USAID Performance Monitoring and Evaluation News

Notes . . . Reviews . . . Perspectives

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The Conventional Picture Is Wrong

Life Is Improving for Ordinary People in Developing Countries

HAS THE UNITED STATES' half-century investment in trying to improve living conditions in the developing world paid off? Critics of foreign aid say no. Chances are, some point out, that when worldwide population eclipses 6 billion later this year, the child whose birth marks that milestone will be born poor. But two recent PPC evaluations affirm that Child 6 Billion will stand excellent prospects of eating well, becoming educated, and living to at least 65.

Michael J. Crosswell's *The Development Record and the Effectiveness of Foreign Aid* (PN-ACA-914) refutes the charge some critics make that foreign assistance has been "poured down ratholes." James W. Fox's *Gaining Ground: World Well-Being 1950-95* (PN-ACA-912) shows that throughout the developing world life is improving for ordinary people.

Most Aid Recipients Have Thrived

Crosswell examines nearly 30 years' data on 90 foreign aid recipients that currently embrace about 3 billion people. He finds that development performance on the whole has been positive in most of those countries. This provides circumstantial evidence that aid has worked, but it does not constitute direct proof.

During 1962-90, the United States provided $120 billion of aid to Crosswell's 90 subject countries. Fifty-seven of them (embracing 2.4 billion people, or 80 percent of the 3 billion theoretical benefactors) have sustained economic growth at meaningful rates for a reasonably long period. Available data indicate that economic growth has almost always resulted in declines in the proportion of the population below the poverty line. In a

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Quotable

"[USAID's] budget . . . enables our country to respond to natural and man-made disasters. It enables us to respond to postconflict transitions where the peace is fragile. And it helps us prevent crises where the development process works. We are today using our military as a last resort against Serbia. No one wants to use our military forces in combat, but sometimes it is all that can be done. The first line of defense is our diplomacy and development budget."

—USAID Administrator J. Brian Atwood
testifying last March before the House Appropriations subcommittee on foreign operations

When Should Assistance End?

An Ambitious Study Seeks to Sharpen USAID's Criteria For Graduating Aid Recipients

USAID HAS NO FIRM POLICY on when or how to terminate concessional aid to a country. Not yet, anyway. But a CDIE Special Study, published in May, chronicles past Agency efforts to develop guidelines for the decision to "graduate" a country or sector. *USAID Graduation: Recent Experience and Outstanding Issues* (PN-ACA-926—by Frank D. Martin, John Eriksson, and Stephanie McNulty) attempts to draw lessons from the U.S. government's history of concluding assistance to specific recipients that may help USAID better direct and manage this process in the future.

The concept of graduation is controversial. Many people the authors interviewed considered the term condescending to host countries. Others thought it a necessary part of USAID's lexicon: no word better describes the point at which the United States cuts off aid to a country no longer needing it. But what does "graduation" mean? Does it refer to cessation of the Agency's in-country presence or the cessation of *all* U.S. bilateral concessional economic assistance? There is no consensus on this, and the authors say USAID would do well do give "graduation" a single clear definition.

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Development

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majority of cases, as a country made economic gains, its income distribution also improved. Further, in every region health and education data indicate that gains made by women and girls outstripped those made by men and boys. Economic and political freedom also increased in the vast majority of countries.

