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Table 1
Considerations in evaluating specific program activities

- the potential impact of a specific intervention
 - are there immediate short-term benefits (or costs) likely to flow from the intervention?
 - does the intervention have a sustainable component?
 - who will the intervention most directly affect - elite or non-elite sectors of society?
 - what is the impact upon women and minorities?
 - what effect will the intervention have on specific USG interests?
 - is there a multiplier effect or synergy in terms of linkages with other aspects of USAID programming or, conversely, are there trade-offs and conflicts with other USAID programming?
- the existence of the requisite political will in the host country to ensure that the intervention will contribute to the designated objective - this consideration is particularly important where a program is directed at a government entity
 - what financial, personnel or organizational resources is the recipient contributing to the process?
 - what specific legal or institutional changes (including, in the case of governments, accession to international human rights instruments) is the recipient willing to undertake in furthering the goals of the project?
 - how open is the government to allowing and promoting participation by the nongovernmental sectors?
- the amount of resources required for a particular intervention
 - how much will the intervention cost in dollars, including local currency costs?
 - what are the personnel requirements for the intervention and are they available without causing dislocations in other critical areas?
 - how does a particular intervention compare with alternative interventions in terms of cost and potential impact?
 - how much will a particular intervention leverage other contributions?
- USAID technical capabilities available to assist with a particular intervention
 - does USAID have the requisite skills to manage and evaluate project in efficient and timely manner?
 - does USAID have pre-existing arrangements with reliable NGOs which could implement the project?
- collateral effects of intervention
 - will the project promote political interests and involvement of women and minorities? and has project been designed in manner to ensure that women and minorities suffer no untoward consequences as a result of project implementation?
 - can the project be designed to ensure that different groups, even those not directly involved with the project implementation, have a role in project review and evaluation?
 - will the project affect activities in other sectors by ensuring broader participation in policy debate, by providing legitimacy for policy or by increasing accountability?

Table 2

Democracy Program Options

A. Electoral processes

- election law reform
- election commodities
- training of local pollwatchers
- independent and credible election administration
- voter education
- international election observing

B. Rule of law

- legal reform
- training of judges
- training of lawyers
- citizen awareness of legal rights
- judicial infrastructure (e.g., courts, libraries, etc.)
- criminal investigation techniques
- alternative dispute resolution

C. Education for democracy

- school age programs
- teacher training
- support for organizations implementing programs
- adult education
- assistance in developing education materials

D. Good governance

- promotion of government accountability to the public
- techniques for monitoring corruption
- promotion of decentralization efforts
- training local leaders in management and outreach techniques
- improvement of government budget processes and policy development procedures
- support for good governance groups
- technical assistance on decentralization plans
- developing local government capabilities
- public administration

E. Labor unions

- support for democratic labor unions
- training programs for workers

F. Civil society organizations, including human rights monitoring groups, professional associations engaging in political activities, local NGOs engaging in political activities, women's organizations

- support organizational development
- training in management and technical issues
- develop and promote cross-border and cross-sectoral networking

G. Legislative assistance

- technical assistance
- infrastructural support

H. Political parties

- organizational training
- role of political parties in government and opposition
- election preparation training
- training local leaders for competitive electoral politics

I. Reducing ethnic and religious conflicts through democratic processes

J. Civil-military relations

K. Free flow of information

- independent media
- alternative information sources
- investigative journalism

L. Diplomatic efforts in establishing political order



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

TECHNICAL ANNEX D:

ECONOMIC GROWTH

- I. INTRODUCTION**
- II. WHAT KIND OF ECONOMIC GROWTH?**
- III. THREE BROAD AREAS OF CONCENTRATION**
 - A. STRENGTHENING MARKETS**
 - B. INVESTING IN PEOPLE**
 - C. EXPANDING ACCESS AND OPPORTUNITY**
- IV. RESULTS**

I. INTRODUCTION

USAID's strategy emphasizes the role of economic growth in achieving sustainable development, including major reductions in poverty and food insecurity, and lasting improvements in the living standards of the poor. It identifies three broad areas of concentration: strengthening markets; investing in people; and expanding access and opportunity. It also identifies three "thematic approaches" to help shape our interventions in each of the three areas of concentration: participation; institutional development (including training); and sustainability (defined broadly to encompass not only natural resources but also human resources, financial resources, institutional resources).

This guidance views economic growth as essentially a country phenomenon, to be pursued largely at the country level. Broad-based and sustained economic growth that brings poor, disadvantaged and marginalized groups into the mainstream of an expanding economy has an impact on many global issues, including population growth, poverty, food insecurity, and global warming. The prospects for economic growth are also influenced by international factors such as frameworks for trade and investment, and technology. Nonetheless, experience indicates that success or failure in achieving sustainable, broadly-based growth over the medium term is largely a function of domestic factors, such as policies, institutions, and human resources. Indeed this is a large part of the concept of sustainability.

As emphasized in the strategy, USAID assistance is to be shaped by strategic objectives, not determined by specific methods. Accordingly, this guidance does not attempt to prescribe a limited range of specific activities, nor does it highlight assistance instruments such as non-project assistance, guarantees, and food aid. Because country programs are to be judged on the basis of expected and actual results, USAID must have the flexibility to choose those activities and assistance modes that will maximize results.

Consistent with a focus on results, this guidance establishes the criteria and principles to guide the identification of strategic objectives and development of strategic plans. The criteria and principles are based on lessons learned, best practice, and considerations of USAID's institutional strengths. The guidance provides a common framework for designing and assessing USAID programs. Used in the development of strategic plans and program design, these criteria are expected to narrow significantly the number and range of USAID activities.

II. WHAT KIND OF ECONOMIC GROWTH?

Economic growth *per se*, measured crudely in terms of expanding gross domestic product, is not in itself sufficient for sustainable development and the reduction of poverty. To meet USAID development objectives, economic growth must be:

- *rapid*, in order to increase incomes and employment, resulting in continuing, lasting improvements in peoples' lives, and expanded individual choice and opportunity;
- *broad-based*, resulting in widespread increases in incomes, employment, and output; reduced poverty and food insecurity; and improved social indicators;
- *sustainable*, based on efficient and responsible use of indigenous resources (people, natural resources, physical capital) that are enhanced rather than depleted over time. (Growth is unsustainable when it depends on factors such as concessional foreign assistance; other transitory foreign exchange inflows; irresponsible depletion of natural resources; excessive borrowing; and policies that do not merit broad public support.)
- *environmentally sound*, so that costs and benefits connected with using natural resources and the environment are evaluated as accurately as possible and taken into account; and
- *participatory*, with open access by all to both the political and economic systems.

USAID analyses (for example in periodic country strategic plans, program strategies and annual action plans) should specifically examine economic needs, prospects and performance from the perspective of each of these characteristics. They are generally harmonious and mutually reinforcing, rather than conflicting and involving tradeoffs. Countries that have achieved economic growth with these characteristics have achieved major reductions in poverty and food insecurity, and significant improvements in the lives of their citizens. Many of the policy reforms that improve growth performance also enhance equity and income distribution because they address distortions that mainly benefit the relatively privileged.

Specific problems and challenges for economic growth and poverty reduction -- and thus specific USAID strategies and programs -- will vary considerably from region to region, and among countries within regions. For example, the transitional economies of Eastern Europe and the former Soviet Union are arguably quite different from "third world" developing countries in a number of key areas, such as the character of basic economic institutions; human resources; poverty; the level and allocation of physical capital; technologies; and other basic factors. In these countries the problem is more one of mal-development than underdevelopment, particularly where institutions and capital formation are concerned. The need is more for restructuring and reorientation of existing capacities (hence the term, "transitional") rather than quantitative expansion or development of new capacities. There is arguably more to "undo" than in the third world, and this adds complexity to an already difficult task.

III. THREE BASIC AREAS OF CONCENTRATION

USAID's strategy for economic growth identifies three basic areas of concentration: *strengthening markets, investing in people, and enhancing opportunity and access*. The conceptual boundaries between these three are not hard and fast. There are significant overlaps and complementarities. For instance, strengthening markets and investing in people are major vehicles for enhancing opportunity and broadening access. Basic education and health are highlighted in this guidance as one aspect of investing in people. But education and health may also be considered as markets where both market failure and equity considerations call for a significant public presence. Interventions to improve opportunity and access are to be designed so as to reinforce rather than undercut markets.

Similarly, issues of matching the capacities of the labor force with job requirements is considered here as a labor market issue (and thus part of strengthening markets), rather than as investing in people. Participant training is an important contribution to building indigenous institutional capacities and is common to each of the three prongs of the strategy, rather than belonging exclusively to investing in people.

Allowing for these sorts of considerations of linkage and overlap, most current and prospective programs fit pretty clearly within one of the three basic areas of concentration.

While food security is not an explicit strategic objective within the economic growth strategy, the strategy and this guidance clearly aim at sustainable reductions in poverty, which is inextricably linked with food insecurity. Further, each of the three basic areas of concentration identified above contributes directly and significantly to enhanced food security. Both the strategy and guidance give substantial emphasis to improving agricultural performance, which helps to reduce poverty and also to increase and make more widely accessible supplies of food. Similarly, efforts to expand opportunity and access for the poor will contribute directly to greater food security. Other important elements of a concern with food security, particularly safety nets and direct relief of immediate food needs are best considered under the separate rubric of humanitarian assistance.

A. STRENGTHENING MARKETS

1. Which Markets?

USAID's objective is to *improve market efficiency and performance*, in order to enhance the contribution of markets to economic growth that is rapid, broad-based, sustainable, and participatory. Markets are working efficiently if prices adequately reflect costs (including environmental costs), and if there is sufficient competition (for private markets) or participation (for "public" markets) so that markets respond to what people want. Indicators of well performing markets include increasing economic activity, improving

technologies, expanding participation, rising productivity and falling costs, better quality of goods and services. Together these lead to expanding incomes, employment, and output, and to improved living standards and reduced poverty.

There are a variety of important sectors and markets which must function well if economic growth is to be sustainable and broad-based. Each will present its own development problems and constraints. Not all of these will necessarily be the target of USAID assistance, but the analyses undertaken in order to formulate country strategies should examine each of these aspects to determine to what extent they are critical to the achievement of broad-based economic growth objectives. In some cases (e.g. in agriculture and finance), the reasonably efficient operation of markets may be a prerequisite for other assistance objectives. In these cases it is important for Missions to determine if USAID programs should focus first on addressing market imperfections or if the market is functioning efficiently and effectively enough to allow USAID programs to focus productively on other development constraints.

Agriculture. Well-functioning agricultural markets -- including inputs and outputs, land and technology -- are essential to sustained growth in agricultural production, employment and income; reduced poverty; and enhanced food security. They can also contribute to expanded domestic demand, increases in value-added by domestic resources, and entry into international export markets. Dynamic agricultural markets require technological progress and innovation, and the public sector, including donors, has typically played an important role in this.

Financial. Financial markets affect the mobilization of savings, the transformation of savings into investment, and the allocation of private investment resources. The level and efficiency of investment is a basic determinant of economic performance. How developed, flexible, and accessible financial markets are is critical to the degree to which the financial system supports broad-based development rather than being a burden on the rest of the economy, imposing constraints and demands on it. Rigid, narrow, and uninnovative capital markets force firms to finance investment out of profits, which introduces cyclical behavior and short-term perspectives into the economy. Such capital markets also restrict access of small and medium sized firms to investment resources and limit the use of capital for human resource investment, to the detriment of poverty concerns. With public sector budgets constrained, private financial institutions, capital markets, and financial intermediaries have a determining role to play in the diffusion of innovation and the mobilization of resources for investment.

Other typically private markets. Markets (apart from agriculture and finance, discussed above) where private enterprise would ordinarily predominate include manufacturing (production and marketing of manufactured goods), services (internal wholesale and retail trade, and other services provided privately), and external trade (cross-border exchange of goods and services). Countries which have succeeded in achieving sustainable, broadly-

based growth have typically emphasized openness to international trade and investment to stimulate manufacturing and exports. In most of the prominent development success stories rapid export growth and the capacity to compete in international markets has been a major factor in explaining their success in achieving rapid broad-based growth and reductions in poverty and food insecurity.

Infrastructure. These "markets" include housing, transportation, telecommunications, water and sewerage, and energy. By and large, they support other economic activity, so that their good or bad performance has widespread impacts on other sectors and markets. The degree of direct public sector participation is typically significant, while the role of the private sector is expanding.

Labor. Markets for unskilled and semi-skilled labor are particularly important, insofar as the main asset of the poor is often their capacity to work. Labor laws and policies often distort labor markets, leading to depressed wages in some sectors, inflated wages in others, chronic unemployment and underemployment, skill mismatches, and low levels of productivity. The demand for labor is heavily influenced by macroeconomic policies and policies that influence other markets. The task in labor markets is to see that increased demand for labor is translated into increased and more productive employment, higher wages, and improved working conditions.

Markets vary considerably in the kind of public intervention (including donor-assisted programs) required for good performance. Once established, some markets perform well on a largely private basis, with public intervention limited to establishing a relatively straightforward policy and institutional framework that safeguards property rights; promotes competition, entry, and exit; and permits prices to reflect costs. These markets may need some support to get established, but beyond that there is little call for direct public interventions, even if they do not function perfectly (e.g. because of costly information and transactions costs). Direct public interventions have their own limitations in terms of information and incentives; they may not achieve significant improvements; and they may in fact make things worse.

In contrast, other markets are systematically prone to "failure" in the sense that they will fall well short of efficient outcomes without certain types of direct interventions. The propensity to fail can vary significantly from market to market. For example, financial markets require significant public intervention in the form of regulation and supervision, and perhaps more direct interventions to encourage new types of financial activity. Other markets (e.g. water and sewerage) call for a predominant direct role by the public sector. Where technology is concerned, some markets work well on a private basis while others, e.g. in agriculture or health, may call for substantial direct public intervention.

Further, as the economy grows and develops, the policy and institutional requirements for most markets become increasingly complex and sophisticated. For

instance, the policy and institutional arrangements that are important for financial markets in the least developed countries can differ significantly from those that are most effective in more advanced developing countries.

Apart from policies, institutions, and interventions in specific markets and sectors there are a number of broader areas that have a bearing on the performance of markets. The *macroeconomic policy and institutional setting* (which influences inflation, sharp fluctuations in output, the rule of law and so forth) is of primary importance. Other factors are important as well. For instance, the fairness, credibility, scope, revenue generating capacity, and economic impact of the *tax system* affect the efficiency and performance of markets and the economy as a whole. The capacity of the price system to reflect the true value of natural resources can be skewed or corrected by the tax system. The ability of the tax system to generate public revenue plays a decisive role in determining overall fiscal balance and the capacity of the public sector to support private sector development through investment in infrastructure, education and health. Tax reform can be a major instrument for economic, public sector, social, and environmental reform. Similarly, *innovation systems* matter a great deal. New understanding of technological innovation have led to a greater emphasis upon the growth that results from organizational and social change among firms, between the private sector and the public sector, and within firms. This brings higher priority to the role of education, the diffusion of innovation, and the supportive role of governments in enhancing interactions across society that increase productivity.

Improvements in how markets work should enhance equity as well as promote growth and efficiency. Common political sense and development experience both indicate that the strongest constituencies for protective arrangements and other policies that hamper markets are not the poor, but other more privileged segments of the society. Many of the policy and institutional distortions that weaken markets simultaneously offer protection to the politically powerful and well-to-do. Subsidies, import protection, monopolies, price controls, credit rationing, licensing practices, etc., typically do not benefit the poor.

