



New *FrontLines* Celebrates 1 Year

This issue celebrates the first anniversary of the redesigned *FrontLines*. To help us better serve our readers, we hope you will respond to the questionnaire on page 14.

▼ SEE *FRONTLINES* ON PAGE 14

Agency Receives First Clean Audit

In November, USAID was awarded its first “unqualified” or “clean” audit opinion by the Office of the Inspector General (OIG) for all five of its consolidated year-end financial statements.

“The fact that USAID has received its first unqualified opinion from the Inspector General is very welcome news,” said Rep. Jim Kolbe (R-Arizona), Chairman of the House Appropriations Subcommittee on Foreign Operations. “Improving USAID’s financial management systems has been a goal of this subcommittee for several years.”

The Agency met the significant challenge set by the Office of Management and Budget and the U.S. Department of Treasury of adopting the earlier reporting date of November 15, 45 days after the close of the fiscal year.

Monitoring costs down to the mission level should become easier with overseas deployment of the Agency’s web-based

▼ SEE AUDIT ON PAGE 2

PRSR STD
Postage and Fees
Paid USAID
Permit No. G-107

U.S. Agency for International Development
Bureau for Legislative and Public Affairs
Washington, D.C. 20523-6100

Penalty for Private Use \$300
Official Business

AN EQUAL OPPORTUNITY EMPLOYER

Afghanistan Staff Triples

KABUL, Afghanistan—USAID will triple its staff in Afghanistan—from 40 to about 120—in the next two to three months, Administrator Andrew S. Natsios said. He spoke on a trip to celebrate the December 16 completion of the Kabul to Kandahar highway, rebuilt with U.S. aid.

The arrival in early December of the newly appointed Ambassador Zalmay Khalilzad and recent congressional approval of an extra \$1.2 billion in Afghanistan assistance have dramatically intensified the U.S. aid program and reinvigorated the political process being carried out under the U.N.-sponsored Bonn Accords.

A critical part of the accords was playing out in west Kabul, in expansive tents set up on a vast meadow beneath the Intercontinental Hotel. Here, the Constitutional Loya Jirga was ironing out details of Afghanistan’s new constitution, an important step leading to national elections in the summer of 2004.

The Agency is working to arrange secure living accommodations and working space for the additional staff.

Some of the new staff will work with U.S. military and other personnel to establish and deploy Provincial Reconstruction Teams (PRTs) that will provide aid to the Afghan people in areas where Taliban, al Qaeda, and other hostile groups have made development work difficult.

Most USAID staff live either on the grounds of the U.S. Embassy in modified Conex containers converted to two- and four-person bedrooms, or they are temporarily housed with the military in small guest houses at Kabul Compound, about a mile from the embassy. Staff at the PRT live with the military, in sometimes austere conditions.

With security being a serious problem for President Hamid Karzai’s government—especially beyond the outskirts of Kabul—the PRTs will provide the security in contested regions that will permit development to proceed.

So far, some of the seven PRTs already set up have been located in relatively secure areas. Six more PRTs will be placed in more contested areas—primarily in southern and eastern Afghanistan along the

▼ SEE STAFF TRIPLES ON PAGE 2



USAID sent medics and rescue specialists to search and care for tens of thousands of survivors in the Iranian city of Bam one day after an earthquake destroyed the ancient city and killed at least 30,000 people. Shipments of U.S. food, water, blankets, and plastic sheeting were expected to follow shortly.

Search dogs wearing USAID sweaters were dispatched to help but were soon sent home as hope of finding anyone alive faded. The team included seven Agency experts, 11 members of the Urban Search and Rescue Team from Fairfax County, Va., and 66 medical experts from the Federal Emergency Management Agency. They landed on the first U.S. flights to Iran since U.S. diplomats were held hostage for 444 days at the U.S. Embassy in Tehran in 1979–81.

“AIDS threatens the very fabric of society, and life expectancy is plummeting. In those regions where HIV is

still relatively new, especially Eastern Europe and much of Asia, the epidemic is growing fastest of all.”

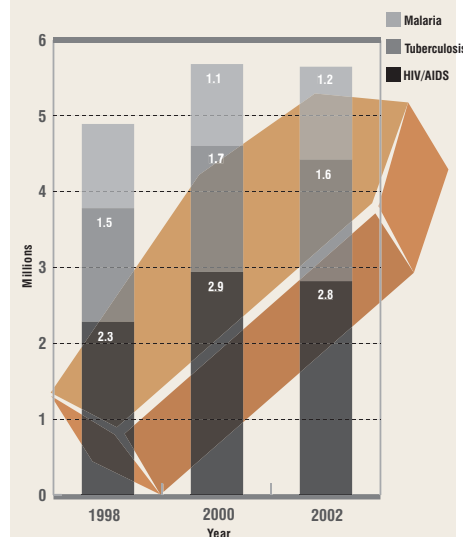
DR. PETER PIOT

Executive Director, UNAIDS

World AIDS Day, December 1, 2003

▼ SEE HIV/AIDS ON PAGE 15

ESTIMATED DEATHS FROM HIV/AIDS, MALARIA, AND TB 1998–2002



Mortality rates by cause are estimates derived from incomplete data. Many of the countries most affected by HIV/AIDS lack good registration systems.

Source: WHO World Health Reports, 1999, 2001, and 2003.

INSIDE THIS ISSUE

TIBET		Management Survey 2
PAGE 11		Mission of the Month: Guatemala .3
		Democracy and Governance Office 4
		Reader’s Survey 14
		Legacy of USAID in S. Korea . . . 16

BEST JOBS

PAGE 12

First Clean Audit

▲ FROM PAGE 1

Phoenix core accounting system. It is to begin on a pilot basis in 2004 in missions in Ghana, Peru, and Egypt, and extend to all missions by FY 2006.

"This is a huge win.... For the longest time USAID has been one of a handful of agencies that has not received a clean opinion," said John Marshall, Assistant Administrator for Management. "This goes a long way towards restoring our credibility."

In December, The White House Office of Management and Budget awarded USAID "green" scores for progress in four of five categories—strategic management of human capital, improving financial performance, expanded electronic government, and budget and performance integration. Further progress was needed in the area of competitive sourcing.

Despite the green light for progress for the first quarter of FY 2004 in the scoring system, the Agency still rates red in the status of its financial management, as do all but seven of the 26 major federal agencies rated.

Inspector General Everett L. Mosley said: "While it is a delight to be recognized for getting a clean audit opinion on the financial statements, what is even more important is to be able to produce accurate and timely financial information that can be used for effective and efficient management of USAID operations." ★

Small Businesses Advised on Successful USAID Bidding

Small businesses that offer goods and services meeting U.S. foreign aid needs can look forward to a bigger share of USAID's procurement budget, officials told entrepreneurs at a November 24 conference sponsored by the Agency's Office of Small and Disadvantaged Business Utilization (OSDBU).

"USAID is serious about having small businesses as partners," Administrator Natsios told 450 small business owners and staff at the meeting. "It is not always easy to do business with us."

Overseas missions are the ultimate customers, and they have a large say in purchasing decisions, he said.

Chief Acquisition Officer Tim Beans, relating his own small business experience, told entrepreneurs to persevere, know the customer, and have realistic expectations.

USAID is committed to giving small and disadvantaged businesses their fair share of contracts and is pressuring prime contractors to pass work on to them, Beans said. Missions will be urged to boost the global share of procurements by small businesses to 23 percent, he said.

Curt Beech, senior contracts administrator with Development Alternatives Inc. (DAI), a leading USAID prime contractor, said DAI seeks small businesses as subcontractors if they have "a core competency" it needs.

But solid accounting systems are "simply a must" for subcontractors to meet federal requirements, he said. They must also be real-

istic about the size and kinds of jobs they can handle.

"Get to know the primes and, above all, get to know the missions," suggested Jim Talbot, senior vice president with ARD, a Vermont development firm.

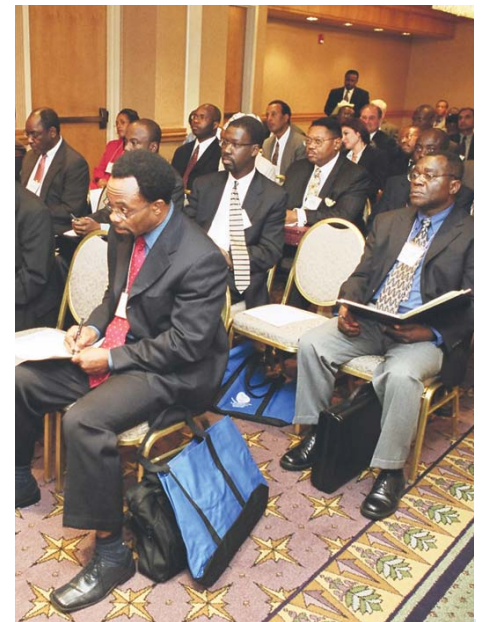
John Fox of Fox Enterprises said getting USAID business requires hard work and a meaningful investment of time and money. "You can't do it on a whim [but] if you've got something to offer, I think you've got an opportunity."

Assistant Administrator Emmy B. Simmons, Bureau for Economic Growth, Agriculture, and Trade (EGAT), said business development programs represent a large part of the nearly \$3.5 billion expended each year by the Agency for economic growth, agriculture, trade, education, and the environment.

Since EGAT supports mission programs in all these areas, companies would find it easier to market to her bureau than to 80 missions worldwide.

Securing an EGAT-managed indefinite quantity contract might make a business offering readily available to all missions, she said. "When they are thinking about doing a project in their countries, they don't want to start from scratch," she said.

Small businesses must consider their ability to operate in difficult and dangerous areas, warned Wendy Chamberlin, Assistant Administrator for Asia and the Near East. Delivering could be tough—and not only in Iraq and Afghanistan. But for intrepid entre-



A November conference advised small businesses on bidding for USAID contracts.

preneurs "these are new problems, and we are looking for creativity," she said.

Chamberlin said programs must have an impact on local people and should be concrete, measurable, and sustainable.

E. Anne Peterson, Assistant Administrator for Global Health, said that HIV/AIDS programs are expanding rapidly so "we need partners who can move quickly." ★

www.usaid.gov Keyword: OSDBU

Staff Provides Detailed Comments for 3rd Annual Survey

Results of the third annual Administrator's survey of 8,000 agency staffers indicate continued improvement in morale and satisfaction in most areas but some concern over the direction of the foreign aid mandate.

The percentage of the workforce responding to the survey increased from 42 to 50, which is "a sign that people believe in the mission of the agency and are invested in it," said Robert Baker, Bureau for Policy and Program Coordination, who helped prepare and analyze survey results.

Employees added hundreds of pages of written comments that have been forwarded to Administrator Natsios.

"These narratives mean that people still think we can fix things," said Baker.

Comments by staffers range from concrete suggestions on placement of recycling con-

tainers in the Ronald Reagan building to "large philosophical issues of USAID's mandate," said Counselor Carol Peasley.

"Some people questioned how we can meld the focus on development with national security interests: they say we should focus more narrowly on development," Peasley said.

Some question whether USAID is a humanitarian or a political agency, said Baker.

"This is all interesting," said Peasley. However, she noted that national security concerns have historically been part of the USAID mandate.

Baker and Peasley said employees offered a lot of criticism and most of their written comments on human resources issues. One of the lowest scores given was to the statement: "USAID fills positions in a timely and flexible manner." Thirty-four percent agreed,

30 percent were neutral, and 46 percent disagreed with the statement.

Office of Human Resources Director Rose Marie Depp will respond to comments in the next HR newsletter, said Baker.

Even with the low marks for hiring practices, the services of the Office of Human Resources received higher ratings than in the 2002 survey, as did all the bureaus.

But the changes were small in comparison with large ratings increases between 2001 and 2002.

Users of the Phoenix financial system were more positive than negative about the new system for the first time, said Baker.

Several of the comments included requests for Natsios to visit bureaus and missions.

Results of the survey will be posted under "Careers" on the Agency's website. ★

Staff Triples

▲ FROM PAGE 1

border with Pakistan. The area is dominated by the Pashtun, Afghanistan's largest ethnic group, which tends to favor the hard-line Islamic Taliban.

Each PRT has 50–70 soldiers who patrol their regions and build the capacity of local police and security forces such as the Afghan National Army.

