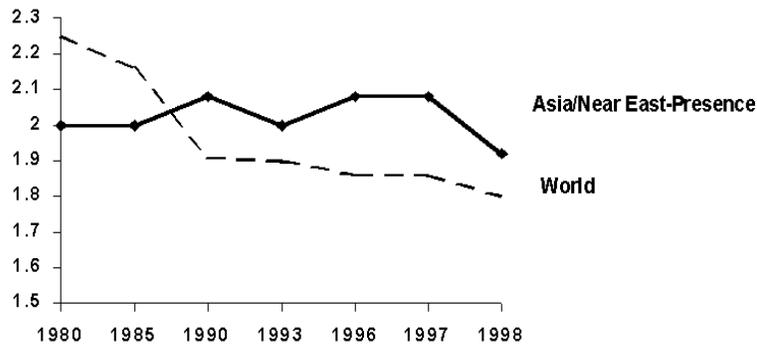
DEVELOPMENT CHALLENGES:

The developing countries in the ANE region constitute the fastest growing regional market for U.S. merchandise exports. Between 1987 and 1997, this market expanded at more than 12% per year. In 1998, however, the financial crisis in East Asia dramatically reduced U.S. exports to this region (Figure 1)¹ and employment of U.S. workers among American exporting industries. The financial crisis highlights the urgent need to restore economic health and to institute reforms that will ensure greater transparency and accountability in both government and business transactions in East Asia. USAID programs will place a strong emphasis on anti-corruption work and political liberalization in Thailand, Philippines, Indonesia, and Cambodia.



Freedom House Overall Freedom: Asia/Near East Presence and the World

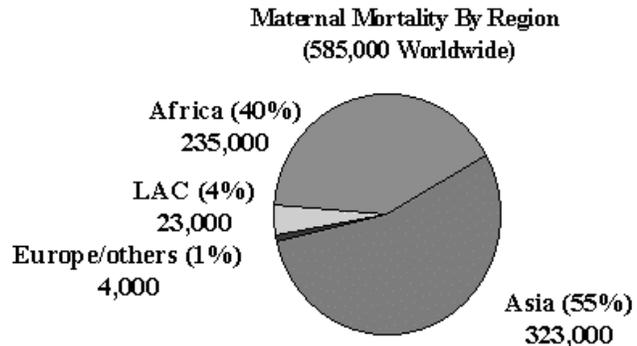
Scale 1-3, 1=Free, 2=Partly Free, 3=Not Free



Since the mid-1980s, a number of ANE countries have experimented with more democratic forms of government. The Philippines, Bangladesh, Mongolia, Jordan, and Morocco have all shifted to governments with some level of transparency. Even in Vietnam and Indonesia, where formal political institutions remain relatively unchanged and where civil liberties are restricted, some laws have been improved and new non-state organizations have emerged. According to a 1997 Freedom House international survey, ANE countries rank slightly higher than the world average on overall freedom (Figure 2). However, there remains considerable need for improvement. The survey rated 3 countries as "free" (Mongolia, Israel, Philippines), 7 as "partly free" (Bangladesh, India, Jordan, Morocco, Nepal, Pakistan, Sri Lanka), and 8 as "not free"

(Cambodia, Egypt, Indonesia, Lebanon, China, Vietnam, Yemen, West Bank/Gaza).

The ANE region faces overwhelming health challenges and population pressures. At current growth rates, the region's population will double to 3.5 billion by 2026. Each year more than 36 million people are added to the region's population. Of the world's 585,000 maternal deaths that occur each year, over 50% take place in ANE countries (Figure 3), with 70% of those occurring in India. HIV/AIDS is spreading so rapidly that Asia surpassed Africa in 1996 as the principal center of the HIV/AIDS epidemic. Meanwhile, human rights violations associated with illegal trafficking in women and children contribute to increased transmission of HIV/AIDS. In addition to implementing programs that seek to reduce fertility rates and maternal mortality, slow the spread of HIV/AIDS, and monitor the spread of infectious diseases, such as tuberculosis, USAID has launched the Initiative to Combat Trafficking of Women and Children, to support prevention programs for at-risk women and girls.



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 and 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 that inhibit more efficient use of scarce resources, within Jordan, Egypt, West Bank/Gaza, and more recently, Lebanon and Morocco.

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, Jordan, and now in the West Bank/Gaza, 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, improve transparency and accountability in governments and private institutions, and improve 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 to stabilize population growth and protect human health by: (1) expanding access to quality maternal-child care and family planning services, (2) improving monitoring to warn of growing resistance to antibiotics by selected infectious diseases, and (3) developing 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 and reducing the trafficking in women and children. 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.

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;
- address the root causes of the Asian financial crisis and the need for a social safety net.

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 has put millions of people out of work, cut real incomes of those who still have jobs, and limited 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, transparency and accountability in capital markets and other financial sector institutions remains the focus of USAID activities. 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. USAID programs in Indonesia target strengthening civil society, instituting democratic elections 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. The Asian financial crisis has created opportunities for programs 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 led to sprawling urbanization and placed tremendous pressure on the subregion's forests and coastal and ocean resources. Most countries today face extensive loss of natural habitats and plant and animal species. Severe air, water and land pollution 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. The Asian financial crisis has seriously eroded these governments' abilities to respond to social issues, including family planning and maternal child health. Accordingly, USAID will work with these countries to develop safety nets for those least able to afford care. 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 its response to changing development challenges and new USG initiatives. USAID will continue these efforts, but declining budget levels constrain 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, the Asian Development Bank (ADB), the Japanese, 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 United Nations (UN) 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 2000 PROGRAM: The resources requested by ANE for FY 2000 total \$2,499,853,000. Of this amount, \$230.8 million is Development Assistance (DA), \$92.5 million is Child Survival and Disease (CSD), \$2.070 billion is Economic Support Funds (ESF) and \$106.6 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 2000.

- Facilitate economic reforms that increase openness and access to markets (including capital markets).
- Help countries in the region achieve higher annual economic growth rates 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, urban waste management, and water resource management, improve the management and protection of forest and coastal resources, and promote a "clean industrial revolution".
- 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.
- Use humanitarian assistance resources (PL-480 Title II) to complement and expand child survival, women's education and economic growth programs in India and Bangladesh.

¹The 1997-98 reduction in U.S. merchandise exports is based on preliminary data for the first 10 months of 1998.

ASIA AND THE NEAR EAST REGION FY 2000 PROGRAM SUMMARY

(in Thousands of Dollars)

Country	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	Total
BANGLADESH							
- DA	6,800	24,500	4,500	2,000	---	---	37,800
- CSD	---	18,100	---	---	---	---	18,100
- PL 480/TITLE II	---	---	---	---	---	24,992	24,992
CAMBODIA							
- ESF	500	9,000	---	8,000	---	2,500	20,000
EGYPT							
- ESF	459,725	56,200	142,800	12,000	44,275	---	715,000
INDIA							
- DA	1,300	17,000	10,000	400	---	---	28,700
- CSD	---	15,000	---	---	1,000	---	16,000
- PL 480/TITLE II	---	---	---	---	---	81,650	81,650
INDONESIA							
- DA	16,850	9,500	17,000	14,500	---	---	57,850
- CSD	---	17,150	---	---	---	---	17,150
- ESF	---	---	---	5,000	---	---	5,000
ISRAEL							
- ESF	930,000	---	---	---	---	---	930,000
JORDAN							
- ESF	75,000	15,000	60,000	---	---	---	150,000
LEBANON							
- ESF	9,000	---	2,000	1,000	---	---	12,000
MONGOLIA							
- ESF	7,655	---	---	4,345	---	---	12,000
MOROCCO							
- DA	1,000	2,000	3,000	---	500	---	6,500
- CSD	---	500	---	---	1,000	---	1,500
NEPAL							
- DA	---	10,300	1,500	400	---	---	14,700
- CSD	2,500	9,480	---	---	---	---	9,480
PHILIPPINES							
- DA	6,500	16,500	6,000	2,500	---	---	31,500
- CSD	---	7,900	---	---	---	---	7,900
- ESF	---	---	---	5,000	---	---	5,000
SRI LANKA							
- DA	3,000	---	---	---	---	---	3,000
W.BANK/GAZA							
- ESF	22,000	3,000	58,000	17,000	---	---	100,000
US-AEP							
-DA	---	---	17,500	---	---	---	17,500
-CSD	---	1,780	---	---	---	---	1,780

ANE REGIONAL								
- DA	23,370	1,614	7,300	965	---	---	---	33,249
- CSD	---	17,602	---	---	3,000	---	---	20,602
- ESF	70,325	---	10,000	40,575	---	---	---	120,900
TOTAL								
- DA	61,320	81,414	66,800	20,765	500	---	---	230,799
- CSD	---	87,512	---	---	5,000	---	---	92,512
- ESF	1,574,205	83,200	272,800	92,920	44,275	2,500	2,069,900	
- PL 480/TITLE II	---	---	---	---	---	106,642	106,642	

Robert C. Randolph
 Assistant Administrator
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SOME COMMON ABBREVIATIONS AND ACRONYMS

Bureau for Asia & the Near East

AAFLI - Asian-American Free Labor Institute
ABEL - Advancing Basic Education and Literacy
ACDI - Agriculture Cooperation Development International
ACILS - American Center for International Labor Solidarity
ACLEDA - Association of Cambodian Local Economic Development
ADB - Asian Development Bank
ADR - Alternative Dispute Resolution
ADRA - Adventist Development and Relief Agency
AERA - Accelerating Economic Recovery in Asia
AGILE - Accelerated Growth, Investment, and Liberalization with Equity
ALGAS - Asia Least Cost Greenhouse Gas Abatement Strategy
AMC - Ahmedabad Municipal Corporation
AMIR - Access to Micro-Finance and Implementation of Policy Reform
ANE - Asia and Near East
APAC - AIDS Prevention and Control
APEC - Asia-Pacific Economic Cooperation
APEDA - Agricultural Products Export Development Authority
APR - Agricultural Policy Reform
AREP - Accelerated Reform for Enterprise Promotion
ASEAN - Association of Southeast Asian Nations
AUB - American University of Beirut
AUSAID - Australia Agency for International Development
AVRDC - Asian Vegetable Research & Development Center
AVSC - Access for Voluntary Surgical Contraceptive

BAPPENAS - Indonesia National Planning Agency
BARC - Bangladesh Agricultural Research Council
BHR - Bureau for Humanitarian Relief
BIGUF - Bangladesh Independent Garment Workers Union Federation
BOT - Build-Operate-Transfer
BRAC - Bangladesh Rural Advancement Committee

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
CECI - Canadian Center for International Studies & Cooperation
CEDPA - Center for Development and Population Activities

CG - Consultative Group
CIMMY - International Maize & Wheat Improvement Center
CLD/SUNY - Center for Legislative Development at the State University of New York/Albany
CNG - Compressed Natural Gas
CO2 - Carbon Dioxide
CPP - Comprehensive Postpartum Centers
CPR - Contraceptive Prevalence Rate
CRM - Coastal Resources Management
CRS - Catholic Relief Services
CRSP - Cornell Universities - Collaboration Research Support
CSD - Child Survival and Disease
CSE - Colombo Stock Exchange
CSG - Council of State Governments
CSO - Civil Society Organization
CSW - Commercial Sex Workers
CWS - Church World Services
CYP - Couple-Years' Protection

DA - Development Assistance
DAVIS - Universities of Florida and California
DEVTA - Deworming and Enhanced Vitamin A
DFID - British Department for International Development
DG - Democracy and Governance
DIET - District Institute of Education and Training
DOE - Department of Energy
DOH - Department of Health
DOP - Declaration of Principles on Interim Self-Governing Arrangements
DP - Democracy Partnership
DPEP - District Primary Education Program

ECEP - Energy Conservation and Environment Project
EEAA - Egyptian Environmental Affairs Agency
EPA - Environmental Protection Agency
EPSP - Economic Policy Support Project
ESEG - Energy Security for Economic Growth
ESF - Economic Support Fund
EU - European Union

FIAS - Foreign Investment Advisory Service
FICCI - Federation of Indian Chambers of Commerce and Industry
FORWARD - Fostering Resolution of Water Resources Disputes
FP - Family Planning
FP/MCH - Family Planning/Maternal and Child Health
FRM - Forest Resources Management
FTF - Farmer to Farmer
FWWB - Friends of Women's World Banking
FY - Fiscal Year

GATT - General Agreement on Tariffs and Trade
GCC - Global Climate Change
GDP - Gross Domestic Product
GEF - Global Environment Facility
GHG - Greenhouse Gas
GIN - Greening of Industry Network
GNP - Gross National Produce
GOB - Government of Bangladesh
GOE - Government of Egypt

GOI - Government of India
GOI - Government of Indonesia
GOI - Government of Israel
GOJ - Government of Jordan
GOL - Government of Lebanon
GOM - Government of Mongolia
GOM - Government of Morocco
GON - Government of Nepal
GOP - Government of the Philippines
GSL - Government of Sri Lanka
GTN - Global Technology Network
GTZ - German Technical Aid

HBCUs - Historically Black Colleges and Universities
HIV/AIDS - Human Immuno Virus/Acquired Immunodeficiency Syndrome
HKI - Helen Keller International
HPSP - Health Policy Support Program
HRC - Human Rights Commission

IACCC - Inter-Agency Climate Change Committee
IBRA - Indonesian Bank Restructuring Agency
IBRD - International Bank for Reconstruction and Development (World Bank)
ICDDR - 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
IFAD - International Fund for Agricultural Development
IFC - International Finance Corp
IFDC - International Fertilizer Development Center
IFPRI - International Food Policy Research Institute
IFPS - Innovations in Family Planning Services
IHRIG - International Human Rights Law Group
ILO - International Labor Organization
IMF - International Monetary Fund
IMR - Infant Mortality Rate
INAS - Morocco's School of Public Health
INCLEN - International Clinical Epidemiology Network
IPEC - International Program on the Elimination of Child Labor
IRI - International Republican Institute
INDRA - Indonesia Debt Restructuring Agency
IPR - Intellectual Property Rights
IRIS - Institutional Reform & The Informal Sector
ISBO - Institutional Strengthening for Business Opportunities
ISO - International Export Standard
IUD - Inter-uterine Device
IVS - International Voluntary Services

JICA - Japanese International Cooperation Agency
JSI - John Snow Incorporation
JVA - Jordan Valley Authority
JWC - Joint Water Committee

KHANA - Khmer HIV/AIDS Alliance

LAF - Lebanese Armed Forces
LAU - Lebanese American University
LEB - Locally Elected Body
LGU - Local Government Unit
LMI - Lower-Middle-Income
LTTE - Liberation Tigers of Tamil Elam

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
MCM - Million Cubic Meters
ME&A - Mendez-England and Associates
MEA - Middle East and North Africa
MES - Mongolian Energy Sector Project
MFA - Microenterprise Finance
MNE - Ministry of National Education
MNLF - Moro National Liberation Front
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
MOMRA - Municipal and Rural Affairs
MOPH - Ministry of Public health
MPP - Mission Performance Plan
MP - Members of Parliament
MPRP - Mongolian People's Revolutionary Party
MT - Metric Tons
MW - Megawatts
MWI - Ministry of Water and Irrigation

NA - Not applicable or not available
NACP - National AIDS Control Program
NASDA - National Association of State Development Agencies
NCJS - National Center for Judicial Studies
NDI - National Democratic Institute
NEAP - National Environmental Action Plan
NED - New Enterprise Development
NFALP - Non-Formal & Adult Literacy Program
NGO - Non-Governmental Organization
NORAD - Norwegian Aid
NRECA - National Rural Electric Cooperative Administration
NRM - Natural Resources Management
NWI - Ministry of Water and Irrigation

ODA - Official Development Assistance
OFDA - Office of Foreign Disaster Assistance
OPEC - Organization of Petroleum Exporting Countries
OPIC - Overseas Private Investment Corporation
ORS - Oral Rehydration Salts

PA - Palestinian Authority
Pact - Private Agencies Collaborating Together
PACT/CRH - Program for the Advancement of Commercial Technology/Child and Reproductive Health

PATH - Program for Appropriate Technologies in Health
PDF - Power Development Fund
PEDS - Provincial Environment Departments
PIL - Public Interest Litigation
PK-3 - Third generation Labor Intensive Works
PKSF - Palli Karma Sahayak Foundation
P.L. - Public Law
PLC - Palestinian Legislative Council
PLO - Palestinian Liberation Organization
PLN - Perusahaan Listrik Negara (Indonesian National Electric Company)
PMC - Pune Municipal Corporation
PNFPP - Philippine National Family Planning Program
PVO - Private Voluntary Organization
PVC - Private Voluntary Cooperation
PWA - Palestinian Water Authority

QCHT - Quality Control of Health Technologies

RCSP - Rural Civil Society Program
RDS - Regional Development and Support
RGC - Royal Government of Cambodia
RH/PHC - Reproductive and Primary Health Care
RRB - Regional Rural Banks
RTI - Research Triangle Institute

SAARC - South Asian Association for Regional Cooperation
SCA - Supreme Council for Antiquities
SEBI - Securities and Exchange Board of India
SEI - State Environmental Initiative
SME - Small and Medium-sized Enterprises
SME - Small-and Micro-enterprises
SO - Strategic Objective
SOE - State-owned Enterprises
SPO - Special Objective
SPR - Sector Policy Reform
STD - Sexually Transmitted Disease
STI - Sexually Transmitted Infections

TAF - The Asia Foundation
TDA - Tourism Development Authority
TFR - Total Fertility Rate
TISS - Tata Institute of Social Sciences
TN - Tamil Nadu
TRM - Tadla Resources Management

UC - Union Council
UECP - Urban Environmental Credit Program
UES - Urban Environmental Services
UN - United Nations
UNAIDS - United Nations Joint Programme on HIV/AIDS
UNDB - United Nations Development Bank
UNDP - United Nations Development Program
UNESCO - United Nations Educational, Scientific and Cultural Organization
UNFPA - United Nations Population Fund
UNHCR - United Nations High Commission for Refugees
UNICEF - United Nations Children's Fund
UNRWA - United Nations Relief and Works Agency

UP - Uttar Pradesh
USAEP - U.S.-Asia Environmental Partnership
USDA - United States Department of the Agriculture
USEA - United States Energy Association
USF - University of San Francisco
USIA - United States Information Agency
USIS - United States Information Services
USG - United States Government
USTR - United States Department of Treasury
UTC - United Technologies Corporation
UZP - Upazila Parishad

VHS - Voluntary Health Services
VOCA - Volunteers in Overseas Cooperative Assistance
VSC - Voluntary Surgical Contraceptive

WAJ - Water Authority of Jordan
WFP - World Food Program
WHO - World Health Organization
WRS - Water Resource Sustainability
WTO - World Trade Organization

YMCA - Young Men's Christian Association

BANGLADESH

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$35,200,000	\$28,150,000	\$37,800,000
Child Survival and Disease	\$19,650,000	\$15,600,000	\$18,100,000
P.L. 480 Title II	\$37,650,000	\$18,595,000	\$24,992,000

Introduction

USAID assistance reduces the proportion of Bangladeshis living below the poverty line by meeting four Strategic Goals: Open Markets and Broad-based Economic Growth; Reduced Fertility and Improved Family Health; Democracy and Good Governance; and Humanitarian Response. USAID development assistance in Bangladesh serves U.S. Interests. It promotes the long-term political and economic viability of this moderate Islamic country, and increases export and investment opportunities for U.S. business. It serves U.S. global interests in stabilizing world population, protecting human health and promoting environmentally responsible growth.

The Development Challenge

Bangladesh is the world's eighth largest country, one of the most densely populated -- 125 million people in an area the size of Wisconsin -- and prone to natural disasters. Some 56 million Bangladeshis, 45% of the population, still live below the poverty line. USAID's programs focus on major constraints to development: population pressure; widespread malnutrition; overall poor health as reflected by high infant, child and maternal mortality; a fragile democracy; low agricultural production/productivity; an inadequately functioning market economy; and inadequate policies and expertise for development of the energy sector (gas).

USAID's long-term commitment to reduce fertility in Bangladesh has improved maternal/child health, reduced the burden on the domestic resource base, and contributed to world wide population stabilization. The total fertility rate dropped to 3.3 births per woman in 1996/7 from over 6.3 in 1974; contraceptive prevalence has risen from 8% in 1974 to 49% in 1997. Results in improving family health have been similarly positive: infant mortality dropped from 112 per 1,000 in 1986 to 82 per 1,000 by 1996/7; child mortality (children from 1 - 5 years of age) dropped from 59 per 1,000 live births in 1986 to 37 per 1,000 in 1996; and the percentage of infants vaccinated by one year of age increased from only 5% in early 1986 to 54% by early 1998.

USAID/Bangladesh's integrated family planning and health program aims to further reduce fertility and improve family health. It provides: high-quality and efficient service delivery; social marketing of family planning and health products; efficient operation of family planning logistics; information and communication programs; operations research; quality assurance initiatives to further improve service delivery; and an integrated package of reproductive and child health services. The program helps control HIV/AIDS through condom social marketing, peer education among high-risk individuals, and information and education. In addition, USAID is working on a diarrheal disease surveillance initiative.

Bangladesh faces an enormous challenge in assuring food, energy, shelter, and other essential goods and services are available to a population that could surpass 200 million by the year 2035. High levels of malnutrition persist. USAID improves nutritional status by increasing agricultural productivity and household incomes through new technologies and improved rural infrastructure; helping orient Government of Bangladesh (GOB) food and agricultural policies towards a greater reliance on the private sector; and helping small and microentrepreneurs to obtain financing and operate profitably. USAID provides food grains to the poor through Food for Peace Programs, especially P.L. 480 Title II. More than 700,000 households have benefited from assistance in growing vitamin rich fruits and vegetables for consumption and sale from 1992 through 1997; 75,000 fish ponds were established from 1994 through 1997;

S.O. 1 - Fertility Reduced & Family Health Improved							
-DA	---	24,500	---	---	---	---	24,500
-CSD	---	12,600	---	---	---	---	12,600
S.O. 2 - Enhanced Household Income and Food-based Nutrition (Formerly Food Security)							
-DA	6,800	---	4,500	---	---	---	11,300
-CSD	---	5,500	---	---	---	---	5,500
-P.L. 480/Title II	---	---	---	---	---	24,992	24,992
S.O. 3 - Broadened Participation in Local Decision Making & More Equitable Justice, Especially for Women							
-DA	---	---	---	2,000	---	---	2,000
Totals							
- DA	6,800	24,500	4,500	2,000	---	---	37,800
- CSD	---	18,100	---	---	---	---	18,100
- P.L. 480/Title II	---	---	---	---	---	24,992	24,992

AID Mission Director, Gordon H. West

ACTIVITY DATA SHEET

PROGRAM: BANGLADESH

TITLE AND NUMBER: Fertility Reduced and Family Health Improved, 388-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$24,500,000 DA; \$12,600,000 CSD

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: The purpose of this strategic objective (SO) is to lower fertility and reduce infant, child and maternal mortality. The SO's major objectives include lowering fertility from approximately 3.4 live births per woman in 1993/4 to 2.8 in 2004 and reducing infant mortality from 82 per 1,000 live births in 1996/7 to 72 per 1,000 in 2004. 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 reduced incomes and 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 to reduce mortality rates to acceptable levels.

USAID's service delivery support through its NGO partners will directly benefit about 15-20% of the population. Mass media communications programs will reach about 40% of the population. National level assistance that benefits all Bangladeshis provide: social marketing of key health products, distribution systems for maternal and child health/family planning commodities, immunization including polio eradication, disease surveillance, and quality assurance.

Key Results: Five intermediate results are necessary to achieve this SO: (1) service delivery: increased use of high impact family health services; (2) information: increased capabilities of individuals, families and communities to protect and provide for their own health; (3) quality: improved quality of information, services, and products; (4) institutional and systems support: strengthened local service delivery organizations and support systems for high impact family health services; and (5) sustainability: improved sustainability of family health services.

Performance and Prospects: Performance over the past year has exceeded expectations. The program is expanding access to high impact family health services (including immunization and diarrheal disease treatment) and family planning services through community level clinic sites managed by local NGOs, technical assistance to governmental health institutions and private sector entities such as the Social Marketing Company and private providers. USAID also supports HIV/AIDS prevention activities and polio eradication. These services are targeted to

under-served groups and low-performing geographical areas. In 1998, USAID supported the operation of almost 250 clinics and over 9,000 monthly "satellite" clinics providing services to approximately 20,000,000 persons. During the upcoming year, the program will further expand services in slums and other under-served areas and design new programs to better serve hard-to-reach groups such as men with sexually transmitted diseases and young adults.

USAID assistance expanded public access to health information and identified self-help actions for individuals and communities. New information and communication materials helped the GOB to design a national strategy for changing health behavior. In the coming year USAID will help implement a variety of information campaigns and initiatives, including a televised educational drama series, to promote high quality family health services.

In 1998, USAID helped design three new health service delivery standards, develop two training curriculums, and fund the training of about 700 service providers. In addition, the program implemented quality assurance programs for all essential health services including family planning, maternal health care, child survival and HIV/AIDS. The program also strengthened support systems to ensure availability of essential pharmaceutical supplies, access to relevant and accurate information, and improved planning, monitoring and decision-making. In 1999 and 2000, USAID will expand training and quality assurance programs, including the promotion of rational drug use, to all USAID-supported NGOs.

Finally, in 1998, the program enhanced 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. Operations research is being used to identify implementation problems, test and scale up improved service delivery approaches. In addition, USAID is actively involved in policy dialogue with the GOB to improve the cost-effectiveness and quality of services. In 2000, USAID will support the formulation of a cost recovery policy for USAID-supported NGOs and help many of them design strategic plans.

Possible Adjustments to Plans: There is no plan for any major program adjustments.

Other Donor Programs: The GOB provides the majority of all funding for the national family planning and health program, with a FY 1997/8 budget of approximately \$400 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 \$80 million. The United Nations Children's Fund provides approximately \$8 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.

Principal Contractors, Grantees or Agencies: USAID implements activities through U.S. and local private firms, universities, and NGOs. The major partners are the International Center for Diarrheal Disease Research, Bangladesh for operations research; the Partnership for Child Health Care for child survival activities; the AVSC International for quality improvement activities; the John Snow Incorporated Research and Training Institute for urban family planning and health service delivery and logistics management; and Pathfinder International for rural family planning and health service delivery.

Selected Performance Measures:

	Baseline (1993/4)	Target (2000)	Target (2004)
Total Fertility Rate	3.4	3.1	2.7
Infant Mortality Rate	87/1,000 live births	78/1,000	72/1,000
Child (Children 1-5 years) Mortality Rate	50/1,000	35/1,000	30/1,000
Pregnancies attended by trained provider	25.7%	35%	50%
NGO Cost Recovery (operating costs covered by program generated revenue)	6%	11%	20%

ACTIVITY DATA SHEET

PROGRAM: BANGLADESH

TITLE AND NUMBER: Enhanced Household Income and Food-based Nutrition, 388-SO02

STATUS: Continuing

PROPOSED OBLIGATION & FUNDING SOURCES: FY 2000: \$11,300,000 DA; \$5,500,000 CSD; \$24,992,000 P.L. 480 Title II

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: This strategic objective utilizes DA and child survival and disease funding to focus on both economic growth and nutrition levels through improved efficiency and diversification in agricultural production, and development of related rural industries and infrastructure. In addition, SO activities work with the GOB and the donor community to use P.L. 480 food programs to improve rural infrastructure, promote natural disaster preparedness and feed those most in need.

The economy of Bangladesh is extremely fragile. Although Bangladesh is approaching self-sufficiency in rice production, its concentration on rice and corresponding lack of agricultural diversification cause two major problems: poor diets that produce widespread malnutrition, especially among women and children, and an almost total absence of diversified employment and income generation in rural areas. Moreover, the country's farmers are constantly threatened by a variety of natural disasters that cause major setbacks. Ready-made garment factories dominate the export sector but there are very few small and medium sized enterprises to absorb the two million new entrants to the labor market each year. While recent discoveries of natural gas are extremely important for Bangladesh's future development, the country currently suffers from critical shortages of power and energy.

Key Results: Four major intermediate results are necessary to achieve this SO: (1) an increase in the number of households producing fish, poultry, fruit and vegetables; (2) an increase in the reach of rural roads and electricity/power and a more flood-proof environment for rural villages; (3) better management of food resources to increase benefits for the poor; and (4) more effective financial and managerial services for enterprise development.

Performance and Prospects: The result of the combined efforts of Bangladeshis, USAID and other donors has been a remarkable evolution in Bangladesh from a famine-prone country in the early 1970s, to a country capable of managing food emergencies in the 1990s. Food production has doubled since 1971. Productivity in fisheries, vegetables, poultry and other high value agricultural subsectors has grown over the past several years. USAID-supported home gardening and fish culture activities have enabled 775,000 households to produce, consume and sell more nutritious food between 1992 to 1997. Over 10,000 kilometers of farm-to-market roads have been rehabilitated from 1995 through 1998, creating both jobs and greater access to markets and services. About 18 million rural people now have access to electricity, generating more than five million jobs in the rural areas. 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. Over 31,000 small and microenterprises have benefited from increased access to credit made available directly through USAID-funded programs from 1992 through 1997, while thousands more have received loans from the Grameen Bank, and other local NGOs such as the Bangladesh Rural Advancement Committee (BRAC) and Proshika.

Possible Adjustment to Plans: Given the critical importance of the power sector for Bangladesh's development, USAID will build on its successful work in rural electricity and small power generation to establish a special objective in collaboration with the U.S. Department of Energy and the Bangladesh Ministry of Energy. The Mission will also begin planning for an increased effort in the financial market sector, which is critical for enterprise development. Medium sized enterprises will not grow and prosper in Bangladesh until the financial system improves. Investigation over the next few months will determine whether a new special objective is also needed for this initiative.

Other Donor Programs: While many donors are working in economic growth, USAID plays a lead technical assistance role in rural electrification (the World Bank and Japanese provide major capital input), agribusiness and food policy. USAID is the major donor in the rehabilitation of rural roads, followed by the World Food Program (WFP). The World Bank and Asian Development Bank focus on major roads. The United Nations Development Program (UNDP), United Nations Children's Fund, and the United Kingdom's Department for International Development all contribute to disaster preparedness and response activities, while USAID's major contribution is emergency food aid. The United States is the major food aid donor to Bangladesh. In the fisheries sector, USAID's \$8 million contribution is 6% of the \$128 million total contribution. Donor levels for improvements in vegetable

production approach \$48 million; with \$11.3 million, USAID is the second largest donor.

Principal Contractors, Grantees, or Agencies: USAID implements activities in partnership with GOB ministries, universities and with U.S. international and local NGOs including: International Center for Living Aquatic Resources Management, Asian Vegetable Research & Development Center; International Maize & Wheat Improvement Center; Cornell University's Collaborative Research Support Program; Helen Keller International; International Food Policy Research Institute; International Fertilizer Development Center; Palli Karma Sahayak Foundation; Non-Formal & Adult Literacy Program; CARE; National Rural Electric Cooperative Administration; University of Maryland's Center for Institutional Reform & and the Informal Sector; and Grameen Bank.

Selected Performance Measures:

	Baseline (1995)	Target (2000)	Target (2003)
Number of households producing fish and vegetables	405,000	1,400,000	1,700,000
Kilometers of rural roads either constructed or rehabilitated	3,327	12,455	Note 1
Number of small, rural businesses using electricity	178,700	330,000	389,000
Percent of public food programs targeted	65%	90%	Note 2
Number of enterprises assisted	129,000	184,000	279,000

Note 1: Indicator will be revised for year 2003

Note 2: Indicator will be deleted after year 2000

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 SOURCES: FY2000: \$2,000,000 DA

INITIAL OBLIGATION: FY1996 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The SO encourages NGOs to address local level democracy/governance (DG) issues through sub-grants which strengthen the ability of the poor to advocate their own interests; enhance the quality of elections; improve the competence of local elected bodies; increase respect for legal rights of the poor; and improve local channels to resolve disputes. Policy direction and sub-grant oversight are determined jointly by a "Democracy Partnership" (DP), consisting of The Asia Foundation (TAF), BRAC and USAID. SO activities to assure the rights of women garment workers and address child labor are carried out by the American Center for International Labor Solidarity (ACILS). The SO will improve representation of the interests of the rural poor, and women in particular, regarding these problems.

Key Results: To achieve this SO, four intermediate results are targeted: (1) increased responsiveness of local elected bodies and government institutions; (2) enhanced quality of elections; (3) improved access to justice; and (4) strengthened garment workers' union.

Performance and Prospects: The DP structure includes sub-grants to 23 NGOs for local DG activities in 1400 unions or about 30% of all unions (a union is a unit of local government). During the past year, Bangladesh's protracted floods set back DG activities in many localities for several months, as NGOs and their beneficiaries focused on basic survival and relief priorities. In spite of the floods, important performance trends are emerging. Work on local DG issues has led sub-grantee NGOs to increasingly address national policy and legislation that has a local impact. They have engaged on such national issues as the roles of women union council members, proposed legislation for village courts, provisions of controversial legislation to establish Upazila (Thana) Councils, and violence against women and children.

The election outcomes of 1997 have created new opportunities for NGOs to work directly on building the capacity of

union councils (UCs) and their members. The December 1997 elections brought many individuals into local elected bodies who had previously been outside the local power structure, including 14,000 women. During the past year, NGO sub-grantees have begun to respond to the demand for training and to work directly and actively with UCs.

Although NGOs have increased their direct work this year with locally elected bodies (LEBs), there has also been an increase in actions advocating interests of women and the poor to local government. A shift is occurring from NGOs acting on behalf of beneficiaries to the beneficiaries representing their own issues before local government officials.

NGOs have improved access to justice this year by helping the poor, particularly women, become more aware of their rights vis-a-vis land and the family. Marriage registration is emphasized as a prerequisite to protecting those rights; a major research report addressing registration issues was completed. Sub-grantees have provided training to many NGOs not directly supported by USAID. Local mediation mechanisms have focused on improving quality of dispute resolution. ACILS reported positive steps (i.e., continued training of union leaders and increased/improved contact with the garment factory association) in strengthening a democratic garment workers union, despite a perceived growing undercurrent of hostility to unions within government. Though prospects for achieving specific targets is hard to assess, opportunities to address democracy issues continue to increase.

Possible Adjustments to Plans: Over the next two years, new mechanisms will be developed to use NGO field experience and other local level analysis to address national level policy issues, particularly related to LEBs. The SO will focus increasingly on democratic characteristics of LEBs; work with central government agencies responsible for LEBs; and strengthen constituencies for strong local government. Decisions will be made on whether to help develop LEBs in the Chittagong Hill Tracts (in the wake of the peace accords there) and the newly reconstituted Upazila Parishads (UZPs). As two or three general elections (municipalities, UZPs, and Parliament) will be held in 1999-2000, voter education and election monitoring will resume.

Though USAID is generally satisfied with the results being achieved, producing consistent and meaningful quantitative indicators for this SO has been particularly challenging, because of the decentralized activities and variations in the activities of NGO sub-grantees. During 1998 the foundation was laid for longer-term data to measure elements of democratic development in Bangladesh, by relying in part on independently collected and comparable sample survey data. This new data will first be reported in 1999 and will require readjustment of targets and indicators. Future indicators will include measures of confidence in local elected body responsiveness, in local electoral processes, and in local justice processes.

Other Donor Programs: Though USAID is the first donor to package its program as a "democracy" program, other bilateral and multilateral donors address human rights, democracy, or governance issues. These donors include several programs of the United Nations, Denmark, Norway, and Switzerland. Coordination with these donors occurs largely through local donor consultative groups on governance and gender. Total other donor support for the same areas of democracy and governance in which USAID is currently working is approximately \$5 million annually. In FY 1998 the United States provided \$2.133 million, or about 30% of the total funds, for activities in legal literacy, alternative dispute resolution, violence against women, child labor, and local government.

Principal Contractors, Grantees or Agencies: The two major SO grantees are TAF and ACILS. Local sub-grants through TAF are made to 21 Bangladeshi NGOs and two U.S.-based NGOs (CARE and International Voluntary Services, IVS). Though sub-grantees work extensively with local government, the SO does not currently fund activities of any Bangladesh central government agency. Small direct grants currently support specific activities of the Khan Foundation, Bangladesh National Women's Lawyer's Association, and Red Barnet; others are planned using Economic Support Funds (the South Asia Regional Democracy Fund) for Transparency International/Bangladesh and the National Democratic Institute (NDI).

Selected Performance Measures: During 1998, nearly 36,000 people received local level training related to legal awareness or local government. Approximately 2,400 significant local level actions were recorded advocating the interests of women or the rural poor. During 1997, 29,400 marriages had been registered in target communities, 3660 local elites and opinion makers had been reached by legal awareness programs, 2,185 local associations in target communities had advocated interests of women and the rural poor, and 3,010 women clients were assisted in alternative dispute resolution (ADR) cases. Comparable totals are not yet available for 1998. Indicators followed by "R" are being revised in 1999.

	Baseline (1996)	Target (2000)	Target (2003)
Number of LEBs using "best practices" (R)	0	50	75
Number of advocacy actions by NGO groups	0	2,300	6,800

Number of BIGUF members	3,962 (1995)	30,000	45,000
Number of mediation councils using improved ADR techniques (R)	2,015	3,500	5,000

CAMBODIA

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$ 250,000	---	---
Child Survival and Disease	\$ 250,000	\$ 2,000,000	---
Economic Support Funds	\$16,009,400	\$10,000,000	\$20,000,000

Introduction

U. S. national interests in Cambodia include promoting democracy, political pluralism and improved human rights; addressing global problems of infectious diseases including HIV/AIDS and poor maternal and child health; and providing humanitarian assistance to large numbers of Cambodians who suffered the effects of civil war, genocide and foreign occupation.

Development Challenge

Cambodia's development challenge is formidable. Ranked 140th of 174 countries on the United Nations Development Program's Human Development Index, Cambodia's social and economic indicators resemble those of western nations a century ago. Annual per capita GDP is less than \$300. Life expectancy at birth is 53 years. Infant, child and maternal mortality rates are the highest in Asia, and Cambodia's HIV/AIDS epidemic is Asia's fastest growing. Years of war and neglect have ravaged the country's physical infrastructure. The educated group of teachers, managers, doctors, nurses and other skilled professionals, which was almost entirely wiped out by the Khmer Rouge, is just now being rebuilt. The result is a population aged 18-36 which lacks the basic skills necessary for more than subsistence living and a structure which is unable to support economic growth and the establishment of democratic processes -- a situation which contributes to keeping the population in a state of poverty. Added to this has been the failure to achieve a stable political environment, peace and security since the signing of the 1991 Paris Peace Accords.

Subsequent to the formation of a Royal Government of Cambodia (RGC) in 1993, USAID's program shifted from emergency relief and rehabilitation to reconstruction and long-term sustainable development. By FY 1997 the program had reached an annual level of \$38 million with cooperation in democracy and human rights, rural economic growth, health and population, primary education, war and mine victim assistance, environment and HIV/AIDS prevention. Following the political events of July 1997, two-thirds of U. S. assistance, and all bilateral assistance, was suspended. That suspension remains in effect.

USAID is responding to, and has achieved significant progress toward, meeting the development challenge by building civil society structures in order to promote human rights and which support the delivery of basic humanitarian and social services.

In democracy, NGOs played major roles in restoring democratic momentum, in completion of a national election in July 1998 with 93% voter turnout, in election and human rights monitoring and in providing legal aid through a public defenders program. Management and advocacy training was also provided to build NGO capacity and strengthen civil society.

In maternal and child health, NGOs provided maternal and child health services to more than 120,000 women and children; rural health centers staff in six districts learned skills which resulted in better client care and the percentage of population with access to clean water in one Northeast Cambodia target area increased from 13% to 30%.

In HIV/AIDS prevention, assistance is designed to decrease HIV transmission in high-risk populations. In 1998, 11.7 million condoms were sold, with 30% of the sales in brothels and bars where the target population is best reached. The Khmer HIV/AIDS Alliance (KHANA) is supporting 18 Cambodian community-based organizations to raise AIDS awareness and to provide AIDS prevention and care services.

In microfinance, USAID strives to make formal savings and credit programs available to the rural poor. In 1998, 85,000 clients, over 90% of them women, received loans totaling \$5.5 million from 12,500 village banks.

Under the program of assistance to war and mine victims, in 1998 over 3,400 amputees were fitted with prosthetic devices and nearly 1,000 orphans and poor youth were given vocational training and other assistance to help them seek gainful employment. Growing out of decades of war and trauma, mental illness is common in Cambodia. Under a model community-based mental health program, 104 physicians have been trained to provide these much-needed services nationwide.

Since suspension of the aid program in July 1997, major positive changes have taken place. A national election was held; a coalition government was formed and seated; the National Assembly has reconvened; and all but one of the Khmer Rouge leaders and most of its troops have abandoned warfare. In addition, the repatriation of the remaining 37,000 refugees and their reintegration into society, along with internally displaced persons, offers opportunities for cooperative efforts with USG-funded demining programs. Plans are underway for a renewed donor forum on international assistance for Cambodia at the World-Bank-chaired Consultative Group (CG) meeting currently scheduled for late February 1999. The RGC's development agenda for the CG and the World Bank's analysis of that plan will provide a framework for the provision of development assistance by the international donor community. If circumstances permit, high priorities for USAID assistance include reinstating programs in primary education, environment and rural economic growth.

Other Donors

Many bilateral donors drastically cut back their assistance programs due to the events of July 1997. Prior to the 1997 aid suspension, the U.S. was the second largest bilateral donor after Japan. Other donors include France, Australia, the European Union (EU), Netherlands and Sweden. Cambodia also receives assistance from the World Bank and the Asian Development Bank. The International Monetary Fund suspended its program in Cambodia due to illegal logging activities and a lack of transparency in the collection of forestry revenues. With the formation of a new government, other donors have recently signaled their intention to resume development cooperation with Cambodia. While new levels of donor assistance won't be known until after the February CG, the RGC request for the 1999-2001 period is about \$449 annually, and indicative levels are known for Japan (\$50.3 million), Australia (\$32 million), and the Asian Development Bank (ADB - \$100 million). Assistance is primarily in the health, education, microfinance and other basic services sectors and for infrastructure.

FY 2000 Program

USAID's FY 2000 program assumes a continued humanitarian assistance program through NGOs. In democracy and human rights, programs will focus on further strengthening civil society and indigenous institutions that promote human rights, the rule of law and the provision of social services. Maternal-child health and HIV/AIDS prevention programs will fine tune existing interventions to maximize achievement of results. USAID will continue to fund NGO activities that address basic needs of war and mine victims, with a special emphasis on women. In microfinance, USAID will continue support for, and expansion of, financial services for the rural poor, particularly women.

CAMBODIA

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & 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	---	---	---	8,000	---	---	8,000
SO 2. Improved Maternal and Child Health - ESF	---	7,000	---	---	---	---	7,000
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	---	2,000	---	---	---	---	2,000
SpO 4. Expanded Access to Sustainable Financial Services - ESF	500	---	---	---	---	---	500
Total - ESF	500	9,000	---	8,000	---	2,500	20,000

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA

TITLE AND NUMBER: Strengthened Democratic Processes and Respect for Human Rights, 442-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$8,000,000 ESF

INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: In the course of over two decades of civil war and foreign occupation, virtually all of Cambodia's principal institutions of democratic governance were destroyed or dismantled. Rehabilitation of these institutions -- including the judiciary, the national legislature, electoral processes, and local-level governance -- is a fundamental prerequisite for Cambodia's transition to a sustainable and economically viable democratic society. The purpose of this Strategic Objective (SO) is to help Cambodians build those democratic principles and practices. The fragility of and the hopes surrounding the current juncture are shown by recent events -- the most outstanding of which are the violence of July 1997, the national election of July 1998, and the formation of a coalition government in November 1998. In this volatile climate, USAID is focusing on increasing awareness of the rule of law, strengthening civil society, and creating greater governmental accountability (two cross-cutting themes are human rights and women). Beneficiaries directly involved in grant-funded training include eight Cambodian human rights/public policy NGOs and five women's rights associations. Beneficiaries of 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 democracy-oriented public service announcements through the media. If current restrictions on direct assistance to the government are lifted, additional beneficiaries will include members of the National Assembly and the judiciary.

Key Results: Three key intermediate results have been designed to meet this SO: (1) Legal sector: increased respect for the rule of law and the upholding of citizens' rights by strengthening legal aid and public defender services, and reducing pretrial detentions and other violations of due process in the courts; (2) Elections: efforts must continue to build a system for transparent, multi-party elections (local-level elections are currently scheduled for late 1999); and (3) Human rights: strengthening the sustainability and impact of local human rights organizations by educating the public on human rights issues and by increasing the percentage of human rights abuses reported and successfully resolved.

Performance and Prospects: In response to the July 1997 violence, the U.S. Government suspended two-thirds of its \$38 million aid program in Cambodia and imposed corresponding legislative and policy restrictions on all remaining assistance. These restrictions included a prohibition against assisting or working with the RGC, e.g., the courts, the National Assembly, or the various ministries. In light of these continuing restrictions, and given the nature of Cambodia's current political environment, performance with respect to this SO over the past year has been relatively successful, even if narrowly focused. USAID assistance, even on the current limited basis, continues to play a pivotal role in the country's democratic transition.

USAID-funded grantees continued to promote government accountability and strengthen civil society. This was accomplished by increasing the presence of public defenders in Cambodian courtrooms; introducing internationally recognized labor practices; building a successful community legal education program; strengthening human rights and public policy organizations, including the most visible indigenous human rights organizations and the nascent Cambodian Bar Association; and strengthening civil society by building NGO capacity. USAID-supported Cambodian NGOs were also prominent in supporting preparations for the 1998 parliamentary elections in the areas of voter-education and monitoring. In addition, the National Democratic Institute (NDI) and the International Republican Institute (IRI) provided election support that emphasized long-term popular participation in, and sustainability of, the election process rather than a particular political outcome.

The majority of funds allocated for FY 2000 under this SO will be used to strengthen the rule of law, governance, government accountability, respect for human rights, and civil society. In addition to any new projects identified in an upcoming strategy assessment, The Asia Foundation (TAF) -- currently the largest grantee under the program -- will continue supporting local organizations engaged in protecting human rights, furthering public policy making, and implementing nationwide good governance programs aimed at the local level. USAID intends to focus its ongoing rule of law program in Cambodia towards its successful programs, notably the Cambodia Project of the International Human Rights Law Group (IHLRG), and concentrate on efforts to help end the continuing climate of impunity, including efforts to strengthen the formal legal system.

Prospects in these areas will depend much on developments in the local political situation; the direction of USAID/Cambodia's democracy program will in part depend on response to those developments from Washington.

Possible Adjustments to Plans: The events of the past year and a half have delayed USAID's intensive review of its democracy and rule of law strategy. Given the recently improved local political climate, USAID is now planning a major sector strategy assessment to determine its second generation democracy and rule of law programs. The activities identified for assistance will be competed and are planned to be underway as of January 1, 2000. This assessment -- and possible redesign of the SO -- will be done in conjunction with USAID/Washington.

In addition, limited funding is available to support the local (commune-level) elections anticipated for late 1999. These elections will force previously appointed local officials to run for election.

Other Donor Programs: The United States, Japan, France, Australia, the European Union (EU) and various United Nations agencies are the major donors working in the democracy sector in Cambodia. Coordination of assistance plans and activities between the donors in specific areas has been good. A specific example of this is the close cooperation of the many donors that came together to support the 1998 parliamentary elections.

Principal Contractors, Grantees or Agencies: Current grantees include TAF, IHRIG, Private Agencies Collaborating Together (Pact), and the University of San Francisco (USF).