Reforms that address such distortions not only should reduce poverty by generating more rapid expansion in employment and income, but also can be expected to contribute directly to improved income distribution, greater equity, and more widespread participation in economic growth. Achieving markets that are more open and competitive, with diminished artificial barriers to entry and controls, will typically offer greater access by the poor to opportunities and resources. (While making markets more open and competitive will generally improve access, this will not fully solve the problem. The need for other measures to directly promote access and opportunity is discussed in Section V).

2. Lessons learned

USAID and other donors have accumulated considerable experience in strengthening markets, much of which has been reflected in USAID policies. These lessons are expected to guide both the analyses and choices made in the development of country strategies and programs.

The macroeconomic policy setting is vitally important and affects returns to project, policy, and institutional interventions in individual sectors and markets, e.g. infrastructure. This includes reasonably prudent fiscal and monetary policies and openness to international trade and investment.

The policy and institutional setting (including legal, regulatory and judicial practices) is a central determinant of performance in all markets. Private markets in developing countries (in much of agriculture, manufacturing, and trade) work better than anticipated by development theorists, practitioners, and policy makers of the fifties and sixties. Government interventions in these markets frequently have been counterproductive and inequitable. The role of government in many of these markets (except those systematically prone to market failure) is to help establish a suitable policy and institutional framework and to rely on competitive private enterprise. In some of the East Asian success stories where governments intervened directly in private markets, there is considerable debate about whether these interventions were the primary factors in success, or whether success was due more to establishing an outward orientation and getting fundamentals and incentives right. But, as a practical matter it is widely agreed that their more direct interventions were disciplined and insulated from counterproductive political pressures to a degree not likely to be replicated in other countries.

Interventionist policies in markets that ordinarily work well on a private basis often undermine the legitimacy and effectiveness of public institutions. Selective protection, rationing of cheap credit, and unwarranted emphasis on public enterprises tend to encourage corruption, red tape, inefficiency and the degeneration of basic economic and political institutions as rent-seeking becomes a primary motive.

In markets more prone to market failure, governments and donors need to intervene more effectively. Aside from policies and institutions, well conceived public investments in human resource development, infrastructure, and in some cases technology development are important.

For financial markets, the track record for donor interventions that seek to direct credit and/or introduce specialized financial institutions and instruments is mixed, and suggests a need for more caution than often was exercised in the past. Often basic policy and institutional impediments have prevented certain institutions and financial instruments from emerging, and have undermined the effectiveness of direct interventions to introduce new institutions, instruments, and activities. In these circumstances, the poor, women and other traditionally disadvantaged groups often cannot benefit, even if overall economic

performance is reasonably good. These country-level impediments need to be understood and addressed before more direct interventions can succeed on a sustainable basis. In contrast, where policy and institutional arrangements are favorable, efforts to broaden and deepen financial markets by introducing new financial instruments can be successful, and previously marginalized groups can be brought more into the economic mainstream. Greater success has been achieved in working with existing, private financial institutions and government regulatory authorities to build their capacity and establish policies and procedures for sustainable, efficient financial systems.

Privatization is important, particularly in countries and markets where public enterprises cause a huge drain on fiscal resources and hamper market performance. At the same time, privatization has sometimes proved more difficult and complex than initially expected. Early advocates of privatization often assumed that the costs would be relatively low (the costs of putting an asset on the market and selling it) and the benefits from simply changing ownership would be high. Experience indicates that the benefits depend on the policy and institutional setting within which privatized firms operate, and that the path from public to private is often difficult depending on country circumstances. These costs and benefits need to be carefully appraised, and efforts at privatization need to be supported by adequate technical assistance. The labor, environmental, and anti-monopoly impacts of privatization are important considerations to take into account as ownership changes, as well as the policy and institutional environment within which privatized firms operate.

Direct project interventions designed to stimulate the private sector in markets that ordinarily work well on a largely private basis (e.g. support services for exporters) require a favorable policy and institutional setting to be effective. These interventions should be undertaken only where private markets are not yet functioning well, but can reasonably be expected to develop. They should be regarded as transitory interventions to get markets to the point where they ARE functioning well. They should be conceived as facilitating and strengthening markets rather than substituting for markets.

3. USAID Strategy and Guidelines to Strengthen Markets

USAID programs will strengthen markets in a variety of ways. USAID will analyze and if necessary address the policy and institutional framework governing market activities to assess the adequacy of incentives and prices for enhancing efficiency and performance. This means a continuous monitoring of overall economic policies and performance to assess imbalances and weaknesses that may require policy dialogue and/or related activities. This also means a continuous monitoring of the priority sectors, markets, and systems discussed above to ascertain weaknesses and failures in institutions and policies that may guide external assistance. USAID will undertake more direct interventions where there is serious market failure that can be remedied by these interventions; and/or where direct interventions are warranted to introduce new types of market activities that will significantly improve market performance.

Many of the criteria outlined below have not been systematically applied in the past to many of USAID's efforts to strengthen markets. It is possible that some activities in some countries do not meet these criteria. During ongoing portfolio reviews, field missions and regional bureaus are expected to examine current activities and to phase out those that cannot meet these criteria, refocus those that can be amended to meet the criteria and to ensure that new activities are fully in conformity with this guidance.

- *USAID programs should focus on achieving significant, demonstrable impacts on market efficiency and performance that bear a highly favorable relationship to costs, and which can reasonably be expected to have significant impacts in terms of increased living standards for poor people in "real" time.* Analysis of proposed interventions ought to identify costs and benefits, including costs and benefits for poor people; establish the contribution of the intervention to growth that is rapid, broadly-based, politically sustainable, and environmentally sound; and indicate how to identify and quantify results.
- *USAID strategies and programs should focus on markets, sectors, and systems that are of critical development significance, having a major bearing on overall economic performance, including poverty reduction.* The objective of these activities should be to reform key policies, strengthen key institutions, address significant market failures or shortfalls in performance. These focused programs would follow from the continuous strategic assessment of the economy and the markets, sectors, and systems that are critical to economic growth and poverty reduction.
- *USAID market strengthening strategies will consider the inter-relationship between sectors, systems, and markets which would potentially generate the highest yield from those activities which seek to enhance the interaction among key components of the market economy.* Suggestive relationships are between the financial system and the national innovation system; capital markets and human resource development; the tax system and market incentives for investment and employment generating activities; sectoral interactions between agriculture, industry, natural resources and technological innovation; and relationships between infrastructure, investment, private sector development, direct foreign investment, trade policy, and exports. In each case the criteria should be the search for high yield gains from interaction and synergy resulting from mutually reinforcing activities that generate multiplier effects.
- *Participation is important as a source of economic growth from such interactions as well as to register individual preferences and demand, and to ensure that what is provided corresponds to what people want.* Strengthening private markets so that they function efficiently should include steps to promote widespread participation, freer entry and greater competition, and the expression of individual preferences and capabilities. Well-functioning competitive private markets are important vehicles for participation, and respond well to individual values. However, "public" or "collective"

goods, e.g. in the areas of infrastructure and environment, may well require special mechanisms to ensure adequate participation and register individual preferences.

- *Specific investments (e.g. in infrastructure, technology, privatization) should only be undertaken where (a) the policy and institutional environment is supportive of success; (b) there is a high expected economic rate of return or other demonstration of a favorable relation of benefits to costs; (c) the investment will make a meaningful contribution to poverty reduction over the near to medium term; and (d) the investment would not be undertaken otherwise (i.e. it ought to be additional).*
- *Project interventions in private markets designed to stimulate the private sector (e.g. interventions in trade and investment and business development) should only be undertaken where: (a) the policy and institutional environment is conducive to success; and (b) the market is not functioning well but analysis shows that it can reasonably be expected to do so as a result of the project; and (c) improved functioning of the market can be expected to have significant positive impacts on poor people. Once the market in question is functioning well, assistance should cease.*
- *Activities (including projects and non-project assistance) intended to achieve policy and institutional reform should be based on analysis of the expected impacts in terms of more rapid, broadly-based, sustainable, environmentally sound growth. Country and program strategies should appraise political feasibility, the role of participation; the likelihood that the policies will be adequately implemented; and the positive and negative impacts over time on the poor.*

B. INVESTING IN PEOPLE

1. Clarification/elaboration

USAID's objective is to help establish increasingly self-sustaining systems to achieve levels of basic education and health that will enable people, particularly poor people, to lead socially and economically productive lives.

Investing in people means enhancing their access to basic education, health, and other social services to strengthen the productive and entrepreneurial capacities of people, particularly the poor. These improved skills and capacities will enable them to provide for themselves and their families, make more informed decisions in their communities, and lead better lives. The quality of basic services and the access of the poor to these services, is as important as the quantity. (*Participant training is viewed in these guidelines as part of institution and capacity building, an activity common to all three basic objectives discussed here.*)

2. Lessons Learned

Analysis of the experience of fast-growing economies indicates *sustained investments in basic education and human capital formation are of major importance*. In most cases, investments in basic education preceded the economic growth spurts by a decade or more. It is the education level and skill proficiency of the overall workforce, rather than the number or quality of highly-educated and specialized workers, that better explains the success of economies in achieving and sustaining economic growth and transformation.

Improved health can also make a major contribution. Recent analysis of economic growth performance in over 70 countries shows that healthier countries grew faster. In poor countries with a high burden of disease, measures that cut childhood mortality by a modest 15 percent could increase the rate of income growth by nearly 25 per cent. Health improvements cut productivity losses caused by worker illness, permit the use of natural resources that are otherwise inaccessible because of disease, increase school enrollments and the capacity to learn, and free up resources for alternative uses.

At the same time, *rapid broadly-based economic growth is a critical factor in improvements in basic health, nutrition, food security, and education*. Increased income and reduced poverty allow people to improve their diets and their housing; take better care of themselves and their children; and invest in education and health care. Economic growth also generates the revenue base for expanded public expenditures in critical areas of health and education.

In both education and health there are major gains in both equity and efficiency to be achieved from reorienting public education and health expenditures in the direction of basic health and education (as opposed to higher education and tertiary health facilities offering specialized, highly technical services).

Basic education, particularly primary and adult education, can yield relatively high economic returns. The returns tend to be higher in the relatively low-income and poorly educated contexts, and for economically marginalized groups such as girls and women. The returns to broad investments in education are influenced by economic performance. Prolonged stagnation or economic decline lowers the payoff to education investments, while rapid growth in productive employment opportunities raises the payoff. While specialized vocational, technical training, and general post-secondary education also can be good investments, such education and training often are relatively high cost compared to basic education. Further, more of the benefits are captured privately, implying a greater role for markets, prices, and the private sector.

Education is important not only for increased economic productivity, but also democratic development. Sustained democratic regimes depend in part on a literate and

informed citizenry that is able to participate in public debate and help hold governments accountable for their actions. Civic education can also help nurture and strengthen democratic values and a civic culture.

For health, basic health services in the form of a limited package of public health measures and essential clinical services has been shown to represent the most cost-effective approach to reducing the burden of disease. If implemented on a widespread basis this approach would result in declines in the burden of disease on the order of 15 per cent in middle-income countries, and 32% in low-income countries, equivalent to saving the lives of more than 9 million infants each year. These sorts of gains mean direct and significant improvements in well-being, and contribute to economic growth.

In both education and health, some of the key issues have to do with the balance between public and private finance; cost recovery; and the role of the private sector. There are also typically major gains to be achieved in the efficiency and performance of public facilities that deliver basic services.

Economic, social, and political disparities are diminished over time by more widespread access to basic education and health. Expansion of access to basic health and education is likely to particularly benefit poor people. Lack of equitable access in the early years contributes to widening gaps in economic opportunity and political equality in later years.

In education and health, as in other sectors, *public policies are critical to the efficient management of resources, and thus the sustainability of investments.* While donor programs can help initiate investments in education and health, the sustainability of continued re-investment depends to a great extent on appropriate policies, and a healthy economy that generates adequate budgetary revenues.

3. Strategy and Guidelines

USAID's strategy is to expand people's basic skills and health status. For education, this means giving *priority to the reform and expansion of primary education for children* and compensatory basic education for adolescents and adults already in the workforce. *Only as access to basic schooling expands significantly will USAID give increased priority to secondary and tertiary education, and then only insofar as this represents a major constraint to economic growth.*

For health this means *support for systems that will efficiently provide the package of clinical and public health services that will most cost-effectively enhance health status in a particular country.* For public health, this calls for interventions to deal with substantial spillover effects surrounding infectious disease control, prevention of AIDS, environmental pollution, and behaviors that put others at risk. Essential clinical services need to be

defined at the country level, taking into account epidemiological conditions and other factors.

To implement this strategy, USAID programs aimed at improving human resources and capacities are expected to adhere to the following guidelines:

- *Interventions should be formulated within the context of a systemic assessment of education and health capacities and requirements*, that includes explicit assessment of impacts on and needs of women and economically marginalized groups.
- *Assessments, as well as the subsequent development of program strategies, should be informed by a broad range of perspectives* from local institutions and organizations. The concerns and priorities of local communities often can be a basis for cost-effective innovations pioneered by empowered communities.
- *Policies and commitments to encourage continued re-investment in basic education and health are essential for effective USAID support.* USAID will not support significant investments in basic education and health unless such reinvestment is assured. Such continued re-investment may include effective cost-recovery systems, public sector support or private sector funding.
- *Interventions in support of basic education and health should focus on systemic changes that affect policies, institutions, and the overall capacity of a country to provide basic services* (as opposed to interventions that simply deliver services).
- *Only very rarely will USAID support higher education and tertiary health*, and then only where it can be clearly and convincingly demonstrated that weaknesses in higher education and tertiary health are a major, direct, and immediate constraint to the achievement of sustainable development objectives.

C. EXPANDING ACCESS AND OPPORTUNITY

1. Clarification/elaboration

USAID's objective is to raise productivity and expand opportunity through policy and institutional reforms, and other measures that help women and other disadvantaged groups secure basic rights, access to resources, improved technologies, and influence on public policy and administration.

Efforts to strengthen markets and invest in people can make major contributions to enhanced access and opportunity for the poor. But, focusing on these two critical areas still leaves some important problems unaddressed. Markets never work perfectly, even when the

policy framework is sound and the classic sources of market failure (e.g. externalities) are absent. Competition is rarely perfect, barriers to entry frequently persist, mobility of labor and capital is limited, and information is neither complete nor costless. Further, some markets are analogous to "infant industries". They can be expected to work well without direct public intervention once established, but may need temporary public stimulus and support to come into being. In labor markets and financial markets, as well as other markets for services, information costs and "transactions costs" (e.g. the costs of designing and enforcing contracts, assessing a good credit risk, matching people with jobs, appraising work effort and productivity, or understanding and adopting new techniques) are particularly important.

Overcoming these problems in the near term is a matter of resources, so that the poor and other groups that face discrimination are particularly disadvantaged. As workers they are often unable to compel employers to live up to their obligations and promises; as potential borrowers they are often unable to persuade risk-averse lenders of their creditworthiness; and as entrepreneurs they are often unable to overcome barriers to entry, both formal and informal, such as licensing. (Looking at the other side of these transactions, employers, consumers, and lenders face similar problems -- they often are unsure about getting what they pay for, or getting repaid. But, they typically have more resources to bring to bear on these problems).

The real solutions to these problems have to do not with simply shifting these costs to donors or the public sector (e.g. public lending programs that face the same information and transaction costs, but simply do not worry about creditworthiness and repayment), but rather with finding institutional arrangements, such as cooperatives, group lending and borrowing arrangements, labor organizations, improved licensing and regulatory procedures, and so forth that can lower many of the costs mentioned above. Demonstration activities can also increase information and improve perceptions of risks and costs. These sorts of approaches not only work to enhance equity, but also should be expected to promote growth by improving market performance.

