

Zimbabwe

The Development Challenge: Zimbabwe is in the midst of four destructive and interrelated crises: humanitarian, HIV/AIDS, economic and political. No sector of this once vibrant and growing economy has gone unscathed, nor has any segment of the nation's diverse population. Zimbabwe was once acknowledged as an enduring post-independence success story, but the actions of the Government of Zimbabwe (GOZ) over the last several years have caused immense damage to the nation's economy, democratic institutions, social cohesion and welfare. Repairing Zimbabwe's tattered institutions and rebuilding its economy promise to be a long and difficult process. It is also one that most observers agree the country cannot embark upon without first addressing the underlying political crisis that polarizes this troubled nation.

Zimbabwe's economic and social indicators paint a picture of a country in deep crisis: 7.2 million people (over one-half of the population) require emergency food and other humanitarian aid to survive; over one third of the sexually-active population is HIV positive (with an estimated 4,000 deaths per week); GDP is expected to have declined by at least 12% in 2002 (the largest decline in the nation's history); the annual inflation rate is conservatively estimated at 175% (500% anticipated in 2003); unemployment is officially estimated in excess of 60%; and acute shortages in basic food supplies, medicines and fuel persist. The nation's crisis has resulted in a large-scale exodus of teachers, social/health care workers and professionals with marketable skills. Staffing at many health clinics is estimated at only 40%.

Objectives for U.S. assistance in Zimbabwe are to: prevent a further deterioration of the political and economic situation and the consequent detrimental impact on the region; strengthen the prospects for stability by fortifying civil society and democratic institutions; and implement an effective response to the catastrophic HIV/AIDS pandemic.

The USAID Program: In response to the humanitarian crisis, USAID is collaborating with U.N. agencies, other donors and non-governmental organizations (NGOs) to provide food assistance to approximately 7.2 million of the 13.1 million Zimbabweans. Utilizing three different NGO delivery mechanisms, USAID has committed 217,000 metric tons of food with a value of approximately \$110 million. While food distributions so far have been confined to rural areas, the UN and other donors are exploring the need to provide assistance to some of the peri-urban and urban areas in Zimbabwe as well. USAID is sponsoring small agricultural recovery and supplemental feeding programs with three US PVOs, and is contributing to the UN's local humanitarian assistance coordination unit.

In addition to the ongoing emergency food and humanitarian assistance, USAID's core program has two Strategic Objectives (SOs) and one Special Objective (SpO) in areas where it has a comparative advantage in assisting Zimbabwe to emerge from this tumultuous period: 1) the mitigation of the HIV/AIDS pandemic; 2) increasing dialogue between the citizenry and selected government institutions; and 3) enhancing access of the most disadvantaged groups (principally in rural or peri-urban areas) to micro-finance and related business and technical support services. Since January 2002, however, the Mission's program has been subject to the restrictions of the Brooke-Alexander Amendment. In addition, in response to the flawed presidential election of March 2002, U.S. Government policy has further restricted USAID's assistance to or through the GOZ.

Aside from immediate humanitarian needs, USAID is focused on mitigating the devastating HIV/AIDS pandemic through innovative programs to promote behavior change and reduce the stigma of AIDS. The HIV/AIDS program is focused on: voluntary HIV/AIDS counseling and testing services; social marketing of condoms; integration of HIV/AIDS-related activities into existing family planning programs; strengthening the capacity of civil society to formulate and advocate for improved HIV/AIDS policies; supporting community responses to the need for care of orphans and other vulnerable children; and providing support services for those with HIV/AIDS. In FY 2003 USAID will focus on scaling up the successful Voluntary Counseling and Testing services program to increase impact, and identifying appropriate prevention, care and support for those with HIV/AIDS.

With the full engagement of Zimbabwean partners, USAID is increasing the dialogue between civil society and select government institutions (Parliament and local authorities) so that the concerns of the disenfranchised majority of Zimbabweans are heard. This program is focused on supporting civil society organizations to advocate on issues such as governmental budget priorities, improved urban services, and the rights of women, children and minorities; assisting Parliament in exercising its oversight role for ministries and soliciting citizen input in its proceedings; and developing the capacity of local government authorities to receive and utilize citizens' input in their decision-making processes. For FY 2003, USAID will build on the institutional strengthening begun with Parliament and local authorities and continue to encourage dialogue between these government institutions and civil society.