Selected Performance Measures:

	Baseline	Target (2000)
Lawyers/public defenders providing access to services for the accused poor in 80% of courts country-wide	46% (1995)	80%
Number of human rights violations by military, police, and civil authorities reported	359 (1997)	150
Percent of human rights abuses reported and investigated that were successfully resolved	24% (1996)	45%

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA

TITLE AND NUMBER: Improved Maternal and Child Health, 442-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$7,000,000 ESF

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: When USAID began work on this objective in 1995, Cambodia had no reliable data on important measures of health status such as infant mortality, maternal mortality or contraceptive prevalence. Cambodia is still an extremely data-poor country, but the data that are available point toward significant progress in improving maternal and child health over the past four years. In target areas, USAID implementing partners have made important contributions to that progress. For example, in target areas, health facilities have been re-established, equipped and staff trained. On the national level, key health policies that will benefit the entire country are at varying stages of development and implementation.

As this five-year strategic objective nears completion, it appears that the most important targets will have been achieved, perhaps by a significant degree in some cases. However, despite the fact that the objective's targets are likely to be met, health status in Cambodia will remain at one of the lowest levels in Southeast Asia.

Key Results: The three key results for this objective are: (1) improved leadership exercised by public sector officials; (2) improved service delivery in the public and private sectors; and (3) improved MCH commodity accessibility and rational management.

Performance and Prospects: Performance on this objective has been good. With just three private clinics, one of USAID's grantees provided reproductive health, birth spacing or antenatal care services to more than 15,000 clients during the first six months of 1998, in addition to serving the birth spacing needs of more than 10,000 new clients in five provinces through community based distribution systems. USAID partners provided approximately 30,000 residents in remote provinces with improved access to water and sanitation facilities while primary health care services were strengthened and/or reintroduced in at least 43 health care facilities in target areas. On the national level, USAID implementing partners provided important technical assistance for the development and implementation of an informed consent policy for surgical contraception, pharmaceutical logistics management systems, and improved quality of care for childhood illnesses. In addition, USAID partners have contributed to developments on the national vitamin A distribution system, salt iodization plans and the introduction and adaptation of the Integrated Management of Childhood Illness initiative.

As a result of these activities, the population of the target areas has benefited directly from improved services or access to services, while at the national level, the population benefits from improved health policies and quality of services.

Possible Adjustments to Plans: With this strategic objective nearing conclusion, USAID/Cambodia will re-evaluate its approach to maternal and child health over the coming months to ensure that the interventions implemented remain the most effective and the ones most likely to achieve desired improvements in the health of women and children.

Other Donor Programs: The United Nations Children's Fund (UNICEF) supports the national immunization and essential

drugs programs, as well as provincial health advisors in four provinces. The World Health Organization (WHO) supports national-level vector control programs as well as providing technical advisors for health sector reform and the provincial health management teams in a number of provinces. UNICEF and WHO, together with the Ministry of Health (MOH), have taken the lead on the introduction and adaptation of the Integrated Management of Childhood Illness initiative. The United Nations Population Fund (UNFPA) supports a national-level reproductive health and birth spacing project in collaboration with the MOH as well as continuing analyses of the recently-collected national census data. The World Bank and Asian Development Bank support provincial-level health systems strengthening projects. Germany provides technical support for the National Public Health Research Institute. Australia provides technical support for primary health care activities at the provincial level. A coordination committee of host government, donor, international and implementing agencies meets monthly for joint review, planning and monitoring.

Principal Contractors, Grantees or Agencies: USAID/Cambodia implements its MCH activities through U.S., international, and local NGOs and centrally-managed cooperating agencies. Grantees include CARE International, Helen Keller International, Medecins Sans Frontieres, Partners for Development, Reproductive Health Association of Cambodia, Population Services International, and World Vision International. Global Bureau partners include AVSC International and John Snow.

Selected Performance Measures:

	Baseline (1995)	Target (2000)
Infant mortality rate	115	100
Under-five mortality rate	181	152
Modern method contraceptive prevalence rate (among married women of reproductive age)	7%	17%
Key policies in place for reproductive health, child survival, nutrition, and sustainability	1	7
Percentage of service providers in target areas who correctly manage diarrhea cases in children under five.	10%	80%
Sales of Number One condoms	5 million	14.5 million

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA

TITLE AND NUMBER: Enhanced Assistance for War and Mine Victims, 442-Sp001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$2,500,000 ESF

INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Cambodia's tragic history of war and civil unrest has resulted in an estimated 158,000 disabled persons (of whom 45,000 are land mine amputees), 200,000 impoverished youth and war orphans and 600,000 widows. These individuals face tremendous social barriers, e.g. stigmatization, lack of skills, and lack of mobility, thus precluding their effective participation in family life and in productive social and economic activities. In addition to the problem of large numbers of war-affected individuals, the inadequate health care system, widespread poverty and lack of a social safety net push war and mine victims to the extreme margins of Cambodian society. USAID partners are implementing rehabilitation, training, and service provision activities to allow these individuals to participate more fully in society and lead productive lives. In addition, USAID implementing partners have been instrumental in the formation of 15 specialized coordination and training mechanisms to address the different activities in this sector. Given the limited capacity of the RGC and other Cambodian institutions, support for war and mine victims will continue to require significant international donor and NGO assistance for quite some time.

Key Results: The two key results for this objective are: (1) increasing access to rehabilitation care and job training, and (2) establishing ten functional coordinating and training mechanisms in government agencies and NGOs.

Performance and Prospects: Overall performance under this special objective has met expectations and some individual activities have significantly exceeded expectations. There are now 15 networks, sub-committees or other support groups working to facilitate assistance to war and mine victims as opposed to the 10 that were originally planned. Similar success was seen with prostheses and orthotics: 4,690 new and replacement prosthetic and orthotic devices were manufactured and fitted, including appropriate follow-up for patients, 53% above the annual target for 1998. Achievement of mental health care provider training and patient consultations are on target, with an additional 54 health care providers trained this year and over 1,400 patients receiving consultation or treatment in 1998. Similarly, vocational training for orphans is meeting expectations with 919 enrolling in the training courses. Over the coming years, as more Cambodians become aware of the support services available, utilization is likely to increase.

Possible Adjustments to Plans: USAID/Cambodia plans a strategic review of this sector.

Other Donor Programs: Japan, Australia, Germany and UNESCO provide support for vocational training initiatives. The EU, Australia, UNICEF, and the International Committee of the Red Cross provide support for rehabilitation programs. The International Labor Organization provides assistance for a mental health training program. The World Food Program provides food-for-work programs. The United Nations High Commission for Refugees provides assistance for internally displaced persons while the Asian Development Bank and Canada provide support for small scale economic activities. The United Kingdom provides technical assistance for demining activities. Donor assistance for this sector is about \$5 million annually.

Principal Contractors, Grantees or Agencies: Current USAID grantees include Vietnam Veterans of America Foundation, American Red Cross, Salesian Mission, Harvard School of Public Health, and Handicap International.

Selected Performance Measures:

	Baseline	Target (2000)
Quality prostheses and orthoses fitted	2,077 (1996)	3,240
Patients receiving mental health treatment	1,915 (1996)	2,732
Orphans and disabled enrolled in courses	235 (1995)	2,000
Coordinating mechanisms in-place	0 (1995)	10
Practitioners with improved skills in assessment of needs and training	0 (1995)	50

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA **TITLE AND NUMBER:** Reduced Transmission of Sexually Transmitted Infections (STI) and HIV Among High-Risk Populations, 442-Sp002 **STATUS:** Continuing **PROPOSED OBLIGATION AND FUNDING SOURCES:** FY 2000: \$2,000,000 ESF **INITIAL OBLIGATION:** FY 1998 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Cambodia is the scene of one of the most rapidly progressing AIDS epidemics in Asia. While it was only in 1991 that the first HIV infections were detected, by 1998, 150,000 Cambodians were estimated to be HIV positive. Current seroprevalence data indicate that the epidemic is still concentrated in high-risk populations such as commercial sex workers (43% HIV positive in 1998) and their clients, but that it is beginning to spread to the general population (2.4% of pregnant women were HIV positive in 1998). To head off an explosive spread of the epidemic in the general population, USAID is focusing its prevention and control efforts on the high-risk populations, and in particular the individuals (mainly men) who form bridges between the high-risk groups and the population at large.

Key Results: The three key intermediate results for this new special objective are: (1) policy makers are informed about the HIV/AIDS epidemic in Cambodia; (2) high-risk behaviors are reduced in the target areas; and (3) sexually transmitted disease (STD) and reproductive health service delivery programs for high-risk populations are piloted and replicated in the target areas.

Performance and Prospects: During the initial start-up phase, performance on this new special objective has been greater than expected. A range of formative research projects have been quickly completed, such as an STD care facility assessment and an assessment of the communications materials available in Cambodia. The results of these activities are being used not only by USAID and its HIV/AIDS implementing partners to guide further implementation activities, but also by other donors to improve their programs. USAID partners have clearly defined their respective roles and activities and are actively collaborating in their efforts. Future prospects include beginning communication interventions to bring about behavior change among high-risk men, modifying and enhancing the national HIV surveillance system, and revising treatment protocols for selected reproductive tract infections to avoid substantial overtreatment with expensive third-generation antibiotics.

Possible Adjustments to Plans: None planned.

Other Donor Programs: The National AIDS Program works closely with the United Nations Joint Programme on HIV/AIDS (UNAIDS) to plan and coordinate activities of international donors. WHO is supporting a pilot study of the 100% condom use policy in brothels, similar to the successful program in Thailand. The World Bank provides technical advisors to the National AIDS Program. The USAID program is currently the largest HIV/AIDS program in the country. Annual donor assistance is approximately \$7 million. A coordination committee of host government, donor, international and implementing agencies meets monthly for joint review, planning and monitoring.

Principal Contractors, Grantees or Agencies: USAID implements its STI/HIV prevention activities through Family Health International and its partners in the IMPACT project, Population Services International and the Khmer HIV/AIDS NGO Alliance.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2002)
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Reduced prevalence of sexually transmitted infections among commercial sex workers	41.9%	38%	35%
Percentage of men reporting condom use during their most recent sex act with a commercial sex worker in the previous 12 months	85%	90%	95%
Percentage of men reporting condom use during their most recent sex act with a non-regular partner in the previous 12 months	17%	25%	38%
Percentage of female commercial sex workers reporting consistent condom use with clients over the previous 12 months	42%	50%	55%

ACTIVITY DATA SHEET

PROGRAM: CAMBODIA

TITLE AND NUMBER: Expanded Access to Sustainable Financial Services, 442-SPO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000:\$500,000 ESF

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID initiated this special objective to respond to the scarcity of formal savings and credit programs that are available to the rural poor. Although the number of NGO microfinance programs directed to servicing the needs of this group has increased steadily in the past five years, they are still unable to provide access to 85%-90% of the country's rural population. This lack of access to credit stifles productivity and restrains economic growth. The purpose of this special objective is to accelerate the growth of the rural poor's access to sustainable financial services. The direct beneficiaries of achieving this objective will be predominantly women, an estimated 100,000 to 200,000 of whom will be provided access to credit facilities. The indirect beneficiaries will be the children of these women.

Key Results: The four key intermediate results are: 1) an average annual growth rate of 25% in the number of clients served by the grantees funded under this special objective; 2) an average annual growth rate of 10% in the number of village banks established by these grantees; 3) an average annual growth rate of 25% in the volume of outstanding loans provided by these grantees; and 4) a steady enhancement of the quality of the enabling environment in which microfinance institutions operate.

Performance and Prospects: Prior to the development of this special objective, both USAID central funding and Mission funding for economic growth activities have been used to expand the outreach of selected microfinance programs. Their performance over the past year, reflected in the achievement of the intermediate results, has overwhelmingly exceeded expectations. The growth rates in the number of clients served (166%), the number of village banks established (189%), and the volume of outstanding loan portfolios (164%) all exceeded targeted levels by significant amounts.

Possible Adjustments to Plans: Cambodian legislation is currently proposed that will necessitate the transformation of the larger NGO credit providers in the country into licensed microfinance institutions. In order to expand the outreach of credit and savings facilities to the rural poor as rapidly as possible, USAID central funding has been obligated to provide technical assistance and training to the largest rural credit provider in the country during its transformation into a licensed microfinance institution.

Other Donor Programs: The United Nations Development Programme, the EU, and the French Development Bank have been significant providers of grants to NGO microfinance operators.

Principal Contractors, Grantees or Agencies: Current grantees receiving USAID funding include the Association of Cambodian Local Economic Development Agencies, Catholic Relief Services, and World Relief.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2005)
Number of clients served by grantees	85,000	400,000	400,000

Number of village banks established by grantees	12,500	16,000	25,000
Volume of outstanding loans of grantees (\$ million)	5.5	10	25
Qualitative index of enabling environment (1-10)	5	6	8

EGYPT

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Economic Support Funds	\$815,134,475	\$775,000,000	\$715,000,000
Child Survival and Disease	\$ 1,288,000	\$ 483,000	---

Introduction

Egypt plays a pivotal role in U.S. foreign policy in the Middle East. In the past year, there have been increasing tensions in the region and a stable Egypt is vital to the advancement of U.S. goals in the Middle East. Continued stability in Egypt requires rapid, sustainable and equitable private sector-led economic growth to generate jobs and enhance quality of life. To create the levels of jobs, personal income and services required to increase the quality of life for Egyptians, Egypt must advance as a global economic player.

The Mission Performance Plan (MPP) for Egypt emphasizes economic growth and development as essential to our relationship with Egypt. The bulk of U.S. economic assistance supports broad-based economic growth, open markets and expanded U.S. exports. These objectives are included in the International Affairs Strategic Plan. The remainder of USAID assistance is directed at health, population and environmental objectives which are essential to sustainable economic growth.

The Development Challenge

Despite significant progress over the last 20 years, Egypt still faces significant challenges in completing a successful transition to an efficient, business-friendly, and open economy. More than 500,000 jobs must be generated annually to absorb new job market entrants. Continued legal and regulatory reforms are critical to attract more private sector investment and expand exports. Investments in human resource development (health, family planning and education) are needed to improve the quality of skills available in the workforce. Participatory, accountable governance and a strong non-governmental organization (NGO) community are also important for supporting economic growth.

In FY 1999, Congress reduced the Egypt Economic Support Fund earmark, which had been in place since the signing of the Camp David Accords. USAID is preparing a new strategy to reflect the reduction and to better accommodate the U.S. Egyptian partnership's objective of moving from an aid-based relationship to a more mature relationship based on trade. The new strategy will likely focus on promoting an open market economy, job creation, human resource capacity building, environment, health and family planning services and accountable governance.

With USAID assistance, the Egyptian Government has privatized 100 state-owned enterprises since 1991. However, attracting foreign and domestic investment for private sector opportunities is still difficult. One approach, learned from the Asian financial crisis, is to strengthen regulation of the nascent securities market. On a more micro level, USAID's small and micro-enterprise program, through 360,000 loans with a value of almost \$300 million, has created approximately 100,000 jobs since 1988 and has improved the lives of many poor Egyptians. In 1998, this program processed 72,000 loans valued at \$60 million for nearly 23,000 borrowers. USAID is expanding this program's geographical coverage to increase its impact.

Building the foundation for a modern industrial economy, USAID power and telecommunications infrastructure investments have contributed to developing 40% of the country's total power capacity and improving access of five million Egyptians to reliable international telephone services. USAID has vigorously supported policy and institutional reforms. As a result, the Egyptian Government has begun to privatize power generation. The Egyptian Government has recently contracted with a private sector firm to build and operate a 650-megawatt power station; and has opened electric company divisions to private investment. Most value-added telecommunications services are

now in the private sector, i.e., two cellular phone companies, pay phones, internet service providers, and paging.

Agriculture still accounts for almost a quarter of Egypt's GDP. USAID-assisted agricultural reforms have increased real farm incomes, increased food crop production, increased high-value horticulture crop exports, removed direct state controls and price interventions, privatized agricultural input distribution and sales, and liberalized the cotton sector. This program has significantly improved the lives of many Egyptians who depend on agriculture for a living.

With USAID assistance, Egypt has increased access to sustainable water and wastewater services, reduced air pollution affecting millions of Egyptians, and improved coastal and marine resource management. Water and wastewater infrastructure improvements have benefited almost one in three Egyptians. Institutional reforms and service improvements have strengthened local utilities' capacity to deliver and sustain improved services. To reduce air pollution, USAID assistance will continue to address mobile air pollutant sources in Cairo, develop self-compliance pollution reduction models and encourage environmental policy and institutional reform. Targeted reforms have helped Egypt promote sustainable management of its Red Sea coral reefs.

Girls' access to education remains a constraint to development. Women's literacy at 36% still compares unfavorably to that of men at 63%. USAID's program focuses on increasing access to quality primary education, targeting regions where girls' enrollment is lowest. School construction and training for 10,000 teachers and technicians have helped to increase enrollment to 74% for females and 84% for males.

Through USAID assistance, more than 500 Egyptian NGOs have improved their capacities to provide development services and increase local participation. USAID is also addressing policy and technical constraints to NGOs trying to strengthen civil society.

Egypt has made significant progress in family planning. With USAID assistance, the total fertility rate declined from 5.3 children per family in 1980 to 3.3 in 1997. The annual population growth rate dropped from 2.9% to 2.1% since 1988. Also, the improved birth spacing from family planning has reduced infant and maternal mortality. The challenges over the next 10 years are to improve regional and national impact and achieve financial sustainability. USAID's health program is providing technical assistance to Egypt to diversify and develop both public and private revenue sources, strengthen human resources, and modernize and decentralize management systems.

Egypt's child survival program has successfully prevented more than 80,000 deaths annually over the last 15 years. With USAID help, infant and child mortality rates fell by 41% and 48%, respectively, from 1983 to 1997. More than 90% of Egyptian children are immunized. Due to the widespread use of oral rehydration therapy, diarrhea is no longer the principal cause of child death in Egypt. However, maternal and neonatal mortality is unacceptably high and significant regional disparities exist. The child malnutrition rate has remained constant over the last decade and acute malnutrition is rising. More than two-thirds of the population has no health insurance. Emerging infectious diseases, such as hepatitis C, are pernicious. Non-communicable diseases contribute increasingly to death and disability.

Other Donors

Egypt receives large amounts of bilateral and multilateral aid. In 1996, the donor community provided Egypt \$2.2 billion. At least 38 donors work in Egypt, but the United States remains the largest donor with the most comprehensive program. Other major donors include Canada, France, Germany, the Netherlands, the Nordic countries, Japan, the European Union, the World Bank, the United Nations Development Program (UNDP), the Arab Fund, and the African Development Bank. A very active donor assistance group meets monthly to discuss donor coordination and related issues.

FY 2000 Program

USAID requests \$715,000,000 economic support funds to support these Agency priorities: \$460 million for economic growth and agriculture; \$56 million for population and health; \$143 million for environment; \$12 million for democracy; and \$44 million for human capacity development.

EGYPT

FY 2000 PROGRAM SUMMARY
(in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O 1. Accelerated Private Sector-led, Export-oriented Economic Growth -ESF	459,725	---	---	2,000	21,297	---	483,022
S.O. 2, Increased Participation of Girls in Quality Basic Education -ESF	---	---	---	---	16,395	---	16,395
S.O. 3. Increased Citizen Participation in Public Decision-making -ESF	---	---	---	10,000	1,250	---	11,250
S.O. 4. Reduced Fertility -ESF	---	22,000	---	---	1,210	---	23,210
S.O. 5. Sustainable Improvements in the Health of Women and Children -ESF	---	25,000	---	---	2,250	---	27,250
S.O. 6. Increased Access to Sustainable Water and Wastewater Service -ESF	---	9,200	82,800	---	552	---	92,552
S.O. 7 Reduced Generation of Air Pollution -ESF	---	---	44,000	---	487	---	44,487
S.O. 8. Natural Resources Managed for Environmental Sustainability -ESF	---	---	16,000	---	814	---	16,814
SpO. A. Increased Use of Egyptian Universities in Quality, Demand-driven Applied Research -ESF	---	---	---	---	44	---	44
SpO. C. Improved Civil Legal System -ESF	---	---	---	---	21	---	21
Totals - ESF	459,725	56,200	142,800	12,000	44,275	0	715,000

Mission Director: Richard M Brown

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Accelerated Private Sector-led, Export-oriented Economic Growth, 263-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$483,022,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The greatest threat to Egypt's stability and, thus, its leadership in the Middle East is its continued high level of poverty among its people. Increased employment, necessary to reduce poverty, requires accelerated economic growth. This strategic objective's purpose is to double the rate of broad-based economic growth from 2.9% in 1994 to 6% by 2001. Direct beneficiaries include private sector businesses and employees who produce goods and services for export and domestic markets. Other significant beneficiaries are from the country's poorest--the four million small farmers, landless laborers and women who produce and process horticultural and agricultural commodities, and the three million non-agricultural informal sector micro-entrepreneurs.

Key Results: To achieve the purpose, five key results are necessary. One, a policy environment must exist which creates the conditions for the private sector investment climate to change from being "mostly unfree" to "mostly free." Two, agricultural productivity as measured by the value of agricultural production per 1,000 cubic meters of water needs to increase from the equivalent of \$117 in 1995 to \$138 in 2001. Three, exports must increase by \$297 million per year in targeted sectors--fresh and processed agriculture, spinning/weaving, leather products, furniture and software. Four, financial markets need to be strengthened and privatization accelerated. This involves expanding private sector available credit to the equivalent of \$38.5 billion per year and increasing the cumulative total value of firms privatized since 1991 to the equivalent of \$5.2 billion. Five, access to reliable power and telecommunications services must continue to expand, increasing annual energy sales to the business sector to 4,539 million kilowatt hours and the cumulative number of telephone lines installed for business to 900,000.

Performance and Prospects: Performance has been better than expected, with the real gross domestic product (GDP) growth rate increasing from 2.9% in 1993/94 to 5.0% in 1996/1997.

Sector Policy Reform, a USAID-funded cash transfer program, focuses on the areas of trade, regulation, privatization and the fiscal and financial sectors that are needed to create an open, competitive, market-oriented economy. The program has been controversial due to slow disbursements and Government of Egypt (GOE) concern with the large number of policy benchmarks. However, GOE policy reform performance improved over the past year, leading to large disbursements that significantly reduced the pipeline.

The Agricultural Policy Reform Program emphasizes reforms in five categories important for increasing agricultural sector productivity: prices, markets and trade; private investment and privatization; efficiency of agricultural land and water resources utilization and investment; agricultural support services; and food security. GOE reform performance has continued to meet expectations in these areas and agricultural productivity, as measured by real value per hectare and agricultural revenue per unit of water, has increased by 7.0% and 6.2%, respectively.

Agriculture Technology Utilization and Transfer assists the Egyptian private sector to increase profitability and export earnings from high-value horticulture commodities. Growth Through Globalization activities enhance the competitiveness of Egyptian firms worldwide and increase private sector exports. Overall performance in promoting non-traditional exports has met expectations. Private sector non-petroleum exports rose from \$750 million in 1994 to \$1.7 billion in 1998.

USAID's commodity import program, privatization activities and small- and micro-enterprises (SME) activities have performed well and a new capital markets activity is off to a good start. Since 1986, the Private Sector Commodity Import Program has stimulated productive investments through financing the importation of approximately \$2 billion worth of products from the United States. During 1997 the program financed 713 commercial transactions totaling \$205 million. Privatization Support and the new Partnership for Competitiveness finance activities critical to creating a policy environment supportive of privatization and completing sales of state-owned enterprises (SOEs). Since 1991, 68 SOEs have been sold or transferred to employees and 26 have been liquidated. Working through non-governmental organizations, the Small and Emerging Business activity expands access to credit for SMEs. USAID assistance has helped create about 100,000 jobs in Egyptian SMEs since 1988. In 1998, the programs yielded 72,000 loans valued at \$60 million made to approximately 23,000 borrowers. The Capital Markets Development project has begun to support the GOE in promoting improved capital market efficiency and transparency.

Power Sector Support II and Telecommunications Sector Support II target policy and institutional reforms and infrastructure development. Amounting to over 40% of the total generating capacity of the country, these and earlier successful USAID programs have financed the installation of over 2,500 megawatts of electricity generating capacity and the rehabilitation of an additional 2,500 megawatts of capacity. Through the telecommunications activities, USAID has helped provide reliable telephone services, including international connections, to over five million Egyptians.

Possible Adjustments to plans: To address implementation issues with the Sector Policy Reform Program, the GOE and USAID will develop a new policy program focusing on fewer reforms.

Other Donor Programs: USAID is the single largest donor in Egypt. Other principal donors include the International Monetary Fund (IMF), the World Bank, the European Union, and the United Nations Development Program. USAID coordinates its policy reform efforts closely with the IMF and World Bank to maximize policy impact. Egypt 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.

Principal Contractors, Grantees or Agencies: Nathan Associates works on trade and regulatory reform. Chemonics International, the Center for International Private Enterprise and the International Executive Service Corps work to strengthen private sector market institutions. Barents and the International Business and Technology Consultants, Inc. support privatization. The National Cooperative Business Association, Agricultural Cooperative Development International and Environmental Quality International assist with SME programs. RONCO and the Universities of Florida and California (Davis) support horticulture technology transfer. Development Alternatives International, Abt Associates, the International Food Policy Research Institute, DATEX, the International Resources Group, Winrock International, the Academy for Educational Development, Harza Engineering and the Food and Agricultural Organization support agriculture policy reform. 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.

Selected Performance Measures:

	Baseline 1994	Target 2000	Target 2001
Real GDP growth rate	2.9%	5.5%	6.0%
Private Sector share of GDP	61.7%	67.2%	68.2%
Value of private sector non-petroleum exports (\$ billions)	0.75	2.2	2.5

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Increased Participation of Girls in Quality Basic Education, 263-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$16,395,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Program implementation began in early FY 1997, building on an earlier USAID Basic Education project that constructed almost 2,000 schools. Access to education for girls remains a problem. Only 64% of rural girls attend school and the literacy rate of 36% for women compared to 63% for men clearly shows the disparity between female and male access to education. An estimated 1.6 million school-aged girls are not enrolled. To deal with these problems, the Government of Egypt (GOE) has declared female education to be one of its highest priorities. The purpose of this USAID program is to increase girls' participation in quality basic education.

Key Results: Three key results are necessary to achieve this objective: (1) increased number of classrooms in which constraints to girls' education are removed; (2) increased demand for girls' education; and (3) improved national policy environment.

Performance and Prospects: To achieve these results, USAID is addressing three necessary conditions: (1) 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 (3) an improved policy environment that supports quality, flexibility and other incentives to girls' attendance.

To date USAID has: (1) provided full scholarships for 4,800 girls over three school years and financial assistance to another 9,845 children (80% for girls); (2) given life skills training to 2,021 adolescents; (3) trained 20 small-school teachers and 100 teacher trainers; (4) started an urban school pilot for disadvantaged areas in Cairo; (5) launched a pilot for preparing the first systematic assessment of the small primary school models in Egypt; and (6) begun production of an Egyptian "Sesame Street" educational television program.

Technical assistance under the strategy is assisting with the reformulation of the primary school curriculum for multi-graded classrooms, emphasizing problem-solving and analytic skills, and training of facilitators/teachers and school administrators.

Finally, because high drop-out rates are attributable to uneducated parents and their children's inadequate school readiness, USAID has provided a grant to the Children's Television Workshop to develop an Egyptian version of the "Sesame Street" educational television program. An Egyptian consultative committee has defined special educational objectives (importance of education for girls, health and environmental awareness, and tolerance) for the series. An Egyptian production partner has created three Egyptian puppet characters, designed the set, and will soon begin production of episodes for an initial season beginning in late 1999.

Possible Adjustments to Plans: USAID is amending its community school strategy somewhat to match solutions better to local needs. These solutions may include: construction of appropriately sized new schools; teacher training; and community mobilization in support of girls' education.

Other Donor Programs: Donor coordination in education is strong, with monthly donor meetings to discuss programs and priorities. USAID is the third largest donor in basic education. The World Bank and the European Union have initiated a complementary \$200 million Basic Education program including teacher training and educational technology and selected activities to increase access to primary schools. The World Bank, the German Bank for Reconstruction and Development and the multi-donor supported Social Fund are financing school construction. Canada and United Nations Children's Fund (UNICEF) are collaborating on an innovative community school program in geographic regions complementary to USAID's. The GOE contribution approximates \$3.5 million annually to complement USAID activities.

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

Selected Performance Measures:

	Baseline	Targets (2000)	Target (2003)
Percentage of girls (aged 6-10) in rural Upper Egypt enrolled in school	54 (1996)	69	75
Girls receiving quality basic education through USAID interventions	0 (1997)	225,000	300,000
Girls receiving literacy and life skills training	0 (1997)	40,000	55,000
Pre-school children better prepared for school by Egyptian "Sesame Street"	0 (1998)	1,500,000	4,000,000

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Increased Citizen Participation in Public Decision-making, 263-SO03

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$11,250,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: To sustain Egypt's economic development it is important to increase the Government of Egypt's (GOE) responsiveness to public needs and priorities. The purpose of this SO is to increase citizen participation in the formal decision-making process by increasing the effectiveness of civil society organizations (CSOs). USAID-supported technical assistance, training and sub-grants will reach local CSOs that represent millions of citizens. Grants to CSOs have already reached over 35,000 direct beneficiaries, 48% of whom are females.

Key Results: USAID has identified three key results that are important to achieve this objective: (1) increased CSO participation in public decision making: the number of CSO actions designed to increase public participation needs to increase; (2) reduced restrictions on CSOs: CSOs and donors need to agree on a common agenda for reform of the GOE Law 32 that governs CSO actions; and (3) incremental devolution of authorities to the local level: procedures to ensure devolution of authority need to be adopted and long-term mechanisms for financing rural development need to be accepted by the GOE and used by local village entities.

Performance and Prospects: Achievements to date have been mixed. USAID successfully increased the capabilities of CSOs and, with other donors, made progress towards the reform of Law 32. However, the USAID-assisted GOE program to devolve authorities to local committees did not meet important policy reform benchmarks.

To increase CSO participation in public decision-making, the Private Voluntary Organization (PVO) Development and the new Non-governmental Organization (NGO) Service Center programs provide support to strengthen CSO capabilities and finance CSO activities. The PVO Development activity was amended in FY 1998 to increase grants to U.S. PVOs and Egyptian CSOs to implement initiatives with a greater focus on advocacy in their sectors, including credit and micro-enterprise, community development, environment, health and population. The new NGO Service Center activity focuses on groups with interests in advocacy. The GOE, CSOs and USAID have agreed to address these objectives through grants to U.S. PVOs and Egyptian CSOs: (1) improve the capacity of Egyptian CSOs to network with one another and with government agencies at the local, regional and central levels; and (2) provide operational support and grants for activities that contribute to citizen involvement in public decision-making. The PVO Development amendment resulted in 22 new advocacy-related activity grant awards for a total of \$3.6 million to 10 U.S. PVOs and 31 Egyptian PVOs. In addition, 539 Egyptian PVOs benefited indirectly as counterpart agencies to U.S. and Egyptian PVOs receiving direct grants and 62 Egyptian PVOs received training and technical assistance to improve their planning and management capabilities.

USAID, with other donors, succeeded in encouraging wider dialogue between the GOE and CSOs on the reform of the restrictive Law 32. New GOE leadership has opened the process and involved CSOs directly in drafting the new law.

Policy reform benchmarks necessary to empower local authorities were not met under the Participatory Rural Governance Program and a planned \$10 million cash transfer was not disbursed. This program terminated at the end of 1998 and will not be renewed.

Possible Adjustments to plans: USAID is considering alternative approaches to encourage decentralized governance under its new transition strategy.

Other Donor Programs: USAID is the lead donor in this area. Multilateral donors include UNICEF, UNFPA, the European Union, and the World Bank. 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, the World Health Organization, the Netherlands, Canada, Britain, Italy, Denmark and Switzerland. Under the PVO Development activity, PVOs contribute at least 25% of costs from their own funds or from GOE contributions, private contributions or other bilateral and multilateral donors.

Principal Contractors, Grantees, or Agencies: USAID implements activities through the National Council of Negro Women, a U.S. PVO. Two firms, Management Systems International and Development Associates, assisted in the implementation of the policy reform program.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2004)
Significant, well-planned actions taken by CSOs to influence public decision-making -- e.g., public information and education campaigns, media events, community awareness programs.	14	30	350

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Reduced Fertility, 263-SO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$23,210,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The purpose of this program is to reduce the total fertility rate from 3.9 in 1992 to 3.01 in 2001 in support of the Government of Egypt (GOE) goal of reaching replacement fertility by the year 2015. Egypt has made substantial progress in its reproductive health and family planning services with USAID technical and financial assistance. Contraceptive prevalence was 54% in 1997, up from 48% in the early 1990s and double the 1980 rate. Improvements in the quality of service reduced the extended-use failure rate from 10% in 1992 to 7% in 1997. The total fertility rate declined from 5.2 children per family in 1980 to 3.3 in 1997, and the population growth rate has decreased from 2.9% per year to 2.1% over the past ten years. Improved birth spacing resulting from the family planning achievements has also helped reduce infant and child mortality.

To achieve this objective, USAID assistance will help increase the national impact of the Egyptian population program, consolidate national institutions, and improve financial sustainability. Program leadership and human resources need to be strengthened and management systems need to be modernized and decentralized. The national program also needs to become more financially sustainable by developing strong, predictable revenues from public and private sources. USAID estimates these objectives can be achieved in 10 years.

Key Results: Two key results are necessary to achieve this objective: (1) increased use of family planning services: the contraceptive prevalence rate should increase to 58% by 2001; and (2) strengthened sustainability of family planning systems: the GOE contribution as a percentage of the total budget of the Egyptian family planning program should increase to 48% by 2001.

Performance and Prospects: The USAID population program is meeting its objectives. Total fertility rates have declined from 3.6 live births per woman in 1995 to 3.3 births per woman in 1997, and contraceptive prevalence (the percentage of married women of reproductive age currently using contraception) reached 54% in 1997, up from 48% in 1995. Institutional capacity for management and service provision in both the public and the non-governmental and commercial private sectors has grown significantly through USAID assistance, establishing a solid foundation for program sustainability. Information activities have produced near universal awareness and approval of family planning among married women of reproductive age. The policy environment strongly supports voluntary family planning and fertility reduction.

USAID activities are successfully meeting, or exceeding, projections for quality family planning and reproductive health service provision throughout Egypt. The next phase will put more emphasis on assisting the population/family planning/reproductive health sector in strengthening sectoral strategies and sustainable management systems. USAID will focus on health and population policy reforms that provide a more attractive environment for private sector participation, as well as implement strategic interventions. This will enhance institutional capacity and sustainability, improve the performance of health care systems and ensure financial self-sufficiency. More emphasis will be given to human resource development to strengthen middle and upper level management skills throughout the system.

The program concentrates on achieving Egyptian program self-sufficiency by reducing external technical assistance, phasing out USAID-donated contraceptives and promoting sustainable commercial services. Another emphasis is increasing the quality of care provided to Egyptian families by upgrading facilities, improving counseling and community outreach, and expanding the mix of contraceptives and range of service providers available to clients.

Possible Adjustments to Plans: Non anticipated at this time.

Other Donor Programs: USAID is considered the lead donor in population/family planning. Among other donors, the United Nations Fund for Population Activities is also an important supporter of the Egyptian program, followed by the International Planned Parenthood Federation. The World Bank provides a loan in the population sector, principally for non-governmental organization demand-generating activities. The Netherlands and German Governments and the European Union provide limited assistance. Donors meet periodically in a working group on population and effectively coordinate their activities. The GOE contributed approximately 24% of project costs for the terminating Population/Family Planning III Project in cash and in-kind, including salaries and benefits, travel and other costs for participant training, and air time for television and radio.

Principal Contractors, Grantees or Agencies: The new contractor, expected to be engaged by February 1999, will provide a range of technical and management support to GOE implementing agencies.

Selected Performance Measures:

	Baseline (1992)	Target (2000)	Target (2001)
Total Fertility Rate	3.90	3.09	3.01
Contraceptive Prevalence Rate	47.00	57.8	58.90
GOE contribution as a % of total budget of the Egyptian family planning program	39.72%	47.00%	48.00%

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 SOURCES: FY 2000 \$27,205,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Egypt has made impressive gains in health with USAID assistance. USAID-funded health and population programs have decreased morbidity and mortality nationwide. For example, infant and under-five child mortality rates declined by 45% and 53%, respectively, from 1983 to 1995. The child survival program has been successful in improving the health of young children, preventing more than 80,000 child deaths annually. The immunization program has maintained average child immunization coverage rates above 90%. Diarrhea is no longer the principal cause of child deaths in Egypt because of widespread knowledge and use of oral rehydration therapy. These are impressive strides but important challenges remain.

Maternal and neonatal mortality are still unacceptably high, 174 per 100,000 and 29 per 1,000, respectively, and antenatal care coverage is poor. Emerging infectious diseases are not well controlled -- e.g., Egypt has the highest known prevalence of hepatitis C worldwide. Non-communicable diseases are responsible for a growing proportion of death and disability and are driving up health care costs. Finally, improvements in the Egyptian health care system are needed to sustain achievements.

Regional disparities between Upper and Lower Egypt and rural and urban areas exacerbate health sector problems. For example, infant mortality ranges from 28 per 1,000 in major urban areas to 95 per 1,000 in rural Upper Egypt and maternal mortality ratios are 132 per 100,000 in Lower Egypt versus 217 per 100,000 in Upper Egypt. Similar disparities exist in nutritional status. Chronic malnutrition of children has not declined over the last decade and acute malnutrition has worsened. Inequities also exist in service coverage among regions, and more than two-thirds of the population, primarily in the most vulnerable groups, is not covered by health insurance.

To help Egypt overcome these problems, USAID assistance aims to improve the quality and availability of child and reproductive health services, control emerging infectious diseases and ensure the sustainability of improved systems through health sector policy reform.

Key Results: Three key results are necessary to achieve the program objective: (1) improved quality and increased utilization of maternal, perinatal and child health services; (2) new tools and approaches to combat selected endemic and emerging diseases developed and disseminated; and (3) improved environment to plan, manage and finance sustained maternal and child health systems.

Performance and Prospects: USAID child survival programs continue to help Egypt reduce the infant mortality rate and the under-five child mortality rate. Efforts to eradicate polio by 2000 have reduced reported confirmed cases from 584 in 1992 to nine in 1997. Reported cases of tetanus among newborns dropped from 1,823 in 1992 to 380 in 1997. Applied research has helped reduce the prevalence of schistosomiasis from 40% to 10% in rural Egypt. However, child survival gains cannot be sustained without a national policy environment that prioritizes resources for these programs.

The Health Policy Support Program aims to enhance the capacity of the Ministry of Health and Population to plan, manage, finance and monitor health services. The World Bank, the European Union and Denmark have joined this

collaborative effort. As a result, the ministry has now embarked upon a comprehensive health sector policy reform program.

Targeted to high-risk areas of Upper Egypt, the Healthy Mother/Healthy Child activity 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 essential child and reproductive health care. Ensuring that safe delivery care is available to all is the top priority and will save the lives of hundreds of mothers and newborns each year.

USAID also supports research to combat emerging diseases, such as hepatitis C, and to prevent the re-emergence of schistosomiasis, as well as activities to keep HIV/AIDS prevalence low throughout Egypt.

Possible Adjustments to Plans: None anticipated at this time.

Other Donor Programs: Fourteen other donors support health activities in Egypt, at an average \$22 million annually. USAID is currently the largest donor for health programs although both the World Bank and the European Union began major health sector programs in 1998. The Egyptian Government contribution to USAID activities approximates \$119.2 million in cash, salaries and operational expenses. Donor cooperation is effective in support of the national health reform program and primary health care.

Principal Contractors, Grantees, or Agencies: U.S. implementing organizations include John Snow Inc., Maximus, Abt Associates, the U.S. Centers for Disease Control and Prevention, PATH, and Wellstart International. UNICEF is also an implementing agency. Grants are planned to U.S. PVOs to promote Egyptian non-governmental organization involvement in community health.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2001)
Infant mortality rate	97.4 (1985)	49	48
Under-five child mortality rate	130.1 (1985)	62	60
Maternal mortality ratio ¹	74.0 (1992)	NA	146

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Increased Access to Sustainable Water and Wastewater Services, 263-SO06

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$92,552,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Significant progress has been made in increasing urban access to piped water (90%) and wastewater services (56%). Sewerage networks have expanded to serve about 50% of urban areas. Yet, sanitation services in small towns and rural areas remain inadequate, serving only approximately 5% of the rural population. There also is a 54% gap between the percentage of population with access to safe water and to sanitary drainage facilities. The Egyptian Government's ability to raise financial resources to meet demand is now critical; only one dollar of each five required is available from the central government budget. Nor does the government have the resources to assure that funds will be available to continue operating and maintaining systems as planned, as well as finance expansion to meet current unmet demand and keep pace with urban growth. Thus, USAID assistance since 1996 has focused on expanding sustainable water and wastewater services in urban centers of economic growth where the maximum number of people can benefit. The purpose is twofold: to increase Egyptians' access to improved and sustainable potable water from 22.3 million Egyptians in 1995 to 23.1 million in 2004 and to increase access to wastewater services in selected urban areas from 18.6 million in 1995 to 21.1 million by 2004. The direct beneficiaries will be the additional 2.5 million Egyptians connected to improved sewerage systems and the one-half million with access to improved water supplies.

Key Results: Three key intermediate results are necessary to achieve sustainability in expanding water and

wastewater delivery in Egypt: (1) improved sustainability for selected water and wastewater utilities through the coverage of full operations and maintenance costs by generated revenues; (2) improved decentralized utility management, measured by the increases in independent decision-making on personnel policy, budget and revenue retention; and (3) improved capacity to deliver utility services through improved systems and qualified staff. USAID assistance is supporting a shift away from central government responsibility for planning, constructing, and financing basic services towards local utility autonomy and responsibility for operating on a commercial basis responsive to consumer needs.

Performance and Prospects: Over the past 20 years, USAID has provided approximately \$2.7 billion for the water and wastewater sectors, resulting in new or enhanced water and wastewater services for about one in three Egyptians. Steady progress continued over the past year, expanded service coverage, improved operations and maintenance, and increased cost recovery. By 1998, completed investments achieved the following results: (1) two million residents in several poor Cairo neighborhoods have been connected to sewage collection lines, and the overall system has benefited from numerous new or rehabilitated wastewater pumping stations and treatment plants; (2) wastewater conveyance and treatment for more than three million people in Alexandria is being provided by two new treatment plants; (3) more than one million residents of Suez, Ismailia, and Port Said are connected to new wastewater treatment plants; (4) three water treatment plants in Fayoum, Beni Suef and Minia now provide improved water supplies and pressure to more than 700,000 residents; and (5) three major potable water reservoirs began operations in Cairo, providing improved water supplies and pressure to three million people. Targeted utilities have improved their revenue collections by 200% through improved metering and billing systems, stricter fiscal controls and improved accounting procedures. Progress on achieving utility autonomy was more modest, with the greatest gains in smaller urban centers and with the Cairo water authority and the Alexandria wastewater authority.

Possible Adjustments to Plans: None anticipated at this time.

Other Donor Programs: USAID remains by far the largest donor in the sector. Other donors include the European Union, Great Britain and Italy in Cairo; Denmark in Aswan and Qena Governorates; and the Netherlands in Fayoum. Cooperation with other donors is excellent, but particularly with the programs in the Aswan and Fayoum Governorates in Upper Egypt where other donors provide institutional strengthening support complementing USAID activities. USAID also implements activities in close cooperation with numerous Egyptian agencies, including nine economic utility organizations, 12 governorates and the Ministry of Housing and Public Utilities. The Egyptian Government is expected to contribute more than \$500 million in cash and in kind to complement USAID investments in this sector. The bulk of the support is for construction and engineering costs.

Principal Contractors, Grantees or Agencies: USAID implements the program through eight major U.S. firms: ABB Susa, Morrison-Knudsen Co., Black & Veatch International, Camp Dresser & McKee, CH2M-Hill, Harza Engineering Co., Metcalf & Eddy Inc. and Chemonics. Subcontracts with other U.S. firms and private-sector Egyptian firms help strengthen services delivery and improve the Egyptian management, design and construction supervision capabilities in the sector.

Selected Performance Measures:

	Baseline (1995)	Target (2000)	Target (2004)
Estimated population connected to improved sewerage systems (in millions)	18.6	19.5	21.1
Estimated population with access to improved water supply (in millions)	22.6	22.8	23.1

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Reduced Generation of Air Pollution, 263-SO07

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$44,487,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Limited data show that levels of particulate, sulfur dioxide, nitrogen dioxide, and lead in urban and

industrial areas in Egypt (especially Greater Cairo and Alexandria) generally exceed international ambient standards. Industrial pollution is the central threat to Egypt's urban environment, and fossil fuel combustion is a primary contributor to air pollution problems. Open burning of trash contributes to high levels of particulate matter in the air, and inadequate collection of solid waste is often reported by Egyptians to be the primary environmental concern. Serious health problems resulting from air pollution include respiratory illnesses, birth defects, neurological damage and blood lead poisoning.

Collaborating with the Egyptian Government, USAID has implemented activities related to air pollution reduction for several years. USAID assistance has helped improve energy use efficiency and encouraged widespread pollution prevention in industry, including the introduction of a model of industrial self-compliance in one large industrial city. USAID assistance aims to achieve a sustainable reduction in the generation of air pollution through policy, regulatory and institutional reform, supported by successful pilot activities and new technology applications. Pollutants targeted include airborne lead, total suspended particulates, carbon monoxide, nitrogen oxide, and sulfur oxide. Improved environmental management is helping to enhance the health of Egyptians, especially urban dwellers. Individuals most vulnerable to the negative health effects of air pollution, such as the very old and very young, women, asthmatics and those with unusual occupational exposure, will enjoy special benefits. Egyptians in general stand to gain long-term economic, social and health benefits from the reduced generation of air pollution.

Key Results: Three key results are important to achieve this objective: (1) cleaner and more efficient energy use through increased fuel efficiency, accelerated use of natural gas in place of oil, and greater use of cleaner fuels; (2) reduced industrial pollution through increased industrial compliance with applicable pollution regulations; and (3) improved solid waste management through the development of a comprehensive and sustainable nationwide municipal solid waste management policy framework, with national guidelines and local, private sector-led implementation.

Performance and Prospects: USAID assistance focuses on reducing airborne lead and particulates through the introduction of new technologies, public awareness campaigns and technical training. The Cairo Air Improvement Project directly addresses air pollution issues by demonstrating technologically and economically viable environmental solutions. Activities include the introduction of compressed natural gas (CNG) fuel technology for Cairo's municipal bus fleet; implementation of a lead smelter action plan to reduce lead emissions; a city-wide vehicle tune-up, emission inspection and certification program; air quality monitoring and analysis; public awareness and communications campaigns; and dialogue on other urban air pollution problems. The five CNG-fueled buses have arrived in Egypt and are being used to demonstrate this alternate fuel technology, the vehicle emissions and testing program has been launched, and the air quality monitoring and analysis system is operating. A major smelter is being relocated outside of central Cairo where it will operate with state-of-the-art emission reduction technology. Assistance is also being provided to upgrade the technologies and emission controls of smaller operations.

