

**Clinton–Gore Administration
History Project:**

USAID's Role
1993–2001



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1. Overview of USAID During the Clinton Administration

Foreign Aid After the Cold War

THE END TO THE COLD WAR brought opportunity, new challenges, and change for USAID.

The manner in which foreign assistance strategies were formulated and resources allocated during the Cold War era was largely influenced by the East–West competition between the United States and the former Soviet Union. The end to the Cold War created the opportunity for USAID to bring greater attention, with our development partners, to the implementation of critical policy and structural reforms—political, economic, and social. The end to the Cold War, and the beginning of the Clinton administration, freed USAID to concentrate on putting people first by helping our partners create an economic, political, and social environment that would maximize the benefits for all sectors of society.

The post–Cold War era presented USAID with challenges as well, many of which were unanticipated. Dozens of formerly totalitarian regimes in eastern Europe and Central Asia were faced with the tortuous process of transitions to open political systems and market-based economies. USAID became engaged deeply in these transition processes. Other countries imploded into “failed states,” falling victim to internal warfare and ethnic, religious, and cultural strife. The promise of a more prosperous future that decades of development investments were supposed to bring was reversed in some states and threatened in others. That compelled USAID to revisit past assumptions and to change not only the traditional development paradigm but also the manner in which USAID did its business.

New and growing global problems also emerged during the 1990s. USAID and the global community had to respond to the growing HIV/AIDS epidemic, the specter of global warming, the lack of education for the young (particularly girls), the continued unacceptable levels of infant and child mortality, and the persistence of abject poverty. The issues of good governance, which includes the rule of law, transparency, and ending corruption, long ignored, became a high priority with the recognition that corruption and bad governance were major obstacles to development. The challenges of rapid advancements in information technology and the globalization of the world economy dramatically changed the world within which USAID operates.

These challenges occurred in a context of declining resources, a period of government reinvention, expanding congressional involvement in USAID’s programming and budgeting, emerging results-based management, and the changing nature of relationships with other institutions, both bilateral and multilateral.

USAID attempted to respond to these challenges in a variety of ways. It restructured and redirected existing programs and developed new ones. It reengineered business and management

practices to make them more efficient, effective, responsive, and results oriented. It developed a new strategic plan and recommitted itself to sustainable development. It reduced its overseas presence and implemented new results and customer-oriented policies and practices. It reached out to form even stronger strategic partnerships with other donors, private voluntary organizations, cooperatives, and the higher education community.

USAID's Leadership

USAID had strong and stable leadership well attuned both to the needs of development and the workings of the U.S. government. President Clinton named J. Brian Atwood to be USAID's Administrator in March 1993. His consistent leadership for more than six years was critical to USAID's survival as an independent agency and ensured that many innovative ideas were transformed into practice. Among his many innovations included the creation of the Office of Transition Initiatives allowing the USG to more effectively respond to the Post Cold War challenges posed by collapsed states and the emerging complex emergency phenomenon. His previous experience as head of the National Democratic Institute served the Agency well as one of his first initiatives was to create the Democracy and Governance Center as one of the four Centers of Excellence in a Global Bureau that more accurately reflected USAID's global role. The DG Center has been on the cutting edge of democratization issues among the plethora of donor agencies. Atwood's concern over persistent famine and conflict in the Horn of Africa led to the establishment in 1994 of the President's Greater Horn of Africa Initiative. He also recognized that in order for the USG to respond more effectively to a world of complex emergencies that the Agency's development and humanitarian tools had to be integrated in a manner that allowed the U.S. to more effectively manage or mitigate conflict – a development that has become a model for other donors agencies worldwide. Mr. Atwood left USAID in 1999.

Carol Lancaster became deputy administrator of USAID in the summer of 1993, serving during the first half of Brian J. Atwood's term. Dr. Lancaster, an academic at Georgetown University, brought previous government experience with the State Policy Planning Staff during the Carter administration to the job. Upon Dr. Lancaster's departure she was replaced by Harriet Babbitt, formerly U.S. ambassador to the Organization of American States.

As deputy administrator she took on a variety of issues, including global warming, trade and development, HIV/AIDS and crisis management, in a tenure that continued under Mr. Atwood's replacement, J. Brady Anderson.

J. Brady Anderson assumed the leadership of USAID in August 1999. Mr. Anderson had served as assistant to Bill Clinton in Arkansas, when the latter was attorney general and then governor. Mr. Anderson brought a unique perspective to the job of USAID Administrator, having had the the powerful experience of living and working at the village level in the developing world, where he and his wife served as Wycliffe Bible translators in rural Tanzania. Prior to serving as Administrator, Mr. Anderson was President Clinton's ambassador to Tanzania. His firsthand experience with the day-to-day reality facing the people in the developing world gave him rare credibility in dealing with Congress. Improving relationships with both Congress (where he reached out to a large number of members) and the Department of State were high priorities for him that brought significant gains for the Agency. His commitment

to strengthening USAID's financial management systems put USAID on a much more solid footing with Congress and the Office of Management and Budget that will leave a positive, lasting legacy for the Agency.

During the Clinton administration USAID also had a strong spokeswoman within the White House. From the beginning, first lady Hillary Rodham Clinton took a special interest in the problems of development and especially the needs of women and children in the developing world. She made numerous trips with the USAID Administrator and senior staff throughout the world and spoke out forcefully and passionately about the value of U.S. foreign assistance efforts.

Policy Issues and Choices: Sustainable Development

One of the first issues that the Clinton administration faced was to make sense of the panoply of challenges and demands that USAID faced during this period. The question of how the Agency could best pursue its primary mandate—helping others help themselves to alleviate poverty and stimulate development—while also responding effectively to a new array of countries and issues presented numerous challenges. This was not a trivial problem, particularly given USAID's history of ever accreting priorities and goals combined with criticisms from Congress, the General Accounting Office, and other external critics that the Agency was becoming increasingly unfocused.

USAID responded by clarifying its commitment to sustainable development and to new problems and challenges within that context. In 1993, only months into the new administration, the Agency began preparing its publication *Strategies for Sustainable Development*, which became the framework for strategic planning for the rest of the decade. *Strategies for Sustainable Development* reaffirmed USAID's commitment to broad and integrated development progress and to working with its development partners to alleviate poverty while enhancing economic and political freedom. But *Strategies for Sustainable Development* also recognized the need for USAID to act in other circumstances—in times of conflict, transition, or humanitarian disaster—that required a different way of doing business, revising past assumptions about development and introducing new concepts to be incorporated into strategic planning. This latter phenomenon created a special set of challenges to which the Agency was called upon to respond.

Responding to Complex Emergencies

Early in the Clinton administration the international community faced a series of complex emergencies (humanitarian disasters arising from political breakdown and ethnic and cultural strife, leading to internal conflict). Owing to USAID's extensive experience with humanitarian emergencies stemming from natural disasters or wars between states, the Agency quickly became a major player in the U.S. government's response to this new challenge. It quickly became evident to the Clinton administration that USAID had an important role to play not just in addressing the consequences of conflict but also in mitigating or preventing conflicts before they become too widespread. New policies were developed requiring assessments of the potential for conflict in countries where USAID has a presence. These conflict assessments have been incorporated as key elements in the Agency's strategic planning process.

Improving Coordination with the Department of State

A dominant theme for USAID during the Clinton–Gore administration was its relationship with the Department of State. While USAID’s Administrator reported directly to the president since the late 1970s, USAID had long been under the general foreign policy direction of the secretary of state. Prior to the Clinton administration, there had already been extended debates about whether USAID, and other foreign affairs agencies, should remain independent or become a part of the State Department. By the middle 1990s a compromise was reached. The U.S. Information Agency and the Arms Control and Disarmament Agency were rolled directly into the State Department, while USAID remained an independent agency, but with the USAID Administrator reporting to the secretary of state.

This relatively minor organizational change, though, was the starting point for developing much closer working relationships with the State Department. This had become increasingly essential in the post–Cold War era. USAID was now working in more and more countries in eastern Europe, Central Asia, and southern Africa, for example, where the United States had important foreign policy interests. And USAID was working on a range of problems—global issues, transition, democratization, conflict prevention and mitigation, and complex emergencies—in which the State Department had an abiding interest.

During the later part of the 1990s, USAID worked with the State Department and other foreign affairs agencies to develop closer working relationships. This included participation in interagency working groups on humanitarian assistance, on overseas presence, on information technology, on conflict prevention, on the use of Economic Support Funds, and the like.

By the end of the Clinton administration, there was broad interagency agreement on the need for better coordination, both in Washington and the field, for the entire range of U.S. overseas programs. There was also considerable agreement between USAID and State on the mechanisms for ensuring that the policies and programs of these two agencies would be closely aligned.

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Subsequent chapters of this report address in detail the early USAID reorganization efforts to position the Agency to more effectively respond to such challenges as democracy and governance, global warming, infectious diseases (including HIV/AIDS), transition country strategies, economic growth, and management reforms. Despite the huge scope of the challenges and problems faced by the Agency over the past eight years, USAID played an important role in the Clinton–Gore administration’s foreign successes in such areas as

- Eastern Europe, which witnessed the successful transition to political freedom and market economies for most countries of the region
- Prevention of widespread famine in the Horn of Africa in both 1994 and 1999–2000

- Helping the peoples of the Balkans rebuild their lives after brutal wars of ethnic cleaning
- Assisting the people of Serbia to organize themselves as a democratic opposition and thereby overthrow the one person responsible for the Balkan Wars—Slobodan Milosevic.

2. Development Program Priorities

Democracy and Governance

U.S. SUPPORT FOR DEMOCRACY became a pillar of U.S. foreign policy during the Clinton administration. In his State of the Union address on 25 January 1994, President Clinton declared, "Ultimately, the best strategy to ensure our security and to build a durable peace is to support the advance of democracy elsewhere. Democracies do not attack each other. They make better trading partners, and partners in diplomacy."

As part of this commitment, USAID made "building sustainable democracy" one of its strategic objectives. Because democratic institutions are key to a well-functioning modern society and government, USAID believes there are direct links between pluralism, good governance, and sustainable long-term economic and social development.

The Agency in 1993 published *Strategies for Sustainable Development*. It prescribed an emphasis on political aspects of all development programming. In addition, this philosophical underpinning of the Agency's democracy program laid the groundwork for a strategic approach to democratic development assistance concentrating on reinforcing a politically active civil society; promoting the rule of law and human rights; improving political processes and elections administration; and, improving governance.

A significant operational shift in USAID was the establishment of the Center for Democracy and Governance as a focal point for achieving the Agency's democracy objective. The center provides field support, technical and intellectual leadership, and program management in the fast-paced field of democracy development. The center also encourages cross-fertilization among democracy and governance programs in different regions. In addition to establishing the Center for Democracy and Governance, USAID undertook to recruit a cadre of skilled democracy officers to design and implement activities in this relatively new program area. Targeted experiential training was also offered to existing officers; and, by the end of the Clinton administration, over a hundred trained democracy officers existed in the Agency.

Programmatically, USAID expanded its work with predominant nongovernmental organizations working in the field of democratic development worldwide. These organizations brought their own expertise, spirit of voluntarism, and private funding sources to the task. Many also established partnerships with local nongovernmental organizations in countries where USAID works. Helping to build the institutional capacity and sustainability of these indigenous organizations over the long term was one of USAID's most important contributions since in the end democracy needs to be homegrown, with deep roots.

As a pioneer in democracy promotion, USAID created the standard for efforts in political development. Its work in performance-based programming and its publications assessing the results of democracy programs led the efforts of bilateral and multilateral donors. USAID was a founding participant in the efforts of the OECD's Development Assistance Committee to promote improved, country-based donor coordination related to participatory development and

good governance (PDGG). The DAC's PDGG network provided a functional framework. Its work created the foundation for donor coordination in the Worldwide Community of Democracy, a State Department initiative championed by Secretary Albright in the seventh year of the administration to encourage democratic principles around the world.

During the Clinton administration not only was there an increase in interest in democratic development, but also funding for democracy programs grew considerably. In 1992 all U.S. government funding for democracy programs totaled \$133 million. By 2001 the administration anticipated providing \$663 million in democracy assistance. This dramatic increase was linked with better defined programs, clearer demonstration of results, and a better understanding of the necessity of improving democratic practice and good governance as a condition to achieving other development goals.

USAID developed a strategic framework that guided its democracy programs through sound analysis of the political environment in a recipient country. This analytic approach examined consensus within the country context, the status of the rule of law, the levels of competition in all areas of society, whether there are problems of inclusion or exclusion, and the quality of governance and institutions in the country. Technical guidance was published to inform field officers and programs and serve as a basis for evaluating program designs.

President Clinton's policy statement in the 1994 State of the Union address affirmed the facts in the field: USAID had become a leading player in the extraordinary effort to help build democracies around the world—signifying the historic post-Cold War shift from containment of communism to supporting democratic expansion as a major goal of American foreign policy, including development assistance policy.

By way of example, one of the world's most dramatic and inspiring political events was the rapid and peaceful democratic transition of South Africa. USAID supported a series of unprecedented South African accomplishments marking this historic transformation. Those accomplishments include assisting in the delivery of the nation's first free, fair, and peaceful public elections in 1994; signing the first bilateral agreement between the United States and the Ministry of Justice; and assisting in the adoption of a democratic constitution, including a comprehensive and progressive bill of rights in 1996.

In a second example, when El Salvador made the transition from war to peace, it was left with a judiciary branch distorted by a vicious civil conflict. Facing a legacy of impunity and complaisance about human rights abuses, USAID targeted judicial reform as one of its key objectives. The Agency's justice reform program in El Salvador had several notable successes. For example, USAID played a large role in the introduction of hearings and oral arguments in which defendants are permitted to participate. The Agency also assisted with the creation of a new jurisdiction of family courts and a new panel of judges; the new family code is one of the most progressive in Latin America. And finally, the juvenile delinquency code was developed with the objective of protecting the rights of children.

Economic Growth and Agricultural Development

Passage of the Freedom Support and the Support for East European Democracy Acts not only established USAID's presence in a new region of the world but also challenged the Agency to assist partners with economic policy and institution-building in a more fundamental way than ever before. While the legacy of the 1980s was the economic reforms that brought "structural adjustment" to Africa, Asia, and Latin America, the legacy of the 1990s was the construction—from the ground up—of market economies in which such concepts as property rights, private entrepreneurship including microenterprises, and competitive pricing were introduced.

The 1990s also saw a slowing of the green revolution in developing country agricultural sectors and a significant increase in U.S. agricultural trade with Asia. It's true that world food-grain markets remained in surplus throughout much of the period and led, at the end of the 1990s, to record-low prices, especially for developed countries. But low incomes and poor infrastructure left more than 800 million people in the developing world vulnerable to malnutrition, or worse. The United States joined the world community at the 1996 World Food Summit in committing to cut hunger in half by 2015. Legislation encouraging USAID to promote the application of new agricultural sciences (e.g., biotechnology) in developing countries was passed in the last year of the Clinton-Gore administration. Appropriations legislation establishing the Child Survival and Diseases account, while not originally conceived to include agriculture, has now been permitted by Congress for use to fund research to enhance the nutritional quality of staple crops such as rice.

Owing to declining resources, the Agency's agricultural portfolio shrank throughout the first term of the Clinton-Gore administration. However, in recognition of persistent global hunger and the comparative advantage of the United States in helping to solve this problem, the agricultural portfolio began to grow again during the second term.

The Microenterprise Initiative was established in 1994 by consensus of the administration, leading members of Congress, USAID, and the nongovernmental microenterprise community. In 1997, the first lady was a keynote speaker at the first ever International Microcredit Summit in Washington. In the FY 2000 legislative session, Congress authorized the Microenterprise for Self-Reliance and International Anti-Corruption Act of 2000. USAID has provided approximately \$120 million a year to support microcredit programs, two thirds of which go to poor women borrowers. These programs are ongoing across the world.

Sustainability has always been a criterion for USAID's microenterprise development programs. Having made great strides toward the establishment of financially sustainable microfinance institutions throughout the 1990s, USAID expanded its efforts in the final years of the decade to include the community of institutions able to provide effective business development services to poor microentrepreneurs on a sustainable basis.

Because of the addition of more than 20 countries in Eastern Europe and the former Soviet Union to USAID's portfolio, private sector and financial market development gained new prominence in economic growth programming. Governments took steps to transfer state

ownership in both social and productive assets to private firms and individuals; capital markets were established nearly overnight to accommodate the transformation. The banking systems needed to support functioning markets for goods and services were also established. The Asian crisis reinforced the importance of well-regulated financial institutions. As a response, USAID participated actively in regional recovery efforts and strengthened its involvement in financial sector development.

Many U.S. government agencies and departments were concerned with economic growth and agricultural development in developing and transition countries. Thus, opportunities for collaboration with a range of U.S. government partners expanded throughout the Clinton–Gore administration. The expansion occurred in particular through the binational commissions co-chaired by Vice President Gore (e.g., the Gore–Mubarak Commission), but also through preparations for such global conferences as the 1996 World Food Summit, the negotiations of the Cartagena Protocol, and the 1999 Seattle World Trade Organization meetings. In addition, the U.S.–Japan Common Agenda was established to deal in part with agriculture and food issues. The New Trans-Atlantic Partnership with the European Union led to wide collaboration on food security issues.

USAID's strengths in institutional development and capacity building were evident throughout the Clinton–Gore administration as our partners undertook critical economic reforms in infrastructure, public and private sector capacity building, and reinforcing regulatory and legal structures. For example, capacity building for trade: preparation for the Seattle WTO meetings in 2000 indicated that missions had already responded aggressively to growing and substantial demand from our partners for building their capacities to engage competitively in global trade. President Clinton cited USAID and other U.S. government experience in the July 2000 G–8 meetings in Japan, noting our commitment to providing advisory services and other assistance to accomplish the following: accelerate accession to the WTO, undertake trade policy and legal and regulatory reform, launch trade facilitation services for local industries as well as upgrade their technology and standards to meet the demands of global trade, and develop the institutions (and the incentive structures) needed to attract foreign investors.

USAID can point to several accomplishments resulting from efforts made during the Clinton–Gore administration to support economic growth, agricultural development, and the expansion of poor entrepreneurs' access to economic opportunities through microenterprise development:

- Rapid response to the Asian financial crisis and provision of critical recovery support.
- Continued growth in productivity and value added in the agricultural sector worldwide.
- An economic renaissance in several African countries with sustained, solid rates of GDP growth and upward trends in agricultural and food production (recognized by the president on his 1998 trip to the region).

- Resumption of positive economic growth rates in several Eastern European countries following the fall of the Iron Curtain, reorientation of the economies following conflict and state collapse in the Balkans, and establishment of key building blocks for market economies in the former Soviet Union.
- The emergence of millions of small borrowers and savers around the world accessing financial services on a regular basis. Many clients used these resources not only to build their businesses today but also to invest in developing their children's future through family income generation for education.

Environment

During the eight years of the Clinton–Gore administration, the environment was given a substantially higher priority than in the past. For the first time in USAID's history, environment was formally included as an Agency goal. Two Agencywide program priorities were identified: the conservation of biological diversity and global climate change. Institutionally, this increased emphasis was reflected in the creation of a senior policy adviser in the Bureau for Program and Policy Coordination, the Global Bureau Center for Environment, a personnel backstop for environment officers, and an Environment Sector Council. These institutional changes coupled with policy guidance instructing operating units to carefully consider environmental issues in their sustainable development program planning as well as sector-specific funding allocations, led to an increase in both the number and the scope of environment activities around the world.

USAID began its work on the environment in the mid-1970s, well ahead of most other bilateral or multilateral development assistance organizations. The Agency continued pioneering efforts through the 1980s. What changed with the Clinton–Gore administration was that environment was elevated to a central programmatic theme. At the same time, sustainable energy and urban environmental management were incorporated as major themes, and environment programs that had had a primarily "green" objective (biodiversity/forestry) broadened to include "blue" (water, coastal zone management) and "brown" (energy, urban and industrial pollution) dimensions. The five main themes were as follows:

Conservation of Biological Diversity

Failure to articulate a clear Agency strategy led to more diffuse programs in this thematic area. Overall funding levels rose and fell, with the largest budget expected in FY 2001 at the end of the administration. The program aim shifted from protected species and area-based approaches to broader habitat, ecosystem, and corridor-based programs working with local communities through international, national, and local partner institutions. Aquatic biodiversity, including coral reefs, gained additional attention.

Natural Resource Management

In forestry, the program continued an earlier shift away from reforestation toward sustainable forest management working on the policy, economic, and institutional constraints as well as on field-level demonstration programs. Innovative research on community-based natural

resource management, reduced impact logging, and other programs continued. Hurricane-induced floods and landslides in Central America placed increased emphasis on soil conservation. The Agency started moving away from sector-specific water resources programs and adopted an integrated water management approach. At the policy level, the administration with Secretary Albright in the lead called for a Global Alliance for Water Security in the 21st Century that led to increased attention to transboundary water management.

Sustainable Energy

USAID shifted its development emphasis from technologies toward creating stable marketplaces for environmentally sound energy products and services. This resulted in a more investor-friendly environment for energy investments in developing countries. This was accomplished through increased use of democratic political institutions and market-oriented economic structures to provide safe and reliable electric power and other energy services, and expanded provision of energy services for environmentally cleaner and more efficient sources (e.g. cleaner coal and renewable sources such as hydro, wind, and solar), thereby expanding economic opportunities and improving both public health and the quality of life;

Environmental Technologies

Increased attention was given to supporting development and dissemination of environmental technologies particularly in industrial pollution prevention, and clean energy. With new programs in Eastern Europe and the former Soviet Union, the Agency became involved for the first time in nuclear safety and waste disposal. In the industrial arena, the program has been shifting from end-of-pipe treatment to pollution prevention to clean production. The U.S.-Asia Environmental Partnership made progress in promoting a "clean revolution" in Asia. Lessons from this experience are being applied to other regions.