But a critical component of each PRT—and the reason for their existence—are three civilians, one each from USAID, State, and the U.S. Department of Agriculture. They are charged with jumpstarting redevelopment in Afghanistan that eventually will enable that country to become a safe, secure, and self-supporting member of the community of nations.

www.usaid.gov Keyword: Afghanistan

By Steve Tupper, LPA.

Small Firm Option Can Provide Speedier Service to Missions



Bankworld, Inc.

Bankworld advisors Reese Moyers (right) and Hilton Settle (center), with their Albanian counterpart Pavi Kissi (left).

Small businesses can provide many of the same services as the large contractors the Agency tends to employ, as shown by Bankworld Inc., a Virginia consulting firm that recently completed a \$296,000 project to design an export development program for Albania.

From their headquarters in Vienna, Va., Bankworld consultants supported financial systems development, privatization, and public finance reforms from Croatia to Uzbekistan to Tanzania for clients that include USAID and the World Bank.

The contracting process for the Albania contract was faster than is often the case

with larger firms because Bankworld is certified under the Small Business Administration's 8(a) Business Development Program. Bankworld qualified because it employs only 35 people and its president, Bharat Bhargava, is of Indian origin.

USAID usually processes contracts with 8(a) companies in 30–60 days. "USAID can identify a company like ours, come directly to us, and have an expedited procurement process, discussing the specifications that they need," said Bhargava.

USAID's Regional Mission in Budapest, Hungary, engaged Bankworld in early 2003

to design an enterprise and export market development program for Albania that addressed a range of issues, including corruption, competitiveness, and agriculture.

Bankworld dispatched a five-person team to Tirana, the Albanian capital, in March. By May, the mission had approved a project design.

The USAID cognizant technical officer, Bob Posner, said "Bankworld immediately responded." They were a real support to the mission and worked under difficult conditions to integrate diverse activities, he said. ★

FIRST PERSON



“One of the reasons I succeeded in my business is because of the continuous moral support I got from my microfinance institution; they believed in me.”

FATEN ABDULLAH,
SPORTSWEAR FACTORY OWNER
AMMAN, JORDAN
A MICROFUND FOR WOMEN BENEFICIARY

Faten Abdullah is one of dozens of women to benefit from the Microfund for Women, the first nonprofit finance institution in Jordan. Funded by USAID, the Microfund for Women offers group and individual loans to finance enterprises ranging from retail shops to handicrafts and animal husbandry. Since its founding in 1996, the fund has given out more than 95,100 loans totaling over \$28.5 million.

Notes from Natsios

★★★★★★★★



LOOKING BACK ON 2003

When I look back this past year, USAID has a great deal to be proud of. I just returned from Pakistan and Afghanistan where I attended the ribbon-cutting ceremony for the new 389-kilometer Kabul to Kandahar highway, which we built in 14 months through the middle of a war zone. I saw the new, speedy flow of traffic bringing people to clinics, schools, and markets after 20 years of war and isolation.

We are at the center of history-making events in Afghanistan, Iraq, and Sudan: three central USAID priorities along with the HIV/AIDS Presidential Initiative. USAID's total spending has nearly doubled in two years, rising from \$7.9 billion in FY 2001 to \$14.8 billion for FY 2003.

Despite the added workload for our staff, this year the Agency received from the Office of the Inspector General (OIG) its first unqualified (clean) audit opinion. This is a milestone for our Agency and a huge accomplishment for an operation as decentralized and far-flung as ours.

Also, the Office of Management and Budget gave the Agency a green light in financial management on its Presidential Management Agenda scorecard.

Management reform remains one of my top priorities for the coming year, including accelerating the installation of new procurement software to be operational by the end of FY 2005, which should make procurement actions faster and easier; mission pilot testing of the Phoenix financial management system so we can ensure our schedule of final rollout by August 2005; implementation of Human Resources reforms to include a 25 percent increase in the foreign service through limited-term appointments; a new, much-easier-to-manage personnel evaluation system; implementation of a new overseas staffing template to rationalize staffing patterns in the missions; review of the Agency business model; and a new staffing plan for the Agency. A new White Paper on the future of USAID's multiple missions will go a long way toward clarifying what we do beyond pure development. A new Joint Strategic Plan with the State Department should also clarify roles and policies in a way that has not been done in the past.

More than half of our 8,000 employees responded to the annual employee survey, the highest response rate ever, and scores improved in five of the six sectors, including morale. I received some 1,500 written suggestions and comments, which I am still reading through.

We also delivered massive food shipments, which averted mass population movements and famine for 14 million people in Ethiopia. USAID played a major role in facilitating the peace process in Sudan through the Nuba Mountains humanitarian accords, and is now begin-

▼ SEE NOTES ON PAGE 15

Mission of the Month

GUATEMALA

The Challenge

Over the summer, demonstrations threatening to erupt into violence took place in Guatemala as the country approached its November 9 presidential elections.

In past elections, intimidation caused people to vote a certain way or stopped them from casting a ballot. Guatemala's Mayan Indians, in particular, had a history of low voter turnout.

Among the presidential candidates was former general Efraín Ríos Montt, 77. Human rights groups say his 1982–83 administration carried out massacres, mainly against Mayans. Nearly half of the 200,000 victims in the country's 36-year civil war died or disappeared under Ríos Montt's rule, Guatemala's Historical Clarification Commission concluded in 1999.

“The main concern was that these elections would be extremely violent,” said Todd Amani, director of the Office for Democratic Initiatives at USAID/Guatemala.

Innovative USAID Response

The mission in Guatemala City asked for an additional \$2 million for election activities. It received \$1 million, but managed to find almost another \$2 million for election-related activities after rearranging other programs.

Early in 2003, the mission supported an effort to update the voting registry. Half a million new voters registered, and 1.8 million of 5 million voters updated their information. In addition, the Guatemalan Congress approved a measure allowing people to vote close to their homes, canceling a requirement that voters return to their original districts.

USAID and other donors also launched a public information campaign focused on Mayan and other indigenous areas, emphasizing voter secrecy. Intimidation tactics had scared people into believing that cameras or computers would record their votes.

Although it was feared that the Supreme Electoral Tribunal, Guatemala's election oversight organization, might favor Ríos Montt, USAID and other aid groups worked with the magistrates to ensure transparency, said Amani.

The mission also funded voter education efforts such as radio and TV shows that discussed voting secrecy and the importance of casting a vote. T-shirts with slogans urging citizens to vote were distributed, and speeches at drama clubs further emphasized the points.

“We figured that the only way to ensure that fraud doesn't



The USAID mission worked to increase the turnout for Guatemala's presidential election on November 9. Some 58 percent of voters came to the polls.

occur is with a massive voter turnout,” Amani said.

Health and education programs sponsored more than 100 policy debates, promoting civil participation. Forums on environmental issues were also held with presidential candidates.

About \$1 million was invested in creating a network of some 2,800 election observers from local and foreign NGOs and the Organization of American States.

Results

Some 58 percent of Guatemala's eligible voters cast ballots in November, making the election one of the most participatory in Guatemalan history. Turnout in the Mayan community was also high.

Ríos Montt accepted defeat peacefully, having won only 19 percent of the vote, according to the electoral tribunal. Neither conservative businessman Oscar Berger nor leftist Alvaro Colom won an outright majority, so a runoff election was held December 28. Berger won 54 percent of the runoff vote, and is Guatemala's new president.

“The large turnout was not only due to a couple of months of voter education, but the assistance by USAID and other donors over the past five years across all sectors, primarily in the rural areas,” said Glenn Anders, Guatemala mission director. “Most of these programs shared a common objective of increasing Guatemalans' awareness and participation in development.” ★

www.usaid.gov Keyword: Guatemala

Aid to Democracy Now Seen As Vital

Democracy and governance first became a vital part of USAID's development work in the 1980s, when human rights and judiciary reform work was needed in Latin America.

The Agency's democracy portfolio and expertise expanded in the 1990s by nurturing independent political parties, media, and

civil society in the former East bloc.

Today democracy programs are as much part of development programs as agriculture, health, and education.

This is due, in large part, to the Office of Democracy and Governance (DG), which evaluates programs, documents successful

approaches, and integrates the sector into the wider world of development.

The DG Office got its start in 1994 and held its first democracy officers conference in 1996. The annual meetings are the chief training event for the Agency's democracy specialists.

The 2003 conference included a day of workshops led by field practitioners. A two-day conference for partner organizations that implement democracy and governance projects followed the internal meeting.

www.usaid.gov **Keyword: Democracy**

Mexico Reforms Its Governments

Zapatista rebels with faces hidden behind bandannas may have been the image of the Mexican opposition abroad during the 1990s, but mainstream opposition parties working for greater democracy within the system ultimately had more success.

Decades of persistence by Mexico's chief opposition parties and the crises of the 1980s and '90s pushed the ruling party, the Partido Revolucionario Institucional (PRI), to reform electoral procedures and change financial arrangements between the center and states. This ultimately led to the PRI's electoral defeat in 2000, Agency experts and consultants said at a December 8 democracy officers' seminar.

Mexico's federal and state governments are now reforming themselves from the inside out—opening up their operations for inspection by the public, independent auditors, and credit rating agencies, the panel said. The push is for full transparency and accountability.

President Vicente Fox's victory ended seven decades of one-party rule and ushered in a rush of changes. Reformers put new institutions in place to check corruption and shed light on the once murky world of government in Mexico, said Professor Todd Eisenstadt of The American University, who has advised the USAID mission's governance team. Major reforms include a freedom of information act, a civil service law, and independent audit institutions.

Until 2003, the approximately 2 million government jobs in Mexico were patronage jobs—awarded to party loyalists. Many jobs existed only on paper, allowing supporters to pull down government salaries without doing work.

Eliminating these jobs has been a big step. One ministry estimated it is saving \$50 million a year, mainly due to internal controls and payroll savings, said Jose Cruz-Osorio, USAID/Mexico's governance advisor.

USAID helped by providing the government and Parliament with information and analysis of the civil service laws of other countries so they could draw on the best ideas. The Mexican reformers "have been able to leapfrog and create a model system," said Cruz-Osorio.

Another big change is independent auditing. Before 2003, government auditors reconciled accounts and did not have the authority to evaluate how effective and efficient government services were. Now a federal supreme auditing body (similar to the U.S. General Accounting Office) can take a hard look at government programs.

Thirteen of 32 states have created auditing agencies along the federal model; 18 other states are following suit.

The financial crises of the 1990s forced the federal government to give more fiscal authority to the states. Once the central government could not guarantee state and municipal loans, local governments had to open up their books to credit agencies and banks.

Local and regional governments now must rely on their own creditworthiness to get access to loans and bonds. A new credit market has developed.

"The Mexican bond market is currently very shallow, but has great potential to expand," said Liz Bauch, USAID's municipal and governance advisor and a former New York City municipal and Moody's Investors Service employee. ★

www.usaid.gov **Keyword: Mexico**

DEMOCRACY AND GOVERNANCE AT USAID

- The primary purpose of the Office of Democracy and Governance is to provide technical support and training to missions and democracy officers.
- The DG Office seeks to professionalize democracy and governance as a technical sector in the Agency through operational research, training, and professional events such as the annual conference.
- The DG Office is part of the Bureau for Democracy, Conflict, and Humanitarian Assistance, and has five divisions: civil society, elections, governance, rule of law, and the crosscutting strategies and research division. The office currently has a staff of 58.
- The Agency allocated about \$860 million in FY 2003 funds for democracy and governance activities. The DG Office obligated more than \$37 million in FY 2003, including \$20 million from other U.S. government agencies.

Patience Advised for Democracy Promoters at Annual Conference

Bringing democracy to Iraq is one of the biggest current U.S. challenges. But the country's oil wealth is one of the obstacles, says *Newsweek International* editor Fareed Zakaria. The reason? Selling off state-owned natural resources replaces the need to generate tax revenues and be accountable to taxpayers.

Europe and the United States grew through taxation, which requires transparency, accountability, and democracy, Zakaria told USAID staff and other political development experts at the seventh annual USAID Democracy and Governance Partners Conference, December 10–11 in Washington, D.C. A government financed by other means, "floats above people, doesn't take root in society," he said.

Two other obstacles to democracy in Iraq are ethnic and cultural diversity and the recent Middle Eastern history of "secular tyranny."

Secular regimes in the region have been deeply oppressive. The only institutions they have not been able to crack are religious ones. After the old order collapses, the "only things standing are the mosques and the clerics," Zakaria said.