The USAID strategy paper identifies three program areas for expanding access and opportunity: (a) microenterprise and small business development; (b) agricultural technology for small farmers; (c) social and legal institutions and organizations helping disadvantaged groups. The lessons learned and guidelines apply mainly to these program areas, particularly microenterprise which has been singled out as a special initiative. At the same time there are other program areas (e.g. women in development; food for work and other activities under the rubric of food security; land tenure interventions; enhancing innovations) that would easily fit under this heading. The general principals embodied in the discussion below, particularly a focus on sustainability and productivity, should guide activities in these other areas.

2. Lessons learned

Problems of access and opportunity vary considerably from country to country and region to region. For instance in Asia, economic growth has tended to be not only rapid but equitable, with improvements in income distribution reinforcing the strong impacts of growth in terms of poverty reduction. In contrast, in Latin America income and asset distribution tend to be more skewed. While poverty reduction in Latin America depends critically on economic growth, the benefits of growth have tended to be more concentrated than in other regions. It is more difficult to generalize about experience in Africa, because of data limitations and limited success in achieving economic growth.

Targeted programs for the poorest pose major challenges in terms of results and sustainability. Directed credit programs, particularly where subsidized credit is concerned, often have been developed with little concern for savings mobilization, cost recovery, and services that meet the needs of clients. Consequently, such programs and institutions have not been sustainable. Resources have been siphoned off to the politically well-connected and high default rates have been the norm. Similarly, technology transfer to small farmers often has failed because technologies were inappropriate, administrative costs were excessive (so that few were reached), management was poor, and/or because of basic constraints on land productivity. Legal and regulatory reforms intended to protect the poor in labor markets often have benefitted urban workers in the formal sector, while inhibiting expansion of employment and entry of poorer workers into the formal sector.

More recently, success rates for microenterprise lending have improved, in response to lessons learned from some of the significant success stories in countries such as Indonesia and Bangladesh. These lending programs have reached large numbers of people, charging positive real interest rates and achieving impressive repayment rates. They have had significant positive impacts on employment, income, and poverty. However, even in the most commonly cited success stories, full cost recovery and sustainability remain a challenge.

The country policy and institutional environment is critical. Where inflation is excessive, all financial institutions generally become decapitalized and lose their capacity to promote development. Without appropriate incentives to producers, efforts to improve agricultural technology generally fail. Lending programs for microenterprises have provided greater coverage and been more sustainable in countries which have liberalized their financial markets (e.g., Bolivia, Indonesia). In these policy environments, intermediaries have more potential to be self-sustaining and to contribute to the further development of financial markets.

Donor resources cannot meet all the financial needs of the poor. Consequently, predominant reliance must be on domestic resources and local savings. Mobilization of domestic resources contributes to sustainable financial institutions and multiplies the impact of donor resources. Microenterprise lending programs can reach very large numbers of poor people when they are able to operate as fully-fledged financial institutions and can mobilize domestic savings. Charging market rates of interest is critical to sustainability and viability.

In general, *microenterprise projects focused on the provision of financial services to established enterprises have performed best, particularly in achieving adequate cost recovery and sustainability.* Microenterprise lending programs have been most successful when they rely on character-based lending, keep administrative costs to a bare minimum, use institutional controls on loan delinquency, and charge interest rates that reflect the costs of extending credit. *Microenterprise projects focused on creating enterprises, or on transforming microenterprises into small scale firms in the formal sector generally have performed far less well,* and have been less cost-effective. Many have required heavy inputs of technical assistance and/or training, so that costs were high relative to results.

While government involvement in agricultural research has often produced good results, service delivery programs (including extension and provision of inputs) have often produced poor results. Government involvement in agriculture often is essential. But tasks established for government agencies should be simple, and guided by other involved parties - small farmers, NGOs, cooperatives, and the private sector. Government does relatively better in providing basic infrastructure, such as roads and applied research in basic crops where private sector involvement is either not feasible or profitable. Investments in research and extension also are influenced heavily by the policy setting for agriculture.

Complex government programs which, as with integrated rural development projects in the 1970s, depend upon extensive coordination among government agencies and do not treat the program recipients as full participants in design and implementation generally have produced poor results.

Measures to promote better working conditions and higher wages need to be taken in the context of the country's overall development situation. Legislation that raises the cost of labor above average productivity has tended to benefit well-placed workers, while reducing growth in employment opportunities for the poor.

In general, properly structured *community and beneficiary organizations perform most local development functions better than large centralized bureaucracies.* The appropriate role for government is legally to empower these organizations and to provide an enabling policy environment and technical support.

3. Strategy and Guidelines

USAID will help raise access and opportunity by promoting increased access to capital and technology and by efforts to strengthen the social and legal framework that determines access and opportunity.

To implement this strategy, USAID programs aimed at directly improving economic access and opportunity are expected to adhere to the following guidelines. These criteria are stricter than in the past and are intended to preclude activities that are purely

redistributional and do not contribute to sustainable economic growth. The central objective is to impose criteria of economic viability and sustainability on all USAID supported activities. Some current USAID activities may not meet these criteria. Field missions and regional bureaus are expected to undertake critical portfolio reviews to phase out those activities which cannot meet these standards, adjust others and ensure that new activities are fully in conformity with these guidelines.

- *Focus on building sustainable viable financial intermediaries that provide client-responsive savings, credit, and transfer services to large numbers of poor households and small businesses.* Promote savings mobilization, high repayment rates, and appropriately high interest rates to ensure financial sustainability and avoid dependence on infusions of external resources. Seek institutional arrangements that reduce transactions costs.
- *For microenterprise lending, emphasize financial services for established microenterprises.* To support the emergence of new enterprises, and the transformation of microenterprises to small scale businesses, focus first on the policy and institutional factors that pose obstacles, and then on cost-effective direct programs.
- *Strengthen the capacity of lending institutions to assess potential markets, both rural and urban, and train staff appropriately.* Where targeting the poor is concerned, broad targeting (addressing groups where the incidence of poverty is relatively high) is more effective than narrow targeting (attempting to focus exclusively on the poor).
- *Programs which require significant technical assistance and training should be supported only with considerable caution.* Prior to providing such services missions will first need to have determined that such requirements cannot be met better through more systemic human resource development interventions. More specific interventions need to be based on a cost/benefit analysis that justifies the implicit subsidization. If policies and institutions pose significant constraints, these should be addressed directly.
- *Programs to increase access should emphasize participation in design and implementation* to increase relevance of the assistance and to assure that programs reach intended beneficiaries, in particular disadvantaged groups. In the case of financial institutions, the hallmark of such participation will be the development of both lending and savings services which respond to the needs of large numbers of poor clients.
- *Government involvement in increasing access and opportunity in agriculture should be focused on simple tasks* (e.g. provision of infrastructure rather than highly complex

integrated development projects), that are economically justifiable and shaped by substantial local participation.

- *Efforts to expand access must carefully balance the need to foster small businesses and the need to protect workers' rights.* Micro/small businesses and small farmers typically operate outside the legal regime for workers' rights. Few countries seek to enforce the legal requirements that apply to such enterprises, and even fewer devote the considerable resources needed to do so effectively. Increasing public awareness of workplace health hazards may be more effective than regulation in enhancing worker rights.

IV. RESULTS

The success of USAID country programs will be assessed against their contribution to the achievement of the following kinds of results at the country level:

- Sustained increases in per capita income, consumption, savings and investment;
- Declines in the incidence of poverty, the number of poor, and in food insecurity;
- Improved social indicators in health and education, and reductions in fertility, reflecting expanded access to basic social services, higher incomes and increased capacity and desire to invest in children;
- Expanding and more efficient public and private investments in human resource development.
- More equal status for women and other groups traditionally accorded inferior status;
- Improved use and conservation of natural resources and enhanced protection of the environment;
- Increases in agricultural productivity, diversification in agricultural production and broad-based increases in income and employment generated in agriculture, that lead to reductions in poverty and food insecurity;
- Expansion of private, non-agricultural enterprises with increasing diversity and richness in the size of enterprises and the variety of their productive activities, generating increases in incomes and employment among poor people;
- Increased reliance on financial institutions to attract savings and channel them into productive investments, and a more appropriate array of financial instruments and institutions;

- Increases in the level of sustainable micro/small lending -- through high recovery and low default rates on loans; market interest rates that reflect costs; control of administrative costs; and significant savings mobilization.
- Improvement of infrastructure that supports expanded economic activity, so that markets become larger and more integrated, generating increased income, employment, and living standards for poor people;
- Expanded and more diversified trade and investment, along patterns that result in significant gains in employment of unskilled and semi-skilled labor.

Missions should take full advantage of cost/benefit analysis as a framework for explaining and documenting the contribution of projects and programs to these sorts of results, and more generally to rapid, broad-based, sustainable economic growth and poverty reduction.



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

TECHNICAL ANNEX E:

HUMANITARIAN ASSISTANCE

I. INTRODUCTION

- A. USAID'S MANDATE AND OBJECTIVES**
- B. TYPES OF HUMANITARIAN ASSISTANCE PROGRAMS IN DIFFERENT COUNTRY CONTEXTS**
- C. DISASTER/DEVELOPMENT CONTINUUM**

II. STRATEGIC FOCI

- A. PREVENTION, MITIGATION AND PREPAREDNESS**
- B. DISASTER RESPONSE**
- C. TRANSITION INITIATIVES**
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III. COORDINATION

IV. MEASURING RESULTS

I. INTRODUCTION

A. USAID'S Mandate and Objectives

The United States has a long and generous tradition of providing assistance to the victims of manmade and natural disasters. Since the Agency was first established, USAID has served as America's primary means of providing emergency relief overseas and Humanitarian Assistance has been an important part of USAID's mission. The Administrator of USAID has been designated as the President's Special Coordinator for International Disaster Assistance and the President has directed all executive departments and agencies to treat the Administrator as the focal point for interagency deliberations on international disaster assistance.

Humanitarian assistance is not separate from, but is integral to, an overall strategy to achieve sustainable development. A single natural disaster can eradicate years of development progress in a matter of minutes, and civil conflicts can destroy social, political and economic institutions and set the development process back immeasurably. Appropriate development policies in USAID's four other priority areas can play a key role in protecting development progress by preventing disasters or mitigating their effects. Similarly, appropriate disaster preparedness and emergency relief measures, coupled where possible with development assistance programs, can help not only to save lives and alleviate suffering in the wake of disasters, but also to initiate the process of rehabilitation and reconstruction and speed the return to continued development.

USAID's Humanitarian Assistance Strategy has multiple objectives:

- Saving lives, reducing suffering and protecting economic assets in the face of disasters.
- Reducing the vulnerability of populations at risk from natural and manmade disasters and emergencies. The Agency also places a high priority on protecting development progress, through early detection of hazards, prevention, mitigation and preparedness and appropriate development policies. A key objective in this regard is to build local capacity to prepare for and respond to disasters.
- Facilitating a rapid return to normalcy, and local self-sufficiency in the aftermath of emergencies and disasters through effective rehabilitation. The Agency also seeks to help affected populations to return to the path of social and economic development over the longer term, through reconstruction and other development assistance programs whenever possible.
- Preserving basic institutions of civil governance during crises, and supporting new democratic institutions during periods of national transition.

- Protecting the food security and health of highly vulnerable groups who may be beyond the scope of current development assistance programs, or placed at increased risk due to short-term negative effects of development policies.

B. Humanitarian Assistance Programs in Different Country Contexts

USAID provides humanitarian assistance in a variety of country contexts. USAID responds to natural and manmade disasters in any country where people are at risk, regardless of the politics of their government. Thus, the Agency provides humanitarian assistance both in USAID-assisted countries where there are sustainable development programs and in countries where there may be no USAID presence.

Key types of humanitarian assistance activities and their different contexts

Disaster prevention, mitigation and preparedness (PMP) programs are vital components of USAID's worldwide humanitarian assistance strategy because they can sharply reduce the human impact and costs of disasters. These include such programs as cyclone warning systems; volcano monitoring and evacuation plans; earthquake risk management; famine mitigation, including early warning, vulnerability mapping and coping strategies; and professional training in disaster management. The primary foci of these programs are the USAID assisted countries -- with emphasis on those which are highly disaster prone. However, many PMP programs are regional in nature and may include countries where USAID does not have development programs.

Emergency relief is provided in response to "quick onset" natural disasters such as earthquakes, floods and volcanic eruptions. Relief supplies and services range from communications support, search and rescue, and medical assistance to emergency shelter, food and potable water. P.L. 480 Title II emergency food programs are among the Agency's most important emergency relief resources. These types of rapid response, emergency programs can be carried out in countries with or without USAID Missions with resources provided by the Offices of U.S. Foreign Disaster Assistance (OFDA) and Food for Peace (FFP) in USAID's Bureau for Humanitarian Response (BHR). In countries with a USAID presence, missions may also reallocate resources from their development portfolio to respond to emergencies.

Responses to complex emergencies have demanded an increasing proportion of the Agency's Humanitarian Assistance resources. These complex disasters are based in civil, ethnic and religious conflicts and are characterized by social upheavals which erode vital infrastructure and the basic institutions of society. Chronic food security problems are often sharply exacerbated by such crises. These situations call for a wide range of responses in which disaster relief activities are frequently coupled with emergency P.L. 480 feeding programs. In some of these countries afflicted by prolonged complex disasters there is no USAID mission presence. In others, where we do have a USAID presence, humanitarian assistance and development assistance programs must be closely coordinated. In such circumstances it is USAID's policy to coordinate the unique Agency resources in emergency management,

transition initiatives and development planning in pursuit of the Agency goal of returning the society to a state of productive development.

Rehabilitation measures to restore stability and a basic level of self sufficiency to the affected population are an important part of the humanitarian assistance effort and should be linked to a mission's development assistance program whenever possible. Integrated in this way, rehabilitation assists the population to return to the path of development.

Transition initiatives are required to assist countries emerging from a prolonged conflict or complex emergency with new and creative types of assistance to revitalize their societies, rebuild their institutions, and preserve national order. USAID's new *Transition Initiative* combines humanitarian assistance and development approaches to carry out programs such as the reintegration of dislocated populations, including demobilization of soldiers; the restoration of elementary security and infrastructure; and the creation of viable political institutions. In many cases these initiatives will be undertaken in countries where USAID does *not* have a traditional USAID mission, and will be implemented by the Bureau for Humanitarian Response's new Office of Transition Initiatives (OTI), in consultation with the relevant geographic bureau.

Social safety nets and response to immediate *food security* needs are important dimensions of USAID's Humanitarian Assistance programs. P.L. 480 Title II Maternal Child Health and food-for-work programs can perform an important safety net function and contribute to both immediate and longer term food security. While addressing the broader issue of global hunger, these programs help to protect the vulnerable and relieve the worst aspects of poverty as development takes place. Appropriately administered, these programs not only provide critical relief to high risk groups, but also establish the foundations for future development. .

C. Disaster/Development Continuum

Where the risk of natural or man-made disasters is significant, missions are expected to factor possible consequences into development planning, as they would any other critical assumptions. Sustainable development, by definition, must minimize a society's vulnerability to such disasters. Successful development strengthens economic, political and social systems and equips the population with the resources necessary to cope with adversity. Successful development hardens a society's economic and political ability to withstand disasters' effects.

To achieve and maintain sustainable results, development and disaster managers must work together, combining their skills to combat the devastating effects of natural and man-made disasters. These skills not only encompass the physical sciences, early warning, communications and the other traditional disaster tools, but also include the total array of the economic, political and social sciences.

The *Transition Initiative* recognizes an important but previously underemphasized need to help countries recover from crises and return to development. USAID is devoting resources

specifically to mitigate the range of unique problems posed by countries in transition from crisis to normalcy or from autocratic to democratic rule. BHR's new Office of Transition Initiatives (OTI) serves as the U.S. Government's catalyst in coordinating efforts of several agencies in addressing fundamental political issues such as narrow public participation, weak leadership, excessive weaponry and limited employment opportunities.