Urban Programs

When congressional control shifted in 1994, the Housing Investment Guaranty program came under concerted attack and the principal resource for USAID's urban programs was cut back. New loan authority for the program shrank from over \$100 million a year to zero in fiscal year 2001. In an effort to counter this trend, the Agency reexamined its approach to urban issues. In 1998, it adopted a new urban strategy known as Making Cities Work. This strategy emphasized approaching the urban challenge from a multisectoral perspective and building alliances for urban activities both within and without the Agency.

Since 1990 USAID's development assistance program has sought to address the causes and impacts of climate change. In 1994, in response to a congressional request, USAID drafted a Climate Change Strategy to describe planned activities and future strategic approaches to combat global climate change.

In 1997, President Clinton reaffirmed the U.S. commitment to reduce the threat of climate change by announcing that the United States would spend \$1 billion over a five-year period to work collaboratively with countries worldwide. To fulfill the president's commitment,

USAID initiated a Climate Change Initiative to promote sustainable development that minimizes the associated increase in greenhouse gas emissions and reduces vulnerability to climate change in 50 country and regional programs worldwide.

Through its programs, USAID implemented win-win solutions that provide climate-related benefits while meeting the sustainable development objectives in forest conservation and sustainable agriculture, energy, urban and industrial development, pollution control, adaptation measures, and disaster preparedness and assistance. By addressing climate change in conjunction with sector-specific and economic development goals, USAID leveraged existing resources and ensured a greater sustainability.

These objectives were achieved through technical assistance, human and institutional capacity building, policy reform, technology cooperation, public-private partnerships, information sharing, and research. USAID has also placed strong emphasis on leveraging the capabilities and resources of other donors, the private sector, NGOs, and communities. Since launching the Climate Change Initiative in 1998, the Agency has made significant progress in meeting its climate change objectives and has played an important role promoting the open and meaningful participation of developing and transition country partners in the UN Framework Convention on Climate Change.

USAID continued to expand the scope and effectiveness of its environmental assessment work internally (with systematic program reviews in the Global Bureau and the Bureau for Humanitarian Response) and externally in monitoring multilateral bank programs. Extensive training of PL 480 Title II Food for Peace partners added environmental rigor to traditional food-for-work programs.

Human Capacity Development

Under the Clinton-Gore administration, the Center for Human Capacity Development was created. An Agencywide goal for HCD was established: human capacity developed through education and training. This goal includes basic education, higher education, workforce development, international training, and information technology.

While developing human capacity is an end in itself, it is also one of the Agency's most important crosscutting tools for achieving sustainable development. As the president's national economic adviser, Gene Sperling, said at the April 2000 World Education Forum: "Basic education is a springboard to economic opportunity, better health, empowerment of women, sustainable population growth and environmental conditions, stronger democratic participation, and respect for human rights."

USAID played a leadership role in G-8 preparation, and as a result international priority was given to basic education and information technology. USAID was instrumental in the Education for All initiative and activities resulting in strong global education goals in the OECD/DAC Strategy (May 1996) and the Dakar Framework for Action (April 2000).

Presidential initiatives for basic education led by USAID included Girls' Education, Education for Development and Democracy in Africa, and "School Works!" to combat abusive child labor. The Agency also assisted the Department of Agriculture with the President's Global Food for Education Initiative for early childhood and school feeding.

Major program results in basic education goals achieved in over 24 nations included effective reform policies, increased access and equity, and improved quality. In South Africa, USAID helped prepare for the transition to a post-Apartheid country through programs to strengthen NGOs offering early childhood, out-of-school youth, and leadership training for nonracial society programs. The Agency also continued support for effective policy dialog for educational policy transformation throughout the transition. With USAID support, the private sector, media, and religious organizations have been involved in significantly improving educational access and quality for indigenous peoples, and especially for girls, in Guatemala. Basic education programs were begun to improve human capacity in nations confronted by natural and man-made crises, and in response to the HIV/AIDS pandemic. As a part of USAID's response to Hurricane Mitch in Honduras, curriculum is being revised for middle grade students that stresses skill development for both employment and further education and development. It is delivered through interactive radio and entrepreneurial centers. USAID has helped Zambia launch an education program targeted at the over 600,000 HIV/AIDS orphans and combines both basic education and health and livelihood survival skills.

More than 250 higher education partnerships were forged between universities in developing nations and U.S. community colleges and universities, including historically black colleges and universities, Hispanic serving institutions, and tribal colleges. Partnerships, linked to the private sector, provide outreach and availability of modern technologies. USAID spearheaded a new multidisciplinary global workforce in transition activity through state-of-the-art assessments, coalition building, and postprimary skills training.

Training remained USAID's premier tool for preparing national leaders, achieving development results, and attaining high rates of return on U.S. development investments abroad. The streamlining and qualitative improvement of the Agency's international training programs received extensive praise, including the vice president's Hammer Award. A global computerized training monitoring and reporting system was designed and implemented in USAID. However, steep declines in U.S.-based training, from 17,000 participants in 1994 to only 7,000 in 1999, were a concern.

Population, Health, and Nutrition

In the population, health and nutrition sector, USAID's family planning program received strong support from the Clinton-Gore administration. In 1993, on his second day in office, President Clinton repealed the Mexico City Policy that had restricted family planning activities since 1984. When congressional control shifted in 1994, the administration succeeded in limiting new restrictions and protecting annual funding levels at around \$400 million. (It was, though, unable to restore funding to the 1995 level of \$542 million.) As a result, during the 1990s, there

were 54 million fewer unwanted pregnancies, 27 million fewer abortions, and 2 million fewer maternal and child deaths in over 50 countries. During this period, USAID extended family planning programs in Eastern Europe and Eurasia, where the principal objective was to reduce high rates of abortion.

In 1994 the United States participated, with nearly 180 other countries, in the International Conference on Population and Development in Cairo. ICPD placed women's health and rights at the center of population programs and policies. Since 1994, USAID has committed more than \$4 billion to population and reproductive health programs as defined in the Cairo Program of Action.

With both administration and bipartisan congressional support, USAID broadened its child survival program beyond the traditional areas of immunization and diarrheal disease control to include major new initiatives. In 1996 the Agency began supporting the worldwide polio eradication initiative. As a result of USAID and other donor support, annual reported cases of polio dropped by more than 85 percent, and transmission of wild polio virus has been interrupted in all but 30 countries.

In 1997, USAID began a major effort to reduce vitamin-A deficiency in children. With first lady Hillary Clinton's endorsement, USAID gained the support of public and private sector partners to broadly implement this lifesaving and highly affordable intervention. In 1999, USAID launched its Boost Immunization Initiative to strengthen childhood vaccination programs in developing countries. The Agency played an important role in creating the Global Alliance for Vaccines and Immunization and was to contribute \$50 million to the program in 2001.

Between 1985 and 1999, the cumulative effect of child survival programs supported by USAID and its partners resulted in a 20 percent reduction in under-5 mortality in developing countries. Sustained funding and commitment from the Clinton-Gore administration was critical to this success.

A concerted effort was made to increase the visibility of global infectious diseases as a national security concern and to emphasize that the effort to fight these diseases was an important "global public good." The Millennium Initiative was a successful effort to increase funding for infectious diseases that disproportionately affect the developing world. It led to increased appropriations for USAID and the National Institutes of Health; tax incentives for private pharmaceutical firms to invest in vaccine and drug development; increased investments in developing country health systems through the World Bank; and a debt-reduction initiative aimed at mobilizing resources for human development priorities in the poorest countries.

USAID's HIV/AIDS and infectious disease programs almost tripled from 1999 to 2001. In 1999, under the leadership of Sandra Thurman, director of the White House Office of National AIDS Policy, the administration announced the LIFE Initiative (Leadership and Investment in Fighting an Epidemic) to address the AIDS pandemic. Under LIFE, an additional \$55 million was made available to USAID to prevent the further spread of HIV and to care for those affected

by this devastating disease in sub-Saharan African and India. Ms. Thurman played an integral role in raising international HIV/AIDS to the level of a national priority, garnering bipartisan support for the issue and increasing the U.S. government investment to address this global pandemic.

UN Ambassador Richard Holbrooke's emphasis on HIV/AIDS as a security issue during the January 2000 UN Security Council meeting, and his subsequent work to draw international attention to this pandemic, contributed to the visibility of HIV/AIDS as a social and economic crisis especially in Africa. Following the 2000 International AIDS Conference in Durban, South Africa, USAID's FY 2001 funding was further increased. With these additional resources USAID will implement an "expanded response" to the HIV/AIDS pandemic, making it the global leader in the international fight against HIV/AIDS.

With increased globalization and declining development assistance funding worldwide, USAID placed greater emphasis on donor coordination and strengthening partnerships with multilateral and bilateral development agencies, and the major private foundations. The Agency vigorously promoted south-to-south cooperation involving leading national NGOs in countries graduating from USAID assistance. These efforts resulted in greater harmony among partners on important policy issues, more efficient programming of resources, and closer cooperation in the field. An excellent example is the significant improvement in cooperation between USAID and Japan under the 1993 Clinton-Gore U.S.-Japan Common Agenda. The expanded collaboration in population, health, and nutrition between USAID and the government of Japan has greatly enhanced our bilateral relationship.

Gender

The 1990s brought increased recognition that efforts to stimulate economic growth, alleviate poverty, improve health, prevent environmental degradation, and improve human rights will not be successful unless development assistance includes attention to the roles of both women and men. Of the many U.S. and USAID efforts in this area in the period 1993-2000, the Girls' and Women's Education Initiative of 1995 and the passage of the Trafficking Victims Protection Act of 2000 deserve special mention.

The Girls and Women's Education Initiative was launched by the first lady at the 1995 UN Summit on Social Development in Copenhagen. The initiative builds on evidence that investments in female education and literacy yield high social and economic returns. Girls' education efforts related to this initiative have reached more than 17 countries.

The Trafficking Victims Protection Act of 2000 mobilizes U.S. agencies to fight trafficking and assist victims. USAID has a pivotal role in promoting economic alternatives, education, and public awareness in developing countries to prevent women and children from falling victim to traffickers.

Information Technology

At the beginning of the new century, information and communication technologies (IT) were transforming the way people live, learn and work. IT already accounted for one third of the growth in U.S. gross domestic product. There were over 300 million Internet users globally, growing at an estimated 35 percent per year. From 1992, when there were only 50 Web sites worldwide, by 2000 there were 1.5 billion and approximately 2 million added each day, indicating the enormous potential for individual participation and diversified information sourcing on the Internet. Nations that harness information technology could look forward to greatly expanded economic growth, dramatically improved opportunities for human capacity development, and stronger forms of democratic government.

USAID's involvement in this sector built on decades of applications of distance education through radio, social marketing to support population, health and environmental objectives, and participation in a growing number of global data-sharing networks. In fact, USAID's application of information technology cut across all Agency goals. USAID's Leland Initiative, in Africa, and leadership in the U.S. government initiative on Internet for Economic Development (IED) generated programs in over 30 countries aimed at increasing the development impact of information technology and access to this technology through policy reform, training, and pilot applications. These and like programs, well represented in all regional bureaus, directly brought the means of communication, learning resources, and improved opportunities for increased income, better health, and more meaningful participation in government to hundreds of millions of families in USAID-assisted countries.

Leaders of the Group of Eight (G-8) industrialized countries at the Okinawa Summit in August 2000 addressed the "digital divide" between the rich nations and poor as part of the Okinawa Charter on the Global Information Society. The G-8 established a Digital Opportunity Task Force to mobilize the resources of governments, private sector, foundations, and multilateral and international institutions. The goal is to bridge the international digital divide through the creation of digital opportunities for developing countries and their citizenry. By the end of the century, with strong White House support, USAID was well positioned to respond to this development challenge through its inclusion of information technology as a crosscutting theme in its programs and its experience with the Leland and IED initiatives.

Global Issues

During the Clinton-Gore administration, a new developmental paradigm emerged at USAID called global issues. These issues—such as HIV/AIDS, climate change, and the sexual trafficking of women and children—are developmental issues that cut across country borders and are more suited to a global response. While USAID continued to maintain its traditional country-level activities, the growing emergence of the global issues paradigm afforded the Agency the ability to design and implement comprehensive strategies to combat problems that are transnational. From all indications, the breadth and scope of developmental problems that can be defined as global issues continues to grow. With it grows USAID's response to these issues.

3. Humanitarian Assistance, Disasters, Transitions

Trends in Humanitarian Assistance: Growth in Magnitude and Complexity

OVER THE PAST EIGHT YEARS the number and complexity of both man-made and natural disasters around the globe have increased dramatically, causing staggering devastation in large parts of the world, especially in developing countries. Responding to the fundamental humanitarian impulse in the American national character, the U.S. Agency for International Development has been at the forefront of Americans' generous emergency response to the proliferation of these crises.

The magnitude and intricacy of man-made crises have risen sharply during the last eight years, with many becoming "complex emergencies" lasting half a decade or more, as in Sierra Leone, Sudan, the former Yugoslavia, and northern Iraq. Devastation from natural disasters has also increased significantly during this period, owing to environmental degradation, population growth, and increased urbanization. On average, 48 disasters were declared per year during the period 1986 through 1990. From 1991 through 1995, the average annual number of declared disasters rose to 63, increasing further to 68 during the period 1996–2000.

Although the 1990s line trended upward, the annual number of natural disasters often fluctuated widely from one year to the next. There were 65 declared natural disasters in 1998, in contrast to 27 the previous year. In 1999 an estimated 418 million people were affected by crises calling for humanitarian response, of which natural disasters accounted for 74 percent. Disasters related to El Niño and the southern oscillation, for example, affected nearly every development sector and caused USAID program priorities to shift in a number of countries.

The amount of the international disaster assistance (IDA) account, the congressionally appropriated source of USAID's budget for disaster relief, also fluctuated significantly on an annual basis during the last eight years. However, it followed an upward trend line for the period as a whole. In fiscal year 1993, the base appropriation level for the account was just under \$150 million (including \$100 million in the Africa Disaster Assistance fund). Last year it had risen to over \$200 million.

PL 480 program appropriations for disaster relief and other emergency food aid remained remarkably resilient during the past eight years, in the face of considerable downward pressures on the U.S. government budget generally and particularly its foreign aid component. The PL 480 program account that funds emergency food aid activities (Title II) ranged from a low of slightly over \$400 million in fiscal year 1995 (about the same as it was in fiscal year 1993) to a high of over \$513 million in fiscal year 1999. During the eight-year period, emergency food assistance

was increasingly directed by supplemental appropriations, which can often be significant. The international disaster assistance account also does not include funding for USAID's food aid program. That funding is provided under the PL 480 program.

The geographic concentration of disasters continued its shift during the past eight years, particularly in the case of complex emergencies. Increasingly, the political crises that created the need for humanitarian assistance for people victimized by armed conflicts became concentrated in Africa and eastern Europe, and particularly the Balkans. Not only were the numbers of needy victims high and growing in those two areas, but also the amount of human suffering caused by the conflicts was disproportionately compelling and devastating in those two parts of the world.

The need for emergency food aid increased significantly during the last eight years. Although the number of man-made disasters requiring food relief grew throughout the period, rising from 16 in 1992 to 24 in 1999, most of the increase came from growth in the number of natural disasters, particularly in the last five years. Natural disasters eliciting a food aid response rose from 20 in 1996 to 60 in 1999. While much of the increase in these needs for food aid was met by USDA-managed programs, such as Section 416(b), USAID's Title II budget for emergency food aid also increased, primarily as a result of the Kosovo supplemental in fiscal year 1999.

USAID made considerable strides during the period in using food aid to link relief to development and to promote food security. Major progress occurred in integrating feeding activities with programs providing complementary inputs, which proved to be an effective way of helping populations and communities make the transition from crisis to recovery. Much was accomplished in minimizing dependence on food aid even in disasters by, for example, carefully targeting the relief food on the neediest beneficiaries and gradually transforming general distribution into food-for-work as the emergency abates.

Integrating Humanitarian Assistance in USAID: Linking Relief to Development

During the Clinton-Gore years, USAID made considerable progress in integrating humanitarian assistance into the overall work of the Agency. Early on in the administration, the USAID Administrator authorized, with the concurrence of the president, the Greater Horn of Africa Initiative. The aim of the GHAI for the region's countries was twofold: prevention, mitigation, and resolution of disasters; and promotion of food security. A subsequent initiative launched in fiscal year 2000, called Track II, followed up on some of the GHAI recommendations and experience, particularly related to integration and coordination of humanitarian assistance in both USAID and the government as a whole.

A key feature of the GHAI was the formulation of integrated strategic plans for countries receiving significant amounts of both humanitarian and development assistance resources annually from USAID. The integrated strategic plans were, in part, a concerted attempt to ensure, to the maximum extent possible, that humanitarian assistance contributed to sustainable progress in countries in crisis or transition. Resources from both international disaster assistance and PL 480 accounts are included, to exploit potential synergies between relief and development

resources. The result is the investment of humanitarian assistance with an aim of reinforcing longer term development efforts, and deploying development assistance in a manner that prevents or alleviates potential crises and the attendant need for humanitarian assistance.

Major Disasters And Humanitarian Assistance Responses

Bosnia–Herzegovina Complex Emergency

USAID managed humanitarian assistance programs and monitored the distribution activities of the World Food Program, UNHCR, NGOs, and international donors in the former Yugoslavia from December 1992 until September 1997. The Agency provided Title II emergency food assistance through grants, amounting to well over \$200 million, to various NGOs and the World Food Program throughout the period of the conflict. Other USAID relief programs, amounting to almost \$185 million, funded water and sanitation, seeds and tools, and other emergency assistance to an estimated 1,320,000 beneficiaries in extremely vulnerable populations, while helping to facilitate the return of refugees and internally displaced persons. USAID furnished additional assistance, again in the form of grants, to more than 200 indigenous media and civil society organizations to support peace-building efforts, alter nationalist perceptions, and develop democratic governance.

Central America: Hurricane Mitch

Hurricane Mitch, one of Central America's strongest and most damaging storms ever, wreaked destruction and loss of life in Honduras, Nicaragua, Guatemala, El Salvador, Costa Rica, and Belize when it struck the region during 27 October through 1 November 1998. The number of deaths exceeded 10,000, the number of persons affected totaled almost 3.6 million, and the number of homes destroyed topped 100,000. The U.S. response to Hurricane Mitch was the most-significant contribution that the Clinton–Gore administration made in response to a natural disaster, amounting to the most money by far that the United States has ever provided for any disaster in Latin America and the Caribbean.

Initial relief assistance in response to Hurricane Mitch, totaling \$319 million, was directed primarily toward Honduras and Nicaragua, the two most severely affected countries. The assistance included \$38 million from USAID's IDA account. The assistance also included \$67 million from USAID's PL 480 program for emergency food aid. Following the immediate relief phase of the disaster, the government announced an additional \$563 million for rehabilitation. Finally, as a result of Hurricane Mitch, USAID underwrote a unique three-year regional disaster mitigation initiative totaling \$11 million.

East Timor Complex Emergency

The government has provided more than \$61 million to date in East and West Timor to support humanitarian assistance for East Timorese following violence that ensued after their vote for independence in September 1999. USAID made available more than \$12.3 million from the

IDA account for relief. WFP received nearly \$10 million from PL 480 for food aid programs. USAID also provided \$669,000 from transition assistance funds in support of the peace process and the reestablishment of local NGOs affected by the violence.

This transition initiative generated over 65,000 jobs under the Temporary Employment Program that was carried out in all districts of East Timor. The program contributed to more than 400 infrastructure projects—repairing roads, rebuilding irrigation systems, reroofing schools, and rehabilitating market places. TEP provided tangible results when unemployment was extremely high and local impatience was growing with the international response. The program continued under a second phase to enhance community cohesion and participatory decision-making processes. In addition, the USAID mission in Jakarta provided more than \$1.3 million for health and food security.

Haiti Complex Emergency

Immediately after Lt. Gen. Raoul Cedras agreed in September 1994 to relinquish power by 15 October 1994, a USAID Disaster Assistance Response Team (DART) was deployed to Haiti with the first U.S. military forces arriving under Operation Uphold Democracy. The DART worked with the U.S. military's civil affairs units to facilitate U.S. humanitarian assistance activities and coordinate short-term relief assistance to affected populations. In FY 1994, USAID contributed 16,330 metric tons of PL 480 Title II emergency food aid, valued at \$8,675,200, through Care, Catholic Relief Services, and the Adventist Development and Relief Agency. USAID also supported an existing network of nearly 2,500 feeding centers operating through U.S.-based NGOs providing a daily meal to 1.3 million beneficiaries. In addition, USAID sponsored transition projects related to governance and to the reintegration of demobilized Haitian military personnel.

Kosovo Complex Emergency

In August 1998, after the February resumption of Serb offenses in Kosovo that brought heavy fighting to the central and western regions of the province, USAID launched a comprehensive winter emergency program implemented by its partner NGOs. The program undertook to fulfill the most basic needs of the largest number of beneficiaries by providing bulk staple foods, hygiene packs, winter clothing, stoves, tractor fuel, and spare parts to populations affected by the conflict.

By the time NATO operations began against Serbia on 24 March 1999, 260,000 of Kosovo's two million residents were internally displaced and an additional 200,000 had fled to other areas of Kosovo and third countries. In retaliation for the NATO bombings, the Milosevic government began to forcibly expel ethnic Albanians from their homes. Those displaced fled to the mountainous areas of western Kosovo, Albania, and Macedonia with little of their personal belongings. In response, USAID established relief operations in Tirana, Albania, and Skopje, Macedonia, to assist those fleeing Kosovo in large numbers.

By the time the bombings were curtailed in mid-June, more than 750,000 Kosovars had left Kosovo. When USAID returned to Kosovo on 16 June to resume operations, refugees were

beginning to go back home. An estimated 800,000 Kosovo residents required shelter. USAID, UNHCR, and the European Community Humanitarian Office jointly coordinated the effort to provide 57,100 shelter kits and to repair 12,400 roofs throughout Kosovo. USAID provided 20,700 kits, or slightly more than one third of the total supplied to Kosovo by the relief community, and funded 7,900 (63 percent) of the total roof repairs. Since March 1998, USAID has provided over \$203 million in IDA funds as emergency assistance for Kosovo.