He warned that elections will shift power to the winning party and too rapid a transition could fuel militarism.

"We want democracy, but we don't want what it will produce," he said. Some Iraqis today fear democracy could bring a "tyranny of the Shiites" because they make up the majority of the population.

Democracy reform is "messy and complex," said former Rep. Lee Hamilton, the conference's keynote speaker, who spoke about the future of foreign aid and democracy promotion.

"It takes a lot of different tools to deliver democracy...[including] consistency of message and implementation," said Hamilton, currently director of the Woodrow Wilson International Center for Scholars.

He said that foreign aid is a way to combat terrorism. Aid "appeals to people's hopes, not just their fears," and helps "address the roots of insecurity."

Bruce Bueno de Mesquita of Stanford's Hoover Institute and New York University said the smaller the number of people needed to keep a leader in office, the more likely he or she will use bribery and spoils to stay in power. Conversely, a democracy takes a lot of people to keep a leader in power. Ideas and persuasion are thus more efficient than trying to pay off supporters.

Bueno de Mesquita said that, statistically, the size of governing coalitions is the best indicator for predicting economic growth, life expectancy, and even the quality of drinking water in a country.

The best time to push political reforms in an undemocratic country, he said, is when it is in financial crisis—when its ruling coalition has "run the country down so much" that it can no longer buy the loyalty of its supporters.

Conditions for aid, for instance, could include opening government books to external auditors and giving opposition access to media. Such tactics don't work, however, in countries rich in resources.

Congressional staffers Paul Grove and Paul Oostburg Sanz also spoke. Grove said more aid should go to political parties, and Department of State and USAID democracy assistance should be better coordinated. ★



President Vicente Fox signs Mexico's new civil service bill into law. The country's federal and state governments have been reforming themselves from the inside out, promoting transparency and accountability.

'No Development Without Democracy'

Since the end of the Cold War, the U.S. and other governments have come to accept the idea expressed so succinctly by former French President Francois Mitterand: "There is no democracy without development, and no development without democracy."

"Freedom honors and unleashes human creativity—and creativity determines the strength and wealth of nations."

PRESIDENT GEORGE W. BUSH
November 6, 2003
National Endowment for Democracy

The general acceptance of this concept led to an increase in foreign assistance programs promoting democracy and good governance. It also led to the growth in the number of U.S. government agencies and institutions implementing such programs.

The State Department's Bureau for Democracy, Human Rights, and Labor and its regional bureaus conduct programs sup-

porting democracy such as the few outlined below.

Other actors include the Department of Defense (in some of its reconstruction work), and the Department of Justice, which funds judicial and police reform work in select countries.

One of the pioneers in democracy work is the National Endowment for Democracy (NED), whose 20th anniversary was celebrated with a keynote address by President Bush on November 6.

NED is a bipartisan, not-for-profit foundation created by Congress, which supplies an annual appropriation.

Four core institutions are closely associated with NED. About half its appropriation supports the international programs of the American Center for International Labor Solidarity, the Center for International Private Enterprise, the International Republican Institute, and the National Democratic Institute.

NED and USAID generally coordinate programs through the Democracy and Governance Office.

Because it is a private foundation, NED can work in situations not conducive to official U.S. government involvement, and in countries such as China and Burma.

www.ned.org



From left: George White, former DRL director; Lawrence Chung, general manager, YGM Cambodia Ltd., U.S. Ambassador Charles A. Ray, and David Van, deputy general secretary, Garment Manufacturer's Association in Cambodia, visit YGM's garment factory in Phnom Penh.

State Department Bureau Issues Annual World Human Rights Report

The Bureau for Democracy, Human Rights, and Labor (DRL) at the State Department is best known for compiling the annual human rights report—a huge volume of detailed facts and news items about how every nation except the United States handles human rights issues.

The annual report is a source of hope to those facing repression because the United States officially recognizes their struggles. It also has irritated many nations—even friendly nations such as Egypt and Indonesia—by listing reports of detention without trial and other allegations of abuse.

"Protecting human and labor rights and promoting democracy is a tall order. To accomplish these goals...we will continue to work with other governments and NGOs, and we will also be looking to work with the private sector," said Assistant Secretary of State Lorne Craner, who heads DRL.

Under Craner, DRL has focused its funds on regions and countries—such as Central Asia and China—where the United States has a strong national security interest.

DRL projects in China support elections in villages and urban neighborhoods and promote public hearings in municipalities and legislatures. Programs support reform-minded Chinese who advocate constitutional and electoral reforms, as well as

university scholars advising judicial leaders on how to make the court system more independent. Chinese lawyers are getting training to help workers bring labor law grievances to court.

Central Asia initiatives focus on media, including providing a printing press to service independent newspapers. They also aid opposition political parties to check the power of authoritarian presidents, and umbrella groups that can link NGOs pushing for reforms.

DRL sends the Office of Democracy and Governance copies of proposals being considered. The State Department bureau issues formal requests for proposals; a USAID representative participates in the selection process.

Engaging the private sector to improve labor conditions voluntarily is also on DRL's agenda. For instance, DRL and embassy labor officers worked out a system that rewards the Cambodian garment industry with a higher import quota in the U.S. market in exchange for better factory working conditions.

Other important arenas for promoting human rights are the United Nations and other international organizations. DRL identifies issues, helps stake out the U.S. position on them, and writes speeches and resolutions for presentation at these venues. ★



Patricia Davis, Department of State

The Kyrgyz Republic's first independent printing press goes online, thanks to DRL funding.

State's Middle East Initiative Backs Democracy, Education, Trade, Media

The State Department launched its Middle East Partnership Initiative (MEPI) in December 2002, after President Bush said the United States would promote democracy in the region to fight terrorism.

MEPI supports economic, political, and educational reform throughout the Middle East. In addition to supporting programs at the government level as well as among civil society groups, it seeks to "bring awareness to people of what democracy is and encourage popular participation in the political process," said Alina Romanowski, MEPI director in the State Department's Bureau of Near Eastern Affairs.

MEPI's strategy includes support for

educational and other institutions, especially civic education. This goes beyond more mechanical approaches of democracy and governance assistance such as election monitoring, Romanowski said.

The State Department initiative will work in many non-USAID countries and in countries—such as Morocco and Yemen—where USAID is active. One of MEPI's goals is to connect reformers in the region with each other through umbrella organizations and other networks.

MEPI, which received a combined \$129 million in FYs 2002 and 2003, works in four areas. Its economic pillar promotes

free trade, investment, and new employment opportunities by strengthening the private sector. The goal of its political pillar is to empower civil society, support local governance, and promote free press. The education pillar focuses on improving education, especially for girls. The fourth pillar is women's empowerment. This pillar—along with MEPI democratic reform programs that support independent media, strengthen parliaments, and fight corruption—is administered by USAID.

MEPI's economic development initiatives include a \$6 million trade promotion program with Morocco and plans for a Middle East Finance Corporation along

the lines of the enterprise funds that invested "venture capital" in the emerging private sector in Eastern Europe a decade ago.

"As trade expands and knowledge spreads to the Middle East, as women gain a place of equality and respect, as the rule of law takes hold, all peoples of that region will see a new day of justice and a new day of prosperity," Bush said May 9 at the University of South Carolina.

The State Department has set up a separate management structure to oversee the program, including an 18-person office in Washington, D.C., and field offices in Tunisia and the United Arab Emirates. ★

ECONOMIC GROWTH, AGRICULTURE, AND TRADE

Universities Work to Improve Export Quality



A USAID-funded higher education program trained Rwandans to update production standards and contributed to the export of 18 tons of bourbon coffee beans to Louisiana and Britain.

KIGALI, Rwanda—Under USAID programs to improve exports of agricultural and other products, U.S. universities are working with schools in Rwanda and many other developing countries.

Poor-quality higher education feeds economic stagnation or downturns as fewer qualified professionals enter the workforce. A more expert workforce, however, could lead to more international trade.

In Rwanda, 18 tons of bourbon coffee beans were recently exported to Louisiana and Britain with the help of a USAID-funded higher education program designed and managed by the Office of Education in the Bureau for Economic Growth, Agriculture, and Trade.

The sale was part of the Partnership for Enhancing Agriculture in Rwanda through Linkages (PEARL), which in the past three years has trained more than 2,000 Rwandan men and women in coffee, cassava, and hot pepper production, as well as management, business plan writing, marketing, and accounting.

PEARL is one of 188 partnerships forged between U.S. universities and their developing-country counterparts under a USAID program with the Association Liaison Office for University Cooperation and Development (ALO).

Underfunded and deteriorating universities are a growing problem in Africa. Conflict in many African nations drives away university staff and drives down the quality of education.

Since 1997, USAID has given ALO \$28.3 million. The program's ceiling was increased to \$71 million to accommodate rising demand.

Most ALO partnerships are with African universities. Some are with universities in Latin America, Asia, and

Europe.

Missions in Bangladesh, Macedonia, Mexico, Egypt, Nepal, India, West Bank/Gaza, El Salvador, and Ethiopia, have their own programs with ALO.

The Rwanda program is a special initiative between USAID/Rwanda, Michigan State University, Texas A&M University, the National University of Rwanda, and the Institut des Sciences Agronomiques du Rwanda. The program's 2002 budget was nearly \$4 million. It aimed to fuel growth in agriculture, which was devastated after the 1994 genocide.

Most partnerships between universities focus on strengthening a sector in a developing country's economy by teaching professionals how to update production standards to compete in profitable world markets.

In Africa, such work has focused on coffee bean exports, though it also deals with cassava flour and starch, avocado oil, and eucalyptus oil.

The profits from the Rwandan coffee beans were distributed to local producers through cooperatives, strengthening the industry.

Other programs pay for students from the developing world to earn graduate degrees in U.S. universities.

USAID's program with ALO is part of the Agency's effort to broaden its outreach from government and aid entities to private corporations and associations.

"The rich diversity of U.S. and overseas education institutions, with their wide range of strength and expertise, greatly enrich international development work," said Paul White, former mission director to USAID/Mexico, who forged a partnership between that mission and Mexican universities. ★

www.usaid.gov **Keyword: Rwanda**

GLOBAL DEVELOPMENT ALLIANCE

USAID-Shell Alliance Promotes Cassava and Health in the Niger Delta

ABUJA, Nigeria—A five-year partnership between USAID/Nigeria and Shell Petroleum Development Company will help fight a deadly plant virus that threatens the dependable cassava root, a food staple of 250 million people across Africa.

Shell will dedicate \$15 million and USAID \$5 million to the strategic partnership, which was signed in September 2003.

Aside from fighting cassava mosaic disease, the partnership will fund health, education, and other projects in the Niger Delta, an oil-rich but impoverished region of 20 million people.

Cassava is also used in the manufacture of paper, textiles, and adhesives, but in Africa it is most important as a food crop. In West Africa, cassava root is made into fufu, a starchy accompaniment to stews and other dishes. (In the United States, the tuber is more widely processed into tapioca.)

In Africa, cassava helps guarantee food security, as the tubers can stay in the ground for a long time as a hedge against hunger.

The African standby was threatened in the late 1980s by cassava mosaic disease, a virus that devastated crops in Uganda and spread across East and Central Africa. Eventually it reached Nigeria, Africa's leading cassava producer.

To prevent the possible loss of the cassava harvest, resistant strains of plants have been developed by the International Institute of Tropical Agriculture (IITA) in Ibadan, Nigeria. The IITA is a sprawling research and development institute with large fields for plant breeding. The institute receives funding from USAID and other donors.

The goal of USAID-Shell's Cassava Enterprise Development Project—a

Global Development Alliance (GDA) project—is to increase agricultural productivity through disease-resistant cassava varieties, and to link farmers with markets for cassava products. In addition, health, education, and economic development programs will target the Niger Delta, a region that has seen much social unrest, often directed at Shell.

Established under the Agency's GDA business model for public-private partnerships, the agreement extends USAID's reach into the region where Shell oil production is concentrated. It also helps Shell increase the impact of the \$60 million social investment it makes each year in the country—an amount almost equal to the USAID/Nigeria budget.

"Shell is getting more bang for its community development spending, and we're getting more in terms of the number of people we can reach," said USAID/Nigeria Mission Director Dawn Liberi, who negotiated the agreement with Shell.

USAID/Nigeria will also support a malaria prevention program by linking Shell's community channels to low-cost mosquito nets. The program will also provide funding and technical help to set up shrimp and prawn farms in the Delta region.

