USAID Policy

DEMOCRACY AND GOVERNANCE

DEMOCRACY AND GOVERNANCE

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EXECUTIVE SUMMARY

The Changing   **International**
Environment.

The end of the Cold War and widespread demand for democratic systems and market-oriented economies have created new opportunities for the U.S. development assistance program. It should not be expected that progress toward democracy will be linear, easily accomplished or effortlessly maintained. Nonetheless, USAID's Democracy Initiative seeks to respond to these new opportunities, building on past Agency efforts to support democracy, human rights and lawful governance.

Politics Is a Development Issue.

In most developing societies, the character of social,economic and political institutions and values is a key constraint to sustained, broadly based economic growth and expanded opportunity. The effective and efficient use of resources depends fundamentally on the strengths and capacities of local institutions, including political institutions.When political systems falter, and there is violent civil conflict, military usurpation of political power,and arbitrary and unresponsive government,economic and social development cannot be sustained.

Democracy and Development.

Democracy is fundamentally rooted in the proposition that the political authority is anchored in the will of the people. Enduring democratic systems are characterized by meaningful political participation and peaceful competition; protection of basic human rights; lawful governance; and strong democratic values. USAID efforts to provide direct support for democratic practices and values focus on these four broad areas.

Democracy does not guarantee successful development, but it can be highly supportive of efforts to address development problems effectively. It helps prevent abuses of power and political systems that retard broadly based economic growth and social development.Democracy is also to be valued as an end in itself because it is more likely to provide scope for the exercise of individual judgment and initiative, the fulfillment of individual potential and social justice.

The Scope of the Democracy Initiative.

The objective of the Democracy Initiative is to support democratic political development, helping to establish enduring political practices, institutions and values which mobilize participation, channel competition, respect basic human rights and promote open, lawful and accountable governance.The primary areas of focus of the Democracy Initiative include:

★ *Strengthening Democratic Representation:* increase the participation of citizens in the

formation and implementation of public policy; support the establishment of peaceful and stable forms of political competition;

★ *Supporting Respect for Human Rights:* help establish a framework of law and legal procedures that protects the integrity of the person and the exercise of basic human rights;

★ *Promoting Lawful Governance:* help establish formal constraints on the actions of civil servants, the military and police; support legal processes that contribute to peaceful and predictable social and economic interaction; and,

★ *Encouraging Democratic Values:* support the emergence of basic democratic values of tolerance for diverse opinions; the value of political compromise; acceptance of majority rule and respect for minority rights; supremacy of civil authority over the military; and peaceful resolution of differences.

Limitations.

There are important limitations to the development and implementation of Democracy Initiative programs. First, USAID assistance for democratic political development must be provided on a non-partisan basis. Assistance should be offered equitably to all groups committed to the democratic process, regardless of their specific platforms or programs. Second, it is essential that USAID support be open and transparent, both to the governments with which the Agency works and to the general public. Third, under Section 660 of the Foreign Assistance Act, no FAA funds (aside from exceptions such as the Administration of Justice program in Latin America and the Caribbean) may be used to support training for the police or other law enforcement agencies.

Integrating Democracy into the USAID Program.

In addition to direct support for democratic institutions, USAID can have a significant impact by integrating support for democracy into the full range of its programs. USAID officers are expected to take political development issues into account as they formulate strategies, plan programs, design projects and engage their host government counterparts. USAID cannot ignore the political factors which have a profound impact on the success and sustainability of its development efforts.

Democracy and Country Allocations.

USAID will take progress toward democracy, respect for human rights, and lawful governance into account in its allocation of funds to developing countries. Political development will be placed on a comparable footing with progress in economic reforms and the establishment of a market-oriented economy. Within the common framework established by this policy paper, regional bureaus will be asked to report on how they have implemented this component of the Democracy Initiative.

Support for Democratic Institutions.

USAID recognizes that democratic political development is a long and complex process, and that it occurs in the context of broader social and economic changes. Direct support for democratic institutions requires a careful assessment of the needs and opportunities in each

country. Under strategic guidance from regional bureaus, missions are expected to complete a rigorous country assessment that will establish framework to enable USAID to determine where to begin, where to focus its attention and what priority to assign to different activities competing for limited staff and funding resources.

Three considerations should guide the development of USAID strategies to support democratic political development. First, such strategies should be country-specific, tailored to local needs and responsive to local development constraints. There is no single approach that is applicable to all countries or regions. Second, these strategies should be consistent with social and economic development strategies, taking into consideration the full range of priority development constraints and opportunities. Third, there is no standardized institutional model that underlies different country strategies. The Democracy Initiative does not seek to impose an American model on developing countries.

Rapid Response Mechanisms.

The Administration is consulting with the Congress on ways to facilitate the provision of U.S. economic assistance in order to meet immediate, short-term needs of emerging democratic regimes. In addition, operations bureaus should actively explore project designs and contracting mechanisms that will establish the capacity to respond quickly to rapidly emerging opportunities.

Learning from Experience — Monitoring and Evaluation.

Careful monitoring and thoughtful evaluation must be integral parts of the design, development and implementation of the Democracy Initiative. Delegation of authority to field missions is coupled with the responsibility to demonstrate that sufficient attention has been given to learning from experience and that appropriate course corrections have been made when necessary. Results should be measured not merely in terms of output, but in terms of systemic impact. Because all institutional change, including support for democratic institutions and practices, is necessarily long-term, results cannot be expected within only one or two years.

