

The Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project

CAROL A. PEASLEY

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TABLE OF CONTENTS

Childhood and Early Background	
Family and Childhood	
University of California, Santa Barbara	1964-1968
Sussex University, UK	1968-1969
Export-Import Bank Research Economist	1969-1970
USAID International Development Intern	1970
Application Process	
Orientation and Training	
AID Administrator John Hannah – petitions and Meet the Press	
Change of Assignment from Laos to Nepal – and HR Challenges	
USAID Assignment Process	
Nepal Desk	
Assignment to USAID/Nepal	1970-1975
USAID Mission and Leadership	
Major Program Areas and Impact	
Culture	
Indian Rupee Programming – and learning to program	
for sustainability	
USAID-Embassy Relations	
Trekking and Culture	
Professional Working Relationships with Nepali Officials	
Mission Director Carter Ide – and learning about host country	
ownership	
Nepal as Microcosm of Cold War	
Economic Reporting	
Return to Nepal in 2009	
Importance of Five-Year Tour	
Assignment to USAID/Costa Rica	1976-1978
FSI Spanish Language Training	

<p>Strategy Development: Why USAID in Costa Rica? From Graduation to Middle Income Country Strategy</p> <p>From AID Affairs Office to Full USAID Mission</p> <p>Foreign Service National (FSN) Roles</p> <p>Program and Impact</p> <p>USAID-Embassy Relations</p> <p>Costa Rica's 1978 election – joining the fiesta</p> <p>Costa Rica – US Relations</p>	
<p>Assignment to AID/W, Technical Assistance Bureau</p> <p>Position and Responsibilities</p> <p>Guidelines for New Integrated Population Strategies – learning the politics of family planning</p>	1978-1979
<p>Assignment to AID/W, Latin American and Caribbean Bureau</p> <p>Central America Finance Division</p> <p>Planning for the New Nicaragua – and political delays</p> <p>Planning for the New El Salvador after October 1979 Coup</p> <p>El Salvador Public Works Program</p> <p>El Salvador Agrarian Reform</p> <p>El Salvador Assassinations</p> <p>Personnel Functions – hiring and mentoring</p>	1979-1981
<p>Assignment to Long-Term Training: Stanford Sloan Program</p> <p>Selection Process</p> <p>Classmates</p> <p>Benefits – Educational and Personal</p>	1981-1982
<p>Assignment to USAID/Thailand</p> <p>Mission Description and Supervisory Functions</p> <p>Responsibilities</p> <p>Close Partnership with Thai Officials</p> <p>Joint Program with Japanese – learning lessons</p> <p>Asia Foundation</p> <p>Internal Management – creating space for debate</p> <p>USAID-Embassy Relations</p> <p>Ambassador Dean Support – and lessons learned</p> <p>Acting One-Third of a DCM</p> <p>Programs</p> <p>Movement to Middle Income Country Strategy</p> <p>Thai Women's NGO – SVITA</p> <p>USAID-Thai Government Relations – DTEC</p> <p>Family Planning International Assistance Registration</p> <p>Cultural Issues</p> <p>Working Environment for Women</p> <p>Terminating Favored Thai Government Program</p>	1982-1984

Management Lessons

Assignment to AID/W, Latin American Bureau More of the Same Guidance to Expand Field Authorities	1984-1985
Assignment to AID/W, Africa Bureau Assistant Administrator for Africa, Mark Edelman African Economic Policy Reform Program (AEPRP) Development Fund for Africa First Travel to Africa – Bamako, Abidjan, and Nairobi Personnel Management Functions Comprehensive Anti-Apartheid Act – Building USAID/South Africa Liberia Financial Management Initiative Other Foreign Policy Priority Countries Residual Responses to 1984 Sahel Drought Women in Development Working Group – and lessons learned on matrix management USAID Senior Management Training – Contract with Training Resources Group and Cultural Changes	1985-1988
Assignment to USAID/Malawi Overall Country Context General Program Description World Bank Conference on Agriculture – changing views Relooking at Poverty and Performance Developing a New USAID Country Strategy Agriculture Sector Assistance Program – analysis and design Agriculture Sector Assistance Program – tobacco issues Lake Malawi Off-farm Employment Malaria, Child Survival, and New Community Health Workers Building Sustainability through Budget Support HIV/AIDS – initial obstacles and actions Strategic Objectives: How Many? Southern Africa Regional Program – transportation infrastructure Girls' Education – GABLE Program Use of Non-Project Assistance Refugees Rising U.S. Concern about Human Rights in Malawi – Vice President Quayle and other VIP visitors Post's Proactive Leadership on Human Rights and Democracy Issues Changing Political Environment – Pastoral Letter, Arrests, etc. Donor Coordination and Common Benchmarks May 1992 Consultative Group Meeting – freezing of some aid Referendum on Multi-Party Democracy	1988-1993

Malawi Business Women's Association – and Joyce Banda
USAID-Embassy Relations
Post Conditions – Living in Malawi and Security
Ambassador Pistor

Assignment to AID/W, Africa Bureau 1993-1998

Program Office (AFR/DP) Role
Senior Deputy Assistant Administrator Assignment
Closeout of USAID Missions
Botswana: Closeout Bilateral; Open Regional
Increasing Interagency Challenges
Gore-Mbeki Commission
South Africa: Preparing for Majority-led Government
Initiative for Southern Africa
Mission Closure Selection Criteria
Secretary Warren Christopher Travel to Africa in 1996
USAID Management Challenges – Larry Byrne, Reduction-in-Force
Re-engineering USAID Processes
Greater Horn of Africa Initiative
USAID/South Africa Controversies
VIP Deliverables
Struggle to Maintain Economic Growth Activities
HIV/AIDS Programming
Democracy/Governance Programming
Consultative Group Meetings – growing attention to governance issues
Development and Relief Planning and Relations
Congressional Testimony
Hillary Clinton and President Clinton Travels to Africa
World Bank-led Special Program of Assistance for Africa – contributing to aid effectiveness theory

Assignment to USAID/Russia 1999-2003

Language and Interpreters
US-Russian Relations – framework for assistance
Staffing and Budget
Program and Relationships to Economic Reformers
Economic Experts Consulting at Kremlin After Putin Election
U.S. Relations with Russian Judiciary
Russian Oligarchs
Moscow School of Political Studies
Eurasia Foundation
USAID Legacy – Civil Society Organizations
Former Junior Achievement Participant in Russian Cabinet
Visit of President George W. Bush
Embassy Russophiles
State Dept Coordinator's Office and Regional Investment Initiative

- Congressional Earmark for Russian Far East
- Assistance to Russian Orphans
- Supporting Civil Society Development in the Regions
- HIV/AIDS: Increasing High Level Embassy Interest
- Women's Health
- Tuberculosis
- Corruption and USAID Internal Audit Function
- USAID-Embassy Relations – and Relations with Ambassador
- USAID Partners and Visiting VIPs
- Promoting Democracy and Human Rights – getting “edgier”
- U.S.-Russian Partnerships
- Critics of USAID Program and Movement to Terminate
- Coordination with Russian Government – annual meetings
- Russian FSN Staff

Assignment to AID/W, Counselor 2003-2005

- Responsibilities
- Interagency Coordination – Joint Strategy and ICASS
- Communication with the Field
- Indonesia/Aceh Tsunami
- Joint State-USAID Strategic Plan – on the way to F Bureau
- Personnel Functions
- Iraq and Afghanistan
- Election Monitor in Ukraine
- Mission Management Assessment in Bangladesh – lessons on sustainability
- Mentoring and Sharing Lessons on Aid Effectiveness
- Millennium Challenge Corporation
- USAID Officer Assignments to the State Department
- USAID White Paper for Aid in the 21st Century – and Fragile States
- Retirement

Post-USAID Career

- Financial Services Volunteer Corps
- Centre for Development and Population Activities
- Managing Non-Profit Merger
- Practitioner-to-Practitioner Technical Assistance

Final Observations

- Management Style
- Thoughts to a USAID Aspirant
- Life in the Foreign Service – for families, for singles, for women
- Achievements
- Disappointments
- Future for USAID

INTERVIEW

Q: Today is January 29th, 2015. We are recording the oral history interview with Carol Peasley on behalf of the Association for Diplomatic Studies and Training, and I'm Kenneth Brown. Carol, what is your full name?

Childhood, Education, and Early Background

PEASLEY: Carol Ann Peasley.

Q: When and where were you born?

PEASLEY: I was born in Chicago in June 1946.

Q: 1946. Oh, you were a post-war baby.

PEASLEY: I was indeed. My father was in the military, and I was actually born at Great Lakes Naval Hospital outside of Chicago.

Q: Well, tell me about your father's background.

PEASLEY: He was in the Marine Corps for 30 years. He was a quite interesting man. He was from the state of Maine and his family had roots going all the way back to pre-Revolutionary War period in the United States. He grew up in Lewiston, Maine with his grandmother who had adopted him when he was very young. He was very active in sports in his youth. Ironically, when we went back to Maine in 1958 as a family on vacation the newspaper interviewed him because he had been a real star high school athlete. He started at the University of Maine, but ended up dropping out of college and joined the Marine Corps in 1928 and remained in the Marine Corps for 30 years. He had been a Disbursing Officer in the Marine Corps, and he was in World War II and Korea. He decided that he wanted to back to college when he retired, so he used the GI Bill and got his BA (bachelor of arts), his MA (master of arts) from Arizona State University, and his teaching credential. He thus started teaching high school at the age of 55 in 1963.

Q: What was his name?

PEASLEY: Earl Peasley. He went by Duke. That was his football name, so most people knew him as Duke, but his family called him Earl.

Q: What about your mother's side of the family?

PEASLEY: Completely different. My mother was first generation American. My grandparents -- her parents -- were both immigrants from Croatia: my grandmother was from Dubrovnik and my grandfather was from a small village outside of Split. They married in San Francisco, and so my mother grew up in an immigrant family. She told me

that she barely spoke English when she first started school. It was also interesting that my grandfather's brother married my grandmother's sister. So there were these two sets of families in San Francisco that grew up almost as an extended family, but both evolved quite, quite differently. Both had four children, although my grandparents ended up with only four grandchildren while their brother and sister had about 20 grandchildren (*laughs*). But it was a close-knit extended family, and we spent much time at my grandparents' house through the years in San Francisco. Because we moved around so much, my grandparent's house always seemed to be a place of stability and, in many ways, my "real" home.

Q: What was your mother's name?

PEASLEY: Katherine Ban, B-A-N, is her maiden name, which is ironically a quite common name apparently in Croatia. And in fact, my grandmother's maiden name was Ban as well. So it was two Bans marrying each other. But, they were not related.

Q: And how did your parents meet?

PEASLEY: My dad was a Marine on board ship and in San Francisco at some point. He met my mother through I think a friend of hers who was going out with someone who knew my father. I believe my mother was in college at that point, but she dropped out in 1938 to marry my father. They initially lived in Philadelphia.

Q: So you were born and grew up in the post-World War II world.

PEASLEY: Right.

Q: What was your childhood like? You moved around a lot.

PEASLEY: Yes, we moved around a lot. I think I was tallying up one day and I went to nine different schools in 12 years. Twice we moved in the middle of the year, so I went to two schools for Fourth Grade and two for Seventh Grade. I also did my senior year of high school in a new school when we moved from Phoenix to San Diego, where my father began his teaching career.

Q: Did you usually attend public schools, or were these military sponsored schools?

PEASLEY: No, I always went to public school.

Q: What kind of affect did that have you, this jumping around all the time?

PEASLEY: I would have thought that it would have made me not want to have a career where I (*laughs*) moved around all the time, but somehow or other it did (*laughs*). The positive is that it gave me a little more empathy to families while in the Foreign Service, especially in understanding why people didn't want to transfer in the middle of a school year. I remembered very well what it was like as a kid to have to transfer. But, there were

also lots of positives about the frequent moving. We crossed the country by car multiple times, so I got to see lots of things as a kid – we stopped often at National Parks, historic homes, and for baseball games, although my mother and I would usually end up at an art gallery while my Dad and brother went to games. One of the other benefits was that my father never liked to stop unless we were filling up the car with gas, so one learned to need to go to the bathroom when the car needed gas. And that helped me on many a field trip throughout my USAID (Agency for International Development) career. People used to joke that I was like a camel.

Q: (laughs) Yes, that's good training.

PEASLEY: So, so that was very helpful. But, more seriously, it exposed me to a lot of change and variety, which was useful during my career. And, we as a family were very interested in politics and public affairs. After dinner at my grandparent's house, we would sit around the table for hours talking about politics and what was going on in the world. That kind of exposure at least made me interested in the world around me, which I'm sure contributed to my career.

Q: Were you much of a reader?

PEASLEY: Yes; I read quite a bit – and that included lots of visits to the public libraries where we lived.

Q: What sort of things were you reading?

PEASLEY: I read lots of different things. I have an older brother and he also was a reader, so I read most of his books. These included many of the Landmark biographies of famous American historical figures such as Abraham Lincoln, Thomas Edison, Robert E. Lee, and George Custer. I also read a lot of books that were actually not of my generation, but ones my father had read. I loved the Mother West Wind books that were by a New England writer, Thornton Burgess. I don't know if you are familiar with them. They were very popular before I was born. Somehow or other they were around the house and I read all of them probably 10 times each.

Q: And what were those focused on?

PEASLEY: They were about nature basically. Each book had little stories about why animals have the characteristics they have. Mother West Wind as punishment often gave them these characteristics – e.g., blue jays have a horrible voice because they were too vain.

Q: (laughs)

PEASLEY: So, they were very moralistic stories about behaving properly and things like that. They were similar to Aesop's Fables, but friendlier. Anyway, they definitely left an impression – I can still remember great details about the characters and think about the

books every time I take a walk in the woods. There was another set of books that I actually think did have a significant impact on my values and contributed to my career choice. There was a woman author named Lois Lenski, who did most of her writing in the 1940's and 1950's. She did a series of books that looked at poverty in the United States. Some were about kids in the South; some about migrant farm workers; some about immigrant children in cities. They were all about kids and how they assimilated; this included people from different cultures and how they managed to come together with others. I think that the whole series of books had a quite profound social message. And I read all of those as a kid as well.

Q: Lois Lenski?

PEASLEY: Lenski, L-E-N-S-K-I. I've actually gone online to see if they are still available because I've thought of getting the books for my great nephews, but I suspect they may be a bit too dated. But, I have seen them on-line, so I might still do that at some point because I think they were very, very interesting books for kids.

Q: With all this moving around, did you have an opportunity to have a bit of what one might call a normal childhood? Could you make friends?

PEASLEY: Yes, my childhood was pretty normal. I did have friends wherever I was, but, as I got older, I found it more difficult since I inwardly knew that I would be moving on again. I think I undoubtedly built up protective measures, but I have been able to keep in touch with a couple of old friends from high school and college.

Q: Do you think your brother had sort of a similar experience and outlook?

PEASLEY: Yes, his was even more difficult because my father retired when he was 17 and I was 12. So, he had lots more moving and more schools. When my father retired, we went to Phoenix where he didn't know anyone, because he really wanted to finish his college degrees – and did not want to be tempted by friends offering him jobs.

Q: Your, your, your father? --

PEASLEY: Yes; my father. We were in Phoenix for the second half of my seventh grade through eleventh grade. When my father finished his degrees and got his teaching credential, he was unable to find a teaching position in the Phoenix area. Shortly before the new term began (August 1962), he did get a job in San Diego. This was just as I was beginning my junior year in high school. The plan was for the family to move to San Diego to join my father in January 1963. But, those plans fell apart when my Dad got sick and went into the hospital for a short period. My mother did go over to San Diego. This left my brother – who was back in Phoenix attending college after three years in the Army – and me in Phoenix by ourselves for most of the second semester of my junior year. He and I basically were by ourselves (*laughs*). He was over 21, so I guess it was OK, but --

Q: How many years older than you?

PEASLEY: Five. So I was a junior in high school and he was out of the army and going to junior college in Phoenix. My mother also did go back and forth between San Diego and Phoenix. And then at the end of my junior year in high school, we moved from Phoenix to San Diego.

Q: So you went to two different high schools.

PEASLEY: Yes.

Q: And then in your high schools, did they have -- did you have majors? Did you have academic and non-academic choices? How did that work?

PEASLEY: I don't actually remember very well, other than that there were college prep classes. I believe that is the stream I was in -- certainly I don't recall anything like the kind of Advanced Placement classes they have today. But, my transition from Phoenix to San Diego was smooth, so the moving didn't seem to hurt me academically.

Q: Where did you go to college?

PEASLEY: I went to University of California, Santa Barbara.

Q: Were you there when Barbara Bodine was there and Joseph Wilson and Mark Grossman?

PEASLEY: They were all there (*laughs*)? Well, hm.

Q: I have to check the dates, I'm not sure when they were there, but --

PEASLEY: I may have overlapped with Joe Wilson; think we may have talked about that once when he was at the National Security Council and I was in Washington with USAID.

Q: UCSB has turned out some distinguished folks in international affairs, including yourself.

PEASLEY: (*laughs*) Well. Actually, I do have an anecdote on that. I did a lot of work on El Salvador in the 1979 – 1981 period. There had been a coup in late 1979, and people were quite hopeful about the transition there. I was working in Washington then and was in Salvador on TDY (temporary duty) designing a new agrarian reform program. I was there with a fellow named Bastian Schouten, who worked for USAID (United States Agency for International Development) and another fellow whose name I don't recall. But all three of us had gone to the University of California at Santa Barbara, and we were joking that Chile was getting help from folks at Harvard and the University of Chicago, but here was El Salvador that only got UCSB.

Q: Well, I imagine they did all right. How did you choose UCSB?

PEASLEY: In those days, there was no formal tuition for California residents; only “student fees” that amounted to several hundred dollars a year. Also, the University of California was highly regarded – and I qualified academically, so the real decision was which campus of the University that I preferred. I wanted to go to one of the smaller campuses. Berkeley and UCLA both had 25,000 or more students. UC San Diego and UC Santa Cruz were both brand new. Santa Barbara had about 10 or 12,000 students, so I thought it was the right size. And, it is one of the most beautiful places on earth, so I fell in love with it after my first visit (*laughs*). Campus is right next to the beach.

Q: What did you major in?

PEASLEY: I majored in economics. I started out as a math major actually. But discovered in my freshman year that there’s a difference between being good mechanically at math and really being a mathematician. When I made that discovery, I felt in a quandary. My brother at this point was at San Diego State University and he was majoring in history; my father had also done history and political science, and everyone was suggesting that I follow their leads. But, I didn’t want to do what everyone else was doing. My brother fortunately reminded me that I was “...still good at math” and suggested I try economics. So, I took an economics class, liked it very much, and then made the decision to major in it.

Q: Were you involved in extracurricular activities?

PEASLEY: Not a lot. I did some tutoring at one of the local schools and attended lots of sporting and cultural events, but I wasn’t in a lot of the official extracurricular stuff.

Q: Were you politically active?

PEASLEY: A little bit, yes. I was at university from 1964 to 1968, which was the beginning of the student movement at the University of California. I was a freshman when Mario Savio began what became the Free Speech Movement at Berkeley. I participated in a couple of events around that issue. The first thing Ronald Reagan did when he was elected governor – probably around 1966 – was to fire Clark Kerr, the president of the University of California. And so I did participate in demonstrations associated with that, including when Reagan made his first visit to the UCSB campus. There was a regents meeting and I joined other students who were doing a silent protest alongside the walkway he would go by to attend the meeting. I’ve actually seen that scene in some documentaries on Reagan (*laughs*), but have never spotted myself. And then there was also a big University of California-wide demonstration in Sacramento. Students from campuses all over the state attended the well-organized event; arrangements were made for all of us to meet with our state representatives to talk about the importance of the university and that it should not be politicized. We went in buses overnight to the University of California campus at Davis. From there, we went to

Sacramento where we had a big rally with a huge “Keep Politics out of Higher Education” sign on the stage. We were all told to dress properly because we were going to see our representatives. And you know, there were thousands of students there. Reagan made a surprise appearance at the rally. Some students started to boo initially, and it was quite interesting because the organizers got everyone to stop and to be as respectful as possible. I still remember meeting with our state representative from my district in San Diego – my first real exposure to democracy in action.

This was also the period during which Vietnam War demonstrations began. One of my roommates was very active in the demonstrations, but I always felt a bit torn because of my father’s background in the Marine Corps and the fact that so many of the demonstrators were anti-military. It was hard for me to participate in them. But, I did engage in lots of discussion of the issues, particularly the fact that our policies didn’t suggest a very deep understanding of what was really happening in Viet Nam.

The spring of 1968, my senior year, was also of course a very turbulent time. Martin Luther King, Junior was assassinated in April – that prompted a number of demonstrations and dialogue on race issues. I can still remember a tremendously moving talk given by a Political Science Professor, Raghavan Iyer, which diffused tensions and prevented violence on the campus. This was also the first election I would be able to vote in – my first vote was in fact for Eugene McCarthy in the California Primary on June 5, 1968. I can still remember listening to the election results on the radio that night and being sickened when Robert Kennedy was shot. Graduation was a week or so later; the political deaths during the spring were on the minds of all of us as we graduated.

Q: So you graduated in what year?

PEASLEY: 1968.

Q: And then what?

PEASLEY: While an undergraduate majoring in economics I had decided that I wanted to work in development economics, so I was looking for graduate programs that would specialize in international development. I applied to several places in the U.S. and also to Sussex University in Britain. Sussex had a one-year Master’s degree program in development economics. Once accepted at Sussex, I took out a \$1,500 student loan at the little Bank of America branch in Isla Vista next to the campus. My parents lent me another \$500 or so; then, I had some savings from summer work. So, I was able to do a Master’s degree for less than \$3,000. It was quite remarkable when compared to the costs of today. Anyway, I went off to Sussex University in the fall of September of 1968. I’d never been overseas before, so it was a big deal for my family and me.

Q: Did that require much of an adjustment going into their academic system?

PEASLEY: A little bit, although Sussex was more of a hybrid between the traditional British tutorial system and the American system of classes and seminars. So, I did not

find it very different. But I was the only American in the course. And I do remember being terribly intimidated, particularly by my British colleagues. Most of them came out of an academic system in which they were much more accustomed to talking about economics – they were all so articulate. I don't think I had ever really spoken about economic theory or issues – I was okay taking written exams, but talking was tough. We seemed to spend lots of time sitting around pubs or cafes talking; they'd be rattling along about Keynes or Kuznets, and I couldn't be nearly as glib about the issues as they were. But, I nonetheless ended up doing quite well. Also, the student composition was fantastic. I think there were 20 or 25 of us in the course. The University of Sussex had a partnership with the Institute of Development Studies, which was co-funded by British aid and the university. Most of our teachers had dual appointments at the Institute and the University. There were many speakers who came down from London to the institute and we would be exposed to them as well. But, going back to the composition of the class, there were a number of British students and also students from developing countries themselves. Four of my closest friends were from Southern Rhodesia (Zimbabwe), Northern Rhodesia (Zambia), Ceylon (Sri Lanka), and Mexico. The fellow from Mexico ended up becoming the Director General of the United Nations Industrial Development Organization (UNIDO) in the 1990's. There were also several other Europeans, one of whom ended up in a leadership position with the German aid agency. The only other woman in the program was French; she became a very close friend. She married one of our British colleagues and we're still friends to this day. So, it was a very eclectic group. Faculty members were great. Richard Jolly was one of them. He became the Deputy Executive Director of UNICEF (United Nations Children's Fund) some years later. My advisor was a fellow named Michael Lipton who was quite well known in the rural development community. I did my thesis research on rural interest rates in India; most of the research was done at India House in London. I was prowling through documents squirreled away in the archives. The one regret I have is that I did not continue on to get my doctorate. After I submitted my master's thesis, Michael Lipton asked if I wanted to take a SSRC (Social Science Research Council) scholarship to go to Malawi to do doctoral research on the nutritional status of tea estate workers. Because I had already emotionally made the commitment to return to the U.S. and had already gotten a charter airplane ticket, I decided not to continue with my studies. And, I still regret it. Some 20 years later when I ended up in Malawi as the USAID director, I actually wrote to Michael (*laughs*) and asked if anyone ever did that research because I'd love to get the data (*laughs*).

Q: (laughs)

PEASLEY: USAID in Malawi was doing a lot of work in nutrition and data from 1969-1970 would have been great to see. But he said the research was never done. Nonetheless, it was a wonderful experience at Sussex. I made good friends, and I learned a lot.

Q: It was a broadening experience.

PEASLEY: Absolutely, in many different ways.

Q: This whetted your appetite for a life overseas, do you think, or did that come later?

PEASLEY: It probably did, although I had gone into it knowing that I wanted to work in the development field. So, in a sense, I already made the decision to work overseas. In fact, even as a kid, I remember being intrigued by diplomacy and thought the Foreign Service would be a wonderful career. So, I did take the Foreign Service Exam when I was a senior in college, and I did pass (*laughs*).

Q: But you decided not to pursue it.

PEASLEY: But I decided not to pursue it because I was going to go on to graduate school, so --

Q: You didn't take it again.

PEASLEY: And I didn't take it again, no. Once I decided that I wanted to work in development then I said, "That's the route I want to take." If I had not gotten a position with USAID, I might then have retaken it.

Q: So after Sussex, what was next?

PEASLEY: I remember taking a charter flight to New York, arriving with \$50 in my pocket. I immediately headed to Washington, DC by train and met up with an old college friend whose family lived in Falls Church. Ann was at that point living with her parents, and they agreed to let me crash at their place. Meanwhile, she and a friend of hers were in the process of renting a townhouse on Capitol Hill near Union Station. I ended up joining them in that townhouse. I had already applied for the USAID International Development Intern program, but had not yet heard from them. So, I started immediately to look for other job options. I remember meetings at Treasury and Export-Import Bank. I also went to USAID to meet with Herb Rees, the Director of the USAID South Asia Office. Just before leaving Sussex, I had been the rapporteur for a conference at the Institute of Development Studies on Ceylon (Sri Lanka). I met Herb there, and he asked me to contact him when I got to D.C. Anyway, within a week, I had a job offer from the Export-Import Bank as an Economist in their Research Department. I accepted as the \$50 I had arrived with the week before was long gone. In retrospect, it is pretty amazing how different things were in 1969 than today -- a week to get and start a new job.

Q: So this internship that you applied for at USAID --

PEASLEY: Was still pending.

Q: Still pending.

PEASLEY: It was still pending. Following my meeting with Herb Rees, he was trying to find a way to send me to East Pakistan, probably as a Foreign Service limited

appointment. I was a bit uncertain about that option, so I decided to decline it and wait for a decision on the International Development Intern program. In my job at Export-Import Bank, I actually worked for a State Foreign Service officer who had been seconded to the Bank. I was doing all kinds of things, much of which was trying to determine the American beneficiaries of the Bank's export credits. I spent many an hour trying to figure out how the sale of train engines, power generators, and airplanes affected different congressional districts. We also worked on another research project to come up with guarantee schemes that would help to bring more foreign tourists to the United States. It was all pretty interesting, but fortunately, about six months later I heard from USAID that I had been accepted into its International Development Intern program. So, I started with USAID in April of 1970.

USAID – International Development Intern Program – 1970

Q: How did that selection process with the IDI program work? How was one selected for that and what did you have to provide in terms of your bona fides?

PEASLEY: I don't actually recall, but believe it was only a paper process in those days. We didn't have to do the Foreign Service Exam, although I do recall some other kind of Federal employment exam I had taken my senior year in college. I believe USAID was using a standard U.S. Government application form at that point. I did not go through an interview process. I have the sneaking suspicion that I was actually a substitute and filling a slot that someone else had declined. So, while I was never interviewed, perhaps there were interviews for the first round selectees.

Q: Application for U.S. government employee.

PEASLEY: It was a standard U.S. government application form. I don't believe there were any questions related to development. There were 15 of us in our International Development Intern (IDI) class -- believe we were the fourth class. I was the only woman in the class. We were fairly diverse.

Q: There were minorities?

PEASLEY: There were minorities. There were two African-Americans; one Hispanic; one woman. Four or five of the people in the class had been Foreign Service Limited officers in Vietnam; believe they had all been working in outposts and were now being converted to full career status through the IDI program. Several were ex-Peace Corps volunteers. There were only two or three of us who had not had real work experience in the developing world.. One fellow had been an Army Green Beret, and had been in Vietnam as well doing CORDS (Civil Operations and Revolutionary Development Support) work. I was the youngest, the only woman, the least experienced, and had not been in a developing country before (*laughs*). I've spoken to a lot of new hires at AID and I always tell them, "I wouldn't be hired today (*laughs*)."

Q: Now, this is called an internship program, but it sounds like it's the entry-level --

PEASLEY: It was the entry-level program. It was the equivalent of the junior officer at State.

Q: So did they give you a GS (General Service) rating?

PEASLEY: No, we were Foreign Service Officers.

Q: It's an R rating?

PEASLEY: We were -- it was the old system. We were hired as FS or FSR.

Q: R probably.

PEASLEY: Yes, FSR-7 under the old system. I believe that would be equivalent to an FS-05 today. We were hired as FSR-7s and in those days you got almost an automatic promotion after a year to a Six. And then if you finished your two-year program, you became a Five. It was almost an automatic promotion if you did a decent job.

Q: At some point you went from FSR to FSO (Foreign Service Officer).

PEASLEY: Yes, but I don't recall when we converted to the new system and the numbers changed. Also, at some point we became "commissioned" officers; don't recall if that was at the same time or not. Then, at some point, we also were given black Diplomatic passports instead of the red Official ones that we originally had. I never paid too much attention to these kinds of things so I don't recall when those changes happened.

Q: Was there a language requirement?

PEASLEY: Yes, there was. I had studied French in high school and college, so tested okay when I entered, so I did not have to do any additional language when I initially entered USAID.

Q: Because you tested at S2R2, didn't you?

PEASLEY: Yes.

Q: So that was the level that was acceptable.

PEASLEY: That was acceptable. But, that said, as a general point, I don't think that USAID has ever given enough attention to the language side of things.

Q: On the State side the requirement was three-three --

Q: So this essentially was a training program in the beginning.

PEASLEY: Right, right.

Q: Did you go through classes?

PEASLEY: We had various types of orientation classes in Washington. We stayed very much as group for the first month or two, doing various group-training activities, including things like program design, process management, and cultural adaptation. I was hired with a designated overseas assignment; the plan was for all of us to go to our overseas assignments within six months, depending upon whether language classes were needed. I was assigned to go to Laos, so some of the training related to work in Asia. I also attended lots of meetings related to the USAID program there. Also, these were the days of Esalen and sensitivity training. So, our training included a weekend workshop in the Eastern Shore where there were some sessions of “sensitivity training.” (*laughs*).

Q: I do remember.

PEASLEY: While some of it was inevitably silly, I do still remember some important lessons from our sensitivity training. Again, I was the only woman. There were fourteen guys -- probably half of them were the macho athletic types; half were less athletic. In one of the exercises, they broke us into two groups, basically along this split of the men: athletes vs. the non-athletes.

Q: Along those lines.

PEASLEY: Along those lines a little bit. I don't remember if the trainers broke us up that way, or if it was self-selection. Each group had to teach the other group a game. I was in the group with the athletic types, and our team chose “knee football” as our game; it meant that players had to stay on their knees while running around, playing football. Our guys were very confident that of course they would beat the nerdy types in this. But, they beat us (*laughs*). They did a trick of some sort and they beat us. They then taught us their game – an intricate game in which everyone holds hands, links themselves into knots, and then tries to unravel the knots. Anyway, we could not solve that game either (*laughs*). Bottom line was that the nerdy types beat the macho types twice. They told us that we had learned an important lesson as Americans going overseas (*laughs*). We would need to be more modest about our own capabilities and more respectful about the intelligence of others – and also learn to be alert to tricks. And I always remembered that lesson – not to jump to conclusions too quickly on the basis of appearances only.

Q: So the group was together for six months of training. I see that you were assigned to Laos, but it doesn't appear you went there. Can you explain?

PEASLEY: Yes, we were together for a couple of months and then we went to work on the country desks for our assigned countries. During that time, we continued to have some group sessions, as well. I went to the Laos Desk and was working there. That involved some very interesting meetings when the USAID/Laos Director, Charles Mann, was in DC, including sessions on counter-insurgency activities. Meanwhile, my

classmates, especially those who had already served in Viet Nam, were telling me that Laos was not the right place for me to go. Because of their cautions and my own interest in working on more traditional development issues, I decided to reach out to Herb Rees, the USAID South Asia Office Director, the man whom I had met at Sussex and who had tried to hire me for Bangladesh earlier in the year. This was of course pre-email days, so I sent a handwritten note to Herb, telling him that I was on board, that I was supposed to go to Laos, and reminding him of my interest in South Asia and noting it would be my preference to go there. I didn't hear back from him, but at a party a few weeks later, the coordinator of our program arrived and immediately started quizzing me: "What have you done, Peasley? You're now going to Nepal, you're not going to Laos."

I confessed that I had sent a note to Herb Rees to ask about opportunities, but had not spoken to him or anyone else about specifics. She said that it had been done, so I had better be satisfied. My assignment had been changed to Nepal.