Shell managers "recognize that development activities are not their core strength, and they are not perceived as giving back to the community on the scale that they are," Liberi said.

The collaboration allows both organizations to have a greater impact at the grassroots. ★

www.usaid.gov **Keyword: Global Development Alliance**

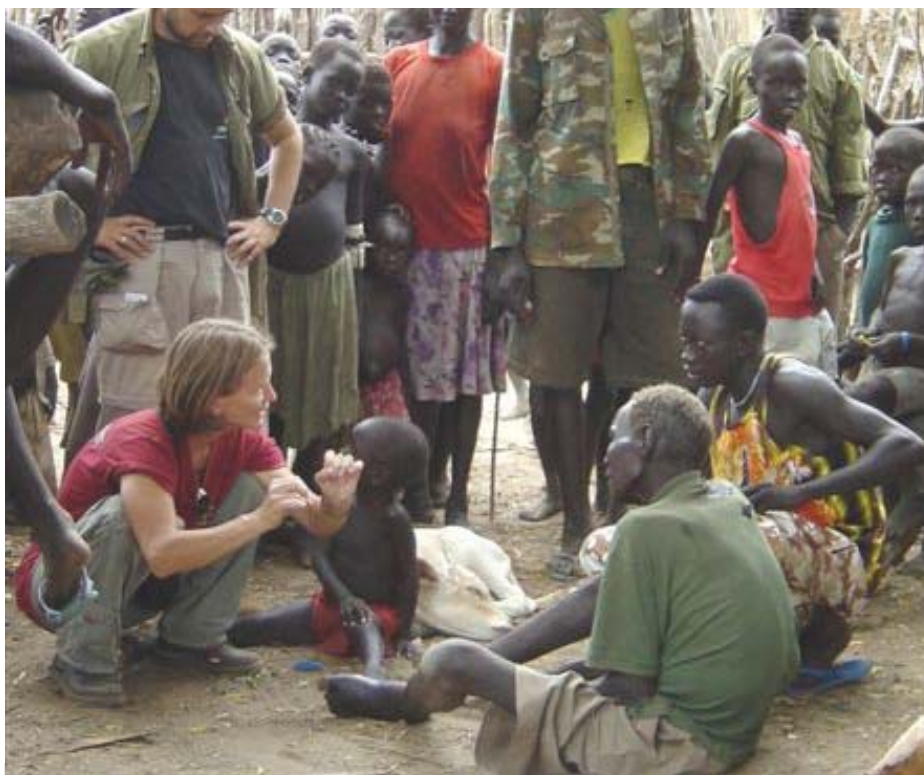


Dr. Alfred Dixon, an agronomist at the International Institute of Tropical Agriculture (IITA), stands in a field planted with a cassava variety developed by IITA that is resistant to disease. The variety will be disseminated to Nigerian farmers through fellow farmers, IITA, and the federal and state agriculture extension system.

Andrew Levin, USAID/Nigeria

DEMOCRACY, CONFLICT, AND HUMANITARIAN ASSISTANCE

Experts Tackle Guinea Worm and Foster Peace in Sudan



Inge Strand, The Carter Center

Norwegian medical students raised money to purchase medical kits and visited south Sudan to provide education on guinea worm eradication in spring 2003.

KHARTOUM, Sudan—In a rare combination of medicine and diplomacy, efforts to help Sudan rid itself of Guinea worm have been combined with efforts to end the country's long-running civil war.

Guinea worm begins as a microscopic larva in water fleas that are transmitted through contaminated drinking water. The larva matures in the human host as a thread-like, whitish worm. For many weeks before the worm breaks through the skin, it causes searing pain, debilitating fever, and nausea.

Sufferers often immerse themselves in water to relieve symptoms, thereby releasing hundreds of thousands of larvae into local drinking supplies and restarting the cycle.

The health initiative, led by the Atlanta-based Carter Center and backed by USAID, began during "periods of tranquility" in 2002. These periods of military stand-downs in conflict zones are when special humanitarian interventions are implemented. In Sudan, they allow health experts to fight Guinea worm.

Cooperation on Guinea worm eradication may help the National Islamic Front government and the rebel Sudan People's Liberation Army reach agreement on an internationally brokered peace accord in early 2004.

"We're feeling pretty good about this program," said Craig Withers of the Carter Center's Global 2000 international programs unit. "We believe if there's peace, and we have unhindered access to the villages with an intense and sustained effort over four to five years, we can eliminate [Guinea worm]."

The key to banishing Guinea worm is making sure drinking water is filtered.

Withers said Sudan accounts for around 80 percent of cases worldwide. The program now reaches 6,400 of the estimated 8,900 Sudanese villages where Guinea worm cases have been documented. Most of the remaining 2,500 villages are in three disputed states.

In 1995, former President Jimmy Carter brokered a ceasefire, and the Carter Center forged ahead in its campaigns against Guinea worm, river blindness, and polio until fighting resumed six months later.

In 2001, President Bush appointed Administrator Natsios the Special Humanitarian Coordinator for Sudan, and former Senator John Danforth the Special Envoy for Peace.

Early in 2002, Danforth presented the warring parties with four "tests" of their commitment to peace. One was the provision of humanitarian access to the Nuba Mountains in central Sudan, cut off since the 1990s by fighting and official travel restrictions. Another was to allow the periods of tranquility.

The peace process, which involved close collaboration among USAID, the State Department, and British and Norwegian diplomats, offers "a model as to how humanitarian activities...can be used [to promote peace] because two sides of a conflict care about the humanitarian issues and can't agree on other issues," said Operations Specialist Ami Henson of the Agency's Bureau for Democracy, Conflict, and Humanitarian Assistance. ★

www.usaid.gov Keyword: Sudan

GLOBAL HEALTH

Partnership Hopes to Cut Death Rate of Ethiopian Children From Disease

ADDIS ABABA, Ethiopia—Almost half a million children in Ethiopia die each year of preventable diseases—such as measles, malaria, pneumonia, micronutrient deficiency, and diarrhea—because of a weak healthcare system.

Dozens of international aid groups are working to improve the situation, but a new alliance announced on December 17—The Child Survival Partnership—hopes to make a difference by increasing resources and using proven interventions. The group brings together UNICEF, the World Health Organization (WHO), the World Bank, the Canadian International Development Agency, and USAID. The goal is to make headway toward one of the world's development goals: reducing child mortality by two-thirds by 2015.

WHO says that 185 of every 1,000 male children born in Ethiopia die before age 5. For girls, the rate is slightly lower: 170 deaths per 1,000.

The Child Survival Partnership was set up at the May G-7 summit in Ottawa, Canada. Ethiopia is the first country to be part of the alliance, which is expected to announce similar efforts in other countries in the coming year.

"We have a major opportunity to improve the health of Ethiopian children and their families," said Assistant Administrator for Global Health E. Anne Peterson. "There is a solid foundation of sound policy and direction upon which to build. Improving child health is within our reach."

Peterson visited Ethiopia in December,

along with high-ranking officials from WHO and UNICEF.

WHO Assistant Director General Joy Phumaphi praised Ethiopia's commitment to improving the welfare of children. "I am...encouraged by their efforts to respond to child health needs," she said.

The Child Survival Partnership, which was announced December 17, will unite public and private sectors, including the Ethiopian government, local community groups, international aid groups, and NGOs.

Independent of the partnership, USAID announced a five-year \$18-million child health program in three Ethiopian regions. A \$400,000 grant is dedicated to immunization efforts; \$500,000 to fight malaria, the main child killer in Ethiopia; and \$400,000 for Vitamin A supplementation.

The goal of the Child Survival Partnership is to help the government implement its new health extension package to provide health workers to communities outside the main cities, share methods of proven intervention, and improve coordination in the healthcare sector. ★

www.usaid.gov Keyword: Global Health



A mother and child recover in a USAID-funded therapeutic feeding center run by Save the Children U.S. in Morocho, southern Ethiopia. The center admitted more than 200 malnourished children within two weeks of its opening in July.

Iraq Dominates Agency Work in 2003

BAGHDAD—From the deployment of a Disaster Assistance Response Team into Kuwait in March to the official opening of the USAID mission in Baghdad in July, Iraq has dominated much the Agency's work over the past year.

The multibillion dollar Iraq reconstruction program, the largest ever undertaken by the Agency, had more than 100 staffers in the country by year's end.

USAID, working with the Coalition Provisional Authority (CPA), repaired 1,900 schools, printed millions of school books, and distributed school supply kits to 800,000 students and 80,000 teachers. The Agency also supported clinics, provided medical supplies, and shipped millions of tons of food.

The Agency signed contracts with

Bechtel, other companies, and NGOs to repair power plants, fix roads and bridges, replace the national currency, restore a sound banking system, and train and fund local government councils.

On October 6, the country's power capacity reached 4,518 megawatts, surpassing the prewar benchmark of 4,400 megawatts.

USAID also helped repair the Baghdad water network and is continuing to repair Baghdad's sewage treatment plants and the Sweet Water Canal that provides fresh water to Basra.

The seaport at Umm Qasr reopened to commercial traffic on June 17, after USAID paid to have the port area dredged and cleared of debris left by 1980–88 Iran-Iraq War. ★



aqi girls examine school books and school bags provided by USAID.

'DART' Backs Liberia's Tenuous Peace

MONROVIA, Liberia—As U.N. peacekeeping forces established a tenuous peace in the capital—disrupted in early December by militiamen disgruntled over monetary terms for surrendering weapons—the USAID Disaster Assistance Response Team (DART) handed its work off to the Office of U.S. Foreign Disaster Relief (OFDA).

USAID shifted from emergency humanitarian programs to longer-term relief, strategic programs supporting a peace process, and resettling thousands of internally displaced people.

Through the critical August–November period during which intense fighting gave way to a change of regime and a peace agreement, the DART supplied \$39 million in food, emergency water, shelter, and health assistance.

By December, it scaled back to an OFDA field officer, said team leader Kate Farnsworth.

President Bush recently enacted into law an emergency supplemental appropriation of \$200 million in International Disaster and Famine Assistance for Liberia. This permits USAID bureaus to immediately begin an expanded assistance program. ★



Liberians displaced by civil war take shelter in camps, as international peacekeepers and U.S. aid workers who arrived in August try to assure their wellbeing.

Agency Sharpens Strategy

In January 2003, even before USAID was handed massive new responsibilities in the reconstruction of Iraq, Administrator Natsios released *Foreign Aid in the National Interest*, which identified foreign aid as a critical foreign policy instrument.

The document makes the case that USAID is vital to global confidence and U.S. security because the Agency fosters good governance, economic growth, and health while working to mitigate the effects of conflict, relieve suffering, and coordinate private foreign aid.

In October, the Agency produced a White Paper, *U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century*, at the Worldwide Mission Directors Conference in Washington, D.C. The paper sharpens the Agency's strategy as it faces multiple and competing demands ranging from the HIV/AIDS pandemic to humanitarian needs of fragile or failed states.

The White Paper states that USAID's core goals must be clearly articulated and reconciled with resources and the Agency should exercise a higher degree of selectivity based on recipient-nation performance. ★

Bush Launches \$15 Billion Worldwide Assault On HIV/AIDS Pandemic

In his 2003 State of the Union Address, President Bush announced the largest commitment in history for an international public health initiative involving a specific disease: the Emergency Plan for AIDS Relief.

The plan emphasizes treatment in 14 AIDS-stricken nations, and continues and expands ongoing aggressive HIV/AIDS prevention, care, and support programs.

Nearly \$10 billion in new U.S. resources will be directed over the next five years to: Botswana, Côte d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia,

Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia.

The plan will also provide additional money for the Global Fund for AIDS, Tuberculosis and Malaria.

The emergency plan includes the purchase of low-cost, antiretroviral medication and other lifesaving drugs. It also calls for setting up a broad network to deliver drugs to remote points in Africa.

In July 2003, Bush named Randall Tobias, as State Department Global AIDS Coordinator. Tobias is the former chief executive officer of Eli Lilly. ★



To fight HIV/AIDS in Guyana, youngsters work under a U.S.-funded project to increase awareness of the disease.

Agency Delivers Record Food Shipments

USAID sent a record amount of food abroad to needy countries this year, especially to Africa where millions faced food crises, and to Iraq, where the overthrow of Saddam Hussein threatened to disrupt food supplies.

Some 3.16 million metric tons of U.S. food went abroad through the Title II program.