DEMOCRACY AND GOVERNANCE

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INTRODUCTION

In December 1990, the U.S. Agency for International Development issued a series of four initiatives to help shape its program for the critical issues of the 1990s. One of these was the Democracy Initiative, which called for USAID to focus its "experience, skills and resources explicitly to help promote and consolidate democracy."

As USAID builds on the foundation of its past work and implements the Democracy Initiative, further elaboration of the context, objectives, scope and limitations of the Democracy Initiative is required. This policy paper has been developed with two audiences in mind. The first is USAID staff, particularly in field missions, who bear the primary responsibility for conceiving, designing and managing USAID democracy programs. The second audience is the U.S. Congress and the general public. This policy paper is intended to provide a clear, coherent and concise statement of USAID's democracy program and to articulate the basic objectives, principles and limitations that will guide its implementation.

This policy paper begins with an overview of the changing international environment within which USAID works and the new opportunities to which USAID should respond. It then reviews constraints to sustained economic and social development and the reasons why politics - and more specifically, democracy - is a development issue. The third section outlines the objective and scope of the Democracy Initiative and discusses some of the limitations and parameters of its implementation. In the fourth section, opportunities to integrate political development concerns into the broader USAID portfolio are examined. Agency plans to incorporate progress toward democracy, human rights and lawful governance into the country budget allocation process are reviewed in the fifth section. The sixth section discusses appropriate USAID field mission approaches to developing a democracy program in each country. The seventh section outlines ways in which USAID seeks to develop a rapid response capability to provide appropriate short-term assistance to emerging democracies undergoing rapid political change. Finally, the paper discusses the critical importance' of monitoring and evaluating programs so that the Agency and cooperating host governments can learn from the experience.

At a later date, a policy determination may be produced that can be incorporated into USAID Handbooks and become standard operating procedure for Agency personnel. In addition, more detailed technical guidance on specific operational issues (e.g., conducting country assessments) will be formulated as the Agency gains experience.

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I.   FOREIGN ASSISTANCE IN A CHANGING WORLD

With the waning of the Cold War, USAID's foreign assistance program must adjust to this changing reality. The world has seen the collapse of repressive governments in Central and Eastern Europe, followed by the struggle to establish democratic systems and, free-market economies. In Africa, after nearly a decade of deteriorating economic and political conditions, many states are embarking, sometimes eagerly and in other cases tentatively, upon reforms to open their societies politically and to establish market economies. In Latin America, there is a resurgence of democracy. as military regimes have given way to civilian, popularly elected governments. In Asia, demands for democracy and economic reforms continue, despite periods

of both progress and reversal.

No doubt there will be some setbacks, or even failures, in the future. Progress toward democracy will not be linear, easily accomplished or effortlessly maintained. Nonetheless, the basic political changes of the past few years have created new opportunities for the U.S. economic assistance program. For much of the past 45 years, U.S. international relations have largely been focused on containing Soviet expansion. This was often the single most important consideration in America's dealings with other countries. Now, however, this basic organizing principle is less relevant. With this fundamental change, the United States has new opportunities to strengthen and support the global trend toward more democratic societies. Both the executive and legislative branches have emphasized that promoting and sustaining democracy are central objectives of U.S. foreign policy.

The 1990 USAID Mission Statement was developed in response to this changing world. it commits USAID to assisting "developing countries to realize their full national potential through the development of open and democratic societies and the dynamism of free markets and individual initiative."

Such support is not new to the U.S. development assistance program. Historically, the Congress has encouraged USAID's attention to democratic political development. This began with the enactment of Title IV of the Foreign Assistance Act (FAA) of 1961, which cites building democratic institutions as one goal. In 1967, Title IX was added to the FAA to emphasize "maximum participation in the task of economic development ... through the encouragement of democratic private and local governmental institutions." Throughout the 1960s, USAID supported legal assistance, legal education reform and the development of free, independent trade unions. in the 1970s, a series of amendments, including the Harkin Amendment (1974) and Section 116 (1978), highlighted human rights, both as an important element of United States Government (USG) economic aid programs and as a consideration in the provision of USG assistance. During that period, USAID also provided long-term support for decentralization programs in Latin America and Asia.

In 1984, a special congressional earmark provided funds for the Administration of justice program in El Salvador, a first step in a larger democratic development program which now extends throughout Latin America and the Caribbean. Since the 1980s, USAID has continued to support and expand worldwide a range of projects in areas such as legislative development, administration of elections, women's legal rights, human rights and civil/military relations. In 1989, the then Asia and Near East Bureau initiated its programs in support of open societies, followed by the Democratic Pluralism Initiative in Central and Eastern Europe in 1990 and the Asia Democracy Program early in 199 1. Simultaneously, the Africa Bureau launched intensive internal debate on governance issues, expanding appropriate opportunities for USAID programs.

USAID's support for democratic systems and improved governance has achieved important results. For example, USAID's program in South Africa has been successful in supporting non-governmental grassroots organizations in the black community which are contributing to popular participation, pluralism and civil rights. For eight years, USAID has supported a Latin American organization that provides technical assistance to help ensure the fairness and integrity of the electoral system. Its activities in Guatemala in 1985, in Chile in 1988 and in Nicaragua in 1990 are now regarded as models for similar programs in other Latin American countries. In Hungary, USAID has funded technical assistance to strengthen the new parliament, and in Romania USAID helped sustain new and struggling independent media by providing newsprint and equipment at a Lime when the movement toward democracy was in doubt. In Nepal, USAID funded American participants in an international election observation team, and in Indonesia USAID is supporting efforts to strengthen the legislature and establish a legislative research service.