Unfortunately, others in the Personnel Office got very angry at this change; they said that we had all agreed to be available for worldwide service and I had been accepted on the basis of going to Laos. They asked me to write a memo explaining why I wanted the change of assignment. So I wrote a memo to HR (Human Resources). I wrote a memo basically saying that I joined AID because I wanted to work on development issues and blah, blah, blah, blah, blah. And I think I made some fleeting reference to the unique country team arrangements in Laos or something like that. I was fairly candid, but didn't write anything revolutionary. I did, however, make my preference clear. I didn't hear anything. Meanwhile, I had moved to the Nepal Desk because Charlie Mann, the Laos USAID Director, had already agreed to the transfer. He simply asked that he get another IDI. Cap Dean, from the next IDI class, did go to Laos later in the year.

So, I was at the Nepal Desk. One of my intern colleagues was dating someone in Personnel who told him that I was in deep trouble because someone in HR had decided that the views I expressed in my memo suggested I would not be available for worldwide duty. This person recommended I be fired. I obviously panicked and mentioned it to the Nepal desk officer, who then called the head of HR or of Foreign Service Personnel, Joe Toner. Mr. Toner agreed that I shouldn't be dismissed and that my transfer should be formally approved.

Years later I saw the memo that the person in HR had written to try to get me fired, and it was a *very* nasty memo. It was in my file. And I did ask someone if they had to keep it in there (*laughs*) or if they could take it out.

This all sounds a bit silly today, but one needs to remember the things that were happening in the spring, early summer of 1970 – i.e., the large number of anti-war demonstrations. Students were killed in the spring of 1970 at a demonstration at Kent State University against the U.S. invasion of Cambodia. At the same time, a petition was informally circulating around the State Department protesting the invasion. I was never asked to sign the petition, so had not done so. But, several of my intern colleagues had signed. It turned out to be an issue. I heard at the time that the State Department put

letters of reprimand – or some kind of letter noting that this was an inappropriate action – in the files of all State officers who signed the petition. The USAID Administrator, John Hannah – former President of Michigan State University – said he would not do that. He said that it was the right of any USAID employee to sign a petition. Also in this same period, Dr. Hannah was on “Meet the Press” and I guess was asked a question about whether USAID was being used as a cover for the CIA in Laos, and he said yes. Once it became public, the practice ended. I mention all this to further illustrate how interesting the time was – and why some might have viewed my memo negatively.

Q: Well, it sounds like the grounds were pretty shaky. I mean you weren't trying to, to avoid overseas service.

PEASLEY: No, I was just saying that my preference would be to work in a more traditional development program. I didn't say that I wouldn't work in a non-traditional development program, but I was a bit naïve in not realizing how sensitive the issue was for the people in HR. Also, I probably should have spoken directly to someone in HR and I didn't. I just sent a note to Herb. And he went ahead and orchestrated the change – and then the people in HR were upset.

Q: Does this have anything to do with the CIA connection, or was it for an internal sort human resources issue?

PEASLEY: you mean on their part?

Q: Yeah.

PEASLEY: I think it was simply a Human Resources issue. They had had too many interns who wanted to change their assignments; this then complicated their lives. They had decided they were going to lash out at the next person who tried to change their assignment, and I happened to be that next person. That is what I heard later, that it wasn't so much related to me as it was that they wanted to stop this practice. They wanted people to accept an assignment when they entered the Agency – and to stick with it. Anyway, it was an interesting period for me. It also illustrated the sort of close-knit group that our intern class was. It also, I think, illustrates how informal systems worked and the difference personal relationships could make. In retrospect, it was kind of strange that the Nepal desk officer could call up the head of Personnel to discuss the case of an inconsequential new-hire (*laughs*).

Q: Did you find over time that you needed to be your own personnel officer?

PEASLEY: To a certain extent, yes, although I never did any real career planning. I had opportunities. People would ask me if I wanted to do X or Y and that's what drove my career and me. But, I certainly never had any sense there was anyone else in the Agency was doing any sort of planning for my career.

Q: Was there a bidding system though? Open assignments?

PEASLEY: There wasn't when I began. During much of my career it was people in the regional bureaus that kind of managed a process to get the people whom they wanted. They then worked with HR to make it happen. I should, however, add that HR – including the person who tried to get me fired as an intern – was instrumental in recommending staff for senior management positions. The person who almost ended my career before it began was ironically quite supportive as my career proceeded. She even recommended me for my first USAID Deputy Mission Director position. At some point in the 1980's, a formal bidding process was initiated, but I honestly recall being assigned through it. Then, in 1982, I moved into the so-called senior management group for Mission Directors, Deputy Mission Directors, and AID/W Office Directors. That process was more formal. But, again, during much of my early career, the assignment process seemed rather informal.

Q: How could you know what jobs were available though? Was it always people letting you know and would you be interested, or did you know certain ones were opening up and you'd express interest?

PEASLEY: I sometimes knew what was coming up and then expressed interest to those who would be making the selection. For example, before going to Malawi as mission director I was an office director in the Africa Bureau in Washington. I knew that it was becoming open, so I told the powers that be I'd be interested in going there.

The process today is much more open and transparent. I remember when I was in the Latin American Bureau that there was a small group of senior officers from the Bureau's Development Resources, Development Planning, and Management offices that basically looked at overseas staffing needs and identified the best candidates for each position. I believe that other regional bureaus had similar arrangements. Then, the management offices from the regional bureaus would work with HR to formalize the assignments. There were some extraordinary career civil service women in these management offices, like Carol McGraw and Jerry Jordan, who knew "everyone" and knew how to manipulate the bureaucracy. They also worked together informally and thus determined the overseas assignments for many people.

In addition, there were informal systems that existed for many of the technical and management backstops (cones). For example, I headed up for a while the project development function for the Latin America Bureau in the mid-1980's; then I went over and did the same for the Africa Bureau. My counterparts for the "project development function" in other regional bureaus and I would meet to discuss all of the Project Development Officer positions that would be coming open. We knew all the project development officers across the agency. We knew all the positions that were coming up. We would sit down as a group and decide where we thought people should go. Some of it was obviously cutthroat, as we each sought to get the best people for our jobs. But, we also paid attention to the career interests of the Project Development Officers, especially in determining when it was in the best interest of someone to leave Bureau X in order to gain experience elsewhere. Employees knew the process and would meet with regional

bureau representatives when in Washington to identify upcoming positions and to express their preferences. The process worked fairly well, but clearly was not very open or transparent. It also relied a lot on corridor reputation. I suspect that some people were unfairly treated because of this – as you can imagine, people sitting around the table would sometimes agree to take someone “difficult to work with” if “you will take my troublemaker.” The current system is probably much more fair to employees and certainly more transparent.

Q: Well, corridor reputation is probably still important.

PEASLEY: Yes.

Q: Even in the current system. So you were on the Nepal Desk for how long before going on to Kathmandu?

PEASLEY: Just a couple months. I had time to meet the mission director when he came into town. I remember meeting Tony Quainton. Do you know Tony?

Q: Yes.

PEASLEY: He ultimately came to Nepal as the Deputy Chief of Mission (DCM) at the Embassy, but I don't remember what his position was then. He was perhaps the South Asia Office Director. But, I do remember meeting him in Washington while on the Desk, in part because he was so youthful looking. I was sitting in an office with two doors. The USAID Mission Director, Carter Ide, was in town, and I knew that he had sons and one of them was supposed to be meeting him at the office that day. Suddenly, Tony came in the back door and said, “Is Carter Ide here?”

And I almost said, “No, your father's not here.” But *fortunately* I did not, because then I discovered (*laughs*) he was the office director for the State Department. But he was so young looking (*laughs*).

Q: Did you ever tell Tony that story?

PEASLEY: I think I did. I really liked him a lot and got to know him quite well in Nepal.

Assignment to USAID/Nepal: 1970-1975

Q: So when did you go off to Nepal?

PEASLEY: I went off in late August of 1970.

Q: 1970.

PEASLEY: Yes; I joined AID in April, so it was really a fairly short training period. I arrived in Nepal on August 29th.

Q: What was your job there?

PEASLEY: I was scheduled to go into a Program Economist position, although in those days, International Development Interns (IDIs) didn't go immediately into a fulltime position. You were supposed to rotate around different jobs for your initial two years. While going out as an economist, I did rotate around a few different offices and did a variety of program, budget, economic analysis, project design, and evaluation work. So I did a little bit of everything.

Q: How big was the mission?

PEASLEY: There were probably 30 to 35 direct hire Americans, and a lot of Nepali staff. It was a very large USAID office. In those days we still had direct hire staff that were playing advisory roles, so we had four agricultural officers who were assigned in the Terai Region of the country, which is down by the Indian border. As I recall, they were in Janakpur, Hetauda, Bhairahawa, and Nepalgunj. They were helping to create agricultural and research extension posts across the length of Nepal. That kind of position was eliminated from AID probably not too long after I left Nepal. So, it was a fairly big mission. Carter Ide was the mission director. He had joined a predecessor agency during the Marshall Plan days and worked initially in Copenhagen. Carol Laise was the ambassador. Carter was actually there as mission director at the request of Ambassador Laise. They had known one another for many years.

Carter was a very interesting man and a real student of development, and I was very lucky to have him as my first USAID director. He had been the USAID Deputy Mission Director in India prior to going to Nepal. That was when John Lewis from Princeton University was the mission director in India. He had left Princeton for three years to go to India on a political appointment. Carter, as a respected career USAID officer, was sent as his Deputy. By the time I got to Nepal, John Lewis was back at Princeton, but he was still doing some work in India – and certainly thinking deeply about development issues there. He wrote long letters to Carter that he often shared with me. I still remember his thoughtful musings about development issues and decentralization. Many of his thoughts stayed with me throughout my career – for example, that one must sometimes deal with inequity issues from a national platform, that decentralized approaches often can't work because of local prejudices. Carter was always thinking about the tough development issues and interested in bringing new ways of thinking to the table. It was great to have that kind of role model at the outset of my career. I should add that Carter had also been the USAID mission director in the Dominican Republic before going to India -- in 1964, I guess.

Q: When we went in?

PEASLEY: When we went in.

Q: That sounds -- let's see, '60 -- yeah, it was right about that time, yeah.

PEASLEY: Yes; I think Carter actually was in Washington on consultation when the Marines went into the Dominican Republic. I remember him discussing the invasion with Ellsworth Bunker who had been brought into the DR after the emergency to “sort things out.” As you may recall, Ellsworth Bunker was Ambassador to Viet Nam during the early 1970’s; he was also married to Ambassador Laise and would frequently come up to Kathmandu for “rest time,” often using an Air Force plane and bringing others for R&R in Nepal. It was a real treat to meet such a respected former businessman and diplomat. I still marvel at his willingness to meet with American staff in Nepal to discuss the situation in Vietnam. He was asked a lot of tough questions, but he always handled them coolly

Q: In Nepal what were the major AID programs and projects?

PEASLEY: We were working across the board in what was and what unfortunately remains one of the poorest countries in the world. We had a large agriculture research and extension program. We were working on public health issues such as malaria control and family planning, as well as medical education. These were the early days of family planning program in Nepal. We had a large program in education working with the Ministry of Education and Teacher Training College. We were doing some infrastructure activities, including a road in Western Nepal, and groundwater exploration. We also had a public administration program that included some work with the Centre for Economic Development and Administration at Tribhuvan University, as well as an advisor with the Public Service Commission and Administrative Service. We were also funding a large participant training program in which we sent Nepali students to the U.S., India, Lebanon, and other third countries for academic studies. That’s probably about it. But it was a very broad based program.

Q: Were you having significant impact do you think?

PEASLEY: I think we were in certain areas. You have actually asked a tough question. Nepal is a very interesting story because USAID’s been there since 1951, and the country remains very poor. I have asked myself many times why it hasn’t achieved more. I think much of it has to do with governance, including a monarchy that didn’t do enough to help the country and that suffered from and tolerated corruption within its ranks.

But I do think that many of USAID’s programs did have significant impact as well, especially in helping to build critically important institutions. For example, while I was there, we helped establish the Institute of Agriculture and Animal Sciences (IAAS) within the university system. It became a major degree-issuing institution, maintaining its links to several American universities that provided some of the initial technical assistance for creation of the IAAS in Rampur, a rural community in Nepal’s Terai region. Similarly, USAID supported Nepal’s education sector from the outset of USAID’s program in the early 1950’s. This includes development of curricula, building of schools, and creation of teacher training facilities. USAID’s health programs also helped build Ministry of Health infrastructure while also supporting community-based

approaches. The result has been reduced infant, child, and maternal mortality rates; higher life expectancy; and reduced transmission of infectious disease. So I think that there has been important impact from USAID's programs. But, I don't think that it has added up to what it should have. I find this particularly frustrating because some of the most talented individuals that I've ever worked with anywhere in the world were in Nepal. I was there at an especially exciting time when the young Crown Prince ascended to the throne and tried to give more voice to young technocrats. For example, I was working with young Nepalese at the university at something called the Center for Development and Administration, CEDA, which was headed up by a young Oxford graduate, Pashupati Shumsher Rana, who ultimately became a major political figure in the country. There were many other young Nepalese with graduate degrees from the U.S. and Britain. These people were smart; they were committed; and they really wanted to see change in their country. And yet, all of them ended up getting frustrated in some sense by a government structure that didn't work right.

Q: What about the culture itself? I understand there are innumerable holidays.

PEASLEY: *(laughs)* Yes. Well, that probably didn't help. During the fall you certainly didn't get much work done from the middle of September until the middle of November.

Q: But even after that during the rest of the year, or --

PEASLEY: Yes; there were lots of holidays during the rest of the year, but somehow India's been able *(laughs)* to manage the problem better than the Nepalese.

Q: There must be a big impact on productivity.

PEASLEY: Yes. Right *(laughs)*.

Q: Would Nepal survive without us, outside aid?

PEASLEY: Yes, I think they would survive. I think they're too dependent on assistance, but I think they would survive because I suspect some of the aid has gone into things that are not critically important for the country, to be quite honest. And if aid had not been there, the Nepalese might have devoted more of their own resources to the most crucial needs. Unfortunately, I think that donor programs sometimes distract countries from things that they need to be putting greater attention on themselves.

I should add something else about the USAID program while I was in Nepal that was quite interesting. Our program was only partially funded through appropriated dollars. We also had a substantial amount of Indian rupees that were part of our annual budget.

Q: Is that the currency for Nepal?

PEASLEY: No, Nepal has its own rupee currency. But throughout the 1960s and into the early 1970s, the United States government owned "billions" (or perhaps hundreds of

millions – I really don't recall the number) of dollars worth of Indian rupees from old food aid/monetization programs in India.

Q: What they call counterpart programs?

PEASLEY: Yes; through monetized food aid. This had become a major foreign policy issue between the U.S. and India; in the early 1970s there was a negotiation with the Indian government to reduce U.S. holdings of Indian rupees. I believe we owned a significant portion of the Indian money supply – I am making up this number, but it could have been as large as 30-40 percent.

Q: Really (laughs)?

PEASLEY: -- was owned by the U.S. government. Again, I don't remember the actual number, but it was clearly large and a totally inappropriate amount for a foreign government to own. The bulk of the rupees owned by the U.S. were simply held, but some were used for the Nepal program; some were used in the USAID India program for various purposes; and some were used by the U.S. Government to construct some facilities for the embassy in New Delhi. I recall seeing at some point a very funny cable written by Daniel Moynihan when he was U.S. Ambassador to India. He described the American restaurant in the Delhi suburbs with its wagon wheels on the walls and hamburgers on the menu. It was very funny.

As part of the negotiations, Indian rupees for USAID in Nepal were to be phased out, albeit gradually over several years. During most of my time in Nepal, we had around eight to ten million dollars a year of Indian rupees for use in the USAID/Nepal program. Our appropriated dollar funds were used primarily for technical assistance, participant training, and commodity procurement. We then converted the Indian rupee allocations into Nepali currency for local costs and budget support. In retrospect, this assured early in my career that I learned about local government budgeting and how best to provide budget support so as to help build a sustainable program over time. For example, in supporting agricultural research/extension stations, we used dollars for linkages to and technical assistance from the International Rice Research Institute (IRRI) in the Philippines and the International Maize and Wheat Research Institute (CYMMIT) in Mexico. We complemented this with rupee budget support to the Ministry of Agriculture for its research and extension facilities. We would thus look at a four or five-year time frame and we'd say, "We'll put in this much and you put in this much" over time. We would use a sliding scale in order to wean them from a dependence on the external resources, say, "We'll do 80%, or a 100% the first year and 80% the second year, and 60%" the third year, etc. Therefore, by the end of the activity, the Government of Nepal had fully integrated the costs into its own budgetary system. Again, the availability of these rupee funds provided me with very important lessons on how best to support local costs and how to work with local governments to ensure sustainability.

Also, during this period, we needed to plan how we would maintain the USAID program level in Nepal after the Indian rupees were no longer available. This took place over

several years. As I recall, it also led to the use of some loan funds in Nepal for infrastructure activities.

The budget support programming also helped define the economic analysis work that I did at post. This included research on budgets, hard currency reserves, Indian rupee reserves, inflation, debt servicing, etc.

Q: I infer from your remarks that the relationship between the mission and the rest of the embassy was a good one.

PEASLEY: Yes, absolutely. We had a very good relationship with the embassy. There were two excellent U.S. ambassadors during my five years in Nepal. Carol Laise was for the first couple of years; then William Cargo. Carlton Coon was the first Deputy Chief of Mission (DCM); Tony Quainton followed him. Carlton's wife Jane was there with him; those were the days when a woman had to give up her Foreign Service career if she married a fellow FSO. She had been a very senior officer herself. Fortunately, a few years after they left Nepal, the law changed and she returned to the Foreign Service. By the early 1980s, Jane was U.S. Ambassador in Bangladesh while Carl was U.S. Ambassador in Nepal. Edward (Skip) Gnehm was also at the Embassy; believe he was a first tour Consular Officer. He, too, became an Ambassador later in his career, as well as the Director General of the Foreign Service at State Department. There were obviously some very strong Foreign Service Officers at the Embassy in those days. It established a good pattern for my career.

Q: You didn't scale Everest while you were there?

PEASLEY: No, I didn't scale Everest, but I did a lot of trekking. I was there five years and used up almost all of my leave in-country trekking.

Q: What's the altitude in Katmandu?

PEASLEY: Katmandu's only about 4,500 feet, so it's not --

Q: Oh, that's not --

PEASLEY: No, it's not high, it's perfect.

Q: Must have nice climate.

PEASLEY: Yeah, it's perfect climate, beautiful -- absolutely gorgeous. I went back a few years ago, and it has really changed a lot. But in those days the city was quite beautiful -- and certainly not the crowded city it is today. I did major treks in the fall and in the spring. So I did trek to the Everest Region in November 1971, not to the base camp, but to a nearby hill called Kala Patthar that is about 18,500 feet. Once you climb Kala Patthar, you can see the top of Everest. The top is not actually visible from base camp because of a ridge in front of Everest. Now, I will confess that I did not actually get to the

very top of Kala Patthar. I got about halfway up or to nearly 18,000 feet, but far enough up so I could see the top of Everest. I most recall that it was pretty unpleasant.

Q: But that's pretty oxygen deprived.

PEASLEY: Yes, it certainly was high enough to feel breathless. Every step was painful. There were four of us: the wife of the Peace Corps deputy director, the wife of one of my embassy colleagues, and the wife of one of my USAID colleagues. Only one of us made it to the very top – the altitude seemed to make her manic and she basically ran up the hill.

Q: (laughs)

PEASLEY: And I think it was the oxygen deprivation, because she literally ran up and fell in a hole. It was ridiculous. The other friend I was with got somewhat manic and ate a whole bunch of peanuts. She started just *(laughs)* eating fistfuls of peanuts. All I remember about myself was just struggling up the hill in the cold and trying to change the lens on my camera so I could get a better shot of the Everest summit. That same day an Argentinean expedition was trying to get to the top of Everest. And I just kept thinking, "They are 10,000 feet higher up than I am. How can anyone do this?"

Q: How did you feel physically at 18,000 feet?

PEASLEY: It was hard work to just move.

Q: Not getting enough oxygen.

PEASLEY: You're just not getting enough oxygen. I don't recall having headaches --

Q: You weren't hallucinating or --

PEASLEY: No, I wasn't, but I think my friends were getting close to the hallucination point *(laughs)*. Certainly they had become a bit manic. And, of course, it was cold and windy.

Q: Absolutely.

PEASLEY: I remember the cold well. We were sleeping in a tent and I remember having a bottle of Neo-Synephrine nose drops. They froze at night. But, in spite of some discomfort, it was a magnificent trek. After Kala Patthar, we returned to Tengboche for a day or two. We set up our tents in an open area. The next day, we went on a short hike and returned to find that the Argentineans had left Everest and were en route home. They surrounded us with their own tents. They partied all night – and we joined them.

Q: They made it to the summit?

PEASLEY: No, they didn't, but they still came back and partied (*laughs*).

Q: I guess surviving.

PEASLEY: Yes. They and their Sherpa guides were having great fun.

That was my first major trek. Another particularly nice trek was to the Annapurna Sanctuary in 1973. It also turned out to be a very interesting cultural experience, especially since we knew of so many other foreigners who had bad experiences in the Sanctuary, either because of bad weather or other mishaps. This was an area northwest of Pokhara, tucked in behind the Annapurna South massif and a mountain called Machhapuchchhre. I went on this trek with the wife of one of my AID colleagues, the same one who'd gone to Everest with me, her daughter who's a couple years younger than me, and then two Nepali male friends, one of whom worked for the Nepal Foreign Ministry and his cousin/brother. We were all friends. The trek was in the autumn during the time of a major Nepali holiday, Dashain. The five of us took off, knowing that there were two other small groups of mutual friends also on the same trek and a few days ahead of us. The weather was terrible with continued heavy monsoon rains in the hills. We spent several days focused on leach removal. Then, when we got to a small village about a day's walk from the Sanctuary, the rain got very bad. So, we decided to stay in the village for a couple of days – we played cards, drank lots of local brew, and waited for the rain to stop.

Q: Were you in your tents or were you just --

PEASLEY: No, at that point we were in a village and sleeping on the porch of someone's house. It was quite common to do that, simply paying villagers to stay with them. Since our group included two Nepali friends, one of whom loved to sing, he was constantly engaged with the villagers. It also meant that we partied and sang with them each evening. One of my Nepali friends discovered from one of the villagers that women were not supposed to go into the Sanctuary. He didn't initially tell us about this warning. Then, while in the village, we saw one of our friends from the group a few days ahead of us running back down the trail to a village which had radio contact with Pokhara to call for a helicopter to evacuate one of the women in their group who had fallen. Then, our other friends who were a few days ahead of us arrived in the village. They had gotten into the Sanctuary okay, but saw nothing because of terrible weather. This "bad luck" prompted our Nepali friend to consider the warning from the villagers a bit more carefully. He went back to the villagers, reminding them that "these are foreign women (*laughs*). Is there anything that we can do to make it OK?"

And they say, "Yes, probably. If you were to do 'puja' beforehand, it might be OK." He didn't tell us any of this while we were waiting out the weather in the village. But, once we did start walking again and were approaching the Sanctuary, he announced that we would stop and "do puja. We're going to do a little ceremony, we're going to do something to make it okay for women to go into the Sanctuary." At that moment, it was very cloudy; the weather remained very suspect. We did as he instructed. We did "puja,"

and I kid you not, the clouds lifted. We went into the Sanctuary and had perfect weather for 24 hours.

Q: Is this a Buddhist ceremony or --

PEASLEY: I think “puja” is technically a Hindu ceremony, but we simply did a modest gesture of a ceremony. But, it certainly gave me a greater sense of the innate spirituality of the Himalayas. It was also interesting because this Nepali friend worked in the Nepal Foreign Ministry. For a time while I was still in Nepal, he was in the Ministry’s Mountaineering Division. There had been an accident on one of the international climbing expeditions. In the local newspaper account, there was a brief quote from a Ministry official noting the importance of respecting local culture and traditions. Later I discovered that he had indeed made this statement to the press. More generally, on almost all of my treks, we spent a lot of time talking with villagers. So, besides seeing the beautiful mountains and enjoying the hiking, the treks were a chance for me to get a much better understanding of what life was like in mountain villages of Nepal.

Q: Did being a woman have an impact on your relationship with Nepalese professionally?

PEASLEY: I don't think so. I had good working relationships and friendships with many Nepali women and men. I did a lot of entertaining at my house, often with younger Nepali professionals. Herb Rees, Director of the South Asia Office for USAID, would come out once a year to Nepal. He was a mentor to many young people in the Agency and would always find time to come by my office to see how I was doing. I would also always invite him to my house for a dinner with young Nepali professionals. He loved the chance to talk to them about development issues and to debate other current political issues, such as the Vietnam War. He would sit down on the floor in my living room with them and debate enthusiastically – and also listen so he could learn more about their perspectives on the development challenges in Nepal. One of these young officials was the chief economist at Nepal’s Rastra (central) Bank. She was the daughter of a former prime minister and had done her university study in Russia. She had a doctorate from Patrice Lumumba University in Moscow; she had also married a Russian and had a daughter. By the time I met her (Meena Acharya), she and her husband had divorced. She was an excellent economist – often joked that the Russians had taught them well about capitalist economics so they would know the “enemy.” She also became a leader in studying gender/women in development issues in Nepal. Meena was often at these dinners – and she loved to debate with Herb Rees. The head of the Foreign Aid Division at the Ministry of Finance, Devendra Raj Pandey, who had his PhD from the University of Pittsburgh, was also often there. He later became a strong critic of foreign aid – and also the head of Transparency International in Nepal. Another good friend in the planning commission, Ratna Rana, had his PhD from the University of Hawaii. I often got together with these folks – and many other Nepali colleagues – to socialize and to debate the issues of the early 1970’s. Many of them had spent time in U.S. or British academic institutions, so they were very comfortable dealing with women professionally. Also, of course, there were prominent women professionals in Nepal – people like Meena

Acharya, but also many others who were part of this circle of young development professionals.

Also, of course, the Nepalese in general are the most open people I think I've ever dealt with overseas. That enabled me to have the kind of personal/professional relationships I was never able to replicate elsewhere. My Nepali colleagues and friends were comfortable in their "own skins" and had no qualms about going to the homes of expatriates and to asking foreigners to their homes. This was not only true of professional colleagues, but also of Nepalese at all social levels. Even when they lived very modestly, they were completely open to us – there was this quiet confidence and comfort that enabled extraordinary friendships. It is a spirit that I certainly wish were more prevalent in this world. They recognized differences, but they didn't matter and didn't get in the way of real personal contact. I think it was similar vis-à-vis gender. It didn't matter whether one was a man or a woman. They just seemed to accept you as an individual. That was not something I felt everywhere in the world; Nepal was very unique and, again, a perfect place for me to start my career. I was able to have relationships and experiences that I don't think I would have been able to have anywhere else. It enabled me to gain an extraordinary respect for Nepali government officials and people who were grappling with development tissues in their country. It also ensured that I, at the beginning of my career, learned to respect and honor my counterparts – not look down on them (a curse that I feel has affected too many people in the Foreign Service).

This was also very much the spirit of the USAID director, Carter Ide, who had immense respect for the Nepalese people and wonderful relationships with them. He was truly a role model of what an international development professional should be. He was also a wonderful mentor. I was the USAID Program Economist and he would invite me to participate in lots of meetings that a junior person wouldn't normally attend. For example, when John Beyer – a Ford Foundation economist in New Delhi who had previously been resident in Kathmandu – would come to town to consult with the Ministry of Finance, Carter would have informal breakfast meetings with John and the Secretary of Finance. He would invite me to attend those meetings, thus enabling me to observe them talking about development challenges, the hard budgetary decisions that need to be made, domestic resource mobilization, and the tradeoffs officials have to make. I was so lucky, early in my career, to see that kind of dialogue and those kinds of professional relationships. Those lessons were so valuable – and they set me onto a path that I tried to adhere to for the rest of my career. I wish more young people in USAID could have had that kind of opportunity.

I actually wrote about this when a book was prepared for USAID's fiftieth anniversary. Janet Ballantyne edited the book; she asked a large group of us to write short articles and anecdotes. I wrote about "host country ownership" – a mantra that is always now spoken about in international development circles. Carter Ide taught me the importance of "host country ownership" way back in the early 1970's. There were many infrastructure projects in Nepal in those days, including lots of road building. There was the British road; there was the Chinese road; there was the Indian road; there was the Russian road. These were being built around the country – and all were known by the donor's name. In

most cases, they were also turnkey operations being done by contractors from the donor country. In the case of the Chinese road, most of the laborers were also Chinese; as I recall, the main functions of the Nepali labor was to pound rocks into gravel for the roadbed. USAID was also doing a road: the Western Hills road in the far west of the country. It was the *only* road project funded by a donor that was known by anything other than the donor's name. It was the *only* one that was being done in conjunction with the Nepal Government's Department of Roads. It was the *only* one that included capacity and institutional building activities. But, of course, this is what development should be about. It's not just building a road; it's working with local people, it's helping to strengthen institutions; and addressing sustainability. That is the way our program operated. I, of course, credit Carter Ide with much of this, but it was also due to others in the USAID mission. It really was the culture of the USAID/Nepal mission – work with local institutions and build sustainable solutions.

Let me add one other anecdote about my work in Nepal. I did a lot of different kinds of work while I was there, including various kinds of economic analysis – of the Government of Nepal's annual budget, of specific development issues, and of project feasibility. Most were submitted to Washington as long air grams. Some of my work was done solely for USAID, but some also become Embassy reporting, especially on the annual Nepal budget. I remember analyzing recurrent costs because I was concerned about all the roads that were being built without much Nepali Government coordination; maintenance costs were not being factored into any of the government budgets. I remember my friend in the Foreign Ministry telling me one day that he had read and liked that paper. I have no idea how it got into Government hands. I also learned that the Embassy Econ Section would often share my budget reporting with other embassies in town; so, it appears that some of my reports went to multiple capitals in Europe. That was because most of the embassies, including the U.S. Embassy, did not have trained economists at post. I also recall that the U.S. Embassy had at least one non-State officer in the Economics Section. He was Acting Econ Officer at one point; he had someone visiting him in the office and was unable to answer some questions, so he excused himself and went into another office and called me to ask some questions. I was able to give him enough so he could bluff himself through the meeting.

More generally, the diplomatic community in Kathmandu at that time was a funny place – a real microcosm of the Cold War. The Russians were there, as were the Chinese. Everyone had assistance programs, including the Indians. The Deputy Director of the Indian Aid Office was in fact part of the Indian intelligence service. I knew many of them because I played tennis, and most of them seemed to be tennis players. I still remember how unhappy Carter Ide was when I mentioned to him that the Indian Deputy Aid Director was in intelligence; he had not known and called up Ambassador Laise very indignantly to ask why his lowest level USAID officer knew and he didn't. Anyway, it was a very funny situation. I even played tennis a couple times with some of the Russians. Once we asked Colonel Guryev from the Russian Embassy to play at the American Embassy recreation area courts. Ambassador Laise was there that Saturday (*laughs*) and saw us. On Monday, I got called into her office (*laughs*) to get a bit of a

lecture. She said she hoped I wasn't doing anything stupid and reminded me of the reporting requirements.

Q: Are you supposed to report contacts?

PEASLEY: Yes, and I did report any contacts with the Soviets. I think the Ambassador was also just showing concern for me; she wanted to make sure I wasn't being led astray in any way. I reassured her that there wasn't anything other than tennis being played. I thought it was actually very nice of her to take the time to meet with me; she obviously cared about young people and wanted to make sure we didn't get ourselves in trouble. More generally, it was a funny environment with a lot of undercurrents. I knew there were other games being played, much of by folks in the tennis playing community. Fortunately, I did not get myself into any trouble..

Q: Among the Nepalese, what was the overall attitude toward the United States and toward Americans?

PEASLEY: It was very positive. Many Nepalese had studied in the U.S., certainly many people with whom I worked. Also, most Nepalese had good experiences with Peace Corps. Also in this period, there was another cadre of Americans coming through Katmandu: the hippie world traveler types. Some of these folks did create issues in Nepali communities – they were often too scruffy, too culturally insensitive, and too disrespectful. But in general, there were very positive attitudes about the United States and Americans. After I'd been there about a year, King Mahendra died and Crown Prince Birendra became king. He had studied at Harvard for a year. In fact, his former tutor at Harvard, Dan Taylor, was a Personal Services Contractor at the USAID Mission. Carter Ide had brought Dan in especially to help strengthen communication with the monarchy. This was especially useful as the then Crown Prince had been leading a small staff to promote a new Education Plan – USAID's education team was very closely involved as those new approaches were being debated.

Q: Some of the young Americans coming in were there for the drug culture, weren't they?

PEASLEY: Yes, the world traveler hippie types. No question about that. And that had a negative impact on the American image, to be honest. I do recall seeing old women in the old sections of Kathmandu chasing scruffy hippies off their front stoops. They didn't like to see dirty people who didn't take care of themselves. During the early 1970's, I don't believe that the drug culture was seriously affecting Nepali communities; unfortunately, I think those problems did arise later and had serious negative effects.

Q: Were there spillover effects in Nepal from the U.S. relationship with India? Did that really play a role that was particularly noticeable?

PEASLEY: Yes, although I probably was not very conscious of it. The India-Pakistan War took place in late 1971; that was when East Pakistan became Bangladesh. In fact, we were having a review of the AID program with senior people in Washington in Katmandu

when the war started. They got stuck there because there were no flights in and out of Katmandu for at least several days. More generally, Nepal's relationship with India has always been interesting and often problematic.

Q: Living in the shadow of a big neighbor.