Another 500,000 metric tons of U.S. food from the Bill Emerson Humanitarian Trust was sent to Ethiopia, southern Africa, and Iraq.

Total food shipments were the largest since 1985.

The largest grain purchases in FY 2003 were of wheat, jumping from 895,000 tons to 1,500,000 tons. Next was 350,000 tons of processed corn products and 350,000 tons of corn.

USAID purchases of most of the 34 kinds of food and commodities bought and shipped under Title II rose during the fiscal year.

While food aid is usually sent to alleviate humanitarian crises, it also serves in Afghanistan and Iraq to bring stability to people affected by conflict and stress.

In Sudan, food aid was provided as a key confidence-building measure between the north and south.

And in Angola, USAID food programs are helping people return to farming after a long civil war.

The five largest consumers of Agency food aid in 2003 were Ethiopia, Iraq, the southern Africa countries, Sudan, and Angola.★



Record amount of food aid to needy countries in 2003. Ethiopia received the most.

Afghanistan Mission Backs Loya Jirga, Schools, Kabul-Kandahar Highway

In December, Afghanistan passed two of the biggest milestones since its reconstruction began after the fall of the Taliban in late 2001: the first layer of paving was completed on the Kabul to Kandahar highway, and the Constitutional Loya Jirga (CLJ) met to debate the final form of the country's constitution.

U.S. aid to agriculture helped lead to a record-breaking wheat harvest in 2003. Wheat is the country's principal cereal crop. Increased rainfall helped, as did the improved wheat seed and fertilizer provided by USAID. Irrigation systems are being rebuilt, and microfinance programs are starting.

The Agency also printed textbooks for the second year. A distance-learning, radio-

based teacher training course got underway, and 15,000 children—half of whom are girls, who were largely excluded from school under the Taliban—began accelerated learning classes to make up for lost time.

In the fall, construction began on 54 new schools, the first under a presidential initiative to build or rehabilitate 1,000 over three years.

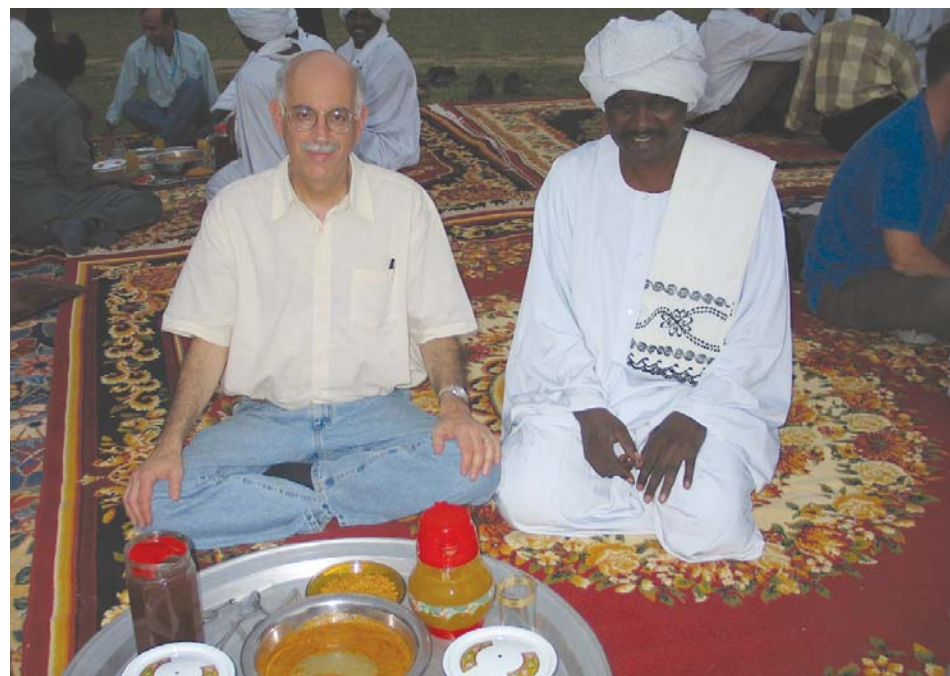
Health programs expanded in 2003. The water additive Clorin (to fight diarrhea) was manufactured, bottled, and sold at affordable prices on the private market. Eighty new clinics were begun, the first of a total of 400 which will be built or rehabilitated over three years.★



The rebuilding of the badly damaged 389-kilometer highway from Kabul, Afghanistan, to Kandahar was completed by USAID in December.



In December 2003, voter registration and elections are conducted in Kabul province to select 46 delegates to the Afghan Constitutional Loya Jirga. USAID provided critical funding that supported operational, logistics, and security planning for voter registration and election efforts.



Administrator Natsios breaks the fast on the first night of Ramadan in Darfur, Sudan.

AFRICA

Madagascar Protects Forests with U.S. Support

ANTANANARIVO, Madagascar—For over a decade, USAID has promoted the sustainable management of the island nation's natural resources by helping the country strengthen its national park system and preserve plants and animals that exist nowhere else in the world. Now Madagascar is taking the lead.

President Marc Ravalomanana announced in September that his government will more than triple the size of Madagascar's network of protected areas—from 1.7 million to 6 million hectares.

"We can no longer afford to sit back and watch our forests go up in flames," Ravalomanana said at the Fifth World Parks Congress in Durban, South Africa. "This is not just Madagascar's biodiversity—it is the world's biodiversity. We have the political will to stop this degradation."

Madagascar, located in the Indian Ocean, is the world's fourth largest island, and has a large number of unique species of wildlife. That rare collection is threatened by unmanaged development: agriculture, hunting, population growth, and roadbuilding.

The Agency has spent \$113 million on environmental programs in Madagascar since 1991 and will spend \$40 million more between 2003 and 2008.

"Madagascar has been identified consistently by the international community as one of the highest biodiversity conservation pri-

ority countries in the world owing to its combination of high diversity, unique species, and degree of threat," said Acting Mission Director Stephen Haykin.

"Its natural environment—particularly the forests—plays a critical role in the economic development and reduction of poverty of the country."

The area covered with primary natural forest has shrunk from 25 percent in 1950 to less than 15 percent today.

A hectare of forest lost in Madagascar has a greater negative impact on global biodiversity than a hectare lost anywhere else on earth: more than 80 percent of the country's flora and fauna are found nowhere else.

Poverty, unproductive agriculture, high population growth, and weak governance threaten what remains of the forest and the wider environment.

For instance, deforestation, bush fires, and extensive cropping of marginal lands remove the groundcover that protects the most highly erosive soils. Degradation threatens biological diversity as well as the watershed stability vital to the agrarian economy.

USAID advised drafters of Madagascar's National Environmental Action plan, a 15-year initiative that ends in 2008. As part of the program, the Agency helped create the Malagasy National Park Service.

The Park Service has already presented a preliminary list of 20 sites to become pro-



The area of Madagascar covered with primary natural forest such as this endemic spiny forest has shrunk to 15 percent. USAID is helping strengthen the country's national park system and preserve plants found nowhere else.

USAID

ected areas. In the long run, Madagascar said it aims to preserve its primary forest and the remaining freshwater and marine ecosystems.

Conservation efforts are expected to lead

to increased tourism, contributing to the government's goal of reducing poverty by 50 percent over the next 12 years. ★

www.usaid.gov **Keyword: Madagascar**

LATIN AMERICA AND THE CARIBBEAN

Reforms Encourage Paraguayans to Pay Taxes



VILLARICA, Paraguay—For decades, corruption was high in Villarica. People refused to pay taxes, and the local government did not provide services. But a U.S. program to promote local democracy has helped change things.

In 2003, the city's main streets were paved for the first time in 63 years. Corruption shrank and tax revenues grew 48 percent over 2002. The municipality also had the largest budget surplus in a



The badly pitted main street (above) of Villarica, Paraguay, was repaired and paved (below). In 2003, Villarica streets were paved for the first time in 63 years. A program to promote local democracy and fight corruption encouraged citizens to pay taxes. The benefits of doing so are now readily apparent.

decade, earning a legitimacy it lacked for many years.

"Most municipalities here don't have the revenues to implement services and infrastructure," said Steve Marma, head of the USAID/Paraguay democracy team.

"It's kind of a circle, where people don't pay their taxes because they don't see the benefits of doing so. But once the circle starts spiraling, people pay taxes and see the benefits, and it becomes easier to collect the taxes."

Municipal employees now actively collect taxes instead of waiting for taxpayers to come and pay. Citizens get three notices. If they fail to pay, the municipality takes them to court.

"A lot of previous work was helping people to understand how local governments work and why people should participate," said Eduardo Bogado, the local government program manager. "Now, as a result of participating, the focus is more on services, helping the municipalities get funding, and promoting transparency."

The program helped the city create a website that makes public all local government transactions—from budget spending to employee salaries. The system keeps track of properties and updates their values so that taxes can be more accurately calculated.

This attention to transparency has

exposed graft and led to the dismissal of five municipal employees who had been pocketing tax revenues.

"We worked with the mayor, and he fired five employees for acts of public corruption," said Bogado. "That facilitated the process quite a bit, and not all mayors have the political will to do that kind of thing."

Paraguay, according to Transparency International, is perceived as one of the most corrupt countries in the world.

The USAID program in Villarica, the first of its kind in the country, has been replicated in 17 other municipalities.

In Paraguay, the average increase in property taxes in all 18 municipalities has been 80 percent, or some \$1.2 million. The rise in revenues contributed to more than 50 new services and infrastructure projects.

USAID/Paraguay also helped local officials create the National Federation of Local Government Associations, which provides a forum for debate and networking.

"We're working with local governments on implementation, so that every day citizens see that the local government can respond and get things done," Marma said. "On the other side, we're trying to get mayors and governors to speak up for their interests." ★

www.usaid.gov **Keyword: Paraguay**

ASIA AND THE NEAR EAST

USAID Reaching Out to Tibetan Herders

USAID sent in 2003 its first team to offer aid to Tibetans in China, who have received little international assistance during decades of isolation. The Tibetan areas of China are among the poorest in the country.

Tibetan herders, farmers, and craftspeople will be assisted to improve their livelihoods, protect the environment, and maintain their culture, despite large-scale Chinese economic and infrastructure development reshaping their land.

Thanks to the cautious expansion of U.S.-Chinese relations in recent years, the USAID team traveled in August 2003 to Qinghai Province in western China, which has a significant Tibetan population.

The team met with U.S. and local NGOs serving ethnic Tibetan communities, and held discussions with Tibetan herders, farmers, teachers, doctors, monks, and government officials about potential development programs.

The exploratory trip followed a State Department decision to place under USAID management a \$3 million program for cultural preservation, sustainable development, and environmental conservation in Tibetan communities. The State Department had run the program since 2000.

Christine Wegman, program analyst for the Bureau for Asia and the Near East, Carey Gordon, contracting officer, Regional Development Mission for Asia, Daniel Miller, agricultural officer with the Bureau for Economic Growth, Agriculture,

and Trade, and Jonathan Shrier, U.S. Embassy Beijing, visited project sites in the Tibetan autonomous prefectures of Yushu, Guoluo, and Huangnan.

The team covered about 2,000 miles over four-lane highways and remote muddy tracks. Their main purpose was to visit education, health, and livestock projects operated by The Bridge Fund, the San Francisco-based NGO that has been the main channel for U.S. aid to Tibetans.

But no fewer than 22 other U.S. NGOs are operating programs in ethnic Tibetan areas of China.

Miller, with long experience among Tibetan communities, observed considerable rangeland degradation due to climate change and the allocation of fenced-in grazing plots to families whose livestock could not be supported by the relatively small acreage.

One strategy will be to increase production of milk and meat through better herd management. Another is to offer job training.

"We want to create jobs where Tibetans are, and discourage as much as possible migration to the cities," Miller said.

Small-business training would help Tibetans compete better in an economy increasingly dominated by majority Han Chinese.

The United States recognizes Chinese sovereignty over Tibet, but has urged Beijing to engage in dialogue with the Tibetan's spiritual leader, the Dalai Lama,



Daniel Miller, USAID

Tibetan nomads bringing yak milk to a collection center. The USAID-supported program will focus on nomadic communities and incorporate their indigenous knowledge.

who fled his homeland in 1959.

The Chinese government will accept outside help to alleviate poverty "so long as it is provided in a nonpolitical way," Wegman said.