In many cases, achievements thus far are the result of USAID's strong in-country presence and familiarity with local needs and conditions. Equally important are USAID's longstanding

relations with host governments, indigenous non-governmental organizations, local educational and research institutions and the private sector. These are important assets that continue to place USAID in a unique position to develop and expand its support for democratic political development, in collaboration with other USG agencies such as the State Department and United States Information Agency (USIA).

The Democracy Initiative, launched in December 1990, therefore builds on programs and capacities already established in USAID. It extends these efforts to respond to the changed international environment and new opportunities facing the United States.

II.   DEVELOPMENT AND DEMOCRACY

Constraints. In most developing societies, the character of social, economic and political institutions and values is a key constraint to sustained, broadly based economic growth and expanded opportunity. While physical resources are frequently required, their effective and efficient use depends fundamentally on the strengths and capacities of local institutions. Inappropriate, inadequate or ineffective institutional practices may be the result of a lack of technical knowledge, but they are also frequently rooted in the political process and a nation's political values.

How public issues are debated, the ways in which laws are formulated, and how they are implemented by the state — all have a direct impact on how a society address its development problems. For example, armed conflict, suppression of citizens groups, restrictions on the free flow of information and curtailment of public de bate will distort how political issues are understood and how options for dealing with them are formulated and resolved. Intolerance of diverse views, unwillingness to accept compromise and a reluctance to accede to the wishes of the majority will exacerbate social conflict and visions. Restrictive and complicated legal and regulatory structures, and their arbitrary, corrupt or inefficient administration by the state, will divert limited physical and financial resources, constrain the development and employment of human capital and inhibit broadly based and sustained economic development. Conversely, open political systems, respect for basic human rights and an appropriate and efficiently administered legal and regulatory system based on due process of law encourage peaceful resolution of social conflict, stimulate individual initiative, by women as well as men, and thus support economic and social development.

Political development is central to sustained economic and social development. The political process is ineffective and will retard economic and social development when political development falters and there is:

★ *Violent civil conflict*, military usurpation of political power and contests for political power which threaten public order and security, frequently resulting in loss of life and property;
★ *Arbitrary government*, which ignores basic human rights of citizens and corrupts the rule of law; and,
★ *Unresponsive government*, unwilling or unable to address the basic needs of society and improve the lives of all citizens.

Democracy. Democracy is fundamentally rooted in the proposition that political sovereignty originates with citizens. The authority of the state is anchored in the will of the people, and just and legitimate government can only be based on their explicit consent. In modern democracies, this consent is mediated through representatives, chosen by means of regular, periodic free and fair elections, based on universal suffrage and a secret ballot.

Enduring democratic systems are characterized by meaningful political participation and peaceful competition; protection of basic human rights; lawful governance; and strong democratic values. Efforts to provide support for democratic practices and values, therefore, focus on these four broad areas.

Democracy in itself is not a guarantee that the problems of violent civil conflict and arbitrary, unresponsive government will be successfully overcome. There are many historical examples of ineffective and incompetent democratic governments, just as there are examples of efficient authoritarian ones. Corruption is not a monopoly of authoritarian regimes, and the establishment of a democratic political system does not ensure lawful government. The debate about the relationship between democracy and sustained economic development is substantial, but thus far yields no firm conclusions concerning any direct, causal link between democracy and development.

Nonetheless, democratic institutions and a strong democratic political culture can be highly supportive of efforts to address development problems and establish the basis for sustained economic growth. Democratic institutions and values help prevent abuses of power and the emergence of political systems which retard broadly based economic growth and social development. Moreover, democratic systems are to be valued as an end in themselves because, more than any other system of government, they broaden and deepen individual liberty.

Political Participation and Competition. In modern democracies, effective political participation and competition are ensured through several interdependent practices which are protected and respected by the state: free and fair elections based on universal suffrage, freedom of expression and freedom of association.

Competitive elections and universal adult suffrage both mobilize popular participation and contain political competition and conflict. Although democracies encourage and promote non-violent political competition between adversaries, they also promote reconciliation when a decision is made. Citizens become engaged in political debate, but their differences are limited and channeled by the electoral process. This periodic, orderly and meaningful exercise of choice open to all adult citizens results in the selection of representatives, transfers political authority and is the basis for the legitimacy of governments.

Second, democracies help ensure the free flow of information on public issues and open debate on the alternative ways to resolve them. Access to alternative and competing sources of information is an important prerequisite for ensuring effective political competition. Without it, the formal process of elections may be Scrupulously observed, but the elections will lack meaning and the foundation of the democratic system will be fundamentally eroded. The empty exercise of "free choice" in the absence of competing sources of information and open debate on different courses of action confers no legitimacy on the "elected" government.

Third, democratic societies provide for the freedom to form associations and groups of citizens which can inform and influence public debate and articulate the interests of citizens. These groups can include a wide variety of organizations, from political parties through national professional associations (such as legal, medical and business societies or societies of chartered accountants), to research institutes (universities, academies or private think tanks) and associations of citizens (neighborhood community organizations, labor unions, women's organizations or parent-teacher associations). Throughout the world, USAID has a rich experience and close relationship with many nongovernmental and private voluntary organizations. These not only provide important menaces, but also make an important contribution to public life by articulating and channeling the views of their members, both women and men. This freedom of what is now often called "civil society" is also essential to effective and meaningful political competition.