The Agency has also furnished more than \$70 million in PL 480 Title II emergency food aid. In addition, USAID made available transition assistance totaling \$12 million for democracy, governance, and media initiatives. This assistance created more than 200 broad-based citizens' councils in postwar Kosovo, helping to channel international donor assistance and provide a new model for participatory democracy in the province. In Serbia, USAID supported the student group OTPOR (Resistance) and the Gotov Je (He's Finished) campaign. Gotov Je became the slogan of both the civic and political opposition groups. It was critical for building the momentum, through radio and other media campaigns, that led to the mass protests of October 2000, and the end of the Milosovic regime.

Mexico Fires

On 15 May 1998, the U.S. chargé d'affaires in Mexico declared a disaster owing to the unprecedented outbreak of wildfires throughout the country. The primary object of the United States' humanitarian assistance was supporting the firefighting efforts of the government of Mexico. Support was provided in the form of equipment for 3,000 firefighters; communications gear; water pumps; two 4,800-gallon water tanks for support of helicopter operations; and 1,650 gallons of foam for helicopter water drops. USAID also funded two fixed-wing aircraft for overflight mapping, and the deployment of firefighting experts to act as trainers, advisers, and observers in priority areas. The Agency's humanitarian assistance for the Mexico wildfires totaled \$2,689,907. In addition, the government funded \$5 million in regionwide assistance to Mexico and Central American countries also affected by wildfires. The assistance was provided through an agreement with the U.S. Forest Service for fire-suppression support.

Northern Iraq Complex Emergency

The United States was in the forefront of the humanitarian relief effort in northern Iraq from the initiation of Operation Provide Comfort in April 1991 to its conclusion on 31 December 1996. During that period, the government spent \$211 million on providing emergency humanitarian assistance to the estimated 3.1 million Kurdish people of northern Iraq suffering under an internal blockade imposed by the Iraqi government that deprived the region of essential goods such as food, fuel, and medicines.

From 1991 to 1995, humanitarian activities in northern Iraq were funded by the Department of Defense and implemented by USAID. As of 1 October 1995, the responsibility for the funding and management of the government humanitarian assistance program in northern Iraq was transferred to USAID. In FY 1995, efforts shifted to encouraging internally displaced persons to return to their villages of origin. These efforts, coupled with agricultural assistance, led to a reduction in dependence on donors for emergency food commodities.

Through USAID, the U.S. government also worked to coordinate activities of the international humanitarian community. Components of the 1996 government assistance program included the restoration of houses, water systems, access roads, schools, and clinics. The other major component of the government relief effort was directed toward assisting urban-displaced persons originating from Iraqi government-controlled areas. The heating program during the winter of 1995-96 provided kerosene and diesel fuel to 2,657 social welfare institutions such as orphanages, schools, health facilities, and institutes for the mentally and physically disabled.

USAID evacuated its personnel from Iraq in the face of greatly heightened insecurity in 1996. It became clear in the fall of that year that local Kurdish employees of government-funded relief organizations and their dependents were in grave danger owing to Iraqi incursions and threats. In response, USAID led an initiative to evacuate them. By December 1996, more than 6,000 Kurds were evacuated to Guam pending resettlement in the United States.

Rwanda Complex Emergency

The government provided humanitarian assistance to Rwanda throughout the 1990s. From 1992 through early 1994, Rwanda experienced large population displacements and refugee caseloads following military activity and violence in both Rwanda and Burundi. USAID and the Department of Defense responded by providing temporary emergency shelters, potable water, blankets, and emergency medical and feeding programs. U.S. assistance during this period exceeded \$34 million. By the time the four-month-long civil war and genocide ended in July 1994, an estimated 800,000 people had been killed, two million had become internally displaced in Rwanda, and another two million had fled to neighboring countries.

The U.S. government responded immediately by deploying a USAID DART with several field offices throughout the affected region. On 22 July 1994, President Clinton announced the deployment of 2,000 U.S. troops to the region to assist in the humanitarian relief operation under the auspices of Operation Support Hope. USAID's DART coordinated the government's Operation Support Hope, as the Department of Defense airlifted emergency relief supplies to the region for UN agencies, the International Committee of the Red Cross, and NGOs. Relief assistance addressed emergency food, water, shelter, sanitation, and medical needs for refugees and internally displaced persons.

As the initial emergency subsided, government assistance concentrated on promoting reconstruction and rehabilitation in Rwanda. This included rehabilitating water systems, health structures, and agricultural production, and providing shelter materials, among other humanitarian relief efforts. Throughout the period 1994-96, the government also provided funding for human rights monitors, the International Criminal Tribunal for Rwanda, reconciliation efforts, and the development of an internal judiciary system.

In December 1996, fighting broke out in former Zaire and sparked the beginning of a mass return of Rwandan refugees from both Zaire and Tanzania. USAID immediately redeployed a DART to assist in the refugee repatriation and resettlement efforts. U.S.

humanitarian efforts during this phase addressed immediate needs along the return route, reunification of families, infrastructure rehabilitation, and emergency shelter. Since the outbreak of the civil war in mid-1994, the United States provided more than \$620 million in assistance.

Sierra Leone Complex Emergency

From fiscal years 1991 through 1998, U.S. humanitarian assistance for Sierra Leone totaled \$220,288,914. In 1997, USAID began a \$3 million program in support of Sierra Leone's transition to peace and democratic government, but the program ended with the rise of instability in May of that year. In 1999, U.S. humanitarian assistance to Sierra Leone in response to renewed conflict and a subsequent peace accord totaled \$34.2 million. Disaster assistance from the IDA account in 1999 included more than \$8.4 million for activities through its implementing partners in nutrition, health, water and sanitation, agriculture, nonfood humanitarian coordination, helicopter support, and in-kind donations of 1,060 rolls of plastic sheeting and 50,000 blankets.

Following the Lomé accord, USAID programmed an additional \$5.4 million to enable its implementing partners to expand into previously inaccessible areas, undertaking emergency programs in the following sectors: health, nutrition, water and sanitation, agriculture, and the provision of nonfood relief commodities. USAID also provided \$15.4 million in food aid in fiscal year 1999. The Agency spent \$1.2 million in transition assistance funding for civil society and support of the Lomé peace accord. This assistance concentrated on addressing a root cause of the conflict in West Africa by helping the government of Sierra Leone harness an illicit diamond trade. USAID's Africa Bureau provided \$1.5 million in support of a children's tracing and support network.

Sudan Complex Emergency

The continuing civil war that erupted in Sudan in 1983 between the government of Sudan and the Sudan People's Liberation Army/Movement resulted in more than two million deaths, four million internally displaced persons, and more than 400,000 Sudanese refugees located in countries bordering southern Sudan. The United States supported and coordinated humanitarian activities with Operation Lifeline Sudan, a plan devised in 1989 by UNICEF to open corridors for barge, land, and river relief operations to affected areas.

Throughout the protracted conflict, the United States provided humanitarian assistance, with USAID in the forefront, amounting to more than three quarters of a billion dollars. The emergency assistance saved lives and reduced suffering. For example, in 1993, the malnutrition rate at the Ame IDP camp, estimated at 80 percent in March by the Centers for Disease Control, was reduced to 20 percent by September through USAID-funded airdrop operations.

Toward the end of the Clinton-Gore administration, USAID helped fund the World Food Program's road-repair efforts, which were assisting relief operations by reducing transport costs and improving convoy turnaround time. In fiscal 1999, USAID provided more than \$230 million

in assistance to Sudan. The Agency has also implemented a two-year extension (through fiscal 2002) of the USAID-funded Sudan Transition and Economic Recovery Program. It was recognized as an innovative and appropriate initiative for jump-starting recovery in a crisis situation.

Turkey Earthquakes

The earthquake that hit Turkey on 17 August 1999 was one of the most powerful of the 20th century. It caused 15,500 deaths and 24,000 injuries. More than 60,000 houses were destroyed, another 127,000 others damaged. A million people camped outdoors following the earthquake for fear of more destruction.

The United States responded immediately. It deployed a USAID-supported 70-man search and rescue team. On 19 August, USAID ordered the deployment of a second 70-man team. Both teams conducted 24-hour rescue and recovery operations, ultimately succeeding in rescuing four people alive from collapsed buildings in Izmit. The Agency also fielded a number of other relief specialists to coordinate overall international rescue and relief efforts, in cooperation with the United Nations. In addition, the Agency funded an airlift of emergency medical supplies on 20 August. USAID provided a total of \$14 million from the IDA account for this relief effort.

On 12 November 1999, a second powerful earthquake struck Turkey. It killed 550 people, injured more than 3,300, and destroyed 750 buildings. The United States immediately deployed a USAID-supported 67-man search and rescue team. The team worked around the clock searching six sites in Duzce, while providing medical assistance to the community and conducting assessments of relief needs. The government provided over \$3.8 million in humanitarian assistance to victims of Turkey's second earthquake.

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These are only a few major examples of the many humanitarian assistance operations that USAID carried out during the Clinton-Gore administration. Many others, including responses to crises in Liberia, North Korea, and Nigeria, could equally well document the large number of lives saved and the great amount of human suffering reduced by U.S. humanitarian assistance during the period.

Organizational Changes: Creation of the Office of Transition Initiatives

Recognizing the need to bridge the gap between emergency relief and long-term sustainable development, USAID in 1994 created the Office of Transition Initiatives (OTI) within the Bureau for Humanitarian Response. The timing was in large part determined by the dramatic increase in localized conflict and a series of complex emergencies resulting from significant post-Cold War change in the global political-economic environment. That almost

every region of the world has seen conflict that has generated staggering losses in human and economic terms, destabilized whole regions, and generated exorbitant relief costs drove home the urgent need for creative tools to enhance the prospects for peace in conflict-prone countries.

Out of both humanitarian concern and strategic interest in advancing peaceful democratic change around the world, the Agency embarked on an exciting experiment to better address the tenuous interlude between war and peace—to make foreign aid more responsive to postcrisis opportunities for transition.

OTI's mission is to help local partners advance peaceful democratic change in conflict-prone countries. Seizing windows of opportunity, OTI worked on the ground to provide fast, flexible, short-term assistance targeted at critical transition needs. Since its inception until late 2000, OTI had conducted programs in 23 countries. OTI undertook these programs with the speed and timing necessary to show war-weary citizens the tangible benefits of peace. OTI's programs broke new ground in foreign assistance, filling a gap between traditional relief and development assistance.

Improved Management Of Humanitarian Assistance Programs

Reengineering of USAID, with its emphasis on “managing for results,” had a significant effect on the Agency's humanitarian assistance operations. Even in the case of emergency food aid and other relief programs, systems were put in place to monitor results and base management decisions on them. Efforts were made to delegate to field missions increasing responsibility and authority for food aid programs, even including those of an emergency nature. The Agency's Office of U. S. Foreign Disaster Assistance also established regional offices abroad to oversee implementation of humanitarian assistance programs.

4. USAID in Sub-Saharan Africa

Overall Challenges

THE CHALLENGES in sub-Saharan Africa are pervasive. They include abject poverty, political and social fragmentation, weak and fragile democracies and governments, complex humanitarian disasters, intrastate and interstate conflict, hunger and infectious diseases, and lagging capacity to participate in the globalizing economy. The Clinton administration placed a higher priority on tackling these challenges than any administration since the creation of USAID. Presidential visits and intense cabinet-level attention to sub-Saharan African development and humanitarian issues were unprecedented. USAID took a leading U.S. role in preparing and implementing most program responses supporting sub-Saharan African efforts to prevent, mitigate, and resolve conflict; make the transition to more open political and economic systems; participate in the changing global economy; and address poverty, reduce hunger, and alleviate suffering.

By the end of the century, significant progress had been made—economic growth improved dramatically with two thirds of USAID recipient countries exceeding 1 percent in annual per capita economic growth. Economic freedom increased in half the countries, and two thirds committed themselves to decentralizing power. But severe challenges continued: conflicts raged in every subregion, emerging democracies and more open societies were fragile, and the AIDS epidemic threatened to reverse decades of social and economic progress. While the administration made extraordinary efforts to enhance the ability of the government to help sub-Saharan nations move from war to peace and from poverty to prosperity, obstacles remained enormous and resources few.

Congress, while attentive, was less forthcoming in its appropriations for sub-Saharan Africa than the administration wished, with no real increase in funds during the tenure of the Clinton administration. In addition, Congress discontinued the Development Fund for Africa appropriation, while instituting similar geographically defined funds for the nations of central Europe and the former Soviet Union. The Development Fund for Africa for years provided USAID with predictable and dedicated resources necessary for more reliable, efficient and effective support of U.S. humanitarian and development interests in the region.

USAID as well for the want of adequate operating funding was obliged to significantly reduce overseas staffing and close many field missions (attachment: Five Year Strategic Plan for Management of USAID's operating resources in sub-Saharan Africa).

The Administration's Economic Growth, Democratization, and Development Initiatives In Sub-Saharan Africa

During the Clinton presidency, a series of presidential and administration initiatives were undertaken aimed at overcoming basic often deep-seated and fundamental sub-Saharan African development problems.

With the end of apartheid South Africa, in 1994 USAID undertook the *Initiative for Southern Africa* to broaden support for economic growth and movement toward democracy in a region challenged by political instability, weak economies, and the degradation of natural resources. The initiative was designed to promote equitable sustainable growth in a democratic southern Africa by encouraging activities strengthening democracy and governance, supporting regional market integration, enhancing natural resources and environmental management practices, and assisting regional agricultural research and dissemination efforts. The initiative, for example, supported trade and regulatory reform in the region contributing to a 26 percent increase of U.S. exports between 1995 and 1998.

The Leland Initiative, begun in 1995, was designed to ensure that sub-Saharan Africa shares in the benefits of, and plays a key role in, the global information revolution through connection to the Internet and access to other global information infrastructure technologies. The initiative seeks to narrow the digital chasm with assistance to extend the Internet to the underserved, adopt an information technology regulatory environment that can take advantage of global telecommunications opportunities, and increase participation in worldwide e-commerce opportunities. The initiative brought wholesale Internet access rates in participating countries to as low as \$900 a month compared with as much as \$12,000 a month in non-Leland countries, and installed national Internet gateways and trained operators in 10 countries.

The Africa Food Security Initiative in 12 SSA countries, begun in 1996, stimulated agricultural growth, the primary source of income for most Africans, and reduced malnutrition, hunger, and poverty. The initiative was designed to rapidly accelerate agricultural productivity by expanding access to improved technology, markets, information, and credit, and to advance the competitiveness of African commodities in global markets. The initiative, for example, supported a Kenyan nongovernment organization now providing improved seed and fertilizer packaging and more reliable delivery services to small-scale farmers.

The Africa Trade and Investment Policy Initiative, established in 1997, was designed to promote increased trade with, and investment in, sub-Saharan Africa. The initiative concentrated on countries that had demonstrated commitment to economic growth through reform of the trade and investment environment. The initiative in particular sought to make sub-Saharan countries more attractive to the American trade and investment community. For example, the initiative sponsored technical assistance that helped West African countries resolve tax, tariff, and environmental issues to facilitate negotiation of, and agreement, on development of a \$400 million Chevron-led commercial gas pipeline. The initiative also provided the U.S. government

the outreach and technical assistance capacity for implementation of the Africa Growth and Opportunities Act, legislation enacted to open American markets to additional African exports. The president when in Nigeria presented the USAID-produced video explaining the content, implementation mechanisms, and criteria for African participation in new trade opportunities offered by this program.

The Education for Development and Democracy Initiative, begun in 1999, pledged the United States, in partnership with sub-Saharan African countries, to strengthen educational systems and democratization principles. By the end of the administration, 85 higher education, school-to-school, and technology partnerships were in place; 6,000 girls had been awarded scholarships; and an entrepreneurial training program had been established at the Ron Brown Institute. The effort also helped to form electronic networks of democracy stakeholders, business associations, and national education institutions. Hewlett-Packard, Lucent Technologies, Microsoft, and Texaco supported the initiative.

HIV/AIDS

In 2000, HIV prevalence was at extraordinarily high levels in sub-Saharan Africa—with only 10 percent of the world's population, it had 75 percent of the world's AIDS cases. Catastrophic social, economic, and political consequences were already apparent. Exceptions to negative trends were few: Uganda had reduced adult prevalence rates, and Senegal maintained a relatively low rate at under 2 percent nationally. USAID, during the past eight years, provided over half of all donor resources devoted to fighting the HIV/AIDS pandemic. USAID's were the most comprehensive of all international efforts. The administration again demonstrated its commitment to fighting the HIV/AIDS pandemic with the 1999 *Leadership and Investment in Fighting an Epidemic Initiative*, emphasizing sub-Saharan Africa. USAID-supported HIV/AIDS responses in Africa included youth radio programs, voluntary counseling and testing to change behavior, and improving quality of life and longevity for HIV-positive individuals. Sub-Saharan Africa had 90 percent of the world's infants with AIDS. USAID supported effective interventions including short-course pharmaceutical treatment. One third of southern African children may be AIDS orphans in 20 years. The Agency supported programs for extended families and communities to care for these children. Effective African political leadership in response to HIV/AIDS remained essential, but not always forthcoming. USAID did its best to encourage increased leadership from political and national religious leaders in order to address the pandemic.

Conflict and Crises in Sub-Saharan Africa

By the end of 2000, of the 47 sub-Saharan countries, 14 were at high risk for conflict and 22 at medium risk. USAID was extensively engaged in direct, multinational, and sub-Saharan African-led efforts to prevent or mitigate conflict. During the Clinton-Gore administration conflict prevention considerations were incorporated into USAID country assistance strategies and planning. Among the many conflicted areas, the Horn of Africa and the Great Lakes regions experienced various stages of conflict during the 1990s. Ethiopia, Eritrea, Rwanda, the Sudan, Somalia, Burundi, and later the Democratic Republic of the Congo experienced violent

upheavals or warfare. In addition to massive amounts of emergency food and humanitarian aid provided to these countries, important and longer term USAID responses were embodied in the administration's *Greater Horn of Africa Initiative* and *The Great Lakes Justice Initiative*.

The Greater Horn of Africa Initiative was launched in 1994 following the presidential determination to redirect U.S. assistance effort in the region. The initiative strengthened African capacity to improve regional food security—often a flash point for violence—to manage conflict, and to prevent, mitigate, and respond to potential or actual conflict in the region. USAID supported the work of the seven African member nations' Intergovernmental Authority on Development, which was at the forefront of peace and reconciliation efforts in the region (attachment: "Breaking the Cycle of Despair" 1994). In the tense and conflicted southern Sudan region, the initiative brought together several hundred Dinka and Nuer traditional leaders and church elders for negotiations that resulted in a historic and holding peace agreement between the two warring groups. USAID applied the initiative's five goals—local ownership, strategic coordination, linking relief and development, regional perspective, and promoting stability—to the Agency's conflict prevention and mitigation efforts elsewhere in the world.

The *Great Lakes Justice Initiative*, begun in 1998 and covering Burundi, Rwanda, and the Democratic Republic of the Congo, encouraged reconciliation, civil and judicial responsibility and reform, fair local elections, government accountability, and respect for human rights. All were difficult and often sensitive interventions, but they brought needed changes for lasting peace in the still conflicted region. In Rwanda, for example, over 100,000 were charged with crimes of genocide and were incarcerated for years. USAID assistance helped the government of Rwanda in legislating laws and reforming the justice system that fairly and more expeditiously bring the accused to trial.

USAID during the 1990s in sub-Saharan Africa frequently was required to work under conditions of civil strife. But considerable knowledge and capacity had been gained to better respond to conflict, work to prevent it, and support difficult transitions to peace, stability, and renewed progress.

USAID-Supported Successful Transitions In Sub-Saharan Africa

Among countries emerging from crises or conflict during the 1990s, Uganda, South Africa, Mozambique, and Nigeria were administration priorities, with USAID carrying out the bulk of the government's programs to promote and support political and economic reform in each.

Uganda's recovery from prolonged civil war and social dislocation is a major success story. Ten years of USAID support played a significant role in the recovery by supplying technical advice and resources in support of effective Ugandan-led structural adjustments. The economy grew 7 percent annually, inflation decreased from 200 percent a year to 5 percent, the incidence of absolute poverty declined from 56 percent to 44 percent, 93 percent of children aged 6–14 are enrolled in primary school, and Uganda was the first country to document a decline in the HIV/AIDS infection rate.

USAID substantially supported South Africa's transformation from apartheid to a democratic and nonracial society. It remained one of the highest U.S. foreign policy priorities. The United States had a broad array of national interests in assisting this complex and continuing transition. USAID for example supported the successful elections to majority rule and helped avoid a potentially catastrophic breakdown in the basic education system when the new government took over. South Africa's economy dominated the region, serving as an engine for growth for its neighbors. As a model of successful transition to democracy, South Africa is critical to regional stability and security. And the country is a significant U.S. trading partner and a recognized, important player on global developing country issues.

South Africa's strategic importance to the United States was recognized by the creation in 1995 of the Bi-National Commission, chaired initially by Vice President Gore, and supported programmatically by USAID. The country made great progress during the 1990s. An atmosphere of domestic reconciliation and international goodwill prevailed. Yet many challenges remained. Despite sound macroeconomic policies and good international credit ratings, foreign investment had not met expectations, economic growth was slow, and unemployment and crime rates were rising. USAID continued to maintain the most visible of U.S. efforts in support of South Africa's development and social priorities. Of special concern was the effect that the estimated 20 percent of the adult population being HIV-positive might have on South Africa's economic and political stability.

Mozambique was a major example of success of a war-to-peace transition. USAID played a critical role during the 1992-95 implementation of the peace settlement. The Agency continued to provide essential leadership and support as Mozambique's democratization and economic revival proceeded. Economic growth was 10-12 percent a year in 1997-99, with low inflation, and the country had the best economic performance in Africa. USAID initially undertook a massive emergency flood assistance effort in 2000, helping Mozambique recover from devastation that threatened to reverse the remarkable progress of the postconflict years.