PEASLEY: Yes; in fact living in the shadow of two large neighbors. During this period, the U.S. was "tilting" towards Pakistan, in part because of the plans for Nixon to go to China. So, during most of the time I was in Nepal, our relations with India were not ideal. The Nepalese themselves had issues with India, so I think they probably were happy that we were also having issues with them. But again, it was probably not something that I thought too much about to be quite honest. Nepal always had to balance between China and India. You may recall that Nepal was isolated until 1950. The first road (Raj Path) from Kathmandu to the India border was built in the early 1950's. The road was financed by India – and constructed by them to meet Indian specifications. The story was that it was designed so that Chinese tanks could not travel down the road because of the large number of hairpin turns. The Raj Path was an incredible road; I believe it has finally now been replaced by something a little easier to traverse.

Q: (laughs)

PEASLEY: I don't know if that was a true story or not, but certainly Nepal was always balancing itself between India and China. This also contributed to Nepal being a sort of microcosm of the Cold War. There were intelligence operations from all the countries in Nepal, but they really weren't looking at Nepal particularly; they were instead looking at one another. They also focused on Tibetan issues. In our own Embassy, I know that at least one person was focused on the Chinese. There was someone else who was focused on the Russians and someone else on the Indians (*laughs*). I don't think anybody was particularly focused on the Nepalese, although I guess to a certain extent they kept track of what was happening in the country. In summary, it was very odd kind of place.

Q: You mentioned that in your return trip to Nepal years later you were kind of contrasting the place, Kathmandu I guess, the beauty of Kathmandu in the earlier times. What was the contrast like?

PEASLEY: The most significant change was size. I believe that the population of Kathmandu was about 250,000 when I was there; now way over a million. In part, this was driven by the Maoist revolution in the rural areas that drove migration into the cities. In the early 1970's, rice paddy fields dominated much of the Kathmandu Valley landscape. Flying into the Valley was so beautiful, as it was dominated by green. When I flew into Kathmandu five or six years ago, there wasn't a rice paddy field to be seen. Rather, the Valley is almost totally urbanized – lots of concrete rather than green.

Q: This is in what year?

PEASLEY: I was last there in March 2009. Because of the population growth, there are concrete apartment blocks everywhere. Visually, it is not the same place. There's much more pollution, there's much more traffic. There was really no traffic in the early 1970's. I had a 1955 Hillman Minx car that I bought there; it had been driven overland from Britain. Because the car often broke down, I also had a Honda 90 motorbike, which was absolutely fantastic. I zipped all over Katmandu. I sometimes surprised folks – still remember arriving at DCM Tony Quainton's home for a reception one evening wearing a long dress and my helmet.

Q: (laughs)

PEASLEY: *(laughs)* And Tony just shaking his head saying, "Oh, the diplomatic community is changing."

Q: Is there anything you want to add about Nepal before we move on?

PEASLEY: I would only like to reinforce how important this first post was to my career; it was such a formative experience. First, because I stayed five years, I was really able to get to know the country, culture, and people. Second, I was fortunate to work in a USAID mission that was so committed to working with Nepali institutions – and which always operated from a position of respect for local capacity. It was just the best learning experience that anyone could ever have.

Q: Where did you go after Nepal?

PEASLEY: I ended up going to Costa Rica, but that was a bit of a surprise. In the early spring, I was told that I would be going back to Washington to work on the Syria Desk.

Q: This is what year?

PEASLEY: 1975. Herb Rees was the office director for South Asia in the old Near East South Asia Bureau, and he had contacted the AID director to say I would be going back to be the Syria desk officer. This was fine with me. Then, in May or June, a cable arrived assigning me to Costa Rica. In April of 1975, Vietnam closed and they suddenly had this huge number of AID employees leaving Vietnam, Cambodia, and Laos. The HR system seemingly then got turned over to a computer. There was a Program Economist vacancy in Costa Rica, so that's where I was assigned.

Assignment to USAID/Costa Rica – 1976-78

Q: So you went to Costa Rica in 1975.

PEASLEY: Well, I came back to Washington and I went to FSI (Foreign Service Institute) for Spanish language training.

Q: OK.

PEASLEY: So I didn't actually get to Costa Rica until February of 1976.

Q: OK, well let's call a halt there.

PEASLEY: OK.

Q: Resuming our conversation on July 14th, 2015. Carol, the last time we talked you had just completed Spanish language training and you were off to Costa Rica.

PEASLEY: Off to Costa Rica.

Q: I think as a program officer.

PEASLEY: Program Economist.

Q: Program economist.

PEASLEY: Yes.

Q: Tell me about your stay in Costa Rica. What was going on and what was AID up to?

PEASLEY: When I got there in February of 1976 it was a relatively small program and staff; it was also an AID Affairs Office, not a full AID mission. USAID/Washington was in fact also reassessing whether we should still be there and, if so, what we should be doing. During my pre-departure meetings in Washington, I was almost always asked why we were still in Costa Rica, that it no longer needed assistance. It was obviously hard for me to answer that question since I had not yet laid foot in the country. The implicit “strategy” was a loan or major project approval every other year. I should add that were the days when AID was still doing loans, particularly in Latin America.

We had a significant Nutrition Program, as well as agricultural research, municipal development, housing investment guarantees, and family planning activities. We also supported some interesting microfinance programming through Accion, a US-based NGO that became a leader in the international microfinance community.

My first task as the economist was in fact to work on a new strategy for the AID program. I was the economist, reporting to the AID Affairs Officer (Joe Sconce) and working closely with our Costa Rican program officer, Ana Sayagues. Ana was an exceptionally good program officer, and we worked very well together.

Terence Todman was the U.S. ambassador for my first year or so in Costa Rica and we worked very closely with him. I spent my early months doing a lot of analytic work for the new strategy document. I have since joked that I was the lead drafter on “the least effective document in the history of AID.” We had taken seriously the questions people were asking about why USAID was still in Costa Rica. We defined what we thought

would be appropriate “graduation” criteria, and then measured Costa Rica against those criteria. We concluded that Costa Rica would meet those graduation criteria by the end of fiscal year 1980 – or four years into the future. We recommended that the USAID program be phased out at that time. Ambassador Todman was initially a bit shocked by the strategy, but he did support it. We also tried in our strategy to define post-USAID activities that could continue some partnership programs between Costa Rican and U.S. organizations. I think it was a very reasonable approach, especially in trying to maintain post-USAID collaboration between the two countries. The paper was submitted probably in February or March of 1977, not too long after the inauguration of Jimmy Carter.

As you recall, President Carter was focused on supporting democracies and improved human rights. They certainly did not want to be closing out or graduating the USAID program in the only real democracy in Central America. So, our strategy was rejected, and we were sent back to San Jose to do a new strategy for a “middle income” country. We did that, and it turned out to be a very interesting process, especially in working closely with the Costa Ricans to analyze the most important poverty questions in the country. We funded a melding of three censuses that the Costa Ricans had done for themselves: an agricultural census, a population census, and a third household multi-sector census. We contracted with the University of Florida to work with the Costa Ricans to pull all of this household-level data together. We were then able to look at different variables related to poverty. This enabled us to identify the poorest households and geographic localities in the country. It also helped me see that Infant Mortality Rate was one of the best proxy indicators of poverty in Costa Rica. Much of our new strategy thus focused on reducing poverty in these more isolated areas. We also decided to focus major attention of some second-generation development issues, such as environment and natural resources, management. One of the outgrowths of the strategy was USAID support for, I think, one of Costa Rica’s first national parks. This in turn helped build Costa Rica’s eco tourism industry, which now has become a critical part of Costa Rica’s economy. Anyway, we did submit a new strategy document to Washington, which was focused more on middle-income issues and the most serious poverty issues.

Q: How did the AID team feel about this? After having projected a phase-out and saying not so fast, how did you feel about this?

PEASLEY: I think most people were happy because everyone liked Costa Rica; certainly the Costa Rican employees in the mission were quite happy. At the same time the strategy was approved, Washington decided to upgrade the AID Affairs Office to a full USAID mission and to increase the American staffing. The AID Affairs Officer departed, and a new Mission Director came in from the private sector. He had worked much of his career for Cummins Engines, representing Latin America. He had an MBA from Stanford and was a bit of a “whiz kid.” He also brought in some new staff, so it became a very different place during my final months at post

Q: The Costa Rican staff?

PEASLEY: No, the Costa Rican staff remained, but there was a significant turnover of American staff.

Q: What was the rationale for personal change? Different specialties, expertise?

PEASLEY: Yes; I believe that some new skills were brought in. Also, some tours simply ended and it was time to rotate out. But, some changes were at the initiative of the new director, that he wanted certain things to change in the mission and some people were resistant to that. I think that some folks in Washington saw it as “cleaning house.”

Q: Was this -- do you think this concern was justified? Was there really resistance on the part of?

PEASLEY: No, I don't think so. He did have a different management style, and it certainly became a more formal and serious mission after his arrival. We had been a very small office and pretty much left alone by Washington. That changed as Costa Rica became more important to the U.S. Government. We had the reputation of being a bit relaxed. For example, one of our most important American officers loved to portray this image by making sure he had a good tan before heading to Washington for program review meetings – especially in the wintertime. He actually was a very strong officer – and very analytic – but he didn't want to be seen in that light. Most in Washington bought into the image, rather than the reality. Anyway, when the new Director arrived, he definitely wanted to change the image of the mission and thus made changes in staffing

Q: Who was the new AID director?

PEASLEY: Fellow named Steve Knaebel

Q: How do you spell it?

PEASLEY: K-N-A-E-B-E-L.

Q: Did his sort of status of political appointee, quasi-political appointee, did that have an effect?

PEASLEY: I think people genuinely liked and respected Steve, but he didn't know much about how USAID worked, so he did struggle a bit at the outset. Also, early on, he focused too much on communication and the quality of writing/editing rather than the big picture. But, he did recruit excellent new staff into the mission. For example, when our Costa Rican program officer got married and left the office, he brought in a senior American (Mary Kilgour) to head up that office. Another senior American came in to head up the Project Development Office (Bastiaan Schouten). I had earlier requested to return to Washington after one tour in Costa Rica, although towards the end, I did wish I could stay on to work with the new team.

By the time I departed in summer 1978, it was a very different mission. But, I also knew that those of us who were there earlier had put in place a strong new strategy that was well geared to the development challenges in Costa Rica. Of course, everything in Central America would change significantly in the next few years. The Sandinistas took over in Nicaragua in 1979; this then prompted the rise of the Contras and, after the election of Ronald Reagan in 1980, to huge increases in programming throughout Central America. The USAID mission in Costa Rica grew tremendously, including large balance of payments support programs tied to IMF and World Bank programs, infrastructure in the north to support Contra efforts, etc. So, we went from a Costa Rica “graduation” discussion in 1977 to a hundreds of millions of dollars program in the early 1980’s.

Q: Well, when you were there in the beginning the Costa Ricans were sort of predominant.

PEASLEY: Yes.

Q: And how did that work out in terms of the American approach and attitudes?

PEASLEY: It was fine. We had several outstanding Costa Rican officers – our Program Officer was Ana Sayagues; our Engineer was Heriberto Rodriguez; the Deputy in our Municipal Development office was Flora Ruiz; our Loan Officer was Vicky Ramirez. We all worked together very well – Joe Sconce, the Aid Affairs Officer, treated us all equally and deserves great credit for the harmony and leadership roles played by our Costa Rican staff. I don’t recall there ever being any tension. Again, our office was small. We were actually on one floor in the building of Costa Rica’s Institute for Municipal Development (IFAM) – a Costa Rican government building across the street from the U.S. Embassy in downtown San Jose. Our Agricultural Office was actually down the street in the building of the Costa Rican Ministry of Agriculture. So, in many ways, we were actually housed with our Costa Rican government partners.

The entire set-up brought us much closer to Costa Ricans. I should add that many of our government counterparts had graduate degrees from the United States. Since my Spanish was never that good, that certainly helped me. The down side was that it also never improved very much since I did most business in English. In general, I think that USAID could today learn a lot from the model of the small Costa Rica mission of the late 1970’s.

Q: Did the model continue under the new director?

PEASLEY: Not entirely, because many more Americans came in. When I returned to do some work in the mission in 1979 or 1980, the USAID Director and other senior staff had all moved into the U.S. Embassy building. Other staff remained in the old IFAM building and the Ministry of Agriculture. Once the programs throughout Central America expanded so greatly, more and more responsibility shifted to the growing American staff. The Costa Rican employees remained, but they had less responsibility. I was certainly glad to have had the chance to work in Costa Rica when it was smaller – and to thus experience a very different type of AID mission.

Q: Would you say overall during your time in Costa Rica that programs were successful? This was money well spent?

PEASLEY: Yes, I would, although I must confess that being there for just one tour I wasn't really able to see the results as clearly as in countries where I stayed longer. Our Nutrition Program (a loan) started just as I arrived. Its evolution was interesting as the initial ideas for it came from the President of Costa Rica, Don Pepe Figueres. He put in place a Family Assistance Program (Asignaciones Familiares) to provide cash payments to poor families. But, concerns arose about how such cash would be spent – especially the likelihood that men would use it to go down to the cantina on Saturday night. So, instead, they put in place a feeding program in pre-schools and schools. This in turn freed up family resources and provided an indirect income supplement. By doing it this way, families were able to retain greater shares of their incomes; it also increased the likelihood that women would be in control of the resources. This was an interesting introduction for me of the importance of social analysis and the need to understand household income decision-making processes. We also did some interesting programs in agricultural research and extension, working with both Costa Rican and regional institutions. There was a Central American ag research station in Costa Rica that we supported that was doing very valuable research for the entire region. We also did a lot on municipal and housing finance working through the Housing Investment Guarantee program. During this period, these types of programs in Central America did a lot to help build a Savings and Loan industry. Most of our programming was done through loans; we had small supplemental grant funding, but no major technical assistance activities, as Costa Rica did not need a lot of external experts. We did support some small NGO programs, such as the Accion microfinance work mentioned earlier. Most of our work was closely aligned with Costa Rican efforts, so the impact was significant. But, we were a small player. In the early 1980's, the Costa Rica program grew tremendously, especially in providing macroeconomic and stabilization support. It had much greater impact.

Q: Do you recall an overall figure in terms of money?

PEASLEY: I believe our budget in the late 1970's was in the \$7.5-10 million range. I don't recall specifics, although do remember the Nutrition Loan being about \$5 million

Q: I mean before you became a mission, what was the head of the AID section there called

PEASLEY: It was AID Affairs Officer.

Q: AID affairs officer. And how did you interface the embassy? What was the relationship between?

PEASLEY: It was the same as with a full USAID mission. He reported to the ambassador. And again, Terence Todman was Ambassador when I first arrived. I think he

left after about a year; he returned to Washington to become assistant secretary of state for Latin America in the Carter Administration. Marvin Weissman came as the new ambassador; that was interesting because he had started his career with USAID. I believe he had been a USAID mission director in Colombia. He later became director of the Central America Office at the State Department. During the 1960's and far into the 1970's, under the Alliance for Progress, State and USAID had joint "desks" for Central America, South America, and the Caribbean. A USAID officer always headed one of these offices. I believe that Ambassador Weissman had headed the Central America Office for some time; also believe he came to Costa Rica from an earlier ambassadorial assignment. I think this system of joint offices and "desks" was a great model that facilitated much better collaboration.

Q: How would you characterize the relationship between the embassy and AID?

PEASLEY: It was excellent. Again, USAID was very small; the Embassy was also not that large. There was lots of professional and social interaction. Lowell Kilday was Deputy Chief of Mission for much of the time I was there; his wife Gerda was a real character who did a lot to bring people together. For example, we had USAID-Embassy volleyball games, competitive but all in the spirit of being one team, and a number of tennis weekends. John Maisto was the head of the Political Section; he and his wife became close friends. Both Lowell and John went on to become ambassadors and senior officers in Washington.

Costa Rica's national election in May of 1978 gave us additional chances for "competition" between USAID and the embassy. The Social Democrats had been in power for at least 8 years, but the Christian Democrats were increasingly popular and it looked as if it would be a very competitive race. Someone in the embassy organized an office pool to guess the winner and vote percentage. Almost everyone in the embassy and USAID participated – I had great fun teasing John and others in the Political Section when the winner was the DCM's secretary.

More generally, the Costa Rican election was an incredibly interesting experience, although one that I might have missed if I had followed all the instructions issued by the embassy beforehand. The election was on a Sunday and the embassy advised us all to stay in our homes that day. But, some of us in USAID had been caught up in the "fiesta-like" spirit of Costa Rica's election. This was in part because of our own Costa Rican colleagues. They supported varied candidates, but all encouraged us to enjoy their electoral day. So, several of us joined the thousands out in the streets, driving around honking their car horns and waving flags of the various political parties. People gave us flags of all the parties, and when we passed by a polling station where one of our Costa Rican colleagues was working, she insisted we go in to see the process. The experience was one of the most memorable of my foreign service career – I am so sorry that others were not encouraged to go out and experience Costa Rica's vibrant and inspirational democracy first-hand. Costa Rica was in those days – and probably still is – a very special place and not one high on the "threat" scale.

Q: Did you have an opportunity to interact with Costa Ricans aside from those who you were working within the AID mission?

PEASLEY: Yes, primarily with government officials, many of which had graduate degrees from the United States and were very technically qualified. I worked closely with several economists, but unfortunately I was not able to develop the same kinds of personal or professional relationships I had in Nepal. Some was because I didn't stay in Costa Rica long enough; some probably was also because it took me time to get used to the environment there. Nepal was an easier fit for me.

Q: What was the popular attitude toward the U.S. at that time, was it positive?

PEASLEY: Yes, absolutely. Costa Rica was very unique within Central America at that time. It's a very small country, and I drove over much of it with my little Toyota Corolla. I remember taking one Washington visitor on an excursion on a Saturday. We drove up through the central part of Costa Rica (the Meseta Central), which is mostly little coffee farms. (Parenthetically, I should add here the research we had done on poverty showed the most important determinant of poverty was whether you grew coffee. If you had even one hectare of coffee, you weren't poor.) So, driving through the Meseta Central one could see a series of idyllic small farms with little houses, flowers in planter boxes, TV antennae, and a hectare or two of coffee. They were all members of cooperatives that processed the coffee. After leaving the Meseta Central, we drove all the way up to an area called Guanacaste near the Nicaragua border. This is a very arid area, mostly devoted to pasture land. We then headed over to the Pacific Ocean and down the coast for dinner in the port city of Puntarenas, and eventually back to San Jose. We covered nearly half the country just driving around on that Saturday. And, there were no security concerns. More generally, Costa Ricans were very pro-American. Relations were excellent.

Q: After the election was there a change or different attitudes by the government toward your program?

PEASLEY: No, the differences between the two parties were not all that great. As I recall, the newly elected Costa Rican President (Carazo) developed a close relationship with President Carter and others in his administration. I believe that Costa Rica politics became more complex and perhaps even polarized later in the 1980's when debates arose over support for the Contras and/or Sandinistas. I think the Costa Ricans themselves had a fairly firm idea of what they wanted to do. I suspect that polarization increased over time, but it has also remained a very strong democracy. As I recall, there was and probably still is in Costa Rica an institute to promote human rights and democracy; that group was providing electoral assistance to countries throughout the region. It's very unique country, in part I suspect because of its history. The historical myth is that the Spanish colonialists who went to Costa Rica were small farmers, that the country never had the tradition of large-scale plantations. Also, there is little sense of any indigenous population there, unlike Guatemala and Honduras. The Caribbean side of the country is also quite different from the Pacific side. So, all in all, it's a fascinating little country.

Q: Were the original habitants assimilated perhaps, intermarriage?

PEASLEY: They might have, but certainly you don't get a visual sense of that when you see people. It is very different than some of the neighboring countries.

Q: So you moved on in 1978 and you went to Washington.

PEASLEY: Yes, I went to Washington.

Assignment to AID/Washington: Technical Assistance Bureau – 1978-9

Q: What was your position and your responsibilities?

PEASLEY: Well, I went back initially to the program office of the old Technical Assistance Bureau. They had just created a new program office, including a new evaluation unit. A former boss of mine from Nepal was going to be heading up the evaluation unit, and he asked if I would come back and work with him. So I agreed to do that, but stayed in the job for less than six months. I really didn't enjoy it; it seemed to distant from programs in the field. Meanwhile, the Latin America Bureau had asked if I would like to work in one of their offices. So I ultimately shifted. But in retrospect, the experience in the Technical Assistance Bureau was actually quite valuable.

I had some interesting experiences, including an introduction to some of the politics of USAID's work in reproductive health. USAID had long been a leader in supporting international family planning programs. An incredibly charismatic leader, Reimert Ravenholt, led the USAID Office of Population. He had built the program from nothing, but was also very controversial. Some criticized him for being too "supply oriented," that his office was focusing too much on pushing contraceptives out the door and not looking enough at the "demand side." Many were pushing for greater attention to the demand side of the issue, especially in doing more analysis of the socio-economic factors that influence family choice on numbers of children. As I recall, the Congress had recently passed legislation requiring USAID missions to do "integrated" population strategy papers, thus looking at all the factors that might influence fertility rates. For example, such analysis could help determine the relative merits of investing in girls' education vs. contraceptive distribution – or at least the mix of investment to influence both demand and supply. As an economist, I could certainly see the merits of the legislation.

In order to implement the legislation, folks had prepared draft guidance to the field. It had not yet been cleared and issued, and I was asked to complete the process as one of my first tasks in my new job. No one had indicated that there were any issues. Well, I merrily went off to the Office of Population to get its final clearance. I was torn to shreds, because they didn't want to be doing this in the first place. I then went off to the regional bureaus to seek their clearances; they also hated the strategy and did their fair share of yelling at me. I think I have blocked much of it from my memory, but we did eventually send out some kind of guidance, and I believe that at least a couple of such strategy papers were prepared. I do recall attending a review meeting for the first one; believe it

was for Egypt. For reasons I don't know, the requirement for the specific integrated paper ended, but the substantive questions remained part of all future USAID programming. Also, the broader debate continued internationally reaching its highpoint in Cairo in 1994 at the International Conference on Population and Development. At that meeting, women took a strong stand on more integrated approaches that would focus on women's empowerment, women's income-earning opportunities, girls' education, etc. I certainly appreciate that I was exposed, albeit unpleasantly, to the issue in 1978. It helped me better understand the continued debate on reproductive health and family planning that continued to impact USAID and development policy for the rest of my career. So, my short time in the Technical Assistance Bureau provided good learning experience.

Q: A good learning experience in that regard, but there are aspects of the job that you didn't care for or --

PEASLEY: Yes; it was too distant from the field. While I appreciated the importance of the abstract policy questions and global strategies, I always got greater satisfaction working on country-based programs. I wanted to be closer to what was actually happening on the ground.

Q: How did you get out of that job and --

Assignment to Latin America and Caribbean Bureau: Office of Development Resources, 1979-82

PEASLEY: Well, fortunately I was asked by the Development Resources Office in the Latin American Bureau to join them. At that point, the Latin America and Caribbean Bureau had geographic regional offices, a program planning office and the Development Resources Office (DR). LAC/DR had two wings: one was the technical wing and the other was the finance wing with project development officers. I went into the latter wing which was responsible for the project design and review functions. I went into the Central American Project Development Office. And since I had left Costa Rica, this seemed like a really great thing to do. And again, although my backstop was as an economist, I'd always done project design, evaluation, and program office work as well as "an economist." So, with this move I went into a new "cone" as a project development officer to use State Department language. It also got me closer to the field, and I was very happy to be able to do that.

Q: You were the division chief for Central America?

PEASLEY: Not initially, but the division chief left shortly after my arrival, so I fairly quickly became the acting division chief. Ultimately, I was appointed as the full-time division chief, but it wasn't until a year or so passed. To show how much has changed since the late 1970's, I can share an anecdote on gender politics. Two of us were named acting division chiefs in LAC/DR at around the same time. About six months later, one of the Bureau's superstars and "heir apparent" in LAC/DR came into Washington from the field, he was initially assigned as the division chief for Central America, thereby

bumping me back in the hierarchy. He moved up to a higher position within a couple of months and I then was named the full-time division chief. A year later, I asked my boss why he had elected to put the “superstar” into my division rather than the one with the other acting division chief – was it because the other acting person [a man] had done a better job than I had done? The answer was that I in fact had done better, but “he’s a man and has a family, so we gave priority to him so he would be in better position for promotion by the Foreign Service panel.” I don’t think that would happen today – and, if it did, it certainly wouldn’t be acknowledged! Again, I mention this only to show how much has changed in the past 40 years. I certainly wasn’t hurt by it.

Q: My wife who worked for the FCC (Federal Communications Commission), both she and a colleague got the same rating, superior rating. But then there was a decision from on high that there could only be one super rating granted, so they took it away from her.

PEASLEY: *(laughs)* Yes; that is exactly the same thing. But, again, I don’t hold any grudges about it. I very much enjoyed the time I spent as acting or full-time division chief for the Central America Finance/Project Development division in LAC/DR – and the director of that office was an extraordinary mentor and teacher. It was also an incredibly interesting time. First, I was heavily involved in buildup of the Costa Rica program, and went down to help design some of the projects that we had conceptualized in 1978 when I was still in the mission. And that was great fun, including design of the Natural Resources Conservation project that was, I believe, important to the beginnings of eco-tourism in Costa Rica.

Also, in 1978-79, the Nicaraguan Revolution was in full force. By July 1979, President Somoza had resigned and the Sandinista Forces had taken charge. USAID and the State Department had begun considerable planning prior to the actual change. As I recall, David Lazar, Director of the USAID/LAC Development Planning Office, and others had begun discussions with the Sandinistas in Costa Rica before the mid-July change in government. This enabled USAID to design a large new program package almost immediately after the Sandinista victory. This included a significant policy-based cash transfer program. I was not personally involved in that design work – Carl Leonard from the LAC/DR office in Washington did most of that work. I remember being very impressed by the speed at which USAID prepared all of the program documentation – and by the advance meetings that took place with the Sandinistas before the fall of Somoza. The needed Congressional Notifications (CNs) went up to the Congress in the early Fall, but they sat for more than a year. The entire program became politicized and caught up in the fears of socialists and communists in the Sandinista government. By the time the Congress approved the increased resources for Nicaragua, bilateral relationships on the ground had already begun to deteriorate. To this day, I wonder if things would have worked out differently in Central America if there had not been such a hiatus on start-up of the new, expanded program in Nicaragua – that is, if it had not gotten caught up in our own American political process.

Q: Were the Republicans resisting?

PEASLEY: Yes. Again, I was rather naïve, but I do remember sitting in Washington wondering why we were not able to convince the Hill about the merits of what was being proposed. It really seemed that the Congress wanted to do nothing, that they were not interested in seeing if the Sandinistas could provide a better government than the Somoza family had done for the previous 50 or so years. I suspect it was simply another example of Cold War decision-making – fighting communism was more important than righting the abuses of the past.

Q: What was the nature of the program that was finally approved?

PEASLEY: The most significant part of the new, expanded program was a large ESF cash transfer activity. It was modeled after what USAID was doing in Egypt following the Camp David Accords, that is, cash transfer programs tied to economic reforms with local currency generations being programmed for development work on the ground. This was the core activity that was held up by the Congress. I don't recall the details, but I think that some smaller project work did go ahead during this period, but certainly not at the level anticipated when the change of government took place in July 1979.

Q: Did that -- so that must have been close to the election that finally got approved? Our election got --

PEASLEY: Let's see. Yes, it must have been right after the election that it finally got through. We put the program together by fall 1979; the CN didn't clear and major resources weren't made available until after the 1980 election.

Q: And then Reagan took over. So did the program survive?

PEASLEY: Yes; but Nicaragua became more complicated throughout the Reagan period, including U.S. support for the Contras who were aiming to overthrow the Sandinistas. I must admit that I did not follow it closely after my departure from LAC/DR in 1981.

Q: You have also mentioned work in El Salvador – can you say more about it?

Yes; my attention shifted very much toward El Salvador. There was a coup there in October of 1979, led by two colonels that brought in a new progressive government. The new government wanted to redress the economic inequality and human rights abuses that defined El Salvador in that period. The two colonels, one of whom was very progressive, created a “revolutionary junta” led by three civilians, one of whom, Guillermo Ungo, was a leader in Social Democratic circles. They also brought in some progressive technocrats from overseas, including a Minister of Finance who had worked at the World Bank. People in Washington were excited by the likelihood of a more liberal and progressive government in El Salvador. I was sent down to San Salvador with the Director of USAID's Central America Office (Robin Gomez) in November 1979 to prepare recommendations for an expanded USAID program. We returned to Washington with a proposed strategy and programs. The documentation was prepared in December and the formal reviews began in USAID/W immediately after the Christmas/New Year holiday.

By the time of the review, the three civilian leaders in the “junta” had resigned. New civilians were appointed – and there were already some signs that the early progressive leadership was being marginalized. Nonetheless, we proceeded with our proposed strategy paper. It was approved. I was then sent back down to Salvador on multiple trips in February and March to design the early projects – and then to ensure that implementation began quickly. In March, there were further changes in the Salvadoran Government, including departure of the more progressive of the two colonels who led the coup. The more conservative Christian Democrats under Jose Napoleon Duarte then took over the government – a significant change that then led to further political instability and rebel action. Although concerned by the changes, we continued to act on the strategy already put in place. We remained confident that the Duarte Government would improve the country’s human rights performance and work to build a more equitable economy.

During those early months, I designed a “public works” project that financed small infrastructure activities (such as drainage, culverts, and road repairs) in marginalized communities. Its major objective was to generate employment and thus increase incomes for the poor. We worked closely with the Ministry of Public Works, taking some of their off-the-shelf plans, thus ensuring rapid start-up. Years later, I saw an evaluation of the program, and it was quite positive. It did in fact do what it was supposed to do. As time went on, I helped with design of the Government’s agrarian reform activities. At that time, all projects had to be approved and authorized in Washington. My boss used to joke that he would send me down to design “back of the envelope” project papers; then, I would return to Washington and coordinate the review process, including preparing issues papers. I even jumped into some implementation challenges in the field. We had designed the initial projects with simple “conditions precedent to disbursement,” but the Project Officer in the USAID/El Salvador Mission was taking a hard line on when conditions had been met, thus delaying start up of the Public Works Project. I was in El Salvador working on another design, and the Mission Director asked me to overrule the Mission staff person and approve the documentation. I felt awkward doing it, but we had designed the program to create jobs quickly and to get income into poor communities. We needed to be flexible and pragmatic, not bureaucratic.

Meanwhile, the political situation in Salvador itself was not going terribly smoothly. The rebels became more and more active; violence was increasing in part because of events in Nicaragua. I was in San Salvador in March 1980 when Archbishop Romero was killed while delivering mass in church. It happened in the late afternoon, but I didn’t learn about it until later in the evening. Then, at 2:00 in the morning, I woke up to the loudest noise I’ve ever heard in my life – a bomb blast. It was followed by a second blast, both of which felt like they were next door to the hotel, although they were not actually that close. It was the first time in my career that I felt truly scared. Then, in December 1980, five nuns were killed on the road going from the airport. I went up and down that road from the airport on the coast to San Salvador many times, often in the dark, and was always a bit nervous. Then, in January of 1981, Michael Hammer from the AFL-CIO’s American Institute for Free Labor Development (AIFLD) was killed in the dining room of the Sheraton Hotel in San Salvador. Mike was working on the agrarian reform program; we had been working very closely with him.

Q: Was he targeted or did he --

PEASLEY: Yes, he was targeted. They came into the restaurant while he was eating dinner and shot him. We all stayed at the Sheraton when in Salvador, so it also obviously added to the strain of traveling there.

Q: Why was he singled out?

PEASLEY: Because some Salvadorans didn't supported the land reform program.

Q: I see.

PEASLEY: Given the small number of wealthy families and estate owners that controlled much of the Salvadoran economy, there was substantial opposition to land reform. On top of that, there were conflicting theories on how best to do land reform. One was what they refer to as "land to the tiller." That was basically to turn over land to tenant farmers or sharecroppers, rather than retaining the larger agricultural units. This approach was used in Vietnam, I believe. A professor at the University of Washington, Roy Prosterman, was a strong advocate of this approach. He had strong connections on Capitol Hill and with the AFL-CIO. The other approach was to reorganize the estates into new cooperatives comprised of the workers. This would retain the estates as economic entities, albeit owned by the co-op members. We began with the second approach; then, we were pushed increasingly to follow both models simultaneously. Advocates of both approaches were talking with us – and with the Salvadoran officials. It became even more complicated as political changes took place in both countries. More conservatives were entering the Salvadoran coalition government, including some associated with the death squads. Ironically, by 1982 the most conservative political party was given oversight of the Ministry of Agriculture that was responsible for the agrarian reform effort. Many of the new Reagan appointees, including John Bolton, who initially was the USAID General Counsel, were also skeptical about agrarian reform.

Q: Ah-ha, yes.

PEASLEY: I remember being in his office at one point when he asked if we could stop supporting the reform. We convinced him that it was already being done by the Government of El Salvador, that we had been working closely with them on it and could not walk away at that point. The land reform program also became an important issue with the Congress. Jesse Helms had sponsored an amendment to the Foreign Assistance Act which was originally drafted to eliminate USAID support for the land reform program in El Salvador. But, it ended up saying that no U.S. resources could be used for compensation for the Land Reform Program. Ironically, I recall being at a hearing when Helms complained about landholders not being adequately compensated for their property. He asked why we weren't helping to cover those costs. The USAID representative at the hearing had to read the Helms Amendment to him – no compensation. I wish I knew the full story of how that amendment was drafted. It was

just another interesting example of the political machinations we had to deal with every day.