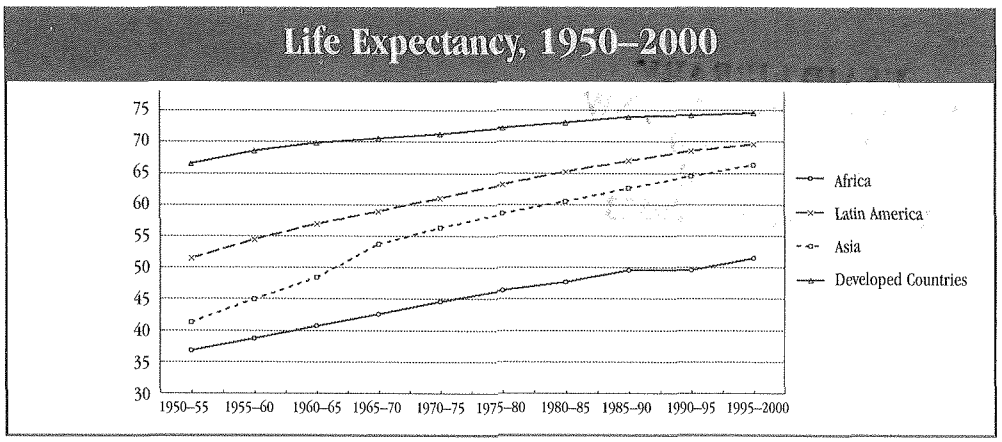
Crosswell points out that the development failures most commonly cited in critiques of foreign aid—Afghanistan, Burma, Congo, Liberia, Rwanda, Somalia, Sudan—are a small minority, accounting for well below 10 percent of the sample population. More typical are Bangladesh, Bolivia, and Indonesia (which have made clear progress), and Brazil, Korea, and Turkey (which are all virtual graduates of U.S. foreign assistance).

Better Medicine, More Food, More School

Fox's *Gaining Ground* refutes the common view that a mass of poor people, as many as a billion, have largely been "left behind" by the progress of the rest of the world. In truth, writes Fox, throughout the developing world people are eating better and living longer and are far more likely to be literate than ever before.

An illustration: In 1836, German financier Nathan Rothschild, perhaps the richest man of his day, died of an infection his doctors could not treat. Antibiotics that could have cured him are now within the reach of most of the world's population.

In a broad sense, the population explosion (an approximate doubling of the world's people in the last 40 years) is the clearest indication that infant mortality has fallen substantially in developing countries. Fertility has declined sharply (from six to three births per woman in the past 30 years), but more people are living longer (see figure). In particular, more children are surviving to their own childbearing years. People also live longer beyond their childbearing years.



Life expectancy has increased steadily over the past half-century in all regions of the world, tracing gains made in other social indicators (food consumption, infant survival, literacy, purchasing-power parity).

One reason people are living longer is they are eating more. A UN survey found that the percentage of seriously underweight children fell from 42 percent of all children in developing countries in the mid-1970s to 34 percent in 1988–90. In 1961, 57 percent of the world's people lived in countries where the average food consumption was fewer than 2,200 calories per person a day; by 1995 that percentage had fallen to 9.

Literacy in the developing world jumped from 35 percent in 1950 to 70 percent in 1995. Formal education has proliferated. By 1995, one fifth of the entire world population was actually *in school.* More so than any other time in history, Fox makes clear, people are educated when they first reach working age—a condition with strong links to better productivity, health practices, and family planning, as well as a willingness to innovate and aspire to even better education for one's children.

Life is improving for most people, even as population swells. And it is improving, overall, where the United States directs its assistance. Yes, the child whose birth brings world population to 6 billion probably will be born somewhere in Asia or Africa and probably will be born poor. But that child stands a far better chance of living a long, healthy life rich with opportunity than the baby whose birth marked 3 billion humans sharing the planet four decades ago.

—Michael Hopps

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Repairing the Social Fabric

How Donors Can Help Heal the Wounds of War

CIVIL AND REGIONAL WARS of the past decade or so have presented aid agencies with a new, nontraditional challenge: promoting social reconciliation in the wake of bitter conflict. From Rwanda to El Salvador, South Africa to Bosnia-Herzegovina, internal strife has rent the social fabric. Before such countries can start out on the road to recovery, the warring factions must come to some sort of reconciliation. But how?

In *Promoting Social Reconciliation in Postconflict Societies* (PN-ACA-923), senior social scientist Krishna Kumar of CDIE examines four strategies that have been used by USAID and other donors in promoting "social reconciliation." Kumar argues that the traditional meaning of the term—that is, restoring shattered relationships between antagonists—is not realistic in the context of war-torn societies. Instead, social reconciliation is a process that begins with the adversaries' acceptance of each other's right to exist. It signifies mere *coexistence,* rather than reestablishing positive relations.

The author introduces four basic strategies for bringing about social reconciliation: 1) building peace structures at the grass-roots level, 2) engaging in collaborative activities, 3) promoting understanding through the media, and 4) supporting economic reactivation.