As a direct complement to USAID's HIV/AIDS and participation programs, USAID's third principal initiative is to increase economic opportunities for disadvantaged groups. These groups include those living below the poverty line (a rapidly expanding segment of the population given the economic crisis), women, subsistence farmers and farm workers, the handicapped, orphans, and others infected and affected by HIV/AIDS. Consequently, providing assistance to the very large and growing informal sector is the most viable way of creating employment and income for the poor majority. The economic opportunities program is focused on: increasing access to micro-finance services; improving the business capacity of the disadvantaged through skills training; providing commercial and agribusiness linkages and market opportunities for subsistence farmers; and providing low-cost, labor-efficient technologies (such as drip irrigation systems) to increase incomes for HIV/AIDS-affected households. For FY 2003, depending on available funding, USAID will look to expand distribution of the successful drip irrigation kits and work with a local micro-finance grantee, Zambuko Trust, in its long-term efforts to transform itself into a commercial financial institution.

Other Program Elements: Very substantial and diverse assistance is coming from the Agency's Democracy, Conflict and Humanitarian Assistance (DCHA) Pillar Bureau: 1) the Office of Food for Peace and the Office of Foreign Disaster Assistance Offices are providing emergency food and humanitarian assistance; 2) the Office of Transition Initiatives is supporting freedom of the press, the rule of law, grassroots organizations, and human rights, in close coordination with the Mission's "Participation SO"; 3) the Private Voluntary Cooperation Office is supporting one of Zimbabwe's leading microfinance institutions (Zambuko Trust, which the Mission is also supporting under its "Economic Opportunities" SpO) and is also supporting the Citizens Network for Foreign Affairs volunteers; and 4) the American Schools and Hospitals Abroad Office is supporting Zimbabwe's Africa University. The Economic Growth, Agriculture and Trade (EGAT) Pillar Bureau is also supporting the mission's SpO through its Micro-enterprise Innovation Program.

Within USAID's Regional Center for Southern Africa (RCSA) portfolio, there are four activities dealing with natural resource management; three supporting agricultural research and policy development; five supporting the development of Southern Africa regional trade and economic integration; and three encouraging anti-corruption, enhanced legislative processes, and greater media freedom. Additionally, under the Global Health Pillar Bureau, the regional HIV/AIDS program is providing support complementary to the mission's bilateral activities by focusing on HIV/AIDS mitigation along international trucking routes and at border sites. Lastly, the Centers for Disease Control (CDC) is working with the host government to combat the AIDS pandemic and with WHO on other health-related issues.

Other Donors: In addition to the United States, the major non-food aid donors are: the European Union (governance, social services and environment); the United Kingdom (poverty, agriculture, AIDS/health and private sector); Japan (environment, self help, AIDS/reproductive health, education, infrastructure and private sector); and Sweden (HIV/AIDS and democracy/human rights). Implementing smaller programs are the Netherlands (governance and HIV/AIDS) and Norway (health and education, although their program is now in abeyance). Germany (once a major donor) and Denmark have both withdrawn their development assistance programs since the March 2002 Presidential elections. Food and other humanitarian assistance is being provided directly or indirectly by all of the above, plus: Australia, Austria, Denmark, Finland, France, Germany, Norway, South Africa, South Korea, Switzerland, the African Development Bank and the U.N. agencies.

In June 2002, the International Monetary Fund (IMF) adopted a declaration of non-cooperation regarding Zimbabwe's overdue financial obligations, and suspended the provision of technical assistance. Likewise, the World Bank's program has been terminated due to poor performance and the breakdown in the rule of law. Currently, the Government of Zimbabwe is in arrears on all of its multilateral debt obligations.