Q: Helms didn't even know the effect of his own ammendment?

PEASLEY: No. Well, his staff had obviously crafted it, but I suspect lots of changes were being made each day and no one really knew what was in the final version. (*laughs*).

Q: Did the -- was Hammer connected with one of the two approaches?

PEASLEY: Yes; the AFL-CIO was supporting the “land to the tiller” approach. I am not sure how the final reforms were implemented, but believe that they were not successful. I think it would be a very interesting case study, in part to better understand how (or perhaps even if) the U.S. can support fundamental reforms in a country when the country itself is not agreed upon the direction of the reforms. I would love to look at land ownership patterns today vs. what they were in 1979. I wonder if our efforts made any difference – or if economic concentration continues today at the same levels of the past.

During this period, the U.S. was also working hard to keep other donors engaged in El Salvador. The violence had caused many to leave, including the World Bank and International Monetary Fund. Jim Cheek was a Deputy Assistant Secretary in the State Latin America Bureau; he was working hard to get the Bank and Fund to return. He would take me to meetings with the Bank and the Fund, telling them that “We send Carol down there (*laughs*). You guys should be big enough boys to send your people.” I felt like a bit of a pawn (*laughs*), but it was funny and may have played a small role in getting the Bank and Fund to go back earlier than they might otherwise have done. I certainly did appreciate the chance to work a bit with Ambassador Cheek; he was very inspirational

During this period in the late 1970's-early 1980's, USAID was hiring lots of new International Development Interns. Many exceptional young officers rotated through LAC/DR and the Central America Finance/Project Development Division. Most were ex-Peace Corps Volunteers and only a few years younger than I was, so many of us became good friends. Many also became the next generation of leaders within USAID – folks like Buff MacKenzie, Cynthia Rozell, and Patti Buckles. They joined some exceptional other young officers in the LAC Bureau. It was an exceptional cadre of people, many of whom became Mission Directors and leaders within USAID – folks like Stacy Rhodes, Janel Ballantyne, Terry Brown, Scott Smith, Carl Leonard, Linda Morse, Norma Parker, et. al. Marshall (Buster) Brown was the Director of the LAC/DR office and a mentor to all of us. In retrospect, I am sure that much of the success of my career was because of Buster and the strong staff in LAC/DR. It provided me with learning and growth opportunities – and lots of role models.

Q: Well, then you moved on? Still in Washington -- or no --

Assignment to Long-term Training: Stanford Sloan Program – 1981-82

PEASLEY: No, no, I went on longterm training. That was the reward for my work in Central America.

Q: And what did that involve? And this is in what, 1980?

PEASLEY: 1981. In September of 1981, I went on longterm training to Stanford to the Sloan Program at the Stanford Graduate School of Business. It is a nine-month program for mid-career professionals; it includes the guts of an MBA program and one earns a master's in management.

Q: So you got an MS in management from Stanford.

PEASLEY: Yes, I did.

Q: Good for you.

PEASLEY: Which was wonderful. I'd wanted to go to Stanford since I was a little kid, so I felt the luckiest person on earth!

Q: You like those sandstone buildings and those red tile rooves.

PEASLEY: I do. We lived in Menlo Park when I was 4 years old and I fell in love with Stanford then. Again, I felt very fortunate when USAID gave me the opportunity to attend the Sloan Program. There were 42 of us in the program, including about a dozen international students from Europe, Japan, China, and Latin America. There were eight of us from the public sector, including one British civil servant. Everyone else was from the private sector.

Q: Were you the only AID person?

PEASLEY: I was the only AID person. There were two people from NASA, one from Department of Labor/OSHA, and several from the Air Force and Army.

Q: How did this work then? Did AID choose like one person a year to do some longterm training?

PEASLEY: I believe there were several people a year as I recall. In those days, we were able to go to universities.

Q: And it covered your costs plus your salary?

PEASLEY: Yes. Can you imagine *(laughs)*? I believe that USAID now sends people only to one of the campuses of the National Defense University.

Q: How were you selected for the program?

PEASLEY: I don't remember very well, but believe my application to USAID included the reason I wanted training and how I planned to use it. Once USAID approved me for training, I then applied to the university, including submission of my old GRE scores and of the GMAT exam that I took in spring 1982.

I very much appreciated the chance to study at Stanford, including the chance to meet some great people. I became close friends with a British colleague and his family. He had worked on the privatization programs of the British government. He went on ultimately to become the head of the British Financial Services Administration, the regulatory agency equivalent to the Federal Reserve in the U.S. Others also became leaders in their own industries.

Also, while at Stanford, I met Jan Piercy – Jan Orloff at that time when she was head of the public management program at the Business School. She took a special interest in the public sector representatives in the Sloan Program, encouraging us to meet with students and to encourage more of them to consider public service. Jan ultimately became the U.S. Executive Director of the World Bank during the Clinton Administration. Over the subsequent years, we also became good personal friends – and she, through her longtime friendship with the Clintons, opened some doors and opportunities for me during the 1990s.

Interestingly for me, the year at the Stanford Business School also helped to increase my own self-confidence. For the dozen years I had been working for government, it seemed that every political candidate ran again Washington and demeaned the public sector. I had begun to feel like a “lesser person” – and going into a program dominated by very confident and outspoken private sector representatives was a bit intimidating. But, I soon learned that my “government skills” were every bit as good as theirs and, in some areas, much better. It was a valuable lesson to learn at that point in my career. I suspect that was not the kind of benefit that USAID would have anticipated, but it was real. It is easy to feel a bit beaten down by all the criticism heaped on government employees. Knowing that we are as good – and sometimes even better – than our private sector counterparts was a boost.

Q: Did you find that this program at this point in your career was important for you as your career moved ahead in terms of your outlook, your skills --

PEASLEY: Yes, absolutely. Several of the classes themselves were important, such as Strategic Planning. While I had done a lot of strategy development in USAID, I learned new analytic tools and new ways to approach strategic implementation.. We also had some excellent Organizational Development classes that focused on leadership and working more effectively with colleagues. We were introduced to a number of tools to assess our management styles, including Myers-Briggs. There were some other tests that I found even more helpful, including one in which you thought about your “least preferred co-worker” and then answered a number of questions. The results of the test helped me understand how I balance achieving tasks with building or maintaining relationships. Ironically, several years later I was in a senior management training course

with the person I had imagined when I did my “least preferred co-worker” test. We did an exercise together and both realized how hard it was to work together to achieve any goal. We respected each other and liked one another personally, but our work styles were completely opposite, especially in reaching a conclusion. I was too quick to agree that we had the solution; he always wanted to explore other options and hated that I had agreed too soon in the process. At any rate, I found this chance at Stanford to step back and learn more about how I interacted with colleagues and how I managed relationships to achieve results was important..

One of my favorite classes was on change management. Among other things, we were asked to prepare “90-day plans” for the new positions we would be going into after leaving Stanford. While I had probably always had some sort of vague list of steps to take when going into a new job, I had never before been asked to think out a comprehensive plan over an extended three month period. I actually continued to use this tool in preparing for most of my subsequent jobs. It helped to make sure I didn’t get completely captured by the urgencies of the day and remembered to do the kinds of things that have long-term benefits, such as really taking the time to meet and understand the valuable contributions of FSNs and taking the early field trips to better understand the countries where I worked.

I also very much enjoyed a class on Business and Government. We looked at many regulatory issues, as well as social welfare programs. I had never really thought enough about these domestic issues. This was particularly true in thinking about welfare reform in the U.S. I had a clear view of international poverty reduction and the need to focus on equitable/inclusive economic growth with heavy private sector participation. But, I had not previously thought about these being key in my own country, that welfare reform needed to deal with more than service delivery. So, the year at Stanford gave me another “aha” moment, including the importance of bringing lessons from overseas to the U.S.

I also took an International Business class that gave me a chance to learn much more about foreign investment decision making. I did a research paper on the difference models of Dole and Castle & Cook, two large American agri-business companies. Both provided some good examples, but also ways in which the private sector can negatively affect foreign policy decision-making. Again, Stanford gave me the chance to look at issues that I would not have otherwise have been exposed to.

Q: You were there until 1982?

PEASLEY: Yes, until June of 1982. I was then asked to go to Thailand as the Deputy Mission Director for USAID. I returned to Washington for consultations and headed out to Thailand in August of 1982.

Assignment to USAID/Thailand – 1982-84

Q: A little back towards your old neighborhood.

PEASLEY: Yes; a little bit back to my old neighborhood. Bob Halligan was the new Mission Director; he arrived in Bangkok a week or two before I did. I ended up doing just one tour, two years and a couple of months. It is interesting that I stayed the shortest times in the two easiest posts I had, Costa Rica and Thailand. I'm not quite sure why, although for Thailand, I think it was because my year at Stanford had caused me to think a bit more about what I wanted to do with my life. I was uncertain whether I really wanted to be overseas or did I want to dramatically change my career. So, I arrived with some uncertainties. After about six or eight months I let it be known that if something came up in Washington I would be pleased to go back after one tour. Once that got put in motion I felt I couldn't stop it, although I wished I had stayed on longer in Thailand. But nonetheless....

Q: But did the -- before you went to Thailand, you had your sort of management experience consisted of the division chief job in the Latin America Bureau.

PEASLEY: Yes.

Q: And the training at Stanford. Did you feel prepared to go into a management position at Thailand?

PEASLEY: Yes, I did, although I recognized that it was a stretch. The USAID Director, Bob Halligan, also knew it would be a stretch for me. He actually said that to me, and also that that one of his objectives was to make sure that after four years I would be ready to be a mission director. So we both approached it as getting me ready for more responsibility. I knew that I had a lot to learn, but Bob was always very supportive.

Q: How big was the mission?

PEASLEY: There were probably 25 Americans or so. I do recall that I had to write about ten personnel appraisals for the division chiefs; I was also the reviewing (second line) officer for another ten officers. I can remember that being a huge responsibility and lots of work. I had done some personnel appraisals in my previous job, but nothing like what was required as a Deputy Mission Director. And I was young. I was probably younger than most of the division chiefs. In fact, one of them had run the International Development Intern program when I entered USAID as an IDI. After twelve years, he would be one of the division chiefs reporting to me.

Q: Was there any resentment?

PEASLEY: No, I don't think so. In the specific case of the former IDI Director, he was doing a job he wanted to be doing and he was always supportive of me. But, I suspect some of the "guys" were not entirely happy. *(laughs)*.

Q: How soon after you arrived did you have to start writing these efficiency reports?

PEASLEY: Oh not for a year.

Q: Oh, I see. So you'd observed their performance. What were your other preoccupations besides that particular task?

PEASLEY: In general, Bob Halligan and I decided that I would play primarily an "alter ego" role in the mission, so I got involved in just about everything.

Unlike my earlier assignments in Nepal and Costa Rica, Thailand was high on the list of Washington visitors. There seemed to be nonstop Congressional and Cabinet-level visitors. Also, almost every senior official from USAID/Washington came during the two year period. In preparing for this interview, I looked through the many letters I had written home to my parents – my mother saved them all and they are in a box in my study. In looking at the letters and my constant mention of visitors, I wonder how we got anything else done. But, we did. I should also add that we obviously were not as affected as the broader Embassy was.

This was a very interesting period in Southeast Asia. Vietnam had fallen in 1975, and there were huge changes throughout the region. The USAID program in Thailand was itself in transition., although we were not certain how it would change. It was much smaller than it had been. We were doing some very interesting rural and agricultural development work in the northeast of Thailand, which is the poorest part of the country near the borders with Laos and Cambodia. There were many Cambodian refugees still in Thailand and a very large refugee section in the embassy. We were also doing work in the Hill country around Chiang Mai, some of which was anti-drug related work. We were also doing some basic institutional development work with the Ministry of Agriculture, including on seed development and agricultural statistics and planning. The program was sound, but leaders in Washington encouraged Bob and me to rethink what really made sense to be doing in Thailand. The country itself was changing so rapidly. So we ended up moving towards a program that was much more focused on science and technology and middle income country issues. We worked closely with government, the private sector, and the academic and medical community to examine industrial policy, investment, environmental, and science and technology issues. So, we steered the program towards more of a middle income country strategy, a little bit akin to what we had done in Costa Rica.

In doing this, we worked very closely with our Thai counterparts. They were an extraordinary group, most of whom had graduate degrees from the U.S. or Europe. For example, the head of, of the planning commission in Thailand, Dr. Sno had his PhD in economics from Columbia, I think. There were former Fulbright scholars and PhD's all over the government. The Ford and Rockefeller foundations had been providing scholarships in South Asia and Thailand specifically for years. As a result, the Thai universities had many faculty who had studied in the U.S. I don't recall the specific numbers, but believe that of the 45 or so PhDs in the Thammasat University economics department, 42 had PhDs from the U.S. As a result, we used many Thai researchers to do the USAID mission's analytic work as we revised the strategy and designed new programs.

Q: You were able to conduct your business meetings in English?

PEASLEY: Yes, I did study Thai for a while, but I never got any further than being able to get a taxi to take me home or order food in a restaurant.

Q: Were you working with other donors?

Another notable thing about work in Thailand was the number of external actors. Certainly donor coordination was important in my previous assignments, but there were many more and more important actors in Thailand. We worked very closely with the World Bank, the Asian Development Bank, the Japanese, all of the Europeans, Middle Eastern groups, and with partners such as the Asia Foundation.

At Washington's initiative, we worked especially closely with the Japanese to develop what was supposed to be a "joint project." Both the U.S. and Japanese governments wanted this to happen. We identified such a potential project at Khon Kaen University in northeast Thailand. It was an extremely difficult process, in part because we were very decentralized and they were very centralized. We had countless meetings and often thought we had agreement, but discovered that was not the case. I remember there was going to be a big international meeting – perhaps a G-7 meeting – and both the U.S. and Japan wanted to announce the joint project. There was an American professor working temporarily in USAID's Asia Bureau helping to expand collaboration with Japan. I believe she taught Japanese political science at Harvard. Anyway, she came out to help us prepare the project for the international meeting. When I told her about the challenges we had been having, that even after countless meetings, no decisions ever seemed to hold. She laughed and told me that we should have been working out the issues informally beforehand, that the meetings were simply to bless decisions already agreed upon, that we shouldn't have been thinking that the meetings themselves would generate the solutions. Oh how I wished someone had given me that advice months earlier. We would have saved a lot of time.

Q: Work it out beforehand.

PEASLEY: Yes; work it out ahead of time so everyone knows where everyone is and that the meeting is just to bless it. We kept wanting to discuss all the options at our meetings – no wonder we never got any resolutions.

Q: Well, did you apply that lesson then? Did you --

PEASLEY: Oh yes, we finally learned the lesson and applied it as we went on. But, I should also add that we ended up really with two parallel projects, not a joint project. They were well coordinated, but it was impossible to do a true joint project. It took some time, but we finally accepted that we each wanted to do different things. They could be complementary, but no more than that. They wanted to construct a building at the university and nothing more. We wanted to do the equivalent of their "nothing more."

Ultimately, it was a positive effort, but certainly not what the original dream had been. Over the longer term, I think it did lay the groundwork for much stronger collaboration. And, I learned a bit more about donor coordination.

One of my strongest memories of Thailand was getting to know the Asia Foundation. They were not in Nepal during my days, but later became a major actor there. I found the Asia Foundation to be a particularly interesting organization because of the depth of their understanding of the countries in which they work and of the innovative programming they were doing with their own resources. In addition, we also gave a couple of grants to them to do some work. Most of all, I was impressed by their organizational integrity. I know that there is a controversial history of funding for the foundation, but this was quite a bit later. I was exceptionally impressed by their creativity and ability to work on cutting edge issues – including such things as legal defense funds in rural Thailand and promotion of grassroots advocacy. Knowing them in that period very much influenced my later attitudes to the Eurasia Foundation in the Former Soviet Union and other non-profits. I think I saw the Asia Foundation at its very best in Thailand. Before the development community was really talking about “democracy building,” the Asia Foundation was doing extremely important local-level work in Thailand.,

Q: How much of your time was spent on internal management inside the mission and dealing with these problems on the outside?

PEASLEY: It was probably evenly split. From the outset, Bob and I agreed not to divide our functions into “inside” and “outside,” thus sparing me from the traditional deputy role of internal management. He wanted me to be able to do the fun stuff as well as the inside stuff. Also, we were blessed to have one of USAID’s strongest executive or admin officers, so he didn’t have to bring many of those issues to the front office. We also had a very good financial management team, so again I was spared from having to get involved with internal problems.. Also, when serious personnel issues arose, Bob preferred to handle them directly.

Q: This is your director?

PEASLEY: Yes, Bob Halligan.

Q: Bob Halligan, yes.

PEASLEY: He was a very strong Mission Director – and often had very strong views. This sometimes gave me a unique job to do – to question him in meetings. He would often come into meetings and provide his views at the outset. For example, when discussing a draft project paper or strategy paper, he would sometimes start off with own “yea” or “nay” opinion. That would sometimes put a damper on the discussion, so my job was to break the silence, disagree with him and thus encourage others to give their opinions. Bob always wanted to hear all views, but would forget that his early

pronouncements could discouraget them. The whole scene probably would have looked funny to an outsider.*(laughs)* --

Q: Did yours normally fit with his in the beginning of the meeting?

PEASLEY: Well, often I would actually agree with his view, but would disagree just to try to facilitate some sort of discussion. Otherwise there was no reason to have the meeting.

Q: Did it work?

PEASLEY: Usually; and, again, he wanted me to do that. We would laugh about it, although I did try to remind him to hold back his views for at least a few minutes. But, he would still sometimes come in and say “This is a pile of” -- and then everyone would sit there.

And then I’d have to try to say, “Well, what about this part? Is this *OK*? Or ask something else to get some discussion going. We would usually end up where we all wanted to be. But, it was a funny process – and provided a lesson for me when I became a Mission Director, although I suspect I may too often have done the same as Bob.

Q: Well, let’s end there for today and we’ll talk more about Thailand. Today is July 28th, 2015. We’re resuming the conversaoitn with Carol Peasley. Carol, we are talking about your time in Bangkok as deputy director of USAID Thailand. What was the relationship between the AID mission and the embassy, and the embassy’s front office?

PEASLEY: We had a very close working relationship. The ambassador was John Gunther Dean, who was a very senior, long-time ambassador. He’d been ambassador to Lebanon, Denmark, and Cambodia before Thailand. After Thailand, he went to India. He was obviously a very distinguished diplomat. He was very interestd in what USAID was doing and was very supportive of us. He liked and respected the USAID director, Bob Halligan, very much. The DCM during the entire time I was there was Stape Roy, who also had a very distinguished career. Jim Wilkinson was the political counselor for most of the time I was there. In other words, some of the State Department’s stars were there at that time. Relations were very good.

Ambassador Dean became even more interested in our program as we moved toward a midle income country strategy. He was especially interested in the science and technology program and helped to facilitate meetings between us and the minister for science and technology. He also had many contact in the medical community, including Mahidol University, and connected USAID with them. He was also very interested in our private sector support program. This was still early in the Reagan Administration, so we were still relatively new working in this sector. One of our new projects was to establish a new Institute for Management Education to provide graduate level management training. It was being done in partnership with the Wharton School of Business and had substantial Thai private sector contributions. A binational board was created; the

Ambassador was the chair of the board and he was able to convince some very senior and important Thai government and private sector representatives to serve on the board. I think he would have probably said it was one of the things he was proud of during his period in Thailand.

He was a sometimes provocative and controversial ambassador and some of the stodgier folks at post and in Washington sometimes had issues with him. He could also be a bit tough in meetings if people weren't well prepared and weren't clearly providing him the information he wanted. I suspect that his critics never knew how supportive he was to younger FSOs, including his Staff Aides and other staff in all agencies and embassy sections. He valued all the agencies at post. He was particularly supportive to the Agriculture Attache and me, both of us being in responsible positions but also relatively young. He gave me an extraordinary opportunity in the summer of 1983. The DCM, Stape Roy, was going on home leave. The Political and Economic Counselors had just left and he didn't yet know their replacements well, so he was uncertain about who he wanted to name as Acting DCM. He asked Bob Halligan, the USAID Director, to do it, but Bob declined. So, the Ambassador decided to divide the embassy into thirds and asked the new Political Counselor, the new Economics Counselor, and me to each oversee one-third of the embassy. Because I needed an office in the embassy building, I sat in Stape's office in the Ambassador's suite.

Q: Were they all at the same time or --

PEASLEY: I don't completely remember how he divided our respective responsibilities, but believe I was overseeing USAID, the INL and DEA offices, the refugees section, and the office that was monitoring Agent Orange. I obviously didn't really provide any supervision to these other sections, but I did, for example, convene weekly meetings of the INL and law enforcement folks. The Ambassador wanted to make sure that they were continuing to meet weekly and sharing information. I really did nothing more than make sure the meetings took place. I got a bit more involved in some of the refugee section's work, especially in reviewing their reporting cables. The State Department had asked Ambassador Dean to do a lot of liaison work with the Government of Vietnam, so he had periodic meetings with Vietnamese officials. This was before diplomatic relations had been renewed. Lower levels of the embassy were in touch with the Vietnamese government on the orderly departure program for Vietnamese refugees; these were primarily children of Americans who remained in Vietnam. Ambassador Dean had higher-level discussions on a variety of other issues. I suspect that he very much wanted to see relationships regularized with Vietnam. So, one of the things he told me to do in clearing cables on either refugee or agent orange issues, was to ensure that all reporting was completely factual and that no one was writing to reinforce prejudices that might have existed in various parts of the Washington bureaucracy. On at least a few occasions, I did in fact have to ask for changes in reporting cables. Needless to say, as an USAID officer, I did that with a very light touch.

I also had lots of opportunities to talk with the Ambassador and was always impressed by his in-depth knowledge of the country and region – and his hopes for peace and progress

throughout Southeast Asia. I remember that at one point during the summer, there were lots of rumors about an impending coup. Thailand had a long history of military coups, and the Prime Minister at that time, General Prem, was under pressure. USAID was sponsoring a regional housing/urban development conference in Chiang Mai and Ambassador Dean was giving the opening address. The Prime Minister's office was also present at the conference. In his speech, Ambassador Dean was very complimentary about the many contributions of Prime Minister Prem to development and economic growth in Thailand. The following week, several Thai friends told me that Ambassador Dean's very public positive comments about Prem had made a difference and probably prevented a coup. When I mentioned this to Ambassador Dean, he simply smiled and indicated that could have been his intent.

Q: He knew what he was doing.

PEASLEY: Absolutely; he knew what he was doing. He was a very smart diplomat who always took advantage of even small opportunities to influence events – even those provided through the USAID program. I really appreciated the chance to see such a creative diplomat.

Q: He did a book with ADST called “Danger Zones” that you might be interested in.

PEASLEY: Yes; I will definitely read it. I found him a fascinating person. He was smart, tough, and sometimes perhaps a bit unreasonable. But, he was fair and respected folks when they would stand up to him. If he saw weakness, he would often push harder. I certainly saw this at country team meetings at times. One time he was upset with me about something. I couldn't understand what the problem was, so I simply told him that if he would tell me exactly what he wanted, we would do it.

Q: You said that at the meeting?

PEASLEY: I did, and he was so surprised (*laughs*) that he said fine. After the meeting, the military attaché gave me a pat on the back. I actually think the Ambassador liked to check to see how much backbone people had – if you displayed some, he would be a real champion for you. When I was sitting in the embassy front office, he was amazingly supportive and a real mentor. He was similarly so for other young people in the embassy – and thus very different than the image many people had of him. I found him to be a very smart and very warm person who was very supportive of staff.

Q: He also did an oral history with ADST.

PEASLEY: Yes; I will look at that as well because, again, I found him to be a fascinating person. I should add that I used to play tennis with him as well. Most Saturdays, he organized doubles play: often he and the Ethiopian husband of an Embassy OMS played doubles against a Vietnamese fellow working at the embassy and me. I remember getting a call from him on Christmas Eve asking if I could play tennis on Christmas morning. My aunt was visiting so he told me to bring her along. She and I then stayed on for coffee

after the tennis. Mrs. Dean, a wonderful and very elegant woman, was so apologetic to me. She told me I should have said no to him; that it was unreasonable for him to have asked anyone to play tennis on Christmas morning. Again, I felt fortunate to have had the chance to see these many sides of an extraordinary diplomat..

Q: He's still around. You know, he lives in France.

PEASLEY: I am glad to know that.

Q: I think he divides his time between France and Switzerland. During this time as one-third of the DCM, did you find that that stretched you, that that broadened you in terms --

PEASLEY: Absolutely.

Q: -- these other issues.

PEASLEY: Absolutely, and it gave me a much better perspective on interagency collaboration and introduced me to new subjects, such as refugee and anti-narcotics programming. In addition it gave me a much better understanding of the political reporting process in the embassy. I had always been interested in the political situations in the countries where I served, but this brief stint in the embassy gave me a much better picture of it – and of the challenges to doing good political reporting. Lastly, it was wonderful to see first-hand such a masterful diplomat who was brave and didn't wait for Washington to define positions. He instead sent in advice along with the traditional analysis and reporting – and showed me how you can truly influence the Washington policy process from the field.

Q: I'm sure. You mentioned some of the programs, the AID programs. Were there other major elements of your program there?

PEASLEY: Much of our work was on poverty reduction in northeast Thailand, although we were concerned that the small, pilot-like activities we were supporting, such as community-based irrigation schemes, would not bring about systemic change and would not necessarily be sustainable. We therefore began to look for broader based solutions such as small enterprise development. Also, as I mentioned, we were increasingly working on middle-income country issues, such as the environment and industrialization policy. We were also in the early days of USAID's work on democracy building, including interesting programs with the Asia Foundation on local level, legal issues, legal training, legal defense funds, and human rights protection. We were doing a lot with Thai civil society organizations. In fact, Thailand was probably the first exposure I had to a country with a very vibrant community of active and prominent non-governmental organizations. The Population Development Association (PDA) was the largest of these NGOs; a man named Mechai Viravaidya who was very famous in his own right headed it up. PDA began its work primarily on family planning, but it expanded throughout the country doing microenterprise, small business development, and other income-generating activities. They were everywhere. Mechai was probably one of the most famous people in

the country – especially in the distribution of condoms and social marketing more generally. He was somewhat similar to Muhammad Yunus in Bangladesh: a charismatic leader known internationally as well as locally. He later became a significant political figure in Thailand and also a leader in the fight against HIV/AIDS. We were supporting other Thai local NGO's – and, in fact saw the development of strong local institutions as a critical part of any middle-income country strategy. Although some in AID/Washington were critical of some aspects of our rural development program, especially the program that supported local infrastructure construction, we saw it as more of an institution-building activity. For us, the main purpose was to strengthen participation in local, decentralized government. One of the most interesting fieldtrips I made was to southern Thailand, the predominantly Muslim part of the country. I traveled with the head of our Rural Development Office, who had been a Peace Corps volunteer in Thailand in the early 1960s, and had taught at Thailand's Public Administration Academy. As a result, he knew almost all the district officers and provincial leaders in the country. Most had been former students. It was a great opportunity for me to learn the challenges these local officers faced as they implemented national level policy and simultaneously tried to tailor programs to meet the specific needs of their own districts. They were also trying to deal with serious ethnic differences that were producing increased political strife and violence in the south. I also had the chance to make multiple trips to the hill country near Chiang Mai. We had several education and rural development activities there, much aimed to help counter the production and trade of opium. On one trip, I actually visited an addiction treatment center. They were providing methadone treatment for people. It was most interesting that they separated the opium and heroin addicts – believe they were hoping to keep the more traditional, rural opium addicts from learning about heroin that was available only in urban areas. This was probably the most horrifying visit I ever made to a health facility – I can still see the people on methadone just sitting and staring into space.

As we moved toward a middle-income strategy, we were also trying to understand the historic impact of USAID's work in Thailand. Former USAID Chief Economist, Bob Muscat, had worked previously in Thailand and had very close working relationships with many senior Thai policy makers. He was writing a book on the impact of foreign assistance, looking primarily at USAID but also at the major foundations, including Ford and Rockefeller. He concluded that the greatest impact came from participant training programs and that the large number of Thai students who had done graduate work in the U.S. had helped to make Thailand the dynamic economy it had become. Certainly our Thai counterparts were better educated than those of us on the USAID staff. That helped to make Thailand a great place to learn – as well as to work..

I also got to know a couple of women who had set up a foundation called SVITA that did local development work, primarily on women's entrepreneurship. The founders were Dr. Malee Suwana-adth and Karnitha Karnchanachari. Dr. Malee had worked with Mechai at PDA for a number of years. She was also a PhD biochemist and taught at the university. She was very committed to rural development, especially to improving the lives of women. Karnitha was the daughter of a prominent businessman and had studied in Japan. They were getting support from Women's World Banking and other international groups.

Anyway, we became very close friends, so it gave me another opportunity to see Thai civil society, including its roots coming out of the Buddhist tradition of charitable deeds. I often joined them on their weekend trips to visit their project sites around the country. That chance to see real Thai leadership on the ground was yet another important learning opportunity – and much easier for me to buy-into the concept of “host country-led leadership of development.”

Q: Sounds like your relationship with the Thais, the AID mission’s relationship with the Thais were quite good.

PEASLEY: Absolutely. USAID and its predecessors had been there since the early 1950’s. Relationships were strong. The Thai Government had created a special office to coordinate all donor assistance -- it’s called DTEC, the Department for Technical and Economic Cooperation and was headed up by Apilas Osatananda. He had a great relationship with the USAID director, thus ensuring strong collaboration.

I can share an anecdote that illustrates how important that relationship was. Much of USAID’s global family planning work was funded centrally from Washington to “collaborating partners,” a large network of U.S. NGOs that provided family planning services around the world. One of them was Family Planning International Assistance (FPIA), which I believe was related to Planned Parenthood. Its Asia regional office was in Bangladesh, but they wanted to move to Bangkok. This was early in the Reagan administration and there were fierce arguments about abortion and family planning that resulted in the “Mexico City” policy that required all NGOs receiving USG funding to agree not to provide or promote abortion services. FPIA was leading the opposition to the Mexico City policy; it also was very Leary of USAID even though it received substantial funding from USAID. By coincidence, my old friend from Stanford, Jan Piercy, was now working for FPIA in Bangladesh. Because her job was regional, she frequently passed through Bangkok, so we saw one another often. Some of her colleagues at FPIA were concerned about her friendship with someone from USAID, but we remained friends. Because of it, I did know that they were trying to get permission from the Thai government to open their regional office in Bangkok. They had been unsuccessful and were wondering how to move forward. I offered to have USAID contact DTEC to see if we could expedite the approval. Jan agreed, although some of her colleagues were reluctant. Anyway, Bob Halligan contacted Apilas, the head of DTEC, and FPIA received its approval within a day or two. The leadership team at FPIA was very appreciative and, I think, began to realize that we were all on the same team, even if there were sometimes policy differences. It was also a reminder that everyone in USAID needs to try to break down the suspicions and lack of goodwill that sometimes develops between USAID and its implementing partners. In this case, it ended quite well and I think that the folks at FPIA were actually quite pleased with the willingness of USAID to be helpful. Ironically, however, FPIA went under as an organization because of its refusal to accept the Mexico City policy – a policy that I should add goes in and out with the changing of administrations. Democrats issue an Executive Order on inauguration day to eliminate it; Republicans do the opposite when they come into power.

Anyway, Thailand was a very good learning experience for me in a lot of different ways: with regard to sort of broader foreign policy issues; with regard to working with strong local institutions; and with looking toward new sets of middle-income country challenges. It's interesting that I had very different overseas assignments, but the one thing that was in common in almost all was the quality of the extraordinary host country counterparts with whom I worked. This really affected my views of development and how the process should work. I think that too many people in USAID worked early on with "bad" counterparts; this had to have colored their viewpoints. I was fortunate to work with great people everywhere, and that made it easier for me to have a higher level of respect for the countries in which I worked.

Q: And the Thai government was cooperative?

PEASLEY: Absolutely. They were supportive of the U.S. I can't think of any sort of issues that we had with the government. When implementation challenges arose, we could go to them and things always be worked out. It was never adversarial --

Q: Did you feel -- I'm sorry, I interrupted you.

PEASLEY: No, I can't think of any adversarial relationships or time when they said they could not fix an issue. Sometimes the routes were circuitous and agreements sometimes were different than we thought, but ultimately we always seemed to get to where we wanted to get. Some I suspect was due to the strong personal and social relationships. I mentioned DTEC earlier. The relationship was such that we even had an annual golf tournament between DTEC and USAID. We would go out for the weekend to a local golf course and have a very competitive golf tournament. Because USAID was much smaller than in the past, almost all of us had to play -- even a bad player like me. But, it was all part of that extraordinarily strong working relationship.

Q: Were there cultural differences that got in the way?

PEASLEY: I can't think of any. Most of the American staff had been in Southeast Asia for long periods of time. Most were fairly culturally sensitive; many of them had Vietnamese or Thai wives. I can't think of any times when cultural issues got in the way of our work. I'm sure that there were times when we thought issues had been resolved more quickly than they in fact were. I know there was one rural irrigation program up in the northeast that Washington didn't like. We in the USAID mission also had issues with it, but the Thai government loved it. For that reason, we continued the project longer than we might otherwise have done. But, ultimately we did terminate the project -- and the Thai government appreciated that we did it carefully and sensitively. So, I think there were certainly cases like that in which it took a long time to make decisions. Also, there was undoubtedly confusion sometimes when the Thais said "yes" when they really meant "no."