Backing Peace Committees

In South Africa, the international community supported, at regional and local levels, the development of *peace committees* supervised by a National Peace Committee and its secretariat. Membership included representatives from different political parties, security agencies, government departments, and civic organizations. These committees, at the regional and local levels, performed several interrelated functions. They opened channels of communication among antagonists. They also negotiated disputes and monitored implementation of attendant resolutions. For example, they often tried (and generally succeeded) in negotiating multiparty agreements about the rules and conditions of holding public meetings, marches, and rallies. Although it was not their mandate, peace committees also spotlighted the accountability of public officials.

Promoting Scientific Collaboration

In a regional case, that of Egypt and Israel, the strategy of *collaborative activities* has sought to bring about social reconciliation. The idea is that once they start working together, members of antagonistic groups eventually come to see each other as human beings, not as old enemies. Toward that goal, USAID funds the ongoing Middle East Regional Cooperation Program (MERC), which provides grants for cooperative projects between Israel and, principally, Egypt. The program undertakes collaborative projects in health, agriculture, mariculture, and the like.

The program, which has been running for some 20 years, has indeed promoted tolerance generally and forged friendships between individual Egyptian and Israeli scientists. More important, it has also contributed to the establishment, and often the consolidation, of relationships between Egyptian and Israeli educational and research institutions.

Overall, though, MERC's impact has been spare.

The barriers to greater success would seem to be soluble. For example, Kumar points out, an elitist corps from both countries seizes most opportunities to attend regional enclaves, preventing lower level scientists from congregating with their opposite numbers. Could not some more democratic system of attendance be adopted? And, says Kumar, the political climate—government wariness—often stymies progress. Collaborative projects, the author suggests, would receive more political backing if they concentrated on problems of paramount and common concern to the people and governments of the countries involved.

Strengthening the Media

In Bosnia-Herzegovina, the international community embraced *media activities* to help bring about social reconciliation. Assistance had two goals: 1) disseminating unbiased information (through such outlets as Radio Free Europe) to counteract misinformation and propaganda, and 2) supporting socially responsible local media outlets.

The interventions were encumbered in a number of ways. Donor coordination was limited. No long-term strategy existed to guide policy and operations. Local stakeholders were not consulted to determine their needs and aspirations.

Yet, writes Kumar, media assistance probably did contribute to social reconciliation. The two stated goals were achieved, at least to some degree. But the intervention had a third benefit: it bolstered the emerging moderate political leadership—a precondition for any reconciliation.

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Postconflict

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Economic Reactivation

Finally, Kumar discusses the strategy of promoting *economic development* to reduce social tensions and encourage cooperation. USAID and other international donors advanced a wide array of programs and projects that concentrate on microenterprises and small businesses, business organizations, and physical infrastructure in Bosnia-Herzegovina and Croatia. It appears that while microenterprises and small businesses alleviated the sufferings of highly vulnerable groups, they had only a modest effect in promoting ethnic reconciliation. Business joint ventures and business organizations involving members of different ethnic groups had a more positive effect on ethnic relations.

In brief, Kumar finds that all four types of activities generally benefited the postconflict societies. Social reconciliation programs *can* contribute to reducing social tensions and fostering intergroup tolerance. And much can be learned from the four case studies to refine and strengthen any such interventions in the future.

—Ross Bankson

Food Aid as a Development Tool

Sizing Up Advantages, Disadvantages

From 1954 to the present, the United States has dispensed more than $52 billion in food aid worldwide. This PL 480 assistance has been provided as *program* food aid to be sold on the open market. Program food aid seeks to help the poor indirectly by promoting economic growth that improves the lives of all. It has also been donated in the form of targeted *project* food aid channeled directly to the poor through private voluntary organizations.

Has the investment paid off? On balance, yes, concludes economist Donald G. McClelland in *U.S. Food Aid and Sustainable Development: Forty Years of Experience* (PN-ACA-913). Though food aid has been criticized as inefficient and as having possible unwanted effects on policy and food production, McClelland finds that food aid can have certain advantages that outweigh its disadvantages. But beyond advantages is the reality that the choice often lies not between food aid and money; it lies instead between food aid and no aid.