II. STRATEGIC FOCI

In developing strategic plans, USAID missions and Washington offices should consider the major priority areas for humanitarian assistance, as appropriate. These include disaster prevention, mitigation and preparedness (PMP), disaster relief and rehabilitation, aiding countries in post-crisis transition and establishing safety nets and meeting short term food security needs of vulnerable groups. The sections below outline objectives for each of these areas, highlight resource allocation priorities, provide planning and implementation guidelines and identify lessons learned.

A. Preparedness, Mitigation, and Prevention (PMP)

Annual losses from natural and man-made disasters now exceed the total of official development assistance. The cost-benefits of effective investment in prevention, mitigation, and preparedness activities are very high. Enhancing local participation and capacity, encouraging appropriate host country policies, improving response capacity can have major benefits in enhancing a society's resilience to disaster impacts and in increasing the potential for sustainable development.

Objectives

- to reduce the impact of disasters on society;
- to improve indigenous capacity for rapid recovery from disasters;
- to reduce resources needed for disaster response; and
- to improve the potential for long-term sustainable development.

Resource Allocation/Priorities

USAID will give highest priority to PMP activities in countries which are vulnerable to disasters and have sustainable development programs.

In countries which are "disaster prone", with limited response capability, careful consideration should be given to developing objectives to reduce vulnerability through prevention, mitigation and preparedness measures. Factors which characterize these countries include:

- Historical incidence of recurrent natural disasters resulting in significant loss of life, infrastructure, and capital resources.
- Political and social instability and/or history of civil strife.
- Inadequate emergency management procedures and resources dedicated to prevention, mitigation, and preparedness.
- Poorly controlled industrial and nuclear processes which pose serious environmental threats.
- Weak local non-governmental and civil organization structures, and limited capacity of local organizations to respond to disasters or civil strife.

Planning and Implementation Guidance

The region, sector and type of PMP activity to be supported depends on how prone the region is to disasters, the potential for recurrence, the number of lives at risk, the local capacity for disaster recovery, and the opportunity for USAID to make an effective intervention.

Types of PMP activities for consideration include disaster early warning and forecasting, vulnerability mapping, targeted food security projects, evacuation planning, monitoring potential and incipient emergencies and strengthening communities to withstand disasters' effects.

Effective development activities in USAID's other priority areas are often the most effective preventive measures. For example, family planning programs can play an important role in reducing population pressures in fragile drought or flood prone regions. Appropriate economic growth and agricultural production programs can help to reduce food insecurity and poverty, two of the key factors that contribute to disaster vulnerability. Natural resource management programs, can help to protect the resource base which is critical to food production in marginal lands. Democracy and governance programs can help to reduce political instability and the threat of social conflict in areas prone to civil strife. Missions should consider these kinds of preventive steps through their development programs whenever appropriate in order to reduce vulnerability to disasters and to protect progress towards sustainable development.

Missions should also ensure that their programs do not directly or indirectly contribute to the vulnerability of the populations they serve, as may be the case when short-sighted development policies increase susceptibility for significant portions of the population to the adverse effects of natural or man-made events. For example, the construction of large reservoirs has frequently increased the seismicity of an area to the point where the original specifications were inadequate to protect the structure from earthquake risk. Ill-conceived irrigation schemes have lowered water tables adding to the longer term vulnerability of communities.

Missions play an extremely important role in early warning through their own observations and those of participating agencies, particularly PVOs. In the case of complex

disasters which include regional and local political, economic, and social disruption, the role of the missions becomes even more crucial to achieving timely and appropriate responses. Missions may also develop their own bilateral projects to minimize disaster risks and protect development progress as in the cases of Niger (disaster preparedness), Bangladesh (flood warning) and Philippines (hazard mitigation for housing).

Missions interested in developing vulnerability analyses and strategies for PMP activities or programs can draw on BHR's Offices of U.S. Foreign Disaster Assistance (OFDA), Food for Peace (FFP) and Transition Initiatives (OTI). Some geographic bureaus can also provide substantial assistance to missions through regional PMP programs.

Mission Disaster Relief Plans Essential for Preparedness

As well as assisting the host country to prepare for disasters, USAID must serve its own community by affording early warning and ensuring that personnel are trained in disaster preparedness and response procedures. USAID missions are required to create and maintain a Mission Disaster Relief Plan and structure for responding to disasters. A mechanism to coordinate within the U.S. mission, with the host government, other donors and non-governmental organizations is essential, as is the capacity to monitor and control disposition of USAID donated assistance.

Best Practices/Lessons Learned

- Development programs which address poverty, food insecurity, and related factors which contribute to disaster vulnerability can be the most effective preventive measures.
- Early warning of potential hazards/emergencies is the most important means to avert cataclysmic disasters.
- Historical information on the propensity of the area to particular disasters should be collected and analyzed as part of the development of a country strategy and again during activity design. In the design process, natural hazard information should be used in defining the study area, objectives, and critical assumptions of the program.
- Participatory development resulting in local indigenous capacity together with acquisition of disaster management skills will allow countries to pursue sustainable development even in difficult circumstances.

B. Disaster Response (Relief and Rehabilitation)

Objectives

The primary objective of USAID's disaster response program is to save lives and prevent human suffering in countries which do not have the capacity to cope with the magnitude of the disaster themselves. Additionally, USAID seeks to fashion disaster responses so as to strengthen local institutions' capacity for coping with future emergencies. To the

extent that vulnerability reduction can be attained through relief and rehabilitation activities, this is an important USAID objective.

Resource Allocation/Priorities

Disaster Relief receives the highest priority for disaster assistance funding, especially when the potential for human death and suffering is high. Within relief, priorities are:

- +++++ Massive Complex Emergencies (Civil Conflict/Famine) in which many thousands of people are at risk of death.
- ++++ Large Scale Shock Disasters (Earthquakes, tsunamis, severe storms, volcanic eruptions in which the lives and health of thousands of people are in jeopardy.
- +++ Large scale natural disasters such as floods which severely threaten a population's health, food security, livelihood or critical infrastructure.
- ++ Displaced person situations in which malnutrition, epidemics, lack of shelter, etc. severely threaten the health of the affected population.
- + Disasters of a lesser scale which pose a threat to life, health, property or livelihood.

Disaster Rehabilitation receives a high priority when one or more of the following conditions exist:

- It is necessary to reestablish the viability of the affected communities.
- It provides a means of reducing the vulnerability of the affected communities to future disasters.
- It provides transitional assistance until development efforts can be restarted.

Planning and Implementation Guidance

Technical assistance for disaster response is available to missions through Regional Disaster Advisors (RDAs) based in Addis Ababa, Costa Rica, and Manila and through disaster housing advisors associated with RHUDOs in Jamaica, Ecuador and Thailand. RDAs are available to assist Embassies/USAIDs in assessing and responding to emergency situations. The disaster experts are familiar with the countries of the regions they represent, have security clearances and are known to government officials, UN, ICRC, and PVO representatives and U.S. Government officials in our Embassies/USAIDs.

When exigencies require and Missions request assistance, BHR/OFDA sponsors a Disaster Assistance Response Team (DART) to assume responsibility in the conduct of disaster assistance, or, where there is no U.S. presence, to work with whatever entities are active in the humanitarian assistance effort. OFDA can also provide up to \$25,000 in immediate funding upon request of the ambassador for declared disasters,

An initial needs assessment, which may include health and nutrition, infrastructure and critical facilities, homes, agriculture, etc., is necessary to determine extent of damage and the

country's ability to cope with the disaster. The assessment may be done by the USAID if disaster assessment expertise is available in the Mission. UN or PVO assessments may meet OFDA's requirements. OFDA can provide assessment assistance if other dependable sources are lacking.

U.S. Mission resources are often the first to be deployed in the case of disasters. Missions are encouraged to make maximum use of in-country skills in assessment and technical assistance, transportation, communications and P.L. 480 commodities.

Requests for assistance from BHR should be as specific and precise as possible. BHR will respond with appropriate mobilization of relief commodities and services which may include a DART presence; transfer of common relief supplies from OFDA's stockpiles in Panama, Italy, Thailand, Guam and the U.S.; transfer or reallocation of P.L. 480 commodities; procurement and transportation of relief supplies; and funding of humanitarian activities implemented by IOs, PVOs, NGOs and contractors.

Lessons Learned

- Time is of the essence in terms of intervening to save lives and prevent human suffering.
- The earlier a potential or incipient disaster can be anticipated, and the appropriate intervention planned and implemented, the greater the chance of avoiding death and suffering.
- Slow-onset, complex disasters usually have a longer lead time in which to plan relief strategies and interventions. Given this early warning, missions can begin to reorient development strategies to combat the negative effects of disasters.
- Workable controls, accountability and monitoring are necessary to ensure that donated commodities and services reach the victims for whom they are intended.

C. Transition Initiatives

Objectives

Assisting countries emerging from crises to return to the path of sustainable development is an important new priority for the Agency.

Recognizing that many countries in post crisis transition do not have USAID missions, and that they have special needs that are not addressed by traditional disaster relief or development assistance programs, the Agency created the new **Office of Transition Initiatives (OTI)**. OTI's mission is to bring fast, direct assistance to the acute needs of priority nations emerging from political, economic and/or social distress. It will be a catalyst for other resources and community-based activity.

USAID is committed to anticipating emergencies emanating from social, political or economic transitions and to providing appropriate interventions to prevent or minimize disruptions within the affected society. In countries in post crisis transition with a USAID presence, like Haiti, USAID missions have a vital role to play in transition initiatives to restore economic and political stability and to promote the return to sustainable development.

Summary objectives include:

- to assist countries to move beyond crises;
- to reduce the threat of - or avoid - developing crises;
- to help establish sufficient stability to allow for sustainable development;
- to build local capacity.

Differing Country Contexts

Transitions are induced by many stimuli - civil conflict, democratization, elections, peace accords, demobilization, independence. In sustainable development countries in which USAID maintains a presence, Missions are urged to identify and report conditions which may lead to disruptive transitional forces. Whenever appropriate, OTI will provide resources to further define the problem and support the Mission with interventions complementary to development initiatives. Transition initiatives will also be required in non-USAID countries, in which case OTI will work with the U.S. Diplomatic Mission or, in its absence, such international or indigenous organizations that may offer credible means for resolving the transitional issues.

Resource Allocation/Priorities

Target countries will be selected on the basis of:

- the opportunity for democracy and civil development;
- the significance to the United States, economically, strategically and culturally;
- the ability to make potential long-term difference;
- the presence of specific objectives to pursue;
- the potential to leverage more resources; sufficient local political will--at any level of society.

Planning and Implementation Guidance

The design of transition initiative programs will integrate the political, economic and social elements of the local situation, openly involve citizens and spur further activities. The broad range of interventions under consideration by OTI include:

- Demobilization and reintegration of troops

- Relocation planning; surveys and removal of land mines
- Election assistance
- Communications networks
- Leadership development; institution building; conflict resolution and mediation training
- Near-term job assistance: microenterprises, public projects and food distribution

Transition initiatives may also be useful in both sustainable development and relief situations.

In *sustainable development* situations there may be election preparation irregularities, suppression of local groups, blocking of open communications, corruption of officials, or breakdown of the legal system. These are situations where a timely, overt investment of stabilizing resources can play an important role by reducing the elements of conflict.

In *relief* situations, assistance may be provided to legally empowered fledgling local groups, unskilled leadership, displaced populations, excessive arms and other destabilizing forces. These represent opportunities to build local capacity and begin the reconstruction process.

Roles and Responsibilities

Missions are asked to monitor political developments and to look for early opportunities to assess potentially disruptive situations. Requests for TI assistance, made through geographic bureaus, are encouraged. All TI work will be coordinated closely with the Missions in country and with the geographic bureaus in Washington.

OTI will work closely with OFDA Disaster Assistance Response Teams, when present, in its in-country assignments and will rely on the BHR communications network for information regarding developing situations.

Lessons Learned

OTI has not yet had the opportunity to evaluate past performance; the following lessons have been observed in tangential programs dealing with crisis management:

- An early start and quick investment provides enhanced policy options. and saves initial resources.
- Assessments should be carried out rapidly (within 30-45 days) and should seek information from all concerned elements.
- Political, social and economic analysis should be an integral part of planning.
- Operations should be transparent, and evoke modest expectations.

D. Social Safety Nets

Social safety nets are program initiatives that provide relief or development assistance directly to the segments of the population considered to be at risk of losing viability due to conditions beyond their control, including those facing acute food insecurity. Social safety nets are appropriate both to disaster response situations and as adjuncts to sustainable development programs as a *temporary* measure to protect those at greatest risk. *Great care must be taken to ensure that safety nets do not become long term welfare programs.*

Objectives

In disaster response situations, objectives are:

- To meet immediate relief needs related to food security, shelter and health care.
- To equip individuals at risk--particularly the most vulnerable--with skills, tools and other resources to offset near and medium-term needs; and
- To complement efforts in sustainable development programs, elements of which have been compromised by the humanitarian crisis.

In the sustainable development context:

- To meet short term assistance needs of groups that have insufficient access to development opportunities, reducing their participation in development;
- To ameliorate negative impacts of policy reforms on the most vulnerable groups; and
- To build the capacities of least viable groups to meet the survival needs of their families and immediate communities when faced with short term crises or transitory food insecurity.

Resource Allocation/Priorities

USAID Missions should consider the development of safety nets when groups are at high risk of survival and requiring immediate assistance as a result of the following factors:

- Significant short term food insecurity.
- Economic dislocations caused by structural adjustment or other policies which reduce access to food, health and other services.
- Natural disasters or civil strife which have resulted in population dislocations, loss of jobs or income, destruction of property and/or reduced food production/availability.

Priority consideration will be given to the support of innovative country strategies that:

- Meet immediate food needs of high risk groups through means that promote long term food security;
- Use food for work/vocational opportunities targeted at vulnerable groups to meet development priorities of the communities in which they reside;
- Forge partnerships between nongovernmental organizations, local communities and host governments in the implementation of programs targeted at the most vulnerable;
- Combine food aid with development assistance to expand the roles of vulnerable groups in direct participation with both programs; and

Food insecure nations are normally more vulnerable to man-made and natural disasters. Within these countries, *food security* is a major focus of USAID's strategy. Safety net programs are increasingly important tools in meeting short-term needs of these countries' vulnerable populations.

Planning and Implementation Guidance

USAID Missions are encouraged to identify groups at significant risk within their purview and to consider appropriate alternatives for reducing their vulnerability. Targeting groups should be a collaborative effort, and should include the host government, other donors, U.S. PVOs and international and indigenous NGOs, civic leaders and representatives of the vulnerable groups in the planning process.

Particular consideration should be given to effective use of P.L. 480 food commodities to meet the needs of vulnerable groups and promote food security. USAID should work closely with its PVO partners to plan how emergency feeding, food for work, MCH feeding and other Title II programs can respond to immediate food needs, while also contributing to longer term food security.

Social safety net programs implemented within the development strategy should also be viewed as tools of preventive diplomacy. Safety nets can be designed to expand development opportunities for vulnerable population groups that are adversely affected by policy reform, for instance, and would otherwise be inclined to contribute to insecurity caused by growing discontent with the political, economic and social systems.

Lessons Learned

- Social safety net strategies are most effective when the initiative is designed to assist participants and beneficiaries to contribute to and benefit from recovery and development programs.
- Governments must be clearly committed to the implementation of safety net programs; this commitment must be independent of donor desires.
- It is important to deliver assistance in a manner that does not stigmatize recipients nor lead to further dependence.