All but one major bilateral donor have stopped government-to-government assistance, opting instead to channel their aid through NGOs. The U.N. family of agencies remains active in Zimbabwe in several sectors (AIDS/health, education, environment and governance). Because bilateral relations between most donors and the GOZ are strained, the UN is serving as the principal interlocutor among the parties. The U.N. coordinates the range of humanitarian assistance, actively involving all major bilateral donors. Donor coordination is excellent, especially with respect to the emergency food and humanitarian assistance program. USAID, in conjunction with CDC, leads the coordination of HIV/AIDS activities in country, while USAID is a principal member of the donors' good governance group committee.

Zimbabwe PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	6,438	6,450	14,223	15,835
Development Assistance	6,384	2,512	1,885	746
Economic Support Fund	3,280	6,000	0	4,000
PL 480 Title II	0	25,522	0	0
Total Program Funds	16,102	40,484	16,108	20,581

STRATEGIC OBJECTIVE SUMMARY

613-008 Participation				
DA	2,790	2,512	1,385	746
ESF	3,280	5,500	0	2,500
613-009 HIV/AIDS				
CSH	5,939	5,950	13,723	15,335
DA	2,084	0	0	0
613-010 Linkages for the Advancement of the Disadvantaged				
CSH	499	500	500	500
DA	1,510	0	500	0
ESF	0	500	0	1,500

Data Sheet

USAID Mission:	Zimbabwe
Program Title:	
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	613-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	1995
Estimated Completion Date:	30 September 2003

Summary: No FY 03 obligation planned.

Inputs, Outputs, Activities:
FY 2003 Program:

FY 2004 Program:

Performance and Results:

US Financing in Thousands of Dollars

Zimbabwe

613-001	DA	DFA	ESF
Through September 30, 2001			
Obligations	12,400	17,796	400
Expenditures	8,841	17,672	400
Unliquidated	3,559	124	0
Fiscal Year 2002			
Obligations	0	0	0
Expenditures	1,097	-10	0
Through September 30, 2002			
Obligations	12,400	17,796	400
Expenditures	9,938	17,662	400
Unliquidated	2,462	134	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	0	0
Total Planned Fiscal Year 2003			
Obligations	0	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	12,400	17,796	400

Data Sheet

613-002: No Summary and/or Pillar information entered for this SO.

US Financing in Thousands of Dollars

Zimbabwe

613-002	DA	DFA	ESF
Through September 30, 2001			
Obligations	5,038	22,225	12,377
Expenditures	4,077	21,743	12,377
Unliquidated	961	482	0
Fiscal Year 2002			
Obligations	0	0	0
Expenditures	332	305	0
Through September 30, 2002			
Obligations	5,038	22,225	12,377
Expenditures	4,409	22,048	12,377
Unliquidated	629	177	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	0	0	0
Total Planned Fiscal Year 2003			
Obligations	0	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	5,038	22,225	12,377

Data Sheet

USAID Mission:	Zimbabwe
Program Title:	Participation
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	613-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,385,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$746,000 DA; \$2,500,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: USAID's program to enhance citizens' participation in economic and political decision making includes training, technical assistance, study tours, and grants to local organizations to: 1) enhance civil society's advocacy activities to Parliament and local authorities; 2) build a more effective and accessible Parliament; and 3) support local authorities to be more capable and open to local citizen input. The purpose of this program is to pursue longer-term capacity building in selected government institutions and in civil society organizations (CSOs) in order to promote sustainable dialogue and public discourse.

Inputs, Outputs, Activities:

FY 2003 Program:

Improved CSOs' Representation of Citizens' Interests at National and Local Levels (\$885,000 DA). FY 2003 DA funds will be used to support the advocacy programs of sixteen CSOs so that they can generate increased demand for greater openness and inclusiveness in national-level decision-making through improved advocacy to Parliament. Pact, Inc. provides training, technical assistance, and sub-grants to carry out this program. The CSOs will continue to advocate on nationally significant issues such as human rights and civil liberties. These issues range from the amendment of the Public Order and Security Act that severely restricts citizens' freedom of expression and assembly, to advocating for birth certificates for HIV/AIDS orphans so that they can grow up and enroll in primary school, acquire a passport, and register to vote. At the local government level, small grants will be awarded to 14 local CSOs to strengthen their capacity to articulate their constituents' concerns and advocate to their respective local authorities. Advocacy issues will include improved delivery of urban services, transparency and accountability, governmental budget priorities, strategic planning and performance monitoring. The Urban Institute will provide training, technical assistance and sub-grants to the local CSOs. Principal contractors/grantees: PACT, Inc. and the Urban Institute.