Eight Propositions

The case *for* food aid rests on five propositions: 1) Food aid provides necessary resources for development. 2) The sale of food aid generates local currency, which can be allocated to development activities. 3) Food aid can directly benefit the poor through projects such as food for work, maternal and child health, and school feeding. 4) Food aid can ease political tensions by alleviating extreme food price fluctuations. 5) Food aid is at least partly additional, in that it is aid that would not otherwise be provided as cash and is allocated to those who would not otherwise purchase food.

The case *against* food aid rests on three propositions:

1) Increasing the supply of available food in a market may discourage production by lowering domestic food prices. 2) Food aid can lead to dependence and can enable governments to postpone making needed policy changes. 3) Food aid is expensive to provide and dependent on surpluses in donor countries.

U.S. Food Aid reports on the results of a recent CDIE study of five countries and one region: Bangladesh, Ethiopia, Ghana, Honduras, Indonesia, and the Sahel. It assesses the validity of the eight propositions and appraises the effects of food aid on long-term development. Toward this end, it examines the trends in various indicators typically associated with sustainable development. For example, it finds that

- *Life expectancy* increased by 10 to 20 years for all six case studies over the 35-year period 1960–94.
- *Child mortality* decreased in all six case studies.
- *Per capita calorie availability* increased in all but Ethiopia from 1960 to 1992.

These overall improvements in development indicators are welcome, but the question remains what impact can be

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attributed to food aid, and what portion is due to other forms of assistance and other influences.

Effects of Food Aid: Good, Bad, Neutral

Food aid had different effects on food policy in the six case studies. It was used as leverage in Bangladesh to encourage reform. In Indonesia, food aid supported existing policies. In Honduras and the Sahel, however, the assistance enabled the government to postpone needed policy change. Elsewhere, it produced no measurable effect on food policy, as in Ghana and, until recently, Ethiopia.

The disincentive effects of food aid on domestic food production differed among the six case studies and varied throughout the time period. While difficult to measure, changes in food prices associated with increased supply probably decreased farmers' incentive to produce at times in Bangladesh and Honduras. But if food aid is well targeted and supplied to those who would otherwise go hungry, it will not act as a disincentive to production.

Food-for-work programs have been especially successful in targeting the poor. Food for work avoids the stigma associated with handouts. A minus is that the work—roads, irrigation ditches, etc.—is often of poor quality and not maintained. The relationship between food aid and political stability is unclear. Unrest in the Sahel, Ghana, and Ethiopia was not abated by food aid, whereas in Bangladesh, Honduras, and Indonesia food aid helped stabilize prices, perhaps easing some tensions.

Overall, McClelland finds, it is more efficient to write a check than to ship grain. In practice, though, U.S. financial aid is not fungible with U.S. food aid. Therefore, the choice is not between food aid and financial aid, but rather between food aid and no aid.

—Katherine Harbison

USAID Ends Support for 'The Weed'

Agency Will Advance Antismoking Initiatives

USAID is just saying no to tobacco.

In a policy statement issued in January, the Agency announced it will no longer support the growth of tobacco as a cash crop. Nor, the statement said, "will [the Agency] support agribusiness activities that contribute to tobacco production, promotion, and use."

Globally, tobacco causes between 3 million and 4 million deaths a year, a figure that health experts say could rise to 10 million deaths annually by 2020. There are 1.1 billion smokers in the world now, and it is estimated the number will grow to 1.6 billion by 2025, when 85 percent of all smokers will be from the developing world. Demographic shifts, increased incomes, and increased smoking by women account for the rise in numbers. "The economic losses from the medical burden and the years of life lost to morbidity as a result of tobacco consumption is staggering," the statement says. "It is estimated that the world tobacco market produces an annual global loss of $200 billion."

The move, though significant, will cause the termination of only a few USAID programs. They will be phased out by year's end, when the policy is slated to be fully in effect.