Nigeria is Africa's most populous country, second largest economy, and a major source of oil. Since a 1980s military coup, the economy deteriorated with serious damage to human capital and infrastructure, and democratic processes were undercut. Ethnic and religious tensions also threatened long-term stability. USAID nevertheless maintained a modest health program through U.S. and indigenous nongovernmental organizations during this period. This in-country presence provided a foundation for rapid program expansion when legislative elections were called in 1998 and a democratically elected president was inaugurated in 1999. USAID shortly afterward led the U.S. interagency assistance assessment and strategy team, whose work formed the basis for an enhanced government assistance program now in excess of \$100 million a year.

The Outlook

The preceding descriptions profile USAID and sub-Saharan African efforts during the 1990s to move the subcontinent forward economically, socially, and politically. Overall, these efforts succeeded, and in some cases remarkably so. Yet, as is also clear, this was neither a smooth nor an uneventful journey. Nigeria only at the end of the period began to form the

political foundations it needed to recover from years of poor performance, in large part owing to corruption and bad governance. Ethiopia and Eritrea signed a peace agreement only in late 2000. Sierra Leone and surrounding countries remained volatile. Sub-Saharan Africa must move forward far more rapidly on every development front if poverty, disease, and hunger are to diminish. One predictor offered by analysts of what is necessary to move robustly and equitably forward is an annual growth rate of 7 percent. For that, Africa will need much help.

At the end of 2000, USAID had programs and capable people in place supporting reform and development. But Agency resources for Africa were already strained, and most sub-Saharan countries were progressing at rates far less than 7 percent a year. Other nations and international organizations were assisting as best they can. And sub-Saharan Africa itself was changing as political and economic opportunities slowly opened and as these nations and individuals increasingly were looking outward for information, technology, and commerce. The outlook was encouraging only if the United States and other donors and investors, and the leaders of the countries themselves, gave increased priority to the development of sub-Saharan Africa.

5. USAID in Latin America And the Caribbean

The Challenges

Summit of the Americas

SINCE PRESIDENT CLINTON first convened the leaders of the 34 democracies in the hemisphere (excluding only Cuba) in Miami in 1994, the Summit of the Americas has become the most unifying hemispheric forum for reaching consensus and high-level commitment on challenges of transnational integration and national development. As a result, USAID programs in Latin America and the Caribbean (LAC) evolved in direct support of objectives established in this summit process. The second summit was hosted by Chile in Santiago in 1998. The third was scheduled to be hosted by Canada in Quebec in April 2001. USAID provided technical and policy support for the agenda and in the development of U.S. policy positions for all three summit cycles.

During the Clinton–Gore administration, USAID’s LAC program promoted reforms to help eradicate poverty and inequality, to ensure access to justice, and to develop human capacity needed to deepen and sustain the region’s competitiveness in the global economy. Serious advances were made, but the countries in the region were still facing major challenges at the end of that period. Much progress was made in reducing fertility and infant and child mortality rates; increasing access to basic education; promoting growth and increasing trade; making peaceful, democratic transitions of power; and reducing human rights violations. But the region’s advances in democracy, sustainable growth, and quality of life risked reversal if democratically elected governments were unable to resolve the threats of drugs and corruption, or to address poverty and income inequality, or to deal more effectively with environmental degradation.

Democracy and Governance

By the end of the Clinton–Gore administration, the countries of the hemisphere shared a common vision that democracy and the protection of basic rights were core political values that must be strengthened and nurtured. Latin American governments increasingly consolidated their democratic practices, shifting from authoritarian to democratic forms of government. Civilian governments were in place; several generations of free and fair elections had transpired in many countries of the region; and overt state violations of human rights had greatly diminished. But challenges to democratic government persisted. They included impunity in the justice system, escalating crime rates, and corruption among public officials. Nevertheless, democratic governance had come to be recognized as a normative value, largely in response to citizens’ growing consciousness of their rights and power.

By the end of the 1990s, corruption was widely recognized as a major development issue. It was addressed at the highest levels of government—political campaigns were run and won on

anticorruption platforms. USAID played an important role in furthering anticorruption transparency initiatives, including bringing other donors and governments themselves to the table to create oversight mechanisms, national plans, and other methods to combat corruption.

Civil society organizations played an increasingly greater role—individually and in broad-based coalitions—in overseeing government actions, advocating policy change, and providing quality services to the communities in which they worked. USAID worked with civil society in all its bilateral and regional programs to increase the capacity of citizen organizations to fill these functions.

The push for decentralization and devolution of power to local governments continued, providing for expanded citizen participation and decision-making at the community level. Compared with the beginning of the 1990s, by the end of the decade leaders in nearly all 14,000 municipalities in the region were directly elected. Each of the LAC countries had developed mechanisms for the transfer of financial resources or had granted fiscal authority to localities.

Finally, respect for human rights and the rule of law, though not fully consolidated, was stronger than ever. The modernization of justice systems continued in the region, notably the transition to oral adversarial trials and greater independence of the judiciary.

USAID was instrumental in promoting the democratic transformation that occurred in the LAC region during the Clinton–Gore administration. Through bilateral and regional programs, the Agency provided assistance to 26 countries in Latin America and the Caribbean to train and professionalize justice sector personnel, promote and protect human rights, improve the administration of justice, create a public defense system, expand access to justice, and promote the reform of legal frameworks. USAID worked with countries to develop modern electoral systems so that they were fully capable of conducting fair and free elections without outside assistance.

Finally, USAID worked with national governments, municipalities, and regional associations of municipalities to promote good governance practices based on transparency, accountability, and citizen participation. The Agency persuaded other donors and the multilateral development banks to address these issues. Whereas “democracy” or “accountability” or “elections” were verboten language for the international finance institutions just a decade ago, by the end of the 1990s they formed a central part of the development strategies of these institutions.

Economic Growth and Poverty Reduction

On the economic front during the 1990s, real per capita income grew at 1.1 percent a year in the LAC region. This was a significant turnaround from the long slide during the 1980s. The growth rate in the 1990s was somewhat below the rate necessary to meet the DAC poverty reduction target, but it was still encouraging compared with the previous decade. Some countries were stellar performers: Chile and Guyana grew at over 4 percent a year. Costa Rica, the

Dominican Republic, El Salvador, Panama, and Uruguay grew at 2 percent a year or more. The story was mixed, though; some countries, such as Ecuador, Haiti, and Jamaica, while they had some positive years, had negative growth over the period as a whole.

The percentage of the LAC population living below the poverty line was nearly 5 percent lower in 2000 than it was in 1990. Owing to population growth, though, the absolute number of people living in poverty increased slightly after 1996 as reforms slowed and a succession of natural disasters took their toll. Because economic growth in the region was uneven among countries over time, income distribution in 2000 remained much as it was in 1990. Still, the situation was more positive than it was in 1990. Through the combined efforts of USAID, other international donors and lenders, and the region's governments themselves, the economic decline of the 1980s was halted and then reversed. New financial sector crises and natural disasters were addressed. Several countries—Bolivia, Honduras, and Uruguay, for example—did improve their income distribution.

Economic growth is essential for poverty reduction. The LAC countries that grew fastest during the 1990s were also the ones most successful in reducing poverty. Analyses of policy performance through the end of the decade show that almost two-thirds of the USAID-assisted LAC countries got top scores for their reform efforts and their economic policy performance. Access to services is another ingredient in improving people's welfare and reducing poverty levels. In this context, to address both economic development objectives and income distribution objectives, USAID took the initiative to widen and deepen access across a broad front. The Agency provided greater access to a range of income-producing services, including financial services, technology, and market services. The Agency concentrated on two major client groups—microentrepreneurs and small farmers. USAID also played a major role in increasing access to family planning services and preventive health delivery, and providing opportunities for, and access to basic education. The improvements of the 1990s lay a sound foundation for significant and widespread increases in growth and reductions in poverty over the next decade.

Resource Constraints

The 1990s saw a period of greater regional solidarity, democratic consolidation, and economic advancement buttressed by the framework of the common agenda provided by the Summit of the Americas. However, USAID's contributions to these regional accomplishments were made in the face of draconian resource reductions. Program levels for LAC were pared back by 55 percent between 1990 and 2000, along with concomitant reductions in operating expenses and staffing levels. Opportunities were missed, programs were not carried out to the extent possible, and the ability to address some pivotal issues—particularly in democracy and economic growth—was limited because of insufficient resources. This situation was compounded by the loss of flexibility imposed by a high proportion of earmarks in those funds made available to the Agency. Despite these constraints, however, several notable programs were undertaken in the LAC region during the 1990s.

Central America: Consolidating Peace

During the Clinton–Gore administration, USAID played a leading role in establishing and strengthening democratically elected civilian governments throughout Central America—initiatives that helped bring an end to the civil wars that had convulsed the region in the 1980s. Nicaragua, under Sandinista military rule until 1990, began the slow structural transformation to elected civilian government and the strengthening of democratic institutions during this period. El Salvador signed peace accords in 1992. The country demobilized and integrated ex-combatants back into civil society. It also forged a democratic political process incorporating parties from both sides of the conflict. The December 1996 signing of the Guatemalan peace accords marked the end of 30 years of civil war in Guatemala and brought peace to the region as a whole.

The peace process that characterized the decade of the '90s represented a sharp contrast to the 1980s. In that decade, Central American countries were convulsed by civil war; authoritarian military governments were the norm; and national economies were closed, protectionist, and in recession. During the '90s, USAID strove to consolidate the peace process, modernize Central American government institutions, promote judicial reform, and strengthen the electoral institutions and processes in the region. Simultaneously, it labored to strengthen open markets and promote economic growth to take advantage of the dividends that accrued as a product of peace. Central American economies responded with positive growth rates of 4–6 percent throughout this period.

Although challenges remained, by the end of the decade peace provided the region a solid foundation on which to move forward. Freely elected, democratic governments were the norm, and there was consensus across the region that disagreements were to be settled politically and not by force of arms. USAID had a major role in making this possible.

Peru–Ecuador Border: Promoting Development to Ensure Peace

In October 1998, Peru and Ecuador signed a peace agreement ending a 160-year border conflict that had drained money away from badly needed social investment and development infrastructure in both countries. The United States had invested considerable time, effort, and other resources in helping the parties achieve the agreement. To consolidate this peace process, the Clinton–Gore administration committed to the provision of \$42 million in assistance to support a five-year binational plan for both countries. The two respective USAID missions played major roles in developing and coordinating activities on both sides of the border. Interventions emphasized strengthening local organizations and implementing high-impact, small-scale community infrastructure projects. They included potable water, sanitation, rural roads, and rehabilitation of schools. The success in developing these initiatives resulted in leveraging additional Peruvian, Ecuadorian, and other donor funds to complement community infrastructure in these border communities.

Hurricane Reconstruction: Laying the Foundation for Sustainable Growth

The devastation caused by Hurricane Georges to the Caribbean in September 1998 and by Hurricane Mitch to Central America in October 1998 was a severe blow to the people and economies of those regions. Combined damages totaled more than \$13 billion. Hurricane Mitch alone resulted in more than 9,000 dead and left three million people displaced.

The Clinton–Gore administration provided an unprecedented level of assistance to the victims and countries affected by these natural disasters. In the months immediately following, the United States mounted one of the largest emergency relief responses to a natural disaster in U.S. history. More than \$325 million for food, medicines, shelter, supplies, and transportation, as well as repairs to bridges, roads, and clinics, was provided through USAID, the Department of Agriculture, and the U.S. military.

In March 1999, the administration requested and Congress authorized a \$956 million supplemental appropriation for the countries affected by Mitch and Georges, of which \$621 million was grant funding for reconstruction assistance. This contribution was the largest single bilateral pledge made at a Consultative Group in Stockholm, Sweden, in May 1999. There, the United States joined 50 other donors and nations in pledging more than \$9 billion in support for recovery from the disasters. At this meeting, the United States collaborated in issuing the Stockholm Declaration. That communiqué established reconstruction operating principles that reflected U.S. priorities and USAID's approach. The reconstruction program was committed, therefore, to following improved disaster risk and environmental standards, while addressing the needs of the poorest elements of the population. Implementation depended heavily on local governments and civil society. It incorporated stringent transparency and accountability measures.

The U.S. reconstruction program was among the first to get under way, and it had a major impact on people in the Caribbean and Central America. Basic community infrastructure—bridges, schools, housing, water and sanitation systems—was constructed and repaired. Economic activity was reactivated through credit, technology transfer, and related assistance to micro and small businesses. National agencies, local governments, and communities took measures to identify disaster-prone areas. They promoted practices to prevent risks in the future, and they improved preparedness for disasters. The U.S. reconstruction program was a significant factor in returning affected countries to positive growth and stability.

Haiti: Encouraging Emerging Democracies

During the Clinton–Gore administration, the U.S. foreign assistance program supported Haitian efforts to alleviate poverty while reinforcing the foundations for a democratic society. Haiti presented a complex development challenge. It had a history of political instability and repression, widespread poverty, and weak government institutions. It was the poorest country in the hemisphere, and economic and social development is a long-term process.

Operation Uphold Democracy began in September 1994 when the United States led multinational forces into Haiti to end the violent military dictatorship and restore constitutional democracy. During this period, USAID and others in the international donor community helped disband the Haitian army, trained a new civilian police force, and began to establish the foundations for sustainable economic growth and social stability. From FY 1995 through FY 2000, USAID provided \$724 million for assistance programs: \$500 million in Development Assistance and Economic Support Funds for project assistance, \$10 million for emergency hurricane assistance, and \$214 million in PL 480 food aid. The program tackled poverty alleviation, the underlying causes of poverty (population pressure, poor education, and environmental degradation), and creating income and employment opportunities for the poor. It also addressed security, justice, and governance concerns and strengthening the government's ability to provide public services.

By the end of the Clinton–Gore administration—six years after the restoration of democracy—donor efforts to strengthen democratic institutions and develop a policy framework for economic growth had encountered significant resistance. A lack of commitment from the Haitian government impeded progress in judicial reform. Flawed elections in April 1997 and again in May 2000 undermined the democratic process. Increasing insecurity and deteriorating physical infrastructure hindered investment and economic growth.

Nonetheless, in areas where USAID made significant investments, and had full cooperation and support from the Haitian government or nongovernmental organizations, incomes increased, health and education improved, and environmental degradation abated. As a result of USAID assistance, by the end of the decade of the 1990s, 200,000 small farmers had increased their incomes under hillside agriculture programs, 10,000 microentrepreneurs had received small loans, school feeding programs had reduced child malnutrition by 30 percent, and 4.7 million people had received primary health care services under health and family planning programs. Judicial reform efforts, when they were given full support by the Haitian government, also produced positive results: a magistrates school was established, and case registration was implemented in prosecutors' offices and justices of the peace courts.

Andean Region: Strengthening Endangered Democracies

During the Clinton–Gore years, the overriding U.S. national interest in the Andean region was to sustain stable democratic civil governments in the face of long-standing economic and social inequities and a serious increase drug trafficking. Our national interest to reduce the flow of cocaine and heroin to our shores was outlined in President Clinton's 1993 Counter-Drug Policy for the Western Hemisphere. This policy brought increased efforts to control drug production in source countries. It sought comprehensive multidonor support, and it strengthened host governments to act against cocaine production and trafficking. The U.S. counternarcotics strategy comprised two interdependent elements: 1) law enforcement, interdiction, and aerial eradication to disrupt narcotics trafficking, lower the farmgate price of coca leaf, and reduce coca hectareage; and 2) alternative development to offer licit economic opportunities to participating communities and farmers. In support of these goals, USAID stressed carrying out broadly effective alternative development activities together with improved governance, economic development, and justice reforms.

Alternative development in Peru and Bolivia proved to be an effective tool for attaining voluntary reduction of coca production. In Peru the Agency targeted coca production zones and provided licit economic opportunities, increased access to licit markets, and strengthened local government. These alternative development activities, coordinated with Peruvian interdiction and law enforcement efforts, resulted in an overall 65 percent decline of coca cultivation and a return to more traditional agricultural production. Coca cultivation was reduced from 129,000 hectares in 1992 to 38,700 hectares in 1999.

In Bolivia, USAID assistance was pivotal in carrying out (in combination with Bolivian interdiction and eradication efforts) initiatives in alternative development, drug prevention, public awareness, and administration of justice. The Agency's alternative development program reduced coca production in the Chaparé region from 36,600 hectares in 1995 to less than 1,145 hectares in 2000. In both countries, the need continues for counternarcotics programs to eliminate or prevent the replanting of coca.

The methods used in Peru and Bolivia served as the basis for similar efforts undertaken in coca- and poppy-growing areas of Colombia. In 2000, Colombia had become the origin of over 80 percent of the cocaine and 62 percent of the heroin consumed in the United States. In 1995, Colombia produced 51,000 hectares of coca; but by 1999, over 120,000 hectares were in coca production and the yields per hectare were significantly greater. Combating narcotics production and trafficking was made harder by links to insurgent and paramilitary groups that derived a "tax" on illicit drug production as the principal source of funding for their operations.

Colombia was one of Latin America's oldest formal democracies, but it was under threat from narcocorruption, violence by insurgent and paramilitary groups, a horrendous human rights situation, and weak government institutions. Significantly increased level of illegal drug production and trafficking, escalating civil conflict, weak and corrupt government institutions, negative economic growth, and high unemployment seriously threatened Colombia's democratic, economic, and social stability. Moreover, the situation threatened the stability of the Andean region—neighboring countries were already feeling the effect of Colombia's narcoeconomy. It was feared that increased counternarcotics activities in Colombia could push drug producers and traffickers into neighboring countries.

In October 1999, the Clinton administration initiated an integrated assistance program to strengthen Colombian institutions (particularly in drug interdiction, eradication, and alternative development), address human rights abuses, support judicial reform, and deal with the population displaced by violence. While overall U.S. support under Plan Colombia stressed the counterdrug effort, USAID assistance also sought to strengthen democracy: democratic institutions are America's essential allies in the fight against illegal drugs and an important catalyst for peace.

Plan Colombia included support for USAID programs in Bolivia and Ecuador as well as Colombia. In Colombia, \$123.5 million was provided for alternative development activities; to make Colombia's judicial system more effective, transparent, accessible, and independent; and to strengthen civic participation and citizen awareness of issues related to counternarcotics,

accountability, and human rights. In Bolivia, \$85 million was to be used to initiate alternative development in the Yungas region and to further strengthen the sustainability of alternative development in the Chaparé. In Ecuador, \$12 million supported alternative development and other economic activities to consolidate legitimate government presence in the three northern Ecuador provinces that border Colombia.

Cuba: Working Toward a Peaceful Democratic Transition

The overarching goal of U.S. policy toward Cuba during the Clinton–Gore administration was to promote a peaceful transition to democracy on the island. The USAID Cuba Program supported this by increasing the flow of accurate information on democracy, human rights, and free enterprise to, from, and within the island. In 1995, President Clinton announced the first USAID grant aimed at promoting democratic transition in Cuba. The Libertad Act of 1996 further elaborated the types of assistance and support the president was authorized to provide for individuals and independent NGOs to support democracy-building efforts for Cuba.

USAID assistance included informational material on democracy, human rights and market economies; noncash humanitarian assistance to victims of political repression and their families; noncash support for democratic and human rights groups; support for visits and encouragement of permanent deployment of independent international human rights monitors in Cuba. In January 1999 and May 1999, President Clinton outlined additional steps to reach out to the Cuban people. The Cuban government denounced the president's measures and passed draconian legislation imposing 10- to 20-year prison sentences for any Cuban who receives or disseminates prohibited information or printed material or engages in activity the Cuban government deems as aiding U.S. policy toward Cuba.

The Cuban government's subsequent repression of human rights activities, independent journalists, and other peaceful democratic elements heightened international awareness of the human rights struggle in Cuba. In this context, the USAID Cuba Program continued to increase the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba.

Conclusion

Because the countries in Latin America and the Caribbean are our neighbors, USAID programs carried out in those countries had an important impact on issues that directly affected the United States. During the Clinton–Gore administration, major strides were made in consolidating the still fragile democratic institutions in our own hemisphere. Investments in the peace process paid off handsomely with the institutionalization of democratic processes, reductions in human rights violations, and peaceful transitions of power. Programs addressing inadequate health and environmental degradation improved the quality of life. Improved democratic and economic practices contributed to reductions in illegal immigration to the United States and increased trade in the hemisphere, including a 160 percent increase in exports from

the United States to Latin America in 1998 as compared with 1990. But despite these advances, at the end of the 1990s much still remained to be done to address the dire poverty in which 40 percent of the region's people lived and to ensure that the newfound "democracy dividend" remained intact.

6. USAID in the Middle East and Asia

IN LATE 1992 a decision was made to merge the Asia and Near East Bureaus, as their combined size would more closely match those of the other regional bureaus. As a result, the region of greatest national security interest and risk (the Middle East) and the region of greatest national economic interest (Asia) came under one management unit. The counterparts to USAID's Bureau for Asia and the Near East were three Department of State regional bureaus: Near East and Africa, South Asia, and East Asia.

The Middle East

In 1993, USAID had active programs in six Middle East countries, as well as three nonpresence countries (programs without a USAID mission or U.S. direct-hire employees). U.S. interests in the Middle East were concentrated on the Arab-Israeli conflict, one of the most intractable problems of this century. The signing of the Declaration of Principles on the White House lawn in September 1993 marked a dramatic turning point in negotiations between the Israelis and Palestinians. In response, the United States and other donors pledged to support the peace process by initiating economic development programs in the West Bank and Gaza to demonstrate to the average Palestinian the benefits of peace.

Other USAID programs in Egypt, Israel, Jordan, and Lebanon reflected the roles played by these countries in the peace process. Egypt and Jordan, for example, were critical brokers for the peace process in the Arab world. Congress appropriated \$2.2 billion of Economic Support Funds to ensure a stable political and economic environment that would permit a comprehensive and lasting peace in the Middle East.

At the same time that USAID programs in the Middle East were being ramped up, severe budget constraints forced USAID to close missions in Tunisia, Oman, and Yemen; reduce USAID/Washington staff; and downsize other programs, such as Morocco. In response to losing a valuable foreign policy tool, the administration requested Economic Support Funds to initiate new regional programs for countries that no longer had access to USAID development assistance programs. In 1997, funds were allocated for the Middle East Regional Democracy Fund, covering activities in Algeria, Tunisia, Oman, Yemen, and Morocco. In 1999, funds were allocated for the North Africa Regional Economic Partnership involving Algeria, Tunisia, and Morocco.