Human Rights. Basic human rights are fundamental to all human beings, regardless of their cultural traditions and no matter what form of government they live under. The Universal Declaration of Human Rights declares that the rights of individuals should not be denied to any segment of any country's population for reasons of .ethnic origin, religion, gender, race or economic class. The rights included in that document are extensive and center around three

categories: integrity of the person, civil and political rights, and social and economic rights. integrity of the person includes freedom from political killings, torture, cruel treatment or punishment, arbitrary arrest or imprisonment, denial of fair public trial or arbitrary interference in personal life. The civil and political rights mentioned include the right to Lake part in the government, to vote, freedom of opinion and expression, and freedom of association and assembly — rights which are essential to a functioning democracy. In addition, these rights include the freedom of movement within a country, as well as the right to leave that country, the right to a nationality and freedom of religion.

It is both U.S. law and USAID policy that USAID take into account these rights in administering U.S. foreign assistance programs. They are a basic component of the Democracy Initiative because they represent fundamental values, central to the integrity and dignity of the human condition and an integral element of U.S. foreign policy objectives. The Democracy Initiative reflects conviction that peaceful political competition, freedom of expression and freedom of association, rights which are essential to democratic systems, increase the likelihood that basic human rights will be respected over the long term.

Lawful governance. Just and responsive judicial processes and the accountability of the executive are two key characteristics of lawful governance. This is achieved when the exercise of state power is restrained by the authority of a system of laws impartially enforced; when its actions are open to public scrutiny; when it is held publicly accountable through known procedures, and, finally, when it is responsive to the legitimate needs of all citizens. Lawful governance upholds and protects the civil and political rights of all citizens, regardless of gender, race, ethnic origin or religious affiliation.

Lawful governance is more than competent or efficient government. Basic competence and minimal efficiency are essential to the sustained legitimacy and survival of any regime, whether it is democratic or despotic. No state can assume the loyalty of its citizens and successfully exercise authority if it proves itself consistently incompetent and grossly inefficient. In some cases, it may be appropriate and important for USAID Lo help improve the competence and efficiency of a government, but this does not necessarily strengthen democratic representation, support respect for human rights, promote lawful governance or encourage democratic values.

Democratic institutions and values help to ensure that officials of the state act only within the mandate given to them under established laws and regulations. The effective and impartial enforcement of laws by an independent judiciary is critical to this process.

Similarly, democracy helps ensure that the actions of state officials are open to public scrutiny. Government that acts according to known rules or laws, oversight of the state bureaucracy by legislatures and independent ombudsmen, and transparency of state actions to independent associations and private groups help make the actions of public servants known to the general public. To the extent that the actions of the government are transparent to the general body of citizens, it is easier to ensure that public officials are held accountable for their official actions, and the likelihood that the state will be unresponsive to its citizens and ineffective in providing appropriate public services is reduced. Democratic processes provide a direct, legitimized and peaceful way for dissatisfied citizens to replace poor governments and seek improvement in the responsiveness and effectiveness of the state.

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IIl. OBJECTIVE AND SCOPE OF THE DEMOCRACY INITIATIVE

Objective. The objective of the Democracy Initiative is to support democratic political development, helping to establish enduring political practices, institutions and values which mobilize participation, channel competition, respect basic human rights and promote open, lawful and accountable governance. The focus of the Democracy Initiative is on how decisions get made: the processes, procedures and values of political systems.

The emergence of such political systems is important for two reasons. First, democratic political development is a fundamental value in itself. it permits the broadest possible freedom and opportunity to individual citizens and represents a basic value that is central to the USAID mission. Second, democratic political development can help prevent many of the recurring constraints to sustainable, broad-based economic growth. In developing countries, elite segments of society (which often include the civil service) may use the state as an instrument to pursue their own narrow interests, setting aside the legitimate needs and aspirations of the majority. Open and accountable democratic government is more likely to provide greater economic opportunity to fuel and maintain economic development. USAID recognizes, however, that democratic political development is a long and complex process, and that it occurs in the context of broader social and economic changes. Many democracy movements in the past — in Europe, Japan, Latin America, the post-colonial states in Africa and Asia — have failed because they focused on the superficial manifestations of democratic systems and were not sustained by evolving economic and social systems or a strong democratic political culture. Where this has occurred, democracy movements have failed to take hold, losing both ideological legitimacy and popular support. Frequently these failures severely discredited democracy and gave rise to anti-democratic alternative systems.

Scope. Country programs can include support for both governmental and non-governmental agencies. There is no assumption that USAID support should be limited to one type of organization or another. The primary areas of .focus of the Democracy Initiative include:

★ *Strengthening Democratic Representation:* increase the participation of all citizens, regardless of gender, ethnic or religious affiliation, in the formation and implementation of public policy; support the establishment of peaceful and stable forms of political competition.