The Egypt Environmental Policy Program encourages and supports jointly agreed-to policy and institutional reforms aimed at removing obstacles to sound environmental management. This effort builds on USAID past experience in areas such as energy efficiency, industrial pollution, public awareness, private sector and non-governmental organizational cooperation and environmentally sustainable tourism. It reflects the increasing commitment and capability of the Egyptian Government to undertake needed and difficult reforms. The program supports a combination of policy reform initiatives, technical support, institutional strengthening, selected pilot activities and a comprehensive public awareness program to inform and motivate stakeholder target audiences and customers to support environmental reform.

The U.S.-Egyptian Partnership for Economic Growth and Development serves as a forum for the setting of jointly agreed-to Egyptian Government and USAID environmental agenda. The April 1998 meeting of the Partnership's subcommittee on the environment resulted in agreement to focus efforts on global climate change, public-private partnerships for compliance with the new Egyptian environment law, a strategy for increasing the level of investment in the environment sector, and improved air quality in Cairo.

Possible Adjustments to Plans: None anticipated at this time.

Other Donor Programs: USAID is the largest donor focusing on reducing air pollution and gives high priority to donor coordination in the sector. A sector donor group meets regularly to discuss activities and approaches to environmental problems. Other donors include: Finland, Denmark, Canada, the European Union (EU), France, Germany, Japan, UNDP, the World Bank and Great Britain. Selected other donor initiatives complementing the achievement of USAID air pollution objectives include: UNDP's new energy efficiency program of UNDP, the EU's regional solid waste landfill activities, Denmark's environmental finance and environmental quality monitoring activities, Great Britain's pollution prevention and regional environmental management devolution efforts, and

Canada's industrial pollution and government capacity building project. USAID also enjoys a collaborative relationship with several Egyptian ministries involved in the environment and with regional governorates. The Egyptian Government provides more than \$75 million in cash and in kind in support of environmental activities, including facilities, equipment, and staff.

Principal Contractors, Grantees, or Agencies: USAID presently implements this activity using: Chemonics International, and the International Resources Group, Inc.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2002)
Pollutants reduced (in tons):			
Lead	519	1497	1,594
Particulate Matter	256,000	891,000	1,060,000
Carbon Monoxide	44,962	443,778	739,674
Sulfur Oxides	44,472	378,223	669,726
Nitrogen Oxides	36,681	308,460	571,535

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Natural Resources Managed for Environmental Sustainability, 263-SO08

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$16,814,000 ESF

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Egypt has one of the fastest growing tourism industries in the world, based largely upon two key assets: its rich cultural heritage and the spectacular coral reefs of the Red Sea and the Gulf of Aqaba. However, rapid tourism growth contributes to uncontrolled, accelerated development along the Red Sea coast and to increased diving and fishing that threaten the extensive coastal reef ecosystem. The purpose of the strategic objective is to foster sustainable management of coastal and marine resources by addressing the policy and institutional weaknesses that allow uncontrolled, non-sustainable tourism growth to threaten the natural resources base. The Egyptian public and private sectors stand to gain long-term economic benefits from sustainable tourism development.

Key Results: Measurable stabilization and improvement of the condition of the reefs and coastal habitats hinge upon an expanded and fully operational Red Sea Marine Park, better management and construction practices in the tourism sector, public and private sector adoption of improved technologies, institutional development for government agencies charged with environmental management, and strengthened non-governmental organizations, supported by growing public awareness.

Performance and Prospects: In collaboration with the Egyptian Environmental Affairs Agency and the Tourism Development Authority (TDA), USAID has supported a pilot program to help preserve and protect the natural and cultural environment along the Red Sea coast through promoting environmentally appropriate tourism activities. Key accomplishments are: (1) the development and implementation of the environmentally sustainable tourism strategy for the Red Sea coast; (2) development of a management plan for the Red Sea Marine Park; (3) installation and maintenance of 400 mooring buoys in the new Marine Park Protectorates area; (4) implementation and dissemination of best practices guidelines for hotel facility construction and management on the coast; and (5) training for the newly established ranger corps, as well as boat crews and captains. In 1998 the general health of 70% of the Red Sea coral reefs currently visited by tourists either showed no further degradation or improved as a result of the ongoing mooring buoy installation program and very active management by Red Sea Marine Park ranger staff trained under the pilot program. Five islands in the Red Sea, previously closed to tourism, are again open and mooring buoys are in place. In addition, TDA has initiated a program requiring all tourism investors to complete environmental impact assessments for their facilities.

Based on the successful pilot, USAID initiated the Egyptian Environmental Policy Program which helps Egypt implement reforms to promote sustainable management of Red Sea coast resources. The program encourages nationwide policy reform and provides technical assistance to help achieve sustainable tourism development along

the Red Sea coast. The assistance addresses: cross-cutting policy issues that constrain effective environmental management; policies that adequately protect Red Sea coral reefs and islands and critical coastal zones; the establishment and implementation of the Red Sea Islands National Park management plan; sound development of Red Sea properties; improved environmental analysis and management capacity for selected Egyptian Government institutions; management training for the tourism sector; and policy reforms to allow national park to raise and retain revenues for site maintenance and operation. USAID funds also support activities to strengthen linkages among non-governmental organizations and the public and private sectors.

Possible Adjustments to Plans: None anticipated at this time.

Other Donor Programs: USAID collaborates closely with the European Union (EU) to replicate in the Red Sea and coastal areas the EU-funded marine park system developed for the Gulf of Aqaba. The Egyptian Government is contributing staff (park rangers), salaries, housing, basic training and operational expenses for the new marine park system.

Principal Contractors, Grantees, or Agencies: The International Resources Group Inc. provides technical support for the activities.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2002)
Percentage of sites where Coral Reef Index does not degenerate		90%	90%
Percentage of sites where environmental safeguards are undertaken to eliminate coastal alteration practices which threaten reefs and mangroves	5%	40%	80%
Revenues collected from Egypt's marine parks and allocated to fund in full park operations and maintenance costs	5%	50%	100%

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 SOURCES: FY 2000: \$44,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The valuable resources of Egyptian universities are not properly utilized in the solution of Egyptian development problems due to the absence of a relationship between applied research end-users and the universities. The purpose of this effort is 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. The beneficiaries 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.

Key Results: The key results that are necessary to achieve this objective are: (1) increased end-user demand for university research services: 50% of the research grants need to be implemented with significant end-user cost sharing; (2) strengthened/expanded cooperative relationships between Egyptian and U.S. universities and Egyptian end-users, especially from the private sector: 75% of research grants need to be judged to have met high quality standards; and (3) Egyptian development problems solved by Egyptian university researchers: 25% of grants need to

have an internal rate of return exceeding 30%.

Performance and Prospects: An external assessment of the predecessor phase indicated 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.

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 private sector growth and development.

USAID provides technical assistance in project and financial management, technical assistance from U.S. universities to help Egyptian counterpart universities with the design and conduct of applied research addressing Egyptian end-user problems in various sectors and procurement of needed laboratory equipment. Achievements to date include the establishment of a project and financial management system for operating the grants system and the award of 48 linkage grants funded at \$ 7.9 million to nine Egyptian universities and 35 U.S. universities. Seventeen of these grants are with nine historically black colleges and universities.

Possible Adjustments to Plans: None anticipated at this time.

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

Principal Contractors, Grantees or Agencies: The main contractor providing technical assistance is Mendez-England and Associates, 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 historically black colleges and universities.

Selected Performance Measures:

While most indicators below measure success of research activities and will be measurable only after these grants are implemented in 1999 and 2000, an assessment of work in progress will be conducted in early 1999. If necessary, the targets will be modified when baseline data is available.

	Baseline	Targets	
		(1999)	(2000)
Full Grants		60	75
Number 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)	50%
Number of implemented research grants with significant end-user cost sharing.	N/A	50% of a sample of implemented research grants meet cost-sharing requirements	50%
Number 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	75%
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	25%

ACTIVITY DATA SHEET

PROGRAM: EGYPT

TITLE AND NUMBER: Improved Civil Legal System, 263-SpO C

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$21,000 ESF

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The Egyptian judicial system is unable to be fully supportive of the expanding private sector because delivery of justice is slow and judicial personnel are not fully briefed on new laws and regulations affecting the private sector. The system is unable to provide efficient legal services to support private sector-led economic growth. It is set up to serve a centrally planned socialist economy and is burdened with delays and backlogs, making it susceptible to corruption. Litigation costs are unreasonably high, and commercial users neither have fair access nor extensive confidence in system quality. This objective aims to 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. Direct beneficiaries are staff of the two pilot court systems and the approximately 3,000 judges who receive training under this activity. Indirect beneficiaries are the overall civil/commercial legal system as lessons learned in the pilot courts are adopted more broadly. Ultimately, the general public and businesses can benefit from improved rule of law in Egypt.

Key Results: The two key results important for achieving this objective are: (1) improved efficiency of two pilot court systems: case processing time needs to be reduced by 40%; and (2) judges more knowledgeable of Egyptian Civil Law: tested knowledge needs to improve by at least 15%.

Performance and Prospects: After a slow start-up, the activity is now making good progress and direct feedback from judges confirms the significance and effectiveness of the training courses and study tours that have been conducted.

Planned activities under the Administration of Justice Support project include: implementation of streamlined administrative procedures and modern, automated case-flow management system; installation of computerized legal information and case processing system; and provision of modern judicial training programs. Achievements to date include: approximately 500 judges, judicial trainers and court administrators received training in modern legal trends and use of computers; equipment for the automated typing pool court has been delivered and installed; computer literacy lab has been delivered and installed at the National Center for Judicial Studies (NCJS); four commercial code training programs involving more than 100 judges have been implemented; five administrative and management courses were offered; a case bank has been organized with hundreds of cases stored for training purposes; an office automation system has been installed at the NCJS; advanced training programs system benefiting 20 judicial trainers and 50 employees have occurred; reengineered court management systems have been developed and are being implemented for archives, case initiation, case-flow management, organization and training; and 75 computers equipped with legal research software have been delivered for civil judge use.

Possible Adjustments to Plans: The activity may be extended by nine months to compensate for a slower than planned start-up.

Other Donor Programs: USAID is currently the only donor working in this area. The Egyptian Government contributes approximately \$780,000 in local currency to fund training, technical assistance and commodities to complement USAID funding.

Principal Contractors, Grantees or Agencies: USAID implements activities through America-Mideast Educational and Training Services, Inc., a U.S. PVO, and the U.S. Information Agency.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2001)
Documented pilot court system tested and accepted for replication by the Ministry of Justice.	0	0	2

Measurable improvement in lawyers' perceptions toward court operations from less favorable to more favorable.

43%

55%

60%



INDIA

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$25,631,000	\$24,700,000	\$28,700,000
Child Survival and Disease	\$17,044,000	\$17,150,000	---
P.L. 480 Title II	\$94,948,000	\$110,503,000	\$81,650,000

Introduction

USAID's program in India responds to two key U.S. national interests: (1) global issues of population growth, infectious diseases, and climate change; and (2) humanitarian concerns of alleviating poverty and reducing malnutrition. India 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, tuberculosis and polio. India continues to have the largest concentration of poor in the world, more than 300 million. Despite gains in food production, half of its children are malnourished. With nearly a billion people, India's progress in slowing population growth, greenhouse gas emissions and infectious diseases and reducing poverty are vital to successfully addressing U.S. global issues and humanitarian concerns.

As a consequence of India's May 1998 nuclear tests, the United States imposed sanctions on India. Programs terminated under sanctions include financial sector reform and agribusiness development.

The United States continues to be India's largest trade and investment partner. In 1997-98, trade between the two countries was \$10.36 billion; approvals of U.S. direct investment totaled \$783.4 million in the first three quarters of 1998. The potential for expanded trade and investment is enormous but dependent upon a second wave of Indian economic reform. India's external debt is manageable as indicated by 1998 estimates of the stock of debt (\$92 billion), foreign exchange reserves in months of imports (six months), the current account deficit as a percent of GDP (2.3%) and the debt service ratio (21.7%) which are all largely unchanged from the previous year.

Development Challenges

India's ability to achieve sustainable growth and reduce poverty depends greatly on its ability to stabilize population growth. Its population will reach one billion by the year 2000 and, not long after, will surpass China as the world's most populous country. A major contributing factor to India's rapid population growth is the lack of access to reproductive health services. Hence, USAID's program to stabilize population growth focuses on improving the quality of, and access to, family planning services in Uttar Pradesh, India's most populous state with 154 million people. In the program's pilot areas, use of contraceptives increased from 16 percent to 36 percent in three years.

Malnutrition in more than 50 percent of India's children is reflected by the death of one of every nine children before reaching age five. India has 25 percent of the world's child deaths. Under the humanitarian assistance program, P.L. 480 Title II food and development assistance resources are integrated in activities that provide supplementary feeding and basic health services to mothers and children. USAID is working with Cooperative for Assistance and Relief Everywhere (CARE) and Catholic Relief Services (CRS) to feed and deliver health services daily to seven million of India's poorest people. Overall impact of the humanitarian assistance program has been to: (a) increase the percentage of children under two years receiving supplemental food; (b) improve access to immunization in program areas; (c) increase access to iron-folate supplements by pregnant women; and (d) improve rates of timely complementary feeding for infants 6-9 months.

Food assistance helps USAID respond rapidly to natural disasters. In FY 1998, \$2.4 million of food was provided to 846,571 victims of natural disasters through the CARE and CRS programs. Three times during FY 1998, USAID

provided \$25,000 in disaster assistance: to meet immediate needs of the victims affected by tornadoes in Orissa and Bengal, the cyclone in Gujarat, and to help those affected by the floods in various parts of north and eastern India.

India's commitment to accelerated economic growth, coupled with its massive population, has serious implications for the environment. The growing demand for power, fueled largely by high-ash coal, makes India a major, and increasingly significant contributor, to global warming. USAID is assisting the Indian power sector to adopt environment-friendly, energy-efficient technology for power generation and distribution. A USAID-funded pilot activity has already helped the National Thermal Power Corporation, which generates over 25 percent of India's thermal power, to cut carbon dioxide emissions by nearly 2 million tons annually, with a potential to mitigate another three million tons. India's three largest metropolitan cities rank among the ten worst polluted in the world. Air pollution and inadequate access to clean water and sanitation add to the incidence of chronic respiratory diseases and other communicable illnesses. USAID assistance to Indian cities aims to reduce the debilitating impacts on health from urban pollution by introducing new approaches to urban environmental planning and urban water supply and sanitation systems. Technical and capital assistance have already helped create a \$200 million build-operate-transfer water and sewerage project in Tiruppur and launch a \$25 million municipal bond--the first in South Asia--in Ahmedabad to finance new water and sanitation services.

As one of the world's epicenters for HIV/AIDS, India has an estimated 3-5 million persons who are HIV positive, more than any other country. USAID, through interventions in Tamil Nadu, has contributed to a measurable increase in condom use by high-risk groups. A major expansion of the HIV/AIDS initiative into Maharashtra state, which has the largest number of HIV/AIDS positive cases, is planned. To eradicate polio in India, USAID provided \$4 million to the World Health Organization (WHO), United Nations Children's Fund (UNICEF) and Rotary International for an immunization campaign which in 1998 reached about 125 million children under five years on a single day. The on-going campaign has led to a 94% drop in polio cases.

The low status of women is tellingly reflected in India's 1991 census data which shows a sex ratio of 927 females per 1,000 males and a female literacy rate of 39% versus 64% for males. Data from 1994 shows 43% of eligible girls are enrolled in primary school compared to 62% of boys. USAID's programs seek to increase women's decision-making power by supporting indigenous organizations in the areas of microfinance for women, girls' school participation and combating violence against women.

The breadth and depth of development problems in India, and the U.S. national interest in progress on these problems, suggest a graduation time frame that runs beyond the medium term.

Other Donors

Seven multilateral and 13 bilateral donors provide assistance to India. The United States is the seventh largest donor after the World Bank, the Asian Development Bank, the European Union, Japan, Germany and United Kingdom. We collaborate closely with other donors on reproductive health, HIV/AIDS and other infectious diseases, population, climate change, urban environmental infrastructure and women's empowerment.

FY 2000 Program

USAID/India requests \$28,700,000 of DA, \$16,000,000 of CSD and \$81,650,000 of P.L.480 Title II for the FY 2000 program of assistance to India. The program will stabilize population growth; cut pollution in power generation and cities; reduce transmission of HIV/AIDS and other infectious diseases; empower women and meet humanitarian needs of India's poorest populations.

INDIA

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O. 2. Reduced Fertility and Improved Reproductive Health in North India							
-DA	---	17,000	---	---	---	---	17,000
-CSD	---	4,500	---	---	---	---	4,500

S.O. 3. Increased Child Survival and Nutrition in Selected Areas of India							
-CSD	---	2,000	---	---	---	---	2,000
-P.L. 480/Title II	---	---	---	---	---	81,650	81,650
S.O. 4. Increased Environmental Protection in Energy, Industry and Cities							
-DA	---	---	10,000	---	---	---	10,000
S.O. 7. Reduced Transmission and Mitigated Impact of Infectious Diseases, Especially STD/HIV/AIDS in India							
-CSD	---	8,500	---	---	---	---	8,500
Sp.O. 3. Expanded Advocacy and Service Delivery Networks for Women							
-DA	1,300	---	---	400	---	---	1,700
-CSD	---	---	---	---	1,000	---	1,000
Totals							
- DA	1,300	17,000	10,000	400	---	---	28,700
- CSD	---	15,000	---	---	1,000	---	16,000
- P.L. 480/Title II	---	---	---	---	---	81,650	81,650

USAID Mission Director: Linda Morse

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 SOURCES: FY 2000:\$17,000,000 DA; \$4,500,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: With nearly a billion people, India accounts for 16% of the world's population, and adds a further 18 million people a year - one fifth of global population growth. The purpose of this strategic objective (SO) is to reduce the current high level of fertility and improve women's reproductive health by: 1) increasing quality of, access to, and demand for a broad range of reproductive health and family planning services and 2) addressing related fertility parameters, including the status of women in north India. The direct beneficiaries are women of childbearing age (15-49) in 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. Secondary beneficiaries are children under age five, in particular, female children whose survival will be enhanced by the program. The major intervention under this SO is the Innovations in Family Planning Services (IFPS) activity implemented in Uttar Pradesh, India's most populous state (154 million). Complementary to the IFPS activity is the Program for the Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH) activity, designed to stimulate private sector participation and commercial partnerships for the development, promotion and availability of reproductive health and child survival technologies.

Key Results: A revised set of intermediate results was established in FY 1998 for this SO: (1) increased quality of family planning services; (2) increased use of family planning services; and (3) increased use of reproductive health services.

Performance and Prospects: Two hundred and forty grants, including 147 to non-government groups, have been made in Uttar Pradesh. The 93 government grants are supporting improvements in health worker skills through training and provision of equipment; minor infrastructure upgrading of clinics; quality improvements in client counseling and use of better infection prevention practices; improved contraceptive logistics; and development of

reproductive health camps offering family planning, antenatal care and immunization services. In the private sector, broader community participation has been stimulated through the 147 grants to NGOs and cooperatives to provide information, education and temporary family planning methods to 700,000 people. An integrated public/private sector programming approach in six districts is underway, promoting broad-based participation and decentralized management. A statewide communications campaign in Uttar Pradesh was launched, in which 10,000 health workers were trained and provided materials to educate and counsel couples on family planning. In addition, local folk troupes were contracted to provide performances at the community level on the pros and cons of family planning. Radio and TV spots have been designed and will be aired by April 1999.

To improve birth outcomes for both mother and child, traditional birth attendants have been trained in three districts in safe delivery practices. An assessment of this intervention is underway to plan for expansion. In addition, a community-based study on training of family and community members to provide care during pregnancy and assistance during delivery is underway to develop replicable models to reduce maternal mortality and improve neonatal survival.

A four-state generic campaign to promote acceptance and use of oral contraceptives was launched in north India. Complementary to this is the development of a statewide contraceptive marketing campaign in Uttar Pradesh for promotion and distribution of condoms and oral contraceptives to rural areas. These two activities will broaden access to temporary contraceptive methods, allowing couples more choice in planning their family.

The second USAID-funded National Family Health Survey for the 25 states of India is currently underway. Key health indicator data will be available by mid-1999. This data is utilized widely by the GOI, donors and others within India and internationally to track health trends over time.

Considerable progress has been made in building program momentum to reduce fertility and improve reproductive health in north India. Emphasizing improved access to quality reproductive health services, the program is rapidly expanding to 29 districts covering a population of 72 million.

Possible Adjustments to Plans: None

Other Donor Programs: The World Bank, United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF), and the British 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 initiative in reproductive health being launched by the World Bank. The GOI contributes substantial resources through its existing personnel and massive infrastructure to provide health and family welfare services to the general public. GOI health and family welfare services address the needs of large numbers of extremely poor clients who are unable to purchase health services from the private sector.

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

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2004)
* Number of public sector clinics with satisfactory quality ratings ¹	4	72	361
* Annual number of public sector family planning clients by methods ¹	303,000	454,000	661,000
* Annual number of private sector family planning clients by spacing methods ¹	11,000	24,000	41,000
* Annual contraceptive Social Marketing (CSM) and Commercial sales of			
- oral pills (million cycles) ²	4.2	6.3	10.4
- condoms (million pieces) ²	104	127	205

* Percentage of pregnant women receiving Ante Natal Care (ANC) services ¹			
- two doses of Tetanus Toxoid	43%	46%	50%
- 100 Iron and Folic Acid Tablets	32%	34%	40%
* Percentage of deliveries attended by trained provider	17% (1995)	22%	30%

¹ in 28 priority IFPS Activity districts; ² in Uttar Pradesh

ACTIVITY DATA SHEET

PROGRAM: INDIA

TITLE AND NUMBER: Improved Child Survival and Nutrition in Selected Areas of India, 386-SOO3

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$2,000,000 CSD; \$81,650,000 P.L. 480 Title II

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: One-third of India's nearly one billion people lacks adequate food. More than half of India's young children (73 million) are underweight, and chronic maternal malnutrition is high: one of every nine children die before the age of five. Infant and child mortality rates are very high. Poor access to health care, high illiteracy rates and poor nutrition and health practices contribute to the high mortality and malnutrition. Because poor women and children, particularly in remote rural and tribal areas, have the greatest mortality risks, the purpose of this strategic objective (SO) is to reduce the high levels of child mortality and malnutrition. The major activity that contributes to this SO is the P.L. 480 Title II program being implemented by Cooperative for Assistance and Relief Everywhere (CARE) and Catholic Relief Services (CRS). The program reaches more than seven million women and children by integrating Title II commodities and other GOI and non-governmental resources in the program. Through the GOI's Integrated Child Development Services (ICDS) program (India's equivalent of Head Start), CARE taps into a network of over 111,000 village centers. CRS, working through private registered social service societies including programs managed by Mother Teresa's and the Dalai Lama's organizations, reaches those women and children who are not served by the GOI's ICDS.

A bilateral activity, the Program for Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH), complements the Title II program by providing support at the national level for technologies aimed at improving child survival while increasing commercial marketing and distribution of quality child survival products and services such as Oral Rehydration Salts (ORS) and vaccines.

Key Results: Among the multiple factors influencing child survival and nutrition, three key intermediate results were identified by USAID as critical in the Indian context to achieve this objective: (1) increased use of key child survival interventions; (2) improved maternal and child nutrition; and (3) improved targeting of at-risk populations.

Performance and Prospects: Under the Title II activity, performance surpassed expected levels for all key results. In FY 1997, under the CARE program areas, immunization rates were 60% (planned - 31%); iron-folate supplementation of pregnant women improved from 13% to 26% (planned - 20%) despite problems in GOI supplies of the tablets; the percentage of infants receiving complementary foods at 6-9 months of age increased from 46% to 65% (planned - 50%); and the coverage of under-two-year-olds in the program rose from 40% to 63% (planned - 43%). These initial results are encouraging and the trends indicate that the strategy of using food to draw children and mothers into programs where they can receive health care services is working. The program is, thus, expected to achieve the projected improvements in nutritional status of children. A mid-term review of the CARE and CRS Title II programs planned for FY 1999 will assess the success of the strategy and recommend any mid-course corrections in strategy and activities.

Nearly one-fourth of child deaths are due to diarrhea, a substantial proportion of which can be prevented by the use of oral rehydration salts (ORS). Under the PACT/CRH activity: (i) the Industrial Credit & Investment Corporation of India (ICICI) is in the process of approving a loan to a firm with an extensive distribution network to manufacture, market and promote ORS in India. A generic promotion campaign to position ORS as the scientific, doctor-recommended, first-line product for all cases of childhood diarrhea is scheduled to be launched this year; (ii) ICICI has also entered into an agreement with the premier vaccine manufacturer in India, the Serum Institute, to

produce and market a high quality Mumps, Measles and Rubella vaccine through commercial channels; and (iii) a grant has also been provided to set up an Information Center for Child and Reproductive Health and AIDS Prevention.

USAID, along with the World Bank, has funded a large Deworming and Enhanced Vitamin A (DEVTA) trial. The ongoing trial covers 8,000 villages and about 1 million children and is based on results of a smaller study that showed improved impact of Vitamin A on growth of children with concomitant deworming. The study will determine the impact of enhanced vitamin A coverage and deworming on mortality and growth of children and will also provide a sustainable model for improved delivery of micronutrients, including vitamin A. USAID plans to fund additional research that will inform government policy on vitamin A and anemia control programs.

Possible Adjustments to plans: USAID proposes to develop new activities that would strengthen its contribution to improving child survival and nutrition, particularly micronutrient status. Discussions have been initiated with key nutrition and research institutions in this regard.

Other Donor Programs: Other donors working in the nutrition and health sector include the United Nations Children's Fund, World Bank, Swedish International Development Agency, and World Food Program . In addition, the GOI funds all of the ICDS services, program personnel, infrastructure, for the CARE program and in-country transportation and storage costs for all P.L. 480 Title II commodities. CARE and CRS provide technical assistance, training and logistic support.

Principal Contractors Grantees or Agencies: USAID implements the P.L. 480 Title II India program through U.S. PVOs, namely CARE and CRS. The PACT/CRH is implemented through ICICI, with U.S. technical assistance from Program for Appropriate Technology in Health.

Selected Performance Measures:

	Baseline ¹ CARE: 1996 CRS: 1997	Target ¹ 2000	Target ¹ 2001
Percent of children fully immunized by age one			
CARE:	28	40	44
CRS:	28	43	48
Percent of pregnant women who Received 90-100 iron-folate tablets During their pregnancy			
CARE:	13	30	35
CRS:	13	28	33
Percent of infants who received Breast-milk and solid-mushy foods At 6-9 months of age			
CARE:	46	62	65
CRS:	64	78	78

¹ Population covered lies within CARE and CRS serviced catchment areas.

ACTIVITY DATA SHEET

PROGRAM: INDIA

TITLE AND NUMBER: Increased Environmental Protection in Energy, Industry, and Cities, 386-SO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000:\$10,000,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: This strategic objective (SO) funds work which increases efficiency and reduces pollution in the electric power and industrial sectors to reduce greenhouse gas (GHG) emissions, and improves urban environmental planning and infrastructure. India is the sixth largest and second fastest growing producer of GHG in the world. Electric power generation is the major source of GHG emissions in India, accounting for 48% (or 71 million tons) of India's carbon emissions from fossil fuels. The activity supports the adoption of GHG reduction technologies and practices by the electric power sector. The activity also assists adoption of environmental management systems and clean technology practices by high energy-intensive industries, directly benefiting the firms, their workers and the local community. In addition, the activity improves living conditions in urban areas by assisting local governments in providing commercially viable basic services (water, waste collection and sewerage) to the fast growing urban

population, especially to low income groups. The rapid growth in India's urban population has put urban environmental infrastructure, including water supply, sanitation, and sewerage systems, under tremendous strain. Close to 40% of the urban population live in slums and squatter settlements without any significant access to these basic services, causing severe health problems to the most vulnerable groups of the population.

Key Results: Achievement of three key results by 2002 will indicate the successful attainment of this SO: (1) increased access to improved drinking water, waste water and solid waste services through commercially viable systems; (2) increased avoidance of emission of carbon dioxide equivalents; and (3) increased number of firms that meet international environment quality standards in selected industrial sectors.

Performance and Prospects: USAID helped the Ministry of Power draft the Energy Conservation Act to be approved by the Indian Parliament in early 1999. In the state of Haryana, USAID identified and developed projects worth \$40 million for the World Bank to improve low-tension electricity distribution. USAID technical assistance to the states of Punjab, Haryana and West Bengal is helping establish State Electricity Regulatory Commissions to improve power sector efficiency. USAID recommendations have led to the reduction of two million metric tons of carbon dioxide by power plants of the National Thermal Power Corporation and by the Gujarat Electricity Board.

USAID's support for renewable energy technologies has resulted in the installation of nearly 200 MW of sugar co-generation power plants using bio-mass fuels and domestic lighting for nearly 2500 rural homes using solar photovoltaic technology. The signing of new partnership agreements between leading Indian and U.S. power utilities and regulatory agencies under the USAID-funded Utility Partnership Program provides a long-term mechanism for transfer of U.S. non-nuclear technology and experience to Indian organizations, while opening the door for U.S. exports. The USAID Energy Training Program provides training for ongoing regulatory reform and energy efficiency in India.

USAID's Clean Technology Initiative is providing assistance to Indian industry to adopt certified environmental management systems and is enhancing the capacity of industry to incorporate best technologies and practices into their operations to enhance productivity and profitability. Energy intensive sectors of cement, thermal power and steel were targeted for assistance. Nine firms will achieve ISO 14000 certification under a pilot phase.

USAID's achievement in improvement of urban environmental infrastructure in India is well recognized. The Ahmedabad Municipal Corporation (AMC) succeeded in issuing a \$25 million municipal bond, the first one in South Asia, to help finance the city's environmental infrastructure projects including provision of basic services to slum communities. Thereafter, USAID assisted AMC to prepare commercially viable water supply and sanitation projects. USAID's Urban and Environmental Credit Loan Guaranty of up to \$25 million to AMC has also been an important "confidence builder" for this innovative package of changes. In the state of Tamil Nadu, the negotiations for the first build-operate-transfer project on water supply and sewerage in Tiruppur has been completed and is nearing financial closure and the commencement of construction.

Responding to the needs of both city governments and NGOs working on community based environmental improvements, USAID provided technical assistance to develop a "tool kit" of improved environmental management approaches and helped five cities to prepare environmental status reports/workbooks, comparative risk assessments, and environmental management plans.

Possible Adjustments to Plans: New funding for energy activities under this Strategic Objective was suspended in May 1998 as a part of the response to India's nuclear tests. Limited energy activities are currently being implemented with "pipeline" budgets from years prior to FY 1998. If there is no change in the suspension by mid-1999, the target achievements will have to be revised. Results and benefits will decrease significantly.

Other Donor Programs: USAID works closely with the World Bank (WB), the British Department for International Development and Asian Development Bank (ADB) on power sector reform and restructuring. A proposal for funding to improve the low-tension distribution system in the energy sector is under review by the WB. USAID is working with the WB and ADB to provide complementary grant-funded technical assistance to the states of Haryana, Punjab and West Bengal for power sector regulatory reform. Negotiations for WB assistance to augment the resources of the Tamil Nadu (TN) Urban Development Fund for financing environmental infrastructure projects in the state, have reached the final stages. The WB project paper has been developed in consultation with USAID and draws heavily from the work experience of USAID in TN. USAID will complement the WB's effort in the institutional strengthening component of the project.

Principal Contractors, Grantees or Agencies: Current grantees and contractors include: International Resources Group; Federal Energy Technology Center of U.S. Department of Energy; Winrock International; Institute of International Education; United States Energy Association; Hagler Bailly Services Corporation; and Community

Consultants Inc. Indian partners include: Ministry of Power; Central and State Electricity Regulatory Commissions; State and private sector power utilities; Ministry of Environment and Forests; Power Finance Corporation; Industrial Development Bank of India; ICICI Limited; National Thermal Power Corporation Limited; Confederation of Indian Industry; Federation of Indian Chambers of Commerce and Industry; National Institute of Urban Affairs; Housing and Urban Development Corporation; and Infrastructure Leasing and Financial Services.

Selected Performance Measures:

	Baseline (1995)	Target (2000)	Target (2002)
Increased access to improved drinking water, waste water and solid waste services through commercially viable systems (population in million)	0	.70	5
Emissions of carbon dioxide equivalents avoided (in million tons)	0	12.0	22.4
Increased number of firms that meet international environmental quality standards in selected industrial sectors (number of firms)	0 (1998)	15.0	25
¹ cumulative CO2 avoided			

ACTIVITY DATA SHEET

PROGRAM: INDIA

TITLE AND NUMBER: Reduced Transmission and Mitigated Impact of Infectious Diseases, especially STD/HIV/AIDS in India, 386-SO07

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$8,500,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: In FY 1992, USAID responded to early evidence of a growing problem of Human Immuno Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) in India by developing the AIDS Prevention and Control (APAC) activity in the south Indian state of Tamil Nadu - one of India's three recognized epidemic epicenters. APAC activities aim to prevent and control sexual transmission of HIV among groups engaging in high-risk behavior by: 1) using proven strategies of education for behavior change; 2) expanding access to and utilization of high quality condoms; and 3) expanding access to and utilization of quality treatment for sexually transmitted diseases (STD). In addition, the Program for Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH) aims to stimulate the private sector to improve access to and quality of health products and services, especially condoms.

In FY 1998, USAID/India expanded its program to include the state of Maharashtra, which accounts for over 50% of all reported HIV and AIDS cases in India, with a \$41.5 million funding effort. In Maharashtra, comprehensive prevention programs will focus on the urban areas of Mumbai, Pune, Thane and Sangli, where more than 80% of Maharashtra's sex workers live and work. The activity will also help strengthen the capacity of the state government to respond to the epidemic.

While commercial sex workers and their clients are the immediate direct beneficiaries of HIV/AIDS prevention programs, women and children represent 50% of all beneficiaries.

Another objective of the SO is to help eradicate polio. USAID, through the Global Bureau, provided \$4 million to UN organizations and Rotary International to help implement the Government of India's (GOI) polio eradication program. Also, the Global Bureau provided \$2 million through the World Health Organization to the GOI's tuberculosis research center in Chennai and for development of integrated national disease surveillance systems. Another \$2.2 million has been provided to the International Clinical Epidemiology Network (INCLEN) for research on infectious diseases in India.

Key Results: Critical to HIV/AIDS prevention programs is moving those engaged in high-risk behavior beyond knowledge about methods of preventing sexual transmission to actual adoption of safe practices.

Performance and Prospects: In the last three years, 102 non-governmental organizations (NGOs) in Tamil Nadu have been funded to carry out prevention programs for high risk groups such as truck drivers and their helpers and women in prostitution and their clients. At least six NGOs have received grants to serve each of these groups. In 1997, 66% of truck drivers and their helpers reported condom use during their last sexual encounter with a female

commercial sex worker – up from 55% in 1996. Also in 1997, 79% of truck drivers and their helpers reported that they sought care from qualified medical practitioners for STD symptoms - up from 64% in 1996, while 83% of male factory workers reported similar health-seeking behavior, an improvement over the previous year's 58%. To improve the quality of care for STDs, 615 (480 males and 135 females) physicians have been trained using a module developed by APAC. To improve the availability of and demand for high quality condoms for disease prevention, APAC entered into a collaborative effort with a manufacturer to expand the retail sales network from 25,000 to 65,000 outlets in Tamil Nadu. 2,125 retailers in Tamil Nadu will be trained over the next 12 months to motivate them to more actively promote condoms at point of purchase.

PACT/CRH has provided loans to private-sector manufacturers to expand the marketing and distribution of condoms and to manufacture and market condom vending machines. PACT/CRH has assisted manufacturers to improve their internal quality control procedures, an issue of central importance to HIV/AIDS prevention. PACT/CRH technical experts are also assisting the Drugs Controller of India to strengthen the Government's quality control monitoring capacity and 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 industrial workplaces.

Under the polio eradication activity, the support of USAID, the GOI and other donors resulted in a large-scale campaign which inoculated 125 million children under five years on a single day in 1997-98. Reported polio cases have dropped by 94% from 24,257 cases in 1988 to 1,477 in 1997. India's contribution to the worldwide burden of polio cases has been significantly reduced.

Possible Adjustments to Plans: It is expected that the Maharashtra activity will be signed with the GOI and that implementation will begin by April 1999.

Other Donor Programs: The GOI's 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 \$200 million, five-year program is presently being negotiated for an April 1999 start. The British Department for International Development is currently negotiating with the GOI to launch an \$80 million assistance program that will encompass a country-wide intervention with truck drivers to promote behavior modification and STD treatment, and also behavior change programs in the Indian states of Andhra Pradesh, West Bengal, Kerala, Gujarat, and Orissa. The European Union supports NGO activities in several Indian states. UNAIDS coordinates the response of the UN agencies to HIV/AIDS in India. All donor programs, including USAID's, have been carefully coordinated to complement the World Bank-assisted NACP.

Principal Contractors, Grantees, or Agencies: Voluntary Health Services and Industrial Credit and Investment Corporation of India have been the central organizations implementing the Tamil Nadu and PACT/CRH activities. Family Health International, a U.S. organization that collaborated in the Tamil Nadu activities, and Deloitte Touche Tohmatsu are collaborators under the PACT/CRH activities.

Selected Performance Measures (in Tamil Nadu):

	Baseline	Target (2000)	Target (2002)
Percentage of individuals belonging to specified high-risk groups who report condom use in most recent sexual encounter with a non-regular partner.	37% (1996)	57%	62%
Percentage of population seeking care from qualified medical practitioners for symptomatic STDs.	52% (1996)	72%	77%
Cumulative number of APAC grants for AIDS prevention.	0 (1995)	75	100

ACTIVITY DATA SHEET

PROGRAM: INDIA

TITLE AND NUMBER: Expanded Advocacy and Service Delivery Networks for Women, 386-SP03

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$1,700,000 DA; \$1,000,000 CSD

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Women are the most disadvantaged members of the Indian population and comprise the largest section of the population living in absolute poverty. The low status of women is reflected in indicators such as a low literacy rate, a significant gender gap in primary education, high prevalence of a number of forms of violence against women, and lack of access to financial services. India's most recent census figures (1991) indicate that there are 927 females for every 1000 males, and a 1992-93 study of literacy identifies literacy rates of 43% for females and 69% for males. Activities under the strategic objective (SO) seek to expand women's role and participation in decision making through the areas of micro-finance for women, greater school participation for young girls, and the prevention of violence against women. The program is based on extensive consultations with women's groups, grassroots organizations, research institutions, government, media groups, and other donors. This special objective benefits the school-going girls in Rae Bareilly district of Uttar Pradesh (UP), low-income women in rural areas who will have access to financial services as a result of USAID intervention and women who are, or potentially may become, victims of violence.

Key Results: The special objective has three intermediate results: (1) increased number of women clients receiving financial services as a result of improved business planning of participating institutions; (2) increased number of local institutions and their constituencies collecting data and advocating against violence against women; and (3) increased enrollment and retention of girls in primary schools in one district in UP.

Performance and Prospects: Through USAID assistance, Friends of Women's World Banking (FWWB) trained 31 NGOs in strategic business planning. The first group of trained NGOs, who were serving a total of 26,578 low-income women, were able to achieve a 70% increase in coverage following a training exercise in strategic business planning. FWWB expects a similar increase in the remaining year of the activity.

By the end of 1998, draft reports had been completed on effective responses to domestic violence in the States of Maharashtra, Madhya Pradesh, Gujarat and Karnataka. A case study on violence against women from the Kheda District of Gujarat was also produced in 1998. The analysis of records from local police offices and hospitals is nearing completion and should be ready in time for the dissemination conference scheduled for April 1999. While studies of institutional records will give insights into trends, patterns, and responses to domestic violence, there is a need for more rigorous empirical data to establish prevalence, identify risk and protective factors, and determine the health and economic outcomes. To meet this need, the International Clinical Epidemiology Network (INCLIN) is undertaking a large, multi-site, population-based survey in seven different geographical sites of India, and it is expected to be completed by December 1999. The emphasis in 1999 will be on placing all research studies (and the INCLIN survey) in the larger context of generating awareness around the issue of domestic violence, sensitizing the stakeholders to the nature of the problem, and advocating programs and policies to address the problem. Dissemination conferences are scheduled for April and November 1999, and these will be aimed at researchers, medical practitioners, policy makers, bureaucrats, police, judiciary and human rights groups.

Under this special objective, USAID is also implementing an activity to increase enrollment and retention of girls in primary schools in one district of UP. The girls' education activity focuses on in-class variables, particularly on the pattern of classroom interaction between teacher and girls. In 1998, the action research phase was successfully concluded and resulted in a draft teacher-training module and a gender handbook. The plan now is to implement the training module in the remaining 19 blocks of Rae Bareilly district.

Possible Adjustments to Plans: Technical assistance was sought to analyze existing girls' education programs, to identify a niche for an expanded USAID activity and to set up an effective performance monitoring system for all USAID-supported education activities.

Other Donor Programs: The UN, World Bank, Swiss, Dutch and Canadian Governments all support credit and enterprise programs for women. However, most of these programs focus either on the formal banking system or on women's self-help group formation and development of home-based enterprises. USAID focuses instead on upgrading the technical and managerial capabilities of non-traditional financial institutions, which, by operating on a sound, sustainable basis, will increase the quality and outreach of non-formal financial services they provide to women.

In primary education, the World Bank, UN agencies, European Union and the British Department for International Development (DFID) 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 complements this comprehensive program by focusing specifically on gender training for teachers to improve community and classroom environments for girls' enrollment and participation in schools.

Principal Contractors, Grantees and Agencies: Center for International Education, University of Massachusetts,

International Center for Research on Women and sub-grantees, The Center for Development and Population Activities, Friends of Women's World Banking and other local institutions.

Selected Performance Measures:

	Baseline (1996)	Target (1999)	Target (2000)
Improved business planning process established in participating institutions	0	50	
Increased number of local institutions and their constituencies creating data and informed advocacy on violence against women	0	30	
Training module being used in 'X' blocks in Uttar Pradesh	0 (1996)	6	20

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INDONESIA

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$43,704,694	\$61,550,000 ¹	\$57,850,000
Child Survival and Disease	\$ 9,130,000	\$17,150,000	\$17,150,000
Economic Support Funds	---	---	\$ 5,000,000
P.L. 480 Title II	\$46,833,000	\$11,563,000	---

¹Includes \$10 M in recoveries

Introduction

Indonesia is grappling with a complex crisis of mutually reinforcing political, economic and social dimensions. Its success in resolving the crisis carries significant implications for U.S. interests. With more than 200 million people, Indonesia is both the fourth largest country in the world and has its largest Muslim population. With the first free elections in 33 years scheduled for June 1999, Indonesia has a chance to become the world's third largest democracy. Its enormous natural resource base and human capital have made it a major emerging market for U.S. trade and investment. Its position astride strategic sea lanes gives it geopolitical importance and has been a major force in Indonesia's economic growth. As a central member of the Association of Southeast Asian Nations, Indonesia has been an important contributor to regional stability. Its dramatic economic implosion and concurrent political and social instability have been at the heart of Asia's financial crisis and growing concerns about regional stability.

Development Challenge

Indonesia's crisis is creating widespread unemployment, impoverishing millions and causing extensive human misery. At the same time, it is providing remarkable new opportunities to encourage key economic and political reforms necessary for Indonesia's future sustainable growth and peaceful transition to a more open, less corrupt, and increasingly participatory society.

After 33 years of virtually uninterrupted 7% annual growth, Indonesia's GDP slumped nearly 13% in 1998. The commercial financial sector is paralyzed, and banks have virtually ceased operations. In Jakarta, one out of every three workers is out of work, and unemployment nationwide has reached 20%. The rupiah, after initially losing 85% of its value, has settled uneasily at a level one-third of a year ago. Inflation in 1998 approached 70%. Per capita income dropped from \$1,200 to \$400 (at prevailing exchange rates). An estimated 40 million people fall below the absolute poverty line.

The economic and political situation has had dramatic social impact. On average, 15,000 workers in the formal sector continue to lose their jobs each day. Malnutrition, anemia, and the number of women turning to commercial sex work are on the rise. Health and family planning services, suffering from the inability of government and private suppliers to finance key imported commodities, have been unable to respond. Unable to afford school fees, parents have enrolled fewer children in 1998 than 1997. Commercial distribution systems have been disrupted, and food prices inflated. Anger at inflated prices, in turn, has fueled additional unrest, such as looting and burning of rice warehouses and the breakdown of law and order.

Growing poverty has increased pressure on natural resources. Indonesia is one of the world's most biologically diverse nations. It holds much of the world's primary forests and enormous mineral and coastal resources. The development of these resources will have major biodiversity and global warming implications.

Resolving the current crisis depends on no one solution. Most observers agree that a major first step will be political: the holding of free and fair elections and establishment of a new government with unquestioned legitimacy and

S.O. 6 Health of the Most Vulnerable Women & Children Protected - DA -CSD	-- --	9,500 16,950	-- --	-- --	-- --	-- --	9,500 16,950
S.O. 7 Improved Food Security for the Most Vulnerable Groups - DA - CSD	3,800 ---	--- 200	--- ---	--- ---	--- ---	--- ---	3,800 200
S.O. 8 Strengthened Environmental Management - DA	---	---	8,500	---	---	---	8,500
S.O. 9 Recovery of Economic & Financial Systems - DA	13,050	---	---	---	---	---	13,050
S.O. 10 Democratic Transition Strengthened - DA -ESF	--- ---	--- ---	--- ---	14,500 5,000	---	---	14,500 5,000
S.O. 11 Increased Employment For Targeted Communities - DA	---	---	8,500	---	---	---	8,500
Totals - DA - CSD - ESF	16,850 --- ---	9,500 17,150 ---	17,000 ---	14,500 ---	---	---	57,850 17,150 5,000

USAID Mission Director, Desaix Myers

ACTIVITY DATA SHEET

PROGRAM: INDONESIA

TITLE AND NUMBER:Health of the Most Vulnerable Women and Children Protected, 497-SO06

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES:FY 2000: \$9,500,000 DA; \$16,950,000 CSD

INITIAL OBLIGATION:FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: This objective is to protect the health of women and children by ensuring households have access to essential primary health care services, establishing needed monitoring systems, and providing information on appropriate health behavior.

Indonesia faces both a *health crisis* and a *health care crisis*. Years of progress in building a strong health care system and improving health status are threatened. An estimated 80 million persons now live below the poverty line and cannot meet basic needs, including nutritious diet, transportation to health facilities, and payment of fees for health care, medicines, and contraceptives. Many Indonesians no longer have the purchasing power for care from private providers and must increasingly rely on country or government provided maternal health (i.e., safe pregnancy and delivery); prevention of neonatal mortality; nutrition and prevention of micronutrient deficiencies; family planning; HIV/AIDS and sexually transmitted infections (STIs) control and prevention; and child health services.

At the same time, the GOI budget for the health sector has decreased by as much as 15-20%, reducing the resources necessary to maintain the health care system and its ability to meet increased demand. In sum, there is a widening

gap between the decreased household resources available to purchase health care and the system-wide resources required to address the increasing health needs of the population.

Key Results: Three key intermediate results are identified as necessary to achieve this objective: 1) effective crisis monitoring and disease and nutritional surveillance established to allow the GOI and donors to make efficient program resource allocations; 2) essential health services preserved; and 3) appropriate health behavior services provided families under financial stress.

Performance and Prospects: This objective was established in FY 1998 and, consequently, performance from the past year is not available. The Mission expects that by 2001, family planning utilization, maternal health, and the nutritional status of mothers and children will return to pre-crisis levels and continue to improve thereafter. This timeline assumes that the GOI follows through with commitments to implement targeted health programs and the worst of the economic crisis has already occurred.