Foremost among the Agency's objectives in the region was increasing the availability of water. As a water-deficit region, supply and demand of water are at the heart of both bilateral development issues and regional peace concerns. USAID programs improved access to and made more effective use of freshwater resources. The Agency's economic growth objectives in the Middle East included a combination of policy reform programs and microenterprise finance activities.

Policy reform activities removed obstacles to increased participation in the global economy. Microenterprise activities, sparking economic growth, encouraged the formal banking systems to accept small borrowers as customers for commercial loans. USAID took the lead in demonstrating to local organizations and other donors that it was critical to charge market rates for microenterprise loans if these programs were to be sustainable. The Agency's health, family planning, and girls' education programs in the Middle East reduced the population's demand on limited water resources, reduced the footholds of fundamentalism that thrive in an environment of high unemployment, and strengthened women's capacity to lead productive lives. Democracy and governance activities, which were harder to nurture in a region where democratic traditions have only recently received greater emphasis, aimed to strengthen democracy through support for wider civil society participation in public decision-making.

Israel's economic assistance package was provided in cash, while the other peace process countries received project aid. Whereas Congress set a level of \$1.2 billion annually for Israel, Egypt was appropriated \$815 million in assistance delivered through economic development projects, a private sector Commodity Import Program, and a policy-reform budgetary support component. Assistance to Jordan, all of which was provided as projects, rose as high as \$200 million annually during this period, while assistance to the West Bank and Gaza averaged \$75 million a year in projects. None of these countries, as legislatively mandated, could directly benefit the Palestinian Authority, headed by Yasser Arafat.

By fiscal year 1999, after two years of negotiation, the administration reached agreement with Egypt and Israel to decrease the economic assistance package that each had been receiving since Camp David in 1978. Israel's economic assistance package was reduced by \$120 million a year and Egypt's by \$40 million a year. The plan was to continue these reductions over a 10-year period.

Then in fiscal 2000, both Israel and the Palestinians benefited from a supplemental assistance package in support of peace agreements reached at Wye River Plantation, in Maryland, in November 1999. Israel received strictly military aid, while the Palestinians received economic aid to extend the economic benefits of the peace process to the average Palestinian. The recently renewed intifada (call to uprising) by the Palestinians in September 2000 put further implementation of Wye supplemental activities in doubt.

Finally, the region witnessed the peaceful transition of power from King Hussein to King Abdullah in Jordan, from King Hassan II to King Mohammed in Morocco, and from President Assad to President Bashar in Syria. The attention of the new, young generation of Arab leaders was directed mainly at economic issues as the key to promoting peace and stability. The leaders embraced President Clinton's Internet for Economic Development Initiative and invited USAID to assist in programs to open their economies and train their populations to compete in the global economy.

As the Clinton administration drew to a close, a new intifada had begun in the West Bank and Gaza. The rapidly escalating violence following the unsuccessful Camp David II summit, the continued expansion of Jewish settlements in the West Bank, and a lack of resolution of

outstanding issues surrounding Jerusalem led to a breakdown in discussions between the Israelis and Palestinians on further normalization of their relationship. The violence, which polarized much of the Arab world against Israel and (to a lesser extent) the role the United States played in the region, highlighted not only the fragility of the peace process but also the American position in the region.

Egypt

From 1993 through 2000, U.S. economic assistance to Egypt remained at high levels (averaging \$800 million a year) in recognition of the country's role as an important ally and catalyst for peace in the Middle East. While early programs designed to improve physical infrastructure and social services continued, a new interest in improving the economic policy environment and promoting economic restructuring emerged. Egypt's future global competitiveness required that economic reforms continue, past accomplishments be sustained, and more aggressive growth be achieved.

By 1995, Egypt had achieved macroeconomic stabilization, dramatically reduced its inflation, and unified its exchange rate. Establishment of the U.S.–Egypt Partnership for Economic Growth and Development by Vice President Al Gore and President Hosni Mubarak in 1994, followed by Egyptian cabinet changes in 1995, accelerated the reform program. With U.S. financial and technical support, Egypt privatized 110 state-owned enterprises, issued regulations for financial sector firms, eliminated export licensing, and allowed majority foreign ownership of public sector banks and insurance companies. Reforms affected gross domestic product: growth increased from 3.5 percent in 1993 to 6.1 percent in 1999. U.S.–funded activities also provided private sector commodity import assistance, helped the Egyptian government move toward an efficient and equitable tax base, and supported a nascent information technology industry and improved management skills training.

Despite the respectable levels of growth and good performance on a number of macro indicators, Egypt has been less successful in reducing poverty. U.S. economic assistance has addressed this issue in various ways. Health and population programs have reduced both fertility and infant mortality. Investments in water and wastewater facilities have provided Egyptians at all income levels access to potable water and dependable sewerage systems. Agricultural sector liberalization has reduced poverty in rural areas. A small and medium enterprise program was accelerated and strengthened. Some 250,000 Egyptians gained access to credit through the program. It now is self-sustaining.

Guided by the U.S.–Egypt partnership 1999 emphasis on increased trade and investment, human resource development, and technology transfer, both countries worked to reduce assistance for Egypt while establishing a more sustainable and private sector–oriented economic relationship. Official bilateral assistance was to be reduced 5 percent a year until 2009. Then U.S. program funding were to level off at \$407 million.

West Bank and Gaza

The September 1993 White House signing of a peace accord between Palestinians and Israelis provided the basis for a dramatic increase in American assistance to the Palestinian people and for a strengthening of the U.S.–Palestinian relationship. Soon after the White House ceremony, a USAID mission was established in the region to carry out this politically sensitive and critical program. A \$75 million annual assistance program was designed to support the peace process and to improve the quality of life for Palestinians living in the West Bank and Gaza. USAID initially emphasized programs designed to provide jobs and housing and to support the newly established Palestinian Authority. In 1996 the Agency launched a more targeted strategy. It emphasized three areas: increasing the amount of available water for Palestinians living in the West Bank and Gaza, expanding economic opportunities for residents of the region, and promoting democratic governance.

January 1996 national elections were key to the evolution of the Palestinian Authority. Immediately after the elections, USAID put into effect a multiyear program to support the newly established Palestinian Legislative Council. Complementing this effort, the mission also supported several leading Palestinian civil society organizations and, more recently, the development of an independent judicial system. Pursuant to a second set of agreements between the Palestinians and Israelis (the Oslo II Accords), USAID developed the water resources in the Eastern Aquifer of the West Bank. Construction of four major water production wells, two reservoirs, and a 30-mile transmission line have doubled the amount of water available to residents of Bethlehem and Hebron.

In Gaza City, a wastewater treatment plant, a reservoir, and sewer lines have been installed. These projects have dramatically improved the quality of life for residents in the region. The Gaza Industrial Estate opened in 1998 as a facility designed to support the expansion of industrial production and jobs in the Gaza Strip. In addition to providing funds for the construction of key installations at the estate, the Agency supported development of a legal framework and institutional environment conducive to promoting investment at all industrial estates planned for the West Bank and Gaza.

In 1999, following the signing of the Wye River Accords, Congress approved a \$400 million supplemental package for the Palestinians. Consequently, USAID expanded its assistance to include enhancement of community services in rural areas and improvements in the quality of maternal–child health care.

Jordan

The 1990s were a period of challenge and change in Jordan. Major issues included the transition to a new king in 1998, the signing of a peace treaty between Jordan and Israel in 1994, and mending relationships with the United States following the Gulf War in 1990. The rapid expansion of the USAID program in 1997 was the most tangible sign of this renewed political and economic relationship. Agency funding levels increased from \$7.1 million in fiscal 1996 to

\$126 million in 1997; \$140 million in 1998; and \$200 million in 1999 and again in 2000. The five-year economic assistance package addressed three of the most critical problems that Jordan faced: 1) not enough water, 2) too rapid population growth, and 3) not enough jobs.

USAID helped increase trade and investment in Jordan. The Agency supported its accession to the World Trade Organization, concurrence on a Free Trade Agreement with the United States, and the granting of special economic zone status to Jordan's only port, Aqaba. USAID-funded advisers played a central role in effecting many of the legal and regulatory changes necessary to ensure accession to the World Trade Organization. The Agency also helped address environmental issues related to the fourth Free Trade Agreement by the United States (only Canada, Mexico, and Israel have such agreements in place).

Other notable achievements included the United States taking the lead among donors in the Wadi Mousa water and wastewater treatment project, helping to protect a world heritage site at Petra. In addition, the Agency initiated a variety of other water and wastewater infrastructure projects as well as water conservation and policy reform efforts affecting the entire country. The 1990s also witnessed the beginning of an important demographic transition in Jordan. Natural rates of population increase declined from well over 3 percent in 1990 to less than 2.5 percent by the end of the decade. Fertility rates decreased from 5.6 to 3.8, and modern contraceptive prevalency rates increased from 27 percent to 40 percent during the same period.

Lebanon

The USAID/Lebanon program totaled \$100 million during 1992–2000. It came on the heels of a devastating 16-year civil war that destroyed much of the country's economy and infrastructure and left deep scars among the many forces making up the complex fabric of Lebanese society. Key events—the 1989 Ta'if Accord, the 1996 Friends of Lebanon Conference, and the May 2000 withdrawal of Israeli forces—in various ways all signaled new beginnings for Lebanon. Nonetheless, we find today mixed results and mixed prospects.

Our principal challenge over the past eight years was to rebuild a country devastated by nearly two decades of civil war. This was in an environment where the following conditions prevailed: Syria, with 35,000 resident military and security forces, influenced all major decisions; 200,000 Palestinian refugees lived in a dozen UN-administered camps; a resistance militia maintained internal autonomy and political legitimacy; Israel controlled half the country; and UN forces in Lebanon tried to keep peace along a border that had no Lebanese presence or sovereignty.

USAID crafted an integrated program fusing local, regional, and national interests in a geographically balanced and equitable way, while finding niches that complemented and reinforced other donor programs. An initial nonpresence postwar response addressed humanitarian relief, reconstruction, and resettlement of displaced people in war-affected villages. After nearly closing in 1996, the program was reenergized in 1997 with the opening of a USAID mission. USAID's emphasis afterward was on revitalizing economic activity through rural community development and policy reform; promoting good governance and democratic

institutions; and improving sound environmental practices. Our core partners were American private voluntary organizations, American–Lebanese educational institutions, and private contractors. The Agency provided no direct assistance to the government.

USAID made a difference during this period. In addition to the tens of thousands of Lebanese who received food, shelter, and health care immediately following the war, hundreds of thousands benefited from sustainable small-scale infrastructure and income-generating activities. Scores of municipalities profited from improved administration. Advocacy groups became aware of the costs of corruption; businesspeople benefited from new laws promoting Lebanon's accession to the World Trade Organization; and vibrant civil society organizations engaged in development and public policy.

North Africa

In 1992, USAID had bilateral programs in Morocco and Tunisia. In 1994 the Agency was directed to close several of its overseas missions. Going by per capita income, Tunisia and Morocco were considered candidates. USAID/Tunisia, given its relatively greater level of economic and social development (including one of the highest female literacy rates in the region and a greater role for women in society), was closed in 1994. Noteworthy among the Agency's results in Tunisia were a sustainable family planning organization, an Internet and Arabic software development organization, a program to put computers in public schools, and several hundred Tunisian graduates of American institutions.

After close examination of social development statistics and considering Morocco's importance in the Middle East peace process, USAID decided to continue its 35-year relationship with Morocco, although at a decreased assistance level of approximately \$11 million, as compared with a 1993 level of almost \$34 million. In 1993, USAID continued its maternal child health program, began an aggressive private sector building program and agribusiness projects, and implemented a large urban housing upgrade project. In late 1996, USAID/Morocco began redirecting its program to benefit Morocco's most disadvantaged group—the rural poor, particularly women and girls. This new effort also capitalized on the installation of a democratically elected government open to political and economic change and modernization.

In 1998, in an effort to improve dialog on issues of importance to the United States, a regional program was initiated to increase bilateral trade and investment between the United States and the three countries of the Maghreb: Algeria, Tunisia, and Morocco. The Maghreb countries also received funding from the Middle East Democracy Fund for activities such as strengthening nongovernmental groups, civil society, rule of law, and parliamentary training.

Conclusion

At the end of the Clinton administration, the renewed violence in the West Bank and Gaza, and the reaction of the Arab world to that violence (including the convening of the first meeting of the Arab League in over a decade), underscored the limitations of U.S. influence in the region. Despite many years of direct engagement with a variety of governments and groups in the region, the reality of the unresolved Israeli–Palestinian conflict limited the ability of the

United States to promote long-lasting peace and economic growth in the Middle East. Although less directly affected, our North Africa programs still felt the effect of the long-standing conflict. At the same time, economic progress in Egypt, Jordan, and Morocco demonstrated the viability and impact of USAID programs in the region.

East Asia

In 1993, when the Asia-Pacific Economic Cooperation forum was established, prospects for the "Asia century" looked promising. That factor, together with budget pressures, led the Agency to proceed with planned closeouts of our programs in Thailand, Indonesia, and the Philippines. Shortly thereafter, though, the Asian financial crisis occurred, the democratic crisis in Indonesia struck, and USAID's regional programs were restructured to adapt to the changed circumstances.

Over the course of eight years, economic collapse underscored the lack of progress on the democracy front comparable to the previous high economic growth. This fact heightened global attention on the importance of democracy and governance reform as a critical element of any economic reform agenda. This lesson will inform future transitions in the region, potentially in China, Vietnam, and Burma.

President Clinton's visit to Vietnam in November 2000 and the opening of a USAID office in a country from which the United States had been absent for 25 years was both an emotional and historically significant event. It began to bring healing for the troubled relationship between the two countries.

Indonesia

In the period from 1992 through 1997, the Agency worked in Indonesia to promote social sector development. USAID macroeconomic advisers assisted the Indonesian government in developing policies to deal with crony capitalism. The Agency also saw the implementation of sound macroeconomic policy. USAID was widely acknowledged in the international community as a leading force in Indonesia's effective adoption of modern family planning methods. And the Agency's rural programs contributed to strong growth in that sector. Those programs helped significantly reduce poverty in Indonesia.

USAID was the major player fueling the development of a strong civil society during the mid to late 1990s. Through support for local nongovernmental organizations and labor organizations, the Agency promoted public participation in government long before the radical political changes of 1998. USAID programs also trained journalists in the fundamentals of researching and reporting. The training contributed to the development of a free and responsible media. In the late 1990s, the newly empowered civil society groups called for greater transparency and accountability from the government. The pressure subsequently forced Indonesia's leader for three decades, Gen. Suharto, from power.

The June 1999 election was Indonesia's first experience with free and open elections. In the months leading up to the vote, USAID supported extensive civic information campaigns, workshops, and debates. In addition, the Agency marshaled the other donors around coordinated efforts to make the election a success. Under the Agency's leadership, 600,000 nonpartisan election monitors and several hundred thousand party poll watchers helped ensure that voting was done fairly and that results were accurately reported.

The Asian financial crisis of the mid-1990s caused millions of Indonesians to fall back into poverty while food and health care systems were also seriously weakened. In the wake of that crisis, USAID mobilized its resources to assist reform in key sectors of the economy and environmental policy and continued to work to strengthen Indonesia's nascent democracy. The Agency helped draft legislation on bankruptcy and competition and assisted new independent commissions in fighting corruption and monopolies. USAID supported these reforms to ensure that Indonesia's social and democratic gains are sustainable.

The Agency also turned attention to regional hotspots. Sectarian conflicts in Aceh, Papua New Guinea, the Moluccas, and other areas resulted in widespread violence and as many as a million internally displaced persons. USAID's assistance in these areas helped local nongovernmental organizations carry out conflict mitigation efforts, including better information dissemination to help reduce tension and promote intergroup discussion and community development.

East Timor

In August 1999, East Timor voted overwhelmingly in favor of independence from Indonesia. The vote spurred a campaign of violence by anti-independence forces that left the territory in ruins. USAID responded with a major increase in its activities, doubling its staff and tripling its program to handle both the reconstruction and East Timor's assistance needs.

After 1988, USAID was the largest donor to East Timor, directing almost \$38 million to the territory. The Agency helped East Timor improve the health and nutrition of its people, enhance its human resources, strengthen its economy, and reduce human rights abuses. Our work was implemented through a network of local and international nongovernmental organizations to strengthen the territory's battered economy, promote democracy, and improve relations with Indonesia.

Through its Office of Transition Initiatives, the Agency also provided immediate employment opportunities through road cleanup and rehabilitation, drainage system cleanup and maintenance, school roofing, local market rehabilitation, neighborhood cleanup, and similar public works projects. These projects employed at least 13,000 East Timorese.

USAID provided training and equipment to assist urgent investigations into atrocities in East Timor and establish basic elements of a judicial system (court system, prosecutorial authority, and public defender services).

The Philippines

In support of the USAID goal of a new U.S.–Philippines partnership for democracy and development, and with the closure of the U.S. military bases at Subic and Clark in 1992, USAID began to place more emphasis on trade, less on aid. Programs also addressed the global problems of climate change, population and health, and HIV/AIDS (including infectious diseases, beginning in the late 1990s).

In the aftermath of the people-power movement of President Corazón Aquino in the 1980s, the Philippines became an Asian experiment in democracy. Democratic local governance and strong civil society participation became core aspects of USAID's program. A vibrant civil society became one of the USAID mission's important legacies. The Agency's assistance for local government reform led to the passage of the local government code. That led to significant devolution of government authority and resources to the local level.

During this period, dramatic movement toward political and economic liberalization helped raise annual economic growth rates in the Philippines to over 5 percent and reduce poverty by 1 percentage point per year. USAID's assistance in macroeconomic policy reform, financial markets institutional reform, trade and investment liberalization, infrastructure finance, and business promotion and development helped lay the foundation for the country's sound economic fundamentals.

Until 1996, prospects for continued buoyant economic growth seemed strong for the Philippines, with similar prospects for graduation of USAID assistance. But the country was hit hard in 1997-98 by the twin shocks of the prolonged drought (El Niño/La Niña) and the continuing Asian financial crisis. Although the Philippines suffered severely from these shocks, it did not experience the severe decline in real output and exports witnessed in a number of neighboring countries. This was due mainly to President Fidel Ramos's commitment to economic stabilization and structural reforms and its achievement of political stability within a democratic, decentralized governance system. USAID remained an important partner in creating enabling measures and sound economic fundamentals that minimized the effect of the regional financial crisis on the Philippines.

The crisis did highlight persistent structural weaknesses, fiscal imbalances, and lingering protectionism, particularly in the agricultural sector, which remained the economy's weakest sector and the greatest contributor to rural poverty. Corruption also remained a major stumbling block. The World Bank reported that during 1980-2000 the Philippines lost \$48 billion to corruption. Donors began openly talking about corruption, and USAID became engaged in promoting competition and transparency.

Despite the bleak picture, the Agency achieved important breakthroughs in many areas. In family planning, for the first time, the new administration of President Joseph Estrada agreed to use its own budget to purchase contraceptives. USAID assistance helped restructure and privatize the power sector. That removed barriers to investment and thereby promoted economic growth.

Separatist conflicts in Mindanao continued to threaten economic progress and stability in the Philippines. USAID's "arms to farms" efforts to demobilize armies through economic opportunity helped stimulate growth in the region and provide a peace dividend.

Despite these eight years of assistance, this Asian experiment in democracy remained fragile and a decade behind other market economies in the region.

Conclusion

At the end of the Clinton administration, the East Asia region was recovering from the impact of the financial crisis that began in 1998 in Korea and had spread to many other countries. It was felt most seriously in Indonesia. At the same time, the region was dealing with new political realities, including independence and separatist movements in Indonesia, a resurgent Muslim insurgency in the Philippines, and the effects of reduced foreign investor confidence on economic prospects. During this period, the inherent flexibility of USAID programs addressed economic and social development needs in the region, both in the near and long term.

South Asia

President Clinton's visit to India in March 2000 highlighted the movement toward a more productive relationship with that important country of over a billion people. From 1992 through 2000, USAID's programs in India moved from its former emphasis on population and health to include new activities in energy and economic growth.

The Agency worked in Bangladesh to raise agricultural production, improve nutrition, develop small businesses, manage natural resources, and provide a social safety net for the poor. At the same time, USAID has encouraged the strengthening of democracy, including support for elections and protection of human rights.

In the early 1990s, nuclear-related legislative sanctions led to the termination of a major U.S. assistance program in Pakistan. That left the United States with limited means by which to engage this major player in the region.

Instability in the South Asia region stemming from India's and Pakistan's disputed claims to territory in Kashmir continued. After the 1999 nuclear detonations in India and Pakistan, all nonhumanitarian government-to-government assistance was suspended or terminated.

Many of South Asia's challenges depend on successful regional collaboration. USAID's South Asia Regional Initiative was designed to more effectively address regional concerns such as trade in energy and human trafficking.

India

As of 2000, India was the world's largest democracy and one of the world's newest open nuclear powers. Moreover, it had two nuclear-armed neighbors. These factors made India's political and economic stability vital to U.S. national interests. During the eight years of the Clinton administration, India made progress, but it still faced serious development challenges.

With USAID's assistance, India made major strides in providing high-quality health services for 12.8 million women and their families. Food assistance benefited nearly seven million women and children. USAID brought about major policy advances in health, nutrition, and family planning.

The Agency's programs aimed to increase equity within the population, educate and train women, and help make financial services available to low-income groups. They also sought to widen and deepen India's financial sector by supporting improvement and expansion of the stock market. The Agency launched a regional program to combat another social problem—trafficking of women and children.

When India tested nuclear weapons in 1998, its relations with the United States became strained. Sanctions reduced and changed the character of U.S. assistance. In 2000, India and the United States began a new, healthier relationship as a result of President Clinton's visit to India in March and Prime Minister Atal Vajpayee's return visit to Washington in September. The two countries began identifying new areas of mutual interest and cooperation such as energy, global climate change, and reform of financial markets.