A. Elections through universal suffrage, including activities such as:

- · Strengthen electoral systems and institutions
- · Observe and monitor elections
- · Educate and register voters
- · Improve the professionalism of political parties

B. Representative political institutions, including activities such as:

- · Enhance the professionalism of legislators
- · Strengthen legislative research, analysis and drafting capabilities
- · Strengthen accountability of municipal/local government

C. Civil society, including activities such as:

- · Support professional associations, civic groups, labor organizations, business groups and other nongovernmental advocacy groups

D. Free flow of information, including activities such as:

- · Support independent policy research institutions
- · Support the existence, professionalism and independence of mass media and independent journalists
- · Reduce censorship, legal or regulatory constraints
- · Support transparency of government decision-making
- · Assist independent public opinion polling

★ *Supporting Respect for Human Rights:* help establish a framework of law and legal procedures that protect the integrity of the person and the exercise of basic rights.

E. Basic human rights, including activities such as:

- · Support human rights education
- · Support the rights of women, children, cultural and religious minorities
- · Support institutions that monitor and advocate respect for human rights

★ *Promoting Lawful Governance:* help establish formal constraints on the actions of civil servants, the military and police; support effective legal processes which contribute to peaceful and predictable social and economic interaction.

F. Legal and judicial systems, including activities such as:

- · Improve legal education
- · Reform judicial systems
- · Support independent judiciary
- · Expand legal assistance and legal services
- · Improve administration of criminal justice
- · Assist public defender programs
- · Support reform and simplification of the regulatory system

G. Accountability of the executive branch, including activities such as:

- · Support establishment of ombudsmen
- · Improve procedures for public review of administrative decisions and actions
- · Strengthen procedures for financial accountability
- · Improve measures to reduce corruption
- · Strengthen capacity of civil authorities to monitor and oversee military budgets and systems

★ *Encouraging Democratic Values:* Within the context of indigenous cultures, support the

emergence of basic democratic values of tolerance for diverse opinions, the value of political compromise, acceptance of majority rule and respect for minority rights, supremacy of civil authority over the military, and peaceful resolution of differences.

        H. Civic education, including activities such as:

- · Incorporate civic education into school curricula
- · Support private voluntary organization (PVO) activities to promote civic values and debate

        I. Leadership training, including activities such as:

- · Training programs that teach democratic values and leadership skills

There are many important activities undertaken by USAID which may indirectly support democratic institutions and values, but which lie outside the boundaries of the Democracy Initiative, For example, it can be said that citizens in a democracy must be literate if they are to participate effectively. However, basic education and literacy programs are focused primarily on achieving competence in reading and writing, rather than directly on issues of democracy, human rights or good governance. Literacy may contribute to, or even be a necessary precondition for democratic political development. but it is not the same as democratic political development.

Similarly, the efficiency and the effectiveness of the state (traditionally the concern of public administration) are critical to the survival of any regime, both democratic and non-democratic. Improving public administration may be a critical need in a given country and a legitimate focus for USAID support, but this is generally distinct from the objectives of the Democracy Initiative, except where efforts are tied directly to specific democratic reform.

An overly broad and inclusive view of "democracy activities" could lead to a relabeling of ongoing or currently planned activities, thus conforming to a new Agency priority. The result would be no change in the focus of USAID's work and would undermine a major USAID objective. It is incumbent upon bureau and mission leadership, therefore, to look beneath the labels to determine that a proposal does not simply claim to be a democracy activity but in fact gives significant attention and emphasis to strengthening democratic representation, supporting respect for human rights, promoting lawful governance or encouraging democratic values.

This will not always be a clear or straightforward issue. For example, support for indigenous non-governmental organizations (NGOs) is an important part of the USAID program. However, not all NGO programs contribute directly to the objectives of the Democracy Initiative. It may be useful to distinguish between providing services (such as health care services, access to family planning services or basic education) and strengthening participation in public policy formulation by actively articulating and channeling the voice and interests of a particular constituency. A similar distinction may need to be made between assisting disadvantaged groups (e.g., credit programs for women microentrepreneurs) and promoting their participation in and influence over the public policy process. Some programs may be designed to meet a variety of objectives, including aspects of the Democracy Initiative, and bureaus and missions will need to consider how the overall objectives and priorities of USAID assistance can most accurately be characterized.

Program Criteria and Parameters. Although the responsibility for program

development rests primarily with USAID field staff working under Agency policy and strategic guidance from regional bureaus, and in coordination with other members of the Country Team, there are important limitations. These limitations should guide development and implementation of Democracy Initiative programs.

First, USAID assistance for democratic political development must in principle be provided to the full range of groups genuinely committed to the democratic process. Where a USAID program involves assistance for labor unions, other advocacy groups or (in rare instances) political parties, this must be provided without reference to specific policy positions taken by competing candidates or parties (so long as those positions are not themselves anti-democratic). Assistance should be offered equitably to all groups committed to the democratic process, regardless of their specific platforms or programs. In this sense, USAID assistance must be non-partisan. The focus of the Democracy Initiative is on democratic political development, not on promoting particular outcomes to political debates in recipient countries. This is true even when the domestic political debate is critical of the United States.

In any specific case, the boundary between permissible non-partisan support for the democratic process and any inappropriate activities must be clear, broad and unassailable. It is the responsibility of USAID field staff and regional bureaus to ensure that all USAID activities conform to the requirements of law and are demonstrably above accusations of inappropriate and unwarranted interference in the domestic affairs of sovereign states. Justifications based on narrow or technical reasons will not be sufficient to guard against possible abuse and to ensure that the Democracy Initiative is a legitimate development program.