- The height of the food safety net is important. If it is too low, too few will benefit in the society. If it is too high, economic growth and self reliance may be negatively affected.

III. COORDINATION: PARTNERS IN HUMANITARIAN ASSISTANCE

USAID is the lead agency in the USG in providing humanitarian assistance to those who suffer inordinately from the crippling effects of poverty, disasters and political and social inequities.

In most disaster and emergency responses USAID is one of several partners trying to achieve the common goal of preserving the lives and protecting the viability of disaster victims. The effectiveness, timeliness and appropriateness of the external intervention to disasters are dependent on the degree to which response elements work cooperatively.

Within USAID, several partners insure the efficient and effective planning and implementation of foreign disaster responses. OFDA bears the brunt of responsibility for disaster relief as does Food for Peace for emergency food requirements and the promotion of food security. The regional bureau is relied upon to provide coordination with the field missions and to ensure that the disaster response and food programs are complementary to and gain support from ongoing development programs. Policy issues are resolved with the help of PPC; technical issues may involve Global and other central bureaus. Ultimately, it is the USAID Administrator's task to ensure appropriate response within legislative and policy parameters.

U.S. Private Voluntary Organizations are particularly important partners in USAID's Humanitarian Assistance program. The PVO's experience in food aid and disaster relief makes them a critical asset in reaching the neediest. PVOs frequently work in communities which are deprived of resources and opportunity or are stricken by disaster. Their presence often makes the difference between success of a humanitarian operation or failure. The execution of on-the-ground activities, including accountability, has been increasingly entrusted to PVOs and, where feasible, to their Non-Governmental Organization (NGO) counterparts in affected communities. The strengthening and empowerment of these organizations to meet the exigencies of the ongoing or future situations of deprivation are important elements in our humanitarian responses.
(see below).

USAID is dependent on several other USG agencies whose policies and resources are critical to the attainment of humanitarian assistance goals. The State Department is an active partner in every disaster, given legislative history which directs that foreign disaster relief shall be conducted by USAID in consultation with the Secretary of State. The determination that a disaster exists to which the U.S. Government will respond is made by the Department of State. The Department of Defense is frequently a partner when quick reaction is critical or

the level of logistics requirements exceeds that which the private sector can provide. In the current environment in which effective responses to complex emergencies require the pre-existence of peacekeeping or security resources, DOD is an important element in the strategic planning and implementation of relief efforts. Several other Federal agencies provide essential services in foreign disaster relief. The **Departments of Agriculture and Health and Human Services** support USAID in the planning and management of emergency technical services. **Interior, Commerce and NASA** offer technical expertise in the earth sciences as does the National Science Foundation. **Commerce and Treasury** are occasional partners when post disaster transitions can be enhanced by participation of the U.S. private sector or when legislated preclusions such as embargoes constrict interdiction. The **Department of Agriculture** is USAID's principle collaborator in Title II and Title III food acquisition and shipping, and is integral to USAID's food aid strategy.

International organizations, primarily the United Nations operational agencies and the international Red Cross movement, offer vast and significant resources for humanitarian responses. OFDA and Food for Peace frequently work through UNHCR, WFP, ICRC, UNICEF and others to meet outstanding food and non-food requirements of humanitarian interventions. In the emerging world in which long term, seemingly intractable civil conflict situations jeopardize entire societies, the role of the UN Security Council and the UN's **Peacekeeping Operation** are becoming necessary emergency adjuncts to the UN's **Department of Humanitarian Affairs**.

Principles of Coordination

- The ultimate responsibility for the protection of societies from natural and man-made disasters lies with the society itself. Outside assistance must not supplant this responsibility but should strengthen and complement it. Coordination with the local government and people is essential to achieving an effective intervention and assuring the quick return to development.
- USAID, in recognition of the skills and resources of U.S. PVOs in humanitarian programs, encourages them to take on additional responsibilities for relief and vulnerability reduction in disaster prone and food insecure countries. BHR supports such efforts through grants for strengthening, operational support and relief.
- It is USG policy to encourage other donors, including the UN system, to meet their fair share of the burden.
- USAID has a number of means for instilling expertise within the PVO community and through U.S. PVOs to indigenous NGOs around the world. InterAction, VITA and the Food Aid Management Group are three mechanisms which have done much to coordinate the efforts of the U.S. private sector with those of the USG.

IV. MEASURING RESULTS

Disasters, whether natural or man-made, are the result of a series of events which appear so variable that we often view them as random. Measuring attempts to prevent or

mitigate them--or even respond effectively--is a new art. We have learned much in the past decades about the causation of natural events and have built an arsenal of appropriate responses to deal with incipient or actual threats. Less is understood about man-made events, especially those stemming from societal unrest due to complex economic, political and social factors. Success in implementing PMP programs can be determined on the basis of fairly simple criteria.

- Was our strategy designed to meet the right objectives?--Was the presumed threat in fact as dominant as we had predicted?
- Was the intervention timely and did it achieve the anticipated results?
- Was the cost commensurate with the economic and social consequences of the unmitigated threat?
- Was the activity sustainable following the cessation of USAID funding?
- Was the activity viewed by the Mission to be of sufficient merit to warrant continued funding under the development program?

The timeliness and to a large degree the appropriateness of humanitarian response interventions can be measured objectively. There are, however, a number of complicating factors for which we continue to seek measurement criteria:

- Did the initial strategy for response adequately consider the facts available at the time?
- Were the objectives sufficiently clear to guide actions and ultimately evaluation?
- Were the objectives successfully met in human as well as logistical terms?
- Did the humanitarian response advance the cause of or facilitate the return to development? Did it leave the beneficiaries less vulnerable to future deprivation?

History provides ample proof that early intervention in complex emergency situations is the key to minimizing death, suffering and societal disruption.. *Anticipation*, then, is a critical aspect of effective response.

In today's environment of volatile social and political risk in many parts of the world, *coordination* with other donors including the international organizations, regional entities and financial institutions is a *sine qua non*.

Because of the number of societal crises epidemic in the world today, we must limit the duration of our involvement and must ensure that *disengagement* criteria are considered in strategic planning.

- Precise measurement indices need to be developed to monitor progress and evaluate results to assure that the above conditions spelled success, such as:
- The signals indicating the need for intervention were recognized at a time when appropriate action could be taken to minimize the disruption.
- A timely commitment was made to take decisive action to resolve the problem.

- Strategy was set to incorporate available resources, including those of other donors, in a viable plan of action.
- Contingency planning was effective in counterbalancing fallacious assumptions.
- Resources were sufficient to meet the objectives and allow the earliest feasible disengagement.
- Ultimately, the USG response will be measured on the basis of how rapidly and effectively the affected population achieved a desirable measure of stability.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

March 9, 1995

The Administrator

FROM THE ADMINISTRATOR

The *Guidelines for Strategic Plans* which accompany this letter are the product of more than a year of intensive external and internal consultations on how best to operationalize USAID's vision of managing for results. They build on the broad agency goals enunciated in the *Strategies for Sustainable Development*: encouraging broad-based economic growth, building democracy, stabilizing world population and protecting human health, protecting the environment, and providing humanitarian assistance.

These guidelines provide detail for all the Agency's operating units, including Missions and Bureaus in how to develop and implement a comprehensive and integrated approach to achieving these inter-related goals. They reiterate our commitment to a widely participatory process in design and implementation, and to the importance of looking towards our Agency's impact on people's lives rather than simply our impact on governments. They emphasize the central role of strategic planning based on a clearly enunciated set of policy objectives, and the importance of measuring progress toward these objectives in order to inform our decisionmaking process.

Many things in these guidelines are, of course, not new. The Agency has been working toward many of these objectives for years, and the valuable experience developed by Agency personnel in the course of this process has played a major role in informing the development of these guidelines. Still, as our experience and our willingness to measure success has grown, I believe you will find in this document many substantive improvements, and a far more integrated approach to sustainable development, than in earlier policy guidance documents. To the extent that these *Guidelines* differ from earlier policy directives, and even in some details from the *Strategies for Sustainable Development*, this document should be seen as the Agency's current guide for best practices.

I also recognize that sustainable development is a dynamic process in which we all continue to learn and improve our approach daily, and that these guidelines are far from perfect. I welcome comment and feedback from those on the front lines of sustainable development which PPC can use in refining and improving the guidelines when they are updated next year.

I have directed PPC and the operating Bureaus to use these guidelines as the standard against which mission and bureau strategic plans should be judged. As such, they will play a key role in Washington's review process as we move towards greater operational autonomy at the operational level.

The *Guidelines for Strategic Plans* are an important agency document, and I urge all Agency senior managers to read them in their entirety. In doing so, I would hope that you will discover new opportunities for cross-sectoral synergies and for better ways to achieve our common objectives. I need to know whether they are in fact serving this purpose, and I hope you will let me know directly.



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

GUIDELINES FOR STRATEGIC PLANS

February 1995

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I. ACHIEVING RESULTS: THE STRATEGIC MANAGEMENT PROCESS

USAID has embarked on an ambitious effort to shift its focus of attention from directing *inputs* to managing for *results*. Building on the Agency's strategy statements, which identify five priority areas, these Implementation Guidelines are part of the new programming process that emphasizes clear strategic objectives and that marshal USAID resources, both financial and human, to achieve results. Efforts are underway to develop an agency-wide strategic plan which will encompass the strategies articulated by the various branches of USAID, focused around these five principal themes of sustainable development.

The Agency now requires, under the *Agency Directive on Setting and Monitoring Program Strategies* (May 1994), that each operational unit (i.e. mission or USAID/W office) develop a strategic plan that distinguishes areas of focus, implementation modalities and evaluation criteria for progress. These strategic plans are the underpinning both for allocating resources and for assessing performance. This enables the Agency to direct resources to where they are most likely to contribute toward achieving the Agency's priority objectives. These Guidelines are designed to facilitate USAID's ability, at all levels, to develop strategic plans that are consistent with the Agency's focus on sustainable development.

Participation is key to the development of strategic and action plans. As a results-oriented organization, USAID "begins with the customer" to ensure that the development effort contributes to change

processes that are consistent with the values and priorities of people who will have to sustain them. The Agency should use a variety of methods to ascertain the perspectives of its potential "customers" or intended beneficiaries. To ensure that the strategic direction of USAID's assistance is congruent with the needs of host country counterparts and that the programs and changes achieve lasting results through local ownership, USAID must consult and collaborate with a broad range of development partners. These include national and local governments, local institutions and associations of different sorts, and nongovernmental organizations working with and advocating the perspectives of the poor.

Country Strategic Plans. The principal purpose of these Guidelines is to help shape the development of country strategic plans, which lie at the heart of this new programming process. All operational units are expected to have a strategic plan in place at all times. These multi-year plans (typically 5-8 years) will establish the basic framework for programming USAID assistance and demonstrating results of our programs.

The mission strategic plan should encompass *all* USAID assistance to a country, *including centrally managed field support resources and non-emergency food aid*. The plan must clearly articulate the types of support the mission program requires from USAID/W. The plan describes the key features of the assistance environment and outlines a USAID program strategy (including strategic objectives, key problems to be

addressed, programmatic approaches, performance indicators, baselines and targets, key assumptions, and essential research required). Missions should develop their plans in coordination and active collaboration with their local counterparts, both governmental and non-governmental, as well as with appropriate representatives from USAID/W (i.e. regional bureaus and the Global Bureau).

In the current reality of decreasing international development assistance resources, USAID missions should pay special attention to developing their plans within the context of a broad donor collaboration effort. Missions should seek donor consensus on sustainable development priorities, policies and programs in order to maximize the effective coordinated use of scarce resources. Mission plans should identify to the extent possible the scope of the development problems to be addressed by the donor community, and the estimated resources available by sector and program. Plans should explicitly identify how they will complement other donor resources, particularly focusing on technical leadership and collaboration in the priority USAID areas. Joint donor conditionality and policy reform should be included in the document, where relevant.

Regional and Central Strategic Plans. Strategic plans are also required for USAID/W offices and bureaus, including G and BHR, which manage substantial portfolios of program-funded activities. These plans should be developed by the operational unit which has programmatic management responsibility for those activities, and shall cover all activities handled by that unit (i.e. Office of Health and Nutrition for child survival). These will look

different from country strategic plans, but have the same purpose of articulating clear objectives and identifying performance indicators and targets that can be used to assess progress and to hold managers accountable for achieving agreed upon results.

Annual Action Plans. The document on which annual reviews will be based will be the annual action plans. They will be developed by all operating units, based on the strategic plans. The missions, in collaboration with the Global and Regional Bureaus and with PPC, will develop and revise plans for approval by USAID/W. These plans will feed into the agency-wide budget planning and allocation process. The action plans will describe actions and resources required to implement the unit's strategic plan in the current fiscal year and the two successive budget years. Based on USAID/W guidance concerning resource availabilities and the Administration's priorities, these will be updated annually, providing a rolling set of three-year plans for strategy implementation.

USAID/W Review and Approval. All strategic plans and action plans will be reviewed and approved by USAID/W (PPC, M, and operating bureaus). Assessment of the plans will include: clarity, logic and feasibility of the strategy; compliance with Agency policy and guidelines; clear delineation of expected results and evidence of results performance; and appropriateness in light of expected resource availabilities. The strategic plan will provide the basis for the "management contract" between the field and Washington.

Performance Monitoring. Using strategic objectives, performance indicators

and targets identified in the strategic plans and action plans, each operational unit will conduct progress reviews at least once a year to determine whether satisfactory progress is being made toward achieving its strategic objectives. USAID/W will conduct periodic program performance reviews of the Agency's major portfolios to identify any emerging issues which may warrant senior management attention. These will be supplemented by periodic in-depth assessments. Drawing on the results of progress reviews, the Agency will prepare an annual consolidated report on program achievements.

II. USAID GOAL: SUSTAINABLE DEVELOPMENT

Sustainable development is a dynamic process, not a fixed objective. It requires building lasting individual, institutional and societal capacity to respond to changing circumstances, new needs and evolving opportunities.

Countries where sustainable development is occurring are those in which human and financial resources and the institutions to effectively manage social change (including disasters and emergencies) exist. To be fully sustainable, development must be increasingly reliant on indigenous resources and capabilities.

Conditions that indicate a lasting indigenous capacity to manage social change effectively and to sustain development progress include:

- *Population growth which is within the economic and ecological carrying capacity of countries and regions and that permits maintenance*

of healthy and productive populations;

- *Responsible stewardship of the natural resource base;*
- *Broad-based participation in political and economic life;*
- *Rising living standards, reduced food insecurity and poverty, and broadly available social benefits for current and future generations;*
- *Effective local capacity to prepare for and respond to natural and manmade disasters.*

Progress in these areas is interrelated: experience demonstrates that sustained progress is most unlikely in only one or two areas if no progress is achieved in the others. For this reason, USAID assistance will look for synergies, where progress in one area will reinforce progress in others. Therefore, to the maximum extent possible, country strategies should be integrated at the macro level, building on an analysis of overall development progress and a careful assessment of the ways in which USAID's priorities support broad based development.

This does not mean that USAID country programs are expected always to include activities addressing development constraints in all five priority areas. Strategic plans should show where USAID can provide vital support and assistance that will enable people to solve their own critical problems; how these USAID-funded efforts fit together; and how they relate to what other donors and indigenous institutions are doing.

Throughout these analyses, USAID places a high priority on equity and distributional dimensions of development. How do performance, prospects and opportunity relate in particular to poor, disadvantaged and marginalized groups, particularly women? Supporting clear, timely and sustained improvements in the capacities of these disadvantaged groups to participate fully in expanding opportunities should be an important objective in designing USAID programs.