Progress towards establishing effective crisis monitoring and disease/nutritional surveillance is promising. Protection of the most vulnerable groups requires the GOI to identify the effects of household and government expenditures on nutritional intake, disease outbreaks, and use of the health care system. This will allow targeting of resources toward the most affected. Strengthening the capacity of the GOI at all levels to monitor health, nutrition and disease will be important for the recovery period and beyond. USAID-funded activities will allow the GOI and NGOs to play an active role in collection, analysis and dissemination of data required for crisis monitoring and surveillance. Policy-makers and program managers will use these data to determine resource allocations and program implementation.

It is too soon to assess progress in ensuring that key primary health care services continue to be available to those most adversely affected by the crisis. Although decision-making is benefiting from improved monitoring and surveillance systems, initial data received are grim. Fewer poor women are using trained providers for prenatal care and delivery of their babies resulting in increased complications and risk of mortality. Declining use of basic child health services is leading to increased child morbidity and mortality. A decline in the use of contraceptives is leading to increased pregnancies, higher birthrates and increased reliance on abortion. As the quantity and quality of food available to poor families decrease, so does families' nutritional status, resulting in micronutrient deficiencies. Sexually transmitted infections are reportedly rising with increased prostitution and reduced condom use, and shortages of diagnostics impedes the ability of the health system to diagnose and treat those infected.

In response, USAID-funded activities are: providing micronutrient supplementation and fortification (particularly vitamin A and iron) in target areas; implementing child feeding programs in collaboration with other donors; providing emergency supplies, contraceptives, training, and operational support for midwives; providing family planning services and related information to targeted districts; and supporting U.S. private voluntary organizations (PVOs) and indigenous NGOs and private sector entities for primary health care programs at the community level and prevention and education on risk factors associated with STIs and HIV/AIDS.

Lower incomes and unemployment are associated with increased susceptibility to infectious diseases and high risk behavior. The unavailability of soap and disinfectants in the home, smoking, untreated water supplies, and prostitution are contributors to illness and are likely to increase during an economic crisis. Campaigns and advocacy to provide families with health related information are essential to prevent lower demand for family planning and basic health services. USAID-funded activities will allow health workers, policy makers and the media to mobilize for the promotion of health messages. Knowledge about appropriate nutrition and cost effective options will increase. Over the long run, as the crisis subsides, families will also have comprehensive information about service availability in the private sector.

Possible Adjustments to Plans: Program emphasis has shifted to maternal/child health and nutrition. Both GOI and USAID monitoring efforts will determine if additional adjustments are necessary.

Other Donor Programs: The Asia Development Bank (ADB) is providing basic health education materials, medical supplies in eight provinces, block grants to cover medical operational costs and high-risk mothers requiring hospital services. Australia is providing \$2.6 million in essential drugs, medical supplies and equipment. Canada will donate \$3 million in oral contraceptives. The European Union will procure \$17 million in contraceptives. Finland has approved a loan for \$29 million for Norplant implants. Japan will assist the GOI in maintaining essential blood bank and transfusion services in Sulawesi and provided a donation of \$16 million for medicine and disposable medical supplies. The United Nations Population Fund will donate \$3 million for contraceptives. The United Nations Children's Fund has initiated child feeding, salt iodization, household food security and nutrition surveillance programs.

Principal Contractors, Grantees or Agencies: Ministry of Health; Ministry of Population; Midwives Association; Indonesian Planned Parenthood; Helen Keller International; Population Council; The Futures Group; Family Health International; Johns Hopkins; Pathfinder; and PRIME.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2001)
Health and Nutritional crisis surveillance Surveys underway and GOI crisis centers Established: number of centers reporting	Program Initiated	3+	27
Contraceptive prevalence rate maintained	55%	55%	60%

ACTIVITY DATA SHEET

PROGRAM: INDONESIA

TITLE AND NUMBER: Improved Food Security for the Most Vulnerable Groups, 497-SO07

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$3,800,000 DA; \$200,000 CSD

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The purpose of this objective is to ensure that affordable basic food items are provided to Indonesians most in need.

In 1997 and early 1998, El Nino weather patterns resulted in the worst drought in Indonesia’s recorded history, creating severe shortfalls in food availability and rising prices. USAID responded with 85,000 tons of commodities for nearly one million beneficiaries through food-for-work and vulnerable group feeding programs located primarily in the eastern islands. Indonesia’s food crisis has increasingly become primarily one of access, not supply. Inflation, growing poverty, and disruption of the normal food distribution and marketing systems have reduced people’s ability to access food.

The availability and affordability of rice, cooking oil, sugar and other basic foodstuffs are central to stability in Indonesia. The May 1998 riots were spurred in part by the rise in food prices. Street demonstrations to lower food prices have continued since May.

Estimates of the number of households at risk run as high as 17 million. The relatively small resources of the donor community can have important but limited impact. There is a broad consensus within the donor community that a meaningful response to the current food crisis must include successful GOI interventions to stabilize open market prices and target special assistance to those households most in need. The GOI must manage these interventions.

Key Results: Two intermediate results are key to achieving this objective: 1) strengthening GOI food policy and management practices and 2) improving food accessibility.

Performance and Prospects: This objective was established in FY 1998 and activities contributing to its achievement have just begun. USAID is working with the GOI and the donor community to strengthen GOI food policies and management systems. A USAID-funded food policy and operations assessment identified technical assistance required to strengthen the GOI’s food policies and management. This assistance will entail policy dialogue with key Indonesian policy makers, research on critical policy issues, and experiments to test policies in the field.

Progress towards improving food accessibility is promising. The GOI and donor community have taken steps to target direct food assistance to those most in need. The donor community, including the U.S. Government, has donated large quantities of food aid. Through its Special Rice Market Operations, the GOI has targeted 7.5 million families to receive heavily subsidized rice. Progress to date has been good; approximately 6.5 million families now receive about 65,000 tons of rice per month. USAID, in association with the World Bank and other donors, will study ways to strengthen this program and other mechanisms to target assistance to those most in need.

As a result of the drought and the beginning of the economic crisis, USAID provided \$50 million in Title II emergency food assistance in FY 1998 to support food-for-work, direct distribution, and vulnerable group feeding programs. These programs are implemented by the World Food Program, CARE, Catholic Relief Services (CRS)

and other U.S. NGOs. To date, approximately 55,000 tons of food commodities have arrived in Indonesia.

USAID will continue to target food assistance to the most needy. Title II food assistance in FY 1999 is expected to approach \$11.5 million. There will be a greater focus on food assistance to urban areas, particularly in Java, which have been severely affected by the economic crisis. FY 2000 food levels will depend on assessments of needs to be conducted during FY 1999.

Possible Adjustments to Plans: Plans may be adjusted based on a number of factors. Among these are possible events in relation to upcoming elections, the structure of the post-election GOI and the possibilities of implementing effective change in food policies and management systems. The level of FY 1999 PL-480 Title II assistance, and the capacity of cooperating U.S. NGOs to implement new and possibly larger food assistance programs, may also necessitate activity adjustments.

Other Donor Programs: The World Bank structural adjustment loans affect rural development in Indonesia. Reforms to GOI food and agricultural policy are mandated under these loans. The World Food Program will re-focus their Emergency Operation Plan for Indonesia to address the food impact of the economic crisis. Other donors, principally Canada, Australia and Japan have indicated a willingness to continue food assistance.

Principal Contractors, Grantees or Agencies: World Food Program; CARE; CRS; Church World Service; Adventist Development and Relief Agency; World Vision International; and Mercy Corps.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2001)
Minimum body mass index in adult women and mothers in program areas	N/A	15%	15%

ACTIVITY DATA SHEET

PROGRAM: INDONESIA

TITLE AND NUMBER: Strengthened Environmental Management, 497-SO08

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$8,500,000 DA

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: This objective is to strengthen management of the environment in areas most affected by the crisis, to promote longer-term biodiversity conservation, and to limit global climate change.

The financial crisis provides unexpected opportunities for fundamental reforms to move the management of natural resources and urban environmental infrastructure onto a more sustainable footing. The GOI is considering major policy and structural reforms, such as creating more decentralized and accountable forest management system and privatization, in the energy sector.

At the same time, Indonesia's economic crisis and political transition has brought increased stress on the environment through exploitation of marginalized land and coastlines for subsistence food and the rapid exploitation of resources for quick profit. Government budgetary resources for national parks, protected areas and urban environmental infrastructure have also been drastically reduced.

Key Results: Decentralizing and strengthening sustainable natural resource management and improving urban environmental management.

Performance and Prospects: With assistance from USAID and other donors, the Mission expects this objective to be achieved by 2001, assuming the GOI follows through with reforms that delegate authority to the local level, the absence of natural disasters, and improved economic conditions. While USAID's focus is on this three-year objective, it is also addressing longer-term objectives such as biodiversity conservation and global climate change.

Prospects for achieving improved and decentralized management of natural resources are promising. Civil society has experienced a remarkable flowering in the last half-year. USAID's support to NGO partners in institutional strengthening, community organizing, policy analysis, advocacy, land and coastal use planning and mapping are

expected to pay large dividends in the reform process. Progress has already been made in mapping and recognizing and protecting traditional land and sea use claims from corporate encroachment. USAID's work in fostering national NGO networks will also continue to play an important role in shaping the political agenda and electoral debate across the archipelago. Already, these networks have been successful in defining, for the first time, a vision for community-based forest management in Indonesia.

Growing economic desperation has prompted an increase in rural conflicts throughout Indonesia as families confront each other and corporations in asserting resource-use rights. A traditional social safety net for many households is constituted by access to marginal land and coastal zones. This was a primary cause of the forest fires in Indonesia last year as "retaliatory" burning was used to punish perceived violators of land confiscation.

In response, USAID is carrying out bioregional planning activities in six of Indonesia's resource rich provinces. In one province, this work has already resulted in the declaration of two new protected areas, realignment of a planned road away from a biologically significant area, and local recognition by the Minister of Forests and Estates of a type of community forest land use managed by traditional law. Given the 95% budget cut of the GOI Parks and Protected Areas Department, USAID is assisting the GOI to create private sector partnerships to fund conservation efforts in parks. USAID is completing a study to ascertain the feasibility of initiating debt for nature swaps. It is also helping to develop and monitor IMF-sanctioned forest sector reforms and developing alternative income sources in forest and coastal areas hardest hit by the economic crisis.

Prospects for improving the management of urban environmental infrastructure are much more troublesome. Almost one-third of the country's 300+ municipal water enterprises are in danger of shutting off water due to the high cost of chemicals and electricity and the inability to raise tariffs. The national electricity authority (PLN) is technically bankrupt with outstanding obligations to buy power at unacceptably high prices from independent joint venture producers. PLN's inability to fulfill numerous contracts has been met with disputes and lawsuits.

In response, USAID technical assistance is making possible emergency auditing of the operations of the most hard-hit water enterprises and recommending both the conditions for central government assistance and self-help efficiency measures to improve cash flow without outside resources. In the energy sector, USAID-funded assistance will help the GOI reform the power sector, improve its efficiency, and attract private investment.

Possible Adjustments to Plans: USAID will continue to monitor the impact of the crisis on natural resources and adjust activities as needed.

Other Donor Programs: Other donors such as the World Bank, the ADB and AusAID are replicating the community-based approach which USAID introduced. Multilateral banks, bilateral donors, and international research centers work with USAID to support Indonesia's forestry conservation. The Government of Japan and the United Nations Global Environmental Fund work with USAID on biodiversity conservation and climate change efforts. Canada, Finland, and Japan work with USAID in the formulation of forestry policy. World Bank and ADB continue to provide assistance for capital investment in water enterprises in specific areas. Denmark is providing technical assistance to a number of small water enterprises in West Java. Assistance for reforming Indonesia's energy sector and particularly PLN is provided mainly by the World Bank and ADB.

Principal Contractors, Grantees or Agencies: Ministry of Forestry; Ministry of Planning; Ministry of Home Affairs; provincial and district governments units; NGOs; local universities; World Wildlife Fund; Nature Conservancy; Conservation International; Biodiversity Support Program; University of Rhode Island; Chemonics Inc.; Indonesian Association of Sanitary and Environmental Engineers; Hagler/Bailly Inc.; Carana Inc.; Bechtel; Advance Engineering International; Winrock International; U.S. Department of Energy; U.S. Energy Association; and the Institute for International Education.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2001)
Area of program example and replication of best natural resource practices	618,000 ha	1,332,000 ha	2,500,000 ha
Number of site management plans implemented	31	50	125

ACTIVITY DATA SHEET

PROGRAM: INDONESIA

TITLE AND NUMBER: Recovery of Economic and Financial Systems, 497-SO09

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$13,050,000 DA

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: This objective is to bring about economic and financial system recovery through sound macroeconomic policy, bank restructuring, bank supervision, bank re-capitalization and a framework for private sector workouts and corporate restructuring.

In 1997, Indonesia was enjoying its thirtieth year of virtually uninterrupted economic growth and substantial progress in reducing poverty. The GOI's budget was balanced, the exchange rate relatively stable, and annual inflation well under 10%. Indonesia's macroeconomic fundamentals were considered sound. Beneath the surface, however, the institutional framework was deeply flawed. Bank supervision was weak and existing banking laws were not enforced. Standards of corporate accountability were poor. Many laws regulating finance and commerce were antiquated or weakly enforced. These factors, combined with irregularities and questionable practices during the rule of President Soeharto, distorted the domestic economy and encouraged inefficient and corrupt business practices. This contributed to the system's inability to adapt effectively to the shock of Asia's economic crisis. This year the value of the rupiah has fallen by as much as 80%, the economy has contracted severely, and the banking system has virtually collapsed.

Key Results: Four key intermediate results have been identified as necessary to achieve this objective: 1) restructuring the financial sector and improving governance; 2) restructuring the corporate sector and improving governance; 3) reforming public sector policy and governance; and 4) strengthening the nongovernmental sector participation in economic reform.

Performance and Prospects: With assistance from USAID and other donors, the Mission expects that by 2001, economic and financial systems will have recovered sufficiently to allow Indonesia to begin a growth rate that will bring its GDP to 1997 levels by 2005. Targets include increasing Indonesian trade with the United States by 5% annually by FY 2000 and a similar rate of increase in bank lending to small and micro enterprises. This timeline assumes free, fair and credible parliamentary elections are held as scheduled and no additional external economic shocks occur.

Achievement of this objective will be challenging. The economic problems facing the economy are extraordinary, the technical capacity of key government institutions is limited, and the policy process is in considerable disarray. Within the Habibie administration, there appear to be sharply divergent views on appropriate reform programs. Many are suspicious of capitalism, sympathetic toward state interventions and narrowly nationalistic. No clear center of gravity has emerged for identifying key policy issues, assessing options, building consensus on agreed programs, and effectively overseeing implementation.

In close coordination with the U.S. Treasury and major multilaterals (the IMF, the World Bank, and the ADB), USAID is providing technical assistance to the Indonesian Bank Restructuring Agency (IBRA) and Bank Indonesia to strengthen the bank supervision system and eliminate the kinds of abuses that contribute to the current crisis and improve macroeconomic policy.

USAID is providing technical assistance to the Indonesia Debt Restructuring Agency (INDRA), a vehicle for supporting debt workouts by private sector companies, and the Jakarta Initiative, which promotes alternative dispute resolution mechanisms to foster private debt workouts. Assistance targets legal and regulatory reforms to address asset ownership, transfer rights, and new procedures governing bankruptcy proceedings to support corporate workouts.

USAID is supporting NGOs in their roles as watchdogs and sources of technical analysis in order to foster continued economic reform. This assistance will establish linkages between Indonesian NGOs with American counterparts to strengthen their capacity to analyze critical issues, improve the quality of the public dialogue on economic issues, and prompt critical changes in monetary policy, exchange rate regimes and fiscal policy and other key areas needed to support corporate and financial restructuring such as bankruptcy, secured transactions, competition policy and arbitration,

Possible Adjustments to Plans: USAID's key role and strength in the economic reform process is to provide

assistance that the GOI can use to formulate and implement policies that are transparent and build a robust economy. Adjustments will be made according to GOI needs and changes in the economy.

Other Donor Programs: Most important are the reform efforts led by the IMF \$43 billion restructuring package. The ADB is implementing the Financial Governance Reforms Sector Development Program to help provide an adequate institutional and regulatory framework to manage the country's financial sector. The World Bank, a key participant in the IMF-led rescue package for Indonesia, will provide \$4.5 billion in loans to Indonesia by the year 2000. Much of this assistance will go to support macroeconomic stability, financial sector reform and trade policy initiatives.

Selected Performance Measures:

	Baseline (1999)	Target (2000)	Target (2001)
Increased value of Indonesia-U.S. non-oil trade (over prior year)	N/A*	5%	5%
Increased bank lending to small and micro firms (over prior year)	N/A*	5%	5%

* Benchmark will be determined in FY 1999.

ACTIVITY DATA SHEET

PROGRAM:INDONESIA

TITLE AND NUMBER: Democratic Transition Strengthened, 497-SO10

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY2000: \$14,500,000 DA; \$5,000,000 ESF.

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The purpose of this objective is to strengthen key democratic institutions to bolster Indonesia's democratic transition.

Parliamentary and presidential elections are planned for June 1999 and November 1999, respectively. The GOI has publicly stated the elections will be free, fair and transparent to civil society and international organization observation. Preparations for the election are underway, including discussion before the parliament on three electoral laws: election, political party, and a revised law on parliament and consultative assembly. As preparations and funding for the elections proceed, additional assistance from international donors will be required to conduct elections based on international standards.

Key Results: Five key intermediate results have been identified as necessary to achieve this objective: 1) essential elements for free, fair, and substantive elections in place; 2) independent media monitoring and informing the democratic process; 3) effective NGOs advocating democratic reform; 4) reformed institutions of governance; and 5) legal reforms fundamental to the democratic process.

Performance and Prospects: With assistance from the international donor community, USAID anticipates that the democratic transition will be strengthened with real political reform underway by 2001. A democratically elected government with an agenda and public consensus will be in place. During this period, USAID will implement activities that strengthen civil society organizations, build their institutional capacity, and support their legal standing and roles in advocating for constructive reforms. USAID will focus on reforms necessary for a robust democracy, including an active media, free expression, human rights, economic and commercial law, and an independent judiciary. In the post-election period, USAID will focus on strengthening political engagement on reform issues, access of constituents to political leaders and, broader participation of the public in the political decisions.

This timeline assumes, most importantly, free and fair elections are held in June 1999 and are not overcome by communal violence and conflict. It also assumes the newly elected government will have a clear mandate for major political and economic reforms.

USAID assistance alone cannot ensure free and fair elections. Nevertheless, the elections are so critical to Indonesia's political transition and economic recovery, and the opportunities for U.S. assistance to increase the likelihood of free and fair elections so great, USAID has made it the priority focus of this objective.

USAID-funded activities will strengthen: NGOs, think tanks, and the media engaged in advocating reform and in monitoring political and economic reform processes; political parties and NGOs engaged in the formulation of issues and policy agendas; an independent election commission involved in overseeing actual election administration; a network of national, regional and local NGOs and civic organizations capable of undertaking independent election monitoring; and an independent body of national and international observers to help establish the legitimacy of the election.

Prospects for an independent media monitoring and informing the democratic process are promising. Although suppressed in the past (through multiple license requirements and threats of closure), in the past year, the media has become a conduit of information exchange, analysis and debate, and a check on the abuses of government and nongovernment actors. Media development will be critical to advancing democracy in Indonesia, before, during and after the elections.

A USAID initiative will enhance the capacity of the mass media to do independent news reporting and analysis and to provide public service programming. Activities include: help in drafting of new laws that protect the freedom and independence of the media, including licensing, and anti-trust measures; appropriate guidelines for media regulation and political party access to the media in election campaigning; support for public service programming and print and broadcast journalist training, particularly in news production; development of professional organizations to advocate on behalf of the media; and programs to strengthen standards of accountability and professionalism within the sector.

USAID is strengthening NGO institutional and technical capacity to address political reforms in human rights, free speech, and religious tolerance and reconciliation. It is also providing civic and voter education and is using indigenous NGOs to implement these activities.

Possible Adjustments to Plans: Monitoring activities are underway to track carefully a dynamic political environment. USAID will adjust assistance activities according to changing conditions and circumstances in order to encourage a transparent, participatory, inclusive and informed public dialogue on the laws, regulations and procedures governing political life.

Other Donor Programs: USAID is coordinating election assistance activities through the UNDP. It is in regular contact with approximately 15 other donor assistance programs in support of the election and political transition programming. Working groups on key program issues with other donors and civil society are conducted with AusAID, European Union, Great Britain, Canada, and other donors providing assistance for election management, monitoring, voter education and media support.

Principal Contractors, Grantees or Agencies: Approximately 200 Indonesian civil society organizations; the National Democratic Institute for International Affairs; the International Republican Institute; the International Foundation for Election Systems; Participating Agencies Collaborating Together; Management Systems International; and United States Information Service (USIS).

Selected Performance Measures:

BaselineTarget

Established an independent election monitoring system involving the major elements of civil society (NGOs, Media and university students) that covers two-thirds of eligible voters.	No (1998)	Yes (1999-2003)
Policy changes affecting consumer rights, human rights, women, children, labor and environment continue.	Yes (1998)	Yes (2000 & 2003)

ACTIVITY DATA SHEET

PROGRAM: INDONESIA

TITLE AND NUMBER: Increased Employment for Targeted Communities, 497-SO11

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$8,500,000 DA

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The purpose of this objective is to increase employment by helping local governments coordinate and

streamline labor-intensive projects for building, maintaining, and rehabilitating basic infrastructure and community facilities in urban areas with the highest absolute numbers of unemployed.

The financial crisis has caused unemployment in Indonesia to soar. A recent Central Bureau of Statistics survey showed that 13.9 million are unemployed, a three-fold rise since 1996. Informal estimates indicate as many as 20 million persons are out of work. Unemployment is concentrated in West Java (3.6 million), Jakarta (1.3 million), East Java (1.7 million), Central Java (1.6 million), and North Sumatra (1 million). Crisis-generated under-employment is even more serious. The hardest hit sectors are construction, real estate, finance, manufacturing, and hotels and tourism -- sectors predominantly situated in urban areas.

Instruments to initiate a broad employment generation program already exist in the government's 11 widely different labor-intensive programs which are scheduled to disburse more than six trillion rupiah this year. However, thousands of small projects worth millions of person-days of work are stalled in the approval/implementation system due to the need for better targeting, the emergency overload of local government apparatus, and a sudden policy change replacing local governments with inexperienced community organizations as the main engine of small village infrastructure project planning.

Key Results: Three key intermediate results have been identified as necessary to achieve this objective: 1) establishing employment generation programs quickly; 2) leveraging resources for employment generation; and 3) improving the targeting of employment generation programs at both local and central levels.

Performance and Prospects: USAID expects this objective to be accomplished as the number of person-days created by employment generation programs in the targeted areas increase by 50% in 1999 over the 1998 level and by 25% each year thereafter until the year 2001. This timeline assumes that the GOI follows through with its social safety net programs.

As a part of the USAID-funded CLEAN Urban project, an employment generation Secretariat at BAPPENAS (Indonesia's national planning agency) was established in October 1998, and assistance to selected high unemployment cities in East Java for enhancement of local government employment programming efficiency began in January 1999. Successes in East Java are expected to be extended to assist local governments in high unemployment areas surrounding Jakarta later in the year.

USAID is well placed to assist in streamlining the flow of employment generation projects through local governments because of its long-standing work in fiscal decentralization which has strengthened both the funding link between central and local governments and the planning capability for infrastructure at the local level. The USAID-assisted employment generation Secretariat in BAPPENAS will ensure employment generation activities reach communities which need it most through assistance for monitoring and analytical capabilities. USAID will give particular attention to improving gender analysis at the Secretariat level because traditional labor-intensive public works programs in Indonesia usually have excluded the participation of women.

Specific types of assistance include: strengthening local governments through establishment of systems, standards, and procedures for coordinating and fulfilling the requirements of diverse employment generation programs; outreach to local community organizations; establishing procedures for transparency and openness in procurement of inputs; streamlining coordination with community based organizations or universities to identify and design community infrastructure such as footpaths, public latrines/wash areas, drains, and solid waste collection points using unemployed workers; and supporting BAPPENAS data collection and analysis capabilities, better program approaches, and monitoring techniques to ensure greater participation of women in employment generation programs.

Possible Adjustments to Plans: Initial experimental assistance to streamline employment generation activity is expected to be successful and replicated in other geographical areas. If purchasing power returns quickly through increased employment, USAID assistance may be used to consolidate gains through continuing assistance for decentralization and closer coordination between the local governments and communities for routine development activities. Employment generation Secretariat activities would have to be phased out. A new local government law, to be promulgated in 1999, is expected to strengthen the role of local government, and decentralization/employment generation activities will need to be adjusted to accommodate the changes.

Other Donor Programs: Social safety net programs, including employment generation programs, are the largest single item in the new GOI budget. The largest project for employment generation activities, PK-3, or third generation padat karya (labor intensive works) is funded from the rupiah budget, which has been supported by the Consultative Group for Indonesia funds. The largest employment generation donor organizations are the World Bank and the ADB. Because employment generation planning and implementation channels are full, several planned large

projects, such as the World Bank's \$200 million Urban Poverty Program, have been delayed. Japan is an emerging key donor to employment generation activities with large loans for projects in the Ministry of Public Works and the Ministry of Manpower.

Principal Contractors, Grantees, or Agencies: The principal contractor for delivery of CLEAN Urban assistance is Research Triangle Institute (RTI). Since January 1998, RTI in association with CARE have been implementing the CLEAN Urban project, which supports decentralization initiatives at both the central and local levels to strengthen the capability of local governments to find alternative funding for community-generated urban infrastructure projects.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2003)
Increase in the number of person-days of employment In target areas	N/A *	50%	88%
Increase in the number of local NGOs (including university faculties) implementing employment generation activities in the target areas	N/A*	20%	44%

* Baseline to be established later in the year.

ISRAEL

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request ¹
Economic Support Fund	\$1,200,000,000	\$1,080,000,000	\$930,000

¹The funding level is tentative, as it is the subject of ongoing negotiations between the U.S. and the Government of Israel.

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, the Wye River Memorandum of October 23, 1998, 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. Despite this, the government still faces economic challenges associated with absorbing nearly 900,000 immigrants since 1989 in a country of only six million. In 1998, growth slowed to only 1.9%, implying a per capita decline in GDP of .5%, and unemployment grew to over 8.7%. Israel's 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.

The 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 18% since 1989. Since 1993, export competitiveness has improved, and inflation has been reduced. Expanding business investment and governmental infrastructure investment, coupled with sustained export growth, are projected to help Israel reach its gross domestic product growth rate potential of about five percent. In FY 1999, Congress began a reduction of the economic assistance earmark in recognition of this progress.

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.

FY 2000 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 2000 PROGRAM SUMMARY (in Thousands of Dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O 1. Support policy reforms for financial stability and structural adjustments needed for rapid sustainable growth - ESF	930,000	---	---	---	---	---	930,000
Total: - ESF	930,000	---	---	---	---	---	930,000

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 SOURCES: FY 2000: \$930,000 ESF

INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The purpose of the Israel Cash Transfer is to support policy reforms required for financial stability and structural adjustments needed for rapid sustainable growth. 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.

Key Results: 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. Since 1993, export competitiveness has improved, and inflation has been reduced. Expanding business investment and governmental infrastructure investment, coupled with sustained export growth, are projected to help Israel reach its gross domestic product growth rate potential of about five percent.

Performance and Prospects: FY 2000 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. The U.S. State Department will continue to encourage Israeli reform 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.

Possible Adjustments to Plans: None.

Other Donors Programs: The United States is the largest bilateral donor to Israel.

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

Selected Performance Measures: 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 1998 Actual	FY 1999 Estimate	FY 2000 Request
Economic Support Funds	\$140,000,000 ¹	\$150,000,000	\$150,000,000
P.L. 480 Title II	\$ 1,174,000	---	---

¹Includes \$24,330,000 appropriated funds, plus recoveries, gifts and donations from Israel and transfer of carryover funds from Egypt.

Introduction

USAID's economic assistance to Jordan is an important element in the United States' efforts to promote peace and stability in the Middle East. Jordan's desire for peaceful solutions to the region's complex political problems continues despite significant, ongoing political and economic challenges at home and abroad. King Hussein was a stalwart proponent of the peace process, as evidenced by his crucial contribution to the Wye River Accord in October 1998 and Jordan continues to play an important and influential moderating role in the region. However, public disillusionment over two consecutive years of poor economic performance, while many Jordanians have slid into poverty, is increasingly evident. Such frustration is more striking given unfulfilled expectations of prosperity stemming from Jordan's 1994 peace treaty with Israel, worries over the transition from the rule of the late King Hussein to his son, continued regional instability, and slow movement in the Middle East peace process. The need for a strong U.S. response to Jordan's economic and political stability concerns has never been greater.

As described in the Embassy/Amman's Mission Performance Plan (MPP), USAID remains at the forefront of U.S. efforts to promote economic growth in Jordan. USAID-funded initiatives are an integral and visible contributor to U.S. foreign and economic policy objectives. USAID's program in Jordan directly supports U.S. national security interests (regional peace, support for allies), economic prosperity goals (broad-based economic growth, implementation of economic reforms, expanded trade and market development) and global concerns (stabilized population, quality maternal healthcare, environmental concerns). USAID's current strategy runs through 2001; graduation will depend on future developmental and geopolitical factors, including the changes that may occur under King Abdullah II.

The Development Challenge

USAID's strategy addresses three inter-related development constraints that are central to Jordan's prospects for lasting economic and social prosperity: too little water; too many people; and too few jobs. This formulation highlights the systemic nature of Jordan's primary development impediments. It also underscores the necessity to address each of these factors concurrently. Jordan's high population growth rate places enormous pressure on the Kingdom's scarce natural resources, especially water. So too, rapid population growth makes it increasingly difficult to find productive employment for an increasing number of Jordanians entering the workforce each year. Failure to address the population growth rate, and access to water and jobs, would jeopardize development prospects and gains to date.

One of USAID's main objectives is to improve water resource management in Jordan. Annual water demand is expected to increase to 1.2 billion cubic meters by 2001, far above the 750 million cubic meters (mcm) now available. On a per capita basis, freshwater availability in Jordan ranks among the world's lowest. In response, USAID is supporting the Government of Jordan's (GOJ's) 14-year, \$5 billion priority water investment plan whose chief objective is to maximize efficient use and management of this crucial resource. USAID is also one of the lead donors in improving wastewater management which will help abate serious environmental degradation while augmenting water availability from a source that would otherwise be wasted. As a result of USAID's water initiatives, a serious Amman water treatment emergency was addressed this year; seven springs supplying 13 mcm of drinking water will have been rehabilitated by early 1999; the Wadi Mousa wastewater treatment plant construction

began this year and will benefit 40,000 Jordanians by 2000.

Due to Jordan's high population growth rate, USAID is also focussing on improving access to and the quality of reproductive and primary health care in Jordan. Remarkable progress has been made as evidenced by demographic transitions which include increasing contraceptive use and decreasing fertility rates and family size. The modern contraceptive prevalence rate increased from 27% in 1990 to 38.7% in 1998, 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 children per woman in 1990 to 3.9 children per woman in 1998. With USAID's assistance, the Ministry of Health and Health Care (MOHHC) is adopting new approaches in delivering comprehensive maternal and child health care services. USAID-supported Comprehensive Postpartum Centers (CPP) will have grown from 12 in 1997 to 21 in 1999 and will reach underserved outlying population centers. The percentage of women delivering in hospitals with CPP Centers who return for postpartum/family planning services will have increased from 30% in 1997 to 45% in 1999.

USAID's economic growth strategy will increase economic opportunities for Jordanian citizens, thus ensuring broader participation in future economic expansion. Declining economic growth rates have contributed to a greater number of Jordanians living in poverty. Unemployment rates may be as high as 27%. To create economic opportunities, USAID launched a major microfinance initiative that will make financial services available to economically disadvantaged Jordanians. USAID is also providing significant assistance to ensure Jordan's accession to the World Trade Organization by 2000. Legal reform, privatization and liberalized trade, investment and financial sector regimes are also key USAID initiatives. A \$50 million per year, reform-based balance of payments cash transfer program helps support and sustain Jordan's market-based, economic reform program. These interventions are already increasing economic opportunities: the number of micro-credit borrowers increased 210% within the past two years; partial privatization of one state-owned enterprise in 1998 generated more than \$100 million; and the Investment Promotion Corporation facilitated investments totaling \$675 million in 1998, which is a 26.5% increase since 1997.

Other Donors

Jordan received approximately \$249 million in donor grant aid and \$489 million in loans during 1998. The United States was the largest grant donor, providing \$140 million. Other major grant donors included Japan (\$83 million), Germany (\$9 million), the United Kingdom (\$8 million), the Netherlands (\$2.4 million), the European Union (\$2 million) and the Arab Fund (\$2 million). With regard to loan assistance, the Arab Fund was Jordan's largest creditor, providing \$218 million during 1998, followed by the European Investment Bank (\$141 million), Germany (\$59 million), the Islamic Development Bank (\$44 million), France (\$13 million), the Organization of Petroleum Exporting Countries Fund (\$5 million), the World Bank (\$5 million) and International Fund for Agricultural Development (\$4 million).

FY 2000 Program

USAID programming will continue to pursue both MPP and USAID agency-level goals. The water strategic objective directly addresses global environmental issues as well as economic growth constraints. Similarly, the reproductive and primary health initiative is aligned directly with the Agency goal of promoting sustainable population growth rates. Finally, the economic opportunity strategic objective strengthens market forces, expands access to financial services for the poor and works to achieve broad-based economic growth. If additional resources are made available they can be applied to the existing program strategy to achieve increased impact on Jordan's three key development constraints.

JORDAN

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O. 2. Improved Water Resource Management - ESF	---	---	60,000	---	---	---	60,000

S.O. 3. Improved Access to and Quality of Reproductive and Primary Health Care - ESF	---	15,000	---	---	---	---	15,000
S.O. 5. Increased Economic Opportunities for Jordanians - ESF	75,000	---	---	---	---	---	75,000
Totals: - ESF	75,000	15,000	60,000	---	---	---	150,000

USAID 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 SOURCES: \$60,000,000 ESF

INITIAL OBLIGATION: FY 1995 ESTIMATED COMPLETION DATE: FY 2002

Summary: USAID's Improved Water Resources Management Strategic Objective supports U.S. foreign policy objectives aimed at mitigating global environmental degradation and promoting economic prosperity. Because water scarcity may increasingly serve as a lightning rod for regional conflict in the Middle East, improving Jordan's capability to better manage its limited water resources also helps support regional stability. USAID's water sector initiatives are strengthening 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, thereby increasing the quantity available for human consumption.

All Jordanians benefit from improvements in the water sector. Emergency improvements to the Zai Water Treatment Plant continue to benefit approximately 600,000 residents of Amman. An estimated 40,000 residents and tourists will also directly benefit from the new wastewater treatment plant now under construction at Wadi Mousa near Petra. This will help protect Jordan's premier tourist attraction. Another 44,000 residents should directly benefit from similar wastewater improvements in the northern Jordan Valley.

Key Results: USAID supports three main sets of activities in pursuit of its water sector strategy, namely (1) building stronger public sector water institutions with the capacity to better manage the country's water resources and finance capital investment in the sector; (2) increasing water use efficiency by reducing wastage caused by physical leaks, contamination and inefficient irrigation practices; and (3) improving the quality of wastewater to allow greater reuse in agriculture and industry.

Performance and Prospects: To date, strengthening water institutions has involved improving data collection and analysis and installing new information systems for the Ministry of Water and Irrigation (MWI), the Water Authority of Jordan (WAJ) and the Jordan Valley Authority (JVA). Such institutional capacity is essential for introducing improved management approaches and cost recovery policies. USAID will build upon these achievements by funding a new policy implementation activity that will assist the MWI to implement select water policies previously developed with USAID assistance. USAID will also provide technical support in water utility privatization, as the water authorities move toward increased commercialization, cost recovery and private sector management.

Cost recovery and management improvements in the irrigated agricultural sector, which uses 68% of the water consumed in Jordan, continue to lag. To help the JVA institute cost recovery mechanisms, USAID is funding the development of a new financial accounting system. Once complete, JVA will have the ability to increase cost recovery and introduce more efficient management practices.

Improving water use efficiency will help stretch scarce water resources further. With respect to municipal water supplies, this includes reducing physical losses as a result of leakage or contamination. In response to Amman's unanticipated drinking water crisis in mid-1998, USAID provided emergency assistance at the Zai Water Treatment

Plant, which provides drinking water for 40% of Amman's population. USAID provided urgently needed chemicals, equipment and technical assistance that enabled the MWI to quickly restore water quality standards and water delivery to Amman households. Additional assistance, in coordination with Japan and Germany, will be provided to expand and upgrade the plant to reduce the likelihood of future crises. USAID is also funding the rehabilitation of 27 contaminated springs and wells located throughout the country and will fund the rehabilitation and restructuring of 16 zones (37%) of Amman's water network.

Improving Jordan's wastewater infrastructure is also a USAID priority. Three major projects are underway. Construction of a new wastewater treatment plant at Wadi Mousa has begun near Petra in southern Jordan. In addition to providing wastewater collection services to four neighboring communities, the plant will help reduce environmental degradation to this World Heritage site and generate approximately 1.3 million cubic meters (mcm) of wastewater for reuse in agriculture. USAID is also funding the expansion of Aqaba's wastewater treatment plant as well as a new wastewater collection and treatment plant in the northern Jordan Valley. This facility will serve four communities in that region. The Aqaba and Jordan Valley projects will help Jordan meet its commitments under the 1994 Jordan-Israel peace treaty to reduce environmental pollution in the Jordan River and Gulf of Aqaba.

Possible Adjustments to Plans: To expedite the host country contracting process which has delayed progress on several large infrastructure projects, USAID will provide WAJ with long-term technical assistance in contracting.

Other Donor Programs: Water sector investments in Jordan are shaped in large part by a \$5 billion, 14-year GOJ plan that covers all aspects of the Kingdom's water supply and wastewater treatment facilities and services. Donor coordination is excellent, with the European Investment Bank (\$80 million), Japan (\$64 million), Germany (\$59 million), and France (\$13 million) all providing substantial resources for these initiatives in 1998. Both Japan and Germany support construction of new conveyance and treatment systems bringing "peace water" from the Jordan Valley to Amman. This work complements USAID's upgrades at the Zai Water Treatment Plant. Similarly, both Germany and France are funding a new water supply system at Wadi Mousa while USAID finances the construction of a new wastewater collection and treatment system. The GOJ's budget authority for water sector projects was \$61 million in 1998.

Principal Contractors, Grantee or Agencies: Major U.S. contractors include Camp, Dresser and McKee Inc. and Morganti Group for design and construction work. ABT Associates and the International Resources Group, Inc. are providing technical services related to privatization and policy implementation, respectively. Major Jordanian counterparts include the MWI, the WAJ, the JVA and the Jordan Environment Society.

Selected Performance Measures:

	Baseline	Target
27 Springs rehabilitated (volume of freshwater saved) in million cubic meters	0 (1997)	29.4 mcm (2000)
Number of water policies enacted or implemented	1 (1996)	12 (1999)
Capacity to treat wastewater to Jordanian standards (volume in mcm)	0 (1998)	1.24 mcm (2001)
New financial management systems instituted in water authorities	0 (1997)	3 (2000)

ACTIVITY DATA SHEET

PROGRAM: JORDAN

TITLE and NUMBER: Improved Access to and Quality of Reproductive and Primary Health Care, 278-S003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: \$15,000,000 ESF

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: USAID's Improved Access to and Quality of Reproductive and Primary Health Care Strategic Objective supports U.S. foreign policy concerns affecting global issues such as world population growth and maternal and child health. Jordan's 2.6% annual rate of natural increase is among the highest in the world. Given the pressures that rapid population growth places on a resource-scarce country, USAID's health sector strategy also supports U.S. economic and environmental foreign policy objectives. The strategy is designed to improve maternal and child health

by ensuring national availability of quality reproductive and maternal health care services and promoting rationalized national health care financing. Jordanian women between the ages of 15 and 49 will benefit from USAID's initiatives. Moreover, children will also benefit from substantial maternal health improvements that birth spacing and an improved primary health care system can now provide.

Key Results: USAID supports four main sets of activities in pursuit of its health sector strategy, namely (1) improved knowledge of contraceptives; (2) increased availability of reproductive and primary health care (RH/PHC) services; (3) private sector family planning initiative; and (4) increased rationalization of health financing systems.

Performance and Prospects: USAID and the MOHHC have made significant progress in ensuring the availability of family planning services and products throughout the country. The majority of family planning-related services, supplies and information are provided by physicians, nurses, midwives and pharmacists who have received USAID-funded, supplemental training. These interventions have contributed to a marked increase in the contraceptive prevalence rate from 27% in 1990 to 38.7% in 1998 and to a significant decline in the total fertility rate from 5.6 children per woman in 1990 to 3.9 children per woman in 1998.

Information about contraceptives is regularly provided through the media. Current efforts focus on increasing male confidence in and acceptance of the pill (from 47.6% to 67.7%) and the IUD (from 60.4% to 80.4%). A television information campaign on contraceptive-specific and postpartum care "infomercials" continues to be a notable success. Policy based presentations concerning the broader implications of rapid population growth on Jordan's social and economic development are frequently presented to parliamentarians, religious leaders, and government officials in order to strengthen their knowledge of and support for the GOJ's national family planning efforts. According to a recent study, 80% of religious leaders surveyed now agree that family planning principles are in accordance with the teachings of Islam.

Increased availability and improved quality of family planning services rely in part on the close link between family planning and broader reproductive and primary health care concerns. Almost all births in Jordan occur in hospitals. USAID efforts have ensured that 43% of the women who deliver in hospitals with postpartum centers return for postpartum care and family planning services. The lessons learned in this activity support a new USAID initiative entitled Initiatives in Reproductive and Primary Healthcare ("Initiatives"). The "Initiatives" activity will expand the availability and improve the quality of reproductive health services at primary health care centers, a mother's first recourse for maternal health care services. This new multi-year activity will also help ensure that management inefficiencies and resource inequalities in family planning service delivery do not erode the substantial progress achieved in reproductive health.

Rationalizing Jordan's health care financing system is an important new area of USAID involvement. Rapid population growth, due to the increase in the number of women entering their peak childbearing years despite declining fertility rates, places enormous pressure on the health care system, especially in the area of reproductive and primary health care. USAID will assist the MOHHC to develop an epidemiological surveillance system that will enable the GOJ to plan and budget resources for the most prevalent health conditions; 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 MOHHC to lead health-related policy dialogue and better manage its implementation; and to evaluate health insurance schemes in developing financing options and payment mechanisms.

Possible Adjustments to Plans: USAID has developed and sponsors 14 Comprehensive Post Partum (CPP) Centers which are delivering quality family planning and maternal and child health services. Though the MOHHC's primary health care centers are intended to be the first recourse for health care services, the high caliber services provided through USAID-funded CPP Centers are attracting greater numbers of women. The quality of CPP services could be diminished if all service quality at the primary health care centers is not improved. This concern will be addressed in the new Initiatives that will improve access to and quality of reproductive health and primary health care services in more than 200 centers nationwide.

Other Donor Programs: USAID remains the largest donor in the population and family planning sector (\$10 million in 1998). USAID programs are closely coordinated with other donors working in the population field, namely the United Nations Fund for Population Assistance (\$4.5 million over five years) and Japan International Cooperation Agency, which has a very modest community outreach program. The MOHHC does not have a budget for family planning services and initiatives and therefore relies on donor support. However, the GOJ does provide the necessary personnel and facilities for all program activities. In 1998, the MOHHC contributed approximately \$650,000 in commodities for hospitals where USAID-funded CPP Centers are co-located. Additionally, Jordan Television, in cooperation with the MOHHC, provided \$457,000 in free, prime time advertising for USAID-funded

family planning infomercials.

Principal Contractors, Grantees or Agencies: Current contractors and grantees include Johns Hopkins University, U.S. Bureau of Census, Abt Associates, Harvard University, Pathfinder, Futures Group, John Snow, the Academy for Educational Development and, the Centers for Disease Control. Major host country partners include the MOHHC, Jordan University Hospital, Royal Medical Services, Department of Statistics, NGOs and private sector entities such as pharmaceutical companies and pharmacies.

Selected Performance Measures:

	Baseline	Target	Target
Modern Contraceptive Prevalence Rate	27.0 (1990)	41.5 (2000)	43.7 (2004)
Percentage of women delivering in hospitals with CPP Centers who return for postpartum/family planning services	6 (1990)	60 (2000 – final year)	
Percentage of primary health care visits that are for reproductive health	6 (1998)	12 (2000)	40 (2004)
Percentage of primary health care centers that achieve criteria for the Quality Improvement Program under the "Initiatives" activity and sustain them for one year	0 (1998)	0 (2000)	70 (2004)

ACTIVITY DATA SHEET

PROGRAM: JORDAN

TITLE and NUMBER: Increased Economic Opportunities for Jordanians, 278-SO05

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: \$75,000,000 ESF

INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID's Increased Economic Opportunities Strategic Objective in Jordan directly supports U.S. foreign policy interests by promoting open markets and broad-based economic growth. It also indirectly promotes regional stability and economically strengthens a key U.S. ally whose economy has been adversely affected by the closure of traditional markets. The strategy is designed to create an enabling environment for increased trade and investment. These interventions will expand private enterprise and advance Jordan's market-based economic restructuring program. USAID is the largest bilateral donor supporting Jordan's economic reform and private sector development.

Key Results: USAID supports three main sets of activities in pursuit of its economic sector strategy, namely (1) increased access to business services; (2) more effective identification and implementation of policy reform; and (3) improved environment for sustained policy reform through a \$50 million per year economic policy-linked cash transfer. These three initiatives address Jordan's economic growth challenges, reinforce a market-based foundation for sustainable economic growth, and provide resources to micro, small and medium businesses, the heart of Jordan's economy.

Performance and Prospects: USAID significantly expanded its microfinance program during the past year. Engaging commercial banks in micro lending and linking micro- and small entrepreneurs with the formal financial sector was a key result. A USAID-funded US NGO and three Jordanian banks launched a new microfinance-lending program in southern Jordan, where access to financial services is acute. The Access to Microfinance and Implementation of Policy Reform Program (AMIR) and partner organizations reached an estimated 6,000 microentrepreneur borrowers in 1998, 50% of whom were women. As part of USAID's cash transfer program, the GOJ agreed to reduce policy and regulatory barriers to microfinance services.

USAID's policy-based balance of payments cash transfer program disbursed \$50 million during 1998. The disbursement hinged on policy reform actions on trade and investment, financial and legal regimes, and privatization. As a result, the GOJ established "action plans" and key reform milestones. Cash transfer-associated local currency also supports USAID and GOJ economic priorities. As part of this, USAID provided technical assistance to help Jordan meet a 2000 World Trade Organization (WTO) accession date. This assistance included a review of new intellectual property rights (IPR) and customs laws to ensure WTO compliance. WTO accession is crucial to Jordan's long-term prospects for sustained economic growth. USAID's program will provide incentives and a

framework for the GOJ to strengthen IPR implementation, rationalize import tariffs, energize public sector reform and hasten privatization. The AMIR program will continue to provide technical assistance to develop a WTO-compliant IPR regime that includes the requisite laws and enforcement mechanisms.