For example, it is essential that USAID support for democratic systems and lawful governance be open and transparent, both to the governments ,with which the Agency works and to the general public. just as transparency in government operations is one of the values the Democracy Initiative seeks to encourage, so also it is essential that USAID be transparent about the final shape of its democracy and governance programs and open in their implementation. This clear and consistent commitment to openness will help to ensure that assistance is strictly non-partisan.

Second, under Section 660 of the current Foreign Assistance Act, no FAA funds or local currencies generated by these funds (with the exception of specifically exempted programs in Latin America and the Caribbean) may be used to support training for the police or other law enforcement agencies. Even where violations of basic human rights by the police or other law enforcement authorities undermine the strength of democratic systems, support for training such forces cannot be funded except as specifically authorized by the Congress.

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IV. INTEGRATING DEMOCRACY INTO THE USAID PROGRAM

There are important ways in which USAID can encourage the establishment of democratic values and practices, respect for basic human rights and lawful governance across alt sectors and the full range of its development programs. Over the long term, this indirect support may be more significant than specific projects which provide direct assistance to support democratic institutions.

USAID officers are expected to take democratic political development issues into account as they formulate strategies, plan programs, design projects and engage their host government counterparts. This includes but goes beyond the longstanding concern with participation of beneficiaries in the design and implementation of development projects. At issue is the broader question of the relationship between citizens and their government, how to open political life to genuine participation, channel political competition and make governments responsive and

accountable to citizens.

As USAID formulates its strategies, programs and projects in all sectors, it can no longer ignore the political factors which have a profound impact on the success and sustainability of its development efforts. Political issues must be taken into account in the same way that the current USAID process takes into account economic and social factors. For example, in developing country strategies, missions should give careful attention to examining those political constraints which have an impact on their programs and activities, as well as identifying opportunities to help support democratic practices, human rights and lawful governance.

Similarly, the USAID program development and project design process should also consciously and carefully address the extent to which democratic political development measures can be built into other USAID activities. USAID project design and implementation experiences already provide positive examples of what can be done in different sectors which might initially appear to be far removed from democracy and governance issues. For example, in Mali, USAID education programs encourage increased local control and responsibility through support for parent-teacher associations. In Nigeria and Tanzania, USAID has assisted health and road projects that decentralize budgets and decision-making from the central government to local authorities.

These same constraints and opportunities should become major elements of the mission's policy dialogue with the host government, just as economic policies are a central focal point. The management of the entire USAID portfolio is profoundly affected by host country policies with regard to democracy, human rights and governance. Programs assisted by USAID cannot be implemented effectively and projects cannot achieve their objectives where the legitimate wishes of citizens are systematically ignored, basic human rights are violated and the government is arbitrary and corrupt. Along with a growing number of other donors, USAID should not hesitate to make its fundamental concern about these issues an explicit part of the Agency's agenda.

The example set by the USAID project design and implementation process is key to demonstrating the importance USAID gives to democracy, human rights and good governance, and to building these concerns into USAID projects across the board. As USAID officers go about their design and implementation work, as well as the explicit design questions they ask, they deliver a powerful message to host governments about the opportunities to address democracy and governance issues. In contrast, reducing democracy and governance to a pro forma, routine checklist item that is only given passing attention in the design phase will send the opposite message, reinforcing the view that despite the rhetoric, USAID is only marginally interested in these issues.

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V. DEMOCRACY AS A CRITERION FOR COUNTRY ALLOCATIONS

The Democracy Initiative states that,,within each region of the world, allocations of USAID funds to individual countries will take into account their progress toward democratization." As the Democracy Initiative says, the explicit objective is to "place democracy on a comparable footing with progress in economic reforms and the establishment of a market-oriented economy, key factors which are already used as criteria for allocating funds."

Current USG Practice. The USG already responds to progress toward democracy using a variety of instruments, including USAID programs, food aid, military assistance and training, Export-Import Bank guarantees, Overseas Private Investment Corporation and Trade and Development Program activities, trade concessions and privileges (such as Most Favored Nation status, GSP) and support for membership in multilateral financial institutions.

Generally, increased USG assistance has been triggered by some major event, such as the democratic breakthroughs in Nicaragua, the Philippines and Eastern Europe. While USG responses have been clear and unambiguous in demonstrating strong support for democracy, they have been occasioned by unique and dramatic political changes rather than slow but steady improvements over time. USAID expects that this pattern will continue and does not believe the Agency can or should seek to introduce any modifications or departures from this.

In addition, U.S. economic and military assistance programs have certain thresholds related to democracy and governance. As required by foreign assistance appropriations enactments (Section 513 of the Fiscal Year 1991 Appropriations Act), the United States must terminate economic and military assistance to any country where a democratically elected government has been overthrown by a military coup d'etat or decree. It is also U.S. policy to reduce or terminate economic and military assistance where there is a consistent pattern of significant violations of internationally recognized human rights.

Innovations under the Democracy Initiative. The Democracy Initiative, however, goes further than this past practice. It suggests that in addition to major (but unpredictable) events, the routine annual USAID allocation process will take into account systematic and continuing assessments of progress toward democracy.

USAID believes this is important for a number of reasons. First, the Agency should try to channel its limited resources where they are most likely to be put to good use. A country that has demonstrated a commitment to political reforms generally offers greater promise than one that continues to resist political reforms. Second, continuing and systematic effort to assess progress toward democracy will strengthen USAID's policy dialogue with host countries on issues of political reform. Third, such continuing assessments will provide USAID missions with basic information and insights that will assist them in developing country strategies to support democratic institutions and integrate democracy in broad range of USAID programs. Fourth, clear and specific steps to adjust USAID's country allocation process to recognize and reward progress toward democracy will be important to USAID's credibility and leadership on this issue within the donor community.