In situations in which host government institutions and priorities themselves pose significant obstacles to achieving sustainable development, strategies may need to actively support those elements of society that are pursuing alternative approaches and who may ultimately be effective in opening up previously unresponsive government institutions or in serving as alternative development channels. Increased programming through host country and international NGOs may be vitally important in this effort.

III. DEVELOPING USAID STRATEGIC PLANS

Within the framework of USAID priorities, country strategic plans should assess *opportunities* and *constraints*, and identify *strategic objectives*. The Agency defines a strategic objective as the most significant development result which can be achieved within the time period of the strategic plan and for which the operational unit will be held accountable. These objectives will establish the context for specific USAID activities and the standards against which their success will be judged.

Although the final strategy document

itself should be brief, it should be based on careful analysis of the factors noted below. Where these key indicators suggest a serious development constraint, the presumption is that country strategic plans must show how USAID will help address them, absent a compelling argument to the contrary (e.g. scarcity of AID resources; other donor activities; absence of a supportive policy stance or sufficient capacity on the part of the recipient). This presumption is particularly strong with regard to USAID global priorities of population, global warming, biodiversity, and the HIV/AIDS epidemic. However, this does not preclude USAID activities and strategic objectives in areas where these indicators suggest that conditions are not quite as acute as long as a clear rationale can be put forth as to why such activities are of particular importance to the overall strategy.

Key Factors in Population and Health. The presence of any of the following key factors indicates a critical constraint to sustainable national development exists within this sector. If this is the case, the country strategy must give serious consideration to formulation of strategic objectives which address family planning, reproductive health and child survival:

- Annual total GDP growth less than 2% higher than annual population growth over the past ten years.
- Unmet need for contraception (i.e., women who do not currently wish to become pregnant but are not currently using contraception) at or above 25% of married women of childbearing age.
- Total fertility rate above 3.5.

- Under five mortality rate at or above 150 per thousand live births.
- Maternal mortality ratio at or above 200 maternal deaths per 100,000 live births.
- Prevalence of STDs at or above ten percent among women aged 15-30.
- Stunting (height for age at least two standard deviations below mean) found in at least twenty-five percent of children under 5.

In addition to these factors, efforts to combat the global HIV/AIDS epidemic require analysis of a separate set of factors. If the STD indicator or either of the following factors are present, then priority consideration should be given to development of a strategic objective directed at the prevention of HIV/AIDS:

- General HIV prevalence in low risk groups at or above one percent.
- HIV prevalence in a high risk group at or above ten percent.

Global Population and Health Priority Countries. USAID has identified global population growth as an issue of strategic priority for the agency as a whole. In addition to the analyses noted above, particular attention will be given to the development of strategies directed at family planning, child survival and reproductive health in those countries which have the largest total unmet need for contraception (see Annex A for further discussion).

Key Factors in the Environment.
The presence of any of the following fac-

tors indicates severe environmental degradation. Strategic plans that will help address the root causes of these problems should receive serious consideration. Many of these factors in many countries are not currently measured; expert judgement will often be required in lieu of actual data.

- Quantifiable losses in GDP of 5% or more due to natural resource depletion (deforestation, depletion of fisheries, soil erosion, overgrazing of rangeland) and/or pollution (work time lost from disease and death, environmental restrictions on industrial activity and transport, costs of mitigation and remediation).
- Rapid rate of degradation (e.g. 1% p.a.) of key ecosystems, e.g.:
 - deforestation.
 - conversion of wetlands.
 - loss of coral reefs.
 - conversion of savannah.
- Unacceptable environmental health risks, e.g.:
 - annual mean concentration of fecal coliforms in highly used water bodies exceeds 1000 per 100 milliliter sample.
 - annual mean concentrations of suspended particulate matter and sulfur dioxide in major urban areas exceed 300 and 100 micrograms per cubic meter, respectively.

However, existence of severe problems is not a necessary condition for missions to identify environmental strategic objectives. Other key factors that also need to be considered include:

- Economic, ecological, and public health significance of undegraded resources (e.g. standing forests, wetlands, coral reefs, watersheds, topsoil, surface waters) and degree of potential threat.
- Public health and ecological implications of trends of urbanization, industrial development, and population/demographic changes.
- Priority given to strengthening environmental policies and programs by local partners, both governmental and non-governmental.

Global Climate Change and Biodiversity Priority Countries. USAID has identified global climate change and the loss of biodiversity as priority issues that are global in scope; issues where action in one country directly affects all others. For global climate change, USAID has identified ten key countries or regions: Brazil, India, Indonesia, Kazakhstan, Mexico, Philippines, Poland, Russia, Ukraine and Central Africa. Absent compelling arguments to the contrary, strategic plans for these countries should identify as an objective or sub-objective the reduction in rates of growth of greenhouse gas emissions. For biodiversity, USAID is currently in the process of identifying high-priority regions for biodiversity conservation. Subsequent guidance will address this issue.

Key Factors in Democracy. If any of the following factors are present, then serious consideration should be given to formulating strategic objectives to address political and institutional constraints to sustainable development:

- Incidents of torture and disappearances in countries where, for various reasons, the agency has decided to proceed with a sustainable development program - a determination should be based on Embassy reporting, Department of State country reports, UN documents, and information provided by credible human rights groups;
- Elections in which not all political parties participate or where the results of the last election were not accepted by the competing parties;
- Government denial of permission for political parties, labor unions, civic action groups and the independent media to register or operate freely;
- More than 50 percent of the population does not believe that the judiciary is independent or that they can effectively utilize the judiciary to resolve disputes;
- Women constitute less than three percent of elected national officials or women turnout in elections is less than 80 percent that of men; and
- Failure to prosecute military and police officials accused of serious human rights abuses.

Existence of other problems in the democracy sector also might suggest a USAID response, particularly where continuation of the problem would have consequences for programs in other sectors. This would include:

- A legislature in which a majority of

the members have never served before;

- A weak legal system, which acts to discourage investment and other business dealings; and
- An overly centralized system for policy formulation and implementation.

Key Factors in Economic Growth.

Presence of any of the following indicates severe economic growth problems, and suggests that serious consideration should be given to programs to address the root causes.

- Incidence of poverty greater than 30%, widespread food insecurity, and per capita income below \$500.
- Annual per capita economic growth less than 1.5% over past ten years .
- Persistent macroeconomic instability, as indicated by continuing need for IMF assistance and major adjustment programs over past 5-10 years.
- Inadequate health care as indicated by life expectancy of less than 61 years.
- Illiteracy above 40 percent, and female illiteracy greater than 1.25 times the total.
- Primary education enrollment rates less than 85%, or ratio of girls enrolled less than 80% of total ratio.

Key Factors in Humanitarian Assistance.

Humanitarian assistance is integral to sustainable development, and strategic plans must recognize the critical linkages between development and humanitarian assistance programs. Effective grass-roots development programs are often the best long-term means for addressing humanitarian concerns and preventing disasters. In preparing strategic plans USAID should assess a country's vulnerability and capacity to respond to natural and manmade disasters and examine factors such as food insecurity and extreme poverty which place vulnerable groups at high risk.

In countries which are "disaster prone" and have limited response capability, careful consideration should be given to developing objectives to reduce vulnerability through disaster prevention, mitigation and preparedness measures. Factors which characterize these countries include:

- Historical incidence of recurrent major natural disasters resulting in significant loss of life, infrastructure, and capital resources.
- Political and social instability and/or history of civil strife.
- Inadequate emergency management procedures and resources dedicated to prevention, mitigation, and preparedness.
- Poorly controlled industrial and nuclear processes which pose serious environmental threats.

Formulating humanitarian assistance objectives should also be considered when there are significant groups at high risk and

requiring immediate assistance as a result of the following factors:

- Significant food insecurity and levels of acute malnutrition.
- Natural disasters or civil strife which have resulted in major population dislocations, loss of jobs and income, destruction of property, or substantially reduced food production and availability.

Countries in Post-Crisis Transitions.

Aiding countries which are in a transitional situation after emerging from a national conflict, a political upheaval, or a natural disaster is a new priority under the Agency's Humanitarian Assistance Strategy. In identifying these countries and establishing strategic objectives careful consideration will be given to factors such as the need to demobilize and reintegrate troops and to resettle refugee populations, restoration of basic security and infrastructure, and the strengthening of economic and administrative structures and political institutions.

IV. CRITERIA FOR ASSESSING STRATEGIC PLANS

Clear results commensurate with costs. Strategies should identify expected program outcomes in clearly measurable terms; explain how these impacts directly contribute to the achievement of strategic objectives and agencywide goals; explain how these outcomes will be achieved within projected inputs; and demonstrate that these results bear a favorable relationship to costs.

People-level impact. USAID seeks to build the capacities and expand the opportunities of the poor majority of the developing world. Strategies should show (in specific and measurable terms) how the social, economic, environmental and political changes USAID supports will clearly help improve the lives of these disadvantaged populations.

Broad systemic changes. USAID strategies should be designed to have broad systemic impact, rather than consist exclusively of isolated, self-contained interventions. Such systemic impacts are likely to include changes in social rules and policies influencing public and private resource allocations, possibly through demonstrating the success of innovative approaches.

Tractable problems with reasonable prospects for success. Not all development problems can be solved. For example, it is not realistic to expect to eliminate all poverty. Furthermore, even when significant need is clearly established, opportunities for USAID assistance to be used effectively are not always present. Lack of political commitment, inappropriate policy frameworks or the absence of any recognized successful approach may all limit the opportunities for productive USAID investments. USAID will ask whether there are proven models or approaches to address particular problems successfully. Where there is no demonstrably successful approach, USAID strategies should be carefully constructed as experiments, complete with specification of anticipated results and a clear process to learn from the experience.

Integration. USAID objectives identified by strategic plans should be mutually supportive of the common objective of sustainable development. The strategy should provide the framework that integrates discrete activities at the strategic level and highlights complementary impact; integration should be given consideration as a tool to achieve the development goals of the operating unit rather than as an objective in itself. Strategic programs should look beyond individual projects to cross-cutting, systemic effects that create or exploit identified synergies.

Participation. Strategic plans should be developed in a participatory manner, drawing on the insights and experiences of a wide range of USAID development partners, particularly those truly representing segments of society that are currently marginalized. Activities should be designed, implemented and evaluated in collaboration with "customers" (intended beneficiaries) and partners, so as to complement and support communities' own self-development efforts and to engage broad commitment to the development changes.

Research. Strategic plans should include the identification of research plans to be addressed to solve key development constraints, and research-related performance indicators and targets should be appropriately identified as part of the overall strategic plan. Research should not be conducted for the single purpose of capacity building but should where possible contribute to building indigenous capacity to identify problems, propose and test clear and rational solutions, and carry out necessary actions.

USAID comparative advantages.

USAID will not attempt to address needs that are being adequately addressed by another donor or donors. Country strategies should show how USAID's field-based structure, experience and technical expertise provides an important advantage for our assistance efforts

Partnerships. Strategic plans should show how USAID will vigorously pursue opportunities to collaborate on mutually supportive activities (and avoid duplication and overlap) with other development efforts. This includes programs of other public and private entities, including bilateral donors, international financial institutions, private voluntary organizations, higher education institutions and private sector donors.

Sustainable improvements. USAID strategies must show how results can be sustained, including human capacities and prospects for institutional, political and financial sustainability over the long term. Improvements in social indicators that are wholly and permanently dependent on USAID assistance, without realistic prospects for independence, do not constitute sustainable development.

REFERENCES: Supplementary Guidance

These Guidelines build on, and should be read in the context of a series of directives which have been issued over the past year. These include:

- (i) the Administrator's Statement of Principles on Participatory Development (dated November 16, 1993), emphasizing USAID's renewed commitment to building opportunities for participation into development processes at all levels;
- (ii) the Administrator's "Framework Cable" (STATE 023472 dated January 28, 1994) which outlines idea of a strategic plan as central to programming USAID funds;
- (iii) the "Guidance for FY96 Programming Process" (STATE 104235 dated April 20, 1994) which mandates strategic plans as fundamental to the programming process; outlines generic requirements for strategic plans, annual action plans, and AID/W review process; and includes feedback on results to help guide allocation of funds based on performance; and
- (iv) the Agency Directive on Setting and Monitoring Program Strategies (May 31, 1994) which formally establishes strategic plans from operating units as the basic framework for programming assistance and reporting the results of USAID programs.

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Agency for International Development**Office of Health and Nutrition****Bureau for Global Programs, Field Support and Research****To:** Ms. Patsy Fleming**From:** Jacob Gayle**Phone:** 202/632-1090**FAX:** 632-1096**Number of pages (including cover sheet):** 4**MESSAGE:**

1. WHO/GPA activities which need to be continued/mainstreamed
2. Draft talking points for Prevention conference
3. You called about Tony Lake info; I'll retrieve it tomorrow.

GPA Activities at global level

WHO/GPA activities which need to be continued/mainstreamed

	Amounts to be disbursed in 1996 of funds obligated in 1995	Funds required in 1996 to honour GPA commitments, or continue priority activities
	US\$	US\$
Continued research under SDI (STD diagnostics initiative)	150,000	
Other STD research activities	40,000	
Training course for district level managers	170,000	
Support to the development of mechanisms for information sharing at country level	20,000	
Health care support, coping of HCWs dealing with AIDS, integration of STD services in MCH/FP, operational research and assessment of counselling activities	160,000	
Field testing of care and support indicators, finalization of publication		67,400
Field testing and finalization of MIS for use at country level		40,000
Condom promotion particularly related to sex interventions for youth (1995 or 96)	220,000	50,000
Design and evaluation of school AIDS/STD education interventions	80,000	
Continued support to CRD studies on e.g. mother to child transmission, treatment and prophylaxis of opportunistic infections, development of female-controlled methods to prevent HIV/STD transmission	456,700	2,700,000
Prevention intervention research aimed at developing persuasive and enabling approaches	2,550,000	800,000
Continued support to ongoing social and behavioural research	63,000	
Continued support vaccine development activities	52,200	1,600,000
Total	3,961,900	5,257,400

Patsy - draft: not final

To: Jeanine Margarite Buzy@G.PHN.HN@AIDW
Cc: Victor Barnes@G.PHN.HN@AIDW, Erik Delay@OED@pretoria
Barbara de Zalduondo@G.PHN.HN@AIDW
Karen Y Morita@G.PHN.HN@AIDW
Bcc:
From: Jacob A. Gayle@G.PHN.HN@AIDW
Subject: Patsy's Talking Points for the Prevention Conference
Date: Tuesday, August 1, 1995 18:47:49 EDT
Attach:
Certify: N
Forwarded by:

Jeanine: Would you fill in the blanks where requested? What do folks think? Given that Duff will discuss the impact of the Cairo conference on HIV and reproductive health, and Peter Piot will discuss the role of UNAIDS, it would be very helpful for Patsy to discuss the Paris Summit and the impact it has upon US domestic and international efforts against HIV/AIDS from hereon in.

1. HIV/AIDS knows no borders. To speak of AIDS as an "either/or," "domestic or international" perspective denies the reality that the world is truly united by HIV.
2. Our domestic efforts against HIV/AIDS contribute to the worldwide struggle against HIV/AIDS.
3. Any impact which HIV/AIDS has upon the rest of the world affects us in the US - whether directly or through indirect means.
4. On December 1, 1994 (World AIDS Day), the US took a major step, along with 41 other nations, to commit its domestic and international efforts to global solidarity against HIV/AIDS.
5. Through the Paris Summit, each country committed to improving efforts within its borders and across its borders to reduce the spread and impact of HIV upon its peoples and all people of the world.
6. The US took leadership roles in highlighting the need to include greater involvement of people affected by HIV (including people living with HIV), in all phases of HIV/AIDS action;
7. the urgency of dealing with the impact of HIV upon women, as well as populations deemed "vulnerable" within their societal contexts;
8. and the need to continue improving prevention and care efforts worldwide.
9. USAID was centrally involved in the planning and implementation of the Paris Summit, and for incorporating the Paris Summit principles within its activities.