As a woman, Bangkok did have some other challenges. Certainly the famous Thai nightlife and extracurricular activities created an unusual environment. Most of the staff

in the USAID mission were men; some of them spent a lot of time in Patpong or Soi Cowboy. As a result, the banter before meetings inevitably focused on their prior evening's exploits. It was sometimes uncomfortable, and I probably should have raised it as an issue, saying that the discussions were not appropriate for the workplace. But, I wanted to fit in and didn't want to ruffle feathers, so I said nothing. But, to be honest, it was not always a very professional atmosphere.

I would like to share one other anecdote on women in the USAID mission. At one informal Friday afternoon office party, I was chatting with one of the Thai women accountants and we joked that the men in the office didn't appreciate the women. That prompted me to later ask Bob Halligan, the Mission Director, if he would mind if I invited all of the women in the USAID mission to my house for breakfast one morning. We would not reveal the date in advance and would all then be late in arriving at work. Bob thought it would be a great idea. So, some weeks later, all of the women (four or five American women and probably 30-40 Thai women) came to my house for breakfast. It happened to be staff meeting day. Bob quickly realized that this must be "the day," as I was not there and neither of the front office secretaries was there. He went into the staff meeting at 7:30 and the men started straggling in. Some commented that a lot of people seemed to be out that day. Bob then asked if they noticed anything particular about those who were absent. At that point, the men realized it was the women who were gone. Meanwhile, we were all enjoying breakfast. We had played the Helen Reddy song, "I am Woman," and the Thai women suggested we call the office and play the song for them. So, we called and Bob answered the phone. We said nothing, just played song. Bob loved it. When we finally got to the office, they had put up signs to welcome the women back and to express appreciation for their work. The nicest part of it is that the women continued to celebrate it every year. All the women in the mission would have lunch together in honor of that initial breakfast. They would send me photos, so I could enjoy it regardless of where I was physically. It was silly, but I do think that kind of "hoopla" can make a difference in an office and improve the general work environment.

Also, I think there was some value to it because Thailand is not always an easy place for professional women, given the huge sex industry that exists there. Anyway, it was a fun thing to have done.

Q: Did that industry get any of your troops into trouble?

PEASLEY: I think there were some issues, although the Mission Director handled them. I did not get involved.

Q: Did you feel that overall your AID goals were being accomplished in Thailand.

PEASLEY: Yes. I think they were. Our goals were really relatively modest and we were a small player in a large economy. But, on the margin, I think the work that we were doing was valuable, especially in supporting Thai initiatives.

Q: Do you recall the overall money figure?

PEASLEY: I believe our annual budget was in the \$25-35 million range and a mix of grant and loan funds.

Thinking about numbers does remind me of a difficult time in 1984 when we had to reallocate a major portion of our budget late in the fiscal year. It also does illustrate at least one occasion in which we had a serious disagreement with the Government of Thailand. I had previously mentioned our public administration/decentralization program. We had a very close relationship with the cabinet minister overseeing that program. We also had some serious policy issues that we wanted resolved before putting additional funds into the program. We remained patient and continued to talk. Bob went on home leave, and we had to take a decision prior to his return. I was Acting Director and joined our USAID office director for a final meeting with the Minister. The actions weren't taken, so we reluctantly decided to terminate the program and obligate the funds elsewhere. The Thai government was very unhappy, so I was needless to say nervous how Bob would react when he returned to post. He fortunately agreed that I had made the right decision. So, going back to our earlier discussion on relationships with the Thai government, there was at least one time when we had a serious disagreement and did not reach a happy conclusion.

I would like to highlight one other aspect of this – a management principle. Early on, Bob had told me that when I was “acting” I should always make the decision I personally thought was the correct one and not try to guess what he would do. He insisted that I follow my own instincts, that I would be more likely to make mistakes if I did otherwise. It certainly is a lesson I tried to apply as I moved up in the hierarchy. If you try to think what someone else would do you're likely to make the wrong decision; you just have to follow your instincts and make the best decision you can. That certainly was the case in Thailand. Fortunately, Bob was supportive. But, I suspect that he would not have told me if he had thought I had made a mistake. I actually wonder if this scenario would even arise in today's world with email. I suspect that a Deputy Director now would always check first with the Director via email to get his/her views on what should be done. I think I am glad I worked most of my career pre-email.

I would like to add one other management technique I learned from Bob Halligan. He wanted to encourage people to spend time in the field – he even went so far as to add field trips as a work objective for everyone in the mission. I believe the target was 10% of our time – although it was a bit more for program managers and a bit less for support offices. But, Bob very much wanted us all to have a strong understanding of program implementation in the field.

Q: You moved on them from Thailand. Where did you go and --

Assignment to USAID/Washington – LAC/DR – 1984-85

PEASLEY: I went back to Washington. But, as I noted earlier, I actually regretted that I left Thailand after only one tour. I would have preferred to stay on, but I had set the

transfer in motion and had to stick to it. I initially went back to the Latin American Bureau – to the Development Resources Offices where I had worked before going on long-term training. I went into the Assistant Director for Finance position – it is the position I had reported to as Central America Division Chief

Q: This is in what year?

PEASLEY: August 1984. It turned out to be a real mistake. There was a new office director whom I didn't think was nearly as strong as the previous one for whom I had worked. That was a big disappointment.. I believe he may have had some health issues; I probably should have been a little more sensitive and understanding. But, I wasn't. I was also frustrated because, even after three years' absence, they were arguing about some of the same old issues. I kept thinking that this is not bureaucracy at its best. I thought some of these things would have been resolved by now. The invasion of Grenada had taken place during my earlier assignment to LAC/DR, but I returned three years later and people were still trying to resolve issues regarding reconstruction of the mental health facility that had been bombed during the invasion. I kept thinking this had to be a symbol of everything that was wrong with the USAID bureaucracy. So I wasn't very happy.

Nevertheless, I was involved still in some very interesting things. There were still some very good people in the bureau. For example, Malcolm Butler, who was the Deputy Assistant Administrator, was leading a group to rethink the whole strategic planning and project development process. Those were the early days of greatly increased decentralization of authority to the field. Significant changes needed to be made in the Bureau's systems, including an end to the requirement that all projects be approved in Washington. We prepared new guidelines and flexibility for the missions, while also retaining some authority in Washington for the largest activities. This included the very large Economic Support Fund programs in Central America; most were focused on economic policy reform programs and were in tandem with the IMF and World Bank. Some of these programs were hundreds of millions of dollars per year. Dollars were disbursed as policy conditions were met. Local currencies were then programmed for various development activities, including massive projects such as the new, non-profit Earth University in Costa Rica. The size of the programs in Central America was obviously being driven by foreign policy factors, most importantly in fighting communism and supporting the "contras" of Nicaragua. So, while not always enjoying my work during this period, it was important and certainly interesting.

Assignment to USAID/Washington – Africa Bureau – Office of Project Development – 1985-88

Then I got a call out of the blue from the Africa Bureau. They had a large Development Resources office in the Africa Bureau – similar to LAC/DR – but they were going to split it into two offices: one focused on technical support and one focused on project development. Larry Hausman was to head up the project development office, and he asked me to become his deputy. I initially declined the offer, but some weeks later the

Assistant Administrator for Africa, Mark Edelman, called and asked to meet with me. When we met, he spoke about his vision of Africa and working in Africa. He was so positive and excited; I can still picture him running to the map and pointing out different countries and the issues in each of them. His enthusiasm was infectious and I decided to make the change to the Africa Bureau. So, in September of 1985, after one year back in the Latin American Bureau, I moved to the Africa Bureau and became the deputy director of the office of project development. This ultimately turned out to be the smartest decision I ever made. It reinvigorated me. I had gotten sort of stale and burnt out by some of the bureaucratic issues and the problems that we were facing in the Latin American Bureau. Moving over to Africa was a chance to get back into learning mode and to feeling that my work could make a difference. In retrospect, I think I am most happy professionally when I'm in a situation where I'm learning and exposed to new things. That certainly was the case in moving over to the Africa Bureau.

Q: What were your preoccupations there?

PEASLEY: The Office of Project Development was responsible for guidelines to the field on project development, for reviewing those projects that had to come back to Washington for approval, and for overseeing program implementation. We supported the field and helped missions design programs and resolve implementation issues, but we also had an oversight function.

In 1985 the Africa Bureau received 100 million dollars of ESF to start a new program, the Africa Economic Policy Reform Program. Missions had earlier been asked to submit concept papers to the Africa Bureau for potential economic policy reform activities. I was asked to co-chair the review process for these initial proposals. I worked with Jerry Wolgin, the chief economist for the Africa Bureau. Jerry is a brilliant economist, a wonderful human being, and one of the finest people who ever worked for USAID. Jerry and I were tasked to co-chair the African Economic Policy Reform Program review process. I believe that 15 to 20 posts submitted initial concept papers. Jerry and I put in place a process to review them all, involving all of the relevant people from USAID and State. Issues papers were prepared for each; review meetings were held; proposals were ranked; and we submitted our recommendations to the Africa Bureau front office. I believe we recommended that a half dozen or so posts submit formal proposals. As I recall, the concept papers covered reforms related to foreign exchange control systems, fertilizer subsidy reduction, utility privatization, stock market creation, elimination of marketing boards, etc. At the very least, it was an incredible opportunity for me to learn a lot in a hurry about a large number of Africa countries. After the first round of reviews, Jerry and I visited a number of the West Africa countries to talk to the USAID missions and embassies about the final proposals to be submitted. As I recall, we went to Togo, Guinea, Senegal, Cote d'Ivoire, and Zaire. This was probably the Africa Bureau's first significant effort to engage robustly in economic policy reform, including the design of policy-based non-project assistance. I believe that most of the programs were modestly successful.

But, perhaps most importantly, this AEPRP created momentum for more policy-based work in the future – and for the discussions the Africa Bureau was having with the Congress to create a new legislative framework. Larry Saiers, the Africa Bureau's Deputy Assistant Administrator, led the effort – it ultimately led to the Development Fund for Africa (DFA), a special appropriation earmark passed in 1987 or 1988. Larry and USAID's legislative staff had been working with the foreign relations committee staff to create authorizing legislation, but that never passed. Fortunately, the Appropriations Committee staff picked it up. Again, the African Economic Policy Reform Program helped lay the groundwork for what became the DFA. I should add that the DFA that was the best legislation that I worked under during my career. It articulated the right priorities and provided needed flexibility; it therefore enabled USAID to put together programs that really made a difference. I think it remains a model for the kind of foreign assistance legislation that is needed today. Most of the principles of aid effectiveness that people talk about today were included in the DFA – for example, host country leadership and ownership, consultation with partners, performance-based budgeting, etc. Certainly, we have learned more about the development process since then, but the DFA provided a sound framework

I arrived in the Africa Bureau in early September 1985. Within a few weeks, I was asked to attend the West and Central Africa Regional Office (REDSO/WCA) scheduling conference in Abidjan and then the East and Southern Africa Regional Office (REDSO/ESA) scheduling conference in Nairobi. My boss, Larry Hausman, joked that Abidjan could not be my first stop in Africa, that I would need to stop somewhere en route to Abidjan. So, my real introduction to Africa was my initial stop in Bamako, Mali. It was a wonderful introduction and included a field trip to agricultural areas in the south that had tremendous promise. It was therefore a more positive view of the Sahel than I expected.

Q: Abidjan was a little too developed.

PEASLEY: Yes; Larry wanted me to get a little more hands-on view of our programs in Africa and some of the challenges of work in the Sahel. The annual scheduling workshops for the two regional offices did, however, give me a great chance to meet a large number of field staff. The two REDSO offices provided support to all of the field missions, so representatives from the missions came to Abidjan and Nairobi to request support services. At the end of the conference the REDSO staff – including contracting officers, project development officers, lawyers, and technical specialists – were booked for the year. Representatives from Washington also attended, as it was an excellent way to speak to large numbers of field staff. We also that year conducted special training workshops in both Abidjan and Nairobi for the many project development officers. It was a chance to explain the new project approval processes, increased delegations of authority to the field, as well as new regional initiatives such as the African Economic Policy Reform Program. Again, it was to make sure there was a common understanding of requirements between the field and Washington. It also gave me an opportunity to meet almost all of the project development officers in the field – an important thing since our office would be overseeing and working with them.

This was especially important because one of our functions related to the personnel assignments of project development officers. Today, the process is I believe done totally through an open bidding system. In those days, it was a bit more “managed.” Each regional bureau had an office that oversaw its project development function; we would meet to talk about the expected project development officer openings in our respective bureaus and the various project development officers eligible to transfer. We would talk together about people and identify the best candidates for individual slots. While each regional bureau obviously tried to keep its best people, we did also often facilitate transfers to other regions when we knew it was best for someone’s career or we didn’t have an appropriate opening. It would all be worked out globally. It was a very informal system that worked quite effectively for most people, but I suspect not all. Each of the regional bureau project development offices gave its recommendations to the administrative people in the bureaus who then worked with HR (Human Resources) to assure the agreed upon assignments were made. So, in reality, it wasn’t in our control, but we were able to make recommendations to the people who were in charge of the assignment process. Fortunately, the administrative staff in the regional bureaus respected our judgments on the best people to go into different jobs. We were also involved in the hiring of new project development officers. The Human Resources Office organized technical panels to interview candidates; representatives from the regional bureau project development officers were thus involved in the interviews and selection of new officers. I’d done that from the Latin America Bureau, I did it again in the Africa Bureau. This too was a great way to identify the best new employees. Certainly, we all tried to use our knowledge to grab the best for our own bureaus. As I think back on that period, I am reminded of the significant amount of time and effort spent on personnel and HR issues from those positions in Washington.

Q: Did you ever find you were in a bind because someone wanted to impose on you somebody you didn’t really want?

PEASLEY: Yes; that would certainly happen. Also, there would be times you’d think that so and so would be the best person for a mission, and that mission didn’t agree. In those cases, HR would broker the final decision through the formal process. I actually think that the informal system was helpful to most people. In today’s more open bidding system, I don’t know the degree to which the bureaus are even involved in helping to make decisions anymore.

Q: I imagine corridor reputation plays a role still.

PEASLEY: Absolutely; it’s an unfortunate fact of life. It is especially unfair to those folks who do get a bad corridor reputation. It’s very hard to get rid of it. But --

Q: Sometimes they’re deserved.

PEASLEY: Yes; sometimes they’re deserved. They don’t usually happen by accident. It’s why in talking with young officers now that I always emphasize the importance of

interpersonal skills. It is important how one treats other people. Corridor reputations can stick with one.

Q: True.

PEASLEY: And if you get a bad one at the onset it's hard to get rid of.

Q: You mentioned this landmark legislation that you were involved in. Were there other sort of successes during this period in Washington that you recall? Accomplishments that you have particular fond regard for?

PEASLEY: Yes. I certainly wouldn't take any credit for the Development Fund for Africa. I think that credit goes to Larry Saiers who was the deputy assistant administrator for Africa, Bob Lester who was in the legislative affairs office, and people on the House Appropriations Committee staff, people like Gary Bombardier and others. Gary ultimately came into AID during the Clinton administration. But, I do think that some of the lessons we learned through the African Economic Policy Reform Program fed into the development of the DFA. Trying to think how to answer that question. You mean legislative successes, or just successes?

Q: No, not necessarily. Just in terms of the goals of your office.

PEASLEY: Let me see: we managed the project review process, and we supported the field. I think we were particularly successful in supporting new program models to correspond to new situations in Africa.

Perhaps one of the best examples was our support for South Africa. When the Comprehensive Anti-apartheid Act (CAAA) was passed in 1985 it included a significant increase in USAID programming in the country. Until then, I don't believe that USAID did anything more than the provision of scholarships to South African students. The CAAA prompted USAID to create a formal USAID mission in South Africa. Tim Bork, the General Counsel for Africa, went out as the first USAID mission director. Our office provided a lot of support, including help in getting some fantastic young officers to transfer there. This included Carlos Pascual who was in Sudan at that point. He became the Program Officer. The AFR/PD Southern Africa division chief also ultimately went out as the Assistant Director. Tim and his team worked more as a "foundation" than a traditional USAID office. They worked directly with South African community organizations, providing small grants. Our office helped the mission develop tools to work this way, including design of some umbrella projects that met USAID legal requirements but also provided great flexibility to work with small local groups. It was important to work this way since many anti-apartheid South Africans were suspicious of U.S. policy. Many saw the U.S. "constructive engagement" policy as supportive of the apartheid regime. So, Tim and his small band of officers had to develop credibility in the townships before programming resources. They did that, and came up with the creative foundation-like approach. They came up with a way of working that would be process-light, that would meet our requirements, and also be responsive to South African needs.

The credit goes to Tim Bork and his team, but our office did provide a lot of support, including consultation on the Hill and meetings with the Inspector General's Office to ensure consensus on the approach. We also demonstrated flexibility ourselves. Many in Washington were concerned about the management burden of the many small grants in the South Africa mission. I must even confess that I once pushed Tim to consider using U.S. NGOs as intermediaries to reduce their management burden. Tim fortunately convinced me that the mission needed to maintain its direct relationships in the townships, that the use of intermediaries would be wrong. I am thankful to this day that he convinced me – if not, I would have been responsible for a huge mistake. The program in South Africa was incredibly successful. We will talk later about some controversies that arose in the 1990s, but the 1985-88 period laid the groundwork for a significant U.S. role in supporting the transition to a majority-led government. Several of the Cabinet ministers in President Mandela's initial cabinet were people who had led local organizations that were supported by USAID in the early days. Relationships with key South African leaders were forged through USAID's early efforts, thus also contributing a lot, I believe, to broader U.S. foreign policy objectives.

The AFR/PD office also supported a very different assistance model in Liberia, although this one did not turn out to be very successful. Sergeant Doe was President of Liberia; the country was very important to the U.S., in part because of a Voice of America broadcasting station there. We were pouring large amounts of money into the country, most of which was ESF or security assistance funding, but there were real concerns about corruption and how funds were being used. The U.S. decided to embark on a major financial management improvement program. Frank Kimball, a recently retired USAID Mission Director and known as a very strong and tough manager, headed up a contract team from one of the big accounting firms to go into the country and basically run the financial management system. It was a "pro consul" role. The contract team built systems, paid bills, and took total responsibility for the control of budget resources. At the very least, U.S. resources were protected, but I believe the effort was abandoned within a few years and there were few lasting results. Senior U.S. policy makers had thought up the scheme. We in the Africa Bureau in Washington then designed the specifics of the program – and built something that corresponded in some way with normal USAID procedures. I don't think we were asked to do any feasibility analyses. Our job was simply to put the plan in place.

Q: Do you think it turned out that Liberians were running double books?

PEASLEY: Probably, although I really don't know the details.

Q: Right. And then the team was pulled.

PEASLEY: Yes; I believe it ended within a couple years but it was after I had left Washington in 1988. I do know that our office, Africa PD, was instrumental in helping to put all of that in place and then to monitor progress. Our division chief for Central and Coastal West Africa went out to Monrovia frequently to help set it up and to get Frank Kimball and his team briefed up to work on it.

We were similarly involved in a number of other foreign policy priority countries: Somalia, Zaire, Sudan, and others. Many of these missions were not well staffed, so colleagues from AFR/PD spent substantial time visiting these countries to help design, monitor, and implement programs. It was particularly challenging to manage the balance between responding flexibly and quickly to foreign policy needs while also ensuring that USAID systems, to at least some extent, were followed. In sum, those years in the late 1980's were interesting. We were able to use the new Development Fund for Africa appropriation to do real long-term development; simultaneously, we were using ESF to put in place many short-term programs to achieve foreign policy goals.

Q: Did Ghana come up on your radar, the program there?

PEASLEY: I don't recall much about Ghana. In the late 1980's, I believe it was a bit of a mess – lots of political issues and a poor economic policy environment.

Q: It was interesting thought that you had -- there was an AID program there.

PEASLEY: Yes, there was a program, but I don't believe that we in Washington were much involved. I certainly was not. That, of course, changed by the early/mid 1990's when Ghana became serious about economic reform. It then rapidly became a super star in the region. But in the mid to late 1980's, I don't believe it was a high priority program for us.

Q: Were there other disappointments during this period?

PEASLEY: One other priority when I first went in the Africa Bureau in September 1985 was the U.S. response to the 1984 drought in the Sahel and Horn of Africa. Most of the immediate short-term relief had been provided by the time I went into the Africa bureau in fall 1985. Nonetheless, we were still programming significant resources – especially in building better infrastructure to facilitate future relief efforts. I especially remember transportation programs in Sudan, including analysis of ways to get food relief into interior areas. This included railroad improvement activities. More generally, Sudan was a high foreign policy priority country, so there were also large resource-transfer programs, including balance of payments support with ESF/security assistance funds. We invested huge amounts there – and, looking at it today, it seems not to have been very successful.

Q: Well, then you moved on in 1988 to another position.

PEASLEY: Yes, but perhaps I could mention two other things from my time in the Africa Bureau Project Development office.

First, there was a considerable focus on “women in development” during the 1980's, and the Africa Bureau was viewed as not doing enough in this area. Ray Love was the senior

deputy assistant administrator for the Bureau. Larry Saiers was a deputy assistant administrator covering eastern and southern Africa, and Lois Richards similarly covered West and Central Africa. Ray was my supervisor. I was the deputy in PD for one year and then the director for the next two years. Ray had to do something to show the rest of the agency that the Africa Bureau was serious about “women in development” initiatives. He asked me, not coincidentally I assume, to create a working group. I chaired the group; we had representatives from all of the offices (geographic and technical) within the bureau and from one or two of the technical/central bureaus. I mention it only because it worked extremely well. Unlike many working groups, we actually worked. We documented for the first time the significant level of effort actually taking place in the field on “women in development” programs. We shared country experiences and sent out guidance to the field on things they could do. I learned an important lesson about the utility of working groups – not only in getting jobs done, but perhaps equally importantly in giving younger staff, many of whom were buried in their office hierarchies, new responsibilities and chances to display independence and leadership. In later jobs, I would encourage staff to join cross office/cross bureau working groups because they would enable them to get out of their hierarchical structures, show initiative, and demonstrate leadership. I would encourage staff to look for such opportunities – to look for other bureaucratic mechanisms to showcase their talents and to contribute more meaningfully to the agency’s work. This experience made me a supporter of matrix management and the ability of people to play multiple roles in multiple hierarchies and in multiple, places on a staffing pattern. On our “Women in Development” working group, I saw people become more energized about their work. I was also then able to tell their bosses about the leadership they had shown; this ultimately was reflected in their own appraisals and progress. I was glad to learn this management lesson relatively early in my own career.

I would also like to mention something important that USAID itself did. In the mid-1980’s USAID started paying more attention to senior management. It began by hiring a couple of professional HR experts to manage the senior management selection process. One of them was Judy Ross. She reached out throughout USAID to identify new senior management candidates, including minorities and women. She and the Agency’s senior team put in place new processes to select Mission Directors and other senior staff. It all became a much more professional process and less of an “old boys” network. I believe that Judy and her team were also instrumental in encouraging USAID to create a new senior management-training program in 1986 or 1987. It was contracted out to a group called -- Training Resources Group (TRG) based in Alexandria. Over a several year period, almost all mission directors and office directors in Washington and deputy directors ended up going through this two-week senior management program. It began to change the culture of USAID and management in a profound way. Because almost everyone ended up going through the program, we all had the same vocabulary around mission and vision and the basic principles around supervision and teamwork. USAID also asked TRG to begin a mid-level management skills training program. Many missions then began to ask TRG to come to their countries to do additional management training and consultation. Within ten years, everyone had the same vocabulary, and there were much more constructive discussions about management issues and challenges. Much of this increased collegiality was due to TRG. Ultimately the contract was terminated during

the 1990's for a variety of reasons. But, I think it is important to note the significant impact TRG had on USAID. Certainly, it had an impact on me as a senior manager, both as Director of Africa PD and then went I went out as a Mission Director.

I began discussing my overseas options with Ray Love in late 1987. When he mentioned Malawi as an option, I jumped at it. It was a good mission and had an excellent program. So, in August 1988, I headed to Malawi to replace John Hicks who left Malawi to go to Liberia.

Q: Before we move there, let me just ask in regard to this training that you were talking about that changed the, helped change the culture of AID. As AID been a bit standoffish from FSI in terms I don't know if it had to do with languages or what, but I understood that perhaps AID had not taken as much advantage of FSI opportunities as they might have. Did that come up at all?

PEASLEY: I don't recall hearing anything about FSI as an option; nor do I think that FSI had any kind of equivalent management. I know that when the TRG contract ended, USAID started using the Federal Executive Institute (FEI) in Charlottesville.

Q: So it's true that the leadership and management developed over time and later than so many of the other programs.

PEASLEY: Yes. You mentioned language training. I think it is unfortunately fair to say that USAID never invested as much as the State Department on language training.

Q: Is that because of budget issues?

PEASLEY: I assume that is the main reason. Also, many of USAID's Foreign Service staff were ex-Peace Corps volunteers so they already had language. I think a third reason was the difficulty of phasing training and placement in the field given the relatively smaller number of USAID foreign service officers compared to State. We could never get the timing right to allow enough language training up front; there was always an urgency to get people to post. So, for a variety of reasons, USAID never invested as much in language training as the State Department. I think the relative lack of Arabic language skills in USAID at the onset of the Iraq war illustrates the problem. We had been in Egypt and Jordan (and even Syria for some time), but had not focused on Arabic language training for those countries. So, we had few Arabic speakers to deploy when they were urgently needed for Iraq.

Assignment to USAID/Malawi – 1988-93

Q: So off to Malawi in 1988.

PEASLEY: Yes.

Q: As the director.

PEASLEY: As the mission director.

Q: What was the situation there in regard to USAID-Malawi relations in terms of what your program was?

PEASLEY: Well, perhaps I can start by saying something about Malawi itself?

Q: Yes, no, please do.

PEASLEY: Life President, Hastings Kamuzu Banda, ruled Malawi. No one knew his actual age, but he was at least in his 90's. I was certainly told that he would most likely pass away during my tenure – but my predecessors had also been told the same. He outlasted all of us!

Q: Banda had other plans.

PEASLEY: Yes. He went to medical school in the U.S. and practiced medicine in Britain and Ghana, returning to Malawi in the 1950's to help lead the independence effort. It was a one-party state with the Malawi Congress Party dominating the political scene. The political scene was tightly controlled, including the press, but the country was seen to be a good economic performer. Malawi also maintained relations with apartheid South Africa, unlike its neighbors (Zambia, Zimbabwe, and Tanzania – all of whom supported the anti-apartheid African National Congress). Banda ran the country a bit like a plantation. There was a dress code: women had to wear skirts below the knee; men could not have long hair. The civil service was very disciplined – hard working and on time. There was relatively little corruption; everything appeared very orderly. Many folks in USAID referred to Malawi as “beginners Africa.” It was probably a good place for my first overseas assignment in Africa.

The country was also one of the poorest countries in the world. Education participation rates were very low; mortality rates were high; and incomes were very low. There was a fairly vibrant private sector, although much was incorporated into the Press Holding Company that was in turn owned by the Malawi Congress Party. A British businessman ran Press Holding Company, and it operated very effectively as a for-profit corporation. USAID had done an assessment of the private sector in Malawi in 1986 or 1987. The major conclusion was that “the private sector is alive and well and in the hands of the government.”

When I arrived in August 1988, the USAID program was focused on economic policy reform, health, agriculture, and small business development. This included one of the original ESF-funded Africa Economic Policy Reform programs, a privatization program at the Agricultural Development and Marketing Corporation (ADMARC). ADMARC was responsible for input and output marketing for smallholder farmers; it was also a holding company, akin to Press Holding Company, with shares of most large corporate entities. ADMARC also owned a number of agricultural estates. Our program was

working to help ADMARC divest itself of these assets. We had entered into a contract with Deloitte. There was an expatriate advisor who worked closely with ADMARC staff, including one young woman who became a real super star. She ultimately became a cabinet minister in multiple Malawi administrations and was an important actor when the country moved toward multi-party democracy. The privatization program did achieve its stated objectives, but probably the most important outcome was the development of this ADMARC economist.

Q: Do you recall her name?

PEASLEY: Yes; Eunice Kazembe. I got to know her quite well over the years; she was a truly dedicated public servant and it was a tragedy when she died several years ago.

There were several other major activities in 1988. These included a long-standing Health Institutions Development project that focused on the Lilongwe School of Nursing; it was implemented through a cooperative agreement with Howard University. We also had a long-standing agricultural research/extension and small business development programs, both of which included technical assistance and local capacity building elements. All of these programs were coming to an end in the next year or two, so the mission was in the early stages of rethinking future programming. One very interesting new project was the Human Resources and Institutional Development project. It was an umbrella technical assistance and training contract with the Academy for Educational Development. It was designed to provide technical assistance across the portfolio. It also enabled USAID to respond to other Government of Malawi requests for advisor support or training in ministries or departments where we might not otherwise have been working. Over time, we structured it to focus almost exclusively on our on-going programs.

Over the six months prior to my arrival, the mission had been designing a new health program, Primary Health Interventions for Child Survival (PHICS). This included support to the Ministry of Health in developing a whole new cadre of community health workers, research on malaria, family planning services, and continuation of a rural water scheme that USAID had supported for many years. This last element funded low maintenance, gravity-fed water systems. It was a comprehensive health sector program that became a centerpiece for the mission.

Immediately after my arrival, we were tasked with beginning to prepare a new five-year country strategy. We critically looked at our on-going portfolio to determine parts that should continue; we also mapped out assessments and other analyses that should be done. This included looking more seriously at the HIV/AIDS situation in the country – an area that was not covered under the new PHICS health project.

Q: Big problem in Malawi.

PEASLEY: Right, it was a big problem and an area we knew we needed to look at for the future. We also knew that we had to look more seriously at the education sector, in part

because of the obvious poor participation rates in the country, but also because AID/Washington was pushing us to do so.

We also knew we had to relook at the agricultural sector. At the time the World Bank was the lead donor in Malawi, and they led a series of conferences to develop a new poverty reduction strategy for Malawi. Bank analysts identified one key factor – the ability of smallholder farmers to grow and sell even small amounts of burley tobacco. Burley tobacco was the major cash crop in Malawi. By regulation, burley could be grown only on leasehold or estate land – not on customary land farmed by smallholder farmers. This precluded smallholders from benefitting from the country's major cash crop and resulted in smallholders focusing solely on maize, cassava, and sorghum for self-sufficiency. The Bank analysts argued that smallholders should be allowed to grow some burley tobacco; income from that would then enable them to buy improved seed and fertilizer, thus improving productivity and production and enhancing food security and facilitating their movement into the market economy.

Q: Today is August 6th, 2015. We are resuming our conversation with Carol Peasley. Carol, what was the state of agriculture overall when you arrived in Malawi?

PEASLEY: A few years before I arrived, the World Bank had referred to Malawi as a star performer in terms of macroeconomic reforms. President Banda frequently toured around the country; he always referred to Malawi as a “star performer” and as a food exporter. He spoke about everyone having the three necessities of life: food, clothing, and a roof over one's head that doesn't leak. That was his constant theme everywhere he went in the country, that everyone's basic needs were being met. By the time I got there in August of 1988, people were beginning to look more seriously at the validity of that myth.

Within a month or two of my arrival, USAID and the World Bank sponsored an important conference on agricultural development. Considerable analysis had been done prior to the meeting, and many papers were presented. Malawian official from various ministries attended along with most donors. I was told afterwards that it was really the first time there had been an open, public discussion in Malawi of food insecurity in the country. The conference explicitly denied the myth of Malawi as a food surplus country. It also provided candid discussion of inefficient land use in the estate sector; of declining productivity and plot sizes in the smallholder sector, of high unemployment in the rural sector, of extremely low incomes, and of abominable marketing options. It candidly laid out the serious issues that needed to be addressed., Most Malawian officials actually knew these issues, but they had always been unable to discuss them publicly. Ironically, President Banda had actually officially opened the conference, but he obviously didn't stay around to her the debate. Nonetheless, the fact that the Malawians who were there were able to participate in the candid discussion was very important.

This conference and the issues discussed provided a new framework as we began to prepare a new strategy for USAID. We sponsored a series of assessments and

consultations focused on all of the above challenges and issues that fed into the new country strategy paper we submitted to Washington in October 1989. But again, it was all based on the fact that while Malawi had done some good things on the macro-economic policy front, it was indeed one of the poorest countries in the world, had some of the worst human development indicators in the world, and that major changes needed to take place in the agriculture sector if the country was going to improve productivity and increase incomes.

Q: How did you revise your strategy accordingly?

PEASLEY: We worked within two frameworks. First, the Africa Bureau had put in place a new region-wide strategy based on the new Development Fund for Africa legislation. That defined some priorities, including the mandate to begin work in basic education. Second, we did a number of detailed sector analysis and conducted many consultations with other donors and local groups. We ended up proposing five strategic objections: one related to agricultural production and productivity; one related to rural off-farm employment; one related to population growth rate reductions; one related to child survival; and a fifth on controlling the HIV/AIDS epidemic. At this point in time, Malawi had HIV prevalence rates of 10/12 percent and was one of the most severely affected countries in the world.