More Effective and Accessible Selected National Government Institution (Parliament). This program will be continued using already obligated prior year funding. Support to the Parliamentary reform agenda will continue to strengthen the legislative process, the portfolio committee system, and the capacity of Parliament to better involve citizens and citizens' groups in Parliamentary business. Continual strengthening of the portfolio committee system will increase public participation in the legislative process and help Parliament exercise oversight of ministries. The State University of New York (SUNY/Albany) provides technical assistance, training, and study visits for Members of Parliament and parliamentary staff. Specific activities will include support to the Counsel of Parliament, development of a committee operations manual, establishment of public hearing guidelines, review and revision of Parliamentary standing orders, support to the Women's Caucus, expert technical support to the portfolio committees, and training for the Parliamentary clerks and researchers. Principal contractors/grantees: SUNY/Albany.

Local Authorities More Capable and Open to Local Citizen Input (\$500,000 DA). USAID will expand technical assistance and training from five to fourteen local authorities. Activities include: training elected mayors and councilors in good governance and effective participation of civil society; assisting local authorities to move towards increased creditworthiness so they can access private capital markets; and

introducing performance management to improve accountability. Principal contractors/grantees: the Urban Institute.

FY 2004 Program:

Improved CSO Representation of Citizens' Interest at National and Local Levels (\$746,000 DA). USAID will continue to support the advocacy programs of sixteen CSOs. More creative ways to support CSOs may be needed if the Government of Zimbabwe (GOZ) continues to restrict the operational space for civil society by outlawing donor funding for civil society or insisting on GOZ approval of civil society programs. At the local level, USAID will support the strengthening of CSOs so they can advocate for democratic reform, and respond to GOZ attempts to restrict their operations. Principal contractors/grantees: PACT, Inc. and the Urban Institute.

More Effective and Accessible Selected National Government Institution (Parliament) (\$700,000 ESF). Support to the portfolio committee system, the legislative process, and civic participation will continue. USAID will encourage a stronger Committee system in order to provide enhanced public participation and increased oversight of the executive branch. Principal contractors/grantees: SUNY/Albany.

Local Authorities More Capable and Open to Local Citizen Input (\$1,800,000 ESF). USAID will expand its support from 14 to 18 sites in both urban and rural areas to broaden the momentum for participatory governance at the local level. USAID will target reform-minded and democratic local authorities. Principal contractors/grantees: the Urban Institute.

Performance and Results: Notwithstanding the GOZ's concerted efforts to narrow the space for political dialogue, USAID's civil society advocacy program continued to strengthen CSOs' capacity to advocate on issues of national importance. In 2002, there were numerous obstacles to the operation of both Parliament and CSOs. First, Parliament closed down for business from January through March so that members of Parliament (MPs) could campaign for their party's Presidential candidate. Second, the GOZ enacted new laws to restrict the ability of organizations to hold public meetings and in many cases the police applied these laws to restrict opposition MPs from meeting with their constituents. Third, numerous CSO employees were subjected to harassment and violence when trying to carry out their regular duties. The psychological impact associated with living and operating in such an insecure setting meant that CSOs had to be courageous, determined, and strategic to carry out their programs. Even within this difficult environment, however, 15 of the 16 CSOs that USAID supports demonstrated improvement in their advocacy programs. They advocated for issues which are nationally significant; found creative ways to hold public meetings; continued to engage policy makers; and created more valid engagement between themselves and their MPs.