USAID plans to launch two new initiatives this year. The first activity will support a unit within the Ministry of Planning that conducts industry-specific, competitive cluster analyses. This activity will work directly with private sector firms in Jordan to address industry-wide competitiveness constraints such as marketing and human resource development. The second activity will train Jordanian youth in entrepreneurship and will be based upon the highly successful American Junior Achievement Program. In FY 1999, USAID will disburse the third \$50 million tranche of the cash transfer program. Disbursement conditions will require that significant progress toward WTO accession be made and further streamlining of trade and investment policies and procedures has been completed (e.g., reducing company registration time and licensing requirements). Implementation will be supported by technical assistance and training provided through the AMIR program. In addition, a major USAID-funded World Bank technical assistance and training program will focus on economic reform areas such as developing a modern and well-regulated capital market and the privatization of at least two major state-owned enterprises. USAID is collaborating with the World Bank's Foreign Investment Advisory Service (FIAS) to identify and reduce regulatory and administrative barriers in conducting business in Jordan. This strategic objective will continue to target the micro- and small-business sectors, which make important contributions to economic activity and employment in Jordan. The Jordan-U.S. Business Partnership will complete its first year of program activities in early FY 2000 with an initial client base of 100 Jordanian firms. By 2002, cost-effective business development services (primarily in technology, marketing, production, and business management) will have been provided to 350 small and medium businesses to increase firms' real exports by 20%, real domestic sales by 20% and employment by 10%.

Other Donor Programs: USAID was largest donor in the economic growth area by far in 1998 (\$140 million). The Arab Fund provided soft loans (\$21 million) to support the GOJ's new Social Productivity Program. The GOJ's economic growth-related program expenditures totaled \$20.6 million. The United Kingdom provided grants (\$5.5 million) to support rural development and modernization of Jordan's capital market. IFAD provided soft loans (\$4 million) for rangeland rehabilitation. Germany provided support for the National Information System project (\$1.5 million). The European Union, UNDP, the World Bank, Greece, Switzerland, France and Canada each provided less than \$1 million in grants to support various economic development activities.

Principal Contractors, Grantees or Agencies: Contractors and grantees include Chemonics, Save the Children, Cooperative Housing Foundation, International Executive Service Corps, UNDP, the World Bank and Peace Corps. USAID's primary GOJ counterpart is the Ministry of Planning. However, USAID also works closely with the Ministries of Industry and Trade and Finance, the Central Bank, the Customs Department, the Executive Privatization Unit and the Investment Promotion Corporation. Local business associations and private-sector firms are also partners.

Selected Performance Measures:

	Baseline (1996)	Target (2000)	Target (2001)
Increase in number of companies registered	0%	2.5%	3.0%
Micro and small-entrepreneurs using commercial banks	2,908	12,400	15,000
Repeat microfinance borrowers (as a % of total borrowers)	17%	31%	35%
Foreign direct and domestic investments Facilitated by Investment Promotion Corporation incentives (millions of US\$)	492	1,200	1,540
Jordan accedes to the World Trade Organization	N/A	Tariff and agriculture offers finalized	Accession

LEBANON

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Child Survival and Disease	\$ 300,000	---	---
Economic Support Fund	\$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 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. Lebanon is 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, USAID provided more developmental assistance to non-government organizations (NGOs) to rebuild homes, restore basic infrastructure, and regenerate economic activity in rural communities. 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 being neglected by other donors and the government, USAID awarded grants to five NGOs to provide assistance to 29 "clusters" of approximately 230 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. To date over 295 activities have been completed or are underway.

The depletion and degradation of land, water, air, coastal and natural resources were unabated during the war, and are 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, develop a program to monitor pollution and engage in environmental research and generate public dialogue on the environmental problems facing Lebanon. USAID's continuing investment in AUB and a 1997 environmental policy assessment assure that environmental actions are taken in rural communities and inform national efforts of the government.

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 to 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 they need to do their work, resulting in more

accountability, transparency, and effectiveness of the entire government. In 1997, USAID added support for local government, to complement the community participation it was fostering, and in anticipation of the 1998 municipal elections. The vote was the first such election since 1963. Seizing this opportunity, USAID will place major emphasis for the remainder of this strategy on improved local 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 in the development of a comprehensive economic reform program. Through the Lebanese American University (LAU), USAID, in 1997-98, supported conferences to bring government, business, and academics together to focus on a series of development problems and investment opportunities. LAU facilitated industry cluster development plans, and in 1999 will shift its focus to economic policy reform.

In 1997, USAID revised and updated the strategy and objectives to best utilize increased funding and eliminate the humanitarian aid image of its program and placed a Mission Director in Beirut. The local staff was increased by one person in FY 1999 to implement and monitor the activities under three restructured objectives (economic growth, democracy and governance, and environment). The program staff remains one of the smallest in USAID.

Other Donors

While U.S. assistance is 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. USAID's focus on rural development, which is 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 or trade financing. In 1998, Kuwait was the largest bilateral donor, followed by Saudi Arabia, the European Union, and France.

FY 2000 Program

USAID/Lebanon 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 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. Under the improved environmental practices objective, USAID will fund activities such as soil conservation, sustainable agriculture in the rural development clusters, and will deliver innovative, low cost solutions to problems of wastewater and solid waste. In addition, USAID will continue its programs with AUB on solutions to environmental, economic and water resource problems. LAU will shift its program emphasis to economic policy reform to take advantage of the significant investment already made. While USAID will coordinate closely with the government, all assistance will continue to be channeled through grants or contracts to NGOs or U.S. firms.

LEBANON

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
S.O.1. Reconstruction & Expanded Economic Opportunity - ESF	9,000	---	1,000	---	---	---	10,000
Sp.O2 Increased Effectiveness of Democratic Institutions - ESF	---	---	---	1,000	---	---	1,000

Sp.O3 Improved Environmental Practices - ESF	---	---	1,000	---	---	---	1,000
TOTALS: - DA - CSD - PL 480/Title II - ESF	9,000	---	2,000	1,000	---	---	12,000

USAID Mission Director, 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 SOURCES: FY 2000: \$10,000,000 ESF

INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID supports a range of community-level reconstruction and rehabilitation activities designed to revitalize 230 rural communities located in 29 clusters of villages 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 grantees extend credit to women in poverty; contractors provide technical assistance to modernize capital markets and support structural adjustment at the macro level; and a dairy improvement activity is working to restore the Lebanese dairy industry. Beneficiaries include the poorest families in rural areas (estimated 600,000) under the rural development clusters grants, as well as the investing community through modernized capital markets. The microfinance effort benefits women and small entrepreneurs in both rural and urban poor communities.

Key Results: Since 1997, the Rural Development Clusters program has provided 5 grants to U.S. nongovernmental organizations (NGOs) to carry out hundreds of activities that rehabilitate health care facilities, reconstruct or build roads, irrigation and potable water systems, and enhance local capacity to plan and manage reconstruction and community revitalization efforts. More than 400 activities will be completed by 1999 and 75 more are expected to be completed by the end of year 2000. USAID supported the first large-scale microenterprise group lending activity in Lebanon, which will eventually serve over 500 groups in all regions. Since 1998, an additional experimental microfinance activity has been added, to provide small scale loans to entrepreneurs through commercial banks, and a third activity is planned for FY 1999.

Performance and Prospects: In restoring and vitalizing normal life in rural areas, targets cited above will be met, and an additional 75 activities will be executed during year 2000.

The microfinance activity focuses upon groups of women who guarantee each other's repayment of credits. It also establishes bank accounts for the savings component and offers training to manage village banking operations, thus enhancing access to microfinance services for low income microentrepreneurs. In 1999 and 2000 the activity will focus on involving private commercial banks in the delivery of microfinance products. The number of borrowers under the group lending is currently 6,000 and is expected to reach 8,500 by the end of 1999, and 12,000 by the end of year 2000. In addition, 250 microentrepreneurs will receive loans through the commercial bank in 1999, and this number is expected to reach 1,000 in the year 2000.

In supporting the modernization of Lebanon's capital market, USAID is creating a regulatory framework of international standard to increase investor confidence so that new capital is attracted to support Lebanon's economic growth. Technical inputs for upgrading the capital markets include drafting of new legislation; developing the structures, bylaws, regulations and procedures for the regulatory body (National Council for the Securities Market in Lebanon) and strengthening of the clearance, settlement and depository functions of the country's securities market (Midclear). This effort is currently being supported by a comprehensive economic/commercial policy assessment that should lead to fundamental economic and structural reforms, led by the private sector. During 1998, three economic sectors (clusters) were identified: Light and Agro-Industry; Financial and Regional Business Services; and Tourism and comprehensive plans were prepared.

Possible Adjustments to Plans: None.

Other Donors: The United Nations Development Program (UNDP) has contributed \$185,000 to activities executed in the Baalbek/Hermel clusters. The World Bank has offered a \$60 million loan to the GOL, which will complement the USAID rural development clusters model in other areas. The French government granted \$2 million to rehabilitate irrigation canals in USAID Baalbek/Hermel clusters, and the GOL spent \$ 400,000 to rehabilitate irrigation canals in Jabouleh cluster, in North Bekaa. The local communities' contribution to USAID executed activities reached 30 percent of total actual cost.

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, Catholic Relief Services and Cooperative Housing Foundation. Technical assistance for capital markets has been provided by Coopers and Lybrand/MetaMetrics. The economic/commercial assessment is being performed by Stanford Research Institute and Lebanese American University.

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 (MOMRA). 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, the Ministry of Economy and Trade and the Ministry of Industry.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Number of Target Communities Revitalized: (measured by families resettled, additional cultivated land, and potable water systems improved)	0	60%	100%(230)
Number of Informal Sector Loans:	0	12,000	28,000
Transparent Capital Markets functioning	0	1	1

ACTIVITY DATA SHEET

PROGRAM: LEBANON

TITLE and NUMBER: Increased Effectiveness of Selected Institutions which Support Democracy, 268-Sp002

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$1,000,000 ESF

INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: This objective contributes to the rehabilitation and reform of the 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. The beneficiaries are the Parliament and the selected municipalities, as well as citizens and public servants they serve or represent.

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 has been trained in use and maintenance of information systems. Senior civil servants have traveled to the US for policy dialogue to learn about government reengineering, customer service, quality management, transparency of decision-making, and other contemporary public sector management values and concepts. USAID was asked by the GOL 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.

Key Results: Success in this activity is measured by a parliament that is both more responsive to its constituents, and a more effective partner in governing the country. The Parliament will pass better laws, pass them faster, and conduct responsible oversight of government budgets and operations. Local government will be revived with modern information systems, elected council members with awareness of their powers and their responsibilities toward their communities, and skills and information resources to carry them out.

Performance and Prospects: While other donors have supported restoration of Lebanon's devastated postwar government, 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.

The focus of this activity has shifted away from assisting the "control agencies", which have now gained new autonomy, effectiveness and legitimacy. Work with the Parliament continues 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 -- took place in May 1998, and new legislation was recently passed that gives added authority to local government. USAID assistance has been extended to strengthen local government. This will include cooperation with the MOMRA and with approximately 68 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.

Possible Adjustments to Plans: It is uncertain that MOMRA will maintain its independence since the current government placed one minister over it and the Ministry of Interior. The effect of the decisions and changes will be discussed with the new Government.

Other Donor Programs: Democracy in Lebanon is a field that has now attracted many donors. The World Bank and the United Nations Development Program have been supporting administrative reform, 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. Part of the World Bank \$55 million loan for administrative reform will fund a study to improve the current municipal financial system. The Canadian government invested 30,000 Canadian dollars to promote education and democracy through one of the local NGOs. A Parliamentary Center is being established where the Lebanese Parliament and the NGOs can directly discuss legislative issues. The Center is jointly funded by the EU for 120,000 Euro dollars and by the Canadians for 170,000 Canadian dollars.

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 (CLD/SUNY). 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 is also close coordination with the NGOs involved in the rural development clusters under SO1. The counterparts in this program are the Minister of State for Administrative Reform, the MOMRA, and Speaker's Office in the Parliament.

Selected Performance Measures:

	Baseline (1998)	Target (2000)	Target (2002)
MOMRA Capacity improved MIS system functions to provide technical assistance and information to municipalities	0	100 staff	300 staff
Municipalities have developed budgets and plans Pilot municipality plans and budgets in place and local authorities are able to interact with central agencies and provide citizen services	0	10	20 *

*(48 municipalities are being funded through the Rural Community Development Clusters with SUNY supervision).

ACTIVITY DATA SHEET

PROGRAM: LEBANON

TITLE and NUMBER: Improved Environmental Practices, 268-Sp003

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$1,000,000 ESF
INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The purpose of this special objective is to help Lebanon to better understand its environmental problems, point the way to policy reforms, and through demonstration activities, illustrate selected environmental solutions at national and local levels. Thousands of families in urban and rural areas will benefit from more sustainable land use, clean water and reduced pollution by developing their ability to manage environmental resources.

Until 1997 USAID funded 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. 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 environmental problems. AUB now has three laboratories that support environmental research, testing of air and water, and teaching for undergraduate and graduate students. This gives the university new capacity to conduct water quality testing and air pollution monitoring, and to provide policy and technical leadership on some of Lebanon's most pressing problems, especially in the heavily populated coastal zone. Beginning in 1997, USAID included environmental activities under the rural development clusters activity, focusing on integrated water resources management activities (mainly solid/liquid waste disposal and treatment pilot projects), and in 1998 began funding specific solutions in seven rural communities. These will have benefits both at the national and the community level by demonstrating low cost methodologies for waste disposal and treatment, as well as productive agriculture that is environmentally sustainable. Through sustained community action, and then disseminating the results and methods, local solutions can be replicated on a national scale. In 1998 USAID added complementary community action and education support for the Lebanese Armed Forces' (LAF's) demining program. This will open up additional lands for development and production.

Key Results: Under this activity, USAID seeks to educate about environmental problems, and demonstrate innovative solutions that can be supported and replicated by the GOL and other donors. By focusing on initiating waste management projects in rural areas, USAID is demonstrating to rural villages and to other public and private entities the most effective and least expensive methodologies to solve environmental problems. USAID also intends to establish the grounds for environmental concerns and awareness among rural communities. This will be reflected in any project the villages might initiate in the future. USAID's aim is to lead these communities to improve their capabilities to manage their environmental conditions in a more efficient manner.

AUB's activities are not limited to delivering technical services. AUB will disseminate information on environmental conditions and provide expert advice on solutions to environmental problems for private and public sectors. Efforts are being exerted to strengthen the educational and advisory role of AUB.

Through its landmines accident prevention program, USAID focuses on providing understanding and awareness at both national and community levels related to land mines location and to the social and economic problems incurred from mine injuries. It also supports the military efforts to remove landmines.

Performance and Prospects: AUB's 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 are varied. These include building or restoring retaining walls, reforestation, 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, introducing new crops that serve both income and environmental objectives. The NGOs are becoming increasingly skilled, and their services actively sought after by communities and now by local governments, to carry out these projects. USAID hopes to demonstrate a number of low-cost solutions to both solid and liquid waste problems, and enlist other donors in the effort.

In demining, cooperation between the NGO and the LAF's special units has been steadily improving, so that existing minefields are identified and eliminated, communities can prevent accidents and deaths, and victims can get proper treatment and rehabilitation.

Possible Adjustments to Plans: USAID called for the advice of a USAID environmental expert to review and refine the environmental indicators so that they would best reflect the expanding activities and help achieve the targeted results in the rural communities. The consultant's report will be incorporated in future performance monitoring and reporting.

Other Donor Programs: 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. The World Bank has provided a \$55 million loan for a Solid Waste Management Project to construct landfills in seven different locations all over the country. The U.S. Department of Defense is supporting physical removal of mines with training and equipment for the LAF.

Principal Contractors, Grantees or Agencies: USAID supports AUB, Mercy Corps, Catholic Near East Welfare, YMCA, Cooperative Housing Foundation, and Creative Associates. The Ministries of Environment, Water, and Agriculture will cooperate in these efforts. The World Rehabilitation Fund is carrying out education, organizing, and information work on demining with the LAF.

Selected Performance Measures:

	Baseline (1997)	Target (2000)
AUB provides environmental testing services to GOL and private sector		
- Number of technical assistance activities conducted	0	25
- Level of utilization of Core Environmental Lab	0	14 (students)
- Number of spot check samples of water quality	0	500
- Number of samples monitoring hazardous substances	0	300
Demonstration village wastewater treatment plants operating	0	10 (70 by 2002)

MONGOLIA

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$4,000,000	---	---
Economic Support Funds	\$8,008,819	---	\$12,000,000
FREEDOM Support Act Funds	---	\$6,000,000	---

Introduction

USAID's efforts to support Mongolia's ongoing economic and political transition address key U.S. national interests, including promoting economic prosperity and broad-based growth as well as democracy and the rule of law. USAID/Mongolia's two strategic objectives are mutually reinforcing and strongly support the U.S. Government's goal of helping Mongolia transform itself into a bastion of market-oriented and democratic stability in Northeast Asia. Mongolia now stands at a critical juncture in its transition to an open market and democratic society. Despite past reform successes, neither its political nor economic transformation is complete. Public institutions are still run in a top down fashion, with decisions being made in the capital with little feedback from local areas. Economic hardships remain for many, particularly in rural Mongolia. Existing hardships have been exacerbated by the financial crisis in Asia that has adversely affected worldwide demand for two of Mongolia's principal exports – copper and cashmere. In Mongolia's vast rural areas, economic growth is not occurring at a rate sufficient to raise living standards, extend benefits to a larger population, reduce vulnerabilities to external shocks, and ensure the consolidation of the democratic transition. Ultimately, the long-term success of Mongolia's democratic reform depends on all segments of Mongolian society feeling they have a stake in a new economic system and are able to benefit from market reform. USAID's assistance for Mongolia has been effective in assisting the Government to adopt policies and implement reforms, which greatly spurred economic development and growth in urban areas, particularly Ulaanbaatar, as well as facilitated democratic transition at the national level. In FY 1999, USAID began working under a new five-year strategy (FY1999-2003) which marks USAID's movement toward increased attention to rural area growth and development.

Development Challenge

The development challenge for Mongolia remains unchanged—it is to create a stable political and economic environment that enables it to attract the domestic and foreign investment necessary for broad-based, sustainable development. Key obstacles remain to the realization of Mongolia's development potential, specifically in rural areas: (1) undeveloped and insufficient energy supplies and transportation and communication systems impede the movement of goods, people and information throughout the country; (2) inefficient state-run institutions, including banking and capital markets, make it difficult to mobilize savings and investment and limit the productivity of resources; (3) inadequately developed judicial and enforcement services are unable to ensure the rule of law; and (4) in rural areas, inexperienced civil society organizations are unable to foster economic growth and provide feedback to government at the local and national levels on policies and programs.

Despite these obstacles, Mongolia has a number of strengths which can serve as a strong foundation for sustained development, namely (1) a broad commitment to the development of democracy and a market economy; (2) strong internal social cohesion; (3) a highly literate population; and (4) a government committed to reform and development.

USAID's strategy for Mongolia is to help it establish a market-oriented and democratic society by (1) consolidating Mongolia's democratic transition and (2) accelerating and broadening environmentally sound private sector growth, with a particular focus on bringing change to rural areas. To accomplish these results, USAID will establish the foundation for an effective rural society. Rural business associations, women's groups, local chambers of commerce,

SO 1: Consolidate Mongolia's Democratic Transition - ESF	---	---	---	4,345	---	---	4,345
SO 2: Accelerate and Broaden Environmentally Sound Private Sector Growth - ESF	7,655	---	---	---	---	---	7,655
Totals: - ESF	7,655	---	---	4,345	---	---	12,000

Mission Director, Edward Birgells

ACTIVITY DATA SHEET

PROGRAM: MONGOLIA

TITLE AND NUMBER: Consolidate Mongolia's Democratic Transition, 438-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$4,345,000 (ESF)

INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: 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 1999 with the introduction of the Mongolian Farmer to Farmer Program (FtF) and the Rural Civil Society Program (RCSP), which will assist in the development and strengthening of new and existing market-oriented civil society associations, local governments, and private sector business and support organizations able to address issues important to the economic growth of rural Mongolia. USAID, through the International Development Law Institute (IDLI), undertook to strengthen the judicial sector by developing and training in the use of "benchbooks" for judges that will serve as reference materials and self-training guides. Support to IDLI will last through FY 1999.

Key Results: 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 non governmental 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.

Performance and Prospects: Through support to the International Republican Institute (IRI), USAID 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 provincial and local levels. USAID is actively engaged in efforts to improve the effectiveness of Government of Mongolia (GOM) ministries and the Great Hural (national parliament). Support to IRI will continue through FY 2001.

USAID is funding the rural institution development component of the Rural Civil Society Program and the Mongolian Farmer to Farmer Program. Rural institutions supportive of rural enterprise development will be fostered, such as business associations, women's groups, local chambers of commerce, herder's associations and cooperatives, that can provide training and support for the development of rural enterprises and agriculture, lobby local and national governments to support business growth, provide policy alternatives to rural business issues.

Possible Adjustments to Plans: USAID expects to continue assistance to the judicial and legal professions in FY 2000 to establish a competent judiciary and enforcement capacity able to ensure the rule of law in Mongolia. The program expects to include support for the development of a legal information system, the improved standards and ethical performance, and ensuring that individual protections and human rights are incorporated into the legal and judicial system. USAID's program will focus on reform of the existing system and will not have a significant

training component, but will cooperate closely with other donors in the training arena to identify training needs. Outside the formal judicial system, support may be provided to establish a Mongolian bar association and an examination system for new lawyers to increase professionalism.

Other Donor Programs: The Asian Development Bank (ADB) is engaged in an effort to improve the quality of legal training, Gesellschaft Fur Technische Zusammenarbeit (GTZ) is supporting training of judges. The Soros Foundation may also be entering this field. No other donor is taking the systematic approach to rural development and civil society building that USAID is undertaking.

Principal Contractors, Grantees, or Agencies: USAID implements this activity through the following partners: The International Republican Institute, the International Development Law Institute, Mercy Corps International, and Agriculture Cooperation Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA).

Selected Performance Measures:

1. Civil society organizations providing services essential to rural growth.
2. Public policies changed consistent with rural civil society organizations advocacy.
3. Strategy for judicial development approved and implemented.
4. Public confidence in judiciary improved.
5. Parliament develops mechanism for incorporating public input into legislative process.

* Baseline and target indicators have not been developed for this program but will be within the next six months

ACTIVITY DATA SHEET

PROGRAM: MONGOLIA

TITLE AND NUMBER: Accelerate and Broaden Environmentally Sound Private Sector Growth, 438-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$7,655,000 ESF

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: The Economic Policy Support Project is the principle vehicle by which USAID is expanding its economic growth program under its new five year strategy (1999-2003). EPSP seeks to increase the standard of living of the people of Mongolia and to improve economic and 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 provides technical assistance, training and other inputs to establish sound, growth-oriented market-economy policies and practices, and to develop and strengthen select public and private-sector institutions that will help develop and sustain a market-oriented economy.

All Mongolians are benefiting from lower inflation and a more vibrant urban economy, for which USAID can fairly take partial credit. All Mongolians promise to benefit from the achievement of future activity goals including improved pensions, the development of a commercial power sector, and a better working financial sector. Activities in rural Mongolia promise to establish linkages between economic growth, improved environmental quality, and increased democratic participation.

In addition to the macroeconomic reform assistance referred to above, the following other activities are being supported:

- USAID has begun providing assistance to the Mongolian State Property Committee for its privatization program. Over the next three years USAID will assist in the privatization of over 200 companies. Up to twelve of these will be suitable for foreign investors. --Sixteen Mongolians are benefiting from long-term economics and business training in the United States. In the future, USAID plans to broaden this training to cover our democracy as well as economic growth strategic objectives.
- Through the U.S. Customs Service, USAID will provide assistance to the Mongolian Customs to bring it to international standards of effectiveness and efficiency.
- USAID is funding the activities of a Global Technology Network in Mongolia (GTN-Mongolia). GTN-Mongolia assists Mongolian firms seeking to improve production efficiencies by adopting U.S. technology or to establish business relationships with U.S. companies. The resources of the International

Executive Service Corps (IESC) complement the program.

- Finally, USAID is funding two sustainable rural development activities. One is the Mongolia Farmer to Farmer (FtF) which is focusing on animal health, improving animal breeding stock, and improving the productivity of the crop sector. In the crop sector FtF will begin demonstration programs on proving the technical and economic feasibility of "no-till" agriculture, contract seed production, and cooperative development. The adoption of "no-till" methods of cultivation will have both economic and environmental benefits to Mongolia. The other program is an effort to develop the Lake Hovsgol region of Mongolia into an effective protected area that will lend itself to local economic development.

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. 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

Key Results: With USAID provided advice and guidance, the Democratic Union Coalition has developed and is implementing a forward-thinking, macroeconomic reform agenda. Under this reform agenda, an improved energy pricing structure has been put in place which has enabled the Mongolians to recover costs of energy production and distribution; and bank restructuring, pension reform, capital market development, and the privatization of state-owned enterprises have begun. The impact of this assistance has helped to bring down inflation and keeping it in check.

Performance and Prospects: USAID assistance under EPSP has played a key role in organizing the macroeconomic reform agenda of the Democratic Union Coalition. In the early days of the Coalition, EPSP organized a series of Economic Policy Workshops, which led to the development of a comprehensive economic reform agenda. EPSP later assisted the GOM to implement the agenda. Key achievements include: the setting of new and higher electricity, heat, coal and petroleum prices resulting in a more viable energy sector; the restructuring of two unviable banks and the development of a new banking strategy. Recently, an Energy Policy Workshop has helped the GOM in determining a course of action for energy privatization and commercialization. A similar workshop is planned for bank restructuring in FY 1999. EPSP has also played a key role in training a core cadre of economic analysts, capable of implementing the GOM's economic growth objectives. EPSP provided assistance in the legislative drafting for the GOM's new pension program and will provide the assistance needed for the Ministry of Health and Social Welfare to implement the new program. Similar assistance is anticipated for energy policy reform and financial sector bank reconstruction.

Possible Adjustment in Plans: Further assistance in the areas of macroeconomic reform, pensions, energy sector commercialization and financial sector restructuring may be undertaken, depending upon the activities of other donors and the level of need. In addition, efforts to help the Mongolian private sector link with U.S. technology and establish joint ventures with U.S. companies may continue depending on results achieved through FY 2000.

Other Donor Programs: The International Monetary Fund, the World Bank, 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.

Selected Performance Measures:

1. Increased share of GDP attributable to private sector.
2. Independent and transparent banking, capital market and pension system resulting in increased savings and investment.
3. Effective energy regulatory authority established.
4. Increased value-added livestock production.
5. Increase in number of profitable, rural businesses and cooperatives.
6. Number of farmers adapting no-till agricultural practices.
7. Sustainable tourism established in Lake Hovsgol.

*Baseline and target indicators have not been developed for this program but will be within the next six months.

MOROCCO

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$6,200,000	\$5,000,000	\$6,500,000
Child Survival and Disease	\$4,700,000	\$2,826,000	\$1,500,000

Introduction

Moroccan voters recently elected their first opposition government, an event that could have a profound impact on U.S. national security interests. Prime Minister Youssoufi's ministers have committed themselves to transparency, democracy, economic development, and rule of law. The new government is redefining policies on human rights, health care, education and social development. A new partnership is being forged with the United States, which, if successful, could establish Morocco as a more stable, democratic and prosperous partner in an important yet troubled region. USAID's resources support U.S. national security interests and this new partnership, through development programs that emphasize economic prosperity, democracy, and human rights. The fragile nature of the democracy experiment in Morocco cannot be over emphasized. The need for strong and continued U.S. support for the new government's efforts has never been greater.

Development Challenge

Morocco is a country of contrasts and dualistic development. Debilitating urban and rural poverty coexist alongside modern urban centers. While the nation's estimated per capita gross domestic product (GDP) of \$1,280 indicates that Morocco is a lower-middle-income country, its social statistics are those of a much poorer country.

- Almost 50% of the population lives at or below the poverty line. During the past decade, economic growth has averaged only 2.5% while the urban labor force is growing at over 5% annually.
- The current unemployment rate is nearing 20%—and is 30% among new university graduates.
- More than half the adult population is illiterate. In rural areas, the rate of female illiteracy is 90%.
- Infant mortality has dropped from 82.4 per thousand, but it remains at 36 per thousand.
- Morocco has some large sophisticated agribusiness and phosphate production enterprises that earn substantial foreign exchange for the country; but a third of these export earnings are devoted to servicing internal and external debts, heavily constraining its capacity to manage the fiscal deficit.
- The population is still growing at 2.1%, putting ever increasing pressure on the over burdened social and economic systems.

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

USAID's economic growth strategy will focus on improving the environment for local and foreign trade and investment; providing training, technical assistance, and increased credit resources for small and micro-entrepreneurs; supporting the highly successful microfinance organization USAID established in 1997; and supporting the Government of Morocco's (GOM) policy reform agenda.

Water scarcity is a well-known, critical constraint affecting Morocco's long-term development. Therefore, USAID is continuing its focus on improving the quality and efficient use of this scarce resource. Activities will cover all

aspects of water management in the agricultural, urban, and industrial sectors. To date, USAID's program is demonstrating impressive results. For example, the annual water usage in the laser-leveling irrigation scheme has been reduced by 13 million cubic meters. This success is serving as a model for GOM and donor replication in other areas of Morocco. Other new and continuing activities will focus on improving water quality for household use and treating and reusing previously unused water discharges for agricultural purposes.

Morocco now has 27 million people, of whom 35% are under 15 years of age. The coming of age of this population will not only lead to increased population pressures within the next 10 years, but also create tremendous demands for employment and services. USAID and the Moroccan Ministry of Health will continue their cooperative and successful program to improve the health and lives of Morocco's children and their mothers. In spite of steadily reducing infant and maternal mortality rates and improvements in child spacing, much remains to be done if the country is to successfully address population pressures and the demand for services and employment.

Recent USAID initiatives in basic education, particularly for rural girls will continue. The USAID program is providing a model which is expected to be adopted by the Ministry of Education and the World Bank for replication in several locations.

Other Donors

Donor assistance to Morocco totals about \$1 billion per year. An estimated 80% of donor assistance--in the form of loans, loan guarantees, and commercial credit--finances infrastructure development. The largest donor programs in Morocco are those of the World Bank, the European Union, France, the African Development Bank, and Spain. In 1996, U.S. grant assistance ranked third (9%), behind France (66%) and Germany (11%). However, with declining USAID assistance levels, this ranking has likely slipped. Nevertheless, USAID continues to play a far more significant role than its program size would indicate. For example, USAID is perceived as the leading donor in microenterprise development and finance, water resource management, and family planning.

FY 2000 Program

USAID programming will continue to pursue both Mission Performance Plan and USAID-specific goals. Activities in small and microenterprises and policy reform implementation will improve access to credit and markets for the poor, and will contribute to poverty alleviation through increased opportunities for private sector development. Support for improved water resources management in the agricultural, urban, and industrial sectors will reduce toxic emissions, reduce water usage, reduce surface water pollution, and provide modern sewerage and potable water systems to many more of Morocco's citizens. The population and health program will consolidate important gains in reproductive and child health while insuring their sustainability. The basic education activity will increase the participation of rural girls in primary schooling, preparing them to participate in Morocco's democratic and economic development.

MOROCCO

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Development	Humanitarian Assistance	TOTALS
1. Increased opportunities for private sector - DA	1,000	---	---	---	---	---	1,000
2. Improved Water Resources Management in the Souss-Massa River Basin - DA	---	---	3,000	---	---	---	3,000

3. Key Interventions Established to Promote Sustainability of Population, Health and Nutrition Programs in Morocco							
- DA	---	2,000	---	---	---	---	2,000
- CSD	---	500	---	---	---	---	500
4. Increased Basic Educational Attainment for Rural Girls in Selected Rural Areas							
- DA	---	---	---	---	500	---	500
- CSD	---	---	---	---	1,000	---	1,000
Total:							
- DA	1,000	2,000	3,000	---	500	---	6,500
- CSD	---	500	---	---	1,000	---	1,500

USAID Mission Director: James Bednar

ACTIVITY DATA SHEET

PROGRAM: MOROCCO

TITLE AND NUMBER: Increased Opportunities for Trade, Investment and Business, 608-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$1,000,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The two main development priorities of the Moroccan government are accelerated economic growth and an improved quality of life for disadvantaged Moroccans. Economic growth is acknowledged as the best means of alleviating poverty and generating revenues needed to finance social sector activities. A favorable policy and regulatory environment and an institutional capacity to support private enterprise are the most effective means for promoting equitable growth.

USAID provides assistance for policy and administrative reform and institutional capacity development. An enabling environment will expand economic opportunities for small and microentrepreneurs and support the Middle East and North Africa Regional Trade and Investment Initiative. Specific activities target investment promotion, corruption and transparency, judicial reform, and access to housing and working capital loans. Primary beneficiaries are disadvantaged Moroccans, entrepreneurs (particularly micro, small, and female), and jobless people, both rural and urban, who gain business and employment opportunities, low-cost housing, training, and access to financial resources otherwise unavailable.

Key Results: Major anticipated results include: approved legislation or executive decrees for investment promotion, competition and consumer protection, economic associations, microfinance institutions, and significantly reduced bureaucratic obstacles to trade and enterprise development. Other results will be: pay-for-support-services for small enterprise through a national, private sector federation of consulting firms serving small businesses; a nationwide microfinance organization that will offer loans to 25,000 clients in 2000, mostly female; and reduced transaction costs for entrepreneurs because of diminished administrative corruption.

Cumulative multi-year results include 52 firms privatized; 35 microfinance offices in 22 cities nationwide; a 20% reduction in the cost of road transport of agricultural exports; annual exports of diversified horticultural exceeding \$25 million, providing jobs for low income people, mainly women; and 125,000 new below-median-income homeowners.

Performance and Prospects: The new Moroccan government is devoted to speeding and expanding the process of reform, which has thus far proceeded slowly. USAID is optimistic that its 20 item reform agenda supporting the government efforts will be 80% achieved, serving as a catalyst to promote an enabling market economy, business environment, transparency and competition, and access to financial resources for low-income homeowners and for

micro- and small-scale entrepreneurs. Four activities, New Enterprise Development (NED: through 2000), Microenterprise Finance (MFA: through 2003), Accelerated Reform for Enterprise Promotion (AREP: 2000-2005); and Institutional Strengthening for Business Opportunities (ISBO: 2000-2005) will furnish implementation assistance.

Possible Adjustment to Plans: Two key unknowns which could affect the progress of our plan are the level of funding available in future years and the pace of reform implementation by the Government of Morocco. Continued progress on administrative reform is a requisite for expanded economic opportunity and growth. Funding constraints may dictate combining the policy reform and institution capacity development.

Other Donor Programs: Donor activity is significant and supports structural adjustment and macro-economic policy reform, infrastructure development, financial sector reform, related institutional policy reform, and assistance to specific sectors such as agriculture, fisheries, and education. The World Bank is the predominant donor in structural adjustment and financial market development. The European Union, European Investment Bank, France, Japan, and Germany are other major donors in the private sector.

Principal Contractors, Grantees, or Agencies: Primary contractors and grantees include: Chemonics International, Development Alternatives, Inc., and Volunteers in Technical Assistance.

Selected Performance Measures:

	Baseline (1993)	Target (2000)	Target (2005)
Reduced barriers to direct investment in the Moroccan private sector*	0%	10%	100%
Increased numbers of micro/small/medium enterprises (cum.)	0	6,000	20,000
Increased number of enterprises receiving loans (cum.)	0	24,000	100,000
Increased number of low-income homeowners (cum.)	16,000	200,000	300,000

* Measured as percentage completion of a series of USAID-promoted policy reforms

ACTIVITY DATA SHEET

PROGRAM: MOROCCO

TITLE AND NUMBER: Improved Water Resources Management in the Souss-Massa River Basin, 608-SO02

STATUS: Continuing

PROPOSED OBLIGATION & FUNDING SOURCE: FY 2000: \$3,000,000 DA;

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: The economy of Morocco depends primarily upon agriculture, so plans for economic growth and modernization are hostage to rainfall patterns and the way water is managed in aggregate. On the human level, inadequate supplies of potable water and sanitation are major household burdens and cause of disease. To alleviate this constraint to prosperity and social development, USAID/Morocco has worked since 1995 to improve water resources management in the agricultural, urban and industrial sectors. Current activities include: (1) improving irrigation efficiency through new technologies and stronger management systems, benefiting farmers and the entire water sector; (2) improving watershed management through community-based erosion-control programs, benefiting farmers and urban water users down-stream; (3) improving water quality by treating urban and industrial pollutants, benefiting all down-stream water users; (4) providing water, sanitation, and municipal services in fast-growing towns and cities, benefiting the urban poor; and (5) training municipal officials in financial management and environmental planning, benefiting urban residents through better governance and service delivery.

USAID/Morocco's assistance in water resources management is in a transition phase, continuing or completing current activities and consolidating their successes, while developing a new activity to support the new strategic objective. The new activity, starting in June 1999, will assist the government to implement recent legislation to integrate water resources management in the nation's principal river basins. The Souss-Massa region, east of Agadir, was selected as the most promising site for the new work because of its economic importance to the country, because its main industries -- agricultural exports and tourism -- depend upon water, because it offers strong development

partners, and because it faces severe problems of water scarcity, water quality, and water availability that can be improved through integrated application of practices developed in the past four years.

This strategic objective addresses four of USAID's seven goals: environmental sustainability, by establishing a system to conserve and clean water, and enabling sustainable urbanization; economic growth and agricultural development, by improving sustainability of natural resource use; democratization, by promoting transparent, responsive government and an active civil society; and human health, by improving access to water and sanitation.

Key Results: (1) Irrigation technologies introduced by Tadla Resources Management (TRM) saved farmers \$1,300,000 in reduced water use last year, while simultaneously improving crop yields. Water User's Associations now include 6,000 farmers, and are represented on the irrigation authority's management council. (2) The watershed management activity (part of Water Resources Sustainability, WRS) worked with new farmers' associations to plant olive trees on more than 400 hectares of lands that are easily eroded. (3) A pilot wastewater treatment plant began operation (through Urban Environmental Services, UES), and construction began on a full plant for wastewater treatment, wastewater reuse, and production of methane (through WRS). Monitoring and construction is continuing at these sites and at an additional pilot plant. (4) Municipal services were provided to 2,530,000 poor urban residents in 22 communities (through UES and the Urban Environmental Credit Program, UECP). This work is continuing, although current mechanisms, technical support and infrastructure financing may be modified.

Performance and Prospects: The decision to extend and intensify work in the water sector was based upon the strong performance and energetic Moroccan interest in the current activities. These results were achieved through community-based, technically sound approaches, and with the full faith of local and national officials. These approaches and programs will continue by UES, WRS, and UECP, concentrating on the new Souss-Massa river basin activity.

Possible Adjustments to Plans: The Urban Environmental Services activity is expected to be extended, at no cost, to December 2000, to support guaranteed loans. The Tadla Resources Management project may be extended, at no cost, to December 1999 to allow for more extensive dissemination of irrigation technologies.

Other Donor Programs: The Government of Morocco provides at least 25% of the total cost of USAID interventions, as provided in assistance agreements. Local governments and NGO partners participate financially and provide in-kind support to various interventions. The World Bank is about to initiate a watershed management program that mirrors USAID's, and is assisting Morocco's first river basin agency. European nations, especially France and Germany, continue to invest significant grant and loan funds in Morocco.

Principal Contractors, Grantees, or Agencies: The primary U.S. firms involved in these activities are Chemonics and Environmental Alternatives Unlimited. One or more contractor(s) will be secured for the new results package and strategic objective during the year. Numerous U.S. and Moroccan companies, universities, and NGOs provide short-term assistance or work as subcontractors. The USAID technical staff includes a technical advisor from USDA.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2005)
Mass of soil erosion in target areas	'97: 64 tons/ha./yr.	55	'02: 48
Progress toward adoption of 11 key reforms	'95: 12% complete	75%	'02: 96%
Number of poor urban households connected to sewerage and water services	'94: 10,300	48,650	'05: 50,000
Progress toward effective water resources management in the Souss-Massa measured by adoption and implementation of participatory policies and programs	'99: 0% complete	10%	'05: 95%

ACTIVITY DATA SHEET

PROGRAM: MOROCCO

TITLE AND NUMBER: Key Interventions Established To Promote Sustainability of Population, Health and Nutrition Programs in Morocco, 608-SpO03

STATUS: New

**PROPOSED OBLIGATION AND FUNDING SOURCES: FY2000: \$2,000,000 DA; \$500,000 CSD
INITIAL OBLIGATION: FY1999 ESTIMATED COMPLETION DATE: FY2004**

Summary: USAID has provided extensive assistance to the Ministry of Health (MOH) of the Government of Morocco for the past 30 years to expand family planning services, increase contraceptive prevalence, improve child health, and, more recently, to assist in other aspects of reproductive health. As a result of this assistance, Morocco has achieved outstanding results in reducing fertility and mortality of children under five. Given this success, USAID is progressively reducing its financial support to the sector, while helping the MOH to consolidate the gains achieved and to assure sustainability of the program. This Special Objective, due to start near the end of FY 1999, includes two key intermediate results: establishing effective decentralized management of primary health care services in the public sector, specifically in one or more pilot regions; and increasing access to private sector reproductive and child health services nationwide. The Special Objective also allows USAID to provide periodic technical assistance to the MOH to respond to problems in the national reproductive and child health systems previously developed in collaboration with USAID.

Key Results: The following indicators for the Special Objective Intermediate Result "Effective decentralized management of primary health care services in one or more pilot regions" are proposed: a) accurate health and demographic data available and used for decision-making at the regional level; b) contraceptive use increased in target communities; and c) an increased number of community health projects implemented with active participation of nongovernmental civic groups.

Indicators for achievement of the Intermediate Result "Increased access to private sector reproductive and child health services nationwide" include: a) sales of long-term contraceptives under the social marketing program increased; b) policy barriers to private sector service delivery reduced; and c) the proportion of family planning/maternal & child health clients served by the private sector is increased.

Performance and Prospects: This new Special Objective will start late in FY 1999. The current USAID/Morocco bilateral program for health and population, "Reduced Fertility and Improved Health of Children under Five" (SO-01) will be extended by one year, through 2000, to allow for completion of critical actions essential to achievement of the Special Objective.

SO-01 has demonstrated impressive results to date. National level results have greatly exceeded targets for Total Fertility Rate, Infant Mortality Rate, and the Contraceptive Prevalence Rate. An AID/Washington Global Bureau Senior Review cited the progress of the Morocco program as an Agency "success story".

With USAID's support, by the end of 608-SO01 the MOH will have in place most of the necessary elements of a fully functioning national Family Planning/Maternal Child Health (FP/MCH) program, including: 1) a nationwide network of service providers and facilities; 2) an adequate contraceptive logistics system and the ability to project needs and procure commodities; 3) appropriate pre-service and in-service training programs; 4) a strong national IEC (Information, Education, Communication) program; 5) the basic tools for a modern nationwide data management and health surveillance system; 6) an active private sector with two fully self-financing social marketed contraceptives (orals and condoms); 7) model service delivery pilots ready for replication in both Emergency Obstetric Care and Integrated Management of Childhood Illnesses; and 8) a burgeoning nongovernmental civic sector including active professional associations for physicians, nurses, and midwives.

USAID assistance in the new Special Objective will focus on priority interventions essential to achieve sustainability of these and other critical activities of the FP/MCH program.

Possible adjustment to plans: While this Special Objective is designed to be implemented solely through USAID central program support (Mission funds provided to grants and contracts administered by the Global Bureau) the involvement and ownership of all activities by the Government of Morocco, and more specifically the Ministry of Health, must be assured. It may be opportune to develop an umbrella agreement with the Ministry of Health (MOH) which covers the range of activities to be implemented in the Special Objective, even if no bilateral funds are obligated through this agreement.

Other donor programs: USAID has substantial experience working with the MOH to facilitate funding by other donors for key activities. This trend will continue into the post-bilateral period as USAID will pass the baton for expansion of successful pilot activities to donors such as the European Union (EU), the United Nations Population Fund (UNFPA), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the World Bank. Other bilateral assistance to the sector comes from Germany, Japan and France. UNFPA advocates strongly for reproductive health and gender awareness, and provides reserve support to the MOH in maintaining availability of contraceptives. The EU currently funds activities related to improved maternal and child health in 20

provinces and is likely to be the largest donor in the health sector, including reproductive and child health in the future. The EU collaborates with the World Bank on health care financing reform especially in certain large hospitals. Support from the World Bank is critical to GOM health financing efforts.

Principal Contractors, Grantees and Agencies: Under the Special Objective all Cooperating Agencies will be funded through Global Bureau central programs such as the Commercial Markets Strategy Project, Partnerships for Health Reform, and others. USAID is encouraging U.S. Private and Voluntary Organizations to seek funding through USAID's Bureau for Humanitarian Relief child survival grants program, and is also working with Helen Keller International to implement community-level interventions to address Vitamin A deficiencies.

*** Selected Performance Measures:**

	Baseline (1999)	Target (2000)	Target (2004)
Total Fertility Rate	3.1 (urban 2.1)	3.1 (urban 2.1)	3.1 (urban 2.1)
Infant Mortality Rate	36.7	36.7	36.7
Contraceptive Prevalence Rate	59%	59%	59%

* The success of the Special Objective program as a whole will be demonstrated by the maintenance of program gains as measured by these indicators.

ACTIVITY DATA SHEET

PROGRAM: MOROCCO

TITLE AND NUMBER: Increased Attainment of Basic Education among Girls in Pilot Schools in Rural Areas Using a Replicable Model, 608-SpO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$500,000 DA; \$1,000,000 CSD

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: Developing a country's human resource base is central to achieving economic prosperity and political stability. Education is a crucial part of this equation. Morocco's poor social indicators are due to large inequalities between urban and rural areas and between different segments of the country's population. Fundamental weaknesses in Morocco's education system hinder its ability to compete in the global market and to attract more foreign investments.

The Ministry of National Education (MNE) views USAID's technical leadership in this sector as critical to providing credibility to their strategy for the improvement of rural primary education. In 1994, the national net enrollment rate for all children in primary school was 62% (52% for girls and 72% for boys). Numbers are severely skewed in favor of urban areas. In terms of access to education, girls in rural areas are the most disadvantaged segment of the population with only 27% of girls enrolled in school.

USAID's objective is to improve girls' academic attainment in selected primary schools in rural Morocco. This will be achieved through integrated activities that address supply and demand issues in education and the policy reforms necessary for sustained change in the basic education system. Special Objective 4 (SpO-04) aims to introduce behavioral change at the school level, negotiate new policy reforms at the central level which are advantageous to girls' education, and to involve the communities and the parents in their girls' education.

Key Results: By the year 2000, SpO-04 will have developed and tested a flexible replicable model comprised of interventions at the school, community, provincial, and central policy levels. In the second phase (2001-2003), the model will be extended in up to nine additional provinces.

Performance and Prospects: USAID assistance supports: 1) improvement of classroom dynamics through training of teachers and administrators in multi-grade teaching, equity in the classroom, and lesson adaptation; 2) strengthening of MNE capacity at the local, provincial, and national levels to design, manage, evaluate, and replicate the model; 3) initiation of policy reforms 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.

One of the major weaknesses of the basic education system is the inadequacy of training provided at teacher

colleges. Key areas such as child-centered learning, multi-grade instruction, lesson adaptation, and especially equity in the classroom are not addressed. Thus, USAID's technical work in basic education aims to create an enabling learning environment to increase the participation of girls in the education system.

In further support of the MNE's new strategy for rural education, activities aim to assist the MNE in mobilizing local communities, local government, and other ministries to support their local schools and assume greater responsibility for school-related decisions. Activities will also build broad-based national-level recognition of the importance of educating girls.