When we presented our strategy in Washington, we focused on building on the successes of the past program, as well as on our new understanding of poverty levels in the country. When USAID had put together its Malawi country strategy in 1984, it used existing data to assert that 20% of smallholders were at or below the subsistence level, that is families not able to produce enough food to survive. The Mission had set a target of halving this to 10%. Unfortunately, the analyses done by the World Bank and others in 1987 and 1988 (and presented at the October 1988 agricultural conference) showed that more than 50% of smallholders were actually at or below the subsistence level. In other words, we had to present a much bolder anti-poverty strategy. Drastic steps needed to be taken to reform the agriculture sector; also, there needed to be bold action to create non-farm rural income. In our new strategy, we proposed to continue some of our longstanding work in agricultural research and extension, particularly in looking at drought-resistant varieties and higher value cash crops. We also proposed to look at land use issues. As I mentioned earlier, there were two kinds of land in the country: smallholder or customary land allocated through traditional tribal structures; and estate or leasehold land allocated by the government. These latter were the larger farms, including some very large estates. Burley tobacco, the country's largest export crop, was also restricted to the estate sector.

After approval by Washington of our strategic approach, we then began a far more detailed analysis of the agricultural sector, including an assessment of the estate sector. No one had ever really looked in detail at the sector, including the kinds of people who were becoming new estate owners. We reached out to Malawi's Bunda College of Agriculture to do the assessment. We contracted with a couple of individuals from the United States to work with the Bunda College faculty members, thus helping strengthen the college's capacity to do rigorous assessment work while also enabling it to lead the

process. The assessment was built around detailed field surveys of estates around the country. Bunda College students did most of the survey work itself over their summer vacation. Several of us from the USAID staff accompanied the researchers in the field on some of their visits, so it gave us all a much stronger understanding of the sector.

The assessment showed massive growth in the registration of estate land over the previous several years – but that most of these new estates were relatively small, in the range of 30-50 hectares. Many of these new estate owners were in fact poor and better thought of as “graduated smallholders.” Their main motivation in gaining leasehold land was to grow burley tobacco. The survey also verified the inefficient use of land in the leasehold sector and the low productivity on most estates.

We therefore began to think about designing a program to help break down the dichotomies between the smallholder sector and the estate sector. The vision for this new agricultural sector program was a system in which farmers could grow any crop they wanted, could buy inputs from whomever they wanted, and could sell their output to whomever you wanted. An important part of this vision was to break the stranglehold of the Agricultural Marketing Corporation (ADMARC) and liberating smallholders to seek out alternative marketing arrangements. I might add that this “liberation” focus very much came out of our consultation with small farmers. The head of our Agriculture Office, Joanne Hale, was on a field trip talking to smallholders about the initiative to enable them to grow burley tobacco. She was drawing a picture of the scheme in the dirt, including a reference to ADMARC. One of the farmers jumped in the middle of this picture in the dirt and scratched out ADMARC, saying, “We don't want ADMARC.” Joanne came back from that field trip with a new vision – a change that put USAID in the lead on a new approach to smallholder production of burley tobacco. The World Bank was promoting ADMARC as the marketing agent. We instead pushed a liberalized approach in which smallholders could form cooperatives and the cooperatives could sell directly on the international auction floor. This would, in turn, enable smallholders to get the international price for tobacco, that is, the same price as the estate owners and not the lesser price that ADMARC would give them.

The premise of the program was that if farmers had access to growing some burley tobacco, they would get some cash income and, therefore be able to buy the inputs needed to increase productivity on their maize farms – and thus grow more food. The World Bank had initiated the basic concept at the October 1988 agriculture conference. The Government of Malawi had already started a pilot program but with ADMARC as the purchaser of the burley tobacco at a price around a quarter of the auction floor price. By helping the Malawians develop an alternative system, we were able to support greater growth in rural incomes. Under our program, the Government increased the quotas for smallholders to grow and to sell burley tobacco on the auction floor. By the time I left I think there were around 25,000 smallholder farmers growing burley tobacco, directly benefitting probably 125-150,000 people. I think they'd estimated four million dollars or so of new income going into rural areas as a result of the program. When I made subsequent visits to Malawi in later years, you could actually see that there was more income in rural areas. You could see women wearing newer clothes; more shoes; more

bicycles. Actually, when I was in Malawi, there were almost no bicycles – within a few years, they were much more present. I have not kept track of the program and do know that tobacco itself became a much more controversial crop. But, again, the point was not to promote tobacco production, but to enable smallholders to grow a high value cash crop. And, at that point in time, burley tobacco made the most sense, in part because Malawi was fully integrated into the international market for tobacco.

Q: When you were there and associated with Malawi, there was no, no pressure from the anti-smoking elements in the U.S. not to put public funds into this program?

PEASLEY: No, we really weren't supporting tobacco, per se. We weren't providing any money for research or extension. We were working on the policy side to enable smallholders to be able to grow a high value cash crop. But I will say, we used to always just refer to "burley" and hope that people didn't know what burley was (*laughs*). I will also say that when I got back to Washington in later years some health policy people criticized me. Also, at a Consultative Group meeting in Paris in the mid-1990's when I was leading the U.S. Delegation from Washington, the Malawi UNICEF representative criticized all the donors who were supporting the smallholder burley tobacco program, that we were killing people by supporting it. I recall arguing back that it was important to provide income opportunities for extremely poor people, and if in the short term that was burley tobacco, so be it. The hope was that once they got into the cash economy and operated effectively in the commercial markets, they would move into other kinds of high value crops. But, it was very controversial and I do remember being raked over the coals at least a couple times.

Q: What other crops were they becoming interested in?

PEASLEY: In fact, USAID had a cooperative agreement with a U.S.-based NGO to work with the Malawians on other high value crop exports, including mangos, peppers, spices, etc. But, Malawi is so beholden to natural elements and to the weather that agriculture is tough under any circumstances. There's very little irrigation, and the weather is very unpredictable. I don't believe that much developed on this front over the past 20 years.

Q: What about fishing in Lake Malawi, was that an element at all that was important in the economy?

PEASLEY: Yes, in two ways: commercial fishing for food and the export of tropical fish; believe they are called cichlids. There are some 1,000 varieties of cichlids in Lake Malawi. There was a company in Salima that was in fact exporting them. Salima is about an hour drive out of Lilongwe on Lake Malawi. The company had large tanks at their Salima facility; they would put fish into plastic bags and rush them up to the Lilongwe airport and put them on the KLM flights to Amsterdam. From there, they went to aquariums around the world. It was a very nice niche export industry. I believe that the industry still exists, but I suspect it is under new ownership, possibly South African. The other lake industry was edible fish, primarily "chambo" which Malawi is famous for. There was at least one significant company operating on the lake that was owned by

Press Holding Company, which was the holding company that was owned by Malawi Congress Party. There were also many small, artisan fishermen. It was an industry that wasn't very well controlled, and you began to see fewer and fewer chambo in the market due to overfishing. So, while it certainly contributed to the economy, I think it has never been managed as effectively as it could have been to play a more significant role. And I think I've heard that chambo is even scarcer today than it was when I was there.

Q: What else were you doing on the anti-poverty front?

Off-farm employment was another priority area. USAID had been involved for many years with very small/micro enterprise development and had worked with various Malawi support entities. One was an industrial small business credit organization; another was a small business support organization; another was the Malawi Credit Union effort. Working with these institutions, we were trying to generate new savings and investment in rural areas. While we did a lot to help strengthen these support institutions, there was not significant progress in this area because of the extreme poverty in most rural areas and the lack of cash income to create markets for nascent small businesses. We were caught in this vicious cycle for many years. To be honest, we didn't accomplish as much as we wanted in this area. We scaled down our plans and focused primarily on support for credit unions and some modest support for some of the other support organizations and microfinance efforts. This included support for women's microfinance and other economic empowerment efforts.

The other three strategic objectives in our new strategy were on child survival, population, and HIV/AIDS control. On the child survival front, we had been working in tandem with the Centers for Disease Control for many years, including significant work on malaria research. I should add that the malaria research done in Malawi throughout the mid 1980s into the 1990s played an important role in developing new treatment procedures for chloroquine-resistant malaria. They also did a lot of research under our program related to the eventual use of bed nets. I still remember meeting with some of the CDC doctors who came out to determine the hours that malaria-carrying mosquitoes were active. I will over simplify this, but they would sit in a village at night with a glass jar and a straw. When a mosquito would land on one of the CDC researchers, he would suck it up with a straw, put it in a jar, and then label the time. So, they would sit there from dusk 'til dawn doing that, and then they would go back to their labs and look at the mosquitoes to determine which were malaria carriers and at what times they were out biting.

Q: That's a dangerous occupation.

PEASLEY: Yes, but they helped to determine that, in fact, the malarial mosquitoes were most dangerous between midnight and five in the morning or something akin to that. This then prompted the strong focus on bed nets.

Q: And you have a stationary target.

PEASLEY: Yes, and you have a stationary target. The key point really is that the research in Malawi ultimately had a global impact.

Our work in the health sector was, of course, much broader. When developing our strategy and design of the PHICS (Primary Health and Infant/Child Survival) project, USAID brought out an expert from Johns Hopkins University to work with the Ministry of Health and USAID to look systematically at the sector. He and the Ministry concluded that one of the main constraints was the lack of community health workers in the formal system. As a result, our new program focused on creating this new cadre of low-level health workers in the official health delivery system. They were called health surveillance assistants or HSAs. The head of our Health Office, Gary Newton, and his staff worked with the Ministry on all the necessary steps: from creating job descriptions, to getting approval of the cadre through the Government's personnel office, to funding. Funding was of course critically important. In order to ensure that the positions would continue after the PHICS project ended, we staggered USAID funding. For example, in the first year, we paid 100 percent of the salaries of the new health workers. In the next year, we did 75 percent. We continued the sliding scale so that by the end of the program the government was fully funding the HSAs. It was institutionalized into their own budgeting process. This was in part because of our phased funding, but also because Gary and his team would sit with Ministry of Health officials each year to make sure they included sufficient funding in their own budget requests to cover the costs of the HSAs. I am particularly proud that we focused on sustainability at the outset – and thus we helped to institutionalize a cadre of health workers that made a difference in the country. I recall seeing an article in the New York Times six or seven years ago in which they reported on the dramatic reduction in infant and child mortality rates in Malawi since the late 1980's. The article cited a UNICEF report that actually credited much of that decline to the presence of Ministry of Health community health workers, HSAs, throughout the country. In mentioning this, I think it is also important to note that the impact of that work we started in 1988/89 wasn't necessarily observed within the five to seven year life of the project. Sometimes, the benefits aren't really seen for 10, 15, or even 20 years. This certainly suggests that the development community and donors in particular learn to be more patient and to work with longer-term horizons.

We had been doing a small amount of work on family planning over the preceding few years, but our new strategy called for a significant increase. We initiated USAID's first bilateral family planning program in Malawi in 1989 or 1990. Malawi had one of the highest fertility rates in Africa; the population growth rate was a serious constraint to development. Most Malawian officials understood this, but it was nonetheless a sensitive topic in the country. Malawians did not use the term family planning; they instead spoke only of "child spacing." This, however, changed during the time I was in Malawi. In fact, USAID, working with other donors and the Government, helped Malawi create the Malawi Family Planning Association, a NGO that now provides services throughout the country. One major factor in changing attitudes was the data and analyses coming out of the Demographic Health Survey, funded by USAID. The survey showed the high demand of women for improved access to family planning services, so they could better space and limit the number of children they were having. The survey enabled people to talk more

openly about family planning – and thus change attitudes in the senior levels of government.

I earlier mentioned that Malawi was severely hit by the HIV/AIDS epidemic. At the time I arrived in 1988, we had some very small activities, but decided in our new strategy to expand significantly our efforts. This wasn't entirely easy Malawi was reluctant to talk about the issue openly. President Banda never mentioned it. The Minister of Health was equally leery of public discussion. There was an HIV/AIDS directorate within the Ministry of Health; there was also an American World Health Organization (WHO) advisor, Paul DeLay, attached to the HIV/AIDS Directorate. Paul later became head of the HIV/AIDS office in USAID/Washington and even later the deputy director of UNAIDS in Geneva. But, back in 1988-89, Paul was working closely with the Ministry of Health to help them increase their public support for HIV/AIDS programming. I remember my first Thanksgiving in Malawi in 1988. The Ministry held the country's first AIDS pledging conference that day. All the donors were invited, but few pledges were actually made. The donors were reluctant to pledge significant resources because the Malawi government itself wasn't doing enough. We teased Paul for years about organizing a pledging conference at which no one pledged, but I can say it was a wakeup call for the Malawi government. Immediately thereafter, the Minister of Health created a new working group of senior government officials that was much more energetic in addressing the epidemic. I still remember attending an early working group meeting chaired by the Minister of Health, Edward Bwanali. He started off the meeting by talking about someone in his family infected with HIV; he then asked every member of the working group to make a personal observation. It was a very moving experience to see how he made people confront the epidemic in personal terms. I also think it was key to turning around government attitudes.

Q: Were the potential donors quite outspoken at that conference about the government's lack of support?

PEASLEY: Yes, they were. The donor community in general was quite outspoken in Malawi and worked very closely together. I'd like later to talk a little bit more about donor coordination when we get to governance and the country's evolving political situation. It was a very close-knit donor community.

I would like to add one other story about HIV/AIDS and our discussions with AID/Washington. When our new strategy was reviewed in Washington, folks criticized us for having too many strategic objections. They thought five was too many. Some were proposing that we downgrade HIV/AIDS control from a strategic objective to a "target of opportunity." We in the mission didn't like the term "target of opportunity" – it seemed almost indecent to use for fighting HIV/AIDS. Also, we felt the severity of the epidemic in Malawi warranted a full-blown strategic objective. Larry Sayers chaired the review meetings. At one point, he asked everyone in the room to say which strategic objective they would drop. Everyone had a different view. Because there was no consensus, Larry allowed us to go forward with the five strategic objectives. We got a slight increase in staffing so that we could more effectively manage our new expanded program. This also

included, I should add, a new program in basic education. That new program, GABLE (Girls Attainment in Basic Literacy and Education) was subsumed under the “reducing population growth/fertility” strategic objective – this was based on considerable global research that showed women who were better educated had fewer children. We also, of course, saw that better educated girls would also support all of the other strategic objectives, whether improving agricultural productivity, off-farm employment, child survival, or HIV/AIDS control. We saw girls’ education as an underpinning to our entire strategy and thus didn’t propose it as a separate strategic objective. But, it was an entirely new program area for the mission.

Q: Your five-point plan was essentially a six-point plan.

PEASLEY: yes; that is fair say. It was a six-point plan.

Q: You were very sneaky.

PEASLEY: We were very sneaky actually. Besides the program I’ve described, we had a couple of very large southern Africa regional projects that we were implementing. You may recall that there was a regional USAID office in Zimbabwe that worked with the Southern African Development Community (SADC). In 1988/89 South Africa was still a minority led government. Mozambique was at war. There were 700,000 Mozambican refugees in Malawi. Most of the regional USAID programs at that time focused on transportation, particularly in developing transport corridors that would enable traded goods for landlocked countries such as Zimbabwe, Zambia, and Malawi to avoid going through South African ports. This was especially important for Zambia and Zimbabwe since they did not have diplomatic relations with South Africa and were hosting African National Congress operatives. This was a bit less important for Malawi since it was using South African ports, but these routes were long and expensive. The best routes for Malawi would be through Mozambique, but that country was at war. One of the schemes promoted by SADC was the northern corridor project. It started at the port of Dar es Salaam and involved train travel to Mbeya in Tanzania; then trucks to the northern edge of Lake Malawi; then a container vessel down the length of Lake Malawi; then back on a train to points in Malawi or the other landlocked countries. We had two projects related to this Northern Corridor project – one to build a container facility in Chilumba at the northern end of Lake Malawi; and one to rehabilitate train engines for Malawi Rail. So, we had a very robust and diverse program that substantially exceeded the strategic objectives reflected on paper. The largest number of direct hires we had during my tenure was, I think, 15. We also had a couple of U.S. Personal Services Contractors, mostly spouses of USG employees or other residents in Malawi. So it was a pretty lean and mean USAID mission.

I should probably say something more about the girls’ education program, GABLE, because it was interesting politically as well. We funded a number of studies and designed it in 1990. Our principal consultant was a Malawian woman, Kate Kainja, who was a researcher at the Institute of Educational Research and instructor at the University of Malawi. She had a PhD from the UK and was a very policy-oriented analyst. We also

sponsored many public sessions with prominent women in Malawi to talk about the reasons so few girls were in school in Malawi. As I recall, only 30% or so of girls actually attended school. It was one of the lowest participation rates in the world. The reasons were fairly predictable: cultural barriers, school fees, cost of uniforms, labor constraints, etc. All of these factors prompted families to have girls stay at home and to give priority to boys. We designed the GABLE program as a policy-based program (using \$14 million of non-project assistance and \$6 million of project resources). As policy reforms were made, we disbursed cash transfers to the Government of Malawi; equivalent amounts of local currency then went into the Government's education budget. There were also parallel project components, including technical assistance and a large social mobilization campaign to help change attitudes regarding education for girls. The policy reforms related to the elimination of school fees for girls who were not repeating grades; increased Government budget allocations for primary education; construction of new schools; changes in teacher training; and changes in the basic curriculum to eliminate gender biases.

Shortly after the program began, Kate Kainja was named the new Minister of Education. We were shocked, as we had no idea that she was politically connected. But, it obviously was good to have a new Minister who was so committed to the objectives of the program. We probably should have realized her political connections because shortly before the program was finally approved and funds obligated in September 1991, USAID was invited to the annual Malawi Congress Party convention. President Banda presided over these annual meetings; his official hostess, Mama Kadzamira, presided over the women's political wing of the party. The women's group wanted someone from USAID to talk about GABLE. Our education officer, Joan Larcom, went up to Mzuzu in northern Malawi to handle this. I still smile when I think of Joan's report when she returned; she called it an "unbelievable" event. Hundreds of women were there; all were dancing and singing songs about GABLE. Joan became a rock star, and GABLE truly became a Malawi program, not a USAID one.

Q: Now, GABLE is an acronym.

PEASLEY: It's an acronym for Girls Attainment in Basic Literature and Education. About a week after the Malawi Congress Party convention – probably on September 29th or 30th, the end of the fiscal year – we went to the Minister of Finance's office to sign the project agreements for GABLE (\$20 million) and the Agricultural Sector Assistance Program (\$30 million). Both were combined project/non-project assistance activities. When we arrived, the Minister told me that he had not been feeling well and had intended to stay home that day, but his wife told him he couldn't. He had to go to work and sign the GABLE agreement. Even he could not believe how GABLE had taken on a life of its own. It was just one of those rare times when you know that you've put together a program that the local people really care about. Jumping ahead for a moment, but also illustrating how important Kate Kainja's support was to the aims of GABLE, during the one-year run-up to Malawi's first multi-party election for President in 1994, the opposition had named shadow cabinet members. Kate cared so much about girls' education and GABLE that she worked closely with the opposition's shadow minister,

Sam Mpasu, to make sure he knew all about the GABLE program. She wanted to be absolutely sure that, even if political change took place, the new Minister of Education would be equally supportive of this program. And, she proved to be right. A new government did come in, but GABLE again, became a policy centerpiece. The new Minister and the new President always talked about GABLE as being theirs. It was really quite an extraordinary political phenomenon.

These were some of the core activities that were approved in late 1989 and which we implemented over the next several years. Two of them – GABLE and the Ag Sector Program – were combined project/non-project assistance activities. They thus included policy-based, cash transfer disbursements. Most non-project assistance done by USAID globally was done using Economic Support Funds. The new Development Fund for Africa legislation gave us the authority to do so using development funds. There were some excellent combined programs taking place throughout Africa. Most were focused on sector policies – not macro-economic reform – and most, I think were very effective in facilitating important policy reforms. Perhaps most importantly, they also got USAID missions engaged directly with host country counterparts on the key development issues of the day. This included working with host country counterparts on sustainability questions, including allocation of funds with host country government budgets. This also included pushing countries to increase allocations of their own resources to the key development issues, including health and education. I am a big believer in this kind of programming – using both project and non-project resources – but it has always been controversial with the Congress, so it has fallen out of favor. Also, it may in fact be less relevant today than it was in the 1990s.

I should also have mentioned that throughout this time there were some 700,000 Mozambican refugees in Malawi. As you know, international law calls for countries to take responsibility for refugees within their borders. This was obviously very challenging for a country as poor as Malawi. Nonetheless, Malawi was an exceptionally supportive host; it never put up any barriers to discourage refugees from coming across the border. It never pushed refugees back across the border into Mozambique as some other neighbors did. Some of the refugees were in camps in the most southern part of the country; I believe that UNHCR managed most of these camps. But, an almost equal number of refugees simply moved into Malawian villages in the central part of the country along the road between Lilongwe and Blantyre. UNHCR and the World Food Program did help with services and food, but these latter refugees were also a major drain on Malawian resources. I don't think Malawi ever got enough credit for how it handled this international responsibility. And miracle of miracles, when peace came to Mozambique in 1993, the refugees began to return home almost immediately. I still recall the last drive I made to Blantyre in July 1993. At least half of the refugee villages had disappeared; you could also see people walking across the road (the border), carrying housing materials back into Mozambique. It was a pretty extraordinary example of refugee integration and refugee re-integration back into their own country. It is also a bit of a contrast to what we are seeing today in various parts of the world.

Q: How did this large number of refugees affect your AID program?

PEASLEY: Mainly by magnifying the severity of development issues that Malawi was already facing. It exacerbated the land shortage and food security issues. To the extent, refugees were living in or adjacent to villages in Malawi, they put additional pressures on very scanty health and education services. In general, it added more poor people to an infrastructure that couldn't support the large number of very poor people already in Malawi. So in that sense it made the problems more severe and therefore increased our focus on poverty issues.

At the same time, I can think of one benefit. In 1991/92, Malawi and the rest of southern Africa were hit by the worst drought in 40 years; in Malawi alone, maize production fell to a third of what it had been the previous year. We estimated that up to six million Malawians were at serious risk. Throughout the region, the international community was mobilizing to provide substantial food aid. As with most issues, Malawi was slow in publicly admitting that there was a food shortage. Because the Malawi Government was slow, the donor in requesting assistance, the donor community had to explore ways to redeploy food aid already in the region to Malawi. Because UNHCR and the World Food Program were already active in Malawi working with refugees, we were able to borrow food from these programs and use more generally in Malawi. These borrowed stocks were obviously replaced as the new food aid to Malawi arrived in country. So, this was definitely a case in which the presence of the refugees helped. If the refugees had not been in country and if the World Food Program had not had such strong distribution channels in country, I fear that many more Malawians would have died during the southern Africa drought. I don't recall the specifics, but I believe the U.S. ended up providing nearly 200,000 metric tons of maize to Malawi during that period.

Q: Anything else you'd like to say about Malawi before we move on?

PEASLEY: Yes; I should talk about the political transition that took place while I was in Malawi. It is important to remember the time – the Berlin Wall had fallen in 1989, and the George H.W. Bush Administration was ramping up programs in Eastern Europe and there was an increased focus on human rights and supporting democratization around the world.

The human rights situation in Malawi had long been a concern. There were political prisoners; there was no freedom of the press; there was no freedom of association. Everything was tightly controlled. In spite of these concerns, the USAID program was large – for example, at the end of December 1991, we obligated \$50 million for the GABLE and Agriculture Sector programs, a substantial increase from our previous average annual budget of \$30 million. There was, however, a growing discomfort with the growth in the program in light of the human rights issues. The U.S. Government thus began increasingly to raise human rights concerns with the Malawi Government; much of this was proactively proposed by the Embassy. The Embassy, using State Department funds, also began to make some small grants to local organizations, such as the Malawi Legal Society.

High-level visitors from Washington also carried the message. This included a mission led by Health and Human Services Secretary, Louis Sullivan, and USAID Administrator, Ronald Roskens in January 1991. Their trip to Africa focused on HIV/AIDS, but they also raised broader issues in each country. As I recall, Secretary Sullivan and Administrator Roskens – at the post’s request – raised concern about political detainees and urged their release in their meetings with senior Malawian cabinet-level officials. However, in their meeting with President Banda, they only spoke about the HIV/AIDS epidemic. I was in the back row at that meeting, and it was a bit comical. I recall Secretary Sullivan telling President Banda that “it took Ronald Reagan a long time before he started speaking openly about HIV/AIDS, but ultimately he did and it made a big difference in the United States. It would be really important for you to do the same here in Malawi.” We all sat with baited breath for the response. President Banda looked up and said, “Is there anyone here from Ohio or Indiana?” (*laughs*).

We never knew whether he didn't hear the question or if he just decided he wasn't going to pay any attention to it. I attended only a few meetings with him, but he would often respond in a way that was a complete non sequitur. It was impossible to tell if it was because he was old and didn't understand or whether he couldn't hear – or if he was just playing a game. In the case with Secretary Sullivan, I think he simply didn't want to discuss HIV/AIDS with outsiders.

During the ensuing months, the donor community began to talk more openly about human rights and governance concerns with the Malawi Government. There were also additional high-level U.S. Government visitors, including Vice President Quayle and his wife in fall 1991.

Q: How did that go?

PEASLEY: I think they were there around 36 hours or something like that. They arrived at night and went directly to the Ambassador's residence. There was an early morning breakfast meeting at which the Vice President raised human rights and political freedom issues with senior Malawian officials. Then we all schlepped off to the airport to fly to Blantyre; they had to bring in a special plane to do that because his regular plane could not land in Blantyre. It was a cargo plane – certainly a very noisy and uncomfortable plane in the back where most of us were. We took the Vice President and his wife to visit several health and small business USAID activities. He also visited some refugee activities and met with President Banda. There were lots of strange elements to the trip, many because of the accompanying press and the desire of the Quayle staff to make sure no odd photos were taken. We wanted to show the development programs as they were, but the advance folks wanted changes – for example, the Ministry of Health had a small band [electric guitars and drums] that used to go into villages to pass on health education messages. The band was very popular and really got the attention of people. They were to be at one of the sites visited by the Vice President's group. The advance people wanted us to swap traditional instruments for the electric ones. We eventually convinced them that we had to keep it real – that there was nothing wrong with using generators and electric instruments in a village and that the local residents responded well to it. This is

just a small example of the difficulty in maintaining the integrity of programs when presenting them to high-level visitors.

More importantly, the Vice President's staff was very sensitive to how Quayle's interactions with President Banda would be shown. Shortly before the visit, ABC News had done some sort of exposé on President Banda and his human rights record. It included film of a visit that Banda and his people had made to London and their buying spree while there. So there was a huge effort to try to make sure that the vice president was never captured in a picture that would look negative vis-à-vis President Banda. For example, there was supposed to be an exchange of gifts, and Vice President Quayle didn't want to be seen accepting a gift or giving a gift to President Banda. Apparently, this prompted some heavy negotiations at the President's palace in Blantyre. Ambassador Pistor regaled us with stories about it afterward as he was running up and down the stairs to talk to Banda's right-hand man, John Tembo. President Banda wanted his picture taken during the gift exchange; the Vice President did not. Ultimately, I believe, they worked out photos, but without gifts. It is probably not fair of me to raise these peripheral issues; I should probably focus on the fact that the vice president had political talking points. He certainly helped to magnify the importance of the issues being raised by the donor community.

Q: I think there was very little press coverage of the vice president's trip to Africa back in the United States.

PEASLEY: Yes, I think that is so. They were probably overly sensitive, but believe he had been to Latin America a few months earlier. While there, he was photographed at a family planning clinic with something that people could make fun of? I don't remember what it was.

Q: Oh, I think it was, I think it was Mexico and a --

PEASLEY: I think it was some kind of a model or something.

Q: Yes, a model that was somewhat pornographic.

PEASLEY: Right. So that was part of the sensitivity. And I don't know if the potato thing had happened right before that as well (*laughs*).

Q: Well, his last stop was Abidjan and there was big negotiation as to whether he would visit the huge basilica that President Houphouet-Boigny had built and was very proud of. And Quayle didn't want to be seen visiting it because this would be seen as frivolous. Of course this was Houphouet-Boigny's life work. The same kinds of negotiations you're talking about were finally conducted, and finally Quayle agreed to drive around it. And so.

PEASLEY: Yes; more generally, high-level U.S. Government visits can be a bit surreal. Just the sight of a vice presidential motorcade going into an African village is just

amazing. Of course, I saw it multiplied by 10 when I was later working in Washington and accompanied Mrs. Clinton and then President Clinton on their trips to Africa. It was also funny to contrast it with other visitors. Queen Elizabeth came to Malawi (*laughs*) and there was a lot less falderal. My friends in the British embassy had great fun laughing at all the stuff we had to do for the vice-presidential visit. Anyway, the contrast is amazing.

Q: Wheels-up parties take place for a reason.

PEASLEY: (*laughs*) Right.

Anyway, back to the more serious discussion of political change in Malawi and the role of the donor community. Late in 1991, the European Union issued a demarche to the Malawian Government. It laid out a number of actions that the Government needed to take, including release or charging of political detainees, International Red Cross inspection of prisons, competitive Parliamentary elections, and adoption of international standards on rule of law and free speech. All the donors, including the U.S. reiterated these benchmarks over the coming months. The donor dialogue with the Government of Malawi intensified in early 1992, in part as we prepared for the World Bank-led Consultative Group meeting scheduled for May 1992. In either late 1991 or early 1992, the donors took a strong position at the Consultative Group meeting for Kenya – the precedent had been set to use CG meetings to argue for political reform. I recall that the Ambassador and I both wrote formal letters to the Government of Malawi in February 1992 advising them of our concerns. I wrote to the Secretary of the Treasury about the changing criteria for allocation of USAID resources, that the U.S. Government would be explicitly looking at the correlates of democratic pluralism, including freedom of speech and assembly, freedom of press, rule of law, and respect for human rights. The Ambassador simultaneously sent a letter to the Minister of Finance urging the Government to take some specific steps prior to the Consultative Group meeting in order to demonstrate its respect for human rights. As I recall, his letter reiterated the points in the earlier European Union demarche; other donors sent similar letters.

As the donors became more vocal, some Malawians also began to speak up. This included a former union activist who had been in exile in Zambia, Chakufwa Chihana. He returned to Malawi and was detained during the spring of 1992. Particularly noteworthy was a Lenten pastoral letter issued by the Catholic bishops of Malawi for Easter 1992 that spoke openly about the inequality and poverty issues in the country, at least implicitly criticizing the government. It talked about the importance of freedoms; it talked about the importance of education for all; it talked about equity. It was a moral/political/development dissertation by the Catholic Church. It was read in churches at the beginning of Lent; the Government of Malawi, causing a bit of a furor, quickly banned it and put the bishops under house arrest. I don't believe anyone has ever discovered who actually wrote the pastoral letter, but many folks believe that the initiative to do it probably started during the 1989 or 1990 visit of Pope John Paul to Malawi. Regardless, the pastoral letter became a huge issue for the donor community. The letter was factual; it candidly addressed the severe poverty issues in the country and

it was not inflammatory. By banning it, the Government clearly demonstrated the lack of freedom of thought and expression in the country. By banning it, the Government also made the letter far more significant than it might otherwise have been.

Banning of the pastoral letter also provoked even more warnings by the donor community. As I recall, both the U.S. Senate Foreign Relations Committee and the House Foreign Affairs Committee wrote letters to President Banda urging Malawi to move towards multi-party democracy and to guarantee basic freedoms.

Locally based ambassadors and aid directors met weekly throughout this period to discuss governance and human rights issues. We had a common set of concerns and benchmarks that were communicated to the Malawi Government. These included the points in the original European Commission demarche, as well as new points related to banning of the pastoral letter. The focus was on human rights and basic freedoms, not a specific form of governance. It was made clear that donors at the Consultative Group meeting would link their pledges to Malawian performance on the benchmarks. When we got to Paris, the donors did as we said we would. One by one, the donors said they would reduce their commitments unless certain things were done. The Government of Malawi officials looked stunned and perhaps even surprised that the donors had followed through with their warnings. The World Bank carefully managed the meeting, ensuring that the focus was on respect for human rights, rule of law, and basic freedoms. The chair of the CG from the Bank, Steve Denning, made clear that the donors were not trying to impose any specific form of government, but were seeking a “sea change” in the Government’s approach to human rights.

The donors had a common set of benchmarks that had been worked out at post, but we all had slightly different approaches to resource decisions. We at post proposed the U.S. approach that was adopted by the Washington interagency group. We tied future program levels to progress by Malawi; we also noted that disbursements of some of the program assistance/cash transfers would be tied to progress on the human rights front. We had three large programs with policy-based cash transfers: GABLE, the Ag Sector program, and a planned off-farm employment program. We carefully crafted our approach to ensure that programs could continue, especially those with a very direct impact on the poor, but also send a strong message. For example, we did not freeze any disbursements for the GABLE cash transfer. We did hold up disbursements for the Ag program, and ultimately, we ended up terminating the off-farm employment program. I say “we” here, but I did most of this, trying to push for change and therefore threatening to hold back funds, while also trying to maintain momentum on important reform programs. As I look back on my career, I think it was one of the best things I ever did. And, I should also add that I was fortunate to be working for an Ambassador who gave me the authority to define our recommended resource path.

Following the Consultative Group meeting, the Government of Malawi began to take multiple steps: release of many political detainees; ICRC inspection of prisons; greater legal protections for prisoners; greater tolerance for freedom of association, including of a new political party (AFORD); and improved press freedom. New newspapers began to

crop up. Expatriate Malawians returned to the country, and several of them started new newspapers. Then, suddenly, out of the blue in October 1992, President Banda shocked everyone by proposing a referendum for March 1993 on whether the country wanted to become a multi-party democracy. Needless to say, he thought the people would want to continue with a one-party system (*laughs*) or he wouldn't have proposed it.