In Parliament, a number of Portfolio Committees took important steps towards exercising legislative oversight of government ministries and all committees significantly expanded public participation. The environment and tourism, health, agriculture, education and local government committees all reviewed ministry policies and issued reports suggesting improvements. All twelve committees held well-attended public hearings that involved both the executive branch and CSOs. These hearings provided an avenue for unprecedented civic participation in decision making and the committee chairs from both parties demonstrated extraordinary bipartisanship in carrying out their business. Although this dialogue takes place among back-bencher MPs and local authorities, it continues to build pressure for reform and builds bridges between members of the two major parties as they attempt to govern in Zimbabwe's polarized political atmosphere.

US Financing in Thousands of Dollars

Zimbabwe

613-008 Participation	DA	DFA	ESF
Through September 30, 2001			
Obligations	14,433	100	3,979
Expenditures	5,793	0	530
Unliquidated	8,640	100	3,449
Fiscal Year 2002			
Obligations	2,475	0	4,269
Expenditures	1,827	0	2,407
Through September 30, 2002			
Obligations	16,908	100	8,248
Expenditures	7,620	0	2,937
Unliquidated	9,288	100	5,311
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	1,385	0	0
Total Planned Fiscal Year 2003			
Obligations	1,385	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	746	0	2,500
Future Obligations	0	0	0
Est. Total Cost	19,039	100	10,748

Data Sheet

USAID Mission:	Zimbabwe
Program Title:	HIV/AIDS
Pillar:	Global Health
Strategic Objective:	613-009
Status:	Continuing
Proposed FY 2003 Obligation:	\$13,723,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$15,335,000 CSH
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: Child Survival and Health (CSH) resources are funding an HIV/AIDS program that includes: 1) voluntary HIV counseling and testing (VCT); 2) social marketing of condoms; 3) integrating HIV/AIDS activities into existing family planning programs; 4) strengthening the capacity of civil society to formulate and advocate for improved HIV/AIDS policies; 5) enhancing communities' responses to orphans and vulnerable children; and 6) providing support services for those with HIV.

Inputs, Outputs, Activities:

FY 2003 Program:

Behavior Change Through Increased Use of Effective, Quality Services for HIV Prevention (\$11,960,000 CSH). USAID will focus on expanding VCT services to underserved rural populations. The vast majority of VCT clients have been from urban areas, yet 65% of Zimbabweans live in rural areas. Consequently, the priority is to increase access to VCT services by: a) opening additional urban sites where there is still significant unmet demand; b) building the capacity of the VCT programs to reach populations through mobile VCT services; and c) expanding VCT services to mission hospitals, which provide 65% of rural health care. This expansion of VCT services in rural areas will respond in part to the demand generated by the U.S. Centers for Disease Control (CDC)-supported HIV/AIDS programs for the prevention of mother to child transmission (PMTCT). USAID will also support an expanded information and education campaign to encourage Zimbabweans to get tested for HIV/AIDS, and expand contraceptive and condom social marketing in urban and rural areas. In partnership with Coca Cola, USAID will use their vast distribution network to distribute condoms nationally. Funds will also be used to integrate HIV/AIDS prevention, care and support activities into family planning programs; to procure condoms and to improve the logistics management of condoms, HIV test kits, and antiretroviral drugs to assure quality and reliable supplies.

USAID will explore possible interventions for antiretroviral (ARV) treatment and will provide post-test support services for those testing HIV positive. The introduction of ARVs has the potential to transform the AIDS pandemic in many countries. With access to these drugs, deaths can be significantly reduced and the quality of life vastly improved. The prospect of treatment should also encourage more people to get tested, which in turn should aid efforts at promoting behavior change. Until recently, routine use of ARV in Africa was thought to be technically impossible. In the past year, however, regimens that are highly effective and easier to implement became available at reasonable cost, and the price continues to drop. Although cost and effective delivery remain formidable barriers, USAID will assess the feasibility of implementing pilot ARV interventions in coordination with an ARV treatment program being proposed by CDC. Such an ARV program may include: a) integrating VCT services with PMTCT programs, and b) scaling up existing ARV programs at church-supported mission hospitals. Principal contractors/grantees: Population Services International (PSI) and another to be determined.