Still, much remained to be done. There was room for improvement in reducing fertility and increasing Indians' use of modern contraceptives. Building on the existing foundation, India and the United States needed to make greater efforts in child survival and other health activities. In finance, the larger structural problems related to banking policies and linking informal microfinance providers to the formal commercial banks still needed to be addressed. There was an immense need to support girls' education. Finally, in light of growing water shortages, expanding state fiscal deficits, inadequate infrastructure, and insufficient basic education to support a modern privatized consumer economy, the new administration would have to consider further waivers of the sanctions on the U.S. assistance program to continue targeting aid to the most critical development issues.

Pakistan

For decades, USAID's program in Pakistan emphasized several sectors of development. In the early 1990s the program in Pakistan was halted by nuclear-related sanctions under the Pressler Amendment. In view of Pakistan's significant development problems and U.S. interest in staying engaged, USAID maintained a modest assistance program through nongovernmental organizations—primarily basic health and education concentrating on women and girls. Vice President Gore launched this Pakistan NGO Initiative in 1994. Since then, the PNI demonstrated innovative techniques for working on basic health and education issues. They began to take root domestically.

Bangladesh

Bangladesh ranks among the poorest and least advantaged of USAID's development partners in the region. Nonetheless, the country made progress during the 1990s, both in strengthening its economy and in combating poverty.

During 1993–2000, USAID worked with Bangladesh to make progress toward family planning goals. These accomplishments were a key to Bangladesh's aspirations for the future, which were hampered by the problems that accompany high population density and rapid population growth. USAID responded effectively to humanitarian needs in Bangladesh when

natural disasters occurred. The Agency also helped the government strengthen its own disaster planning and response capability, thus reducing the number of lives lost during Bangladesh's annual flood season.

President Clinton's March 2000 visit launched a new USAID program to foster development of Bangladesh's energy resources. Natural gas exploitation was expected to be a significant engine of Bangladesh's future growth. It promised to help the country prepare to meet the growing needs of its people.

Conclusion

At the end of the Clinton administration, USAID's experience in South Asia underscored both the opportunities and pitfalls inherent in the region. The improved relationship with India foreshadowed closer cooperation on issues of regional importance, such as the environment, clean energy, and HIV/AIDS. The continued intransigence of the Pakistani government, by contrast, demonstrated how a country with critical needs for economic development assistance could limit its own opportunities by taking an uncooperative stance with the world community. Moreover, growing insurgency in countries such as Nepal showed the destabilizing effects of the failure by governments to deal with the needs and aspirations of their peoples.

7. USAID in Europe and Eurasia

The Challenges

DURING 1989–91, the once powerful Soviet Union and the entire Soviet bloc collapsed, resulting in the emergence of 27 independent nations. Seizing the historic opportunity to support economic and democratic freedom, the U.S. Congress authorized funding for innovative programs throughout the region under the 1989 Support for East European Democracy Act and the 1992 Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act.

During the Clinton–Gore administration, the United States funded economic and humanitarian assistance programs to the region totaling \$13 billion, with USAID managing 60 percent of this total. The challenge in helping these nations transform from centrally controlled societies to market-oriented democracies had been unprecedented.

Creating Market Economies

When the Cold War ended, most of the productive assets in the region were owned and centrally managed by the state. Private business ventures were nonexistent, or illegal. Subsidies were pervasive in every sector but were no longer affordable by the state. Credit was rationed administratively. Poor and inefficient infrastructure made it difficult for businesses to turn a profit or for new businesses to get started. The whole system was sustained by inefficient energy use, which generated widespread pollution.

Advancing Democracy and Good Governance

Under Soviet rule, basic democratic freedoms—free speech, the freedom to assemble and organize, the right to form independent political parties—were denied. Power was centralized in the executive—controlling the legislature, judiciary, and media. The centralized party apparatus appointed local politicians. The collapse of the Soviet system created an institutional vacuum in which corruption flourished and authoritarian leaders in some countries consolidated their power base.

Social Stability and Broadening the Benefits of Reform

Health, education, and social protection systems—of mediocre quality and largely bankrupt even in 1989—continued to deteriorate as governments balanced competing demands against limited budgets. Unemployment and poverty increased in much of the region, with social services and benefits unable to keep pace. In many countries, life expectancy fell, while infant and child mortality increased. Health problems such as tuberculosis and HIV/AIDS grew rapidly. At the same time, the region was torn by ethnic conflict, causing complex emergencies in southeastern Europe, the Caucasus, and Tajikistan.

Russia

Following the dissolution of the Soviet Union in 1991, USAID created a Washington-based task force to develop programs in Russia and former Soviet republics. The Russia program was the largest, absorbing over \$1.8 billion during the period of the Clinton administration. This funding gave many Russian individuals and institutions the knowledge and expertise to develop and advocate the policy reforms needed for Russia to become a free-market democracy.

In the chaotic atmosphere of the early 1990s, the Clinton administration saw an opportunity for "shock therapy" in Russia. USAID facilitated a mass privatization of state-owned enterprises and more than half of Russia's housing stock. As a result, the role of the state in the economy was reduced significantly and space was created for the private sector. Subsequently, USAID turned to enabling reforms needed to create a positive investment climate. However, political resistance slowed the reform of the country's economic infrastructure. As a result, GDP decreased, opportunities for corruption increased, and an economic crisis hit the country in August 1998. While soaring oil revenues in 2000 helped revive economic growth, the transition to a sustainable free-market economy was far from complete.

With USAID assistance, Russia broke with its past by instituting a system of free and fair elections. USAID also facilitated the development of a large portion of Russia's 65,000 NGOs, which constitute a new and powerful civil society and act as a check on the Russian government. Challenges remain in the rule of law, the fight against corruption, and promotion of media freedom.

To help mitigate the impact of Russia's transition on its social safety net programs, USAID helped strengthen locally managed health centers through partnerships with U.S. hospitals, addressed the problems of HIV/AIDS and tuberculosis, and reduced the numbers of children being placed in Russia's poorly managed orphanages. While the central government's progress toward reform was slow in some sectors, some local governments made much more progress. USAID contributed to the U.S. government's regional initiatives aiming to support reform efforts of several progressive regional governments.

In the early 1990s, some in the U.S. government thought that the transformation of Russia would require support for no more than a decade. Congress initially provided a high level of funding to allow the United States to play a leadership role in Russia. In the late 1990s, though, Congress became increasingly skeptical of the commitment of the Russian government to reform. As a result, Congress reduced levels to Russia as a whole and placed restrictions on assistance to the Russian government. USAID demonstrated that a great deal of its assistance, particularly to individuals and institutions at the grass-roots level, led to meaningful changes in the lives of Russians. While there was backtracking in some areas, the basic commitment to a liberalized political and economic system remained. The lessons learned in programming assistance to Russia during the Clinton-Gore years promised to ensure effective assistance in the next decade.

Other Countries in the Former USSR

During the 1990s, Ukraine was the second largest cumulative recipient of USAID assistance in Eurasia after Russia. USAID's principal mission has been to help the country become a broad-based democracy with a market economy and to help the government of Ukraine alleviate the hardships imposed on the most vulnerable. In late 1998, USAID completed its work on mass and strategic case-by-case privatization. As of 2000, it was helping Ukraine create the institutions of a market economy. The Agency also was helping the government restructure the power sector and deal with social, environmental, and energy-efficiency issues. USAID was promoting free and fair elections, strengthening the rule of law, empowering local government, developing civil society organizations, and strengthening service-providing NGOs.

U.S. assistance in Moldova helped the country make significant progress in agricultural reform and energy privatization. The program promoted fiscal reform and developed a competitive, efficient private financial sector. Democracy activities included NGO development, voter education, and legal reform. Through medical partnerships and other programs, USAID improved the quality of and access to health resources and reproductive health services.

USAID's assistance program in Belarus, a country where little reform took place, supported initiatives to encourage political and economic reforms through nongovernmental entities.

Country strategies in the Caucasus region (Armenia, Georgia, and Azerbaijan) dealt mainly with humanitarian assistance until 1997. They finally gave priority to supporting the growth of the private sector, encouraging energy sector restructuring, promoting democratic institutions and practices, establishing a sustainable social safety net, and addressing the immediate social sector needs of the most vulnerable.

Since 1992, progress in the Central Asian republics (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan) has been mixed. None of the nations has conformed to expectations for rapid economic and political transition through structural reforms. The program as of 2000 took into account these difficulties and built on the strengths of each country. USAID's goal in these least developed of the former Soviet republics was to expand opportunities for citizens to fully participate in improving their governance, their livelihoods, and their quality of life. In each of the countries, USAID worked to increase enterprise and trade; build a more open, democratic culture; better manage water and energy resources; and improve primary health care. In Kazakhstan and Kyrgyzstan, USAID also helped improve fiscal policy and management and more responsive, accountable local government.

Southeastern Europe

At the beginning of the Clinton administration, much of southeastern Europe was beginning to emerge from years of domination by communist dictatorships and centrally planned economies. At the same time, in the former Yugoslavia, Bosnia-Herzegovina was in the throes of a debilitating conflict. This was followed several years later by a short, brutish war in Kosovo.

USAID responded to the urgent needs of the citizens of the former communist states by providing financing, commodities, training, expertise, and information to help transform their societies, political systems, and economies. In Bosnia and Herzegovina, Croatia, and Kosovo, USAID moved rapidly to help war-torn communities recover from conflict.

More recently, USAID provided valuable support to democratic opposition forces, NGOs, and independent media in Croatia and Serbia that helped these coalitions overcome dictatorial regimes through the electoral process. Agency assistance in Croatia also has helped reintegrate thousands of returning refugees and displaced persons into their home communities. Further, USAID budget and technical support helped blunt concerted attempts by the Milosevic regime to undermine the democratic government of Montenegro.

USAID also played a major role in revitalizing the economy, creating democratic institutions, and reintegrating refugees into war-torn Bosnia by creating 19,000 jobs, supporting seven successful elections, and repairing water and electric infrastructure in hundreds of multiethnic communities. In Kosovo, USAID provided the critical economic expertise for the UN-administered government's effort to reconstruct the economy. USAID support for the independent media helped those institutions quickly reestablish themselves as a vital source of information for the average Kosovar.

In Albania, USAID contributed to privatizing the agricultural economy by supporting an expansion of the private agribusiness network, training opportunities, and land privatization. USAID assistance in Albania was important not only for improving lives but also for preventing political instability.

In Bulgaria, the Agency helped develop a competitive environment for private business and foster a market-responsive private financial sector. A consortium of USAID-funded organizations helped train more than 10,000 entrepreneurs and created or saved over 14,000 jobs. Key banking and capital markets institutions were modernized, civil society institutions were strengthened, the judicial system was improved, and local governments were given the means to be more responsive and accountable to citizens.

In Macedonia, USAID helped establish a policy and legislative framework to stimulate privatization and increase economic growth. It has also helped strengthen democratic governance under a multiethnic coalition. Cooperating with local NGOs and governmental authorities, the Agency introduced media-based and other programs to mitigate tensions between ethnic groups. As in Albania, the Agency also provided critical support to assist Macedonian communities overwhelmed by over 320,000 Kosovar refugees in 1999, helping to prevent political instability.

In Romania, USAID helped improve the business regulatory environment and introduced competition and private sector participation in the energy sector. The Agency's democracy programs improved the effectiveness and accountability of the Romanian government, particularly at the local level, while increasing citizens' political awareness and civic action. USAID also was a leader in promoting government reform in the child welfare sector by

providing community and family-based solutions to replace antiquated systems for the institutionalization of children. That reduced dramatically the number of children living in deplorable state-run institutions.

The New European Graduates

In 1990, the eight (eventual) northern-tier countries of central and eastern Europe (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia) appeared to be in the same dire straits as the countries of the former Soviet Union: moribund economies, few functioning democratic institutions or processes, and nearly bankrupt health, education, and social protection systems. But during the 1990s, these countries made enormous progress and, in nearly every respect, have notably outperformed the rest of the former communist-bloc countries. This has been due principally to a decisive commitment to difficult economic reforms that in turn was facilitated by impressive gains in democratization. Democratic reforms in the northern-tier countries have placed them roughly on a par with Western European standards. Progress in economic and democratic reforms in turn produced the most sustained economic growth in the region with growing levels of foreign direct investment and generally favorable trends in social conditions.

Behind the impressive gains in economic and democratic reforms were some relatively favorable underlying conditions. Primary among these was the institutional capacity to effect desired change. Such capacity stemmed in no small part from previous experiences among many of the populace with market economies; communist rule tended to be shorter or less rigid than elsewhere. Western European markets and models were geographically more accessible, and they provided clear direction in the transition. Similarly, the pull of European Union membership has been a major catalyst for change.

The United States was an indispensable partner in this dramatic transformation, with USAID commitments during 1991–2000 of over \$1.7 billion. These funds were used to build market economies through support of privatization, fiscal policy, and financial sector reforms; promote energy and environmental reforms; and advance democracy and the rule of law through support for elections, nongovernmental organizations, independent media, transparent legal systems, and local governance. Progress in the northern-tier region was so significant that direct bilateral assistance from USAID was completed and the last of the USAID missions closed in September 2000. The Czech Republic, Hungary, and Poland became members of NATO, and these countries looked to join the European Union by 2005. The United States can be justifiably proud of its role in this remarkable success story.

The New Vision for Europe and Eurasia

The world was a different place 11 years after the fall of the Berlin Wall. By 2000, each of the former Soviet-bloc countries was going in its own direction and changing at widely varying paces. The wide-ranging reforms implemented by the northern-tier countries generated solid economic growth and achieved significant democratic freedoms. Progress in the rest of the region was mixed. While promising changes occurred, reform was far from complete. Years of ethnic violence threatened stability and slowed the transition to democracy and private sector

growth, particularly in southeastern Europe. Many of the nations in Eurasia remained tied to the past without sufficient will or momentum to move forward. A large and stable middle class still needed to develop, and all citizens still needed access to the benefits of reform. Toward the end of the decade, one half of Eurasia's population and one fourth of the citizens of southeastern Europe were living in poverty.

As the world first moved into the 21st century, USAID continued to be a catalyst for change in Europe and Eurasia. USAID's goal for these countries was to help them overcome the isolation of the past and participate fully in international markets and institutions. To meet the challenges of the next decade, USAID began modifying its approach in ways that would build lasting relationships that sustain progress long after formal assistance programs have ended. USAID's work in economic restructuring, democracy-building, and social transition would be augmented by two overarching goals: the development of regional integration and the creation of sustainable, cross-border partnerships.

The first of these goals, regional integration, is the process by which neighboring states create shared interests through the adoption of common standards that harmonize the way their societies and economies interact with one another. Harmonizing laws, regulations, and standards across borders is a step toward increased competitiveness and integration with the global economy. Supporting regional integration means helping the European and Eurasian transition countries carry out the social and economic reforms needed to become eligible for membership in the EU, NATO, the World Trade Organization, and other international organizations and protocols.

Sustainable partnerships refers to the creation of enduring, mutually beneficial relationships between nations, communities, institutions, and individuals. During the 1990s, USAID supported well over 300 partnerships between institutions in the United States and their regional counterparts in such areas as agribusiness, local government, health, environment, energy, higher education, and training. These efforts demonstrated that when people and organizations with mutual interests are brought together, they can resolve problems and form lasting relationships. For example, USAID supported the development of 22 partnerships between higher education and training institutions in the United States, Russia, and Ukraine. One year after funding ended, over 80 percent of participating institutions were still working together with other sources of financing.

Shortly after the Second World War, the Marshall Plan assisted a devastated Western Europe. In turn, those nations became strong allies and partners with the United States and with each other. By 2000, the United States had an opportunity to do the same for the transition countries of Europe and Eurasia. As already demonstrated by countries like Poland, the Czech Republic, and Hungary, the nations of this region could become Western allies and trading partners. With USAID's support, the peoples of the region could develop new forms of cooperation with each other and with the United States that replace bilateral assistance and advance freedom, prosperity, and social equity.

8. Legislative And Public Affairs

TO CARRY OUT ITS MISSIONS, the U.S. Agency for International Development must inform Congress, the media, and ultimately the American people about the Agency's international development and humanitarian assistance programs and policies. During the Clinton-Gore administration, USAID faced serious budget and management challenges. Agency officials worked with the administration to keep USAID an independent development agency, to reverse declines in its budget, to improve relations with Congress, and to inform the American people of the importance of foreign assistance.

To more effectively manage congressional, public, and press outreach, in October 1993 Administrator Brian Atwood merged the Bureau for Legislative Affairs and the Office of External Affairs (dealing with the media and the public) to form the Bureau for Legislative and Public Affairs.

Congressional Relations and Outreach

USAID has a wide range of interactions with Congress, involving budget and policy matters with the Agency's oversight committee, specific policy, or constituent concerns that affect particular congressional members and general outreach to inform Congress of the importance of foreign assistance. Examples of congressional outreach include the following:

Foreign Affairs Merger Battle

In May 1995, both Rep. Spence Gilman and Sen. Jesse Helms proposed legislation (H.R. 1561 and S. 908) to abolish USAID and merge its functions into the Department of State. Despite strong administration opposition led by Administrator Atwood, the House and Senate passed a bill in March 1996 incorporating this consolidation plan. President Clinton vetoed the bill in April 1996, and Congress failed to overturn the veto. In April 1997 the president presented to Congress his own foreign affairs agency restructuring proposal. Under this plan, USAID remained a separate and unique agency with its own appropriations and program authority but with the Administrator operating under the foreign policy guidance of the secretary of state. The plan also integrated USAID's press office and some administrative functions with the State Department. This plan protected the integrity of USAID's development mission. USAID's work with Congress led to an agreement in early 1998 on language for H.R. 1757 that incorporated the president's reorganization plan. That language was incorporated into the FY 1999 Omnibus Appropriations Act.

USAID Budget Battles

After the Republicans won the House of Representatives in 1994, from FY 1994 to FY 1997 USAID's core budget (excluding supplementals) dropped 20 percent.

USAID worked to inform members of Congress and their staffs of the importance of foreign assistance to U.S. interests and of the important role played by U.S.-based organizations that receive 80 percent of USAID grants and contracts. In FY 1998, USAID began to reverse the decline in funding. In FY 2001, the Agency achieved its best budget since FY 1995, with the administration emphasizing increased funding for family planning and for HIV/AIDS programs.

Microenterprise Authorization Bill

Microenterprise development was a priority for the Clinton administration. USAID worked with the Microenterprise Coalition (representing nonprofit practitioners) to develop the Microenterprise Initiative in 1995 and its renewal in 1997. Under the initiative, USAID committed to fund microenterprise activities and to target resources to the poorest entrepreneurs.

In early 1999, House International Relations Committee Chairman Spence Gilman proposed the Microenterprise for Self-Reliance Act (H.R. 1143) to establish microenterprise development as a goal of U.S. foreign assistance. H.R. 1143 passed the House in April 1999. The administration supported H.R. 1143 in principle but objected to specific provisions. In early 2000, the first lady's office urged USAID and the Microenterprise Coalition to work out a consensus proposal. The parties came to agreement on draft legislation, which was presented to the Senate Foreign Relations Committee. This legislation was ultimately included in the Microenterprise for Self-Reliance and Anti-Corruption Act, signed into law by President Clinton in October 2000.

Emphasis on Improving Relations With Congress

After major battles over USAID's consolidation, budget, and other issues, the Agency's relationships with Capitol Hill were extremely strained. When J. Brady Anderson was confirmed as USAID Administrator in fall 1999, he made one of his top priorities improving relations with Congress. The Administrator personally met with 60 members of Congress to discuss the Agency and items of interest to the members. USAID organized events with members to highlight USAID activities. For example, in November 1999 USAID paid tribute to American and international relief agencies for their work in humanitarian assistance. Forty-five members of the House and Senate served as honorary congressional sponsors, and 16 members of Congress attended. The Administrator also participated in a number of events in members' districts, such as an event in June 2000 in suburban Philadelphia, with Sen. Arlen Specter and Rep. Joseph Hoeffel to acknowledge Carelift International's work in international health and the Agency's support for the organization.

Family Planning Restrictions

When President Clinton took office, one of his first acts was to overturn the Reagan administration's Mexico City Policy: to receive USAID funds, foreign nongovernmental organizations could not use any of the money (whether from USAID or not) for abortions or to advocate access to abortions. In FY 1995, USAID worked with the administration and Congress to obtain \$542 million for USAID family planning programs, without restrictions.

In FY 1996, Congress included the Mexico City Policy in USAID's appropriations bill. USAID worked closely with the administration in opposing the provision, and President Clinton vetoed the bill. The administration and Congress agreed on a compromise that left out the Mexico City Policy, cut family planning funds to \$365 million, and "metered" funds (only a certain percentage could be spent each month). This deal stayed in place until FY 2000. In FY 2000, Congress again attached the Mexico City Policy to the appropriations bill, but this time the president decided not to veto the bill because of this provision.

In FY 2001, the president requested a significant increase for family planning and vowed not to accept the Mexico City Policy. USAID played a major role in working with family planning organizations and congressional staff to support the president's request. Congress ultimately agreed to provide \$425 million for family planning, without the Mexico City Policy.

USAID's Efforts to Reach Out to the American Public

The Agency reached out to U.S. audiences whose programs or interests provided a platform for addressing international cooperation, such as service and professional organizations, business groups, youths in grades K-12, and USAID implementing partners. USAID put into practice a number of initiatives and events to explain and promote U.S. foreign assistance. Among them:

Sharing Development Strategies With Americans

One of USAID's outreach goals in this administration was to share development information and strategies with ordinary Americans. One specific initiative, proposed in 1994 by Baltimore Mayor Kurt Schmoke with the support of Vice President Gore, was USAID's Lessons Without Borders (LWOB) initiative. USAID recognized that successful approaches to development overseas, such as in childhood immunizations, may be useful here at home. USAID organized 11 LWOB conferences in major U.S. cities. Each conference dealt with sharing successful approaches for a specific topic such as microenterprise, child nutrition, or agriculture, with participants from the Agency, nongovernmental organizations, and governments and businesses from the United States and developing countries. The vice president addressed the first LWOB conference (on microenterprise) in Baltimore in June 1994.