The USAID team also wanted to visit the Tibetan Autonomous Region, but Chinese officials said that accommodations were

unavailable during a popular yogurt festival underway in Lhasa, the capital.

Since returning to USAID headquarters, the team has completed an environmental analysis of the Tibetan plateau to guide U.S. assistance and has begun to design future programs. ★

www.usaid.gov Keyword: China

EUROPE AND EURASIA

Bulgaria's Private Banks Help Build Economy



Ivan Stoimenov

Bulgarian Minister of Finance Milen Velchev (left) opens bids to buy state banks in the presence of Bank Consolidation Company Executive Director Nelly Kordovska. Bank privatization in Bulgaria included instituting open and transparent procedures.

SOFIA, Bulgaria—Bulgaria recently completed a USAID-funded bank privatization program that rebuilt the country's banking system. More than 97 percent of the country's banks are now privately owned. Eighty-four percent are controlled by foreign financial institutions, which have pumped in badly needed capital and management expertise.

Privatization began in 1997, after a banking crisis had Bulgarians stuffing banknotes under their mattresses.

The Bulgarian government introduced a currency board that pegged the Bulgarian lev to the Deutsche mark and later to the euro. The currency board took away the Central Bank's ability to tinker with the value of the lev, which had damaged the economy.

Bank privatization also meant politicians could no longer direct loans by state banks to favored entities. And the Central Bank no longer had to prop up ailing, mismanaged state banks.

USAID's team of seasoned U.S. attorneys and bankers helped the Bulgarian government get its banks into shape. Then they walked the government through the sale process. The advisors were also involved in drafting legislative and regulatory changes to create a smooth but

competitive privatization process.

Other Agency efforts include the supervision and training of bankers at the Central Bank.

"The banking system is the motor of the national economy—if it functions well, the economy grows," said USAID/Bulgaria Mission Director Debra McFarland.

The banking crisis is etched in Bulgarians' collective memory. From April 1996 to February 1997, the lev's value collapsed, falling from 71 to 3,000 per U.S. dollar. Many people lost their savings and businesses failed.

Temenuzka Stoicheva, now 75, recalled standing in line at her bank day after day, trying to withdraw her savings of about \$500. It took weeks. In an attempt to control capital flight, the bank had imposed a \$25 daily ceiling on withdrawals.

"We were pensioners...and that was all we had," Stoicheva said.

Bulgarian companies incurred losses because their accounts in foreign currencies were converted at highly unfavorable rates. Those who transferred banks early enough took their resources abroad.

But times have changed: Bulgaria's inflation rate, once in the triple digits, is now about 1 percent. The Bulgarian economy is growing at a rate of 5 percent a

year—at a time when the economy of Germany, the powerhouse of the region, is barely growing.

"The successful privatization of Bulgaria's banking sector has formed the foundation for more efficient allocation of economic resources [and] expansion of consumer spending, business services, and related employment opportunities," said Rayna Dimitrova, USAID activity manager for the bank privatization program.

Local businesses are keeping accounts at Bulgarian banks. The banks, in turn, are generous with loans to local companies. Bulgaria has a much higher ratio of loans to the private sector than many of its neighbors—a sign of the healthy development of a private banking system.

"I believe that currently we have positive signals that the confidence in the Bulgarian bank system is in place...that the stability will persist," said Nelly Kordovska, executive director of the Bulgarian Bank Consolidation Company, which has sold seven banks for an overall price of approximately \$1 billion since 1997.

Bulgaria sold its last state savings bank this year, marking the end of the USAID-funded privatization program. ★

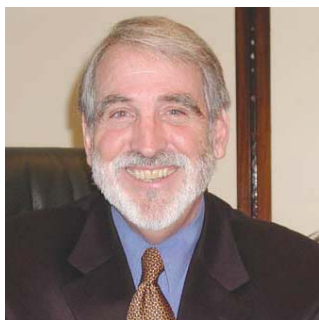
www.usaid.gov Keyword: Bulgaria

In Paris Palace or Congo Volcano, Agency Employees Find Fascinating Jobs

While many USAID employees love their jobs, some get a chance to tackle especially fascinating tasks, deal with interesting people from around the world, and try their hand at crafting new solutions to ancient problems. Here are a few of the more interesting jobs at the Agency.

By Larry Sacks.

George Carner Does Diplomatic Duty in Parisian Palace



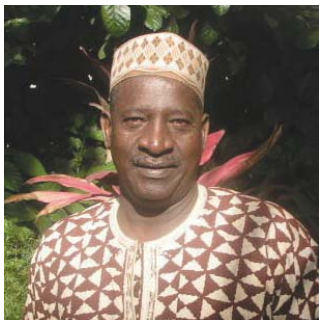
George Carner works in Paris, where he attends international donor meetings at a 16th-century palace whose walls are hung with enormous renaissance tapestries. A four-time mission director, he now serves as the USAID representative to the Development Assistance Committee (DAC) at the Organization for Economic Cooperation and Development, the successor to the Marshall Plan. The DAC has helped shape the international development agenda for more than 40 years.

"The best part about this job is that it's a chance to look from a global perspective at what we've learned over the years, and to help develop best practices and guidelines for delivering effective aid in the future," Carner says.

Landing the coveted position in Paris is no simple task. The candidate must have development, diplomatic, and language skills, and many years of USAID experience.

Does Carner think he has the Agency's best job? "If it appeals to you to step out of the mainstream, then it's a fine job," he says. "But it doesn't compare to being a mission director."

Hamacire Daou Engineers Mali Mission Contracts

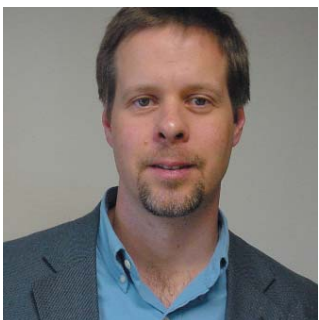


Hamacire Daou started his career with USAID/Mali as an engineer in the 1980s, switched to procurement in the early 1990s, and now serves as the mission's senior acquisition specialist. Although he has worked in the contracts office for more than seven years, he is frequently called upon for his technical skills as a civil engineer.

Recently, Daou accompanied his colleagues from the Accelerated Economic Growth Team to Djenne, a historic city in central Mali and home to the country's greatest mosque. The purpose was to provide the Women's Association there with cleaning equipment, including donkeys and carts, boots, gloves, wheelbarrows, and shovels.

"The women were really happy," he says. "In Mali, cleaning is traditionally viewed as a woman's job. They have been doing it for a long time and told us that this was the first time that donors came in and actually helped out."

Jeremy Smith Helps Migrants Send Cash to Home Countries for Development



Jeremy Smith tries to fit remittances—money sent to home countries by immigrants in the United States—into USAID's development agenda.

The field is new and exciting, said Smith. How do you track the earnings of migrants sent to their families, and what role does that money play in development? This is personal finance, microfinance, and banking wrapped up together.

"People are still trying to figure out the role of donor organizations," says Smith. "The flows exist independently, so the greatest challenge is to allow markets to function and to do no harm."

Remittances account for more than 10 percent of the gross domestic product in Haiti, Nicaragua, El Salvador, Jamaica, the Dominican Republic, and Ecuador. Even in Mexico, remittances are approaching oil revenues as the countries most important source of foreign exchange. Overall, the level of remittances in the Western Hemisphere has nearly quadrupled over the past decade and is now estimated at around \$32 billion. "The work is important and satisfying because we're looking at enormous untapped potential," Smith said.

Stacie Chapman Uses Psychology Skills to Boost Office Morale



In the Office of Democracy and Governance, Program Assistant Stacie Chapman jokingly says "What makes me stay here is knowing that all of the little things that happen on a daily basis will one day fuel my dissertation."

She is working on her master's degree in psychology. "That's what makes it all worth it," she said.

Chapman supervises two administrative assistants and works closely with the program officer in the democracy office.

She helps her colleagues deal with day-to-day issues. One day she may help process a travel voucher or arrange for members of the Supreme Court to attend a conference in Mexico. The next day she may give someone advice on how to be happier in the workplace.

"It's the best of both worlds," she said. "I help people in this office do their work, and they give me practice for what I'll be doing in the future!"

Howard Handler Knows How to Say Goodbye



Howard Handler, officer in charge in Montenegro, has developed a reputation for closing down missions. Already he has ended the Agency's missions in Botswana, Latvia, and Poland.

"It's nice to be associated with programs that have made a real difference," Handler says. "But it's also very emotional for me because local people who have been working at USAID for so long suddenly find themselves out of jobs."

With each closure, Handler went the extra mile to ensure that foreign service nationals (FSNs) were well equipped to find other jobs. Funding was provided for academic study to help FSNs increase their marketability. Handler even brought

in companies that helped them craft resumes and practice interview skills. Local staff then met with headhunters, who came to USAID with a database of organizations looking for new employees. "By the time we left Latvia, the entire local staff had obtained positions," he said.

Another aspect of closing down a mission is "legacy activities," says Handler. "In Poland we assisted their government with their embryonic foreign assistance program to provide technical assistance to neighboring countries," he adds.

Jim Smith's Concerns Are Volcanic and Earthshaking



Jim Smith decided to be a geologist when he was a sophomore in high school.

As an adult, his interest in rocks led him down the not-so-traveled road of volcanology, and today he is geoscience and natural hazards advisor in the Office of U.S. Foreign Disaster Assistance.

"When you cover earthquakes and volcanoes, you never know what's going to happen," he says.

A highlight of Smith's job came after the eruption of Mount Nyiragongo in the Democratic Republic of Congo. In June 2002, a river of lava flowed through the city of Goma, forcing 85,000 people from their homes. Smith was

there a couple of weeks after. He remembers, "The primary issue for us was to think about the displaced people and figure out what to do next."

He gave advice on dangerous and safe areas and on the potential for continuing volcanic activity. He also helped build the local volcano observatory's ability to monitor the volcano and inform the public of continuing threats.

November 2–29, 2003

REASSIGNED

Rosalind Best
E&E/OM/OD to AFR/SA

James A. Bever
ANE/SAA to AFGHANISTAN/OD

Robert Boncy
GUINEA/PPD to PPC/SPP/SRC

Craig G. Buck
AFGHANISTAN/OD to COMP/FS/REASSIGN

Julia I. Escalona
EGAT/WID to AFR/EA

Kurt Fuller
EGYPT/HDD to IRAQ/PO

Stephanie P. Harvey
LAC/SPO to EGAT/WID

David W. Hess
MOZAMBIQUE/D to EGAT/DC

Sean M. Jones
COMP/NE/OJT to JORDAN/EO

Patricia L. Jordan
PPC/SPP/SRC to AFR/SA

Eric R. Loken
ZIMBABWE/GD to AFR/SA

Kathleen S. McDonald
NICARAGUA/HI to ARMENIA/DSR

Desaix B. Myers III
INDONESIA/D to RUSSIA/D

Courtney Y. Potter
OIG/A/PA to OIG/A/IT&SA

Fenton B. Sands
GHANA/TAPS to AFR/DP

Sheldon J. Schwartz
LAC/CAM to EL SALV/SDO

David B. Smale
COMP/NE/OJT to KENYA/EXO

James T. Smith Jr.
AFR/DP to AA/EGAT

Mu O. Taalib
OIG/A/IT&SA to OIG/A/PA

Danielle Typinski
COMP/NE/OJT to HAITI/PCPS

Raymond W. Waldron
HONDURAS/ANRO to ECUADOR/GD

Crystal N. Weathersby
OIG/A/PA to OIG/A/IT&SA

Ross W. Wherry
ANE/TS to AA/ANE

Cheryl A. Williams
O/S LANG TRNG to MOZAMBIQUE/PDM

PROMOTED

Rafael A. Alequin

Scott A. Berenberg

Byron J. Drake

Sonya M. Heller

Wendy S. Marshall

Sean Michael McClure

Marx C. Sterne

Pamela A. White

Sylvia Denise Wimbley

MOVED ON

Reid W. Click

David B. Grim

Pauline G. Johnson

Aud-Frances McKernan

IN MEMORIAM

Edwin J. Clapp, 89, died November 29, 2003, in Washington, D.C. Clapp was a legal adviser to USAID missions in Taiwan, South Korea, and Thailand in the 1960s and '70s. He began his federal career in 1942, working as a lawyer for other agencies, and retired from the foreign service in 1978. In 1998, the American Bar Association named him Pro Bono Lawyer of the Year for his volunteer work representing elderly clients.