Enhancing the Capacity of Institutions to Formulate and Advocate for Improved HIV Policies (\$1,000,000 CSH). As in most of Africa, AIDS remains highly stigmatized. USAID will focus on promoting and supporting the formulation of HIV/AIDS policy by strengthening the capacity of civil society to advocate for

improved HIV/AIDS policies and working with faith-based organizations to tackle HIV prevention and expand support services. In addition, USAID will continue to support leaders who are addressing HIV/AIDS and accurate journalistic reporting on the pandemic by increasing their visibility through highly publicized awards. Principal contractors/grantees: the Futures Group International.

Improving the Care and Support for Vulnerable Children (\$763,000 CSH). Zimbabwe is facing an orphan crisis, with the number of orphans estimated at nearly 800,000. Due to ever increasing AIDS deaths (approximately 4,000 per week), food shortages and the broader economic crisis, there are the concomitant increases in the numbers of orphans and vulnerable children. USAID funds will be used to support community-based models for the care of vulnerable children. A strong operations research component will identify best practices to be replicated and scaled-up nationally. Activities for orphans and vulnerable children include: capacity building of community-based organizations, psycho-social support, and provision of food and educational assistance. Principal contractors/grantees: Management Sciences for Health and Advance Africa.

Family Planning: Support to the public sector program will be discontinued in FY 2003 due to Brooke Amendment sanctions which came into effect in January 2002. USAID has consistently procured contraceptives and supported family planning activities in Zimbabwe over the last 20, years with significant achievements -- 54% of women use modern contraceptive methods. To avoid reversing the success of the investment, USAID successfully negotiated with the British Government's Department for International Development (DFID) to assume responsibility for contraceptives procurement. Principal contractors/grantees: John Snow International and Deliver.

FY 2004 Program:

Due to the magnitude of the HIV/AIDS pandemic in Zimbabwe, USAID intends to expand all programs outlined in FY 2003. A review of the SO was undertaken in January 2003 to update the strategy given the changes in the pandemic, increased resources, and the volatile economic and social environment. Following is our current plan, which may be adjusted pending the results of the January 2003 review.

Behavior Change Through Increased Use of Effective, Quality Services for HIV Prevention (\$11,335,000 CSH). Activities which focus on expanding VCT services to underserved rural populations will continue. USAID will also support an expanded information and education campaign to encourage Zimbabweans to get tested for HIV, and expand contraceptive and condom social marketing in urban and rural areas. Expanded information and education campaign in collaborations with faith based organizations focus in on delayed sexual onset and fidelity. USAID will also continue to explore possible interventions for ARV treatment and to provide post-test support services for those testing HIV positive. Principal contractors/grantees will remain the same as in FY 2003.

Enhancing the Capacity of Institutions to Formulate and Advocate for improved HIV Policies (\$1,000,000 CSH). USAID will focus on promoting and supporting the formulation of HIV/AIDS policy by strengthening the capacity of civil society to advocate for improved HIV/AIDS policies and working with faith-based organizations to tackle HIV prevention and expand support services. Principal contractors/grantees remain the same as in FY 2003. In addition, USAID will continue to support leaders who are addressing HIV/AIDS and accurate journalistic reporting on the pandemic through highly publicized awards.

Improving the Care and Support for Vulnerable Children (\$3,000,000 CSH). Funds will be used to support community-based models for the care of vulnerable children. Activities for orphans and vulnerable children include: capacity building of community-based organizations, psychosocial support and provision of food and educational assistance. Principal contractors and grantees remain the same as in FY 2003.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Performance and Results: USAID continued to scale up VCT services by increasing the number of sites from 10 to 14. The sites are strategically located throughout Zimbabwe, thus maximizing access.

Various VCT service delivery models are being implemented based on population size, geographical location, and availability of personnel and space. Each site must meet and maintain standard criteria to be part of the trademark network ("New Start"), which is promoted by innovative social marketing techniques. More than 60,000 clients received services in 2002, compared to 43,000 clients in 2001 -- an increase of 40%. Forty-nine percent of all clients were female, thereby showing that the VCT program is able to attract an equal proportion of both males and females. Socially marketed condom sales underwent very significant growth, from 13 million sold in 2001 to 20 million in 2002 -- an increase of 54%. USAID successfully negotiated with DFID to assume responsibility for the procurement of \$3 million of public sector contraceptives.