JEANINE: CITE EXAMPLES

10. As we enter this new era with new challenges, we must continue to incorporate the Paris Summit principles in our actions. We must remember that, as Americans and as world citizens, we struggle against the global epidemic by serving within our borders and outside. Only with this perspective will a

worldwide challenge be successfully confronted.

**Office of
National AIDS Policy**

Correspondence Routing Slip

cc: Lahoma

Tracking Number: 61509
(File name in N:\correspondence directory)

Date Rcvd: 6-5-95

Staff Action:

Assigned To: _____

RCVD: _____ DONE: _____

Reviewed by Jeff: _____ Reviewed by Patsy: _____

Recommendations/Instructions:

To Support Staff: _____

Date of Response: _____



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

30 May 1995

Ms. Patricia S. Fleming
Director National AIDS Policy
National AIDS Policy Office
750 - 17th Street, N.W., Suite 600
Washington, D.C. 20503

Dear ~~Ms.~~ *Patsy* Fleming:

With pleasure I enclose an updated outline of the aims and expected outputs of the 3rd USAID HIV/AIDS Prevention Conference, which will be held 7-9 August 1995 in Washington, D.C. The new, more participatory structure and problem-solving focus of this working conference should make it an especially productive event.

A central purpose of the meeting is to enrich and inform USAID's HIV and reproductive health programming with the varied perspectives and experiences of our development partners. Through discussion and comparison, we expect that progress will be achieved in identifying and building new consensus on the state of the art in several important HIV/STD prevention-focused fields. Because of the interest of the National AIDS Policy Office in this and related topics, we hope that you will participate in the conference and encourage your program officers and grantees to consider participating as well. The broader the participation, the more effective and stimulating the conference will be. It would be beneficial if your institution could sponsor the travel of additional participants to join in the conference, as increasing the representation of developing country views will strengthen the conference and its proceedings.

We would be grateful if you would disseminate information about the conference to the people involved in HIV/STDs and reproductive health within your organization. We would be delighted to work with them to ensure that their perspectives are included in the conference as much as possible.

I will be delighted to discuss any aspect of this working conference with you, as would my colleagues in the HIV/AIDS Division. Kindly address substantive comments and inquiries to me at the following address:

Office of Health, Population, and Nutrition
of the Global Bureau
U.S. Agency for International Development
G/PHN/HN/HIV-AIDS
SA-18, Suite 1200
Washington, D.C. 20523-1817

You can also reach me via e-mail at jagayle@usaid.gov, by telephone at (703) 875-4494, or by fax at (703) 875-4686. Logistical matters are being managed for USAID by AIDSCAP, where Mr. Alfred Nimocks, Information Dissemination Officer, can provide

30 May 1995

Page 2

any registration materials and information. You or your colleagues may reach Mr. Nimocks through e-mail at animocks@fhi.org, via fax at (703) 516-4489, or by telephone at (703) 516-9779.

We look forward to your thoughts on the conference and to your participation and support.

With best regards,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jacob A. Gayle', with a large, stylized loop at the beginning.

Jacob A. Gayle, Ph.D.
Chief HIV/AIDS Division
Office of Health and Nutrition

Enclosure: 3rd USAID HIV/AIDS Prevention Conference Briefing Document



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

BRIEFING MEMORANDUM

FROM: Jacob A. Gayle, Chief, Division of HIV-AIDS,
Office of Health and Nutrition, Center for Population, Health and Nutrition
Bureau for Global Programs, Field Support and Research

SUBJECT: Third USAID HIV/AIDS Prevention Conference
August 7 - 9, 1995, Washington, DC

USAID will hold the Third USAID HIV/AIDS Prevention Conference in Washington DC, August 7-9, 1995. The theme of the conference is "Evolving Responses to an Evolving Epidemic." Its three goals are:

- To define and disseminate the current state of the art in HIV/STD prevention in developing countries;
- To highlight key challenges and questions for the next decade of HIV/STD interventions and programs, and to advance the state of the art by focusing the field's attention on those questions;
- To promote mutual learning among and across regions and audiences, for improved intervention programming within USAID and other participating organizations.

Nine years into USAID's initiative in HIV/AIDS programming, there is a clear need to take stock of lessons learned, to debate and disseminate those lessons, and to build a common platform of ideas, terms, tools and approaches for HIV/AIDS prevention work in the next decade. The Second USAID AIDS Prevention Conference in 1991 helped to shift the field from a focus on descriptive KABP studies and mass IEC to more theory-driven and audience-specific Behavior Change Communications programming. The third conference will help to focus and shift the field from a crisis intervention mode, toward mixed programming that can deal with HIV/AIDS as a multi-faceted, long-term challenge to international health and sustainable development. USAID has asked AIDSCAP to serve as the logistics contractor for the Conference, but the event is a forum to showcase and promote discussion of all USAID activities in HIV/STD prevention, care and support. It will be relatively small in scale (up to 800 can be accommodated in the conference space, but this should facilitate new linkages, dialog and exchange.

Conference Outputs

In keeping with the mission of the Global bureau, this conference will permit USAID to provide technical leadership in assembling diverse thematic and geographical perspectives on problems of recognized significance for HIV/STD prevention and care in the developing world; to advance the state of the art by systematizing and disseminating a new joint analysis of these problems; and to highlight the relevance of insights from global HIV/STD efforts for

improved policy and programs in the US. The conference will produce:

- A broad, participatory review of the evidence available to inform USAID's redesign of the umbrella AIDS Technical Support Project.
- Expanded data for the PHN Center's library of "success stories" and "lessons learned," including an expanded catalogue of HIV/STD interventions that are effective for/in specific kinds of situations/populations.
- Published Proceedings from the conference for wide dissemination. The Proceedings will include analytic summaries of each Plenary and Oral Presentation session highlighting the lessons learned and the outstanding issues for the second decade, and a series of review and discussion papers on the state of the art in key technical and policy areas.
- Greater public awareness of USAID projects, including the opportunity for US government and other gatekeepers to interact personally with developing country scholars and HIV/STD program personnel.
- Clarification and display for US audiences of the relevance of overseas HIV/STD interventions to US interests.
- Direct and indirect technical support for USAID Mission staff, by including them and their grantees and contracting agencies in the learning process.
- Stronger consensus on the state-of-the-art in various HIV/STD intervention fields, based upon a dialog opened to a wider array of interested and affected communities.

Conference Structure and Contents

An innovative conference format will be used to achieve these goals. Along with more traditional didactic presentations, including keynote speeches, "state of the art" addresses, and brief presentations from USAID and selected other HIV/STD projects, activities are programmed to maximize participatory exchange and cross-project analysis. This will be a **working conference**. It will devote significant program time to participatory Round Tables on a series of "key issues for the second decade." These will be followed up by linked Working Group sessions, to enable a larger group of participants to work with Round Table members to jointly identify and move toward consensus on the main technical and operational issues implicated in their Round Table/Working Group topic. Topics for the Plenary addresses and Round-Tables/Working Groups were drawn from technical advice received from HIV/AIDS experts and advocates, in an advisory meeting held at USAID/Washington on

January 30, 1995¹.

All sessions will have an appointed rapporteur, and co-chairs invited to represent diverse regional or audience perspectives on the session topic (e.g. Developing Country (DC) policy-maker and a US donor; a DC researcher from Latin America and another from Southeast Asia). Co-chairs and Round Table members all will be invited to comment on the session material in the light of the following cross-cutting themes:

- "Lessons without Borders" (south-north, south-south, and north-south mutual learning)
- Sustainability (challenges and strategies for promoting appropriate continuity of projects and services over time)
- Gender analysis (examination of gender differences in the impact of HIV/STDs and in resources and needs for prevention and care)
- Promoting appropriate (safe and constructive) participation of people from affected populations in all phases and types of HIV/AIDS activities
- A life cycle approach (dealing with HIV/STD as long-term challenges that affect people differently across the life cycle)
- Accountability (how to explain and justify activities to diverse stakeholders, from beneficiary audiences, to taxpayers in donor countries)
- Ethical issues, including equity of access and impact; and protection of human rights.

Review papers will be commissioned in advance to lay out the issues on each Round Table topic. These will be refined and excerpted in a 2-day, in-house pre-conference workshop. The revised papers will be distributed for discussion in the Round Table sessions, and for modification by Working Groups comprised of all interested conference participants. The Proceedings of the conference, comprised of the resulting papers, along with a report from each Conference session, will be edited and reproduced for wide dissemination shortly after the Conference. In this way, on-site learning and collaboration will be reinforced by post-conference activities, as participants share and discuss the resulting documents with colleagues in their home countries and fields.

Conference activities will be organized to strengthen links among developing country NGOs and HIV/AIDS research and service organizations in the USA, particularly NGOs of and for women, youths and minority communities. Non-USAID (private foundation) funding is being sought to support a post-conference activity to increase the technical and networking benefits of conference participation.

¹To ensure that the interests and issues of the Regional Bureaus, the PHN Center and other parts of the Agency are represented, and to promote excellence, relevance, and innovative thinking about the structure and content of the sessions, a meeting was held on January 30 at AID/W to solicit input and advice from colleagues representing diverse prevention-related specialties, mission concerns, and a range of organizations in the Washington Metropolitan area. Individuals and organizations invited to that meeting are listed in Attachment 1.

Invited Participants and Inter-Agency Coordination

A preliminary conference program and call for abstracts was sent out in December 1995, and a cable(State 032380) was sent to USAID Missions in January to encourage them to support conference participation by host-country members of their bilateral and multilateral projects, as well as by PHN Officers and others from the Missions. The Regional Bureaus, multilateral agencies with local offices, and a range of NGOs were invited to advise USAID on the structure and content of the Prevention Conference, and will be asked to provide input on effective speakers, session co-chairs, working group facilitators, and other important matters.

Because of the importance of this event to USAID's AIDS Technical Support Project, and to the field of AIDS prevention and care, we propose to invite participation from high level representatives of various relevant sectors, including US government, affected communities, USAID Bureaus and Missions, the scientific community, and Contracting Agencies (CA's). Representatives of the United Nations agencies (UNAIDS), the Pan American Health Organization, the World Bank, and other key multilateral and bilateral agencies and donors will be invited to participate in Round Table panels, as session co-chairs, and in other roles. A few representatives from exemplary HIV/AIDS prevention projects in the US also will be invited to present their work and to participate in the Round Table and Oral Presentation sessions. In addition, USAID will encourage other donors to participate in the conference sessions, and to fund developing country experts in HIV/STD research and interventions, to further enrich the conference and broaden its impact on the field.

Due to the small scale of this working conference, advance registration is strongly encouraged. Please direct enquiries and replies regarding conference registration and logistics to the attention of Mr. Alfred Nimocks, Information Officer, FHI/AIDSCAP, 2101 Wilson Boulevard, Arlington, VA 22201 (FAX: (703) 516-4489; email: animocks@fhi.org). Comments and suggestions regarding the program and other substantive issues are welcome, and may be directed to me or to Dr. Barbara de Zalduondo (Tel: (703) 875-4714, Fax: (703) 875-4686, email: bzalduondo@usaid.gov).

DRAFT
Planning for the 3rd USAID AIDS Prevention Conference

DRAFT Plenary Sessions, Speech Topics, and Possible Speakers and Session Chairs		
Session Theme	Speech Topic	Proposed Session Co-Chairs
8/7 9-10:30 Keynote/Opening Session	A Pandemic Without Borders: US Interests in HIV/STD Prevention Worldwide, (Proposed speaker - Diane Peterson) P. FLEMING	Brian Arnold and Peter Piot Duff Gillespie (Confirmed)
	Dynamic Epidemic, Evolving Responses: A Developing Country Perspective (Speaker: Eustace Muhondwa)	
	HIV/STD and Reproductive Health: Challenges and Synergies in the Population, Health and Nutrition Sector (Proposed speaker: Alan Simpson)	
	Evolving Responses, New bridges, New Partner: Insights and Concerns from the Perspective of a PLWH (Speaker: Jecenia De Jesus, ICW)	
8/7 11-12:30 Plenary Session I:	I.A. HIV Advocacy and Human Rights (Proposed speaker: Jonathan Mann)	Patsy Fleming and Duff Gillespie Michael F. + (2) (Invited)
	I.B. The Prevention-Care Continuum: Potential Synergies for Communities and Interventions (Proposed speaker: Quraisha Karim)	
	I.C. "Comprehensive" HIV/STD Prevention Programs [Behavior Change Communications; STD Control and Condom Logistics, supported by Behavioral Research; Policy Dialog and Evaluation] (Speaker: Peter Lamptey)	
8/8 Plenary Session II.	II.A. "High Risk Settings" and their Social, Economic and Political Determinants: Structural/Environmental Influences on HIV/STD Risk Behavior (Speaker: Daniel Tarantola)	Tim Wirth and Sally Shelton Dot + Anne Van Buren (Invited)
	I.B.. Sexuality and Gender Relations: Implications for HIV/STD Programs and Policies (Speaker: Geeta Rao Gupta)	
	II.C. Meanings of Sustainability for HIV/STD Programs-From Financial Independence to Long-term Behavior Change (Speaker: Elizabeth Reid)	
8/9 Plenary III Reports from the Working Groups An Expanded Vision of the State of the Art	Working Group 1 (see Round Table Topics)	Tim Wirth and Sally Shelton WIRTH + SALLY SHELTON (Invited)
	Working Group 2 (see Round Table Topics)	
	Working Group 3 (see Round Table Topics)	
	Working Group 4 (see Round Table Topics)	
	Working Group 5 (see Round Table Topics)	
	Working Group 6 (see Round Table Topics)	
	Working Group 7 (see Round Table Topics)	
	Working Group 8 (see Round Table Topics)	
Closing Session and Thanks	Synthesis; highlights; what USAID has learned	Tim Wirth and Sally Shelton WIRTH + SALLY SHELTON WIRTH + SALLY SHELTON
	Closing and Thanks	

ROUND TABLE/WORKING GROUP TOPICS
USAID HIV/AIDS Prevention Conference

RT/ WG	Theme
1 (Aug 7)	Prevention and Care: Implications for Program Improvement and Sustainability: Implications for program improvement and sustainability in different regional, sociopolitical and epidemiological contexts. (e.g., What are the true costs of artificial separations of primary prevention, and the many forms of care? What models exist for integrating prevention and care? What do they cost over time?)
2 (Aug 7)	Behavior Change Communication Strategies; Finding the Right Model(s) for Specific Audience(s) and Setting(s) (e.g., What is the menu of possible strategies? What does each involve, in terms of time, cost, materials, etc? What kind of expertise is needed to select the right communications response to suit the situation?)
3 (Aug 7)	Community Participation and Sustainability: Participation of and Advocacy for beneficiary communities in HIV/STD program conceptualization, design, implementation, assessment, and funding/support. (e.g., How to do it; Why it is important; How it relates to resource mobilization and sustainability in the short term and over time?)
4 (Aug 7)	Protecting, Respecting, and Strengthening Human Rights; Ethical dilemmas in clinical practice. (e.g., Discrimination against PLWH; Partner notification; Disclosure of HIV test results--to whom?; How HIV is different from other STD; What happens to prevention and care services when confidentiality isn't maintained? What protections are needed? How can they be implemented and monitored in resource poor settings? What are the training and reporting requirements? To whom are service providers accountable for confidentiality? etc.)
5 (Aug.8)	Benchmarks, Performance Indicators, and Evaluation of HIV/STD Interventions: How can and should we tell how we're doing? (e.g., How do we show progress to others? To whom are different kinds of projects accountable? What should our projects to monitor and report on a regular basis? How much will it cost to do so? What kinds of expertise are needed to do so? etc.)
6 (Aug.8)	Pros and Cons of Merging HIV and/or STD Services in Other Health and Family Planning Services. (e.g., What are the various possibilities for integration, and when is each type useful? needed? How can it be accomplished? What are the steps? Time horizons? Costs? What are the minima for each type of provider settings?)
7 (Aug.8)	HIV Counselling for Behavior Change. What kinds of "counselling" are there? What is each type for? What does each type require, and cost? What are the minimal contents of counselling for behavior change? (e.g. personal risk assessment counselling?)
8 (Aug.8)	Building Bridges among Community Members/Advocates, Producers and Researchers to Bring New, Needed HIV/STD Products to the People (e.g. Development of Vaginal Microbicides and other prevention tools for women; Constituencies, interests, constraints, and negotiating styles of diverse stakeholders in HIV/STD product development; Practical problems and solutions that can make partnership more possible.)

