Attachment 4. Notes from panel on “Lessons from USAID Country Experience”

This panel, moderated by CGD Fellow at USAID/PPL, **Casey Dunning**, focused on “Lessons from USAID Country Experience”. The three panelists described their lessons learned, as follows:

**Michael Pillsbury** (Senior Fellow, Hudson Institute), defense policy advisor and author of The Hundred Year Marathon, focused on “Lessons from Taiwan and Korea” drawn from his unpublished USAID-funded manuscript “Secret Successes of USAID” in Economic Policy Reform. In the absence of a USAID historian, he research in USAID archives, declassified CIA and DIA reports, and the US Presidential libraries. Contrary to current views of USAID’s reduced status, he found proof of its instrumental role in behind-the-scenes, high-level, economic policy-making in both Taiwan and Korea, and later elsewhere, such as in Central America, Russia and Egypt. He noted that some USAID Mission Directors were influential at very senior levels of government, here and abroad, to devise and implement strategies for deep economic reform programs (citing particularly the “Seven Samurai” reform successes in Nicaragua and Russia that Janet Ballantyne led.) He noted that both DoD and CIA study organizational lessons learned from experience while USAID has long been reluctant to claim credit for its successes. He urged more “credit taking” in order to help train the next generation of USAID leaders. Finally, he called for an earmark or special unit within USAID for economic policy reform support.

**Jim Fox** (retired USAID and World Bank senior economist) spoke from his published work Real Progress: 50 Years of USAID in Costa Rica. Fox analyzed four phases of US assistance to Costa Rica between 1972 and 1995. He noted that while Costa Rica was the poorest province of the Spanish realm in Latin America from 1719 through World War II, it had become the fifth highest recipient per capita of all US foreign ail by 1995. This resulted in significant economic and social progress despite the continuation of telecommunication monopolies and limited performance in higher education. A major ex-post study revealed that, on the whole, US assistance was mostly pushing Costa Rica in the right direction, with the greatest successes in the Pan-American Highway infrastructure, rural health programs, and the macroeconomic reforms of the 1990s. Fox noted two serious policy mistakes of this 15 year reform program: (1) Costa Rica’s participation in the Central American Common Market resulting in import substitution, high external tariffs, and inefficient industrialization, and (2) the 1970s enlargement of government basic human needs programs (which operated against the broader macroeconomic situation.)

**Larry Heilman** (former USAID Program Officer) featured lessons from his recently published book USAID in Bolivia: Partner or Patron? In his initial USAID orientation, Heilman was told that USAID was “an Agency without a memory.” This motivated him later to want to tell the story of USAID’s history in Bolivia as a case study of US foreign assistance. In particular, he sought to address three issues: (1) the role of AID/Washington and State in policy leadership; (2) the documented history of USAID in Bolivia as part of a historical and political process; and (3) an assessment of how successful USAID had been in Bolivia. Based on records in the National Archives, he found that in the 1950s, Bolivia was the largest recipient of US assistance in South America. He noted evidence of important Bolivian successes in the 1950s, especially in agriculture, education and health. He highlighted the pivotal role of the 1952 revolution as the point of departure for development, since it allowed Bolivian peasants to own land, exercise their vote, and seek education. From 1955 on, the US maintained a close partnership with Bolivia, until the administration of President Evo Morales.

Moderator **Casey Dunning** asked each panelist to specify the largest challenge or constraint in USAID’s efforts in Latin America. Jim Fox identified the challenge of Latin America’s conservative, backward-looking perspective. Larry Heilman noted that the US support for Bolivia’s revolution meant support of the nationalization of Bolivia’s tin industry—a downward pull on Bolivia’s economy. Mike Pillsbury identified the lack of a central unit for strategy formation (in Washington or in field missions), which limited the consistency with which gifted officers and leaders could push forward effective strategies.

In comments from the audience, participants raised questions about the competition on the Hill between funding economic policy reform and basic humanitarian activities and the impact of basic human needs (BHN) earmarks on USAID’s budget and flexibility in country. Finally, Mike Pillsbury made a strong statement in support of USAID better documenting its lessons learned, assigning effective staff in support of key policymakers on the Hill, and ensuring that USAID Directors be economists and excellent communicators at senior levels.