Through Catholic Relief Services (CRS), USAID is implementing pilot programs for supporting orphans and vulnerable children, with funds disbursed to 16 implementing organizations in the first year of operations. Through a contract with the Futures Group International (FGI), USAID is working to enhance the capacity of institutions to formulate and advocate for improved HIV/AIDS policies. FGI has been working with faith-based organizations to harness their moral leadership in addressing HIV/AIDS. In addition, FGI is building the capacity of the parliamentary health portfolio committee to oversee the HIV/AIDS activities of the Ministry of Health.

Pact, Inc. developed and implemented a home-based care program through 25 NGOs. In addition, Pact piloted post-test support services for those testing HIV positive at VCT sites, serving over 3,000 clients.

US Financing in Thousands of Dollars

Zimbabwe

613-009 HIV/AIDS	CSH	DA	DFA
Through September 30, 2001			
Obligations	10,686	600	500
Expenditures	606	0	131
Unliquidated	10,080	600	369
Fiscal Year 2002			
Obligations	5,950	0	0
Expenditures	3,282	283	119
Through September 30, 2002			
Obligations	16,636	600	500
Expenditures	3,888	283	250
Unliquidated	12,748	317	250
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2003 NOA			
Obligations	13,723	0	0
Total Planned Fiscal Year 2003			
Obligations	13,723	0	0
Proposed Fiscal Year 2004 NOA			
Obligations	15,335	0	0
Future Obligations	0	0	0
Est. Total Cost	45,694	600	500

Data Sheet

USAID Mission:	Zimbabwe
Program Title:	Linkages for the Advancement of the Disadvantaged
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	613-010
Status:	Continuing
Proposed FY 2003 Obligation:	\$500,000 CSH; \$500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 CSH; \$1,500,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2005

Summary: This program is intended to increase economic opportunities for disadvantaged groups in rural and peri-urban areas. This is being achieved through increasing access to microfinance services, improving the capacity of the disadvantaged through skills training, and providing commercial and agribusiness linkages for subsistence farmers. In addition, USAID is providing specialized microfinance and business development services to the program's special focus group -- HIV/AIDS infected and affected groups, including single-headed households and orphans.

Inputs, Outputs, Activities:

FY 2003 Program:

With more than half of the population expected to require food aid between December 2002 and March 2003, planned activities focus on supporting fundamental coping strategies to enhance the prospects for both immediate survival and medium- to long-term economic development. Therefore, the planned 2003 program will emphasize food security with enhanced income-generation activities.

Improved Microbusiness Capacity (\$500,000 CSH; \$180,000 DA). USAID will respond to approximately 184,000 requests for business and technical services to disadvantaged groups. Using CSH funds, an estimated 4,000 household garden drip irrigation kits and accompanying skills training will be provided to households affected by HIV/AIDS and those suffering from severe food shortages. Funds permitting, up to 50,000 additional kits may be provided. New linkages with commercial companies will focus on growing drought-tolerant edible cash crops, such as millet and sorghum, with over 30,000 communal farmers benefiting. Using DA funds, nine new Business Opportunity Centers will be established in selected areas to provide access to business skills training, information and communications. Business Opportunity Centers will offer an estimated 145,000 hours of internet access in 2003. Approximately 62% of the total program portfolio of business development-related services and tools is expected to benefit HIV/AIDS-affected households. Principal contractors and grantees: Development Alternatives, Inc. (DAI), Catholic Relief Services, International Development Enterprises, Africare and World Vision.

Increased Access to Financial Services (\$320,000 DA). With USAID support, approximately 98,500 micro-loans and other financial services or products will be provided by four leading Zimbabwean microfinance institutions and agro-based commercial companies. The major activity will be the initiation of a process to transform Zambuko Trust -- Zimbabwe's leading microfinance institution with a portfolio of 12,000 clients and 22 branches nationwide -- into a regulated financial institution. This may be an opportunity for a public private partnership among the principal contractor (DAI), Opportunity International, and a local NGO (Geisha Trust). In addition, four credit unions and a church-related network of 10 rural credit unions are expected to benefit from the program. In 2003, an estimated 25,500 loans, or 25% of the total program portfolio of micro-loans and other financial services, will benefit HIV/AIDS-affected households. Principal contractors/grantees: DAI, World Vision, Opportunity International and Geisha Trust (a local NGO).