Possible Adjustments to Plans: SpO-04's experience has shown that specific changes in current school-level activities, might be necessary to ensure more efficient and effective use of resources. In particular, some activities will be redirected towards teacher trainers in the teacher training colleges in the pilot provinces to ensure wider impact and sustainable change.

Other Donor Programs: The host country finances at least 25% of all program-related costs, including manpower costs associated with management, monitoring and evaluation in pilot interventions. The expansion of primary school reforms beyond the pilot area to the national level will be the responsibility of 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. UNICEF, the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNFPA, the World Food Program (WFP), United Nations Development Program (UNDP), and the French and Spanish cooperation agencies have programs that support elements of the MNE strategy for rural education. The SpO-04 team meets regularly with other donors to ensure that all donors' activities conform to the strategy and that there is no duplication of effort or waste of resources.

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

Selected Performance Measures: (for Pilot Schools)	Baseline (1995)	Target (2000)	Target (2004)
Percentage of total number of eligible rural girls enrolled in primary school in selected rural areas	22.3%*	50%	65%
Retention rate for rural girls through the sixth year	36.3%	70%	85%
Repetition rate for rural girls,	9.4%	7%	4%
Percentage of girls who complete grades 1-6	10.1%	22%	35%

* 1992 national level data for girls' enrollment in rural areas.

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	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$15,600,000	\$10,624,000	\$14,700,000
Child Survival and Disease	\$11,200,000	\$ 6,000,000	\$ 9,480,000
P.L. 480 Title II	\$ 642,000	\$ 2,734,000	---

Introduction

Nepal remains one of the world's poorest countries. Almost half of its citizens live in absolute poverty. While the country is struggling to build a foundation for its nine year old democracy, the government has failed to deliver improvements in the quality of life to ordinary citizens. This has caused cynicism about democracy and fueled an armed, rural-based Maoist insurgency, which is feeding on the low economic growth rates and the unmet needs of the population. USAID supports grass roots development in rural areas and is engaging in policy dialogue with the Government of Nepal (GON) on economic reforms and good governance. Strengthening Nepal's economy and democratic movement should promote regional stability and advance other U.S. national interests, including: democracy and respect for human rights, a sustainable environment, stabilized population growth and improved human health, broad-based economic growth, and more open foreign markets for U.S. investments.

Development Challenge

The Nepal program supports the USAID goals of stabilized world population growth, protected human health and reduced spread of infectious diseases. Nepal's population growth rate is high (2.4% annually). USAID is assisting the GON to expand the availability of quality, voluntary family planning services. As a result, total fertility (the average lifetime births per woman) has declined from 5.1 to 4.6 in five years. Eighty percent of this decline is due to increased use of contraceptives, most of which were provided by USAID. The health of Nepal's population is poor. Infant and maternal mortality rates are among the world's highest. Twelve percent of children born will not reach their fifth birthday (1996 Nepal Family Health Survey). USAID programs that improve the control of diarrheal diseases and pneumonia, and reduce the number of children with vitamin A deficiency, have contributed to the reduction in the under-five mortality rate from 165 to 118 deaths per 1,000 live births in five years. USAID's HIV/AIDS program focuses on the high-risk behavior groups in Nepal. In addition, USAID supports a program to control infectious diseases, with a focus on vector-borne diseases and antimicrobial resistance, both of which have been increasing. The infectious disease and HIV/AIDS programs have a strong cross-border focus, which strengthens regional cooperation in the health sector.

The USAID agriculture and forestry program is key to broad-based economic growth, a sustained global environment and the promotion of grassroots democratic institutions in Nepal. Agricultural development is the principal engine of growth for Nepal where 80% of the economically active population works in the agriculture sector. The high-value crop model, which USAID pioneered in Nepal, has been formally adopted by the GON and is being replicated by government personnel and other donors. The program is showing phenomenal success as greater numbers of subsistence farmers are increasing their incomes through production of high-value cash crops; last year sales of high-value products increased to \$25.1 million, benefiting 210,000 farm families. In forestry, USAID's support to over 1,200 community forestry user groups (representing almost 800,000 beneficiaries) has helped preserve biodiversity, reduce global warming, protect the environment and improve the management of over 100,000 hectares of forest. The value of forest products from USAID-supported community forest areas is becoming an increasingly important source of new income for rural families; these incomes increased by 28% this year. USAID programs will contribute to an increase in forest-based incomes from \$3.3 million to \$4.5 million by FY 2000.

Women are on the front line of household and community efforts to escape poverty and cope with its impact. Nepali

women remain illiterate, under-represented, and unaware of their rights and Nepal's economy continues to suffer the consequences of foregone production, diminished family welfare and rapid population growth. The critical contribution of women to Nepal's economy mandates their empowerment as a crucial element of political, economic and social development. Currently about two thirds of Nepali women cannot read or write. USAID is strengthening women's skills by increasing their literacy and knowledge of their legal rights and providing access to small loans to start businesses. This empowerment provides long-term, inter-generational benefits for Nepali society and reinforces USG efforts to improve democratic processes, support economic growth, secure a stable environment, improve the health of the population, as well as bolster human rights and reduce the endemic problem of trafficking in women and girls.

As home of the Himalayan Mountains and the headwaters of South Asia's major rivers, Nepal has tremendous hydropower potential. Only 1% of that potential has been developed. Power shortages continue to constrain economic development and inhibit foreign investments. The country continues to depend on fuelwood for 85% of its energy needs. In support of USG goals to reduce global warming, secure a stable environment and promote U.S. business interests abroad, USAID assistance is improving the capacity of the GON to administer sound hydropower development and improve the investment climate for private investment. The program is expected to result in GON approval and licensing of hydropower projects with a total value of as much as \$475 million. Several U.S. investors have shown interest in this sector (including the single largest U.S. investment in Nepal's history, valued at approximately \$95 million). USAID is coordinating its hydropower assistance with the World Bank.

According to the World Bank¹, the external deficit of Nepal remains high at 10.3% of GDP (1997), and is fully financed by external aid. USAID is not involved in debt relief in Nepal. However, development assistance funds at current levels will continue to be required for the foreseeable future.

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, Denmark, the World Bank, and the Asian Development Bank (ADB). The United States is the third-largest bilateral donor, accounting for about 5% of the total. USAID is a major player in the donor community, chairing several technical sub-groups and taking the lead in policy discussions with the GON in forestry, health, women's issues, agriculture and hydropower.

FY 2000 Program

Priority investments in high-value agriculture and forestry, family planning and health services, empowerment of women and hydropower development are necessary for Nepal's attainment of broad-based development. These investments will address global issues by promoting democracy and regional stability, protecting the environment, stabilizing population growth, improving child survival and preventing HIV/AIDS. Sustained funding levels are imperative for building on the success of prior USG investment in Nepal.

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

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FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & 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	2,000	---	1,000	---	---	---	3,000
S.O. 2. Reduced Fertility and Improved Maternal and Child Health - DA - CSD	---	10,300 9,480	---	---	---	---	10,300 9,480

S.O. 3. Increased Women's Empowerment -DA	500	---	---	400	---	---	900
Sp.O. 4 Increased Private Sector Participation and Investment in Environmentally and Socially Sound Hydropower -DA	---	---	500	---	---	---	500
Totals: - DA - CSD	2,500 ---	10,300 9,480	1,500 ---	400 ---	---	---	14,700 9,480

USAID Mission Director, Ms. Joanne Hale

ACTIVITY DATA SHEET

PROGRAM: NEPAL

TITLE AND NUMBER: High-Value Agriculture and Forestry, 367-SO01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$3,000,000 DA

INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Eighty per cent of Nepal's 23 million people depend on agriculture, agribusiness and/or forestry for their livelihood. Accelerating agricultural growth is consequently a key component of USAID's strategy for alleviating poverty and facilitating economic development in Nepal. The purpose of this objective is 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.

This objective is closely tied to USG interests particularly in the area of promoting broad-based economic growth through increasing opportunities for disadvantaged groups such as farmers and women. Broad-based economic growth will support democracy as well. The objective also promotes a sustained global environment through programs to reduce forest degradation and to promote biodiversity and conservation.

Approximately 1.2 million people in the Mid-Western and Western Development Regions will directly benefit from this program. People throughout Nepal will benefit from the introduction of improved crop varieties, increased trade, additional off-farm employment opportunities, and increased access to high-quality/lower-cost agricultural products. Women beneficiaries make up over 46% of the participants in the high-value agriculture program and 80% of the participants in the community forestry program. USAID also will improve the nutritional status of women and preschool children in western Nepal as part of a new initiative to link nutrition with increased production and consumption of high-value, micro-nutrient-rich foods.

Key Results: Two results will indicate that this objective has been achieved: 1) the production of forest and high-value agricultural commodities in targeted areas should increase from 21,428 metric tons (1993) to 170,000 metric tons by 2002; and 2) annual sales of forest and high-value agricultural commodities in targeted areas should increase tenfold from \$3.2 million (1993) to \$32 million by 2002. Other results will indicate progress towards the objective, including: a) community forest user groups supported by the USAID program will increase from 586 (1995) to 1,900 by 2002, b) land turned over to these user groups will increase from 37,754 (1994) hectares to 150,000 hectares by 2002; c) the amount of land turned over to water user groups, supported by USAID, will increase from 4,000 hectares (1994) to 10,724 hectares by 1998 (end of activity); and d) the number of buffer zone conservation committees sharing in national park revenues will increase from 0 (1997) to 50 by 2002.

Performance and Prospects: Performance over the past year has been good. However, excess rainfall has affected some results and the rural-based Maoist insurgency has caused USAID to relocate some activities to safer areas. In 1998, the production of high-value agriculture and forest products increased by 15% from 200,000 metric tons in 1997 to 230,000 metric tons while sales increased by 28% to \$25.1 million. Prospects are favorable for even greater contributions to an increased standard of living in rural areas, provided funding levels are maintained.

USAID works primarily with non-government organizations (NGOs), private firms and GON counterparts. Community groups are given training and technical assistance, which increases their capacity to help themselves. Increased incomes from community forests and high-value crop production systems are now being used to build roads, potable water systems, and schools and to undertake other types of self-help development activities. Knowledge of improved technologies is increasing production and the competitiveness of Nepalese farm and forest enterprises in both local and export markets.

USAID's forestry and irrigation activities have succeeded in privatizing more than 120,000 hectares of forest and irrigated land. In 1998 irrigated areas turned over to private water user associations increased by 33% from 10,300 hectares to almost 14,000 hectares. Over 23,500 hectares of additional national forest was turned over to community forest user groups. The transfer of this land to private user groups is a landmark event in Nepal's history. It demonstrates the Government's acceptance of the need for productive resource management by the private sector; builds the confidence of rural citizens in their own ability to manage resources; provides good examples of grass roots democracy; and demonstrates that democratic government can effectively and tangibly address the needs of its poorest citizens.

USAID assistance has helped to create market linkages for new technologies that improve production and identified markets for forest and high-value agricultural products in Nepal and the South Asia region. At the national level, USAID is continuing to support 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.

Possible Adjustments to Plans: Due to Maoist activities in five mid-western hill districts during the spring of 1998, USAID funded agriculture extension advisors were temporarily relocated to six districts in the western hills and Terai. While this precautionary action was initiated for security reasons it has, in effect, expanded USAID's high-value agriculture model to additional districts. While agricultural productivity and sales may be slightly reduced during this transitional period it does not appear that the program or its targets will be greatly affected in the long term.

Other Donor Programs: Donors are now expanding USAID's 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, led by ADB and 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 model is being employed by the British Department for International Development in eastern Nepal, and by German Technical Aid and the Swiss Development Cooperation in central Nepal, and Denmark in western Nepal. USAID's efforts to strengthen the GON's capacity to provide extension services and support the transfer of government irrigation systems to private water user groups complement similar efforts by the World Bank and the ADB. The two banks also fund large infrastructure and rural roads programs that are improving the profitability of rural enterprises and complementing USAID's efforts to strengthen producer associations, increase agricultural exports and support agribusiness development. USAID is an important donor in establishing community based forest management.

Principal Contractors, Grantees or Agencies: Current partners include: the GON Ministry of Agriculture, the GON Ministry of Forest and Soil Conservation, Winrock International Institute for Agricultural Development, Chemonics International, Canadian Center for International Studies and Cooperation, World Wildlife Fund, and CARE.

Selected Performance Measures:

	Baseline (1993)	Target (2000)	Target (2002)
Production of forest and high-value agricultural commodities (metric tons)	21,428	130,000	170,000
Annual sales of forest and high-value agricultural commodities (\$000)	3,200	30,000	32,000

ACTIVITY DATA SHEET

PROGRAM: NEPAL

TITLE AND NUMBER: Reduced Fertility and Improved Maternal and Child Health, 367-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$10,300,000 DA; \$9,480,000 CSD

INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: According to the 1996 Nepal Family Health Survey, which serves as the baseline for major activity results, under-five mortality was 118 per 1000 live births, fifteen times U.S. levels. Total fertility was 4.6 children per woman while the women's stated desired family size was only 2.9 children. Nearly 29% of women were using modern contraceptives, but there was a substantial unmet demand: 31% of women who wanted family planning were not using contraceptives. The population growth rate of nearly 2.4% means that Nepal's population will double in only 29 years. Clearly, Nepal cannot sustain this level of growth without disastrous socioeconomic consequences. HIV/AIDS appears to be increasing steadily and high-risk behaviors are widespread among certain population groups. Vector-borne diseases and antimicrobial resistance are also on the rise. In short, fertility and mortality are both much too high, placing women and children at substantial risk of death and disease, significantly reducing Nepal's human resource potential and impeding development efforts. Weak health institutions, a difficult geographic setting and many social barriers to improved health practices further complicate the situation.

This objective supports the global goals of stabilized world population growth, protected human health and reduced spread of infectious diseases. Its major purpose is to reduce fertility and improve maternal and child health. This will be accomplished by expanding the use of quality voluntary family planning (FP) services, increasing selected maternal and child health (MCH) services, increasing HIV/STI (sexually transmitted infection) prevention and control practices among high-risk groups, and strengthening capacity and control of selected infectious diseases (especially vector-borne diseases and antimicrobial resistance). The beneficiaries of USAID's family planning/reproductive health program potentially include the entire population of women (15-49) and men of reproductive age – more than 11 million people of which at least four million will be contraceptive users. Child health activities will reach about 90% of children under five (about 3.5 million children).

Key Results: Two major results will indicate that this objective has been achieved: 1) total fertility rate should continue to drop from the 4.6 baseline (1996) to 4.0 children per woman by 2002; and 2) under-five mortality rate should decline by an additional 35 percent, from 118 to 85 per 1000 live births by 2002.

Performance and Prospects: USAID assistance is delivered through an integrated program of bilateral and centrally funded support working with the GON, non-government organizations (NGOs) and the commercial private sector. 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, to strengthen capacity in selected infectious diseases and to support an integrated logistics management system, family planning and reproductive health training programs and the FP/MCH service delivery system. USAID also focuses on increasing awareness and use of FP/MCH, HIV/AIDS and STI services through effective communications and counseling.

Building capacity and programs to control vector-borne diseases began in 1998 and includes institutional strengthening at the USAID-built Vector Borne Disease Research and Training Center, including the capacity to assess, monitor and develop disease-control strategies. At the same time, USAID is helping to establish a much-needed system for surveillance of antimicrobial resistance. Both the infectious disease and HIV/AIDS programs include regional activities aimed at sharing information and coordinating cross-border prevention and control.

USAID also supports a private, non-profit Nepali company that markets contraceptives and health products, accounting for 40% of the distribution of oral contraceptives and condoms in Nepal. USAID provides the majority 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 FP services in 23 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, pneumonia, vitamin A deficiency, child spacing, safe birthing practices and HIV/AIDS. This provides the basis for long-term sustainability of changed health behaviors.

Short-term progress in this objective appears promising. For example, in 1997, contraceptive use increased by 16%, while consistent condom use among commercial sex workers more than doubled. In addition, the USAID-supported vitamin A program currently is estimated to be preventing 25,000 child deaths per year.

Possible Adjustments to Plans: None.

Other Donor Programs: USAID is the lead donor for family planning and the only donor supporting private sector

FP services. It is also a major contributor to selected MCH programs (vitamin A, diarrheal disease control, and pneumonia). 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 assists with the national immunization program, control of diarrheal diseases, pneumonia, vitamin A capsule supply and nutrition. The British Department for International Development and the German aid agency GTZ share with USAID the main responsibility for ensuring contraceptive supply. The United Nations Population Fund 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. The World Health Organization works with USAID to strengthen surveillance capacity in vector-borne diseases. USAID also collaborates with the Joint United Nations Program on HIV/AIDS and with GTZ to develop district-level systems to improve the use of antimicrobial drugs. Host country contributions include procurement of some essential drugs and vaccines, payment of staff salaries and facility maintenance. Resources directed towards this objective from the GON and donors approximate \$60-65 million annually; USAID's contribution is about 20-25% of the total.

Principal Contractors, Grantees, or Agencies: USAID works with a wide network of contractors, grantees and other agencies. These include the Centers for Disease Control and Prevention, a range of international NGOs and private sector firms, including Save the Children, The Asia Foundation, CARE, the Adventist Development and Relief Agency, John Snow, Inc., Family Health International, Johns Hopkins University, the Association for Voluntary and Safe Contraception, the Center for Population and Health Activities, Management Sciences for Health, Camp Dresser & McKee, the Center for Health and Population Research, and Deloitte Touche Tohmatsu.

Selected Performance Measures:

	Baseline	Target (2000)	Target (2002)
Total fertility rate	4.6 (1995-96)	4.2	4.0
Under-five mortality rate per 1,000 live births	118 (1993)	92	85

ACTIVITY DATA SHEET

PROGRAM: NEPAL

TITLE AND NUMBER: Increased Women's Empowerment, 367-SO03

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$900,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: The purpose of this SO is to enable women to improve their own well-being and that of their family and community by offering them an integrated package of literacy, income generating opportunities, and legal rights and advocacy training. The direct beneficiaries of achieving Phase II of this objective will be 100,000 women in 21 districts who are participants in the program. These women will become literate, learn about their legal rights, and use newly learned economic skills to increase their household incomes by creating small businesses. The indirect beneficiaries are nearly one-half million family and community members who's well being will be improved as a result of this program.

In 1995 when USAID began work on this objective, almost 80% of Nepali women could neither read nor write (1991 Nepali Census). Women work on average three hours longer per day than do men, but only 48% of rural women, compared to 70% of rural men, were reported as economically active. While the Nepali Constitution contains guarantees for women, women remain largely unaware of their human or legal rights and participate little in the democratic process. USAID's women's empowerment program provides a road map out of poverty for rural Nepali women, their families and communities.

Empowering women intrinsically ties this objective to U.S. national interests. The involvement of women in political life promotes democracy and good governance. Women's increased awareness of their rights as human beings will help to reduce problems of women and girl trafficking, as well as eliminate impediments to economic growth such as unchecked population increases. Women's increased involvement in economic life supports broad-based economic growth for the country as a whole with long-term economic impact.

Key results: Phase II of the program will provide: 1) 120,000 women with literacy skills; 2) 108,000 women with

legal rights awareness and advocacy skills; 3) 101,000 women with access to savings and credit services; and 4) 81,000 women with the business skills to increase their contributions to household income.

Performance and Prospects: Performance over the past year has been slightly under projections. The move to establish two new implementing partners, set up field offices, put in place a baseline and a management information system, and start implementation has taken longer than expected. Two implementing organizations, Private Agencies Collaborating Together (Pact) and The Asia Foundation (TAF), are held mutually responsible for the end results of this objective. These organizations have put in place a shared management information system and have established three shared regional offices. They have hired 700 empowerment field workers who will be the front line contact with the women's groups. Pact created a new three-month empowerment literacy package including empowerment messages to reinforce the purpose of this objective and created post-literacy microfinance and microenterprise materials. TAF totally revised its legal rights and advocacy curriculum to emphasize decision-making and post-literacy skills practice. It also broadened the traditional coverage to include issues of economics and law relevant to microfinance and microenterprise (e.g., interest rates, contracts, and fraud). The two implementing organizations have contracted with 90 Nepali non-governmental organizations to implement integrated literacy, legal rights and savings and credit interventions. Empowerment literacy training, the first step of the program, has begun for an additional 89,000 women. The post-literacy legal rights training begins when the women complete their literacy training.

Two other organizations, Save the Children and the Canadian Center for International Studies and Cooperation (CECI), implement supportive economic opportunity activities. The number of rural women having access to microfinance services and income generating activities increased by 11,500 in 1998. These activities are increasing the outreach and sustainability of NGO Grameen banks in Nepal, federating small savings and credit groups of women into sustainable cooperatives, and are supporting profitable microenterprises. At the national level, a Center for Microfinance has been established with USAID funding to promote best practice microfinance through training, research and seminars, donor coordination and policy reform on financial intermediation.

Possible Adjustments to Plans: Management decisions regarding budget, targets and timeframe options will affect the future of the objective. Additional time and resources may be needed to meet the objective's targets given the current implementation structure.

Other Donors Programs: USAID has become the recognized leader in supporting empowerment of Nepali women. UNICEF programs target women for health, water, education, and advocacy. The USAID-funded Center for Microfinance is widely recognized as a national resource center for microfinance information and training, regularly contacted by other donors and the National Bank, and consulted on such issues as the design of a comprehensive new initiative by the Asia Development Bank on microcredit for women, and regional World Bank initiatives.

Principal Contractors, Grantees, or Agencies: Current grantees are Pact, TAF, Save the Children, and CECI.

Selected Performance Measures:

	Baseline	Target (2000)
Women who are literate at a basic level (in SO3-sponsored program)	0(1994)	*550,000
Women who know their basic legal rights	325(1994)	*194,000
Women becoming active members of savings and credit groups	11,037 (1996)	101,000
Women saving and credit group members who begin or expand microenterprises (cumulative)	0(1996)	81,000
*cumulative numbers since 1994		

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 SOURCES: FY 2000: \$500,000 DA

INITIAL OBLIGATION: FY 1998 ESTIMATED COMPLETION DATE: FY 2001

Summary: The USAID-funded "Nepal Hydropower Strategy and Options" assessment, completed in 1992, was the first major review of the potential for private hydropower development in Nepal. It led to a new GON commitment to attract private U.S. and other international investment. Since then USAID has been helping to increase the GON's capacity to implement a successful private hydropower development program by providing training and technical assistance. Tremendous strides have been made during the last two years and Nepalese counterparts frequently acknowledge USAID's many important contributions toward development of a policy and regulatory framework for private development of Nepal's hydropower potential. The purpose of this special objective is to help the GON improve the policies and procedures for hydropower investment and strengthen local capabilities to ensure that investments are environmentally and socially sound.

This special objective supports the USG goals of reduced global warming and a sustainable world environment. Hydropower development provides a clean, renewable, and environmentally friendly source of power to an energy hungry region while promoting U.S. business. At the same time, hydropower development would reduce Nepal's dependence on foreign donors, improve the quality of life in Nepal, and strengthen regional cooperation. Currently, only 16% of Nepal's 22 million people have electricity. The principal beneficiaries in Nepal will be the millions of people, in thousands of rural communities, who will receive dependable, clean electricity.

Key Results: Two key intermediary results will indicate that this objective has been achieved: 1) improved policies and procedures for hydropower investment in order to increase the number of private sector companies progressing towards hydropower development from 2 (1997) to 5 in 2001; and 2) strengthened local capabilities so that private financial commitments for environmentally and socially sound hydropower investment increase from \$238 million (1997) to \$475 million in 2001.

Performance and Prospects: USAID has played a critical role in leveraging several hundred million dollars of private and other donor investments in hydropower development, including \$98 million for the Bhote Koshi Project (\$95 million of this was invested by Panda Energy International, Inc. of Texas and Harza Engineering of Chicago making this the single largest American investment in Nepal) and \$138 million for the Khimti Khola Project (a Norwegian investment). Recognizing that continued assistance was needed in this sector to build on prior USG investments, USAID signed a three-year \$4.3 million Hydropower Special Objective Agreement with the GON in December 1997. Implementation progress in 1998 was satisfactory despite issues resulting from the frequent changes in Government and delays in approval of the World Bank's new Power Development Fund (PDF). Nevertheless, several important milestones were achieved. For example, the GON approved agreements to construct two additional hydropower plants valued at \$40 million which will produce an additional 25 megawatts (MW) of power; three additional environmental and social impact assessments were concluded using the new, more rigorous evaluation methodologies developed with USAID assistance; and one public hearing was held to present a new hydropower proposal to local stakeholders.

Nepal currently cannot meet even its relatively low peak electricity demand of 308 MW. Nepal has no indigenous supplies of fossil fuel, 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 more than 30 MW (8.3%) per year, and the domestic energy demand is expected to nearly double to 571 MW by 2005. India and China provide natural markets for Nepal's excess hydropower and are both experiencing critical energy shortages; further they currently rely on environmentally unsound means of generating power.

To help Nepal tap this tremendous potential USAID will provide assistance to the GON's Electricity Development Center to 1) improve the "one window" facility for investment; 2) monitor investor compliance with social and environmental mitigation requirements; 3) increase use of competitive contracting procedures; and 4) improve Nepal's capacity to negotiate and sign equitable power purchase agreements and power supply contracts with international and local private power developers. To bolster environmental and social soundness of hydropower investment, USAID will strengthen local capability to conduct social and environmental impact assessments. 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.

The USAID activity also includes a U.S. Energy Association (USEA) partnership program through which USEA will help U.S. utility companies develop long-term cooperative relationships with the Nepal Electricity Authority and in the future with Nepal's first private utility company. This will promote the transfer of the U.S. energy industry's best technologies to the Nepali utilities as well as provide long-term business opportunities to U.S. companies.

Possible Adjustments to Plans: None.

Other Donor Programs: USAID has participated substantively in discussions with the World Bank and the GON regarding the World Bank's new Power Development Fund (PDF) which will be in place in 1999. USAID consultants drafted the implementation guidelines for the PDF, the model Request for Qualifications and other PDF design documents. The PDF and the USAID program will be mutually supportive in the development of hydropower in Nepal. The PDF will provide \$175 million in funds - \$100 million to leverage private investments at an expected ratio of 3:1 and \$75 million to improve Nepal's power transmission and distribution system. The Asia Development Bank also provides financing for hydropower projects. The United Nations Development Program and GTZ (German Aid) implement projects to promote development of micro and medium scale hydropower projects. NORAD (Norwegian Aid) is also involved in the sector.

Principal Contractors, Grantees, or Agencies: Current partners are the Ministry of Water Resources (Electricity Development Center) and International Resources Group, Ltd.

Selected Performance Measures:

	Baseline (1997)	Target (2000)	Target (2001)
Private sector companies progressing toward hydropower investment	2	4	5
Private financial commitments for environmentally and socially sound hydropower investment (\$million)	238	400	475

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	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$39,000,000	\$22,750,000	\$31,500,000
Child Survival and Disease	\$3,622,000	\$4,400,000	\$7,900,000
Economic Support Funds	---	---	\$5,000,000
P.L. 480 Title II	\$46,833,000	\$11,563,000	---

Introduction

As we enter the second century of U.S.-Philippine ties, the bilateral relationship is grounded in a shared belief in democracy, growing economic interaction and the prospect of a revitalized security relationship. The Philippine economy has suffered significantly from the feedback effects of the regional financial crisis, but the Government of the Philippines (GOP) has maintained a basic commitment to liberal trade and investment policies. We have a vital interest in preserving the economic basis for a viable Philippine democracy that allows more social sectors to participate in local and national government. Economic growth is also a key to success of the Mindanao peace process, which is important for Philippines political stability. Global environmental problems, such as increasing production of greenhouse gases and decreasing coastal and forest biodiversity, are not only key to food security but are also issues affecting U.S. national interests. Unchecked population growth is an important obstacle to achieving an environmentally sustainable economy. In addressing these challenges, USAID will support stability in Philippine society and its economic institutions as well as expand business opportunities for American firms.

Development Challenge

The Philippine economy suffered significantly from spillover effects of the Asia financial crisis, as GNP growth fell to zero, GNP per capita dropped almost 3%, imports declined precipitously, the nominal exchange rate fell by about 40% and unemployment reached double-digit figures. Prior to the crisis, however, the Philippines had a significantly large proportion of its population below or at the poverty line. Consequently, the crisis has the potential to increase poverty levels significantly, despite the fact that macroeconomic aggregates were not as severely affected as those of neighboring countries. In response, USAID must expand its collaboration with the GOP in addressing core macroeconomic and structural reform issues, such as tax policy and administration, intergovernmental finance, reduction of tariff and non-tariff trade barriers and restrictions on trade in services, protection of intellectual property rights, and legal/regulatory reform in key infrastructure sectors, including telecommunications and power. USAID also must help the GOP adopt and implement reforms addressing weaknesses in financial and corporate governance, which made the country vulnerable to regional financial turmoil.

The Philippines has one of the highest population growth rates in East Asia, at 2.3%. Modern contraceptive use at 28% is one the lowest in the region. The 30 year-old GOP family planning program is excessively dependent on donor support. In addition, private sector participation in family planning service delivery is negligible. To help build a sustainable family planning system, USAID now is emphasizing private sector strategies for delivering family planning services and helping the GOP focus its scarce resources on those who cannot afford to pay for such services.

The country's burgeoning population is putting pressure on the natural resource base and contributing to the global problem of greenhouse gases. USAID is helping local communities manage forest and coastal resources more effectively and develop sustainable income-generating activities. The Philippines is in the vanguard of efforts to develop community-based resource management models. USAID is helping create demand for pollution abatement and energy-efficient equipment, which can both increase profits and improve environmental quality. It is also

helping the GOP promote clean energy. The Philippines' democratic, decentralized governance system is unique in the region, and major strides have been made in increasing government accountability and decentralizing power. But the quality of governance is uneven, and access to Government is often closed to the disadvantaged. USAID programs are increasing participation of the disadvantaged and improving the autonomy and responsiveness of local governments. In addition, USAID is strengthening 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 employment opportunities. USAID is expanding its successful employment and export promotion activities in Mindanao to the island's Muslim areas.

While the Asian financial crisis has set back progress temporarily, USAID has achieved significant results in the Philippines. In 1997, USAID helped the private sector in Mindanao create 79,000 new jobs and facilitated the shipment of \$4.2 billion of higher-value products from the island. Through support for policy reform measures in such areas as tax policy, telecommunications, and intellectual property rights, USAID helped the GOP increase investor confidence in the country's economy. Consequently, gross capital formation as a percentage of gross domestic product increased from 22.2% in 1995 to 26.6% in 1997. The openness of the Philippine economy, as measured by ratio of total exports plus imports to gross domestic product rose from 74% in 1994 to 114% in 1997. USAID played a key role in the decentralization of health services in 66 local government units and in expanding integrated delivery of family planning and maternal and child health services. The HIV seroprevalence of those at greatest risk of being infected with AIDS remains below 1%, due in part to USAID's educational programs to reduce high risk behaviors. In the environment sector, USAID assisted the GOP and local communities in decentralizing management of forest and coastal resources. As a result, 250 upland communities have improved their management of more than 500,000 hectares of forests, and coastal communities have initiated improved management of more than 2,500 kilometers of shoreline. USAID's work on climate change is supporting restructuring and privatization of the energy sector and has helped industries and large energy consumers improve their energy efficiency. USAID's support for coalitions of NGOs has resulted in some important changes in Government policy potentially affecting millions of the poor. For example, a coalition of labor organizations helped pass a new law protecting workers in export zones, most of whom are female. With assistance from USAID, targeted local governments have increased their revenues by 17% annually.

Other Donors

In Mindanao, USAID works closely with the United Nations Development Program (UNDP), the European Union (EU), Australia, Japan, the World Bank, and the Asian Development Bank (ADB). USAID is the leading donor in family planning and works with 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. In the environment sector, USAID works closely with the World Bank, the ADB, UNDP, Canada, Japan, and Germany. USAID coordinates its democracy programs with Canada, and the Ford and Asia Foundations.

FY 2000 Program

USAID requests \$31.5 million DA, \$7.9 million CSD, and \$5.0 million ESF for the FY 2000 assistance program to the Philippines. The program will catalyze private sector growth in Mindanao; facilitate economic recovery and promote U.S. trade and investment (under a new initiative--Accelerating Economic Recovery in Asia); strengthen advocacy efforts of civil society and improve local governance; increase the use of contraceptives; and help industry reduce greenhouse gases.

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FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O.1. Economic Mindanao							
- DA	2,720	---	---	---	---	---	2,720
- ESF	---	---	---	3,500	---	---	3,500

S.O.2. Trade and investment - DA	1,780	---	---	---	---	---	1,780
S.O.3. Fertility rate & MCH - DA	---	16,500	---	---	---	---	16,500
- CSD	---	3,500	---	---	---	---	3,500
S.O.4. Renewable natural resources - DA	1,000	---	2,000	---	---	---	3,000
S.O.5. Emissions of greenhouse gases - DA	---	---	4,000	---	---	---	4,000
S.O.6. Participation in public policy - DA	1,000	---	---	2,500	---	---	3,500
- ESF	---	---	---	1,500	---	---	1,500
SpO1. HIV/AIDS - CSD	---	4,400	---	---	---	---	4,400
Totals: - DA	6,500	16,500	6,000	2,500	---	---	31,500
- CSD	---	7,900	---	---	---	---	7,900
- ESF	---	---	---	5,000	---	---	5,000

USAID Mission Director: Patricia K. Buckles

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES

TITLE AND NUMBER: Accelerate the Economic Transformation of Mindanao, 492-S001

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$2,720,000 DA; \$3,500,000 ESF

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Mindanao is an island with more than a third of the landmass of the Philippines and is home to about one-fourth of the country's population. Indicators show that the quality of life in Mindanao is well below the national average. Nevertheless, Mindanao has the potential for substantial and accelerated economic growth. To expand the participation of lower-income groups in productive enterprises, USAID is implementing an aggressive and broad-ranging enterprise development program aimed at facilitating maximum participation of small farmers, fishers, and small and microentrepreneurs in the economy. This economic transformation requires an improved trade and investment environment. USAID is helping Mindanao's leaders identify and modify governmental policies that support the island's continued economic progress. The program helps these leaders assure appropriate levels of public infrastructure funding and facilitate private investment. USAID also assists finance institutions in Mindanao to develop their capacity to provide profitable banking services to small and microenterprises. To promote equity and solidify the peace needed to encourage investment, USAID is intensifying assistance to the Mindanao's Muslims, including transition programs for ex-combatants.

Key Results: Three key results were identified in measuring this objective: (1) growth in employment; (2) increase in value of Mindanao's direct exports to foreign markets; (3) increase in value of higher-value products shipped from Mindanao.

Performance and Prospects: Progress through 1997 met expectations, although Mindanao was beginning to feel the effects of the Asian financial crisis. USAID helped the private sector in Mindanao to create 79,000 new jobs (which is significantly less than the amount targeted or the baseline level; the targets will be revised this year). USAID also helped to increase the value of Mindanao's direct exports to foreign markets to \$1.5 billion, and to facilitate the shipment of \$4.2 billion of higher-value products from the island. In 1998, however, performance was adversely and significantly affected by the financial crisis, the El Nino drought, and an air transportation crisis. For example, the total value of exports from Mindanao to foreign markets surpassed the target of \$4.03 billion in 1997, while the value for the first half of FY 1998 was less than 70% of the half year target.

It is unlikely that the economy will recover fully from the financial crisis in 1999. The economic rebound expected for 2000 will enable Mindanao to benefit from the human and financial capacity USAID is helping it to develop. USAID training and market linkages have given farmers' groups, including former combatants, and microentrepreneurs the skills to seek out and benefit from market opportunities. USAID also assisted in bringing about 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. USAID is increasing the size of its transition assistance programs to Muslim ex-combatants. More than 4,000 former combatants of the Moro National Liberation Front (MNLF) have received substantial assistance from USAID in initiating and expanding agriculture or aquaculture production activities. Expanding the program to help more of the currently unemployed MNLF ex-combatants transition into peaceful and productive farmers will contribute significantly to sustaining the peace effort in Mindanao. In FY 1998, USAID initiated an innovative institutional development program for microfinance activities in the formal financial sector.

Possible Adjustments to Plans: USAID will focus more resources on attracting bigger anchor investments, particularly from Europe, North America, Japan, the Middle East, and Taiwan -- countries not affected by the Asian financial crisis. In addition, we are seeking to accelerate agriculture and aquaculture business expansions and access to export markets, intensifying promotion of Mindanao products abroad, modifying our approach to investment acquisition activities, and promoting the establishment of industries less vulnerable to exchange rate instability.

Other Donor Programs: USAID is the 7th largest donor. Mindanao is the focus of intense donor interest, and USAID plays an important role in coordinating assistance. The ADB is funding infrastructure, agriculture, fisheries and education activities. Canada is working with local governments and the Muslim Mindanao Autonomous Region. Japan has major infrastructure investments and a coastal protection program. The World Bank is implementing projects in water, rural finance and rural infrastructure. It also has established a social development fund for small infrastructure requirements in the Muslim areas. UNDP is implementing a program to assist the Muslim ex-combatants, to which several donors have contributed. The Asian Development Bank, Germany and Canada also are providing assistance in micro-financial service development. USAID coordinates closely its economic transformation activities in Mindanao with its other activities in local governance, coastal and forest management, family planning, child survival and AIDS.

Principal Contractors, Grantees, or Agencies: USAID relies on a U.S. firm, Louis Berger, as the principal contractor. Another U.S. firm, Chemonics International, implements the microfinance sub-activity with the rural banks. The World Council of Credit Unions implements a microfinance activity.

Selected Performance Measures:

	Baseline	FY 2000 Target	FY 2001 Target
Av. no. of jobs created annually	240,000 (1992-95) ¹	250,000	260,000
Value of Mindanao's direct exports to foreign markets	\$1.2 billion (1994) ²	\$2.0 billion	\$2.2 billion
Value of higher-value products shipped from Mindanao	3.7 billion (1996) ²	\$4.5 billion	\$4.8 billion

¹Source: Integrated Survey of Households, National Statistics Office

²Source: 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 SOURCES: FY 2000: \$1,780,000 DA

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Compared with the highly protected and regulated business environment of the 1970s, the Philippine trade and investment regime has become increasingly open and liberalized. The GOP Administration elected in 1998

has maintained a stable macroeconomic policy framework and moved forward on trade and investment liberalization policies. However, the spillover effects of the regional financial crisis, combined with the effects of El Nino, stifled real GNP and private investment growth in 1998. The crisis revealed underlying financial market and corporate governance policy and institutional distortions, which must be addressed to restore the growth momentum lost in 1998.

This activity seeks to create an environment conducive to trade and investment through liberalized policies, improved financial markets, and improved mobilization and allocation of fiscal resources. To liberalize trade and investment policy, USAID is promoting the reduction of barriers to entry in domestic industries and the improvement of transportation and communications services. To stabilize and improve the efficiency of financial markets, USAID plans to support the adoption and implementation of prudential oversight reforms in the banking sector and capital markets, and to promote securities market institutional development. To improve the mobilization and allocation of fiscal resources, USAID is supporting improvement of tax policy and administration. It also is supporting rationalization of the intergovernmental finance system to promote better targeting of fiscal transfers and improve revenue-raising incentives at the local level. USAID also plans to support policy and institutional reforms that will facilitate more rapid corporate restructuring, a key priority in the wake of the regional financial crisis.

The ultimate beneficiaries are unemployed and underemployed Filipino workers, now estimated at 9 million; Filipino consumers, who benefit from lower prices and greater selection of goods and services; Filipinos below the poverty line (41% of the population), who are dependent on public provision of basic services; and U.S. and other foreign firms whose trade with the Philippines will grow with the Philippine economy.

Key Results: Several key results were identified to achieve this objective: (1) growth of gross capital formation (as measured by ratio of gross domestic capital formation to gross domestic product): the ratio increase from 24.1% in 1994 to 30.0% in 2001; (2) increasing openness of the Philippine economy (as measured by ratio of total exports plus imports to gross domestic product): the ratio increase from 74% in 1994 to 92% in 2001; and (3) increasing tax revenues (as measured by ratio of tax revenues to gross domestic product): the ratio increase from 16.0% in 1994 to 23.0% in 2001.

Performance and Prospects: USAID activities in trade and investment policies and financial markets remain successful, but the financial crisis has prevented these successes from being translated into strong near-term growth. In 1997, USAID helped the GOP adopt policies to reduce tariff and non-tariff barriers, legalize electronic data interchange transactions, pass the Intellectual Property Code, pass the third phase of the Comprehensive Tax Reform Package, liberalize coastal shipping rules, finalize the proposed Securities Act and the Revised Investment Company Act, and restructure public sector microfinance activities. In 1998, USAID initiated activities to assist the Philippine Central Bank in improving its macro-financial planning capacity, the Bureau of Customs to implement an import valuation system based on transactions value, and the Build-Operate-Transfer Center to implement activities leading to increased investment in non-power infrastructure projects. USAID also assisted in effectively implementing new tax and intellectual property rights legislation.

USAID has had less success in its efforts to improve fiscal resource mobilization and allocation. The Agency provided crucial support for the development and passage of the Comprehensive Tax Reform Program and worked with the Administration to promulgate the relevant implementing rules and regulations. However, implementation needs to be significantly improved. In addition, the current intergovernmental finance system provides weak revenue enhancement incentives at the sub-national level. Thus overall revenue performance remains inadequate. While the financial crisis has cut GOP revenues, the Government can do a much better job of revenue collection.

USAID supports continued implementation of the Philippine agenda for reform, which started in 1989. This agenda is helping create and sustain an environment conducive to private sector-led investment, 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 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 and financial sector reform, and liberalization of banking, inter-island shipping, telecommunications and retail trade.

Possible Adjustments to Plans: The weaknesses in financial and corporate governance systems revealed by the crisis highlight the importance of reforms in the financial regulatory oversight, institutional development and core commercial law reform areas. Within the current flexible mechanism, Accelerated Growth, Investment, and Liberalization with Equity (AGILE), USAID will refocus its activities to address these concerns.

Other Donor Programs: The IMF, World Bank, and ADB financing for the Philippines macroeconomic and sectoral adjustment program in 1998 was approximately \$1 billion, largely to help the Philippines build

foreign-exchange reserves and stabilize the macroeconomy. These donors also supply a small amount of technical assistance, both in-kind (e.g., IMF staff) and through consultants. However, USAID is the principal single source of financing of targeted technical assistance for design, advocacy, and implementation of economic policy reform. USAID works closely with other donors in assuring that our work is both complementary and within the structural adjustment framework agreed to between the GOP and the multilateral donors. The Asian Development Bank supports capital markets development. The World Bank's assistance is primarily for tax administration, financial markets development and supervision of financial institutions. 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.

Principal Contractors, Grantees, or Agencies: USAID implements activities through contracts with the Internal Revenue Service, Bureau of Census, Development Alternatives, Barents and Arthur Andersen and through grants with local NGOs.

Selected Performance Measures:

	Baseline*	FY 2000 Target	FY 2001 Target
Ratio of gross domestic capital formation to GDP	24% (1994)	28%	30%
Ratio of total exports plus imports to GDP	74% (1989-94)	90%	92%
Ratio of tax revenue to GDP	16% (1994)	22%	23%

*Source: Phil. National Accounts, National Statistical Coordination Board, Department of Finance

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 SOURCES: FY 2000 \$16,500,000 DA, \$3,500,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: The high fertility rate of the Philippines (3.7 children per mother in 1998) puts stress on the country's environment, dilutes the benefits of economic growth and presents a challenge to the provision of social services. Filipinos, despite being better educated than citizens of other Asian countries (94.4% adult literacy in 1994) have a low level of modern contraceptive use (28% in 1998). Infant mortality, a key factor in parents' decision to have additional children, was 35/1000 live births in 1998, higher than Thailand or Malaysia. Addressing these problems is key to USAID's success in achieving its objectives for economic growth, environment and democracy. The purpose of USAID's program is 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 level. Approximately 10.9 million married women of reproductive age and 2 million children under age one are the direct beneficiaries.

The program has a three-pronged approach: increasing the public sector provision of family planning/maternal child health (FP/MCH) services, strengthening national systems to promote and support the FP/MCH Program, and increasing private sector provision of contraceptives and FP/MCH services. To increase the public sector provision of FP/MCH services, USAID releases a tranche of funds to 75 local governments after the Department of Health (DOH) and participating local governments meet a series of family planning and maternal child health services performance benchmarks. To strengthen national systems to promote and support the FP/MCH Program, USAID provides technical assistance and training to the GOP on information, education and communication, logistics, policy formulation, applied research, quality assurance, and management information systems. To increase private sector provision of contraceptives and FP/MCH services, USAID works with NGOs and the private commercial sector to reach those who can afford to purchase contraceptives and pay for quality MCH services at partial or full cost. USAID funds have also been used to procure U.S. contraceptive commodities.

Key Results: A number of key results were identified to achieve this objective: (1) decrease in total fertility rate; (2)

decrease in infant mortality rate; (3) increase in contraceptive prevalence rate for all methods; (4) increase in contraceptive prevalence rate for modern methods; and (5) decrease in percent of births in high-risk groups.

Performance and Prospects: Results to date are mixed, as documented by the 1998 Demographic and Health Survey. The Contraceptive Prevalence Rates (CPR) for all methods increased from 1993 (40.0) to 1998 (48.1). However, credible annual surveys undertaken in 1997 and 1998 suggest a decline in modern contraceptive use. As a result, the CPR targets for 2000 are unlikely to be met. On the other hand, USAID support helped sustain the gains achieved by the GOP's maternal and child health programs in the last five years. The percent of births to women in high-risk groups declined from 62.4% in 1993 to 56.2% in 1997, and infant mortality rate (IMR) has declined from 56.7 per 1,000 live births in 1990 to 48.9 per 1,000 in 1995. (Later data are not available for IMR since they are collected only once every 5 years.)

Possible Adjustments to Plans: USAID has assessed each of its three program components and led policy discussions among senior GOP leaders to develop a fresh approach to family planning. The GOP now agrees that the public sector should focus its attention on meeting the FP/MCH needs of the 41% of Filipinos who fall below the poverty threshold. The private sector will meet the needs of the rest of the population. The Agency is exploring with the GOP the option of establishing a private sector foundation to expand coverage and to deliver services to those who can afford to pay for them.

Other Donor Programs: 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 complements USAID's family planning and reproductive health approach. The DOH, as an indication of its support for family planning, increased the Family Planning Service budget by 50% in 1998 over the 1997 allocation.

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., the Futures Group, the Population Council, Association for Voluntary Surgical Contraception, and Macro International.

Selected Performance Measures:

	Baseline ¹	FY 2000 Target	FY 2004 Target
Total Fertility Rate (TFR)	4.1 (1991)	3.5	3.0
Infant Mortality Rate (IMR)	35.0 (1990)	33.0	30.0
Contraceptive Prevalence Rate (all methods)	40.0% (1993)	48.0%	53.0%
Contraceptive Prevalence Rate (modern methods)	25.2% (1993)	30.0%	38.0%
Percent of Births in High-Risk Groups	62.4% (1993)	55.0%	51.0%

¹ Baseline data from 1993 Demographic and Health Survey

² Targets based on the results of the 1998 Demographic and Health Survey

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES

TITLE AND NUMBER: Enhanced Management of Renewable Natural Resources, 492-SO04

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000 \$3,000,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The Philippines has more biological diversity per unit area than any other country and has been described by Conservation International as the world's most urgent conservation priority. Nearly one-third of the

country's 12,000 plant species are endemic, found nowhere else on earth; its coastal waters host a staggering 488 of the world's 500 known corals. An estimated 30% of coral reefs, 50% of mangrove forests and merely 10% (one million hectares) of old growth forests are intact.