The donor community came together quickly to help the Malawians organize for the referendum. The Resident Representative of the United Nations, Michael Heynes, led the coordination process. He quickly mobilized a UN team to come to Malawi in November to meet with the Government and budding opposition political parties to recommend how a referendum could best be organized to meet international standards. USAID funded one of the consultants for that team, headed up by the Director of the UN's Electoral Assistance Unit. The team, among other things, proposed that a referendum in March would be too soon; additional time would be needed to register voters and to provide adequate time for debate and planning. The Government accepted the report and rescheduled the referendum for June 1993. The UN Electoral Assistance Unit then mobilized a team to go to Malawi to help with all aspects of planning and conducting the referendum. USAID agreed to provide consultants for this team – they came from the U.S. based International Foundation for Electoral Support (IFES) but were assigned to the UN assistance unit and had no direct relationship with us. We donors wanted all assistance to be within the UN framework; there were no separate donor-funded entities. The entire effort was in fact probably the best example of donor coordination I experienced in my career. Michael Heynes chaired weekly meetings attended by the locally based ambassadors and aid donors. We really acted as one, rather than the more normal route of everyone wanting to do their own programs and then trying to knit them together. Instead, we all put our resources directly into the UN-led effort.

The referendum took place in mid-June, and it was remarkable how smoothly it all went. Most of the Americans in the USAID mission became observers. That experience remains one of the highlights of my career. I went out before dawn to rural areas an hour or two outside of Lilongwe. It was not yet light, but people were queuing up before the polls opened. We went to multiple polling places throughout the day, observing the long lines and the orderly management of the process, including domestic observers from each side of the issue. Because of the high illiteracy rate in the country, the ballots simply had symbols: a rooster or cock, symbol of the Malawi Congress Party for single-party democracy; and a lantern for multi-party. At the end of the day, we watched the ballots be counted at one of the polling stations, a school building. The room was dimly lit with a couple of lanterns. We sat in the back. Malawian election officials and the domestic observers were at a table. It was amazing to see the pile of ballots dumped on that table – and to see them divided into piles of lanterns and roosters. The lantern pile soon was much larger than the rooster pile. Counts were made and then the numbers called in to election headquarters in Lilongwe. All ballots were then burned. It was probably near midnight by now and we drove back to election headquarters in Lilongwe. The UN team had prepared a sample of the country; as results came in for those polling stations in the sample, they were able to project a winner. It appeared that multi-party had won, but the final results would not be reported until the next night. So, when I went home shortly

before dawn, I had no idea what would happen. The next evening, the UN Resident Representative hosted a reception for all the observers and others who had worked on the referendum. President Banda was scheduled to speak on radio during the evening to announce the results. All of us at the reception waited anxiously. When he announced that the people had voted for multi-party, it was an amazing feeling. President Banda had accepted the results, took the high ground, and announced there would be an election in May the next year. I suspect he thought he would win the presidential election. He, of course, did not. But, he had set in motion the whole process of political change in the country. It hasn't been a smooth ride unfortunately, but I am still proud to have been there in the early days, to have played a small part in supporting the change, and to seeing Malawians themselves become more political and to speak out on issues. I remember when we authorized USAID's Agriculture Sector Program in the field, I asked our senior Malawian FSN in the Agriculture Office, Steve Shumba, whether it would work. I will never forget Steve's response: "I don't know if it'll work or not, but if it does it'll be revolutionary." I do think that some of our programs really did contribute to revolution in the sense that they gave Malawians a different vision of how things could work and empowered them to lead the reform process. There were a lot of heroes in the country – and it was an honor to know some of them.

I should probably also mention that one of the people I got to know quite well in Malawi was Joyce Banda, who became President in 2012-14. She was married to the Chief Justice of the Supreme Court of Malawi and was a businesswoman in Blantyre. I believe she had a tailoring shop. I should also probably add that she was not related to the then President Banda. Joyce had gone on an IV (International Visitor) program to the U.S. and returned enthusiastic about women entrepreneurship. She wanted to create an association to support women in Malawi. She came to my office one day, very enthusiastic and pouring out idea after idea. I remember feeling overwhelmed. I wanted USAID to help her, but I also knew that it would need to be well defined and relatively modest. This was in part because I couldn't unilaterally decide to fund her new organization. It would have to go through our normal processes – and I knew that staff would be tough critics. Anyway, after our initial meeting, she did present a much more workable proposal to us. We were thus able to give the initial start-up grant to the Malawi Businesswomen's Association. It ultimately mobilized thousands of women and provided microcredit opportunities to many of them. Within a decade, Joyce had won a World Food Prize, entered the political realm, become a cabinet minister and then President. She lost her bid for re-election and is in a somewhat ambiguous position right now because of threats against her by the current President.

So again, the political process has been a difficult one in the country, but I'm confident the Malawians will figure it out ultimately.

Q: So you left there in what year?

PEASLEY: I left in July of 1993, and as I flew out of the country, parliament was passing the bill to remove the dress code (*laughs*).

Q: and did that succeed?

PEASLEY: And that succeeded. I should before we leave Malawi say that I had the chance to work for two very good ambassadors, George Trail and Mike Pistor, both of whom were great. Mike was an incredible leader during the difficult 1992-93 period. He worked very effectively with the Malawians, other donors, the diplomatic community, and was always supportive of the USAID program. I would call him a real hero.

Q: So there was a successful relationship between the director and the ambassadors in both cases.

PEASLEY: Yes, and more broadly between the embassy and the USAID mission. We worked closely together and supported one another. The embassy was small, so USAID helped with economic reporting; I even did a few political reporting cables.

Q: I believe Blantyre was Jerry Bremer's first post.

PEASLEY: Oh, was it? I didn't know that. Oh goodness.

Q: I visited there a long time ago.

PEASLEY: Yes; I spent huge amounts of time on the road between Blantyre and Lilongwe. The drive between Lilongwe and Blantyre was about three and a half hours, so I would often go down early in the morning for meetings and come back before dark. It was even tougher on Malawian civil servants because the president was in Blantyre about 90% of the time and the government was in Lilongwe. Blantyre was also the commercial capital. So, we all went back and forth all the time. One benefit was that the first television in Malawi was via a satellite dish in the largest Blantyre hotel – so we could see CNN when there!

Q: Well, he created Lilongwe, didn't --

PEASLEY: Yes, he created Lilongwe as the capital he was from the central region.

Q: Well, why wouldn't he move?

PEASLEY: I have no idea.

Q: Were the roads dangerous?

PEASLEY: Yes.

Q: You drive on the left there, don't you?

PEASLEY: Yes, you drive on the left. And it was a two-lane road to Blantyre, although well maintained during the period I was there. So that was good. There were other roads

that went down to the lake that were less well maintained. In fact, one of our USAID health advisors was killed in an automobile accident down by the lake – a wonderful fellow, Michael Olivar.

Q: What was the post like for families?

PEASLEY: I think it was a good family post, especially if you liked the out of doors. There were national parks to visit – not up to Kenya or Tanzania standards, but still great chances to see wildlife and enjoy nature. The country is relatively small, so I was able to see almost all of it, from the northern tip to the southern tip, from Lake Malawi to Nyika Plateau. Schooling was okay for primary-school-aged children at the British-oriented Bishop McKenzie School. Older kids were usually away from post. Tennis and golf were big sports. Lake Malawi was easily accessible for swimming, snorkeling, and boating – although some people were more afraid of hippos and schistosomiasis/bilharzia than others. Most of us in USAID also did a lot of day hikes in the hills surrounding Lilongwe. One of my closest friends was Sue Unsworth, the head of the British Development Division for Southern Africa that was based in Lilongwe. Her job was regional, but when she was in town, we would go off either Saturday or Sunday to hike. We were often in very isolated areas, but had no security concerns. That was the one benefit of Banda's autocracy. I spent one of my last weekends in Malawi at the embassy cottage at Zomba Plateau. It was a wonderful place near Blantyre on a plateau of about 5,000 feet and one of my favorite spots for walking. I was finishing up my hike late in the afternoon when I suddenly came across two woodcutters carrying their machetes. I remember having a second of concern – out in the middle of a forest completely by myself – but then remembered I was in Malawi and it was perfectly okay. I fear that may have been the only time and only place in the world where I could have thought that. Most USAID officers stayed for four-five years; I was there five.

Q: Were the embassy personnel well housed?

PEASLEY: Yes, housing was fine. I think people in general were happy; it probably wasn't as fancy as in Pretoria or Harare, but very nice. It was an easy place to live, although there were often shortages of things such as sugar. There were two proper grocery stores, but fairly modest. There were also good traditional markets for fruit and vegetables, but everything was seasonal. I can remember planning for dinner parties and having the menu in mind, but then going to the market and discovering there wasn't any broccoli that day. So, you had to be flexible when planning. *(laughs)*.

Q: What about electrical shortage, water shortage? Did that come up?

PEASLEY: There were some; I believe it got worse after I left. I lived on the other side of town from most people, and there were more water shortages on my side of town than there were in the primary diplomatic zone.

Q: You got a differential to make up for that?

PEASLEY: Yes, although I don't recall what it was. We also had a consumable allowance.

Q: What about the office accommodations for the embassy and for USAID? Were you in a separate building?

PEASLEY: Yes; we rented space in NICO House that was owned by the National Insurance Company. It was a multi-storey building. Ground floor was just the motor pool; we had half of the next floor and the next two floors. The insurance company was on the top floor. We shared the first floor with John Tembo, who was President Banda's right-hand man. Mr. Tembo was an officer in the Malawi Congress Party, chairman of the board of Press Holding Company, an estate owner, and a major political actor. He was very controversial and a main target of the opposition – he was thought to have committed some of the worst abuses during the H. Kamuzu Banda regime. I was most surprised when I met him – he is very soft spoken and cordial. Anyway, he was our neighbor. We didn't see him often, but did consult with him while designing the Agriculture Sector Program. Also, as the political dialogue with the donors heated up, he was a main interlocutor. In general, it was an open building. There was a keypad lock on the front door, but half the time people would leave the door propped open. The embassy building was small, but very functional and comfortable. It was about a two-minute drive away. Everything was very close.

Q: No big security concerns there?

PEASLEY: No. After I had left, there was some political violence. The Young Pioneers, youth wing, of the Malawi Congress Party had a building between the embassy and us. There were violent demonstrations there in 1994; that certainly prompted the embassy security office to ramp up security. The last time I was in Lilongwe about eight years ago, I was surprised to see a ten-foot wall around the NICO House where USAID is still located. They and the Centers for Disease Control now have the entire building. Entry is strictly controlled – very different from my day.

Q: And the embassy was in the same building before when it happened?

PEASLEY: And the embassy is in the same building it was.

Q: A wall?

PEASLEY: Yes, but the embassy always had a wall. The ambassador's residence had an open wall. President Banda didn't want walls around houses in Lilongwe; he didn't want it to look like Harare. You could have hedges, but you couldn't have big walls. So most of the ambassador residences were all like --

Q: Wrought iron.

PEASLEY: -- yes; wrought iron fences that you could see through. Again, I am sure that

is no longer the case. In fact, it probably began to change while I was there.

Q: Anything else on Malawi?

PEASLEY: I would just like to reiterate that I think it was a good example of the U.S. government – both in the field with the embassy and USAID – and in Washington working closely together to come up with a programmatic strategy that adapted to the political change that was taking place in the country. I especially appreciated the chance Ambassador Pistor gave to me to be involved in planning that political strategy. He always involved me when senior State Department officials came to post; he broadly shared information. More generally, he was a great mentor to everyone in the embassy. He had a very young staff, but he used them and gave them a lot of room to grow. He also allowed me to do things that many other ambassadors might not have. Others from outside also recognized his inclusive approach and Malawians on both sides of the referendum often contacted me to pass on information to the ambassador and broader donor community.

Q: Was Pistor a USIA --

PEASLEY: He was USIA, yes.

Q: So he had an appreciation of agencies other than State.

PEASLEY: Yes, absolutely. For the record, I should mention that Chip Barkley was a young head of the USIA operation in Malawi who did a huge amount of working with the newly budding political leaders in the country. There was also a very young first tour State officer, who was in the political/econ section, Jeff Helzinga, who had been teaching at a small liberal arts college in the Midwest and was on his first tour. Mike gave him *huge* responsibilities; and Jeff responded with some of the best political reporting I saw during my career. Ambassador Pistor was a great mentor – and it was fun to see these younger officers grow so quickly. As you know, not all ambassadors have this talent.

Q: How were you doing in terms of career advancement at that point? What grade were you at that point?

PEASLEY: I was in the Senior Foreign Service – believe I was counselor when I arrived and got promoted to minister counselor towards the end of my time in Malawi.

Q: So you did go back to Washington in July of 1993. Shall we pick it up there next time?

PEASLEY: Sure, absolutely.

Q: Today is August 11th, 2015. We are resuming the conversation with Carol Peasley. Carol, in 1993 you went back to Washington D.C. What was your position there?

Assignment to USAID/Washington – Africa Bureau – 1993-98

PEASLEY: Well, I initially went back to be the director of the Office of Development Planning in the Africa Bureau. I was in that job for a couple of months I think. Then, Tim Bork, one of the deputy assistant administrators in the Africa Bureau, announced his retirement. John Hicks, a career USAID officer and my predecessor in Malawi, was the Assistant Administrator for Africa, appointed by President Clinton. John asked me to replace Tim.

Q: So tell me about your responsibilities there and what your preoccupations were.

PEASLEY: The DP (Development Planning) office managed the Bureau's strategic planning process, donor coordination, and budget processes. It was the normal nuts and bolts of USAID work. I reported to work around Labor Day, as I had taken a long home leave. My mother had died in the spring of 1993 while I was in Malawi, and I'd gone to spend some extra time with my father in California. The Clinton administration had begun in January 1993. Most of the new political appointees for USAID were onboard or had just arrived by then. Brian Atwood was the Administrator; Carol Lancaster was the Deputy Administrator. John Hicks was the Assistant Administrator for Africa. As the new team got in place, they began to promote a number of changes. So, we were spending a lot of time on transition issues.

Q: You moved to the senior deputy position in September of '93?

PEASLEY: No, that probably wasn't until January or so. The head of the Development Planning Office worked very closely with the DAA's, and I can't remember exactly what I did from one position to the next. But, around the first of the year, I moved upstairs. And again, a lot of our time was spent on transition-related issues. The biggest – and most traumatic – issue during that first year was the closure of many field missions. I should probably preface this by noting the serious budget issues USAID was facing in the early 1990's, particularly our operating expense budget. So, one of the first things that the Atwood administration decided was to close a number of USAID missions around the world to save money. We were told to close thirteen bilateral missions in Africa. I think at that time we had 35 or so missions, so it was almost a third to be closed.

Q: Maybe even more.

PEASLEY: Yes, right. The regional bureau Assistant Administrators were each given a list of the missions in their region to be closed. Criteria for closure varied: some countries were seen to no longer need assistance; some were seen as bad partners; and some were simply seen to be too expensive.

Q: Were the programs actually shut down, or were they handed over to --

PEASLEY: It varied by country and by project. Detailed plans were prepared for each.

The strangest part of it was that we were initially told not to advise or consult with the

State Department. The central USAID management people did not want to be inundated by cables from each of the affected missions, from the ambassadors saying, “You can’t close our USAID office.”

We obviously felt very awkward about this. John Hicks, as the new USAID Assistant Administrator, had a very good working relationship with George Moose, the Assistant Secretary at State for Africa. Obviously this kind of thing would not help that relationship. Fortunately, it didn’t do lasting damage. I don’t recall the complete list of countries but it included Burkina Faso, Niger, Chad, Guinea-Bissau, Botswana, and Swaziland.

Q: When did State find out about it?

PEASLEY: I don’t remember how long it was. Certainly, I recall having a lot of internal discussion and arguments, including with central USAID management, before advising State. The USAID Management Bureau at that time was headed up by someone named Larry Byrne, who was probably one of the most notorious political appointees in the history of USAID.

Q: Is that B-Y-R-N-E?

PEASLEY: Yes, right. His wife was a congresswoman from northern Virginia. He took a lot of steps that we will probably talk more about later today. He was very controversial and very difficult. As I recall, we did in fact talk to George Moose and the Deputy Assistant Secretaries at State before we were authorized to do so by Larry Byrne and the Management Bureau. John Hicks felt strongly that USAID needed to be a better team player.

Q: Were steps actually underway to close the missions before, before State was informed?

PEASLEY: I think we had started the planning process, yes.

Q: But it wasn't so far down the road that it couldn't have been reversed.

PEASLEY: Right, but as I recall, none of the closure decisions were reversed. We asked each mission to submit a closeout plan, and they varied considerably. These were reviewed in Washington and then final plans approved. I believe that Ambassadors sent cables in almost all cases to argue for the maintenance of certain activities. In some cases, we retained projects, managing them from a nearby mission or from the regional USAID platform. In some cases, projects were terminated early. In many cases, we allocated increased funding for the Ambassador’s self-help fund, or tried to put in place some activities that would not be management intensive but could retain some kind of relationship with the U.S. I chaired some of the closeout meetings in Washington; it was excruciating to have to tell Mission Directors in such poor countries as Niger, Burkina Faso, and Chad that we would have to phase-out faster than they proposed. Some was

also bizarre. We were closing out of Burkina, presumably because the U.S. saw them as a bad partner. Other donors saw them as a good partner and their programs in Burkina were seen as “best practice” models in donor coordination meetings. But, I think Burkina had voted against the U.S. in the UN and was thus not seen as a good partner. Burkina and Niger also made the list because it was very expensive to work there. You may recall those were the days of the CFA, the West African currency, which was tied to the French franc. The CFA was way overvalued and costs were extraordinary.

We tried in all these to maintain as much program as we thought we could manage. We tried to work closely with every USAID mission and every embassy to do it in the most responsible way possible. But it was horrendous. Nonetheless, some funny things did take place. Botswana, except for South Africa, had the highest per capita income on the continent and was on the closeout list as a “graduate” country. We had approved a closeout plan for Botswana; everything would end except for an HIV/AIDS program that we felt was critical to maintain since Botswana had one of the highest HIV/AIDS rates in Africa. Simultaneous to closing the Botswana, Swaziland, and Lesotho bilateral missions, we were starting to develop a new Initiative for Southern Africa. Our existing southern Africa regional program was managed out of Harare, Zimbabwe. While developing the new Initiative, we began to relook at management of the southern Africa regional program. The Administrator, Brian Atwood, asked the Africa Bureau to recommend where the regional program, including new resources attached to the Initiative, should be located. We looked at multiple sites and variables, including cost, and recommended it be retained in Zimbabwe, that Harare was the most cost effective location. But, the Administrator decided instead that it should be located in Botswana. So, we closed the bilateral (*laughs*) and opened a regional office in Botswana. There were a variety of reasons, I think. First, President Masire from Botswana came to Washington, met with Brian Atwood, and pleaded for the regional office to be located in Botswana. Second, because Botswana was seen as the strongest democracy in the region, Brian really wanted the center to be there. Third, the Botswana Government agreed to provide office space for the new center, thus making it much more reasonable financially.

Q: So it was moved from Harare to --

PEASLEY: Yes; we moved the regional portfolio from USAID/Zimbabwe to the new center in Botswana. Valerie Dickson Horton, the USAID Director in Swaziland, closed out her bilateral program there and went on to Botswana to head up the new Regional Support Center for Southern Africa. She took on management responsibilities for the regional program as well as management in the non-presence countries, such as Lesotho, Swaziland, and in some sense, Botswana, which no longer had a bilateral program. The new center also began to provide support services to other southern Africa missions, thereby reducing responsibilities of the Regional Center in Nairobi. So we created a new regional entity in Botswana that was much larger than the one we closed.

Q: Were any of the missions taken off the initial list for closure?

PEASLEY: Well; in a sense Botswana almost was, although technically not. Namibia

may have been on the original list and then ended up coming off of the list. I know that Thailand was on the original list, but believe that it was similarly changed into a regional office. The bilateral program ended, but a regional platform was created in Bangkok. I think Panama was on the list as well, and it didn't close out at that time. So, there were missions that did not ultimately closeout.

More generally, it was an incredibly painful process. It generated huge amounts of work and created friction with the State Department that stayed with us for a long time. But, it was really only a precursor to five years of interagency tension – certainly more than I had ever experienced in Washington or overseas. There were lots of difficulties. I remember the principal Deputy Assistant Secretary for Africa during the early years of the Clinton Administration, Prudence Bushnell, joking to me that the world had turned upside down. USAID is suddenly working on political development, democracy, and governance, while she was increasingly being asked to worry about HIV/AIDS and other health issues. Everyone seemed to be moving into everyone else's turf. This was in part because of the new Bureau for Global Affairs, headed up by Tim Wirth. It was dealing with environmental, climate change, population, and sustainable development issues – all of which had traditionally been part of USAID's mandate. So, there was always a slight uncertainty of who was responsible for what.

The various bi-national commissions established by Vice President Gore accentuated these questions even more. There was the Gore-Mbeki Commission with South Africa; he had similar commissions with Russia and several other countries. These were efforts to bring the "whole of government," which is the terminology used now, to our foreign affairs. In South Africa, it was challenging because everyone who became involved in a commission wanted to have programs to run in South Africa – but only USAID had money. So, we were seen as kind of a cash cow. The USAID mission already had an approved long-term strategy and programs in place, so they were not always able to accommodate the other USG agency requests for funds. Because USAID was often unable to meet the expectations of other agencies, tensions rose. The USAID/South Africa mission, under the leadership of Aaron Williams, made heroic efforts to keep everyone happy, but financial constraints were real, so problems did arise. More generally, the commission did provide an excellent opportunity for technical dialogue and cooperation among cabinet secretaries and ministers, including the U.S. departments of Energy, Health and Human Services, Agriculture, Commerce, Housing and Urban Development, Interior, and Education. As I recall, all of the U.S. committee chairs were cabinet secretaries except for the education committee. Vice President Gore asked Brian Atwood to co-chair that committee with the South African Minister of Education. The Ministry of Education was not delighted with that line up; Brian was sensitive to that and was able to convince the Secretary of Education, Mr. Riley, to participate in some aspects of the commission's work, thereby eliminating the protocol question. At a macro level, I am sure that the commission broadened and improved U.S.-South African relations, but I cannot recall many specific outcomes. What I most recall is the large amount of work associated with planning for the semi-annual meetings and the difficulties in managing funding expectations. On a personal note, the most interesting part for me was getting to see some of our cabinet secretaries and Vice President Gore in action at meetings.

Q: Well, was Atwood's role the only USAID connection with the bilateral commission of South Africa?

PEASLEY: No; everyone else wanted USAID money. The USAID mission had its staff attached to each of the committees. We also had Washington staff involved on the various working groups. These bi-national working groups would meet to identify joint activities; these in turn would usually generate the request for USAID funding. Again, I think we tried to accommodate as much as possible, often times trying to get the work to fit more coherently with what we were already so there would be more bang for the buck. Sometimes people liked that; sometimes they didn't like it. The main point really was that the commission generated ideas and those led to demands for funding.

I probably should have started all this with a more general statement on South Africa. President Mandela was elected in May of 1994, I believe. From the moment I went into the Africa Bureau in Washington in fall 1993, we were planning on an expanded program for South Africa to go into effect immediately after the election. That was an interagency effort led by Don Steinberg, the senior director for Africa at the National Security Council. We committed to a significant increase in the level of our USAID program in South Africa. Shortly after the election, we pledged \$600 million to be spent over the following three years. Beyond the significant increase, it also called for USAID to work directly with the new, majority-led South African government for the first time. As I recall, the strategy for the \$600 million was pretty much approved before the end of 1994. The bi-national commission did not begin until late 1995.

Q: But the bi-national committee had its requirements for resources. And then expanded program in South Africa came at a time when you were under --

PEASLEY: Under pressure to decrease budgets.

Q: Elsewhere.

PEASLEY: Yes.

Q: And then as a result all these cutbacks in -- or closing of missions. That was --

PEASLEY: Right; we were closing missions while also increasing funding for South Africa. USAID Administrator Brian Atwood quickly saw the potential dilemma caused by closing USAID bilateral missions in Swaziland, Lesotho, and Botswana – and in other poorer parts of the continent. That is why, starting as early as October/November of 1993, he asked the Africa Bureau to come up with an initiative for southern Africa. He wanted to expand the southern Africa regional program – that is what prompted our analysis of how best to manage that expanded program and our recommendations on where to locate the new regional office. For many years, we'd had a small regional program focused on creating transportation corridors away from South Africa, thus giving the smaller landlocked countries such as Malawi, Zimbabwe, and Zambia

alternatives to South African ports. This was especially critical for Zimbabwe and Zambia since they did not have relations with South Africa. So, the change to a majority-led government in South Africa mandated an entirely new approach to the southern Africa regional program. The bottom line was that we were increasing the programs for South Africa and the southern Africa region, while closing many missions in West Africa and elsewhere.

Q: Malawi survived, I assume?

PEASLEY: Malawi survived, yes. Planning for this new initiative was difficult, in part because we wanted to absorb activities in Lesotho, Swaziland, and Botswana that were being phased out. We also wanted to ensure complementarities with the larger bilateral programs in the region. As I recall, the strategy for the initiative focused on three objectives: strengthening democratic institutions and values; increasing indigenous enterprise development; and improving agricultural productivity and natural resources management. We also continued our work in the transport sector. One of the major parts of the new initiative was the Southern Africa Enterprise Development Fund – a venture capital fund modeled after those used by the U.S. Government in Eastern Europe and the former Soviet Union to increase investment and to expand the private sector. The initial chair of the board for the Enterprise Development Fund was Ambassador Andrew Young. Maurice Tempelsman, the diamond trader was also on the board.

Q: Jackie Kennedy's --

PEASLEY: Yes (*laughs*). Very charming man too. But, the Enterprise Fund was a very challenging program. Some good investments were made, but there wasn't the same kind of demand that had been present in Eastern Europe and the former Soviet Union. It sometimes seemed to be money searching for solutions as opposed to the other way around. Perhaps most importantly, it was just another example of the significant effort we put into South Africa and southern Africa throughout the 1993-1996 period.

Q: How long did the bilateral commissions last?

PEASLEY: Throughout the Clinton administration. Certainly, when I got to Russia in 1999, the Gore-Chernomyrdin Commission was still active. I think they were an interesting concept and the South Africa commission certainly enhanced relations between our countries and produced some good initiatives. But, it was difficult for USAID because of the resource expectations. I think our South Africa mission was about as flexible as anyone could be in trying to accommodate expectations, but it was complex, often contentious, and very time consuming.

Q: Did the bilateral commission in South Africa have significant results?

PEASLEY: The bi-national commission?

Q: The commission, I mean these efforts.

PEASLEY: I cannot think of any exceptional results to be quite honest. I suspect there were some political benefits that came out of the deepening relationship with the new majority-led government of South Africa. But, I was not part of those dialogues. My lasting memory was of the difficulty of managing expectations – of both other U.S. agencies and the South Africans themselves. I think the South Africans probably thought it was going to lead to more resources than in fact became available. I recall that the South Africans were already disappointed with the USAID levels – believe they referred to the \$600 million over three years as “peanuts.” I suspect they were disappointed that the commission didn’t expand the pie. Again, there may well have been political and foreign relations benefits, which I’m not really aware of. I probably should have checked Princeton Lyman’s oral history to see what he had to say about this.

Q: (laughs) What was Brian Atwood’s view of these mission closures?

PEASLEY: I think he personally felt badly about doing it. He cared about Africa, but felt he had to do it given the budget constraints. Larry Byrne was probably the driving force for the closeout process; Brian simply accepted that it had to be done. Some of the countries on the closeout list were legitimate graduations, like Thailand, Costa Rica, and Panama. Everyone was relatively comfortable with closure of those missions; most folks were not so comfortable closing places like Burkina Faso, Niger and Chad.

Q: What was Byrne’s position?

PEASLEY: He was the Assistant Administrator for Management.

Q: So he was influencing the administrator.

PEASLEY: Yes, absolutely.

Q: On budget grounds?

PEASLEY: Yes.

Q: But you also mentioned things like UN votes. That doesn't sound like an AID criterion.

PEASLEY: No, and that may in fact be speculation on my part. As I recall, we were told Burkina was on the list because it was a poor partner. We may have simply assumed that referred to foreign policy criteria. I don’t know whether USAID’s central management made that decision on its own or if in fact they had received input from the State Department. Certainly they had not consulted with the State regional bureaus, but I suppose it is conceivable they had some discussions with others. Again, the reason they didn’t want early discussion with the regional bureaus was to ensure they weren’t blasted by cables from 30 some ambassadors around the world. But, I am speculating on this point.

Q: Well, at some point there must have been these cables from the ambassadors.

PEASLEY: Oh yes. They all protested and, as a minimum, they pushed us to be more creative in trying to retain some kind of program activities in the countries.

Q: Was this partly an assertion on the part of more independence on the part of USAID?

PEASLEY: I don't think that was the case. I do know that relations were not always great between USAID and State during this period, but I don't think USAID was closing missions as an effort to assert its independence. As an anecdote, in October 1996, Warren Christopher made his only trip to Africa. I traveled with him on that trip. I was surprised by the animosity of some of his staff toward USAID – I overheard lots of snide comments at various times during the trip. After my return, I reported out on the trip at one of the Administrator's staff meetings. Secretary Christopher had visited several USAID projects and appeared very pleased by what he saw. In reporting out, I also mentioned that I was surprised by the amount of animosity towards USAID expressed by some staff. I remember Brian ruefully smiling and saying, "Well, that's probably my fault. Many of them think that I'm trying to be the secretary of state for USAID, that I'm too vocal on issues that I shouldn't be vocal on." As you may recall, Brian had been head of the National Democratic Institute and cared deeply about democracy and governance issues, about Africa, and about the big foreign policy issues. He was also very extroverted and an excellent public speaker. Secretary Christopher was a much more introverted personality – and not someone who sought the public eye. They had very different personalities. That said, I know Brian had great respect for Secretary Christopher, but he also felt passionately about the big issues and couldn't resist talking about them. There were also some tensions with State around programs in the former Soviet Union and the assistance coordinator offices. Also, as mentioned earlier, State's Global Affairs Bureau was engaging more in development issues. All of these tensions, including the closure of USAID missions, seemed to permeate relations between State and USAID throughout the 1990's.

Q: On the trip that you took with Christopher, how was this animosity from the staffers manifested?

PEASLEY: Oh, it was just snide comments, for example, on the bus ride to the Ambassador's residence in Cape Town, we passed a very large home and one of the staffers snidely commented that it must be the USAID director's home. But, the negative comments were never in terms of substance. In Ethiopia, Secretary Christopher visited a food aid program that was one of the most memorable VIP visits I ever witnessed. It was a self-help road-building program in an area called "Korea Town." The people doing the work were all Ethiopian Army, Korean War veterans. Many of them came in old Korean War uniforms and Christopher was obviously very moved by meeting them. He was also obviously impressed by what they were doing and by the U.S. Government's support. Similarly, in Cape Town, South Africa, he visited a self-help housing activity. USAID was supporting a South African NGO working with homeless women. They were just breaking ground in the community and laying some of the initial housing foundations.

When we arrived at the site, the dancing and singing women grabbed Christopher and practically carried him away. It was amazing to see this quiet man beaming from ear to ear (*laughs*). Again, he and his staffers expressed appreciation for the quality of work being done on the ground – and they wanted USAID sites on the schedule. The negative comments were side comments, not substantive. I just thought that the jibes were not really necessary.

Q: Were other countries visited on that trip?

PEASLEY: Yes; we went to Mali, Ethiopia, South Africa, and Angola.

Q: Did the people at State regard AID as duplicitous because of these closures or the way the closures were handled initially?

PEASLEY: Yes, I think that the Africa Bureau of State was very unhappy with us. Certainly George Moose and Pru Bushnell expressed their unhappiness with John Hicks and me. They felt that we should have worked with them to select the right missions to close. To be honest, we shared that view. Retrospectively, I think Brian also felt that. Again, I think this was probably more Larry Byrne saying to do it this way. Larry had a very confrontational personality – suspect he secretly liked to argue with folks

Q: What was his impact overall in regard to AID operations?

PEASLEY: I think overall it was negative. He was right to focus on reducing the operating expense budget, but could have probably achieved better results if he had been more of a team player. For example, although USAID did need to invest in improved data management systems, Larry pushed “a new management system,” which turned out to be way too ambitious and very expensive. There were many people in the career service who had experience in this area and made suggestions on how the “new management system” could be structured. But Larry didn't trust the career service and went full-steam ahead with his plans to integrate financial and other systems. So, they developed a system that never really worked as planned and spent huge amounts of money. Given the declining operating expense budget, this turned out to be very costly to USAID.

One result was a Reduction in Force in 1996. I believe that around 100 employees were RIFed, ironically including some very strong officers: one had just completed the State Department's Senior Seminar; another had been on long-term training at Cornell a few years earlier and was on short lists for senior mission management positions later in the year; others were similarly ready for senior jobs. This happened in part because of decisions made by a Washington Task Force managing the RIF. The committee knew that any RIFed FS-01 officers would receive an immediate annuity regardless of age, so preference was given to “riffing” FS-01s. Ironically, some of the Foreign Service deadwood was at the FS-02 level, over 50 years old, and thus eligible for immediate annuities. But, they were saved. Anyway, it was devastating to USAID and a major negative force on agency morale, especially since scarce operating expense money was still being spent on the new management system. I still mourn the loss of one of my

Africa Bureau colleagues. He was one of the finest officers that I ever worked with in USAID. He had been the Africa Bureau's candidate to be the Deputy Mission Director in South Africa, but someone else ended up being assigned. He therefore remained in Washington and ended up being RIFed.