Engaging Senior Staff With American Audiences

USAID officials are often the most effective spokesmen for the Agency, and during the Clinton administration USAID encouraged staff to take advantage of opportunities to speak to Americans about foreign assistance. For example, the Agency used its speakers bureau to match USAID officials with requests from organizations around the country for speakers.

The Agency also planned major events with large audiences. For example, Kiwanis International, an influential group of citizens active in their communities, is one of USAID's partners in the effort to eliminate iodine deficiency diseases around the world. In June 2000, Administrator Anderson addressed the Kiwanis annual convention in Miami along with Walter

Becky, president of Morton Salt Company, and Hugh Downs, former chairman of the board. U.S. Fund for UNICEF. The convention was attended by 10,000 people—one of the largest audiences ever addressed by a USAID Administrator.

Developing Public-Private Partnerships

USAID has had great success working with private sector partners in many areas. During this administration, the Agency found high-profile opportunities with some of these partners to inform the American people about the importance of foreign assistance. One example was USAID's Vitamin-A Initiative. With the active support of the first lady, USAID engaged the support and involvement of corporations and service organizations through the Vitamin-A Alliance. In March 1999, the first lady, Administrator Atwood, and senior executives from Roche Vitamins, Procter & Gamble, Tate & Lyle, Kellogg, Monsanto, Land O'Lakes and BASF joined leaders from UNICEF, Helen Keller International, Sister Cities, Kiwanis International, and Lions Clubs International in signing the Vitamin-A Declaration.

Engaging American Students in Foreign Assistance

USAID has a particular interest in reaching the next generation of American decision-makers. To achieve that goal, the Agency makes available a number of documents and videos to schools and libraries. In 1998, the Agency launched a pilot initiative based on a 30-year-old Norwegian program to help kids learn about activities that help people in developing countries. Each year, students from the organization Operation Day's Work select a developing country to study and choose an education-related project to fund. In the spring, students and teachers at each ODW school organize activities to educate their schools and communities and organize a work day to raise funds for their project. ODW grew from its initial eight pilot schools to more than two dozen schools across the United States. Students raised over \$70,000 in the first two years to fund projects in Haiti and El Salvador. In 2000, they planned to fund a project in Nepal. Operation Day's Work was endorsed by America's Promise and the White House Millennium Council.

Strengthening Relationships With Implementing Partners

USAID's implementing partners carry out the Agency's development and humanitarian activities. The Agency has taken great care to maintain and strengthen its relationships with those partners. It has organized a number of forums that provided information to, and sought comments from, those partners on the Agency's strategies and policies.

One example of an important USAID relationship involved the higher education community. During the Clinton administration, USAID was criticized by the higher education community for declining cooperation and engagement in development programs. The Agency also faced increasing pressure from congressional earmarks and directives targeted at specific educational institutions. USAID responded with a number of new policy and program initiatives, including two new partnership programs involving historically black colleges and universities, hispanic serving institutions, tribal colleges, and community colleges.

Because USAID's leadership in international development depends on new ideas from this community, as well as on its research and training, the Agency began a series of high-level meetings with higher education institutions and associations to reinvigorate and restructure the relationship with the higher education community as a whole, rather than as competing institutional and sectoral interests. The Agency defined higher education as all institutions of higher learning, including community colleges, technical and trade schools, and other specialized institutions. That process culminated in December 2000 with a summit that generated modest steps to improve relationships.

Implementation of the Public Information Center

At the beginning of the Clinton administration, the Agency had no central mechanism to provide the public with access to information about its policies and programs. As a part of the Agency's reengineering effort, a USAID team proposed the creation of a new public information center to integrate the Agency's front line services to the public. On 6 March 1995, Administrator Atwood approved the creation of the Public Information Center. When USAID moved to the International Trade Center in 1998, the Public Information Center opened a resource and conference space accessible to the general public. In 1999, the first full year of operations of the information center, the center responded to 40,981 telephone calls and 5,830 e-mail inquiries, and it received over 12,400 visitors to its facilities and exhibits.

Revitalized 'Front Lines'

Front Lines, the Agency's monthly newsletter, has for many years informed the development community about USAID's activities. In 1999, USAID set out to revitalize this publication in both design and content. Each issue had a unifying theme to address an Agency priority and columns by the Administrator and members of Congress with perspectives on the Agency's work. *Front Lines* also increased circulation to include institutions of higher education and Congress.

Helping Americans Understand and Participate In Disaster Assistance and Reconstruction

One of USAID's missions is to assist people who face disasters, whether the causes be natural or human. As part of that mission, USAID helps provide information and assistance to Americans who want to learn more about disasters and how to assist victims.

One major example was USAID's response to Hurricanes Mitch and Georges. In October 1998, Hurricane Mitch tore through Central America, causing human and property damage on a scale never before experienced in the history of this hemisphere. A month earlier, Hurricane Georges had hit the island of Hispaniola, causing severe damage to the Dominican Republic and Haiti. These hurricanes generated a massive outpouring of American generosity and sympathy. The Agency responded to this public demand on several fronts. First, USAID established 1-800-USAID-RELIEF to provide information on how Americans could best help the relief effort and on contacts for nonprofit partners accepting donations. Public service announcements by Vice President Gore's wife Tipper helped publicize the toll-free number.

To engage American citizens and businesses in reconstruction efforts, the Agency organized a conference in December 1998 entitled A Call to Action: Central American & Caribbean Reconstruction. The conference brought together 500 representatives from for-profit and nonprofit sectors, U.S. and foreign governments, and international donors to discuss reconstruction needs and strategies. Mrs. Gore and a number of cabinet members addressed the conference. Breakout sessions involving several U.S. government agencies proposed private sector activities and funding commitments.

Conclusion

USAID's outreach to its partners, Congress, and the American public is pivotal to promoting understanding of the Agency's development and humanitarian missions.

During the Clinton-Gore administration, USAID responded to a number of public outreach and policy challenges in ways that defended the Agency's independence and budget, restored relationships with Congress and its partners, and found new ways to interact with the American people. This work, and the outreach initiatives carried out under this administration, promised to continue to help the Agency inform the American people of its importance to U.S. national interests.

9. Management Challenges And Issues

AT THE BEGINNING of the Clinton–Gore administration, USAID faced two significant management challenges. The first was to respond to new demands placed on the Agency by the transition economies and societies of Europe and Eurasia while maintaining its sustainable development and humanitarian assistance programs in other parts of the world. The second was to respond to the administration’s commitment to smaller yet more efficient government. In addition, during the early 1990s legislative requirements governing the management of U.S. agencies were changed by the Chief Financial Officers Act (1990), the Government Management Reform Act (1994), and the Government Performance and Results Act (1993). In this context, the Agency’s new Administrator, J. Brian Atwood, determined that the Agency’s

- Core business processes, systems, and values needed to be overhauled so that USAID worked better, in a more cost-effective manner, and in conformity with new legislative requirements
- Critical overseas presence had to be modified to accommodate new demands as well as reduced resources
- Home office structure needed to be adjusted to better support global, regional and country-based sustainable development or humanitarian assistance initiatives

To achieve these goals, Administrator Atwood nominated USAID as a “reinvention agency,” and it became an active participant in the National Performance Review, now called the National Partnership for Reinventing Government. Accordingly, comprehensive plans were developed and implemented during the 1990s to transform USAID into a high performance, results-driven organization able to respond effectively and efficiently to the problems faced by developing and transitional economies, societies, and polities as well as those caused by man-made or natural disasters globally. These plans included initiatives to improve the Agency’s approach to program design, approval, monitoring, and results reporting as well as its management information and technology systems, its financial accounting and reporting systems and procedures, and its procurement or acquisition and assistance systems. They were put into effect against a backdrop of declining resources, both human and financial.

Redesigning Program Development

In 1994, an Intensive Reengineering Team (IRT) developed an outline to simplify the program design and approval processes. The goals were to 1) shrink the time between initial program concept and the beginning of program implementation and 2) build into new programs sufficient flexibility at the operating level to ensure that planned results were achieved. In 1994 the Operations Business Area Analysis Team (OPS BAA), composed of USAID staff from Washington and various field missions, expanded upon the IRT outline and produced a detailed

plan for a new approach to designing, approving, and managing the Agency's programs. This approach was built on the Agency's new core values: accountability and empowerment, managing for results, customer service, diversity, and teamwork and participation. The plan was codified into new policies and guidelines in 1995, as Series 200 of the new Agency Automated Directives System (ADS). Afterward, almost all of the Agency's 470 Strategic Objectives, supporting work in over 125 countries, were planned, implemented, and monitored following new procedures as defined by the ADS 200 Series. This required programs to manage for results, to report on results, to work through teams and with partners, to promote empowerment and accountability of their staff and partners, and to embrace diversity. USAID's initial reengineering emphasis on planning and managing for results was given additional significance by the passage of the Government Performance and Results Act. After 1998, the Agency also took advantage of its experience with its new design, implementation, and monitoring procedures to revise Series 200 of the ADS, to meet the ambitious goals of the 1995 OPS BAA.

How successful were these efforts? In 1994 the Agency's reform effort was awarded a Hammer Award by the vice president, for taking on the entire Agency as a reinvention lab. The Agency won a second Hammer Award in October 2000 for its revision of the ADS 200 series and for staying on a reform course and working to fully integrate its reforms into all segments of the Agency.

Adopting Information Management Technology

Early on, USAID's management recognized that a better yet smaller agency required quicker, shared access to critical management information by managers at all levels of the Agency. USAID's response was to increase the integration of its management information systems and its use of electronic communications.

Integrating Management Information

In the early 1990s, USAID maintained separate information systems, making it difficult for management to obtain a comprehensive view of Agency operations. Integrating these systems became a critical part of the Agency's reengineering efforts. In 1994, USAID initiated the design of the New Management System. The NMS was an integrated management information system custom-designed for USAID. It incorporated linked modules for financial accounting, acquisition and assistance, and budget and operations. It was intended to provide full cost and performance information for each of the Agency's approved strategic objectives and to be readily accessible to all Agency managers. NMS was installed at USAID headquarters and about half of its overseas missions in 1996. However, the overseas deployment of NMS was stopped in April 1997 because of widespread technical problems with the custom-designed software. NMS operations were stabilized at headquarters in fall 1997. Nevertheless, Agency management requested an independent review of the NMS development project. The assessment found that USAID lacked the institutional capacity to manage complex, customized software and recommended using commercial, off-the-shelf products and coordinating computer initiatives through a systems integration contract to reduce risk. These recommendations were adopted, and the Agency procured a commercially available accounting program to manage its financial information in 2001. Appropriate commercially available packages for managing the acquisition

and assistance and budget and operations information will be acquired and implemented in subsequent years. In the interim, however, software patches to the NMS improved system security and increased the number and variety of reports managers could obtain from it.

Strengthening Financial Management Systems

Within the NMS, there was an explicit effort to bring the Agency's financial management systems into compliance with federal requirements and regulations for such systems as set forth in the Chief Financial Officers Act (1990). Financial management had been identified as an Agency vulnerability in the late 1980s because, in part, it maintained several accounting systems that were not integrated with one another. This necessitated repetitive entry of financial data into different systems and constant cross checking to ensure that systems sharing data had the same information. Under NMS, the vision was to create a single, Agencywide, core accounting module capable of integrating all financial information and being linked to other systems that generate financial information, such as acquisition and assistance. Within the NMS, the accounting module would be able to record transactions when and where they occurred. This would eliminate duplicate entries and time-consuming reconciliations and improve the accuracy of the Agency's financial statements.

Using the NMS, USAID produced its first consolidated financial statements in fiscal year 1997. USAID was one of the few agencies to have its fiscal year 1997 financial statements completed by the established due date. The Agency's financial statements for fiscal years 1998 and 1999 were also completed on time. In addition, the NMS was modified on an as-needed basis throughout 1998 and 1999 to enable it to generate a series of special reports for Agency managers and to improve system security. However, as already noted, after being deployed in 1996, NMS was shut down in spring 1997 in overseas missions because of problems with the custom-designed software. Following an independent assessment of the NMS and its decision to use commercially available software, the Agency produced a financial systems modernization plan in 1999 and acquired a commercially available accounting system to address its immediate financial management problems. The configuration, installation, and testing of this system was initiated in 2000. It was scheduled to begin serving the Agency's Washington financial needs in 2001 and to be implemented in field missions at future dates. USAID's new system met federal regulations and requirements for financial systems and the standards of the Joint Financial Management Improvement Program for all U.S. government agencies.

In addition, the Agency's review of its financial operations during the 1990s led it to conclude that efficiencies and cost savings could be gained by outsourcing its high volume of transaction processing services. Accordingly, its loan servicing function was outsourced to a private commercial bank in 1999. The cross-servicing of its letters of credit and the liquidation of advances to grantees was outsourced to the Department of Health and Education in 1999. The Agency's payroll function was outsourced to the National Financial Center of the Department of Agriculture in 2000. Previously these services had been mainframe applications that were difficult and expensive to maintain. However, these initiatives allowed the Agency to avoid significant investments in new automated systems. For example, the cost savings of a new USAID payroll system had been priced at between \$13 million and \$25 million.

Worldwide Use of E-Mail

Before 1990, USAID's technology base consisted of "islands of automation" built up from proprietary minicomputers. These islands supported basic office functions such as text editing and rudimentary messaging among staff directly connected to these devices in Washington and larger overseas missions. However, the bulk of Agency staff did not have online e-mail connectivity and the Agency was dependent on the "diplomatic cable" for official communications with overseas missions. With the wide geographic dispersion of USAID office locations, time zone differences, and problematic local voice communications in some USAID missions, an integrated Agencywide e-mail system was seen as a high-priority effort for improving Agency communications and management.

In the early 1990s, USAID began to implement Local Area Network (LAN) technology, first in USAID/Washington and then in the missions. The connection of headquarters and missions in an integrated Agencywide e-mail system was a primary component of the Agency's LAN installations. E-mail offered significant flexibility and speed with informal unclassified communication, in contrast to the labor-intensive and relatively slow diplomatic cable. By the mid-1990s, all missions with more than 10 staff were supported by a LAN at post. Moreover, all mission LANs were linked to each other and to USAID/Washington through a Wide Area Network (WAN) topology. However, mission dialup links to the WAN tended to be slow and unreliable. Accordingly, the Agency supported continuing efforts to improve connectivity among its operating units, including the use of dedicated circuits of undersea cables and satellite transmissions. At the end of the 1990s, there were some 8,000 USAID users in 76 field locations using an integrated Agencywide e-mail system allowing Agency staff to

- Exchange unclassified information Agencywide in a timely fashion
- Share a common directory of e-mail addresses, simplifying the sending of e-mail
- Exchange e-mail with other Internet users such as Department of State colleagues or private voluntary and nongovernmental organizations from within USAID's e-mail system
- Remotely access e-mail and conduct Agency business from home or while in travel anywhere in the world
- Communicate about specific procurement transactions related to Agency business reflecting the initial phases of electronic government

Internet Applications

The Agency's Internet presence was established in 1995. From the outset, the Internet brought the resources of the world's leading universities and research institutions in commercial and private sectors to the desktop of Agency staff. In 2000, USAID defined long-range plans to

comply with the Government Paperwork Elimination Act (GPEA), thereby enabling it to share public documents, previously available only in print, with several million users around the world electronically.

The Agency also initiated an "intranet," available only to USAID staff, in 1995, bringing it online in 1996. Initially, USAID's intranet served only as a portal to the Agency's external Web site. But it evolved into the Agency's primary system for distributing current information about USAID policies, procedures, and operations by 1999. Many missions as well as functional specialists within the Agency, such as the executive officers, developed their own sites to complement the Agency intranet.

Since USAID Internet presence was established, usage by both the Agency and the general public increased exponentially:

- In 1996 fewer than 100 pages were posted to the USAID Web sites, compared with the 30,000 pages provided in 2000.
- The Internet Data Services staff grew from three team members in 1995 to seven members in 2000, and various departments and bureaus around the Agency had their own Web development teams. In 1997, there were fewer than 10 USAID Webmasters; in 2000 there were more than 75 Webmasters.
- The number of visits to the external Web site grew from 270,000 in May 1997 to 965,000 in April 2000. The number of visits to the internal (intranet) Web site grew from 72,000 in May 1997 to 284,000 in April 2000.

Procurement Reform

Throughout the 1980s and 1990s, USAID increasingly delivered its services through contractor or grantee relationships. This meant efficient procurement or assistance and acquisition systems were also key to USAID's success. Therefore, as part of its reengineering efforts, USAID embarked on an aggressive procurement reform. The procurement reform initiative concentrated on the transparency and fairness of the procurement system, increasing the Agency's use of results-based instruments, and enhanced efficiency of both procurement systems and personnel.

Following complaints by some vendors that USAID was a closed market controlled by relatively few contractors, sharing information about USAID business opportunities became an Agency priority. A robust and easily accessible external Web site was developed that included advertisements for upcoming procurements, actual solicitation documents that could be easily downloaded, and award announcements. In addition, a series of outreach conferences were held around the country to provide face-to-face contacts for those interested in doing business with the Agency, and an aggressive approach to monitoring organizational conflicts of interest was instituted.

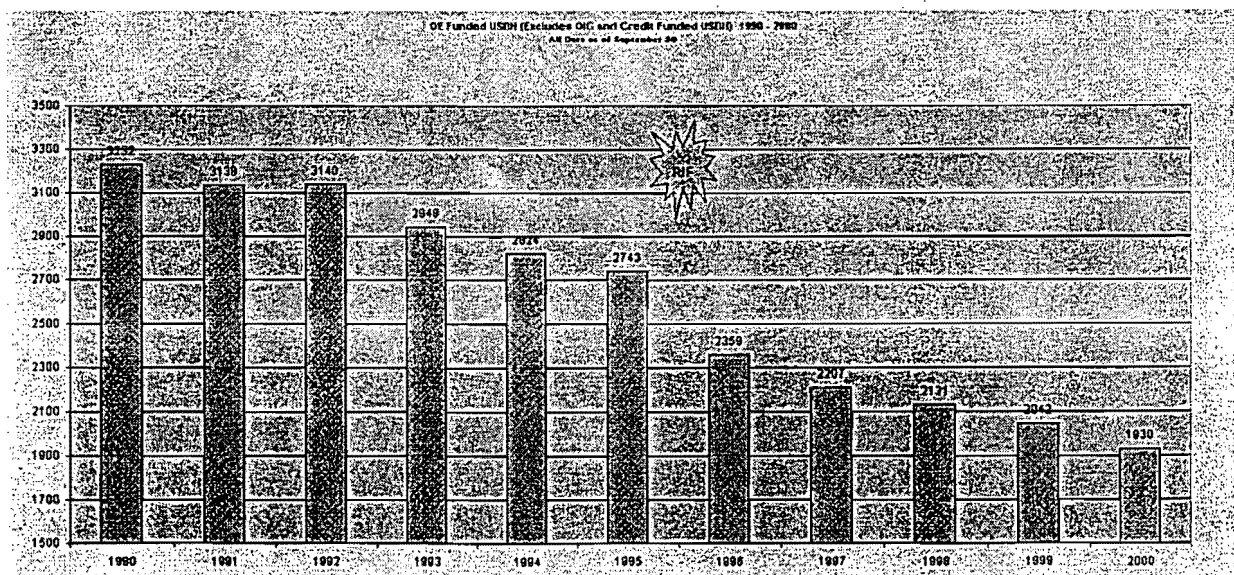
USAID also aggressively implemented its results-based instruments and increased use of past performance data in making contract awards. This included introduction of performance-based technical service contracts and results-based grants and cooperative agreements. Greater emphasis was placed on defining what the Agency wanted in acquisition and assistance instruments, as opposed to how they wanted things accomplished. USAID was an early leader in developing a methodology for capturing past performance data on contractors and was recognized for this effort by the administrator of the OMB Office of Procurement Policy.

To enhance efficiency, USAID developed and implemented a series of procurement tools and methodologies. A forward-thinking electronic contracting system was developed and put into use. It greatly reduced paperwork and provided the ability to monitor status of contracting actions online. Use of indefinite-quantity contracts was aggressively increased to decrease necessary lead time for procurements and to speed up implementation of new activities. A new type of assistance instrument was introduced to speed up implementation and reduce paperwork.

Finally, training was believed to be an enabler of the aforementioned reforms. Accordingly, a Procurement Management Certification Program was implemented to provide mandatory training and certification of the professional procurement staff. At the same time, enhanced training opportunities for contracting officer technical representatives were instituted by designing and delivering courses that captured the unique essence of USAID needs related to the nature of its work overseas.

Human Resources Development

During the 1990s, USAID experienced a significant reduction in its combined civil service and foreign service workforce owing, in part, to budgetary constraints. Those constraints forced the Agency to run a major reduction in force during 1996. Significant reductions continued throughout the late 1990s, accomplished by attrition and minimal hiring. The effect of these factors on the Agency's workforce is reflected in the following chart.



As a result, the Agency was faced with a workforce skills imbalance and an increase in the average age of its workforce. At the end of the 1990s, 32 percent of its civil service workforce and almost 60 percent of its foreign service workforce was eligible to retire. Accordingly, during the 1990s, USAID was forced to give increased attention to maintaining its workforce balance and getting the right person, at the right time, for the right job, and doing the right work.¹

The Agency took a number of steps to build a stronger and more capable human resource base. These included the establishment of a Workforce Planning Task Force in 1997. The task force, drawn from a cross-section of Agency employees, was charged with developing a process to guide workforce planning over the next five years, beginning with a series of actionable recommendations designed to address the Agency's workforce requirements for the next three years. The task force drew upon the work of 16 studies completed during the previous decade, current data, and projections in preparing its November 1997 report, which contained 72 actionable recommendations. Implementation was on track, with over 40 of those recommendations accomplished or acted upon by 30 September 2000. Central to the task force's recommendations was its call to reduce Washington complexity and staffing by over 200 positions, and to increase and maintain the Agency's overseas workforce presence at 35 percent of the total direct hire workforce. Washington staffing was successfully reduced, but progress in rebuilding the Agency's overseas presence was hampered by continuing budget constraints. As of 2000, the Agency's overseas staff was 32 percent of its total direct hire workforce.