The purpose of USAID's program is to enhance and sustain the management of natural resources by communities and businesses, and thereby prevent environmental collapse while the opportunity still exists. To enhance the management of renewable natural resources, USAID must ensure that coastal waters are managed for sustainable use, forest areas are under improved resource management and industrial production in coastal areas is cleaner. 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 a community-based management approach. The program is contributing to the reduction of forest clearance, soil erosion, damaging fishing practices and near-shore pollution in critical areas. By 2002, USAID's efforts will lead to communities controlling access to and managing sustainable harvests in coastal waters along 3,000 kilometers of shoreline. In addition, upland communities will have management authority and responsibility for at least 500,000 hectares of the country's public forest lands as well as the capacity to manage these lands sustainably. Consequently, fish should become more abundant and coral and forest cover should increase. Increased fish, coral and forest resources will help achieve food security.

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 coastal industrial pollution activity will work with 400 industries within selected sectors located in eight coastal areas.

Key Results: Several key results were identified to achieve this objective: (1) improved coastal resources management (CRM): By 2002, 3000 km of coast lines will be under improved management; (2) cleaner industrial production in coastal areas: By 2002, the percentage reduction of pollutants within exposure pathways will decrease (baselines and targets will be determined later this year); (3) improved forest resources management: By 1999, 500,000 hectares of forest will be under improved management.

Performance and Prospects: The activity has three major components: coastal, forestry, and industrial (municipal coastal environment). The following results have been achieved:

Coastal Resources Management: The management of coastal resources is being assumed by local, community-based user groups with support from the local governments and the private sector. USAID consciousness-raising efforts have also convinced the national government to make CRM a priority program. This year, one million people attended an exhibit promoting participation of community groups in CRM activities, and 300,000 people participated in the annual coastal clean-up. Coastal communities have initiated improved management of 2,573 kilometers of shoreline. Twenty-eight out of 29 target Local Government Units (LGUs) have signed memoranda of agreement to commit funds and implement CRM activities, resulting in a 123% increase in local budget allocations for sustainable resource management between 1995 and 1997. Community-based CRM has likewise expanded to 10 other LGUs. The League of Municipalities has established a campaign to promote "Best CRM Practices" throughout the country. This progress leads us to believe that the activity will achieve its 2002 targets.

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 GOP. This has resulted in a dramatic increase in the area coverage of CBFRM, and allowed USAID to exceed its targets (546,000 hectares actual vs. 375,000 hectares target). The program reduced transaction costs from \$20 to \$7/hectare to place forest lands under better management, by fully involving all local stakeholders. As a result of these policy changes and USAID's direct support, the GOP has placed another million hectares under community management. Targets for 1999, the current activity termination date, have already been surpassed.

Municipal Coastal Environmental Initiative: This initiative will begin in FY 1999.

Possible Adjustments to Plans: The GOP has asked USAID to help it restructure the Department of Environment and Natural Resources. A restructured Department would better address the nation's environmental problems and provide a more integrated approach to environmental planning. It would also give greater priority to coastal resource management issues. USAID will need to ensure sustainability at the community level. While we have addressed this issue effectively at the national level, we need to focus now on local governments and the private sector. Following extensive consultations on developing a new strategy, USAID is considering developing a new integrated approach

to address the range of environmental issues in such ecological units as watersheds and small islands.

Other Donor Programs: Natural resource management activities are implemented directly with the GOP and closely coordinated with initiatives by the World Bank, Japan, the ADB, Canada, UNDP and Sweden. In support of the US-Japan Common Initiative, USAID held extensive discussions with the Japanese agency, Overseas Economic Cooperation Fund, which resulted in an agreement to work together in two coastal resource management sites. USAID initiated similar collaboration agreements with UNDP and ADB. The CRM program also works with the private sector to leverage resources for CRM activities and with other donors too establish a unified approach to coastal resources management. In the forestry sector, USAID's model has been adopted by the ADB, which has negotiated an \$80 million loan with GOP for such activities.

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., Tetratich, Inc. and the International Resources Group. USAID also works with groups such as the U.S. Peace Corps, CARE, and the International Marinelife Alliance.

Selected Performance Measures:

	Baseline	FY 2000 Target	Target
Hectares of forests where improved management is being implemented	79,000 (1995)	NA	500,000 (1999)
Kilometers of shoreline where improved management is being implemented	0 (1995)	1,200	3,000 (2002)
Increase in fish abundance at marine sanctuaries	0% inside (1995) 0% adjacent	20% 5%	20% (2002) 5% (2002)

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES

TITLE AND NUMBER: Reduced Emission of Greenhouse Gases, 492-SO05

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000 \$4,000,000 DA

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Unmitigated global climate change patterns have the potential to affect global ecosystems adversely, 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. 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. The strategy focuses on promoting investments that improve profitability but reduce global warming, expanding the use of cleaner fuels and promoting more efficient generation, distribution and consumption of electricity. These activities are facilitated through building the capacity for improved energy sector development and management. 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 activities provide potential opportunities for the U.S. private sector to invest in the rapidly expanding power industry in the Philippines. By 2002, 19,155 metric tons of carbon dioxide (CO₂) equivalents will be avoided by the use of cleaner fuels (such as natural gas, hydro and geothermal), and 1,665 metric tons will be avoided by improved efficiency in power generation, transmission, distribution and consumption. Given the sensitive political nature of global climate change negotiations, the GOP supports USAID efforts but at this time neither considers this target as a GOP commitment nor expects to use avoided CO₂ equivalents to provide any credits under the clean development mechanism.

The benefits of reducing emissions will be felt not only by Filipinos in the next decade, but also by future generations. Because of the global nature of climate change, benefits will spread even beyond the East Asian region.

Indirect beneficiaries include those firms and agencies that gain experience in the implementation of an environmentally friendly power industry.

Key Results: Two key results were identified to achieve this objective: (1) decreased emission of CO₂-equivalents avoided through improvements in the energy sector; and (2) policy advances that contribute to the adoption of legislative or administrative actions which increase efficiency and/or cleaner production in the Philippine energy sector.

Performance and Prospects: The Philippines continues to be a leader among developing nations on global climate change mitigation, and USAID has been an important partner as the GOP plays this role. The Agency facilitated GOP negotiations with a private consortium (including the American firm Occidental Petroleum) for a \$4.5 billion deal to develop a natural gas field. This agreement will provide 2,700 MW of clean power, displacing nearly half the greenhouse emissions associated with nine typical 300 MW coal-fired units. USAID has funded technical assistance for the development of new legislation for power sector restructuring and privatization, the Omnibus Electric Power Industry Bill. The program is also beginning to support an increasing 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. 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 MW 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. 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. Efforts continue to target the development of natural gas, renewable energy, and clean coal, and greater end-use efficiency by industrial and commercial enterprises. Prospects are good for achievement of all program results by 2002.

Possible Adjustments to Plans: The GOP wishes to electrify 11,000 villages currently without power. USAID will investigate spreading the use of renewable energy in many of these remote, off-grid areas. We also are considering extending the program focus to the transportation sector, given assurances of adequate funding.

Other Donor Programs: USAID is practically the only donor that specifically addresses global climate change. USAID collaborates with 10 other U.S. Government agencies in implementing the country studies program to reduce greenhouse gas emissions, with 12 GOP agencies in the Inter-Agency Climate Change Committee, 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 ADB, to extend energy loans to the Philippines. The Agency has responded positively to a request by the ADB to fund technical expert teams to help in the restructuring and privatization of the power sector, facilitating the approval of a \$300 million energy project. USAID has also collaborated with UNDP, 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.

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.

Selected Performance Measures:

	Baseline	FY 2000 Target	FY 2002 Target
Emissions of CO ₂ -equivalents avoided through improvements in the energy sector (MT)	242 (1995)	1,000,000	20,000,000
Av. percentage score of all policy goals each year*	0 (1997)	50%	100%

*There are nine policy goals that USAID/Philippines is trying to achieve in this program. For each of them, there are four policy steps that are being measured: policy preparation, consensus building, adoption, and implementation. Each year, progress on each policy is scored according to an index and the average percentage score is reported.

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 SOURCES:** FY 2000 \$3,500,000 DA; \$1,500,000 ESF**INITIAL OBLIGATION:** FY 1995; **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The purpose of USAID's democracy program is to broaden participation in the formulation and implementation of public policies in selected areas. It strives for effective local governments with broad-based participation and effective participation of the disadvantaged. These activities have been strengthened by efforts of Filipinos to articulate critical issues and actions to sustain democracy in the Philippines. By 1999, 50% of the population will believe that their priority concerns are being addressed by their local government. The impact of coalitions is measured by the importance of the issues that they address. Beneficiaries are: (1) the citizens of Philippine local governments working with USAID to improve governance with broad participation; and (2) coalitions and coalition members of socio-economically disadvantaged and under-represented groups and interests.

Over the past decade, decentralization efforts have enhanced local autonomy and moved decision-making closer to affected sectors - organized groups of citizens, communities and local governments. The 1987 Philippine Constitution and the 1991 Philippine Local Government Code grant local governments and NGOs key roles in developing self-reliant communities. Significant progress has been made in building practical mechanisms for promoting participation and developing managerial capability to bring about more responsive democratic institutions. Now is the time to begin sharing best practices throughout the Philippines. USAID in the Philippines has provided over \$80 million to NGOs and other civil society organizations to deliver vital services throughout the country. The Agency's support has contributed to building a foundation for a strong and vibrant civil society. The work of these organizations has provided the constituency base for policy and legislative reforms.

Key Results: Several key results were identified to achieve this objective: (1) number of NGO representatives actively participating in local special bodies; (2) percent of people in project areas who feel their priority concerns are being addressed by local government; and (3) use of research and analytical capability by all funded coalitions to develop issues.

Performance and Prospects: USAID is providing assistance to local government units of 10 provinces and their municipalities and cities. Premised on "assisted self-reliance," participatory mechanisms are used for planning and implementing service delivery systems that establish new performance standards. Work is ongoing in resource mobilization, investment prioritization and environmental planning and management. 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. USAID-supported programs are contributing to promising experiments and breakthroughs in local government revenue generation in six provinces. In Naga City, the Naga River Strategic Watershed Management Plan was adopted after a series of lively participatory public consultations. 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 45% in 1997. Involvement of NGOs and peoples' organizations in planning is allowing the integration of community needs in local development plans and national legislation. In 1997, 693 NGO representatives participated in local government committees, a 100% increase from the 1995 baseline number. 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.

USAID is assisting disadvantaged groups to unite into coalitions of member-controlled associations that promote under-represented interests. Over four years, several major coalitions or alliances are being established, broadened, and strengthened. These coalitions focus on the needs of fishers, the urban poor, indigenous people, informal sector workers, coconut farmers, Muslim schoolgirls, the microfinance sector, women, children, marginalized groups in high-growth areas, and street traders. New coalitions are advocating for improvement of the justice system at the national and local levels. The coalitions are being strengthened to the point where they are able to analyze and debate public policy issues and participate actively in the public policy arena. Achievements under the civil society program demonstrate that well-organized coalitions can influence public policy formulation and implementation. With USAID support, the coconut farmers were able to gain the support of newly-elected President Estrada to distribute fairly revenues from the coconut sector that had been misappropriated under previous administrations. Key urban poor representatives have been appointed to Cabinet-level positions and elected as sectoral representatives to the House of Representatives, with the active support of the urban poor coalition. The Department of Environment and

Natural Resources has agreed to resolve mining and ancestral domain issues brought to it by the indigenous people's coalition. As long as the GOP continues to support a decentralized governance system, it is clear that USAID will achieve its intended results in the democracy area by the end of the planning period.

Possible Adjustments to Plans: To fight recentralization initiatives, USAID will work with the Leagues of Local Governments and perhaps National Government agencies to carry out advocacy campaigns. Initial work on improving the justice sector will need to be followed up by other activities, perhaps through support to the courts as well as to public interest organizations. Similarly, there is a need to develop an effective strategy for addressing corruption and inadequate transparency at the national and local government levels.

Other Donor Programs: USAID is a medium-sized donor in this area but is widely recognized as an intellectual leader in both local governance and civil society. USAID coordinates with the Ford Foundation, which supports research on local governance and capacity strengthening of indigenous people's groups, as well as with other donors. The local government leagues, supported by several donors, are assuming leadership in decentralized government policy and practices. Major NGOs are putting in substantial matching resources to strengthen civil society. Canada's program is similar to that of USAID, building the capacity of local governments and NGOs. Various local academic institutions monitor democracy and decentralization and generate policy options.

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, American Center for International Labor Solidarity, Volunteers in Overseas Cooperative Assistance, World Vision Relief and Development, CARE and several Philippine NGOs, notably Philippine Business for Social Progress.

Selected Performance Measures:

	Baseline	FY 2000 Target	FY 2001 Target
Number of NGO representatives actively participating in local special bodies	293 (1995)	1,100	1,200
Percent of people in project areas who feel their priority concerns are being addressed by local government	36% (1995)	51%	52%
Use of research and analytical capability to develop issues	0 coalitions	12	All funded coalitions

ACTIVITY DATA SHEET

PROGRAM: PHILIPPINES

TITLE AND NUMBER: The Threat of HIV/AIDS and Selected Infectious Diseases is Reduced, 492-SP01

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$4,400,000 CSD

INITIAL OBLIGATION: FY 1995; **ESTIMATED COMPLETION DATE:** FY 2004

Summary: AIDS has become a major problem in the countries of southeast Asia. The Philippines has been spared until now, despite an active sex industry and a sizable population of injecting drug users. The country 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 directing education and condom promotion efforts at these high-risk individuals. 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 among target groups that reduce individual risk for contracting or transmitting sexually transmitted disease (STDs) and HIV. The purpose is to prevent the rapid increase of HIV/AIDS in the Philippines by monitoring the prevalence and transmission of HIV infection and encouraging behaviors that reduce HIV transmissions. 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. The program will be successful if HIV seroprevalence rates among registered female commercial sex workers remain less than 3% through 2000.

Key Results: Maintaining the HIV seroprevalence rates among registered female commercial sex workers in sentinel surveillance sites below 3%, and establishing local capacity to identify and reduce the threat of leading infectious diseases (e.g., tuberculosis, dengue and malaria).

Performance and Prospects: HIV prevalence rates among the target population has remained below 1% since 1993, indicating that for now there is little threat of a major epidemic among the general population. USAID is assisting the GOP's Department of Health, NGOs and other government organizations to: implement a national sentinel surveillance system to monitor the transmission of the disease and risk behaviors among population groups at risk; develop and implement effective communication and behavioral change programs about AIDS prevention before AIDS reaches major epidemic proportions in the Philippines; and establish model sites for STD care and management. The program provides technical assistance, supplies, and materials for the effective delivery of information, education and communication services to STD/HIV/AIDS high risk groups 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. USAID will also support analysis, dissemination of results, and implementation of advocacy efforts on policy and environmental and structural constraints to promoting STD/HIV prevention.

The ninth round of the national HIV sentinel surveillance system of the GOP's Department of Health was conducted in April 1998. 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. These behaviors suggest increasing prevention practices, although high levels of risk behavior continue among the injecting drug users. Prospects are good that HIV prevalence rates for the target group will remain below 3% through the year 2000.

Infectious diseases is the focus of a new initiative. As with the prevention and control of HIV/AIDS, activities will be undertaken to develop and institutionalize sustainable surveillance systems. Information generated by epidemiological surveillance will serve as a basis for decision-making by local government officials to allocate funding and implement activities to combat infectious diseases, such as tuberculosis, malaria and dengue.

Possible Adjustments to Plans: If HIV prevalence increases beyond 3% among the target group, USAID will need to develop a strategy focusing on the general population. For the moment, it is important to develop plans for sustaining prevention activities beyond 2000 to ensure HIV prevalence remains well below 3% among the target group.

Other Donor Programs: USAID has been and continues to be the largest contributor to the Philippine National AIDS/STD Prevention and Control Program. USAID's grant to the World Health Organization (WHO) to support the establishment of the 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 and the European Union support NGO projects to strengthen community-based responses to AIDS. In addition, Australia 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. Australia 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 the United Nations Population Fund through its reproductive health program. Various United Nations and multilateral agencies 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.

Principal Contractors, Grantees, or Agencies: USAID implements the program through the GOP's Department of Health and selected local government units, U.S. Centers for Disease Control, WHO, Program for Appropriate Technology in Health and local NGOs.

Selected Performance Measures:

Baseline	FY 2000 Target	FY 2004 Target
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Percent HIV seroprevalence rate
among the sentinel target risk
group - registered female
commercial sex workers

<1.0% (1993)

*<3.0%

<3.0%

*Source: Field Epidemiology Training Program - Department of Health National HIV Sentinel Surveillance Surveys.

SRI LANKA

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$4,300,000	\$3,000,000	\$3,000,000
Child Survival and Disease	\$ 400,000	---	---

Introduction

The U. S. program in Sri Lanka supports the following U.S. foreign policy and strategic goals: broad-based economic growth and agricultural development, democracy and good governance, and humanitarian assistance. Within South Asia, Sri Lanka provides a unique environment for advancing these interests. With the Government of Sri Lanka (GSL) focusing on ending the ongoing ethnic conflict, and with clear potential for achieving sustainable economic growth, USAID is helping the country move through an important political and economic transition.

The Development Challenge

Sri Lanka has a fifty year tradition of vigorous democracy with competing political parties, a free press and an independent judiciary. Although it has achieved high levels of literacy, low birthrate, low infant mortality rates and broad gender equality and has made progress on economic reforms, it remains at the bottom of the list of middle-income developing countries. The prolonged 15-year ethnic conflict raging in the North and East Provinces continues to threaten its progress.

The Sri Lanka economy remained resilient in 1998 despite adverse external conditions in the region and increases in defense expenditures. A growth rate of 5% is expected for 1998, which is below the initial target of 6%. Growth in the economy remained highly dependent on export earnings from the garment sector and from plantation crops. Although Sri Lanka has made progress in macro-economic reforms, progress on financial and structural reforms that would stimulate productive investment, diversify the economy and raise incomes remained slow.

USAID's programs are aimed at improving the trade and investment environment. Building on previously developed strong relationships with a wide range of companies, USAID's programs strengthen business associations that promote key reforms related to agriculture, manufacture and trade liberalization, and that improve business strategies for global competitiveness. In 1998, the success of this approach was demonstrated by the Government's 1999 budget proposals, which included most of the reforms requested by these advocacy groups to promote the import of agro-technology and processing materials.

An open and transparent financial market, which shifts from being dominated by banking to strong capital markets, is essential for Sri Lanka to improve its competitiveness. USAID has had considerable success in establishing a modern and efficient stock exchange in Sri Lanka, but the stock market remains small in capitalization. USAID programs support expansion of the investor base and contribute to improving regulation and increasing transparency of the capital market. USAID programs also support establishment of new financial instruments, including development of corporate bonds to facilitate financing of industry and infrastructure development.

In 1998 the ethnic conflict in the North and East Provinces of the country placed heavy demands on the country's resources. The GSL continued to pursue a three-pronged strategy of intensive military confrontation, reestablishment of normalcy in the Jaffna peninsula, and a negotiated political settlement. Resettlement of the displaced population to the Jaffna peninsula was slowed by security problems in the area, and a large number of persons remain displaced. Efforts to reach a negotiated political settlement were stalled by the lack of cooperation between the major political parties and lack of interest on the part of the insurgents. Reports of torture, primarily related to the conflict, continued to surface in 1998, but the GSL made significant progress in reducing the number of disappearances and

extrajudicial killings. USAID's programs support efforts of the GSL and the non-government organizations (NGO) community to improve protection of human rights, improve the ability of the judiciary to resolve complaints efficiently and effectively, and provide relief to those most affected by the conflict.

Other Donors

In 1997, total donor disbursements to Sri Lanka were about \$448 million. The United States, with about 3% of total disbursements, was the fourth largest bilateral donor, and the sixth largest overall. The leading donors were Japan, the Asian Development Bank, the International Development Association, Netherlands, Norway, and the United States. In 1997, total donor assistance provided to improve the policy environment and strengthen capital markets was approximately \$24.0 million. USAID is the lead donor working with the Securities & Exchange Commission, the Colombo Stock Exchange and developing a policy reform program through the private sector.

FY 2000 Program

USAID's programs will continue to support Agency goals for increasing broad-based economic growth and agricultural development, strengthening democracy, and providing humanitarian assistance. In the private sector, programs will support business associations and chambers to improve the dialogue with government on competitiveness issues facing Sri Lanka, and to improve business strategies on a sector-wide basis. Technical assistance will be provided for improvements in financial market and trade/investment systems, policies and practices necessary to attract the level of investment required for sustained growth and competitiveness. Democracy programs will provide further support to both NGO initiatives and GSL programs to improve the human rights climate in Sri Lanka. To restore confidence in the judiciary, programs that support improvements in the efficiency and effectiveness of the District Courts will be expanded, as well as judicial training. USAID will extend its programs of humanitarian assistance through NGOs to reach children and families most affected by the conflict and related violence in Sri Lanka in order to help them return to a normal life.

SRI LANKA

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Human Capacity Developmnt	Humanitarian Assistance	TOTALS
S.O 1. Improved framework for trade and investment. - DA	3,000	---	---	---	---	---	3,000
Totals: - DA - ESF	3,000 ---	--- ---	--- ---	--- ---	--- ---	--- ---	3,000 ---

USAID Mission Director, Lisa Chiles

ACTIVITY DATA SHEET

PROGRAM: SRI LANKA

TITLE AND NUMBER: Improved Framework for Trade and Investment, 383-0120

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$3,000,000 DA

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2000

Summary: In 1998, when USAID began to work on this objective, the Government of Sri Lanka (GSL) had made many of the improvements needed in the macro-economic framework, but remained weak in terms of its competitiveness. This raised the concern that Sri Lanka would not be able to diversify its economy further and create the kind of jobs needed for educated but unemployed youth. The purpose of this SO is adoption of at least nine significant policy and regulatory reforms needed to improve Sri Lanka's competitiveness by 2000. To ensure

progress towards this target a minimum of three reforms in both financial markets and trade and investment are expected to reach the evaluation/dialogue stage annually. The direct beneficiaries of this SO will be approximately 30 private sector associations and their members throughout Sri Lanka, new entrants into the private sector and both men and women in the labor force.

Key Results: Two key intermediate results were concluded to be necessary to achieve this objective: 1) three policies or improved practices of financial markets in progress per year; and 2) three policies or improved practices in trade and investment in progress per year (progress of the policy agenda is tracked according to the following stages: agenda, awareness, evaluation/analysis, dialogue and adoption).

Performance and Prospects: Performance in 1998 has been on track despite the continued conflict and events in the region. Important policy changes made by the GSL in 1998 with USAID assistance include incentives for development of the debt market, liberalization of seed imports, and progress on revising the intellectual property rights law to incorporate information technology needs.

To strengthen the financial sector, USAID programs are educating public and institutional investors on secondary market trading in debt securities, and providing assistance for the development of a code of conduct for primary dealers and for tax and other issues related to the bond market. A clearing and settlement fund for the Securities and Exchange Commission and the Colombo Stock Exchange was established in early 1998, a year ahead of schedule, as was the establishment of a core policy group for capital/financial market development. Banking supervision is being improved through development of a computer program for off-site monitoring.

A USAID exercise on competitiveness conducted in 1998 captured the attention of key stakeholders in Sri Lanka. More than 600 Sri Lankan business and government officials participated. Since the exercise began, many local initiatives have begun. Leading private sector associations formed a joint group and charged the government with developing a bipartisan approach to resolving the conflict and promoting economic growth. The Ceylon Chamber of Commerce announced the formation of an intelligence unit and expressed interest in supporting competitiveness at the industry cluster level. The tourism sector has accelerated its effort to privatize functions formerly held by the government, including external marketing of the sector. Industry cluster groups were formed in agricultural associations for marketing their products overseas.

USAID support encourages local initiatives to address competitiveness issues and promote effective public/private dialogue. Activities focus on promoting business associations and development of competitiveness clusters through training, seminars, workshops, study tours, demonstrations, technology assessments, market research and promotion. The areas covered are association-specific and range broadly from quality, standards, and certification development to productivity promotion and environmental management. Technical assistance and training will continue for policy reform efforts of the Government of Sri Lanka (GSL), focusing on those changes needed to improve the competitive environment, including infrastructure policies.

Possible Adjustments to plans: National elections are scheduled for 2000, which may delay the policy reform process and national attention to a competitiveness strategy for Sri Lanka. However, given the high level of interest and response to the issue of competitiveness by the private sector, USAID's program of support for strengthening capacity of the private sector to address such issues should continue to be effective.

Other Donor Programs: Programs of the World Bank and Asian Development Bank emphasize continued progress on macro-economic reform and improvement in infrastructure. USAID programs on banking supervision are coordinated with advice of the International Monetary Fund and Swedish technical assistance. Other bilateral donors providing support for private enterprise development include Germany, Norway and Japan. The International Labor Organization provides assistance on management/labor issues. USAID's contribution constituted almost 27% of the total donor assistance of \$24 million for sectoral policy reform.

Principal Contractors, Grantees or Agencies: Grantees and contractors include International Executives Service Corps; Oregon State University/Development Alternatives Inc.; International Science and Technology Institute and contractors through the USAID Global Bureau.

Selected Performance Measures:

	Baseline (1997)	Target (2000)
Improved policies or practices of financial markets in progress per year	0	3*

Improved policies or practices in trade
and investment in progress per year

0

3*

*To insure progress towards project target, a minimum of three reforms are expected to reach the evaluation/dialogue stage annually.

WEST BANK AND GAZA

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Economic Support Funds	\$85,034,138	\$75,000,000	\$100,000,000

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) for a program of assistance to the Palestinian people. Of this total, USAID was charged with administering \$375 million; the remainder was to have been provided through the Overseas Private Investment Corporation. USAID's \$75 million annual budget was maintained through FY 1999 and is expected to increase to \$100 million in FY 2000. USAID assistance coincides with an interim, transitional period of expanding Palestinian self-governance (through the Palestinian Authority) as well as steps toward and negotiations on a final status agreement between the Palestinians and Israelis. Progress toward a final status agreement has been slow and difficult. 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 promote Palestinian development, an essential element of U.S. foreign policy, 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, and is designed to promote long-term, sustainable development. Some of the basic development constraints in the West Bank and Gaza include: deteriorated infrastructure; outdated or unfinished legal, regulatory and institutional frameworks; limited natural resources; a shortage of basic public services; and a rapidly expanding population. Another especially problematic factor is that the movement of goods and people between the West Bank, Gaza and Israel has been subject to severe restrictions. This inhibits investment and hinders economic growth and job creation. Income levels have trended downward in recent years. In response to these challenges, since FY 1996 USAID resources have been concentrated in three strategic areas related to private sector growth, water resources, and democracy/governance. In addition, in FY 1999 - FY 2000, USAID will add activities in two areas of special concern, maternal/child health and community services.

Mission Strategic Objective #1: Expanded Economic Opportunities. According to analyses conducted by the United Nations, real per capita GNP in the West Bank and Gaza fell from approximately \$2,500 in 1992 to approximately \$1,600 in 1998. Both unemployment and poverty indices approach 20% in the West Bank and higher still in Gaza. Among other factors, this reflects the impact of the reduced employment opportunities for Palestinians due to restrictions on transit to Israel and systemic weakness in the West Bank and Gaza, such as insufficient credit, a shortage of technical and managerial skills and an inadequate legal and regulatory framework. USAID programs address the important systemic constraints to private sector growth, specifically by expanding access to credit and training, by expanding export market access and local market share of Palestinian firms, and by supporting the development of a transparent and comprehensive regulatory framework conducive to investment.

Mission Strategic Objective #2: Increased Access to and More Efficient Use of Scarce Water Resources. Economically and developmentally sound water access and management practices are essential to sustainable economic growth. However, water is a constraint in West Bank and Gaza. 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. Minimal sewage networks connect to only 25% of households. In response

to commitments in the 1995 Palestinian-Israeli Interim Agreement that assure Palestinians an additional 70 million-80 million cubic meters of water per year, 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. USAID infrastructure and institution-building programs are increasing water supply for Palestinians and improving their management of water resources.

Mission Strategic Objective #3: More Responsive and Accountable Governance. Following the initial establishment of the Palestinian Authority (PA) and the 1996 elections, USAID assisted the Palestinians to focus on further transition towards self-rule through the establishment of democratic checks and balances and the development of accountable and transparent governance. In order to achieve this, the USAID program aims to help develop a vibrant civil society with an active role in the decision-making process and to assist departments of the Palestinian Authority, including the judiciary, develop technical proficiency and institutional stability.

Mission Special Objective #1: Selected Development Needs Addressed

USAID will initiate two new activities under this special objective.

- *Community Services Delivered.* Inadequate access to basic public services -- along with high unemployment and low income levels -- are factors which lead to despair and frustration in Palestinian communities that can undermine efforts to promote popular support for peace initiatives. USAID will initiate a new activity in FY 1999 to revitalize community-level infrastructure, improve basic services, reach disadvantaged groups, and create short-term jobs. Much of the program will be implemented by U.S. private voluntary organizations (PVOs), where activities will be grassroots-based, designed to meet needs identified by individual communities themselves.
- *Maternal-Child Health Care Improvements Demonstrated.* The most serious health problems facing mothers and children in the West Bank and Gaza derive from high fertility with short birth intervals, along with weaknesses in clinical and outreach health services. The Mission will finance a pilot maternal-child health activity in FY 1999 and FY 2000 which will expand and improve services to mothers and children in selected areas and provide family planning advice as it relates to these improved services.

The Wye River negotiations, held in October 1998, revived the stalled Palestinian-Israeli peace process. The implementation of the Wye River agreements will require U.S. government support, including an expansion of the USAID development assistance program to the Palestinians. USAID had conducted studies and analyses of the disappointing performance of the Palestinian economy before planning for the Wye River negotiations began. In response to the findings, USAID plans to introduce several new initiatives, including community development and rule of law, to address key constraints to peace and security resulting from the depressed economic and social conditions still affecting Palestinians. In order to maintain the momentum for peace achieved at Wye River, a request for supplemental funding has been submitted by the Administration that describes in detail the proposed uses, timing and budget for this assistance. Some elements of the supplemental funding complement the new initiatives proposed here. However, the additional funding from the supplement is required to respond with adequate and timely support.

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. For the 1994-1998 period, total pledges increased to \$4.2 billion and total disbursements reached \$2.5 billion. An additional \$3 billion was pledged by the international community at the start of FY 1999. Taking into account both the political and financial resources dedicated to the Palestinian-Israeli peace process, the U.S. Government, Japan, the European Union, Germany, and Norway are considered the lead donors in the West Bank and Gaza.

FY 2000 Program

In FY 2000, USAID intends to finance: 1) lending for small and microenterprises, technical support to businesses to enhance domestic and export marketing, support for Palestinian business organizations, and policy initiatives to improve the legal and regulatory framework; 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; 3) enhancement of citizens' capacity to participate in and influence the governing process through support for local civil society organizations, and development of the ability of the public sector (the legislature, judiciary and local government entities) to better meet the needs of Palestinians in a transparent and efficient manner; 4) grants to support non-governmental (NGO) programs which will respond directly to a range of priority service needs as defined by Palestinian communities; and 5) improvements in maternal child health care

services through NGO clinics and associated operations research.

WEST BANK AND GAZA

FY 2000 PROGRAM SUMMARY (in thousands of dollars)

USAID Strategic & Special Objectives	Economic Growth & Agriculture	Population & Health	Environment	Democracy	Humanitarian Assistance	TOTALS
USAID Strategic Objectives						
SO 1 Expanded Economic Opportunities - ESF	12,000	---	---	---	---	12,000
SO 2 Increased Access and More Effective Use of Scarce Water Resources - ESF	---	---	58,000	---	---	58,000
SO 3 More Responsive and Accountable Governance - ESF	---	---	---	17,000	---	17,000
Special Objective No. 1 Selected Development Needs - ESF	10,000	3,000	---	---	---	13,000
TOTAL: - ESF	22,000	3,000	58,000	17,000	---	100,000

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 2000 \$12,000,000 ESF

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The Palestinian economy is characterized by fluctuating levels of high 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 undefined legal and regulatory framework that undermines 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.

In FY 1994, USAID began activities to address some of these constraints by developing the skills of small entrepreneurs through training and technical assistance and by generating emergency employment opportunities--especially in Gaza--through infrastructure projects. Since FY 1996, USAID has supported a comprehensive program to develop the Palestinian private sector, including initiatives to expand the financial services available to small and micro-enterprises, increase the industrial sector's market penetration, enhance the productivity of the industrial sector, and improve the legal and regulatory environment for private sector growth. The primary beneficiaries of these activities are the majority of Palestinians working in micro, small and medium-sized firms. More specifically, it is estimated that 30,000 microenterprises are eligible for loans through USAID-assisted programs, either through U.S. PVOs or 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. The development of an appropriate legal framework, and the necessary regulatory institutions to accompany it, will promote commercial transparency and

have a broad impact on the Palestinian economy.

Key Results: USAID's private sector program aims to achieve the following results: (1) Increased Access to Financial Services: USAID has financed more than 13,500 micro-loans (valued at \$4 million) through UN and PVO intermediaries. A parallel micro-finance activity, which works through commercial banks, began in FY 1998. Within its first six months of operation, the banks provided \$1 million of their own funds in loan capital to microborrowers. This activity is being expanded geographically from four bank branches to six. (2) Increased Access to Markets by the Industrial Sector: USAID has assisted Palestinian firms to access foreign and domestic markets by improving marketing practices, management and productivity. The third annual Palestinian Food Day, supported by USAID, attracted buyers from Jordan and Israel, and generated more than \$8 million in initial sales, with many additional agreements in process. In FY 1998, USAID provided start-up funding to a new overarching trade organization of Palestinian businesses which has wide support and coordinates overall Palestinian private sector trade advocacy efforts. In addition, USAID technical assistance and infrastructure financing have made it possible to establish a pilot border industrial estate in Gaza which will provide greater access to foreign markets for firms located there. First-phase construction is complete and manufacturing activities are scheduled to begin in the first months of 1999. (3) Enhanced Productivity of the Industrial Sector: To date, USAID has assisted more than 270 Palestinian enterprises to increase productivity and sales and has provided training to upgrade the business skills of 3,000 Palestinian managers. Thirteen leading Palestinian firms have become ISO 9000 (international export standard) certified and others are programmed for certification in 1999. (4) Improved Legal and Regulatory Environment for Private Sector Growth: In FY 1998, USAID provided assistance to develop the commercial legal and regulatory framework in the West Bank and Gaza. Initial assistance has included an analysis of commercial legal and regulatory needs; development of the legal and regulatory framework for industrial zone development and operation; and completion of a draft accounting law consistent with international accounting standards. Support to the Palestinian Monetary Authority, the entity entrusted with commercial bank regulation, began in early FY 1999.

Performance and Prospects: (1) To improve the access of small and microenterprises to financial services, USAID has provided technical assistance to participating banks and funded working capital loans for NGO programs. A formal financial sector micro-credit mechanism began operations in FY 1998 with loan capital of \$6 million provided by participating banks and USAID financing covering technical support and a small amount of start-up costs. Loans have averaged \$2,000 each. This activity will be expanded in FY 1999 from four branches to five in the West Bank, plus one branch in Gaza. Participating banks will provide an additional \$3 million in loan capital to borrowers at the new branches in Gaza and Jenin. USAID's support for PVO microenterprise programming focuses on poorer segments of the borrower population (generally women) and provides loans ranging between \$300 and \$1,000. In FY 1999 - FY 2000, a local NGO microenterprise finance institute will receive USAID assistance in order to institutionalize loan delivery and ensure sustainability. (2) To develop new and expanded markets and enhance productivity of Palestinian enterprises, USAID is providing technical assistance and training to Palestinian firms and private sector groups. Palestinian firms obtain support, through a U.S. contractor, to meet export standards and promote Palestinian products. To enhance their productivity, Palestinian enterprises can access specific assistance to upgrade entrepreneurial skills, marketing, and management. A second phase of this assistance, which will focus on building the capacity of industry associations in priority sectors to meet the needs of their membership, will begin in FY 1999. USAID is also supporting industrial development. Assistance to the fledgling Palestinian Industrial and Free Zone Authority is helping build its capacity to promote, regulate, and maintain industrial zones, and studies are underway of the feasibility of new industrial zones in the West Bank and Gaza. (3) To strengthen regulatory capacity, USAID will support the development of internationally recognized private accounting and auditing organizations and establishment of professional licensing requirements. USAID will also help Palestinian Monetary Authority staff to understand and use internationally accepted on-site and off-site bank supervision tools.

Possible Adjustments to Plans: USAID may provide technical assistance, in conjunction with World Bank and International Monetary Fund efforts, to develop certain areas of the banking and securities legal framework. Based on study findings, USAID may develop a project to support an industrial zone on the West Bank.

Other Donor Programs: USAID has been the lead donor in providing private sector support, chairing the related Sectoral Working Group of the Local Aid Coordinating Committee. Between FY 1995 and FY 1998, approximately \$89 million was disbursed for private sector projects. In FY 1998, USAID disbursed more than \$9 million to support this sector, representing more than 50% of total donor disbursements. The European Union and the United Kingdom 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. World Bank activities include comprehensive tracking of the development of all commercial legislation.

Principal Contractors, Grantees, or Agencies: USAID is implementing activities through U.S. firms (Development Alternatives International, The Services Group, Metcalf & Eddy, The Barents Group, and Chemonics), U.S. NGOs (Save the Children Federation and the YMCA), a Palestinian NGO (Paltrade), and the Palestinian private sector.

Selected Performance Measures:

	Baseline	Target 2000	LOP Target
Value of total sales in assisted firms	\$69 M (1995)	\$93 M	\$96 M (2003)
Gaza Industrial Estate production shipments	\$0 (1996)	\$15 M	\$16 M (2001)
Regulatory agencies strengthened	0 (1999)	1	3 (2002)

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 2000 \$58,000,000 ESF

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: After the signing of the Interim Accords in September 1995, USAID--in consultation with the Palestinian Water Authority (PWA) and the Palestinian-Israeli Joint Water Committee--developed a comprehensive program of support for the water-related components of those accords. The purpose of USAID's water resources program is to increase the quantity and improve the quality of water available to Palestinians in the West Bank and Gaza. This includes addressing the related issues of inappropriate waste/stormwater management and inefficient allocation of all water resources (potable and non-potable) between domestic, industrial and agricultural users. While USAID's program will have positive health and environmental impacts, its rationale derives largely from the constraints on economic development posed by the current water situation. USAID support for the development of wells and transmission/distribution lines has been focused initially in the Bethlehem-Hebron and Jenin areas; financing for waste/stormwater activities has been concentrated in Gaza City. Ongoing and planned water activities will build upon these earlier efforts and enable Palestinians throughout the West Bank and Gaza to better meet their overall water needs in a sustainable manner.

Key Results: USAID's water resources program aims to achieve the following results: (1) Increased Water Supply: Initial activities in the West Bank have resulted in the upgrading/installation of water networks in 29 villages and towns with a total population of approximately 110,000. In addition, coordinated USAID- and Italian-funded activities to rehabilitate the distribution system covering approximately 80% of the City of Hebron (130,000 residents) are nearly complete. Preliminary data from these project areas indicate that per capita consumption has increased from approximately 41 liters/day to 63 liters/day in the villages and from 45 liters/day to 50 liters/day in Hebron, and losses have been cut by approximately 10%-15%. (2) Integrated Management of Water Resources: Under the now-completed emergency phase of USAID's waste/stormwater initiative in Gaza City, approximately 50 kilometers of sewer lines and stormwater culverts have been cleaned, repaired or replaced, a critical pump station/reservoir renovated, a central drainage area dredged, and municipal capacity to maintain the system improved. In addition, residents in four neighborhoods are seeing the benefits of a program of water infrastructure upgrades and community health education. These interventions have directly assisted about 80,000 residents of Gaza City. Project areas are no longer subjected to flooding and sewage overflow, wastewater and stormwater have been separated, and raw sewage is no longer discharged onto the beach. Also completed with USAID funding is a waste/stormwater facilities master plan for Gaza City, which is serving as the basis for USAID and other donor support for a comprehensive construction program. (3) Implementation of Market-Oriented Allocation Mechanisms: This activity will begin in FY 1999/ FY 2000.

Performance and Prospects: (1) To increase the quantity and quality of conventional water supplies, USAID is supporting the development of new wells, the upgrading and extension of water conveyance systems, and the monitoring of water quality. Following initial efforts to model the Eastern Aquifer, develop plans to meet long-term Palestinian water needs and design specific facilities in the West Bank, USAID's efforts to develop new water supplies were delayed for up to 12 months pending the resolution of a series of issues between Palestinian and Israeli authorities. However, by early 1998 construction began on four production wells, transmission systems (source to

town) in the Jenin and Hebron-Bethlehem districts, and household distribution systems for 11 Jenin-area villages. When these systems are completed in late 1999, Palestinians will benefit from an increase of approximately six million cubic meters/year of potable water, the establishment of transmission systems with a total capacity of 87 million cubic meters/year, and the first-time provision of piped water to 30,000 residents. In FY 1999, USAID will initiate a second phase of surveying, modeling and design work in the West Bank, with construction beginning in FY 2000 on additional production wells, transmission systems, village distribution networks and a series of monitoring wells. This incorporates support for the Bethlehem 2000 initiative, including two wells and the pipelines to carry the water from those wells to the city of Bethlehem. The water supply to the Bethlehem district will increase by 50% by the year 2001. (2) To promote integrated water management practices, USAID is financing activities to collect, treat and reclaim wastewater and stormwater, develop alternative water supplies (e.g., desalination), and institute water conservation and loss prevention measures. As part of the USAID-funded master plan for Gaza City, USAID is currently expanding a stormwater reservoir, establishing a stormwater infiltration site, constructing force mains, pump stations and sewer lines, and doubling the capacity of the Gaza Wastewater Treatment Plant to 32,000 cubic meters/day, while reducing the toxicity of its effluent so that it can be reused for agricultural/commercial purposes and/or aquifer recharge. This work, which will improve services for the 325,000 residents in and around Gaza City, is scheduled to be completed by mid-1999. In FY 1999/FY 2000, USAID will implement activities to improve the management of the Gaza Coastal Aquifer in order to reestablish it as a sustainable source of safe drinking water. This support will include innovative systems related to well system management, aquifer protection, desalination, recharge of aquifers and reuse of treated wastewater. USAID also plans to begin similar aquifer protection work in the West Bank, with additional interventions related to industrial waste management and wastewater treatment facilities in Hebron, and rural integrated waste (solid and water) management systems. (3) To establish market-oriented allocation mechanisms, USAID is enhancing the capacity of Palestinian organizations to develop plans and enact policies and regulations that reflect the economic, social, health and environmental implications of water use; establish appropriate tariff structures; and collect/re-invest revenues. These efforts are to some extent incorporated into the activities cited above. In addition, in FY 2000, USAID will initiate specific activities to improve the operations and maintenance capacity and administrative and planning systems of municipalities and utilities.

Possible Adjustments to Plans: No adjustments to plans are anticipated at this time.

Other Donor Programs: Consistent with the urgent need to address the wide range of issues relating to the provision of adequate quantities/quality of water to Palestinians in the West Bank and Gaza, the sector has been the single largest recipient of donor funding. Between 1994-1998, approximately \$315 million was disbursed for water projects, nearly 10% of all donor financing. Given the political leadership exercised by the U.S. Government and the significant level of financing provided by USAID (approximately \$145 million to date), USAID is considered the primary donor in the water sector. Germany, Norway, France, the United Kingdom, Japan, Italy and the World Bank have been the most active other donors. As a complement to USAID's early emphasis on bulk water supply, other donors have financed capacity building and operational support for the Palestinian Water Authority (PWA), water distribution and wastewater collection/ treatment systems in selected areas and--to a more limited extent--desalination and loss prevention/ conservation programs.

Principal Contractors, Grantees, or Agencies: U.S. firms Camp, Dresser & McKee, Metcalf & Eddy and CH2M Hill are the prime contractors. U.S. private voluntary organizations (Save the Children Federation and American Near East Refugee Aid) and the United Nations Development Program also play significant roles.

Selected Performance Measures:

	Baseline	Target 2000	Target (2002)
The development of wells	0	6 wells	10 wells
New water supplies developed	0	10 mcm/year	15 mcm/year*
Transmission lines developed	0	38 kilometers	150 kilometers
Amount of water not contaminated as a result of aquifer protection	0	0	100mcm/year*

* million cubic meters per year

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 2000 \$17,000,000 ESF

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Through its programs, USAID is responding to the need to 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, inadequate guarantees and exercise of basic freedoms, and an inadequate justice system.

USAID's support for the January 1996 elections of the Palestinian Legislative Council (PLC) and the head of the Executive Authority 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, support an independent media, and enhance the capacity of the public sector (including the executive, legislative, and judiciary branches, as well as local government) to meet the needs of Palestinians in a transparent and efficient manner. All Palestinians will benefit from the emergence of open, transparent and effective self-rule mechanisms.

Key Results: Four key intermediate results were developed to achieve this objective: (1) Increased Participation of Civil Society Organizations in Public Decision-making and Government Oversight: USAID's activities to date have resulted in widespread town hall meetings allowing constituents to express their concerns to the PC, Executive and local government representatives; a functioning citizens' rights center in the West Bank; stronger independent television stations; establishment of a media resource center to train journalists and broaden their professional skills; civic education sessions targeting rural populations and women; successful advocacy for the development of a supportive non-governmental (NGO) law; and new mechanisms for government-NGO cooperation in the health and social services sectors resulting in the award of service provision contracts to local NGOs by the PA. (2) Enhanced Capability of the Palestinian Legislative Council to Perform Functions of a Legislative Body: USAID has assisted the PLC to establish procedures for record-keeping and tracking the growing number of constituent inquiries; review key draft laws (e.g., those related to the judiciary, political parties, the income tax law, and the labor law); have a functioning parliamentary research unit which provides objective, non-partisan analysis and information; and undertake focussed oversight of the executive -- including review of the Executive's annual budget. In FY 1998, USAID furnished the Legislative Council's plenary hall and installed equipment to record votes and produce verbatim transcripts of proceedings, which has facilitated Council deliberations and made them more professional. USAID has also enabled the Legislative Council's plenary proceedings to be televised for the public, thus increasing citizen awareness. (3) Increased Effectiveness of the Executive Authority's Legislative and Public Policy Functions: USAID assistance facilitated an agreement between the Legislative Council and the Executive on each other's role in the legislative process, which should contribute to a more efficient legislative process. (4) Foundation for Decentralized Local Government in Place: As an initial activity in this area, USAID has helped to design an organizational development plan for the Ministry of Local Government which will enable it to better support decentralization.

Performance and Prospects: (1) To increase the participation of civil society organizations in public decision-making and government oversight, USAID is strengthening local non-governmental organizations' (NGO) management capacity and their capacity to exercise government oversight, policy analysis and advocacy roles; enhancing the skills of and creating the foundations for an independent 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 NGOs, which currently include five local civil society organizations and one international organization partnered with local groups. FY 1999/FY 2000 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 PLC 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 currently being implemented by a U.S. contractor and a U.S. grantee. A second phase of contractor support is scheduled to begin in FY 1999 - FY 2000. (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. A second phase of this assistance will begin in FY 1999 - FY

2000. (4) In FY 1999, USAID will begin a comprehensive program of support to establish a foundation for decentralized local government. Work will focus on increasing the understanding of the current legal framework for local government operation, supporting the development of an advocacy agenda among local government units, encouraging the exchange of information among local governments, and providing assistance for policy reforms (including the development and modification of legislation and regulations) leading to greater decentralization. (5) To strengthen the rule of law, USAID will begin a new program in FY 1999 to increase the capacity of the judiciary to serve the public, improve Palestinian legal education, and upgrade skills levels in the legal profession.