Revised Budget Structure. USAID will continue to work with others within the

executive branch to obtain congressional approval for a new budget structure which will allow for greater flexibility in the use of economic assistance funds. As long as the present structure exists, the scope for rewarding good performance directly and visibly will remain extremely limited. In addition, severe budget constraints may so reduce the amount of discretionary funding that rewards for good performance are reduced to merely token levels.

Expanded Regional Bureau Efforts. USAID's regional bureaus already have initiated efforts to incorporate democracy and political reforms into their considerations of country allocations. Both the Africa Bureau and the Latin America and the Caribbean Bureau give specific percentages for democratic development and human rights in country performance budget allocation formulas. Also, the Asia Bureau has an explicit variable in its Performance Based Budgeting system for both democratic development and human rights.

Consistent with USAID's commitment to a performance-based budget, these bureaus are being asked to refine and further develop their systems to the extent possible. The special characteristics of the Europe and the Near East bureaus, with special authorizations and earmarks, may limit the scope for developing such approaches in these two regions. Nonetheless, these bureaus are also being encouraged to continue to look for opportunities to bring country performance to bear on country allocations.

Although different regions will approach this task in different ways, a common USAID definition of key factors or issues to be assessed in measuring "progress toward democracy" is articulated in this policy paper, including democratic representation, human rights and lawful governance. These elements should be included as appropriate in all regional bureau efforts and ensure that the Agency is speaking with one voice.

Monitoring Regional Bureau Efforts. As an integral part of USAID's emphasis on managing for results, it is essential that implementation by regional bureaus be coupled with effective monitoring and evaluation plans that will enable the Agency to reflect on its experience and improve its performance in the future. This will be achieved through annual implementation reports from the regional bureaus, which will include difficulties or weaknesses identified and how implementation in the coming year will address these problems.

Within the next several years, the experience of the various regional bureaus will be able to feed into an overall Agency review of this component of the Democracy Initiative and the determination of appropriate steps for its continuing implementation.

Broadened Systems to Assess Progress. The results of recent USAID consultations with a panel of experts suggest that currently existing methods provide reasonably consistent information on 'democracy" defined in terms of elections and civil and political rights. (The annual Freedom House report is probably the best known and most accessible.) There is no single method or system that is demonstrably superior across the board to all others. There are concerns about source or systematic bias in all existing systems.

In addition, existing systems for assessing democracy may not fully capture the Agency's additional concerns with basic human rights and lawful governance. If USAID wishes to include these dimensions in its assessment of country performance, some further work will be needed to determine whether existing systems are adequate to reflect these dimensions.

Given the prominence of the Democracy Initiative within USAID, and the leadership role the Agency is assuming both within the USG and the wider donor community, over the next several years USAID will give further attention to exploring alternative systems for assessing

progress in human rights and lawful governance.

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VI. SUPPORT FOR DEMOCRATIC INSTITUTIONS

Country Assessments. As with USAID support in any other sector, design of democratic political development programs requires a careful assessment of both the needs and opportunities in each country. Following Agency policy and regional bureau strategic guidance, a rigorous country assessment should establish a framework for understanding the constraints and opportunities in a country. This will also establish a basis for the development of a mission strategy and program, and coordination with other donors. The assessment's primary function is to enable USAID to determine where to begin, where to focus its attention and what priority to assign to different activities that are competing for limited staff and funding resources. It does not entail an ideal definition of "democracy" or standard template of the perfect political system which is then imposed on each country to see where it fails to conform, and therefore where USAID resources should be focused.

There may be exceptions to this general procedure of completing a country assessment prior to developing specific democracy and governance programs. In some cases, rapidly moving political events may require immediate USAID assistance in specific areas. For example, an unexpected election, and the need to strengthen the fairness and integrity of the electoral commission, have in the past generated rapid USAID assistance in the absence of a comprehensive country assessment. But this is the exception, rather than the rule. Targets of opportunity may be tempting but should not normally be the driving force behind a mission's program.

The Democracy Initiative seeks to promote sustainable democratic political development. Enduring democratic systems, like all lasting institutions, are rooted in a supportive and complementary economic, social and cultural context. Sustained political development cannot effectively be promoted in ignorance of the wider social forces creating the environment within which political systems either survive or wither. While USAID's democratic political development objectives are clear, its concern with sustainability makes it essential that these objectives be pursued in the context of other broad development challenges.

USAID has undertaken country assessments in many countries. There is as yet no standard methodology or generally accepted checklist to guide these assessments. Subsequent technical papers will outline approaches to country assessments in more comprehensive and systematic terms. However, country strategies to support the development of democratic systems should be guided by three considerations:

1. Democratic political development strategies should be country-specific. Program development must be sensitive to local historical traditions, carefully tailored to local needs and responsive to local development constraints. The opportunities and ways of pursuing democratic political development objectives will inevitably vary between regions, from country to country, within regions, and from time to time within a single country. Despite important global processes, the political, social and economic evolution of each society is unique, There is no single procedure or conceptual template that allows a priori judgments about the aspects of political development which are most appropriate at any given moment, or about the type of

USAID assistance that is most needed, feasible and likely to be effective.