The first task force recommendation to be accomplished was the establishment of the Agency Management Council chaired by the deputy administrator. The council met first in February 1998, with a mandate to guide workforce planning and acquisition and assistance reforms. Later in 1998, the council approved and implemented the Agency's first annual recruitment plan for the Foreign Service, the first step to rebalance the Agency's foreign service and civil service employee mix, and work toward reaching the overseas staff target of 35 percent of total direct hire workforce. This plan was the result of an analysis of each individual foreign service occupation. The Agency used data submitted by the missions on projected staffing needs by occupation and data on attrition to estimate the number of positions and the number of on-board employees five years hence. USAID set the recruitment level for that plan on the basis of any resulting shortfall and the Agency's ability to absorb career candidates. To ensure current foreign service workforce information, the annual Results Review and Resource Request Report was expanded to include estimated workforce needs.

In addition, the Agency updated and better targeted its new-entry program on critical skill areas. USAID refers to its entry-level employees as new entry professionals (NEPs). USAID initiated its NEP program successfully in FY 2000, thereby increasing its intake of professionals. It also increased the number of upper level managers trained externally through such programs as the Federal Executive Institute and the Foreign Affairs Leadership Seminar. It also developed new in-house training programs designed to enhance the results-orientation of program managers as well as their financial management, acquisition, and assistance and supervisory skills.

¹The Office of the Inspector General receives a separate appropriation and has separate human resources authorities. Accordingly, this discussion does not include OIG human resource issues.

Early in 1999, the Management Council also endorsed a reconceptualization of the Agency's overseas presence. Overseas missions were redefined as small, medium, full, and full support, on the basis of the number of assigned foreign service officers. This was to reflect the nature and complexity of the unit's overall program. The intent was to fully integrate human resource planning into the program resource request process, providing a solid basis for foreign service recruitment, training, and assignment planning. It was also recognized that technical foreign service officers would increasingly become management generalists, that managers and officers would be required to serve countries other than the ones to which they were specifically assigned, and that larger missions would have to support smaller missions through shared specialized services and personnel. Accordingly, USAID began piloting several models for sharing responsibility for country development programs among different operating units to address the needs of smaller missions.

During the 1990s an additional management challenge regarding the Agency's headquarters personnel was also addressed by the Clinton administration. In the early 1990s the Department of State advised USAID that its space in the department's main building would be renovated and no space would be available for the Agency (which had nearly half its U.S.-based staff located in that facility). In 1994, it was decided to relocate USAID and all staff in Virginia and Washington annexes to be near the State Department for strategic reasons. During 1997-98, all Agency staff consolidated for the first time in one building. Given significant investments and improvements in the Agency's telecommunications capabilities, adequate linkages were sustained with the State Department. This unification of Agency personnel significantly improved USAID's human resources management capabilities.

Financial Resources

Congress appropriates resources to USAID through several different accounts. USAID's more traditional development work in the developing world is funded through the Sustainable Development Assistance (DA) and Economic Support (ESF) accounts, while its assistance to the transitional economies and societies of eastern Europe and Eurasia are funded through the Support for East European Democracy (SEED) and Freedom Support (FSA) acts.

Program Budget

To better target its resources, USAID developed and published, in the mid-1990s, strategic approaches to critical development problems including economic and agricultural growth, health and population, the environment, and democracy. Later, and in response to the requirements of the Government Performance and Results Act, these approaches to sustainable development were updated and refined through the Agency's first Strategic Plan, published in 1997.

Against this backdrop, the Agency requested DA appropriations from Congress ranging from \$2.0 billion in 1993 to \$1.7 billion in 1997 and back to \$2.1 billion in FY 2001 to achieve the goals set forth in the Strategic Plan. Within these levels, the Agency's requests for population and child survival/health programs (especially HIV/AIDS) and environmental programs

increased, reflecting administration priorities. In 1993, funding for population activities constituted about 12 percent of the Agency's DA request. Those for environment were just over 11 percent of the Agency's 1993 request. By 2001, DA population and environment activities had grown to 22.6 percent and 15.6 percent of the Agency's request respectively. The 2001 request for HIV/AIDS was more than double the 1993 request. These increases, however, limited increases for economic growth programs. The Agency's request for economic growth funding fell by 7 percent between 1993 and 2001. The compression on economic growth was further exacerbated by the shrinking ESF account that resulted from the end of the Cold War rationale for security assistance. Between 1993 and 2001, the ESF request shrunk from \$3,123 million to \$2,313 million, a decline of 26 percent. This shrinkage led the State Department to shift some activities that were shared among accounts so that sustainable development accounts assumed a larger portion of the burden.

The administration made it a priority to address the gap between short-term disaster assistance and long-term development assistance for countries emerging from crisis. To this end, it created the Office of Transition Initiatives (OTI) in 1994, with initial funding of \$10 million. In fiscal year 2001, OTI's funding stood at \$50 million.

During the Clinton years, there was no resolution to the debate concerning overall U.S. development priorities in a post-Cold War world. Lacking consensus on a long-term strategy, short-term crises became more important in determining funding levels for the Agency, and Congress increased the number and funding levels of directives for the Agency. In 1993, DA directives were at an all-time high and have continued to increase since then. These directives have reduced the ability of the Agency to achieve the results identified in its Strategic Plan and to take advantage of the synergies that exist among the Agency's programs. Experience shows, for example, relationships among birth spacing and child survival, economic growth and child survival, and education and population growth—but narrowly targeted directives, such as the Dairy Directive, or congressional prohibitions against specific development activities served to direct resources to other problems.

To respond to new needs in eastern Europe and the former Soviet Union, the administration created new appropriations accounts; the total request was \$800 million in FY 1993 and \$1.4 billion in 2001. Congress has usually funded the programs somewhat less than the request and imposed additional earmarks and directives each year since 1993. Also, during the late 1990s, the Department of State assumed progressively more responsibility for budgeting the ESF, SEED, and FSA accounts, arguing that these accounts are driven first by foreign policy rather than sustainable development objectives.

The Breakout of USAID-Managed Funding—FY 1990–2001: Discretionary Appropriated Levels—Dollars Millions is appended as a chart to this chapter.

Peace, Prosperity, and Democracy Act

Early in the Clinton administration, it was felt that there was an opportunity to rewrite the Foreign Assistance Act of 1961. The FAA, as the primary statutory authority to conduct foreign economic assistance programs and certain military assistance programs, had not been amended in a comprehensive, systematic way since 1985.

Economic assistance programs administered by USAID are authorized in the FAA by a mixture of functional and geographic accounts. The FAA authorizes development assistance to be provided functionally for 1) agriculture, rural development, and nutrition, 2) population planning, 3) health, including HIV/AIDS and other infectious diseases, 4) child survival, 5) education, and 6) energy and the environment. Economic assistance specifically to support U.S. security and political interests is authorized in a separate Economic Support Fund account.

This was the basic authorizing structure for economic assistance programs until the late 1980s. During that time, USAID argued to consolidate the six functional authorizations into a single authorization or several authorizations on the grounds that 1) it would make budget administration easier and 2) the lines drawn between programs (for example, health and nutrition) were artificial and forced USAID managers to view development in terms of discrete interventions rather than as an integrated whole.

In the late 1980s and early 1990s, Congress amended the FAA piecemeal by adding regional authorizations for sub-Saharan Africa and the former Soviet Union. In addition, the Support for East European Democracy (SEED) Act, which is not part of the FAA, was enacted to authorize programs for eastern Europe and the Baltic States.

As a response to this hodgepodge of functional and geographic authorizations, the Clinton administration proposed a complete rewrite of the Foreign Assistance Act on the basis of the particular policy objectives. Assistance was authorized for 1) sustainable development, 2) building democracy (including separate authorizations for the former Soviet Union and eastern Europe), 3) promoting peace (including peacekeeping assistance, counterterrorism, counternarcotics, crime prevention and much of the Economic Support Fund), 4) humanitarian assistance (including disaster and refugee assistance). For political and congressional jurisdictional reasons, programs such as assistance through the multilateral development banks and through OPIC were not authorized in the bill. This failure to attempt to be all-inclusive meant that the bill presented an incomplete picture of our overseas assistance efforts.

After extensive discussion with the private sector, particularly on the development side with nongovernmental organizations, the bill (H.R. 3765) was introduced in the House of Representatives on 2 February 1994. It was never introduced in the Senate. Despite extensive consultations with committee staff the bill went nowhere. A number of factors likely led to this result. The bill would have provided a number of significant new authorities to the president in the administration of foreign assistance programs. These authorities, comparable to authorities included in earlier legislation considered during the Bush administration, were too sweeping for many on Capitol Hill. Some members of Congress objected to the lack of inclusiveness of the

legislation, and others questioned its dramatic revision of the structure of foreign assistance legislation. Still others were not convinced that the administration would go to the mat to get the bill—something they wanted to be assured of before they began pushing it. The Senate took a wait-and-see attitude, watching whether the House would pass the bill. When the House failed to move the bill, it was dead.

As of late 2000, no efforts had been made to deal comprehensively with the FAA.

Office of the Inspector General

The Office of Inspector General (OIG) is an independent office responsible for audits and investigations of USAID operations and programs. The USAID/OIG is established under the Inspector General Act of 1978. Inspectors general provide leadership, coordination, and policy advice with regard to activities designed to promote economy, efficiency, and effectiveness in government programs and operations. Offices of inspector general seek to identify fraud, waste, and abuse in government programs. Inspectors general report to both the Agency head and Congress. The OIG contributes to USAID by conducting audit and investigations activities that provide the head of the Agency with independent assessments. The OIG Semiannual Report to Congress documents the results of work performed and is an important reference to anyone researching the history of USAID.

Change in Focus

During 1993–2000, the work of the OIG was redirected in three important areas. The office experienced a shift in staffing and resources to address 1) the requirement for OIGs to audit consolidated Agency financial statements, 2) the emphasis on performance measurement and reporting, and 3) the large growth in computer systems auditing, including Y2K and computer security. The result was fewer project audits and theme audits and more work directed at responding to specific laws.

Overseas offices were reorganized and relocated, to areas of greatest needs and a smaller overseas presence overall for the OIG. The appropriation for the OIG audit and investigation responsibilities declined over the Clinton years, and the security office was transferred to the Agency in response to changing congressional priorities:

Over the latter half of the 1990s, Congress asked inspectors general to identify and report on major challenges facing management at federal departments and agencies. The major challenges reported were included in the OIG Semiannual Report to Congress. The emphasis on the major problems enabled Congress to more clearly identify major governmentwide problems.

The OIG initiated a number of efforts during the latter years of the Clinton administration to emphasize preventing accountability problems. For example, the OIG worked with foreign government auditing institutions and provided fraud training.

Under the leadership of the USAID Administrator (J. Brady Anderson), the OIG was routinely asked to become involved early in the design and development of special USAID activities of high visibility to advise on potential oversight issues.

Prevention Emphasis and Early Collaboration

Anticorruption and Accountability Initiatives

Evolving from the end of the Cold War, the international community addressed the issue of corruption in more open and forthright ways. The inspector general at USAID was a co-sponsor, along with the auditors general of the World Bank and the Inter-American Development Bank, of an international conference on corruption. The conference was held in September 2000 and centered on the impact that improved accountability can have in developing countries.

Supreme Audit Institutions

The OIG worked with supreme audit institutions (SAIs), helping them develop their capabilities as national audit organizations of foreign governments. The OIG provided training and signed agreements with 16 SAIs that met international auditing standards and that could perform audits of U.S. government assistance provided by USAID. The SAI collaboration helped fight corruption through accountability and enhanced development prospects.

Fraud Awareness Training

Audit and investigation staff teams conducted fraud awareness briefings as part of a proactive anticorruption initiative. The briefings were performed worldwide and reached Agency and foreign government officials and contractors. Publications were translated into Spanish and French to enhance USAID/OIG's outreach effort.

Special Emphasis Programs

The OIG provided audit and investigation support to USAID's high-profile development programs early in their formulation and deployment. To the extent practical, the OIG undertook concurrent work, especially for highly vulnerable emergency programs. Emergency programs are often the result of special legislation and have high visibility, critical needs, and fast spending.

Emergency Disaster Recovery Fund—Central America and the Caribbean

The Central America and Caribbean Emergency Disaster Recovery Fund provided \$621 million for programs responding to Hurricane Mitch, Hurricane Georges, and an earthquake in Colombia. Of this total, \$580 million was managed by USAID. The OIG performed risk assessments and oversight for concurrent audits of financial statements. The OIG provided fraud prevention and detection training for USAID staff and implementing agencies. The OIG also helped USAID design control systems for its activities to minimize their vulnerabilities to fraud and corruption.

Southern Africa Flood Reconstruction and Rehabilitation

The OIG worked closely with USAID management on a plan to use \$25 million in supplemental appropriations for southern Africa flood reconstruction and rehabilitation. Audit work concentrated on prevention and early detection and would make recommendations to correct both specific problems and system weaknesses. Investigation efforts were directed toward preventing, identifying, and eliminating corruption and fraud.

HIV/AIDS

The Agency took steps to define immediate and long-term actions needed to implement a rapidly expanding program effectively and efficiently. OIG worked with the senior management team, established by USAID, to provide guidance on accountability issues.

Plan Colombia

At the end of the Clinton-Gore administration, the Agency was collaborating with the Department of State and other agencies in the \$1 billion program of assistance to support efforts of the government of Colombia. The OIG assessed the risk levels and the needs for audits and investigation coverage. The OIG also provided fraud awareness briefings and arranged pre-award surveys.

Congressional Focus

Major Challenges at USAID

Information Resource Management

The Clinger-Cohen Act of 1996 requires executive agencies to implement a process to maximize the value and assess the management risks involved in information technology investments. Organizational and management deficiencies hindered USAID from acquiring and implementing effective information systems and obtaining financial and performance information that is reliable, complete, and timely. At the end of the Clinton-Gore Administration, the OIG was focussing on the following:

NMS REPORTING AND RESOURCE MANAGEMENT CAPABILITIES.

INFORMATION RESOURCE MANAGEMENT PROCESSES.

COMPUTER SECURITY.

Financial Management

At the end of 2000, USAID could not meet the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Federal Financial Management Improvement Act (FFMIA) of 1996. Agency management systems did

not provide complete, reliable, timely, and consistent information. This meant that managers could not be sure that program objectives were being met; resources adequately safeguarded; reliable financial and performance data obtained, maintained, and reported; and activities complied with laws and regulations. The OIG continued to assess USAID's progress toward resolving financial management system problems. In particular:

IMPLEMENTING AN INTEGRATED FINANCIAL MANAGEMENT SYSTEM.

RECONCILING FINANCIAL DATA.

DEVELOPING FINANCIAL MANAGEMENT PROCEDURES.

MANAGING THE DIRECT LOAN PROGRAMS.

REPORTING ACCOUNTS RECEIVABLE.

Performance Measurement and Reporting

Congress asked the General Accounting Office and the OIG to review the USAID Annual Performance Report and other documents for fiscal year 1999. The OIG found that the Agency had problems in reporting program results. Nonstandard measures prevented Agencywide aggregation of program results. Additionally, reported results were not always attributable to USAID-funded activities. The OIG took an active role in helping USAID meet the requirements of the Results Act. At Agency management's request, the OIG began a series of worldwide audits to assess the quality of results reported and the compliance with Agency guidance on results reporting. The OIG worked closely with Agency performance measurement experts and conducted training in performance management. Specific areas of OIG inquiry included:

HUMAN CAPITAL MANAGEMENT.

BROAD PROGRAM MANDATE.

MSI Initiatives During the Clinton–Gore Administration

USAID's Minority Serving Institutions (MSI) Program had many accomplishments during the Clinton–Gore administration that was responsible for strengthening previous Executive Orders to increase historically black colleges and universities' (HBCU) participation in federal programs and issuing the first Executive Orders to increase participation and educational opportunities for Hispanic Americans, Native Americans, and Asian/Pacific Americans.

Beginning in FY 1996, USAID was faced with the challenge of trying to increase the participation of HBCUs, hispanic serving institutions (HSIs), and tribal colleges and universities (TCUs) without the assistance of the Gray Amendment (which required each year, during fiscal years 1984–95, that 10 percent of all development assistance funds be provided to disadvantaged

enterprises) that had been included in USAID's appropriations legislation. FY 1996 was also when USAID executed a reduction in force and increased its tendency toward offering large, multifaceted contract opportunities, making it more difficult for MSIs and other disadvantaged enterprises to obtain awards.

Nevertheless, USAID established an MSI committee, consisting of senior officers in each bureau and independent office. Strong MSI committee leadership and a two-person staff was selected. A number of recommendations to increase MSI participation were made by the MSI committee and adopted by USAID leadership. Following FY 1997, USAID's active participation in MSI outreach conferences and workshops increased, targeted programs were implemented, and a policy that permitted USAID to award assistance instruments to MSIs via competition among them was established, in cooperation with the Department of Justice. In an effort to inform USAID staff, MSIs, and the public about USAID's programs and activities with MSIs, MSI briefings were provided to USAID mission directors, procurement officers, and legal staff at various conferences; an MSI internal Web site was established; MSI brochures were developed; and an MSI video was created and distributed to USAID missions and bureaus. As a result of all of these actions, USAID saw increases in funds awarded to HBCUs, HSIs, and TCUs.

Attachments

1. Overview of USAID During the Clinton Administration

Strategies for Sustainable Development – March 1994

U.S. Agency for International Development – Strategic Plan, September 1997

USAID-State Coordination:

June 4, 1999 Memorandum from Secretary of State Madeleine K. Albright to USAID Administrator J. Brian Atwood, “The State-USAID Relationship”

September 28, 2000 Memorandum from Secretary of State Madeleine K. Albright and USAID Administrator J. Brady Anderson to Under Secretaries, Assistant Secretaries, and USAID Assistant Administrators, “Guidance and Recommendations to Improve Cooperation and Coordination between the Department of State and the U.S. Agency for International Development”

2. Development Program Priorities

Remarks by the President at White House Ceremony for World Health Day; April 7, 2000

President Clinton Unveils Millennium Initiative to Promote Delivery of Existing Vaccines in Developing Countries and Accelerate Development of New Vaccines; February 10, 2000

Statement of the President after Signing the Consolidated Appropriations Act for FY 2000; (Excerpts) November 30, 1999

Vice President Gore Announces Administration Will Seek \$100 Million Initiative -- A Record Increase -- in Funds to Fight Aids around the World; July 19, 1999

The Global Vitamin A Effort: A Declaration for a Global Alliance; Signed by Hillary Rodham Clinton, USAID Administrator Brian Atwood and Partners to Combating Vitamin A Deficiency and Improving Child Survival; March 16, 1999

AID Family Planning Grants/Mexico City Policy (Memorandum for the Acting Administrator of the Agency for International Development; from William J. Clinton; January 22, 1993

Climate Change Initiative 1998-2002

3. Humanitarian Assistance, Disasters, Transitions

The World Food Day Report-The President's Report to the U.S. Congress - 1995

Office of Foreign Disaster Assistance Annual Report - FY 1999

Advancing Peaceful, Democratic Change - May 1999

Text and list of signatories of "In Tribute to the Humanitarian Relief Community: A Declaration of Gratitude" signed at an event December 3, 1999

4. USAID in Sub-Saharan Africa

June 1996 - Launching of the Leland Initiative

March 1998 - Compilation of papers from the President's trip to Africa

March 1999 - U.S. - The President at the Africa Ministerial

February 17, 2000 - President Clinton opening the National Summit on Africa

August 2000 - President Clinton's statement in signing the "Global AIDS and Tuberculosis Act of 2000"

August 2000 - President Clinton in Nigeria

5. USAID in Latin America and the Caribbean

First Summit of the Americas, Miami, Florida - December 9-11, 1994

President Clinton's Trip to Mexico, Costa Rica, and Barbados - May, 1997

Clinton Remarks to Local Leaders in Chile, April 17, 1998

Second Summit of the Americas, Santiago de Chile, Chile - April 18-19, 1998

White House Press Releases: Eradication of Poverty and Discrimination and the Santiago Summit; and, Education and the Santiago Summit - April 18, 1998

Clinton Remarks at Summit of the Americas, April 18, 1998

The President's Trip to Central America, March, 1999

6. USAID in the Middle East and Asia

May 13, 1998 – Vice President's Remarks at the Natural Gas Conversion Facility

March 20, 2000 – Press Briefing by USAID Administrator Brady Anderson in Bangladesh

March 20, 2000 – Remarks by the President and Prime Minister Hasina in Bangladesh

March 22, 2000 – Remarks by the President on the environment – India

March 24, 2000 – Remarks by the President on Vaccines – India

7. USAID in Europe and Eurasia

From Transition to Partnership: A Strategic Framework for USAID Programs in Europe and Eurasia. December 1999.

May 18, 1999 - Remarks by the First Lady concerning her trip to the Balkans

SEED Act Implementation Report: Support for East European Democracy. March 2000.

U.S. Government Assistance to and Cooperative Activities with the New Independent States of the Former Soviet Union. January 2000.

8. Legislative and Public Affairs

"Lessons Without Borders: Address by Vice President Gore" Baltimore, June 6, 1994

"Lessons Without Borders: Remarks of First Lady Hillary Rodham Clinton" Baltimore, September 16, 1996

Letter from the President to the House of Representatives dated October 21, 1998, vetoing H.R. 1757, the Foreign Affairs Reform and Restructuring Act of 1998"

Statement by the President of October 17, 2000, on his signing of the Microenterprise for Self-Reliance and International Anti-Corruption Act of 2000

Information folder distributed to schools and students for USAID's Operation Day's Work initiative

9. Management Challenges and Issues

Breakout of USAID-Managed Funding – FYs 1992-2001

March 16, 1999 – Remarks of First Lady Hillary Rodham Clinton at USAID Dedication in the Ronald Reagan Building