Possible Adjustments to Plans: The addition of a rule of law component to USAID’s governance program was envisioned in USAID’s FY 1996-FY 2000 strategy. A team of judicial experts in late 1998 undertook a thorough review of feasible options. USAID will review and develop within its governance program a package of assistance to enhance the judicial sector.

Other Donor Programs: 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 United Kingdom and Australia are supporting initiatives related to legal reform and the justice sector, which complement the areas in which USAID plans to work. The European Union’s program of support with the PC 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.

Principal Contractors, Grantees, or Agencies: USAID has implemented this activity through U.S. contractors (primarily Associates in Rural Development and Checchi/PalTech), grants to U.S. non-governmental organizations (primarily the International Republican Institute and National Democratic Institute) partnered with local organizations, and grants to local NGOs. USAID is working with USIA on media activities.

Selected Performance Measures:

	Baseline	Target 2000	Target 2002
Indexed percentage of laws/policies modified by the Palestinian Authority based on input from civil society organizations	43 (1997)	59	65
Percentage of laws initiated by the Executive Authority that are substantively modified by the Palestinian Legislative Council	0 (1996)	90%	90%
Annual Executive Authority budget is submitted to the Palestinian Legislative Council for review and approval	No (1996)	Yes	Yes

ACTIVITY DATA SHEET

PROGRAM: WEST BANK AND GAZA

TITLE AND NUMBER: Selected Development Needs Met, 294-SPO1

STATUS: Continuing

PROPOSED OBLIGATION/FUNDING SOURCE: FY 2000: \$13,000,000 ESF

INITIAL OBLIGATION: FY 1996; **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Since 1996, this Special Objective has comprised a series of short-term and close-out activities, primarily those related to housing, strengthening of local institutions and emergency employment generation, which were initiated prior to the establishment of the USAID/West Bank and Gaza Strategy. These activities were largely completed by FY 1997. However, given emerging priorities, USAID has identified two development needs that will be addressed on an immediate-term basis under this Objective: 1) community service delivery and 2) maternal-child health.

A new Community Services Program derives from the demand from Palestinian communities for improved basic services. A widespread gap in quality services is causing increased frustration at the grassroots level and could jeopardize popular support for peace initiatives and democratic development. The situation has been exacerbated by several factors, among them difficult economic conditions; inadequate performance to date on the part of the PA and

local governments in addressing community infrastructure and service delivery needs; and limited donor funding for NGO programs. The Community Services Program will support projects, which can rapidly scale-up to revitalize community-level infrastructure, address service delivery needs, and create short-term jobs. The second initiative derives from the serious health problems facing women and children in the West Bank and Gaza, including complications of pregnancy, anemia, premature births and low-birth weights. Major factors in these problems are high fertility with short birth intervals, along with weaknesses in clinical and outreach services. A Maternal-Child Health Pilot Program, which is the USAID Mission's first health sector initiative, is intended to upgrade clinical and outreach services in order to improve maternal-child health and increase use of modern contraceptive methods. Operations research will be used to test the effectiveness of alternate health education and service delivery approaches.

Key Results: Projects funded by the Community Services Program will contribute to one or both of two results: improved service delivery in project areas and short-term employment generation. Three results are necessary for the success of the Maternal-Child Health Pilot Program: improvements in the health of mothers and newborns in target areas; effective promotion of birth spacing among the target population; and research findings which document the effectiveness of various health education and service delivery interventions.

Performance and Prospects: The Community Services Program, which will be a high-visibility rapid-start initiative, will be implemented through a competitive grants program open to all U.S. PVOs, and other mechanisms such as grants to international organizations (e.g., the United Nations Development Program/UNDP and the United Nations Relief and Works Agency/UNRWA). The Community Services Program will build upon the strengths and experience of U.S. PVOs and their network of local partners in the West Bank and Gaza. It will also build upon lessons learned from USAID's earlier "Small Scale Infrastructure Project," which funded improvements in schools, neighborhood water systems, refugee shelters, and low-income housing and generated over 350,000 person/days of employment. Village water and sanitation projects funded under the proposed new activity will be based on models successfully tested under USAID's water resources program. Individual projects will be selected by the grantees, based on a grassroots level process through which community residents will identify and prioritize their needs. Illustrative areas for individual projects include village water and sanitation; school construction and rehabilitation; non-formal education; community health services; agricultural services; low-income housing; and income-generating, vocational training or rehabilitation projects for vulnerable/marginalized groups.

The Maternal-Child Health Pilot Program will upgrade the quality of antenatal and postpartum services for mothers and their children, and make improved family planning services available at about 30 clinics located in three areas (in the northern and southern West Bank and in Gaza). As a "pilot," this two-year activity will test a basic model of intervention -- a standard package of services and several more specific health education and service delivery approaches -- to determine their efficacy and replicability. The activity will build upon the worldwide experience of USAID and its U.S. grantees, as well as the strong presence and good track record of Palestinian NGOs in providing community health services. Local NGO programs will be strengthened with appropriate systems, staff training, and management and logistics support. The results of the operations research will be widely disseminated. Data collection to be funded as part of the activity will include a qualitative study on knowledge, beliefs, attitudes and practices as well as a demographic and health survey, which will inform the latter stages of the pilot activity and any future USAID activities in the health sector.

Possible Adjustments to Plans: The Maternal-Child Health Pilot Program is a first step towards a probable new health sector strategic objective, which is likely to be initiated within the next 2 years.

Other Donor Programs: The World Bank's Community Development Project, with \$23.8 million of donor funding, supports small scale community infrastructure projects executed by the PA. The Bank's Palestinian NGO Project, funded at a level of \$14.6 million, provides small grants to Palestinian NGOs to improve service delivery. Many donors have selectively supported smaller-scale public sector and NGO community development projects. However, the overall level of need for community-level infrastructure and services is huge (a current PA list of unfunded community infrastructure projects totals over \$100 million), and support for NGO-based programs is relatively limited. Other-donor governments and institutions, especially the European Commission, UNRWA and UNFPA, are involved in the health sector but their efforts tend to be directed at national health policy issues and broad-scale strengthening of the Palestinian Authority Ministry of Health. None are working on a concerted, integrated basis on primary health care problems.

Principal Contractors, Grantees or Agencies: The Community Services Program will be implemented by registered U.S. PVOs and international organizations, who will work with a broad range of Palestinian NGOs, community groups, and municipal councils. U.S. PVOs and Palestinian NGOs will form a partnership to implement the Maternal-Child Health Pilot Program.

Selected Performance Measures: Baseline and target data have not yet been determined for these new activities. However, major crosscutting results indicators for community services are likely to include: number of people with improved services, and income generated through short-term employment opportunities. Separate indicators will also be tracked, as appropriate, by sector (e.g. improved water, sanitation, health services or schools). Indicators for the health pilot will include the percentage of women/babies receiving improved post-partum care, and rates for maternal anemia, low birth weights and acceptance of modern contraceptive methods.

ASIA AND THE NEAR EAST REGIONAL ACTIVITIES

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request
Development Assistance	\$25,883,094	\$50,679,000	\$50,749,000
Child Survival and Disease	\$11,004,100	\$21,800,000	\$22,382,000
Economic Support Fund	\$39,130,000	\$46,300,000	\$120,900,000
P.L. 480 Title II	\$77,565,000	---	---

Introduction

ANE regional programs are responding to crucial elements of the President's National Security Strategy and achieving important Function 150 International Affairs Goals, including fostering a comprehensive peace in the Middle East; responding to the Asian financial crisis; promoting democracy, human rights, and rule of law; and addressing poverty and non-proliferation issues in South Asia. ANE regional programs address a growing number of cross-border concerns, enable rapid technical and implementation response to ANE nonpresence countries, and provide technical expertise to support bilateral and regional program development. Regional program resources engage a broad range of partners in implementation, including private voluntary and local nongovernment organizations (PVOs and NGOs), international organizations, other U.S. Government agencies, regional institutions, and other donors.

The Development Challenge

ANE subregions are facing greater challenges and opportunities today than at any time in the past 20 years. In fact, the extreme diversity of the Asia Near East region makes it difficult to define a single development challenge that is applicable to the region as a whole. The major development challenges to which the United States, other key donors, and many of the nations in the region must respond include:

- encouraging and maintaining peace and security, particularly in the Middle East, but also in the Asia;
- fostering and restoring economic growth through free trade and investment;
- promoting democracy, human rights and rule of law; and
- combating problems that affect global security, stability, and economic development (such as environmental degradation, greenhouse gas emissions, HIV/AIDS, population growth and food insecurity).

Some of these challenges are transnational in character, and are best addressed through regional approaches. The issues often affect nonpresence countries as well as countries with close-out or bilateral programs. ANE's regional programs can more effectively address such issues by integrating or linking activities across national boundaries.

In the past year, the Asian financial crisis caused a number of the "tiger economies" to implode, throwing millions of people out of work; giving rise to increased trafficking in women and children; and stretching governments' abilities to meet critical social needs. ANE regional program activities enabled USAID to quickly respond to the serious problems that arose in markets affected by the crisis. Regional programs allowed the United States to support and reinforce key U.S. national interests such as promoting and restoring economic growth and productivity in the region, promoting adherence to democratic practices and respect for human rights, and responding to the needs of the poor. For example, the U.S.-Asia Environmental Partnership (USAEP) engaged the strength of the U.S. Government and U.S. academic, business, and professional communities, to deal with the environmental challenges of rapid industrial and urban growth in Asia. USAEP has been highly successful in introducing U.S.-developed technologies to Asian public and private entities. Given that over half of the United States' international trade is with Asia, continued economic reforms and political stability will provide valuable opportunities in the region to expand U.S.

SO 1- Accelerated Economic Recovery in Asia (AERA)							
-DA	16,000	---	2,500	---	---	---	18,500
-CSD	---	6,500	---	---	---	---	6,500
-ESF	26,500	---	---	---	---	---	26,500
SO 2- Fostering the Resolution of Water Resources Disputes (FORWARD)							
-DA	---	---	1,500	---	---	---	1,500
SO 3- Middle East and North Africa Regional Trade and Investment Initiative							
-DA	1,000	---	---	---	---	---	1,000
-ESF	5,000	---	---	---	---	---	5,000
SO 4- Burma Democracy and Humanitarian Assistance Support							
-ESF	---	---	---	3,500	---	---	3,500
SO 5- Eliminating Abusive Child Labor Through Education							
-CSD	---	---	---	---	3,000	---	3,000
SO 6- Preventing the Trafficking of Women & Children							
-DA	200	---	---	300	---	---	500
-CSD	---	500	---	---	---	---	500
SO 7- Regional Development & Support							
-DA	6,170	1,614	500	665	---	---	8,949
-CSD	---	4,318	---	---	---	---	4,318
SO 8- Asia Near East Regional HIV/AIDS							
-CSD	---	6,284	---	---	---	---	6,284
SO 9- US-Asia Environmental Partnership (USAEP)							
-DA	---	---	17,500	---	---	---	17,500
-CSD	---	---	---	---	1,780	---	1,780
SO 10- Energy Security for Economic Growth							
-DA	---	---	2,800	---	---	---	2,800
SO 11- South Pacific Fisheries							
-ESF	14,000	---	---	---	---	---	14,000
SO12- Middle East Peace Process/ Democracy Building							
-ESF	14,000	---	---	17,000	---	---	31,000
SO 13- South Asia Regional							
-ESF	10,825	---	---	---	---	---	10,825
SO 14- South Asia Democracy							
-ESF	---	---	---	8,825	---	---	8,825
SO 15- ASEAN Environmental Initiative							
-ESF	---	---	10,000	---	---	---	10,000

SO 16- East Asia Regional Democracy -ESF	---	---	---	11,250	---	---	11,250
TOTALS							
-DA	23,370	1,614	24,800	965	---	---	50,749
-CSD	---	17,602	---	---	4,780	---	22,382
-ESF	70,325	---	10,000	40,575	---	---	120,900

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Accelerated Economic Recovery in Asia (AERA), 398-SO01

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$18,500,000 DA; \$6,500,000 CSD; \$26,500,000 ESF

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: The Asian financial crisis which began in Thailand 18 months ago, has become an urgent financial, political, and social problem of global proportions. Indeed, the effects of the crisis in Asia have been felt even in the United States, where companies that do business with Asia have experienced significant declines in exports and earnings, and as a result have had to cut jobs. President Clinton called the situation "the most serious financial challenge in 50 years". In response, USAID has led the development of a United States Government response – the Accelerating Economic Recovery in Asia (AERA) Initiative. The AERA initiative has a five-year "relief-recovery-reform" framework, and focuses efforts on those countries most immediately affected by the crisis - Indonesia, Thailand and the Philippines, but can be extended to other Asian countries. AERA has three key objectives: (1) creating and saving jobs, (2) improving the targeting and coverage of safety nets, and (3) improving economic governance. To achieve these objectives, technical assistance and training will be provided to government, private sector and nongovernment organizations in the following areas:

- help banks and corporations restructure non-performing loans and operations as a means to work out debt problems.
- strengthen and speed the implementation of market-based tools for liquidating debt and recapitalizing companies (i.e., bankruptcy and foreclosure laws).
- promote and support the expansion of small and medium-sized enterprises.
- strengthen bank supervision and examination, commercial law, accounting standards, securities law, and shareholders rights as the means to improve overall economic governance.
- improve the monitoring of social safety net programs, assess the impact of these programs, and develop improvements in policies and delivery systems.
- monitor reform efforts, and particularly public expenditures, to insure that efforts lead to expected results.
- develop stronger future social safety nets by strengthening pension systems and helping build unemployment insurance mechanisms.

Key Results: Following a series of exploratory visits to Thailand, the Philippines and Indonesia, the AERA design team expects to have a strategy and action plan completed in March 1999, with implementation scheduled to begin in May 1999. Anticipated preliminary results include:

1. Models for corporate debt restructuring developed in key sectors like automotive supply, agribusiness, food processing, electronics manufacture and services.
2. Small and medium-sized enterprise (SME) development program initiated that links SMEs in Thailand, Indonesia and the Philippines with U.S. enterprises for investment capital, technology and/or management expertise.
3. Critical reforms of both financial and capital markets undertaken and successful in re-attracting both domestic and foreign investment back into the real sectors. This would include: the adoption of international accounting standards by all commercial banks and publicly listed companies, and; the establishment of effective supervision and regulation of financial and capital markets.
4. Basic social services, as measured by health and education indicators, remain accessible to those segments of

the population hardest hit by the economic crisis.

Performance and Prospects: The AERA initiative will complement ongoing efforts by the multi-lateral development banks (MDBs) (World Bank and Asian Development Bank) in Thailand, and the MDBs and bilateral USAID programs in Indonesia and the Philippines. By linking AERA activities with ongoing MDB or bilateral crisis response efforts, USAID expects the program to have a significant impact.

Possible Adjustments to Plans: None at this time.

Other Donor Programs: The World Bank, Asian Development Bank, International Monetary Fund (IMF) and other bilateral development agencies have pledged more than \$58 billion to help Indonesia, Thailand and the Philippines recover from the crisis. However, most of these resources have been in the form of cash transfers to help the countries meet foreign exchange obligations. While these resources have provided critical assistance and have supported essential policy and legal reforms, they have not delivered the necessary technical assistance and training to help the countries implement the policy changes. Thus, the AERA initiative complements other donor assistance by providing the technical expertise and training that will be essential to fully implement the reforms needed for economic recovery.

Principal Contractors, Grantees or Agencies: These will be selected when AERA has been finally approved and funded.

Selected Performance Measures: These are being developed as part of the ANE Bureau's design effort.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Fostering the Resolution of Water Resource Disputes (FORWARD), 398-SO02

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$1,500,000 DA

INITIAL OBLIGATION: FY 1995. **ESTIMATED COMPLETION DATE:** FY 2001

Summary: The ANE Bureau's *Fostering Resolution of Water Resource Disputes* project (FORWARD) helps governments and key stakeholders in Asia and the Near East to reach agreement on equitable and sustainable strategies, policies, and plans for managing scarce water resources. The absence of effective mechanisms to resolve water disputes collaboratively is a key reason for many environmental, economic, and social problems across Asia and the Near East. FORWARD is a significant departure from traditional water resource projects which consider water problems to be quantity or quality issues. FORWARD provides a mechanism to resolve water disputes between parties with divergent or competing interests.

The primary beneficiaries of FORWARD are the actual parties to the disputes, including urban and rural water users, farmers, commercial and industrial entities, and government institutions. The wider local, national, and international community also benefits from the resolution of water issues, which have historically blocked better water planning, development and management. While its initial focus was on Egypt, Jordan, and West Bank/Gaza, FORWARD is now developing programs for Lebanon and Morocco.

Key Results: FORWARD is both high profile and high impact. Since its inception, it has enabled USAID field missions to engage directly at the highest levels of government on the most critical policy and technical issues facing these countries. Successful actions include costing water and wastewater services for tariff restructuring, increasing privatization in the water sector, improving groundwater management, and supporting post-civil war national reconciliation

Performance and Prospects: FORWARD offers a unique approach to water dispute resolution in the Middle East by integrating the resolution of technical problems with mediation support. It has demonstrated that by working directly on important disputes--and by using those disputes as vehicles for strengthening local dispute resolution capacity--it can both resolve water issues and develop rules for engagement which will outlive the project.

In Egypt, for example, FORWARD has brought the diverse interests in greater Cairo together to try and resolve the nearly intractable problem of water and wastewater tariffs. It is also bringing together national entities in policy dialogue, to develop and vet plans to restructure the water sector to improve regulation, and encourage greater private sector participation.

In Jordan, FORWARD succeeded in developing models for costing water services for water, wastewater and irrigation water. These tools have been accepted by the government as core analytical and policy tools for sector planning and tariff restructuring. These successes led the way for FORWARD's follow-up program to commercialize the country's irrigation agency, by designing and implementing a financial management system which would make both staff and users more accountable.

In West Bank/Gaza, FORWARD has designed two major aquifer management activities and carried out supporting technical studies to ensure the appropriate and sustainable use of scarce and degraded groundwater resources by Palestinians. Here, as in all of these programs, FORWARD is building collaborative problem-solving capacity and skills through formal training and mentoring.

Possible Adjustments to Plans: The ANE Bureau is increasingly looking to FORWARD to help address significant transboundary water issues in the Middle East and Asia.

Other Donor Programs: Unique and experimental, FORWARD is being watched by multinational donors for future replication. Senior Jordanians discussed the development of FORWARD costing models at a worldwide conference on water pricing at the World Bank this past year.

Principal Contractors, Grantees or Agencies: Development Alternatives Inc.

Selected Performance Measures:

	Baseline (1995)	Target (2000)	Target (2001)
Number of water conflicts for which resolution is sought by host countries	0	4	5
Number of agreements on track for implementation	0	5	5
Number of agreements reached	0	5	8
Number of host country institutions employing collaborative problem solving in their operations	0	3	4
Number of host country nationals serving as co-mediators	0	12	15
Number of stakeholders with meaningful participation in the decision-making process	0	80	100

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE and NUMBER: Middle East and North African Regional Trade and Investment Initiative, 398-SO03

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$1,000,000 DA; \$5,000,000 ESF

INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: The Middle East and North Africa Trade and Investment Initiative is a multiagency effort to address the legal, policy and regulatory constraints to increasing trade and investment in the Middle East and North Africa. The goal of the program is to increase sustainable economic growth and expand U.S. trade and investment. Assistance including short-term expert consulting and workshops for public and private sector entities will focus on improving the legal, policy and regulatory framework for trade and investment in Morocco, Tunisia, and Algeria. The beneficiaries will be local industry and industry associations, foreign investors, and host county government institutions.

Key Results: The expected results will be policy changes that lead to increased trade and investment with the U.S. and other partners.

Performance and Prospects: Examples of possible activities include assistance on: identifying ways to reduce the time required to move a new venture to production; promoting business associations' role as advocates for improved

business conditions; improving product standards; and improving customs service and legal procedures through partnerships with U.S. institutions.

Possible Adjustments to plans: None.

Other Donor Programs: The World Bank and European Union have large programs dedicated to improving conditions for trade and investment in the three Maghreb countries. The largest world Bank program will be in Morocco, where a \$500 million multi-sector Policy Reform Adjustment and a sector specific adjustment program beginning with \$200 million for telecommunications reform are planned for joint World Bank and African Development Bank financing. Bank assistance in Tunisia includes funding for foreign investment promotion, service sector liberalization, and export development. In Algeria, the Bank is preparing studies to promote privatization. The European Union has an extensive program to improve ties with the Maghreb, through agreements that may lead to an Euro-Mediterranean Free Trade Area by the year 2010.

Principal Contractors, Grantees, or Agencies: Private sector contractors and consultants as well as direct-hire staff from U.S. agencies such as Customs, Commerce, and Treasury will be utilized for short-term technical assistance.

Selected Performance Measures: Specific performance measures will be developed during program design. Illustrative indicators include the length of time between investment to production reduced in assisted countries and sectors; specific trade and investment impediments reduced; and government-business-consumer consensus reached on product standards.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Burma Democracy and Humanitarian Assistance Support, 398-SO04

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$3,500,000 ESF

INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: This activity supports democracy and humanitarian assistance activities with refugees and displaced persons, primarily along the Burma-Thailand border. Assistance objectives are coordinated between USAID (humanitarian assistance) and the Department of State (democracy and governance assistance). Democracy activities include university-level training of Burmese, placing Burmese as interns with NGOs in the region, supporting information and media development (e.g., radio, newspapers, newsletters, human rights documentation), and institution building (e.g., ethnic coalitions, women's organizations, student groups, and transition planning).

Three kinds of humanitarian assistance are provided for feeding, health care and education of refugees and displaced persons in camps and areas along the Burma-Thailand border: (1) a basic food package (rice, cooking oil, yellow beans, chili and fish paste) equivalent to approximately 2,000 calories per person per day, and seeds and planting materials for refugee home gardens; (2) basic preventive and curative health care, and HIV/AIDS prevention and education through camp clinics, and ethnic and labor organizations both within and outside the camps; and (3) teacher training and support, training of ethnic school administrators, curriculum development, and provision of materials for primary and secondary schools in the camps.

Performance and Prospects: Humanitarian relief and primary health care assistance programs are on-going and successful based on observations of the generally good nutrition and health status of refugees. Basic education and HIV/AIDS prevention activities have just begun; the activities are based on documented need and feasibility assessment, and the prospects are good for their successful achievement. Democracy programs are assuring that uncensored, accurate timely information is available inside Burma, as well as assisting the training and activities of lawyers, labor activists, journalists, and community and student leaders committed to expanding fundamental civil, political and economic rights in Burma.

Possible Adjustments to Plans: None.

Other Donor Programs: The U.S. Government (USG) is one of about 33 donors that provide support to Burmese refugees. The USG's contribution accounted for less than 10% of the total relief being provided for Burmese refugees in 1998. Major donors include the Dutch, Norwegians, and religious relief agencies.

Principal Contractors, Grantees or Agencies: International Rescue Committee, Burma Border Consortium, World Education/World Learning Consortium, American Center for International Labor Solidarity, National Endowment

for Democracy, and the Open Society Institute.

Selected Performance Measures: The Department of State and USAID provide democracy and humanitarian assistance to the more than 111,000 Burmese refugees housed in camps, and the thousands of other displaced persons along the Burma-Thailand border.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Eliminating Abusive Child Labor Through Education, 398-SO05

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$3,000,000 CSD

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: USAID's Program to Eliminate Abusive Child Labor through Education aims to assist developing nations with high levels of abusive child labor to identify such children and enroll and retain them in basic education services, both formal and non-formal. Under this program, the ANE Bureau will launch two national pilot demonstration projects, one in South Asia (Nepal, Bangladesh or India) and one in South East Asia (the Philippines or Indonesia). The primary beneficiaries of this assistance will be key populations of children, particularly girls, in these countries subject to abusive labor practices, as well as their parents, teachers and organizations responsible for educational resources and services.

The employment of children is an economic and social reality in Asia. Of an estimated 250 million working children aged 5 to 14 years old in developing countries, approximately 60% can be found in Asia. The majority are employed in agriculture, sales, manufacturing, services and trade. These children are exposed to exploitative and hazardous conditions, forced to work long hours and deprived of their rights to health and education.

The major factors that contribute to child labor are complex and include: poverty, cultural beliefs, the lack of educational facilities or the poor quality of education, and exploitation on the part of employers who find children cheaper, more malleable or more appropriate to the work given their small size. Proposed solutions to reducing or eliminating child labor include: passing and enforcing legislation that makes certain forms of child labor illegal; making primary education compulsory, universal, relevant and of higher quality; promoting fiscal and labor market reform to reduce or eliminate poverty; increasing the application of technology so that children's services will no longer be needed; and providing alternative income sources for children and their families (including special employment incentives for the parents so that their children do not have to work).

Key Results: The pilot projects are expected to achieve the following educational results: 1) increased enrollment in basic education programs of children in target populations; 2) increased retention of children in school; 3) reduced levels of abusive child labor in those populations; 4) greater community and national support for the schooling of all children from school entry to at least 14 years of age; and 5) increased partnerships of ministries with NGOs, employers, workers, families and communities to promote school attendance and completion by high-risk populations of children.

Performance and Prospects: The pilot demonstration projects will: 1) identify key populations with abusive child labor; 2) map education resources and related services, including governmental, community, NGO, labor, business, parents and others; 3) design outreach and incentive activities for parents to enroll and retain their children in school; 4) provide teacher training and related services for improving educational quality to help schools retain children, particularly in school until completion of the relevant school cycle (primary/lower secondary); and 5) conduct built-in monitoring and evaluation as well as external evaluation to assess short and medium-term results of each pilot program.

Possible Adjustments to Plans: None.

Other Donor Programs: The pilot projects will be conducted in concert with the activities of the International Labor Office's International Program on the Elimination of Child Labor (IPEC), the Department of Labor, the World Bank, and the Asian Development Bank. While many of the governments in South and South East Asia are interested in this issue, they have limited financial resources to bring to bear on the problem. NGOs are at the forefront of this issue, and will be included as appropriate in project activities.

Principal Contractors, Grantees or Agencies: It is expected that these resources will be implemented bilaterally by

the selected missions and obligated through the IPEC program, existing mission NGO programs, a global mechanism or a mixture thereof.

Selected Performance Measures: Specific performance measures will be developed during program design in FY 1999.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Preventing the Trafficking of Women and Children in South and South East Asia, 398-SO06

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$500,000 DA, \$500,000 CSD

INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2001

Summary: Throughout South and South East Asia, girls as young as 7 years old are trafficked within their own countries and across international borders in a modern-day slave trade. While the number of trafficked women and children is difficult to determine, due to its clandestine and criminal nature, the United Nations conservatively estimates that four million people globally are smuggled into foreign countries each year, generating up to \$7 billion dollars annually in illicit profits.

As a response to the emerging global crisis, President Clinton issued an Executive Memorandum on International Women's Day, March 1998, committing resources and the talents of his administration to combating trafficking in women and girls. He chose to focus on three areas: 1) trafficking prevention; 2) victim protection; and 3) law enforcement.

The purpose of this regional strategic objective is to prevent the trafficking of women and children in selected countries and communities in South and South East Asia. This objective will build upon preliminary USAID research and advocacy anti-trafficking efforts already being implemented in Asia as well as the efforts of other USG agencies, NGOs and other donors. A regional approach is warranted given that the problem transcends national borders and laws, and requires cross-border cooperation. The program will be multisectoral in approach -- economic opportunities, human rights, and health -- to address the cross-cutting issues that contribute to the problem and to intervene effectively in halting the trafficking of society's most vulnerable members. Raising trafficking as a regional policy issue will ensure a more uniform approach, act a catalyst for more involvement at the bilateral level, and bring pressure to bear on those countries which choose to ignore the gravity of the problem. The countries targeted for USAID assistance are Nepal, Bangladesh, India, Pakistan, Cambodia, Philippines, and Thailand. The primary beneficiaries of this assistance will be those populations in each country considered most vulnerable to being trafficked, as well as the community-based organizations engaged in assisting these populations.

Key Results: Key results will be achieved on three fronts: 1) Select communities vulnerable to traffickers or in high risk areas will be encouraged to retain their women and girls (or children) as a result of increased information regarding the realities of trafficking and/or the economic opportunities created; 2) Government policies on trafficking will be modified and implementation improved at the national level as a result of advocacy efforts and increased awareness; and, 3) Regional associations such as SAARC and ASEAN will have common approaches and will give priority to trafficking.

Performance and Prospects: The program will operate at three levels: community, subregional and regional. Since the problems and reasons which allow trafficking differ by community, only local organizations can understand these issues and tailor appropriate responses to them. Pilot projects initiated in high-risk areas then need to be fed into existing national and regional trafficking networks as a basis for future replication. Finally, the program will work with ASEAN, SAARC, and South and South East Asian governments to narrow the gap between the dearth of information at the lowest community level and government policy.

Possible Adjustments to Plans: None.

Other Donor Programs: The United Nations has a substantial involvement in addressing the trafficking of women and children in the region. USAID plans to build on their database and research efforts. While many of the governments in South and South East Asia are interested in this issue, they have limited resources for addressing this issue. Local NGOs are at the forefront of this issue, while international NGOs have recently become more interested in addressing trafficking. USAID's Development Assistance funds will complement those Economic Support Funds

provided by the State Department to address the issue of trafficking.

Principal Contractors, Grantees or Agencies: It is expected that the program will be implemented through international NGOs and/or possibly a contractor.

Selected Performance Measures: Specific performance measures will be developed during program design.

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Regional Development and Support (RD&S), 398-SO07

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$8,949,000 DA; \$4,318,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** CONTINUING

Summary: In FY 2000, RD&S will fund a range of assistance in the Agency's goal areas of economic growth, population, health and nutrition, environment and energy, democracy and governance, and human capacity development. RD&S will provide the technical expertise to develop and change strategies; define sectoral and cross-sectoral issues; and program and implement pilot programs. RD&S resources are critical to developing and pilot testing new avenues of support that emphasize key ANE regional and sub-regional issues. RD&S supports U.S. foreign policy interests that cannot be effectively met through bilateral or global programs, e.g., U.S. interests in promoting greater Asian partner commitments to reducing greenhouse gas emissions and other donor support for the U.S. agenda on global climate change. RD&S enables the U.S. to provide strategic leadership and state-of-the-art expertise to a growing number of ANE nonpresence country needs as well as respond to emerging issues, e.g., illegal trafficking of women and children; trade and investment in the Maghreb region; and the Asian financial crisis. RD&S funds assist bilateral and regional programs to transition to reengineered systems of program design, management and reporting. RD&S activities also provide bilateral and regional programs with support for analysis and design of strategies, activities and performance monitoring systems.

Key Results: In FY 2000, RD&S funds will ensure fuller ANE participation in the inter-agency process of Global Climate Change negotiations; assist focus Missions, e.g., the Philippines and Bangladesh, to develop and implement action strategies to reduce CO2 emissions; and support the Initiative on Internet for Economic Development with emphasis on accelerating progress in achieving development objectives under regional efforts like the USAID Asian financial crisis response. In addition, RD&S will be used to organize policy roundtables on serious infectious diseases, define action plans for sharing research results on an inter-country basis; develop pilot activities to demonstrate more effective maternal/child health strategies in two to three Asian countries; and provide expertise in democracy and governance to bilateral programs and State Department units in order to effectively program and manage the sizeable portfolio of democracy/governance funding.

Performance and Prospects: RD&S funded technical expertise has improved the quality of USAID country strategic plans and increased the integration of USAID action plans with the broader scope of USG assistance provided bilaterally or regionally. RD&S financed expertise from the World Resources Institute, in cooperation with the University of Wisconsin, to refine a hydrological model that can be used by the Mekong River Commission and other interested parties to predict the impacts of environmental conditions, like deforestation, on food security. RD&S funds have been invaluable to: (a) identify trends and issues that have regional implications; (b) respond to opportunities or unforeseen needs where bilateral missions are constrained by political sensitivities or limited technical capacity; and (c) provide rapid response to nonpresence country and cross-border issues. The prospects remain strong for RD&S funding to add enormous value to ANE's ability to provide strategic leadership in the arenas of economic, social and political development and to Agency goal areas.

Possible Adjustments to Plans: None.

Other Donor Programs: RD&S funded activities and expertise can serve to leverage donor investments to expand and/or complement USAID bilateral efforts, promote donor coordination between the World Bank and the Asian Development Bank, and support regional organizations such as SAARC and ASEAN.

Beneficiaries: Indirect beneficiaries are host country populations who benefit from better targeted or more responsive USAID bilateral or regional programs assisted by RD&S support. Direct beneficiaries include USAID bilateral missions, select U.S. Embassy posts in nonpresence countries, and other partners, such as regional institutions, who receive state-of-art expertise, research and other support financed by RD&S.

Principal Contractors, Grantees or Agencies: Key contractors or partners include the U.S. Department of Agriculture, Management Systems International, DevTech, Academy for Education and Development, Johns Hopkins University, the University of Michigan, and the Center for International Health Information.

Selected Performance Indicators:

	Baseline (1999)	Target (2000)
Effective HIV/AIDS cross-border strategies developed	1	2
Inter-country research on infectious diseases designed and implemented	3	4
Regional climate change and other environment/energy action strategies developed	0	1
State/USAID ANE regional democracy/governance strategies developed	0	2
Internet is incorporated into regional activities	1 activity	2 activities

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Asia Near East Regional HIV/AIDS, 398-SO08

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000; \$ 6,284,000 CSD

INITIAL OBLIGATION: FY 1995 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: The Asia and Near East Regional HIV/AIDS program pilots and promotes best practices in preventing HIV transmission and providing care to AIDS victims and their families. The program supports bilateral programs, as well as efforts to tackle the growing dimensions of the disease that are transboundary in nature.

Key Results: In FY 2000, key results anticipated under this activity include expanding the number of cross-border locations with HIV/AIDS prevention programs, principally in border areas at high-risk, e.g., Philippines, Indonesia, India, Thailand, Laos, Cambodia and Vietnam. Increased local authority or NGO capacity to undertake surveillance and reporting on HIV/AIDS in high-risk areas is expected. Social marketing programs that increase condom availability will be expanded, particularly in areas of highest need, e.g., Laos, and Vietnam. National policy frameworks to effectively support HIV/AIDS prevention and mitigation efforts will be improved, e.g., in India, Nepal, Vietnam and Cambodia. Behavior change surveys that assist local authorities and NGOs to monitor changes in attitudes and practices will be expanded, particularly in cross-border areas. Effective management of sexually transmitted infections (STI) will be stressed in India, Nepal, Cambodia and the Philippines.

Performance and Prospects: Program support has financed activities at major border crossings in USAID bilateral and nonpresence countries. Specific areas of investment include: information, communication and education to promote behavioral change; social marketing and condom promotion; prevention and management of STIs; model service delivery demonstration programs (e.g., integrating tuberculosis case management and AIDS care); and epidemiological and communications analysis. The program also finances regional trend analysis, behavioral surveillance, operations research, and inter-regional collaboration. A recent evaluation of the regional HIV/AIDS program concluded that regional HIV activities were crucial to HIV/AIDS prevention in the region and cited the importance of Family Health International's regional expertise in Bangkok. Local NGOs are also assisted by ANE funding of the International HIV/AIDS Alliance, a London-based NGO. The Alliance works with linking organizations to enhance their skills in behavioral change communication, and transferring best knowledge and practices to other NGOs. NGOs play a critical role through enabling grass roots organizations and community empowerment. They also play a crucial role in the prevention of HIV transmission through education and behavioral change efforts. HIV prevention activities will continue to be integrated into reproductive health programs, allowing new opportunities to reinforce HIV/AIDS surveillance networks with surveillance and control of infectious diseases,

particularly tuberculosis.

The regional program activity developed and disseminated: "universal" precautions to prevent iatrogenic transmission of HIV; practical and widely accepted tools for assessing the impact of prevention efforts on HIV transmission; new approaches to reach out to neglected and "hard-to-reach" sub-groups, including youth, men who have sex with men, and minorities; and "hot lines" and radio talk shows with important HIV/AIDS messages. Cross-border accomplishments include: HIV/AIDS counseling and STI testing centers at major border crossings, e.g., India-Nepal, Thai-Vietnam, Thai-Burma and Vietnam-Laos; training and organizational capacity building of NGOs working in HIV/AIDS prevention, advocacy and care; and improving diagnosis treatment and prevention of other STIs. In FY 2000, pilot activities at several cross-border sites in the region (Bangladesh, Vietnam, Laos, Philippines) will be initiated to slow transmission between countries.

Possible Adjustments to Plans: The Anti-Trafficking in Women Children Initiative and implementing partners will emphasize advocacy-related efforts at the community level, while also encouraging strong integration of anti-trafficking messages with HIV/AIDS prevention themes. The regional HIV/AIDS program participates in collaborative trials of anti-trafficking initiatives, integration of tuberculosis case management into service delivery programs, and replication, depending on the outcome of pilot tests and on the capacity of implementing partners.

Other Donor Programs: Other key donors include the United Nations Joint Program on HIV/AIDS, the British Department for International Development, and the European Commission of the European Union. In addition, the USAID grantee, Family Health International, is recognized by ASEAN as a regional implementing agency for HIV/AIDS.

Principal Contractors, Grantees or Agencies: Contractors, grantees and sub-grantees 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.

Selected Performance Indicators:

	Baseline (1999)	Target (2000)	Target (2004)
Sites with cross-border interventions implemented	5	6	12
STI/HIV surveillance systems functioning	2	3	9
Condom sales by social marketing programs (millions)	40.0	43.75	78.50
Innovative models developed & disseminated for: prevention & treatment of STIs, HIV and other infectious diseases, and for care of persons living with HIV/AIDS	0	2	10

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional- United States-Asia Environmental Partnership (USAEP)

TITLE AND NUMBER: Promote an Asian Clean Environmental Revolution, 398-SO09

STATUS: Continuing

PROPOSED OBLIGATION AND FUNDING SOURCE: FY 2000: \$17,500,000 DA; \$1,780,000 CSD

INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** Continuing

Summary: 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 and urban capacity that it will have early in the next century, offering a once-in-a-generation opportunity to get ahead of the investment curve to introduce a clean environmental regime. This is also an important economic opportunity for the United States. The purpose of this program is to promote and reinforce the introduction of a sustainable, clean production regime for the industrial and urban sectors in the Asia region. There is a range of beneficiaries: the citizens of participating countries, particularly urban populations; the global environment, due to reductions in

greenhouse gas emissions; and U.S. business and labor, from sales of their experience, technology and practice to Asian clients.

Key Results: USAEP focuses on four activity areas: (1) strengthening and expanding the incentives and public policies for environmental quality in the industrial and urban sectors; (2) introducing environmental management systems to industrial and urban sectors; (3) facilitating the transfer of environmental technologies; and (4) increasing investment in urban environmental infrastructure. USAEP mobilizes U.S. Government agencies to partner with U.S. business and environmental communities in addressing Asia's environmental problems. For example, a partnership between USAEP and the Council of State Governments (CSG) created the State Environmental Initiative (SEI), which matches the regulatory and environmental experience of states with Asian needs for environmental and energy efficient technologies and services. Through the SEI, USAEP has invested more than \$3.4 million in 25 projects involving 21 states and 10 Asian economies. Partners have matched these grants with more than \$7.9 million. More than 100 state agencies, 25 academic institutions, over 20 NGOs and 60 U.S. companies and trade associations are participating in this USAEP-CSG effort. There have been important regional developments this year in environmental management. USAEP was instrumental in launching the Asian arm of the worldwide Greening of Industry Network (GIN), in July 1998 at Chulalongkorn University in Bangkok. The purpose of GIN is to promote economically and environmentally sustainable industrial activity through corporate environmental management. A major success has developed in USAEP's "greening the supply chain" effort, in which large companies promote environmental management within their network of suppliers. In part as a result of a Malaysian-based pilot project conducted with USAEP, United Technologies Corporation (UTC) is broadening its application of the "greening the supply chain" principle to their more than 60,000 suppliers worldwide.

USAEP's trans-Pacific environmental exchange programs have involved 3317 professionals and 12 Asian countries. Independent research found that the lessons learned through these exchanges are widely incorporated into Asian industrial and urban enterprises, while also leveraging the international marketing efforts of U.S. firms. In technology transfer, USAEP has to date made over 4,000 trade leads to over 2,500 firms participating in USAEP's Environmental Technology Network for Asia. One measure of the impact of these leads is that USAEP has contributed to the confirmed export sales of more than \$1.1 billion worth of U.S. environmental goods and services. Another USAEP program to promote the transfer of U.S. environmental technologies is the Environmental Technology Fund, a partnership with the National Association of State Development Agencies. Since its inception in 1992, the Fund made grants of about \$4.8 million, generating almost \$300 million in export revenues and more than 700 new U.S. jobs. The Fund works in synergy with USAEP field representatives, who coordinate American visits to Asia and establish key linkages with Asian decision makers. Independent research found that the grant funds, together with field representative assistance, were the reason that 90% of Fund recipients were able to make their first trip to Asia, making a significant impact on introducing U.S. environmental technologies to Asia. Close to half of the \$1.1 billion in USAEP-assisted sales was for urban infrastructure projects. In addition to facilitating financial participation in environmentally sound urban infrastructure projects, USAEP also provides technical assistance. For example, USAEP and USAID's Regional Urban Development Office worked with the Indian city of Ahmedabad to develop one of India's first municipal bonds, also providing associated technical assistance. The result was a dramatic improvement in Ahmedabad's water distribution and sewerage systems.

Performance and Prospects: Although USAEP-assisted sales of environmental technology is up slightly from last year, investments in the more expensive environmental technologies may decline as the Asian financial crisis continues. To accelerate economic recovery in Asia, USAEP is promoting improved efficiencies and reduced pollution as an inexpensive path toward increased investment and employment in the industrial and urban sectors. An important component of this approach is to disseminate the successful results throughout the region, to demonstrate that cleaner technology and environmental rigor are not incompatible with economic growth.

Possible Adjustments to Plans: USAEP is currently developing targets for years beyond 2000.

Other Donor Programs: The USAEP is not a typical assistance project. It seeks to foster partnerships rather than donor-client relationships. Working with other federal and state agencies, the private sector, NGOs and universities, USAEP has forged a set of institutional partnerships mobilizing private initiative and resources. In this sense, it offers a new model for development promotion. Other donors have sought USAEP advice on adopting the USAEP model. USAEP-like organizations are being adopted by other Bureaus within USAID. USAEP is defining the economic/environmental agenda for other donors in the region, by working through the U.S. executive offices at the multilateral development banks, through international political fora such as the Asia Pacific Economic Council and the Association of South East Asian Nations, and through partnerships with influential organizations such as the CSG, the National Association of State Development Agencies (NASDA), and the GIN. USAEP's focus on building partnerships has made it increasingly successful in leveraging other public and private sources of funding. For example, various grant programs with the States have leveraged from one to three dollars for each USAEP dollar.

Further, USAEP and its various U.S. grantees seeks cost sharing or complementary investments from many Asian counterparts in all of its activities.

Principal Contractors, Grantees or Agencies: The USAEP is implemented by three major 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, the Environmental Protection Agency, and Overseas and Private Investment Corporation), the California Environmental Protection Agency, professional associations, NASDA, CSG, and seven NGOs.

Selected Performance Measures:

	Baseline (1995)	Target (2000)
Increased corporate and private sector pressure in support of improved environmental performance and privatization of environmental infrastructure (index from 0 to 100)	5	80
Increased regional institutional pressure in support of improved environmental performance and environmental infrastructure	5	80
Increased flow and adoption of environmental and cleaner industrial and infrastructure technologies, with emphasis on U.S. practice and technologies (\$ million)	1,000	3,000

ACTIVITY DATA SHEET

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Energy Security for Economic Growth, 398-SO10

STATUS: New

PROPOSED OBLIGATION AND FUNDING SOURCES: FY 2000: \$2,800,000 DA

INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: Reducing greenhouse gas emissions is one of USAID’s top priorities in the Asia and Near East (ANE) region. With three key countries, ANE has a significant climate change-related portfolio of bilateral activities, but no regional program to help foster exchange of information and lessons learned or assist with regional implementation of the USAID Climate Change Initiative. This new Energy Security for Economic Growth (ESEG) activity is designed to address both energy security and global climate change (GCC) issues in Asia through approaches that produce the greatest impact with the lowest investment of USAID regional funds. ESEG is designed to maximize the impact of a modest investment of USAID funds by taking a strategic, two track approach to: (1) build the internal analytical capacity of developing Asian countries to make their own informed policy decisions on energy and global climate change, giving them the tools to maximize energy efficiency and choose investment paths that will save them the most money while producing the most reliable energy base for economic growth and security; and (2) promote energy efficient infrastructure and practices in industrial and urban sectors and encourage a shift in energy investment programs towards cleaner, more efficient technologies and development patterns

Key Results: The Energy Security for Economic Growth activity is expected to increase the capacity of targeted countries to: (1) inventory and monitor greenhouse gas emissions; (2) use modeling as a tool to develop energy strategies and predict emissions; (3) leverage private sector investment in energy-efficient technologies and long-term capital stock; (4) develop policies to promote energy efficiency; (5) plan practical greenhouse gas abatement strategies; and (6) perform economic analyses of alternative energy sector development scenarios and analyze the benefits of market-based mechanisms such as emissions trading.

Performance and Prospects: Countries in Asia have generally given very low priority to mitigating global climate change. Yet it is these same countries that are rapidly increasing their CO2 emissions. As a result of the Asia financial crisis, many Asian countries face the need to restart their economies and the choice of doing so in a manner that risks serious environmental degradation. It is critical to demonstrate to these governments that cleaner and more efficient supplies and uses of energy do not require sacrificing economic growth. This is both the challenge and the opportunity for the ESEG program.

Possible Adjustments to plans: ESEG is a new program that will pursue several different approaches to promoting energy security while reducing emissions of greenhouse gases in targeted Asian countries. The outcome of these

varying approaches will be used to adjust program implementation in the future.

Other Donor Programs: The Energy Security for Economic Growth program has strong potential for leveraging additional resources from other bilateral and multilateral organizations, including the World Bank, Asian Development Bank, the Export-Import Bank, and the UN Development Programme (UNDP). For example, ALGAS (the Asia Least Cost Greenhouse Gas Abatement Strategy) was funded by the Global Environment Facility (GEF) through UNDP, and executed by ADB. During planning for the ANE Bureau's role in an ALGAS wrap-up workshop in August 1998, both ADB and UNDP expressed considerable enthusiasm for partnering with the Bureau on the types of activities envisaged under ESEG.

Principal Contractors, Grantees or Agencies: This program will be implemented through the Global Bureau's Office of Energy and through the U.S.-Asia Environmental Partnership. Principal contractors and grantees under these activities include the International Resources Group, Institute for International Education, Louis Berger International, Hagler Bailley Services, Inc., and Bechtel National, Inc. In addition, USAEP provides access through a cost-sharing partnership arrangements to the U.S. Department of Commerce and the Environmental Protection Agency.

Selected Performance Measures:

	Baseline (1999)	Target (2000)	Target (2005)
Increased U.S. share of Asian market for imports of energy efficient equipment, processes and services (%) *			
Changes in energy management policies and practices that increase efficiency and reduce demand, resulting in part from this activity (yearly).	0	15	30
Improved policy, legal, and regulatory frameworks for increased energy security (performance index: base – 100)	10	20	40

* Performance measures for this indicator will be determined during program design.