Thomas H. Hubbard, 70, died November 29, 2003, in Hyattsville, Md. Hubbard joined USAID in September 1961, the year the Agency was established. He worked in the Office of the Executive Secretariat for 40 years, gaining the admiration and respect of more than 13 USAID Administrators with whom he worked closely. For more than 30 years, he also worked as a nursing assistant at Providence Hospital in Washington, D.C.

John O'Donnell, 68, died December 3, 2003, in Washington, D.C. O'Donnell was recruited by USAID in 1962 to be a provincial representative in South Vietnam. He later trained USAID personnel for field assignments in Southeast Asia. Eventually O'Donnell managed worldwide technical planning and support services in USAID/Washington. O'Donnell served in Peru, Guatemala, and Ecuador, and retired from the foreign service in 1991. O'Donnell, along with Harvey Neese, developed and edited the 2001 book *Prelude to Tragedy*, which examines the early days of U.S. involvement in Vietnam from the perspective of foreign service officers and their Vietnamese counterparts.

Louise Hillson Werlin, 63, died December 6, 2003. Werlin worked at USAID for more than 30 years, serving in the Bureau for Africa from 1974 until her retirement in 1998. Her last assignment was as desk officer in the Office of West African Affairs.

Hawkins Heads New Volunteers for Prosperity Office

Jack Hawkins was named director of USAID's recently created Office of Volunteers for Prosperity, which is within the Bureau for Democracy, Conflict, and Humanitarian Assistance.

Hawkins will act as interagency coordinator between USAID and the departments of State, Commerce, and Health and Human Services.

The Office of Volunteers for Prosperity reports to the White House's USA Freedom Corps.

Hawkins has worked in the private sector, and has been with the Global Development Alliance Secretariat for the past 18 months. ★

Wendy Chamberlin Moves from ANE to U.N.

Assistant Administrator for Asia and the Near East Wendy J. Chamberlin has been appointed as the new United Nations Deputy High Commissioner for Refugees effective January 1, 2004.

Chamberlin joined USAID in June 2002. She began her career as a foreign service officer with the Department of State in 1975. She was ambassador to Laos and then to Pakistan, where she negotiated U.S. military basing rights for the effort to oust the Taliban from Afghanistan following the September 11 attacks on Washington and New York.

During George H. W. Bush's Administration in the early 1990s, she was Director of Counterterrorism at the National Security Council. She was Deputy Assistant Secretary for Counter Narcotics and Law Programs from 1999–2001. ★

Health Award from WHO/AFRO for Mary Harvey

The Task Force on Immunization of the World Health Organization Africa Regional Office (WHO/AFRO) gave Mary Harvey of the Bureau for Africa an award for "Outstanding Support to Immunization in Africa." The award recognizes her long-term support to immunization programs in Africa and her decade of work as liaison between the task force and USAID.

Harvey has worked on immunization in Africa since 1978. She joined USAID in 1992. As the bureau's child survival advisor, she manages USAID's grant to WHO/AFRO for disease control and polio eradication. She also advises USAID missions in the areas of immunization, epidemic disease control, and surveillance.

"Coming from my African colleagues and peers, this award is a tremendous honor and recognition," Harvey said. "It's exciting to be able to provide support for child health in general, and immunizations and polio eradication in particular. It's a privilege to be an advocate for that, and for the African child." ★



CORRECTION: The Bolivia listing of mission directors in the October issue was incorrect: the mission director is Liliana Ayalde.

FRONTLINES EDITORIAL BOARD

Joanne B. Giordano
Editor and Publisher

Steve Tupper
Chief of Publications

Ben Barber
Editorial Director

Kathryn Stratos
Writer

Veronica (Ronnie) Young
Production Manager and Bureau Coordinator

Rebecca Gustafson
Online Editor

Pat Adams
Photo Librarian

Contributing Writers, Editors, and Staff

Rick Marshall, Brendan Murphy, Kristina Stefanova, John Waggoner

FrontLines is published by the U.S. Agency for International Development,
Bureau for Legislative and Public Affairs

J. Edward Fox, Assistant Administrator
through the Strategic Communications and Publications Division

Jeffrey Grieco, Chief

Correspondents and Reporters

AFGE—Jeremiah Perry; AFR—Ranta Russell, Christine Chumler;
AFSA—William Carter; ANE—Jennifer Lindsey;

DCHA—Jenny Marion; EGAT—Marx Sterne; EGAT-ED, Martin Hewitt;

E&E—Sarah Berry, Brock Bierman; EOP—David Grim;

GC—Tim Riedler; GDA—Dan Runde;

GH—Lester Munson, Chris Thomas; IG—Donna Rosa;

LAC—Rebekah Stutzman; LPA—Bette Cook;

M—Nancy Barnett; PPC—Wesley Wilson;

OSDBU—LaVerne Drummond; SEC—Randy Streufert.

*Readers are encouraged to send in stories, feature articles, photos, nominations
for "First Person" or "Mission of the Month" columns, and other ideas.*

*Letters to the editor, opinion pieces, obituaries, and requests to be added to the mailing
list should be submitted by email to frontlines@usaid.gov; by fax to
202-216-3035, and by mail to Editor, *FrontLines*, USAID, Ronald Reagan Building,
Suite 6.10, Washington, D.C. 20523-6100; tel. 202-712-4330.*

New Conflict Management Office Seeks to Prevent War and Heal Rifts

Nearly two-thirds of the countries in which USAID operates have been hurt by violent conflict over the past five years, destroying development gains and sometimes leading to failed states where terrorists can find refuge, said Administrator Natsios at a recent Woodrow Wilson Center event.

The Office of Conflict Management and Mitigation (CMM), first established in September 2003, has completed 20 conflict assessments and is now offering strategy, program design, monitoring, and evaluation services to the field. The office can help missions better understand causes of conflict, help design assistance that can reduce tensions before conflict occurs, or build a more robust peace once conflict ends.

In gearing up the office, part of the Bureau for Democracy, Conflict, and Humanitarian Assistance, the five-person staff surveyed the Agency and found that 70 other offices and missions were conducting conflict-related programs in 60 countries.

The new team is looking carefully at the role U.S. foreign assistance can play in reducing or mitigating conflict in Nepal, Sri Lanka, Colombia, Uganda, Sudan, and Burundi. Discussions are also underway with missions in Nigeria and Georgia, where CMM assistance could be vital in securing a peace or preventing a return to local conflict.

"The Office of Conflict Management and Mitigation is coordinating the Agency's efforts to think more strategically about the

causes and consequences of violent conflict," said Director Elisabeth Kvitashvili.

"Key to our success is linking our work to the field's—not getting missions to have standalone conflict mitigation activities, but getting them to look at everything they do, from agriculture to trade, through a 'conflict lens.'"

One way in which CMM wants to help missions is by developing an early warning methodology to detect political instability or other negative trends before they become front-page crises.

The office also will produce a number of toolkits, each focusing on the relationship of conflict to more traditional development sectors, such as natural resources (including land), health, and gender, areas where USAID has been effective in breaking the chain of events that fuels violent conflict. Toolkits for new but critical areas, such as youth and conflict, will also be produced.

Each toolkit will summarize the latest academic and policy research, give advice on best practices and lessons learned, offer examples of innovative programs, and provide names of individuals and organizations with substantive experience in each toolkit area.

To address sources of conflict, CMM's assessments can map out causes and patterns of destabilization and recommend adjustments for development programs. ★

www.usaid.gov **Keyword: Conflict Management**

FrontLines Seeks Reader Input

One year after *FrontLines* began publishing in its new format, it has become one of the Agency's main communications links. Some 40,000 copies reach all 8,000 USAID employees worldwide, retirees, NGO staff, aid experts, academics, U.S. and foreign government officials, and journalists.

To help us better serve you, we hope you will answer a few questions below. Please send your responses to us, either by fax at 202-216-3035, by mail to *FrontLines* Editor, Suite 6.10, RRB, 1300 Pennsylvania Ave. NW, Washington, D.C. 20523, or email your comments to frontlines@usaid.gov

1. Writing style

Our goal has been to write stories that are easily understood by everyone. What do you think of *FrontLines*' writing style? Please check one.

Language is accessible; style is readable Writing style oversimplifies technical and other complexities Language is too stilted or technocratic

2. Types of stories

FrontLines reports on successful development programs around the world, new Agency policies, international development stories, and human interest stories about Agency employees. Please rank 1–2–3 the type of story that interests you most:

Human interest Policy Programs

Please indicate yes or no to the following:

FrontLines is one of my chief sources of information about Agency policy: Yes No

FrontLines is one of my chief sources of information about Agency programs: Yes No

FrontLines helps me keep up with USAID colleagues: Yes No

Please check the *FrontLines* features that you tend to read.

Panorama First Person Mission of the Month Notes from Natsios In Focus Bureau and Pillar columns Where in the World

3. Distribution

If you are a current employee, how do you get and read your copy? Please check one.

I read it online. I print it off the website or when it gets sent around. I pick it up from my mail stop or the galley.

4. Comments



Population Growth Slows

NEW YORK—The world's population, which nearly quadrupled in the 20th century, will grow far more slowly over the next 300 years: it will increase from 6.3 billion today to 9 billion in 2300, according to a U.N. population forecast.

Fertility rates in the 21st century will drop. Diseases, hunger, and civil unrest will shrink the populations of countries such as Liberia and the Democratic Republic of Congo.

"The 20th century was indeed the demographic century," said Joseph Chamie, director of the population division at the U.N. Department of Economic and Social Affairs. "In a matter of 100 years, there was a near-quadrupling of world population. It is unprecedented, and it will not happen again. We will not likely see a doubling of the world's population over the next 300 years."

No School for 65 Million Girls

NEW YORK—Some 65 million girls around the world are unable to go to school, increasing the likelihood they will die in childbirth or live in dire poverty, said UNICEF's annual report, *The State of the World's Children*. According to UNICEF, the report presents "a multilayered case for investing in girls' education as a strategic way to...advance a country's development agenda." Some 121 million children worldwide are out of school, but 9 million more of them are girls than boys. Educated women are more likely to have healthy, educated children while illiteracy and ignorance put women and their families at risk.

Internet Summit Ignores Freedom

GENEVA—The World Summit on the Information Society in Geneva in December adopted an action plan and declaration of principles that mostly ignored issues of freedom of opinion and expression, said a United Nations human rights expert.

Those rights "should be a constituent part of any declaration on the right to information," said Ambeyi Ligabo, special rapporteur on freedom of expression issues for the U.N. Commission on Human Rights. He said that the action plan does not address human rights issues.

Representatives from government, science, NGOs, and media gathered in Geneva for the summit to decide how best to use technology toward development. The U.S. delegation's priorities were infrastructure development, computer literacy, and network security.

Malaria Drugs Criticized

ADDIS ABABA, Ethiopia—Outdated drugs being used to fight a major malaria outbreak sweeping through Ethiopia could worsen the epidemic, said Doctors Without Borders.

The group said that in the two Ethiopian areas where it runs clinics, up to 60 percent of patients have strains that appear resistant to the first-line treatment drugs that are being provided by UNICEF.

UNICEF defended the choices it made in consultation with the Ethiopian government. It said the older drugs are still effective, and changing policy amidst an epidemic could be disastrous for a health system as battered as Ethiopia's.

U.S. Signs CAFTA Trade Pact



Negotiators from Central America and the United States at preliminary talks that led to the CAFTA pact.

The United States and four Central American countries—Guatemala, Honduras, El Salvador, and Nicaragua—reached a free-trade agreement December 17.

Congress still must approve the deal, which followed the failure in September of the World Trade Organization meeting in Cancun, Mexico, to reach a global deal improving access to international markets.

USAID, along with an interagency group led by the U.S. Trade Representative, has been promoting free trade and the Central American Free Trade Agreement (CAFTA) since President Bush announced his intention to explore such a deal in January 2002. With the agreement in place, assistance to Central American countries will support economic reforms and democratic institutions.

CAFTA covers all economic sectors, from industries such as textiles and agriculture to public concerns such as labor and environmental issues.

Once enforced, the trade deal will end all tariffs on industrial goods traded between member countries over 10 years and abolish agricultural products protection over 20 years.

CAFTA is expected to boost foreign direct investment into Central American countries and create jobs.

"This agreement provides hope," said Economy Minister of El Salvador Miguel E. Lacayo Arguello. "This is hope for a prosperous new era in our societies."