Cooperating With Other Agencies, Multilaterals

Various USAID partners had already enunciated similar policies. The World Bank, for example, has had a formal tobacco policy since 1991. It specifies that antitobacco activities be included in sector work, policy dialog, and lending operations. Specifically, it prohibits loans for tobacco production, processing, imports, or marketing. Further, the Bank urges that recipient governments take the following measures, among others:

- Significantly increase tobacco taxes
- Ban advertising and promotion of tobacco products
- Disseminate information on the health risks of tobacco use

The USAID policy statement observes that the Agency cannot undertake a large-scale antitobacco effort because of staffing, programmatic, and financial limitations. But it stresses that the Agency will continue working with other U.S. agencies, such as

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Tobacco

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the Centers for Disease Control and Prevention (CDC) Smoking Health Program, and with multilateral organizations, such as the World Bank, to encourage and support efforts aimed at curbing tobacco use. And it gives the go-ahead for missions, regional bureaus, and central bureaus to design and implement high-impact antitobacco activities consistent with the Agency Strategic Plan.

The Case of Egypt

One mission that could make a big difference is USAID/Egypt. The Egyptian government takes the issue seriously and has for decades supported antismoking measures. As far back as 1977 it banned cigarette advertising on television. In 1992 it raised the price of cigarettes to subsidize student health programs. And just this February it launched a drive to discourage minors from smoking.

Yet smoking in Egypt is, as one USAID official described it, a "monster" public health problem. Annual cigarette consumption is up from 26 million in 1975 to 45 *billion* in 1997—a 1,700-fold increase. Of Egypt's estimated 6 million smokers (out of a population of 65 million), children account for 440,000. Of children under 10, fully 74,000 smoke. Egyptian households spend as much as 5 percent of their income on tobacco.

Working through the U.S. Department of Health and Human Services (HHS) and CDC, USAID is supporting an Egyptian government initiative to make real inroads in the smoking problem. The initiative, Healthy Egyptians 2010, is modeled after HHS's Healthy People program in the United States. USAID/Egypt seeks, through policy dialog, to elevate the smoking problem in the HE2010 agenda.

Among other antismoking activities, the mission

- Arranged for the minister of health to attend the International Policy Conference on Children and Tobacco in Washington this past March
- Has given the minister of health large quantities of literature on smoking, published by HHS, for use in speeches, briefings, position papers, and the like
- Is looking at successful youth antismoking programs in other countries, with an eye to adapting them to Egypt

—Ross Bankson

'CDIE Online' Gets a Face-Lift

Additional Pages and Links Seek to Make Site More Useful, Dynamic

In an effort to share information more effectively, USAID's Center for Development Information and Evaluation has revamped the kind and quality of information resources available over its external Internet site.

"The aim," says Larry Tanner, chief of the Office of Development Information, "is to provide an even more dynamic Web presence for our partners and the public at large."

The revamping began in March, when CDIE put in place an initial set of partner resource pages on its Web site (http://www.info.usaid.gov). The pages include links to the following: 1) the USAID evaluation publications page; 2) the USAID institutional memory, the Development Experience System (DEXS); 3) an online order form for CD-DEXS, CDIE's CD-ROM equivalent to the DEXS.

The pages also include links to two new resources:

1. The fiscal year 2001 Results Reports and Resource Requests (R4) guidance page.

2. A new database application that allows users to search Agency strategic objectives by country and title. The objectives are drawn from the fiscal year 1999 Congressional Presentation, and the database includes links to the online version of that presentation.

In May, CDIE began rolling out a series of integrated, for-partner Web sites based on content created for the center's internal "corporate" Web site, "CDIE Online" (http://199.75.20.4/home/). The sites include 1) the entire CDIE evaluation catalog; 2) a managing-for-results site, with reengineering performance measurement, Internet resource guides, and related training materials; 3) the full text of more than 2,000 documents available for downloading (the 2001 R4s will be added in July); 4) an overhauled public interface for the institutional memory that will permit full-text searching on Agency documents; 5) a new database application that will provide access to strategic objectives, intermediate results, and related performance indicators; and 6) an online version of the USAID library public access catalog.

—Lee White

Graduation

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They pose two basic questions: *When is a USAID-supported country ready for graduation?* And, *How should the Agency structure, manage, and implement a country graduation?*

When Is a Country Ready to Graduate?

The report points out that USAID has an institutional reluctance to end aid unless driven to it by budget difficulties. Instead, the authors urge, Agency and host country officials should begin considering from the moment USAID enters a country when and under what conditions assistance will end.