Oral Presentation Sessions (5 Periods w/ 3 concurrent sessions per Period) (DRAFT - Pending Review of Abstracts Accepted)
Impact of Cultures, Socio-economic Status and Gender on HIV
HIV and Youth: Meeting the Challenge
HIV/AIDS Prevention and Care Continuum
Case Management of Sexually Transmitted Diseases
Condom Social Marketing: Generating and Meeting the Demand for Condoms
Intervention Research: New Strategies and Methods
HIV/AIDS Education: Working with the Media
Community-based Interventions in HIV/AIDS Prevention and Care
HIV Counselling and Testing
Involving Indigenous and Traditional Groups in HIV Prevention
Policy Dialogue: What is It, and How to Use It?
Integration of HIV/STD Into Other Health Services
The Role of Social Environment on HIV Risk Behavior
Private Sector Response to HIV/AIDS
Targeted Interventions: Communities Respond to HIV/AIDS
Community Based Care and Interactions with Opportunistic Infections (e.g., TB)
HIV Policy Dialog as a Programmatic Strategy

Congress of the United States
Washington, DC 20515

August 1, 1996

Mr. Brian Atwood
Administrator
U.S. Agency for International Development
320 Twenty-first Street, NW
Washington, DC 20523

Dear Mr. Administrator:

As you know, the XI International Conference on AIDS recently concluded in Vancouver, providing new evidence of effective treatment and prevention programs for HIV/AIDS. In light of the important developments in Vancouver, we are writing to express our serious concern regarding leadership and staffing vacancies at USAID in HIV/AIDS specific positions. In addition, we want to state our strong support for the continuation of the AIDS Technical Support Project, the redesign of which USAID presented in Vancouver.

The United States has provided vital leadership for more than a decade on global AIDS programs. Most recently, the United States, working with other nations, led efforts to create the United Nations Joint and Cosponsored Program on HIV/AIDS (UNAIDS) which serves to better coordinate global and country level AIDS programs. In light of our historic leadership on this issue and the hopeful news announced in Vancouver regarding both treatment and prevention programs, we believe it is imperative that USAID's HIV/AIDS programs remain the world's strongest.

We are, therefore, very concerned about recent developments at USAID, including the fact that at present, USAID has not named a successor to head the Office of HIV/AIDS despite the fact that the current director has effectively left that position. We are also concerned that while at the beginning of this fiscal year, USAID's HIV/AIDS Office had 12 staff members including its director, at present the office has only 3 full-time staff members and no leadership.

In the current fiscal year, Congress appropriated over \$114 million for the HIV/AIDS Office and the programs it supervises and implements. We question how the management and implementation of the important work of this office can go forward under these staffing circumstances. In addition, it is our understanding that the HIV/AIDS policy position within the Administrator's office will soon become vacant, leaving yet another leadership vacuum on this issue.

RF, (52 -)
This came in
w/out Cover
Sheet
8/14
LHSR

Arwood
8/1/96

Page Two

In total, Mr. Administrator, these developments are disturbing and come at a time when our country should be building on its leadership role in combatting the AIDS epidemic rather than appearing to retreat from it. What is USAID's strategy to manage its HIV/AIDS program? We request that you provide us with a detailed staffing and leadership plan for USAID's global HIV/AIDS programs as soon as possible, including an explanation of how these staffing issues are affecting country-level implementation of programs.

We would also like to take this opportunity to comment on the AIDS Technical Support Project. Recent scientific developments provide an opportunity to improve the US global response to the HIV/AIDS pandemic via the redesign of the AIDS Technical Support Project which is now underway. As stewards of the world's largest bilateral AIDS program, we believe the United States must set the standard for the global response in the ongoing fight against the HIV/AIDS epidemic. We want to assure you of our strong support for continuation of the AIDS Technical Support Project, and we take this opportunity to call to your attention two important issues:

(1) We support the expansion of USAID's global AIDS programs to include a care element, with an eye toward working with domestic agencies that have expertise and experience in this area. To the extent that we can help make medical breakthroughs more widely available, we should do so.

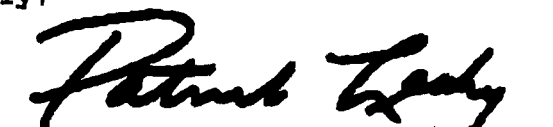
(2) We urge the creation of a mechanism to facilitate the direct sharing of skills between US community AIDS groups and their counterparts in other nations. Hard-won knowledge on how to fight AIDS on a community level should be shared widely. Direct linkage between like groups, with the minimum bureaucratic interference, is an excellent way to do so.

Mr. Administrator, we commend you for your leadership in addressing the many challenges of global development. Your continued commitment is critical to addressing the global AIDS crisis. We urge you to fill the vacant AIDS-specific positions at AID with individuals who are leaders and experts in the field of HIV/AIDS, and to incorporate scientific advances in the redesign of the US global AIDS programs with all the urgency this horrific pandemic demands.

Thank you for your attention to our concerns. We look forward to your response.

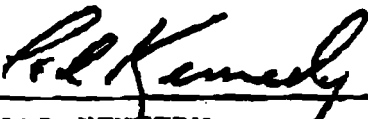
Sincerely,

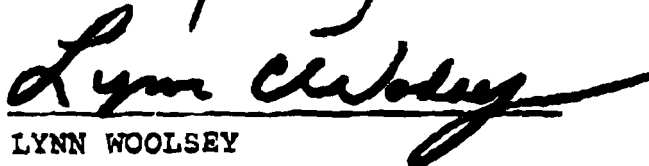

NANCY PELOSI

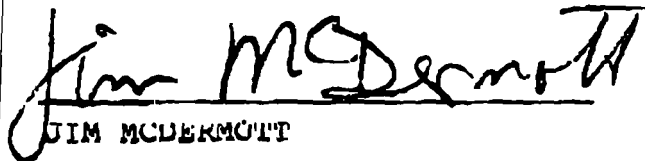

PATRICK LEAHY

Atwood
8/1/96

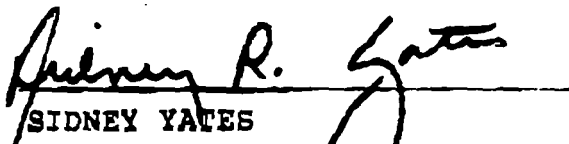
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EDWARD KENNEDY

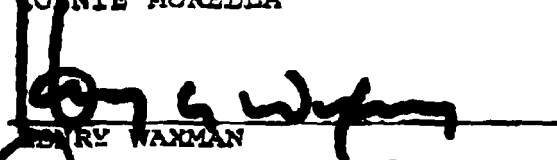

LYNN WOOLSEY

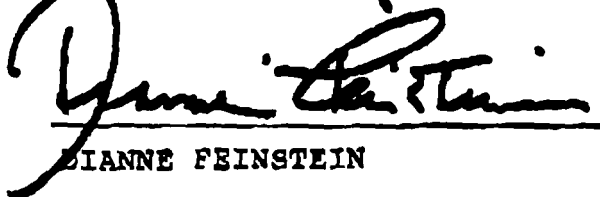

JIM McDERMOTT

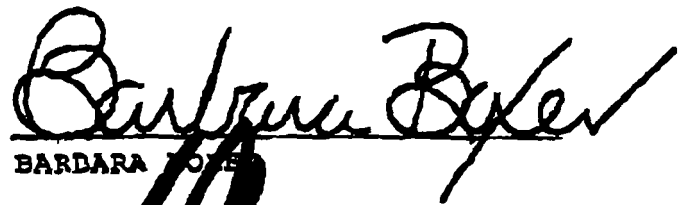

BARNEY FRANK


SIDNEY YATES


RONNIE MORELLA

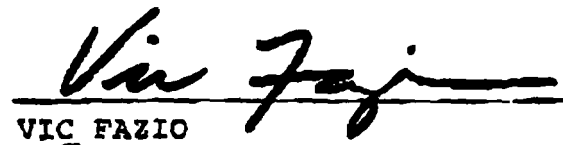

HENRY WAXMAN

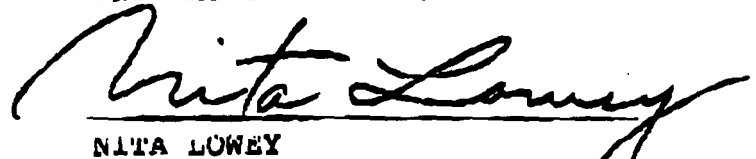

DIANNE FEINSTEIN

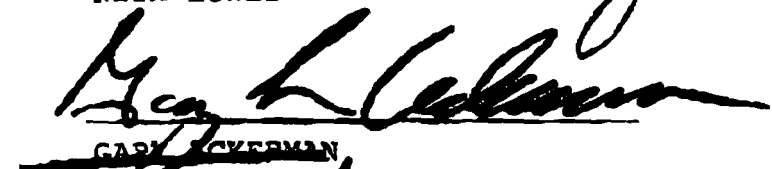

BARBARA BOXER


GERRY STUDDS


ESTEBAN TORRES


VIC FAZIO


NITA LOWEY


GARY ACKERMAN


TOM LANTOS


HOWARD BERMAN

**NORA
NATIONAL
ORGANIZATIONS
RESPONDING
TO
AIDS**

August 9, 1996

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Co-chairs

David Harvey
AIDS POLICY CENTER FOR
CHILDREN, YOUTH AND
FAMILIES

Miguelina Maldonado
NATIONAL MINORITY AIDS
COUNCIL

Executive Committee

Carle Goss
NATIONAL AIDS FUND

Rose Gonzalez
AMERICAN NURSES
ASSOCIATION

Dyron J. Harris
NATIONAL ALLIANCE OF
STATE AND TERRITORIAL
AIDS DIRECTORS

Urszula Lubinski
AIDS ACTION COUNCIL

H. Alexander Robinson
AMERICAN CIVIL LIBERTIES
UNION

Jane Silver
AMERICAN FOUNDATION
FOR AIDS RESEARCH

Winnie Stachelberg
HUMAN RIGHTS CAMPAIGN

Dear Mr. President:

We are writing to express our concern that staff vacancies in the Agency for International Development Office of HIV/AIDS threaten to incapacitate US global AIDS programs.

As you know the World Health Organization estimates that by the year 2000, over 40 million people will have become infected with HIV worldwide--a 100 percent increase over the 20,000,000 infected during the first fifteen years of the pandemic. Ninety percent of these infections are occurring in the developing world, mainly through heterosexual transmission. Half of all new infections occur among women, especially those under the age of twenty-five. In some urban areas of the hardest-hit countries, up to 30 percent of the sexually-active population now lives with HIV. This an unprecedented world crisis.

We believe that AIDS activities outside the IS are of importance to America. Americans understand the horror of AIDS and the human suffering behind the WHO statistics. We have witnessed the devastation of this disease in our families, our communities, and our nation. If we can help prevent other peoples from undergoing this horror then we should do so.

In addition, Americans benefit from the international coordination of research, the sharing of prevention lessons from around the world, and the protection of the basic human rights of people living with HIV/AIDS.

Therefore we are troubled that many of the AIDS specific positions at the Agency for International Development--including the Director of the Office of AIDS, the Coordinator of NGO Programs, and the AIDS Policy Coordinator--will become vacant in the next several weeks. Soon a full 75 percent of the AIDS office positions will be empty. Further we have been informed by the agency that these positions may remain unfilled indefinitely.

It would be disastrous for US global AIDS programs to become leaderless and understaffed at this time. Three reasons stand out:

1. USAID is in the process of redesigning its core AIDS program--the AIDS technical Support Project which is the largest bilateral AIDS program in the world.

NORA

A coalition convened by
AIDS Action Council

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2. UNAIDS--the new joint and cosponsored AIDS program of the United Nations--was just brought into existence by the US and other countries at the beginning of this year. .3
Scientific advances on both care and prevention, including those reported at the recent International Conference on AIDS in Vancouver, need to be incorporated into US global AIDS programs.

3. Scientific advances on both care and prevention, including those reported at the recent International Conference on AIDS in Vancouver, need to be incorporated into U.S. global AIDS programs.

For over a decade the US has provided innovative leadership in response to the HIV pandemic such as in the creation of the Global Program on AIDS and more recently UNAIDS. This leadership has increasingly included lessons generated from our domestic AIDS response--to emphasize the inclusion of community based groups and people from affected communities including people with living with HIV. Much of the US vision was reflected in the 1994 Paris AIDS Summit Declaration which was signed on your behalf by Secretary Shalala. The seven global AIDS initiatives agreed to in this document are only now beginning.

Clearly Mr. President, now is not the time for USAID to allow its Office of HIV/AIDS to become vacant. Instead this is a time for US leadership to be expanded and for advances in care and prevention to be fully utilized. We urge that the vacant AIDS specific positions with USAID be filled immediately with personnel expert in global AIDS issues.

Thank you for your attention to this letter. We will contact Ms. Fleming in early September to discuss this matter further.

Sincerely,

Act-Up Golden Gate
Act-Up Los Angeles
Act-Up Philadelphia
AIDS Education Global Information System
AIDS National Interfaith Network
AIDS Network of the Tri-State Area
AIDS Policy Center for Children, Youth & Families
AIDS Project Los Angeles
AIDS Treatment News
Academy for Educational Development
American Public Health Association
American Red Cross
Association of Schools of Public Health
Children's Hospital of New Jersey
Cities Advocating Emergency AIDS Relief Coalition
Critical Path AIDS Project
Funders Concerned About AIDS

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Gay Men's Health Crisis (NY)
 Global AIDS Action Network
 Housing Works, Inc.
 Human Rights Campaign
 International Christian AIDS Network
 Mobilization Against AIDS
 National AIDS Fund
 National AIDS Interfaith Network
 National Alliance of State and Territorial AIDS Directors
 National Association of People With AIDS
 National Council of Jewish Women National Catholic AIDS Network
 National Episcopal AIDS Coalition
 National Hemophilia Foundation
 National Latino/a Lesbian & Gay Organization
 National Lesbian & Gay Health Association
 National Minority AIDS Council
 National Ryan White Title IIIB Coalition
 PWA Health Group (NY)
 San Francisco AIDS Foundation
 Union of American Hebrew Congregations

cc: Rep. Nancy Pelosi, U.S. House of Representatives
 Sen. Patrick Leahy, U.S. House of Representatives
 Mr. Timothy E. Wirth, Under Secretary for Global Affairs
 Mr. J. Brian Atwood, Director, U.S. International Development
 Cooperation Agency
 Ms. Patsy Fleming, Director, Office of National AIDS Policy
 Mr. Duff Gillespie, Deputy Assistant Administrator, USAID