In 2003, USAID directed some \$50 million in CAFTA-related programs to Central American countries. Most of this money helped diversify rural economies, develop small businesses, and reform commercial policies and regulations to meet international standards.

The Agency is providing bilateral and regional aid related to food safety requirements, customs reform, and enforcing intellectual property rights. It also promoted citizen participation in the CAFTA negotiations process.

The trade agreement is meant to include Costa Rica, but the country put its participation on hold, pending the resolution of several bilateral issues with the United States.

Work in January will begin to integrate the Dominican Republic into CAFTA. ★

U.N. Says 2003 Worst Year for AIDS

In 2003, AIDS killed 3 million people and infected 5 million more, making it the worst year yet in the history of the pandemic, stated a U.N. report released on World AIDS Day December 1. Forty million people now live with HIV/AIDS.

Most new cases were in sub-Saharan Africa, and some 700,000 of the newly ill were under age 15, according to *AIDS Epidemic Update 2003* by UNAIDS, the U.N. agency dedicated to fighting the disease.

The epidemic appears to be most aggressive in South Africa, Botswana, Namibia, Swaziland, and Lesotho. Infection rates among pregnant women range from 23 percent in Namibia and South Africa to 39 percent in Swaziland and Botswana. In southern African countries, there is no sign of a leveling off, except for South African women aged 14–19.

Although less than 2 percent of the world's population lives in southern Africa, the region is home to about 30 percent of HIV cases, UNAIDS estimates.

The report offers some good news for eastern and central Africa, where the epidemic appears to have leveled off and even declined. HIV prevalence among pregnant women has dropped to 8 percent in Kampala, Uganda's capital, and has fallen since 1995 from 24 percent to 11 percent in Ethiopia's capital, Addis Ababa.

Dr. Peter Piot, Executive Director of UNAIDS, said: "It is quite clear that our current global efforts remain entirely inadequate for an epidemic that is continuing to spiral

out of control."

In Latin America and the Caribbean, more than 2 million people are living with AIDS. In 2002, some 200,000 new cases were reported and at least 10,000 people died—the highest regional death toll after sub-Saharan Africa and Asia. Brazil has most of the region's HIV cases. The Bahamas, Belize, the Dominican Republic, Guyana, Haiti, and Trinidad and Tobago saw an increase of HIV among pregnant women.

During 2003 in Asia and the Pacific, AIDS claimed the lives of half a million people and 1 million more were infected, bringing the total estimate of HIV-infection cases to 7.4 million. Though national AIDS rates are still under 1 percent in most Asian and Pacific countries, there are serious epidemics in some parts of China and India, the UNAIDS report said. Cambodia, Vietnam, and Burma had serious nationwide epidemics in 2002.

AIDS is also spreading in Eastern Europe and Central Asia. Some 230,000 people were infected with HIV in 2003, bringing the region's cases to 1.5 million. The disease claimed some 30,000 lives in the past year. Worst affected were Russia, Ukraine, the Baltic states, Belarus, Moldova, and Kazakhstan.

AIDS is least prevalent in the Middle East and North Africa, where 55,000 people acquired HIV last year, bringing to 600,000 the total number of people infected. AIDS killed 45,000 people in region in 2002. The most affected country is the Sudan, according to UNAIDS. ★

Notes from Natsios

▲ FROM PAGE 3

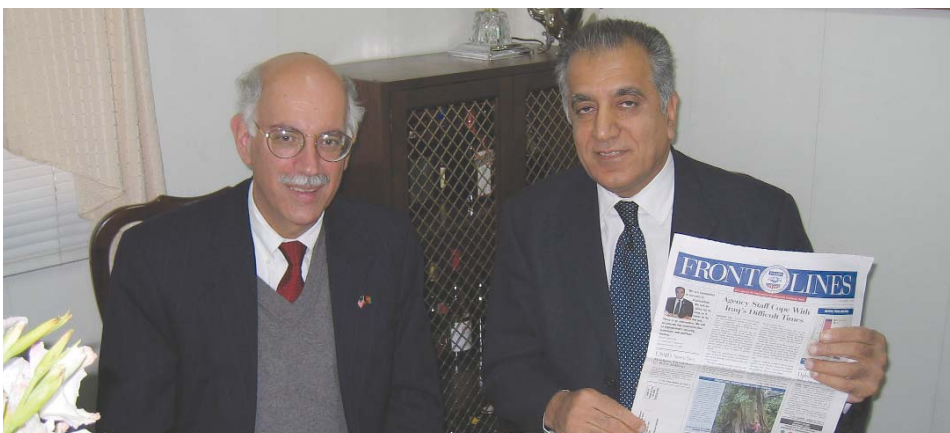
ning work on a major reconstruction effort to take place after the expected peace accord is signed. After the convulsive events in Bolivia, the Bureau for Latin America and the Caribbean quickly redesigned the development program in that country to try to stabilize a fragile situation.

In Iraq, the USAID mission has been working, as in Afghanistan, under very difficult circumstances and has accomplished some remarkable results very quickly in education, local government, economic governance, community development, and restoration of public services such as electricity and water.

This year also marked the beginning of President Bush's massive new HIV/AIDS initiative, which the Agency will play a central role in implementing with the Department of Health and Human

Services, all under the direction of Randall Tobias, the State Department coordinator. We have also participated in the formation of the Millennium Challenge Account (MCA) office through staff we have seconded there, and we expect USAID will have a role in implementing the President's initiative under the direction of the MCA Corporation.

While these are a few highlights of this past year and the plans for next year, much of the continuing fine work of the Agency never makes it to the headlines but is essential to our foreign policy and the execution of our core missions. So let me end this year with my personal thanks for your fine and devoted service to this Agency, to your country, and to achieving the better life we seek for those in need around the world. ★



Administrator Natsios gave U.S. Ambassador to Afghanistan Khalilzad a copy of FrontLines.

Declassified Documents Reveal Crucial Role of USAID in South Korean Miracle

The “economic miracle” after the end of the 1950–53 Korean War that transformed South Korea into an industrial powerhouse was sparked by a massive U.S. assistance program—one led by USAID, which played a critical but unsung role, a prominent scholar says.

Although South Korea is a classic case study in reducing poverty and unleashing economic growth, many details only recently came to light with the release of classified U.S. documents, said scholar Michael Pillsbury of the Council on Foreign Relations and the International Institute for Strategic Studies.

Pillsbury says in a manuscript for a book, *USAID's Secret Successes*, that the USAID mission in South Korea and U.S. policy toward Korea were essential in bringing about economic policy changes sought by multilateral institutions such as the World

Bank and International Monetary Fund.

“USAID was present.... It took steps to aid the reform process, and...many participants believed that role was important, even crucial,” writes Pillsbury, who held senior defense policy positions in the Reagan and first Bush administrations.

“The role of USAID seems to be difficult to sort out precisely for the reason that in successful policy reform, the alliance between host government partners and USAID was so close and so discreet as to be nearly undetectable by outsiders,” he writes.

Peter Beck, director of research at the Korea Economic Institute, said “American assistance was a necessary but not sufficient condition for South Korea’s rapid economic growth from the 1960s on.”

The Asian country also benefited from the “development vision” of South Korea’s senior leadership and burgeoning demand

for materiel by U.S. forces in Vietnam, he said.

Between 1953 and 1974, USAID and its predecessor agencies gave South Korea some \$4 billion in grant aid; about \$3 billion of that flowed in before 1968, averaging 60 percent of all investment in the country.

“Most accounts of Korea’s economic success neglect the role of USAID in order to focus on the Korean government role,” Pillsbury says. “Yet Korea’s growth is widely agreed to be due to its export surge, which began when Korea adopted a new strategy in 1964.” USAID officials persuaded the Seoul leadership to adopt this strategy.

In 1964, South Korea devalued its currency by 90 percent, eased import restrictions, slashed spending, and tripled domestic savings by hiking interest rates.

“By 1980,” Pillsbury notes, “Korea had become one of the few nations ever to ‘grad-

uate’ from the U.S. foreign aid program, and Korean annual trade had grown from about \$400 million in the early 1960s to over \$150 billion.”

By the mid-1990s, its per capita income was close to \$10,000, about 20 times that of India and Pakistan, and South Korea was the sixth largest export market for the U.S. and fourth largest importer of U.S. farm products.

Pillsbury said USAID identified and backed allies inside the South Korean government who became agents of change.

After the coup by Park Chung Hee in 1961 there was little or no contact with the government for two years. At one point “USAID deliberately suspended food aid after two years of bad harvests,” to force policy changes, a hardball tactic President Lyndon B. Johnson also employed in 1966 to overcome policy foot-dragging in India. ★



The development of export industries was crucial to South Korea's economic growth.



USAID helped South Korea achieve a 5 percent yearly increase in farm output during the 1960s.

Aid Veteran Says Big Infrastructure Projects Made the Difference

South Korea became a success story because USAID “put a tremendous amount of money into infrastructure” such as railroads, communications, and fertilizer factories, said economist Thomas Johnson, who worked for the Agency in South Korea in the 1960s.

“Once that infrastructure was in place, you couldn’t hold them back,” said Johnson, referring to South Korea as well as Taiwan, where he was a private sector development specialist.

Johnson, now retired, served with the USAID mission in Seoul in 1959–61 and 1969–71, spanning the heyday of Agency activity there.

About 500 Americans worked out of the mission, including Agency direct hires and contractors. “You name it, we were into it,” said Johnson.

Foreign managerial expertise was in great demand. South Korea had been a Japanese colony for 50 years through the end of World War II and had suffered through the devastating war against North Korea and Chinese communist forces that ended in 1953.

Until U.S. help arrived, South Korea had not developed a cadre of middle managers. “They did build the managerial class,” said Johnson. “I went back 10 years to the day in 1969 [after my first visit] and some of the people who were in government as staff officers when I was [first] there were run-

ning the show.”

Johnson’s job was to promote development of export industries and foreign investment. He worked with Hyundai, today an industrial giant but in those days a cement producer.

Electronics was a key export sector. So was textiles—although British and Italian firms took the lead, due to U.S. competitive sensitivities.

Johnson helped set up the first ramen noodle factory with a \$250,000 loan. “Within a year they were importing \$13 million of wheat and tallow [to fry the noodles],” he said.

The Korean financial system was still relatively closed, but Johnson and other economists tried to encourage U.S. banks to establish a presence in the country.

Johnson believes the large-scale USAID programs were a decisive factor in the dramatic launch of the South Korean economy in the 1960s.

Yet Koreans had their own ideas about how to move ahead.

The government at one point decided South Korea needed a north-south superhighway. “The United States advised against it, but it turned out to be the best thing they ever did,” said Johnson, who retired from USAID in 1991 and continues to consult from Vienna, Va. ★

Thatched Roofs Used as a Poverty Indicator in 1970s South Korea

In 1976, when Kenneth Smith arrived in South Korea for the second time, the country had been transformed from the “pretty grim” place he recalled from a 1966 temporary duty assignment to a solid manufacturing nation that reminded him of industrial England.

But even then, a few years before Korea “graduated” from USAID assistance programs in 1980, Health Systems Manager Smith and other USAID experts made use of fairly basic economic “markers” to classify the towns and villages they helped.

Home construction was one way to measure local development—whether the population lived in mud homes with thatched roofs, hollow-block houses with sheet metal roofs, or more prosperous brick homes with tile roofs. Water supply location was another: whether it was in the house, in the compound, or down the street. Fenced-in farm yards were a good sign.

When Smith was setting up rural health clinics in remote Hongchon Gun (county) in Eastern Korea, he reckoned that 95 percent of

the homes he saw had thatched roofs, an indicator of poverty.

“The Koreans put up with a lot,” recalled Smith, who retired from USAID in 1983 and lives in Fairfax, Va. “They were hardworking, didn’t complain much, and seemed to be pretty appreciative of what we were doing.”

Smith was sent to Korea as the first project manager for the Korean Health Development Institute, which was initially funded with a \$5 million U.S. loan. He was not a health expert, but Korean officials were more interested in his management and administrative skills.

Smith traveled three weeks out of the month to places such as mountainous Hongchon, industrial cities like Taegu, and the Yellow Sea port of Kunsan, setting up primary and maternal health clinics and helping establish self-insurance schemes.

“We always had a missionary sense of working at what we did to make a difference,” he recalls. “We were lucky to be able to give them a leg up to get started.” ★