Accordingly, determination of the appropriate kind of support for democratic political development must be made at a country level and on a case-by-case basis. Working under Agency policy and regional bureau strategic guidance, and in coordination with the Country Team (State and USIA), USAID field staff have the primary responsibility for: (a) assessing the needs and opportunities in their country; (b) formulating country democratic political development assistance strategies; and (c) developing and implementing democratic political development programs taking into account broader country development objectives. The foregoing is not intended to rule out regional activities, which can often be valuable in pursuing democratic development objectives.

2. Country democratic political development strategies should be consistent with social and economic development strategies. USAID democracy programs should take into consideration the full range of development constraints and opportunities. In some cases, this may mean pressing forward with certain elements of political development, while holding back on others. For example, insisting on formal electoral processes may be counterproductive if other supporting institutions are not in place. The only organized political groups may be anti-democratic or using democratic slogans to safeguard their privileges and impede economic reforms. In such cases, efforts to strengthen civil society and promote democratic values in other sectors of the USAID portfolio may be more appropriate for sustainable political and economic development than focusing exclusively on an isolated component of democracy.

3. Strategies should acknowledge alternative approaches to democratic political development. USAID's commitment to strengthening democratic political development does not imply any standardized institutional model. Many different institutional arrangements can sustain democratic practices and values, guarantee basic human rights and encourage good governance. American institutions are one example, but there are other viable alternatives that may be more appropriate and sustainable in a specific country. The Democracy Initiative does not seek to impose the American model on developing countries

Support for Democratic Institutions. Within the framework established by country assessments, a variety of USAID programs can help strengthen democratic institutions, values and practices. These may include, but should not be limited to, support for formal political institutions, such as legislators and staff, electoral commissions, judges and court officials.

Other institutions and organizations may also be an appropriate focus for assistance. These may include civic organizations, professional societies, women's associations, labor unions and business groups which mobilize, articulate and channel popular opinion and which help establish a counterweight to the power of the state. Such organizations can also cut across ethnic, religious or tribal cleavages and thus help diminish social divisions that may threaten to break into violent conflict. Independent think tanks can serve both to analyze social issues with some degree of objectivity and to provide a forum for wide-ranging debate. USAID support for these institutions may be possible even in countries where more direct support for independent news media, for example, would not be acceptable to the host government. Such indirect approaches, which encourage the emergence of a stronger civil society and a tradition of public debate, may in some cases have a more enduring impact than frontal assaults on the deficiencies of the formal political system.

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VII. RAPID RESPONSE CAPABILITY

As of 1991, there are restrictions on the countries to which USAID can provide assistance. Generally, these include countries which have been designated as "non-free world" and those which are in violation of loan repayment requirements (for example, Brooke Amendment). With rapid political changes and the unanticipated collapse of dictatorial regimes, these often have been precisely the countries where U.S. assistance could make a significant difference. The new and struggling regimes which emerge have often been suddenly and unexpectedly thrust into power. Despite their democratic aspirations, they are faced with complex and difficult problems associated with political liberalization and economic reform. Limited but timely U.S. assistance can help them deal with immediate challenges and increase the likelihood that the momentum of the reform movement is maintained.

The Administration is consulting with the Congress on ways to facilitate the provision of U.S. economic assistance in order to help meet the immediate and short-term needs of emerging democratic regimes. This is not intended to circumvent procedures required to establish any long-term assistance relationship with the United States. Assistance would be specifically limited to clearly identified activities which could be completed in a short period of time and at a modest cost. As new procedures are agreed upon, field offices will be notified and additional guidance issued.

In the meantime, USAID can create the capacity to respond quickly to rapidly emerging opportunities in countries now eligible to receive assistance by designing project vehicles with the necessary flexibility. Regional "umbrella projects" with level-of-effort contracts, for example, allow USAID to pre-position itself to respond to new events quickly. USAID operational units should actively explore project designs and contracting mechanisms that will establish the capacity to respond quickly to rapidly emerging opportunities.

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VIII. LEARNING FROM EXPERIENCE MONITORING AND EVALUATION

USAID recognizes that despite its previous experience in this field, the Democracy Initiative asks field missions to develop new responses to the new opportunities that are open to the Agency. There are no fixed formulae or textbook responses that guarantee success. The process will be an iterative one, with both setbacks and successes. Setbacks in themselves are not grounds for discouragement, as long as USAID can demonstrate that it has learned from the experience and incorporated the lessons into its next round of support.

Like virtually all development efforts that focus on institutional change, support for democratic institutions is necessarily long-term. Results cannot be expected within only one or two years. Nonetheless, a carefully planned monitoring and evaluation system is essential to identifying progress and achievements when they occur, as well as to making course corrections when this is required.

For this reason, assessing the effectiveness of a specific program of support is essential to the success of the Democracy.Initiative. Careful monitoring and thoughtful evaluations should be

integral parts of program design and development. Results should be measured not merely in tenus of output (e.g., how many courthouses have been renovated or computers installed) but also in terms of systemic impact (e.g., more rapid processing of cases, decreases in reported human rights abuses). it is fundamentally important, therefore, that a ml%ion's analysis of systemic constraints and its strategy to address them be clearly articulated during the first steps of the program or project design process. Consistent with USAID's emphasis on managing for results, delegation of authority to the missions to conceive, plan and implement democracy programs appropriate to local needs and conditions is coupled with the responsibility to demonstrate what has been achieved, what has been learned, and how this has been incorporated into the mission's future programming.