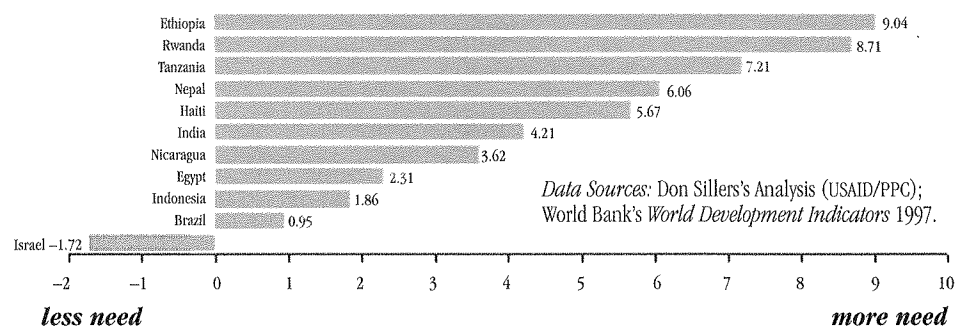
For delivering *assistance*, official Agency rationale uses broad, flexible criteria based on need, global importance, foreign policy, and quality of commitment and partnership. To identify candidates for *graduation*, most bureaus have used various socioeconomic indicators. The Bureau for Program and Policy Coordination has developed an index based on three indicators: per capita income, total fertility rate, and infant mortality rate. The index (a composite appears above) has no formal standing in the Agency but is concise and easy to interpret.

Once a short list of candidates is drawn up, an interagency group could determine whether there are country-specific reasons to continue assistance. Absent a justification for continued aid, a candidate could then be selected for graduation with enough lead time to permit the orderly design and execution of a graduation strategy or plan.

How (and How Much) Should USAID Let Go?

The authors offer a procedure for a graduation sequence. A methodology is used to identify graduation candidates, some or all of which are then selected for graduation. Next, even before USAID works out the process for graduating a country, the Agency determines, on the basis of U.S. policy objectives, the legacy it wants to leave behind. Finally, the mission develops and implements a country-specific strategy. A country graduation strategy should clearly specify the rationale and nature of the postassistance relationship between USAID and the host country.

Composite Need Scores for Selected Countries
Ranked from highest to least need—1995 data.



Data Sources: Don Sillers's Analysis (USAID/PPC); World Bank's *World Development Indicators* 1997.

Different mechanisms have been tried or at least proposed to facilitate transition:

- An *endowment* provides stability and continuity of funding over a number of years. But endowments have a high opportunity cost.
- A *binational foundation* manifests a binational character in the structure of its governance and its programs. When USAID has funded such organizations, always through an endowment, they have typically been part of a transition or graduation strategy.
- A *binational commission* has the advantage of committing high-level involvement from a range of governmental entities on both the U.S. and host country sides. One characteristic of binational commissions is that USAID's role and visibility may become relatively insignificant. However, to the extent USAID maintains a prominent role in a binational commission, staff demands could be intense.
- A *strategic partnership* has the advantage of being time limited in nature. A U.S. private voluntary organization or other nongovernmental body would manage a sectoral activity in a nonpresence country. But this mechanism has yet to be practiced.

Does "graduation" mean termination of all bilateral assistance? This is perhaps the most basic issue in determining how to graduate.

There are arguments for continuing concessional assistance after graduation: The United States and the partner country have a strong mutual interest. There will be a shift from resource transfers to exchange of ideas. Such a relationship will allow the Agency to help graduate or near-graduate countries create assistance programs to help other developing countries. . . . Decision-makers should weigh these arguments against the forgone opportunities of working in other countries.

—Michael Hopps

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April 1999
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March 1999
PN–ACA–916

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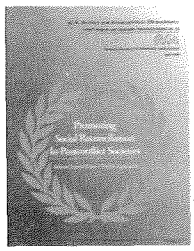
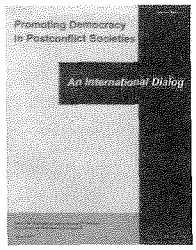


Promoting Social Reconciliation in Postconflict Societies: Selected Lessons From USAID's Experience
No. 24
April 1999
PN–ACA–923

Real Progress: Fifty Years of USAID in Costa Rica
No. 23
November 1998
PN–ACA–918

Conference Report



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PN–ACA–924

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