In light of Zimbabwe's significant and continuing economic crisis and the resultant political uncertainty, the projected targets for 2003 and 2004 may need to be adjusted to reflect developments on the ground.

FY 2004 Program:

The deteriorating political and economic environment in Zimbabwe remains complex and very fluid. Current conditions are not expected to improve dramatically in 2004. The program, therefore, could expand or contract its activities or shift its principal tactics in 2004.

Increased Access to Financial Services. With already obligated prior year funding, the total number of micro-loans and other financial products acquired is projected to increase by 30% to approximately 128,500 services in 2004. The transformation of Zambuko Trust into a regulated financial institution, strengthening of ten rural-based credit unions and the expansion of inputs schemes by commercial companies will continue to be at the center of this sub-component in 2004.

Improved Microbusiness Capacity (\$500,000 CSH; \$1,500,000 ESF). Using ESF, the number of business and technical services and technologies acquired during the same period will also increase by 30% to reach 239,400 services. CSH funds will be used to distribute household drip irrigation kits and to promote drought-tolerant crops with strong market potential. Principal contractors and grantees will remain the same as in FY 2003.

Performance and Results: In 2002, the program's operating environment dramatically worsened. The official inflation rate increased from 86% in October 2001 to 175% by the end of 2002. Local economists estimate real inflation at approximately 300% for the same period and project it to reach 500% in 2003. The Zimbabwean dollar (Z\$) to U.S. dollar parallel foreign exchange rate, which handles 80% of all commercial transactions, deteriorated dramatically by 500% sliding from Z\$320 to reach approximately Z\$1600 to the U.S. dollar during the last quarter of 2002. While final data are not yet available for 2002, initial indications are that a significant percentage of new and well-established businesses operated at below 30% of maximum capacity or closed in 2002 as a result of this economic collapse. Clearly, the impact of the economy has been proportionally much greater on USAID beneficiaries -- micro-businesses.

Despite these set backs, in this first full year of implementation the program achieved significant success. A total of 36 contracts and grants were launched for out-sourcing farm production, microfinance, and business training services, with approximately 40,436 households directly benefiting. HIV/AIDS economic mitigation strategies were successfully launched, including a voucher program enabling HIV/AIDS-affected persons to acquire various legal services, e.g., for the writing of a will. This program was launched in August 2002 and by October, 246 vouchers had been distributed to targeted clients.

By increasing the access of Zimbabwe's peri-urban and rural poor to financial services and business development-related services and tools, the program is projected to benefit over 200,000 households by its completion date of September 2005. That will translate into approximately 1.5 million individual cases of either financial, business and technical services, or tools being provided, thus contributing to mitigation of the economic crisis severely affecting the poor majority of the country. By strengthening local microfinance institutions, the program will help establish the local capacity in Zimbabwe to continue providing finance and business development services to disadvantaged groups.

US Financing in Thousands of Dollars

Zimbabwe

613-010 Linkages for the Advancement of the Disadvantaged	CSH	DA	DFA	ESF
Through September 30, 2001				
Obligations	1,000	3,950	105	0
Expenditures	251	305	105	0
Unliquidated	749	3,645	0	0
Fiscal Year 2002				
Obligations	500	0	0	500
Expenditures	466	750	0	0
Through September 30, 2002				
Obligations	1,500	3,950	105	500
Expenditures	717	1,055	105	0
Unliquidated	783	2,895	0	500
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2003 NOA				
Obligations	500	500	0	0
Total Planned Fiscal Year 2003				
Obligations	500	500	0	0
Proposed Fiscal Year 2004 NOA				
Obligations	500	0	0	1,500
Future Obligations	0	0	0	0
Est. Total Cost	2,500	4,450	105	2,000