Q: There must have been some very bitter feelings.

PEASLEY: Absolutely. I can remember a week or so after the RIF at a Brian Atwood staff meeting and him just saying that he hadn't realized the effect it would have and the need to "to rebuild the trust."

Q: How long did Byrne last?

PEASLEY: I believe he remained until early 1997. At that point, Brian appointed a career person as the new Assistant Administrator for Management to try to help rebuild the confidence of the agency in the Management Bureau.

As part of a government-wide effort initiated by the Vice President, Larry Byrne also led a major re-engineering of all of USAID's program processes. He mobilized a team of career staff who, in turn, managed the changes. While controversial, these changes were done in a collegial way. The intent was to create a more streamlined process so that USAID could move more quickly from concept to implementation. While some parts of the change were good, they also managed to downplay the importance of analytic work before designing program activities. This, combined with the reduction of staff in the field, led to a much more procurement-oriented program process. Simultaneously, Larry Byrne wanted to tighten up the procurement practices and to empower contracting officers. Previously, USAID Mission Directors had been authorized to sign grant agreements and cooperative agreements with NGOs; they were viewed as assistance instruments and not procurement per se. Byrne took these authorities away from Mission Directors and said only contracting/procurement officers could sign. This, plus declining staff in the field, had long-term effects on how USAID worked. USAID stopped using the term "project," and instead spoke of "activities." More and more, activities themselves were contracted out – not just the technical assistance components, but entire activities or projects. Contractors became the center of USAID's work. Much of this was an unintended consequence of re-engineering. Current USAID leadership in the Obama Administration has been trying to reverse this process, encouraging USAID to do more with local entities and not to contract out entire projects. Procurement went to the center.

Q: This may have been driven by Byrne, but it sounds like it must have been approved by Atwood.

PEASLEY: Yes, it was. Again, I think some of the negative consequences were unintentional. But, the new administration very much wanted to bring about change. In the early days of 1993/1994, many of the new appointees were suspicious of the career staff. We had worked for 12 years of Republican presidents, and some assumed we were all closet Republicans and didn't share their views on how aid should be delivered. I was

among some of the senior career people who attended many of the Administrator's daily staff meetings. We were often surprised by attitudes expressed by some of the political appointees; some made clear that they didn't trust the USAID career staff to make the changes that were needed. It was awkward, but fortunately didn't last forever as many of us developed close friendships with the appointees. More generally, I have huge respect for Brian Atwood and think he should have been one of the very best USAID administrators. He understood development issues; he cared about people in the third world. But, he was cursed by the appointment of the bigger than life (but actually very small) Larry Byrne. I believe Byrne had his own political base, and he was not afraid to use it. Certainly, it was an education for me on the politics of life in senior management. It could be fairly (*laughs*) brutal. The bottom line, I think, is that fewer mistakes would have been made on the management changes if there had been greater trust in and use of the career staff. That said, I do know that I, along with other career folks, were too often defensive and too interested in preserving the status quo. That certainly was what the political appointees thought in the early days when we raised concerns.

I know that I am portraying a very negative picture. I don't mean to do that. Brian and his team also did a lot of very good things. One example was the Initiative for Southern Africa. I think the rationale for that was a very strong one, as Brian Atwood wanted to make sure that we didn't send a signal that we cared only about the new South Africa.

Brian also provided strong leadership in relooking at the Horn of Africa. It was not long after the debacle in Somalia during the last year of the George H.W. Bush Administration. Brian led a humanitarian mission to the Horn of Africa in 1994. When he returned, he advocated for a new Greater Horn of Africa Initiative focused on building stronger bridges between food aid, humanitarian aid, and development assistance – and on conflict prevention and political change. An inter-agency working group was established. I recall that David Schinn, the head of the State Department's East Africa office, was very active in helping to conceptualize the initiative. In the simplest terms, USAID was too often doing humanitarian work or providing food aid in ways that created longer-term development issues and that ignored sustainability issues. Brian thus asked us to look differently at all of our work along the relief to development continuum. The relief people needed to be thinking more about the long-term development consequences, and the development people needed to be thinking more about meeting early relief needs and about conflict and crisis prevention. Also, under the Greater Horn of Africa Initiative, Brian Atwood wanted more focus on regional approaches and cooperation. A lot was therefore done to help strengthen the Intergovernmental Authority on Drought and Development, based in the Horn of Africa, helping it transition in 1996 into a new regional institution focused on the full range of political and economic issues. As I recall, the new IGAD played an important negotiating role when war broke out between Ethiopia and Eritrea. It has also played an important role on Sudan and Somalia issues – and I think Brian saw that potential and helped the U.S. Government support the organization's transition. In other words, Brian put a lot of very substantive ideas on the table and encouraged us to think much more creatively. That is why I get so frustrated when I think about that period in USAID. Substantively, Brian Atwood was an exceptional USAID Administrator, but he also has to bear some responsibility for the

management issues that arose. I know that it was a difficult period, that Jesse Helms and many others on the Hill didn't support foreign assistance and wanted to see it dramatically reduced with the end of the Cold War. They were cutting budgets. Also, Helms had been pushing for USAID to be fully folded into the State Department. Brian heroically fought that. It was a difficult environment that I probably still don't understand well enough.

Certainly relationships with the Hill took up a major amount of my time. When I became the senior Deputy Assistant Administrator (DAA) in January 1994, I had two non-career DAA colleagues. First was Gary Bombardier who had worked on the House Foreign Operations sub-committee staff for Representative McHugh who left the Hill; Gary came into USAID through a provision in the law that enables Congressional staffer to move into executive branch positions.

Q: Schedule C? Schedule C appointment?

PEASLEY: I don't recall the provision. But, it did initially bring Gary into USAID. He then was named one of the DAAs – and deservedly so since he had been one of the main architects of the Development Fund for Africa legislation. John Hicks also brought in Nate Fields as the second DAA. So, I was working with two people from outside of AID who knew development but didn't know USAID. This meant that I was dragged into more and more of the management issues. Gary was overseeing East Africa; Nate was overseeing West and Central Africa. I was overseeing southern Africa.

One of the most contentious issues I dealt with was in South Africa. As we built up our program there to support the new majority-led Mandela government, a few USAID mission staff members were concerned about “reverse discrimination in the mission and the program. These few people felt preference was being given to African American groups in the United States in implementing some program activities. So, ironically, some racial tensions arose in the USAID mission itself. One of these disgruntled staff members ultimately went to the Hill as a whistleblower. This in turn created a lot of work. We sent an assessment team to South Africa to look at the situation – two very senior former USAID Mission Directors, Aaron Williams and Mary Kilgour, led it. Their report acknowledged that some mistakes had been made, but that the overall allegations were unfounded. For example, one mistake related to language in the performance goals of the Mission Director and other staff. As you may recall, foreign aid legislation in the 1980's and 1990's included an amendment by Congressman Gray to increase contracting with minority-owned businesses. All Mission Directors in the Africa Bureau had a “Gray Amendment target” in their work objectives. Unfortunately, in the South Africa mission, the work objectives of some employees referred only to African American-owned entities, not the more general minority-owned provision in the law. This was quickly corrected. The issue nonetheless continued. Two staffers from the House Foreign Relations Committee staff went to assess the situation; USAID's Inspector General also visited South Africa and issued a report. We were carefully trying to balance multiple objectives in the legislation authorizing our South Africa program. It called for us to do two things: support a, a new South Africa that was colorblind; and address the inequities

of the past. Obviously, in addressing the inequities of the past, we were endorsing an affirmative action approach. That in turn was not entirely consistent with the “colorblind” objective. I recall going up to the Hill multiple times and being raked over the coals. It was a very unpleasant issue and time.

But, I am proud to say that we in USAID did take a hard look at our management and program actions and did make changes when they were warranted. We also tried to be sensitive to the complaints of the few dissenting staff members in South Africa. But, that said, we were also fully supportive of our efforts to redress the inequities and abuses of apartheid South Africa. Ultimately, the Inspector General’s report was critical, but had no findings or recommendations. Nonetheless, I was tasked to work with the mission in putting together a corrective plan that was ultimately accepted by the Congressional staff. Senator Helms also raised concerns. I was asked to draft the lengthy response to his office, laying out our assessment and corrective plan. Following normal procedures, I drafted the response for signature by the USAID Administrator or head of the Legislative and Public Affairs Bureau. But, I was asked to sign the letter – it was such a political hot potato that no one wanted to be implicated. So, for the only time in my career, I, as Acting Assistant Administrator for Africa, signed a letter to a serving Senator. (*laughs*). While a nasty process, it finally worked out fine. I think that we actually did a great job in managing it, but it took a year of very intensive work with lawyers, the field mission, multiple offices in Washington, and the Congress.

Simultaneously, there was an internal debate with USAID about how the South Africa mission was entering into grants with local community groups and NGOs. The head of the USAID Procurement Office in Washington went after the mission for its “non-competitive” process. When USAID first went into South Africa in 1985, they had to work hard to identify community organizations in the townships that would be willing to have a relationship with the U.S. They viewed the U.S. at that time as supporters of apartheid. Ultimately our staff, through hard work in the townships, developed relationships with local groups and did enter into grants that had not been formally done through a competitive process. The mission documented all of this and did waivers to justify the noncompetition. It really was the only way in which the mission could have worked at that time in the townships. Nonetheless, the Office of Procurement severely criticized the mission for its approach, saying that everything should have been done competitively from the outset. I think the procurement specialists were very wrong about this. When starting up a new program in a difficult political and social environment, USAID needs to take risks and be creative in managing its processes. I remember once being in a meeting with Brian Atwood and asking if he valued what USAID had done in the late 1980’s in South Africa – and if so, he needed to know that it could not have been done if USAID had followed the rules that now were being imposed on the mission. Anyway, this is just another example of how the South Africa mission itself became a bit of a lightning rod during the mid-1990’s. Ultimately, that changed, but it was a very difficult and very time-consuming period that also added to the pressures with the Hill.

Q: You had mentioned the strains between AID and the department, and specifically sort of an impact on the relationship between John Hicks and George Moose. And was that

severe? Did that smooth out?

PEASLEY: Yes; it smoothed out. I mean they had a good working relationship and John was named ambassador to Eritrea in the summer of 1996. That is when I became the Acting Assistant Administrator for Africa. I continued in that role until a new political appointee Assistant Administrator, Vivian Lowery Derryck, came on board in July 1998. So, for two years I was the acting AA/AFR.

Q: And your relationship with Pru Bushnell continued.

PEASLEY: Yes, until she went to Kenya as ambassador. I had a good relationship with Ambassador Moose. After Pru left, I believe Bill Twaddell and Ed Brynn were in the AF front office. I had good relations with both of them. There certainly were irritations, but they didn't sour the ability to work effectively together. And I think we did.

Q: With you serving as acting assistant administrator for two years, that must have had significant impact on your role and on your life.

PEASLEY: Yes, I was obviously honored and got to do some great things because I was the acting head of the bureau, but much was very stressful. Some of the stress was because of the things I have already spoken about, but some was because of the number of people within USAID itself who were leaders on Africa issues. For example, Dick McCall was the chief of staff for Brian Atwood. Dick had worked on the Hill for years as a staffer for Senator Sarbanes on the Foreign Relations Committee. I liked and respected Dick a lot; he is a wonderful man who cares deeply about Africa. He attended most of the NSC meetings on Africa. That itself was not a problem; he was the right person to represent USAID, but he would often forget to coordinate with us before going. As a result, he would sometimes make a commitment to do X, Y, or Z or to provide funding for X, Y, or Z. He would return from the meeting and tell me that we would have to come up with funding for such and such. And then I would get mad (*laughs*).

Q: Well, did you have to walk these back or did you have to find the funding?

PEASLEY: Well, it was a combination of both. We certainly did everything we could to do what he had committed us to, but sometimes we simply said we couldn't. That obviously created problems, including with other folks who were working closely with Dick on many of these issues: Gayle Smith who was initially working for Dick as a contractor before going to the NSC as Senior Director for Africa in 1997; and John Prendergast who was initially at the NSC and then on Susan Rice's staff when she became the Assistant Secretary for Africa. I fondly remember being in a meeting once with Dick and John Prendergast, along with some other USAID staff. They were trying to come up with a solution for something. I suggested that we could use some existing resources to help solve that problem. John looked very surprised and said something to Dick about the "naysayer" being helpful. And I just wanted to say, "Yes, if you talk to us at the right time we will always try to be helpful," (*laughs*).

Q: What was Prendergast's position at that point?

PEASLEY: I don't remember if it was when he was at NSC or State.

Q: Was Prendergast actually on staff?

PEASLEY: Yes, he was Susan Rice's special assistant, I believe.

Q: I see.

PEASLEY: He had been at the NSC with Susan I think and then moved to State with her.. I actually liked and respected these Africa experts – Dick, Susan, Gayle, John -- but they always seemed to think that we had money, loose change lying around that we could come up with. It was always hard to get them to talk with the USAID Africa Bureau before the meeting, not after making the commitment.

Q: Seems pretty basic.

PEASLEY: Yes, but their passion for results often got in the way of bureaucratic understanding. We also had some issues about "deliverables." I especially remember pressures before President Clinton's visit to Africa in 1998. I knew that the White House team wanted to announce an Education Initiative, so prior to attending one of the pre-trip planning meetings at the NSC, I had spoken to the USAID Africa Bureau budget office to see what resources I could commit. They wanted me to commit only the 80 million dollars we were already providing for basic education activities around the continent. I pushed my colleagues that we would also have to commit something additional. They were very unhappy with me, but when I attended the meeting at the NSC I was able to note our on going program of 80 million dollars for basic education and that we would also come up with some additional funds – I don't recall the specifics but believe it was 10 to 15 million dollars. The NSC and State staff told me that would not be sufficient.

Q: They're saying it's not enough?

PEASLEY: It's not enough. You have to come up with more. You can't get away with saying that your existing program is part of an initiative. After the meeting, I recall getting into a bit of an argument with one of the principals. I was not very diplomatic; even saying that a 100 million dollar initiative for education would be insignificant and we should not gut good, on going development programs to do something so unlikely to make a difference. Needless to say, my argument was not well received. Ultimately, I had to go back and squeeze Africa Bureau staff to find more resources for the initiative. This kind of thing also obviously added to the tension between USAID and the State Department and NSC. I actually think we most often responded well to these needs for deliverables. Certainly Don Steinberg when he was the Senior Director for Africa at the NSC appreciated our efforts on South Africa in 1994. But, others too often had less experience with the realities of budget constraints and had unrealistic expectations. They often thought we could snap our fingers and come up with money.

Q: In that case, where were you able to find money, additional money?

PEASLEY: Yes; we did although I don't remember the specifics. I would only add that if one were to go back to look at the relative value between the funds used for VIP deliverables vs. the value of on-going on-the-ground programs, I would be willing to bet that the latter were of greater value and benefit than the “deliverable.”

Q: You should do an article about that.

PEASLEY: *(laughs)* I might do that.

Q: Well, with all this emphasis on, you know, management, bureaucracies, sort of infighting demands that are unreasonable, what were you focused on substantively?

PEASLEY: Substantively *(laughs)*. So much time was spent managing conflict that I often forget those were also very substantive years. Looking at the Africa Bureau generally, we were following the basic priorities of the Development Fund for Africa legislation. This included fairly serious monitoring and evaluation and reporting back to the Congress on results achieved. This was particularly important regarding our use of non-project assistance to support policy-reform efforts. As I recall, our development budget for Africa was around 800 million a year, although I believe it went down to mid 600 millions by 1997 or so. In fact, the earmark for the Development Fund for Africa eventually fell out of the Appropriations Bill.

As budgets were declining and other earmarks were increasing – for example for the environment, basic education, and child survival – we were hard pressed to maintain our programs in economic growth and agricultural development. The new Democratic administration also had some issues with our focus on economic policy reform and private sector development in its first year or two. As you may recall, during the 1996 Presidential campaign the television show “60 Minutes” broadcast a story criticizing USAID for exporting U.S. jobs to Central America through its private sector programs. This prompted new restriction on what USAID could do in its investment promotion activities. Also, the Democratic Congress and others were leery about the effects of the World Bank/IMF-led structural adjustment programs on the poor. This then led to skepticism about our existing economic policy reform programs. So, we in the Africa Bureau were fighting hard to try to preserve our economic growth and economic reform agenda. Interestingly, within a year or two, Brian Atwood and the entire new team began to appreciate more fully the importance of USAID work in this area – that no other development work would be sustainable over the long term unless countries were growing economically. Brian, in fact, was an early leader within the Administration in pushing for a trade and investment initiative for Africa. I remember going with Brian to the first NSC meeting in the office of Dan Tarullo in late 1996 or early 1997. Representatives from Treasury and State were also there. It ultimately evolved into the Growth and Opportunity Act (AGOA), which was passed by the Congress in 1998 or so.

Q: Think so.

PEASLEY: Most interesting to me was to see the changed attitude towards USAID support for economic growth, economic reform, private sector development, and agriculture development.

We were also trying to ramp up activities in HIV/AIDS. This was, of course, before President Bush initiated his PEPFAR (President's Emergency Plan for AIDS Relief). We were modestly increasing our programs – and also looking hard to find any successes that could be replicated. Initially, Uganda was very aggressive in fighting the epidemic and did some interesting work on testing and prevention at the community level. We tried to disseminate some of those lessons learned to other countries. But, our efforts were modest. Years later, an official from the Clinton Administration asked me why there hadn't been a Clinton PEPFAR initiative. I could only remind her that the Clinton administration had been very focused on eliminating the budget deficit. I still recall Brian Atwood speaking to senior staff after returning from a White House budget meeting. He had gone to argue for some USAID budget cuts to be restored, but didn't succeed. He told us that he felt badly as the USAID Administrator that he hadn't been able to get our budget cuts restored, but as a senior appointee in the administration, he was proud to be working for a president who was prepared to make hard decision and cut the deficit.

So, the 1990's were not a time of growing budgets for USAID. The career staff in USAID used to often joke that our budgets would usually increase during Republican (*laughs*) and usually decrease in Democratic ones. Anyway, it was one of the ironies of life.

Q: Were your HIV/AIDS efforts organized regionally or did you have bilateral programs?

PEASLEY: We had bilateral programs and then some regional. When we closed down some missions, we continued to operate HIV/AIDS programs through regional platforms or other nearby mission. I might add that one of the other budget cutting steps we took, even after the closure of the 13 bilateral USAID missions in Africa, was to close the Regional Economic Development and Support Office (REDSO) in Abidjan. Our operating expense budget was so tight – and Abidjan was so expensive – that the Africa Bureau while I was the Acting Assistant Administrator decided to close REDSO/West. As we closed down the Abidjan office we created some regional units in the various bilateral missions. As I recall, Mali was overseeing residual HIV/AIDS activities in Burkina and Niger; Ghana was overseeing Togo and Benin, I think we had closed both.

Q: I thought REDSO had sort of basically moved to Accra.

PEASLEY: Ultimately it did, but the responsibilities were initially shared among a couple bilateral missions.

Q: So it was less expensive in Accra?

PEASLEY: Yes.

Q: What sort of challenges did you face in regard to your HIV/AIDS programs locally?

PEASLEY: Locally?

Q: Obstacles? Culture? Resistance? Mbeki's views on --

PEASLEY: Yes; it was certainly an issue in South Africa, but most of that did not become apparent until Mbeki became President and the major PEPFAR resources were being allocated during the Bush Administration. Our HIV/AIDS program in the 1990's in South Africa was quite modest. As I recall, when the Africa Bureau reviewed the USAID/South Africa strategy in 1995 or 1996, we in Washington pushed for the mission to do more on HIV/AIDS than it had initially proposed. So, there was a slight increase, but the effort was still very modest. I think this was primarily because no one really knew yet about the severity of the epidemic in South Africa. I don't recall every hearing anyone talk at that time about reluctance on the Government of South Africa to work on the issue.

I mentioned earlier that Uganda was being seen as a success story on HIV/AIDS; new incidence rates there began to decline significantly. USAID and CDC were working together closely in Uganda; I suspect it might have been the largest USAID HIV/AIDS program in Africa although I am not certain about that. Some of the Uganda community-based models, including their success in voluntary testing, were working very well. But, as soon as we began to feel good about the progress, issues began to arise. President Museveni and his wife became very uncomfortable with some of the prevention activities, especially the focus on condom use. So, some of the prevention work began to get diluted. It became further diluted after PEPFAR began. You may recall that PEPFAR spoke about the "A, B, C" approach to prevention – abstinence, behavior change, and condoms. It became very political with many people pushing for more U.S. funds to be allocated to "A" and "B." Anyway, we thought we had a budding success story in Uganda, but it became less of one. As I recall, there were also issues in Zimbabwe. President Mugabe was never prepared to really deal with the issue very openly. The bottom line is that we in USAID had only modest resources; in addition, we didn't have very many governments in Africa that were as proactive as they probably could and should have been.

Q: The Ghanaians were pretty good.

PEASLEY: yes; the Ghanaians were good. So, small amounts of program funds were actually I think quite effective in those countries where the governments were being proactive. In southern Africa and much of east Africa, the governments were not so proactive and small amounts of money made very little difference.

Q: What about democratization programs?

PEASLEY: Yes; this was a high priority for Brian Atwood, and so we were doing a fair amount. But, earmarks in other areas, such as basic education and child survival, didn't leave as much for programming in this area. We did actively support electoral efforts in a number of countries, certainly including South Africa and Malawi's elections in 1994. I know that USAID was very active in Ghana, especially in helping the Ghanaians develop a strong voter registration system. I believe that work in Ghana was very important – and its positive effects are still being felt.

Q: Absolutely. Absolutely.

PEASLEY: That was a success story in Ghana. I believe that some in Washington criticized USAID for devoting the bulk of its resources to the registration activity, but that the field stood its ground. And, the field turned out to be correct; Washington was wrong. Barbara Sandoval was the USAID Director then in Ghana and she has frequently reminded about this.

USAID was also supporting parliamentary strengthening in a number of countries, as well as political party strengthening. The latter often included efforts to expand the roles of women in political life. I recall visiting a parliamentary strengthening project in Namibia; we were working on the development of committees and open hearings. There was considerable focus on transparency and opening up the political processes. More generally, civil society strengthening was a key element of almost all USAID mission democracy-promotion activities.

USAID was also part of the broader U.S. Government dialogue with African countries on governance issues. When talking about my work in Malawi, I mentioned the World Bank-led Consultative Group process and the meetings that, at that time, were primarily in Paris and then increasingly began to be held in country. In those days, USAID was designated as the interagency leader for consultative group meetings. As the Deputy Assistant Administrator overseeing southern Africa and then as Acting AA/AFR, I often chaired the U.S. delegation at those meetings. As the meetings became more political, it became even more important that the USAID representative be as senior as possible. The U.S. position would be carefully worked out in Washington prior to the meetings. The field – both USAID and the broader embassy – would send in their proposed positions and talking points, including and linkage of USAID funding levels to human rights or governance actions. They would then be finalized in Washington. The chair of the U.S. delegation was to be the sole spokesperson, at least formally during the meetings. As the U.S. talking points became more political, there was obviously increased resistance to having USAID be the speaker. In order to manage this, I worked with the World Bank, asking them to organize side sessions focused on political or governance issues, thereby providing an opportunity for any U.S. ambassador who came to the CG meetings to speak.

The Consultative Group meetings that were most interesting and most memorable to me were on Mozambique and Zambia, both of which were in the midst of political transitions

and with very robust USAID programs. I can still remember consultative group meetings for Mozambique when Dennis Jett was the ambassador. Dennis had been the DCM when I first got to Malawi, so I knew him well and we had a good relationship. But Dennis was often not very unhappy with the final interagency position and talking points crafted by Washington. Dennis often came to the CG meetings, and other donor colleagues told me that he would scowl when I was speaking our Washington-approved talking points at the meetings. That prompted me to ask the Bank to set up a meeting beforehand so Dennis – and other attending ambassadors – could give their views prior to the formal meetings. Dennis felt that the Mozambicans were not performing as well on its economic reforms as we donors gave them credit for; he thus thought we were way too easy on the government officials. During the CG meeting, the donors would talk about “putting the host country in the driver’s seat” of the reform process. Dennis would then say that we “shouldn’t be asleep in the backseat.” In retrospect, I am not sure who was right. Certainly, Mozambique in the late 1990’s was a budding success story as it came out of war and reintegrated a million plus refugees back into the country. Economic growth was quite remarkable. We in the donor community were also very impressed by the public servants who led the Mozambican delegations. The Portuguese had not been very enlightened colonists; there was a relatively small cadre of trained Mozambicans, but the civil servants we encountered at the CG meetings were committed and impressive. But, it is hard not to be a bit discouraged when looking at Mozambique today. So, perhaps Dennis did have a better feel for the situation.

Zambia was a more complex set of issues related to governance and economic performance, including debt levels, privatization, and government expenditures. And so those meetings were always very contentious. The Zambians themselves were very tough negotiators at the consultative group meetings. The donors would raise difficult issues; the Zambians would counter with responses to our criticisms and then offer pointed comments about issues in the donor countries. For example, I recall once raising an issue about corruption allegations; they responded by citing examples of public corruption in the U.S. They obviously did a lot of homework prior to the meetings.

I suspect that there was a lot of wasted efforts and too much theatre at these consultative group meetings. As they began to be held in the countries themselves, they became much more useful. It also provided for more realistic dialogue and greater transparency within the countries.

Q: What was the relationship between your bureau in Washington and the disaster relief people?

PEASLEY: Unfortunately, we had more than our share of emergencies and disasters in Africa, so we worked very closely with them. Somalia had fallen apart; there was civil war in Sudan; the genocide in Rwanda; turmoil in Burundi; crisis in Liberia; Angola emerging out of conflict; collapse of Zaire and emergence of the Democratic Republic of the Congo; war throughout whole Great Lakes region; growing civil war in northern Uganda. This large number of crises was certainly a factor in Brian Atwood pushing his Greater Horn of Africa Initiative. One of its major goals was to forge a stronger working

relationship between the long-term development and the disaster response people. Ethiopia became a centerpiece for this thinking, as we tried to coordinate more effectively our food aid and agricultural development activities.

One of the most interesting ideas to come out of the Greater Horn of Africa initiative was to add something called a “crisis modifier” to our program strategies. This was initially done for Eritrea I believe. In designing its development strategy, the mission identified potential crises and their probability. What were the factors that could destabilize the proposed strategy, and how would we modify the strategy to deal with these issues arose? We hoped that by building some contingency planning into the program strategies, we would have greater flexibility and ability to respond as quickly as possible when crises occurred. As I recall, we did this first for Eritrea, but then repeated it in almost all of our bilateral programs. This also helped to build better relationships with the disaster response people prior to the disaster. This also involved more advance coordination with the new USAID Office of Transition Initiatives. We wanted to try to figure out how we could more effectively build them into the strategies and programs of the most vulnerable countries. OTI was created in 1994, I believe, and their earliest work was in Angola in supporting demobilization and programs for displaced persons and in Haiti. They also went into Rwanda after the genocide when USAID re-established its presence and program. In that case, I believe OTI supported women’s income-earning opportunities, a program that ultimately helped to create many women entrepreneurs in the country. We were trying to effectively work with them as we developed new strategies, identifying appropriate priorities for them and also building in the capacity for USAID to transition those initial OTI activities into longer term development programs when appropriate. It didn’t always work perfectly. There were certainly times when turf battles arose, and relationships weren’t always perfect. But I think that clearly there was a much stronger working relationship between the “development people” and the “humanitarian relief” people that took place, and a much greater appreciation of what each and the other did.

Q: Were the budgets for disaster relief transition initiatives separate from yours?

PEASLEY: Yes. The Office of Transition Initiative budget came from the Office of Foreign Disaster Assistance appropriation account. It was a special appropriation that gave them more flexibility in how they could use their funding. I believe USAID could also designate development assistance funds for disaster relief and reallocate them to OFDA. Towards the end of the fiscal year, if our funds were not going to be obligated, we could transfer some to OFDA or to OTI for obligation under their authorities.

Q: Were they subject to the kind of cutbacks that you were dealing with?

PEASLEY: No, I don't think so. In a macro sense, I don't believe so.

Q: What were your experiences in testifying for Congress? Did you have to do that very often?

PEASLEY: Yes, I did a number of times for budgets; we also often had to go up to talk

with the Appropriations Committee staff. There were also a number of substantive hearings on a wide range of subjects. I remember testifying before Senator Nancy Kassebaum and the Senate Foreign Relations Committee with the State Deputy Assistant Secretary, Pru Bushnell, on women in Africa. I also testified a couple of times with Johnny Carson when he was the principal DAS: one hearing was on political development in Kenya; another on anti-corruption efforts in Africa. These were obviously very political topics, so I was speaking only about the kinds of programs we were doing.

I might add that the Africa Subcommittee of the House Foreign Affairs Committee staff at that time was pretty extraordinary. Their bipartisan spirit was very impressive. That made it much easier to testify before them. You didn't have to be afraid of gamesmanship or "gottcha questions". You knew that they were there because they wanted to have a good discussion about an issue and to see if they, the Congress, could do anything to support executive branch efforts. The key actors were Donald Payne, the Democratic congressman from New Jersey; Tom Campbell, a Republican from California; and Ed Royce, also a Republican from California. The three of them were always the most prepared and dominated any hearings. They were serious about what they did. I would always feel a renewed faith in democracy after testifying before them; the hearings were serious, not a show. Also, of course, it was a delight to testify with Assistant Secretary Johnny Carson. Going before the Senate Foreign Relations Committee staff was a little more anxiety provoking because there were people there that seemed less committed to development in Africa (*laughs*).

Q: Did you testify before Helms?

PEASLEY: I don't think he ever came, but I had to testify before the Senate Foreign Relations Committee staff on population programs in Africa. To be honest, I was petrified. I knew the politics related to family planning programs and was nervous. But, I also knew that the USAID family planning programs in Africa were critically important, that many countries wanted to reduce fertility and population growth rates, and that long-term development was dependent on their success. I also knew that USAID had done a fantastic program in supporting family planning programs over the years and the Africans had done a great job implementing them. Contraceptive prevalence in Africa has increased dramatically over the past two decades, and I think the U.S. deserves a lot of credit for that.

Q: Did that testimony turn out all right?

PEASLEY: Yes, it did actually. In fact, it turned out to be not much of an event. You know how much time and effort goes into preparing for a hearing; then, the hearing turns out to be little more than reading your statement and the congressmen running in and out of the hearing room. That didn't happen with House Foreign Affairs Committee hearings. If they called for a hearing, it was because they were interested in the subject matter and they made it a meaningful session. Often times on the Senate side, they were more pro forma. They simply wanted an Administration representative to make a statement – then

they could issue their own statements and maybe ask one or two questions.

Q: In my experience on the Hill, it's often more a question of the members wanting to get their views on the record rather than elicit information.

PEASLEY: Right, and that was the difference between the Payne/Campbell/Royce Africa Subcommittee and some other committees. The Africa Subcommittee seemed to actually ask questions that they wanted to hear an answer for. They would even ask how they could help to resolve issues.

Q: Of those, the one I knew was Payne. I have a very high regard for him.

PEASLEY: Yes; he was a fine man.

Q: Well, is there anything you'd like to add about this tumultuous period, 1993 to 1998 before we move on?

PEASLEY: Let me just see. I had complained about “deliverables” for VIP visits, but perhaps I could say a bit more about such visits. I did have the great pleasure of accompanying Hillary Clinton on her first trip to Africa in the spring of 1997 and then on the President's trip in the spring of 1998. The First Lady's trip was an extraordinary trip, in part because it was a relatively small group. There was one plane and a relatively small staff. I was the USAID person; George Moose, the Assistant Secretary of State for Africa; and Susan Rice, the NSC Director for Africa. There were probably a few other State/NSC folks on the trip, but the vast majority of accompanying staff were from the First Lady's office. We went to Senegal, South Africa, Zimbabwe, Tanzania, Uganda, and Eritrea. Much of the focus of the trip was on development issues, so we visited many USAID activities. This included the same housing activity in Cape Town that Secretary Christopher had seen. He had broken ground for the project. By the time Mrs. Clinton got there a year and a half later, 20 houses were up. We were greeted by many of the same women with lots more dancing and singing. Best of all, it was great to see the progress that had been made.

As a side note, one of the other interesting things that happened on that trip in Cape Town was a dinner at the home of U.S. Ambassador Joseph. He invited all of the staff to his home along with two external guests: Archbishop Desmond Tutu and Bill Cosby (*laughs*). They were like a comedy routine and kept everyone at the dinner table laughing for the entire evening. It was quite an experience for me.

It was also very interesting to see Mrs. Clinton in action on the trip. She was certainly very different from the public image that I had had of her. I met her the first time at a briefing at the White House when George Moose asked me to join him. I had never before been to a briefing at the White House, so was a bit nervous. When we walked into the Map Room, I didn't even recognize Mrs. Clinton. That was in part, I suspect, because she was clearing coffee cups off the table from the previous meeting. But, it was also because she simply looked much different – much warmer – in person than she did on

television or in photographs. So, it didn't register to me that the blond haired lady in the room was the First Lady – until she shook hands with George and then introduced herself to me. She asked great questions throughout the briefing and had obviously already done a lot of preparation. During the trip itself, I was so impressed by how quickly she picked up on issues and by how articulate she was. She gave a major speech at Makerere University in Uganda. The staff had had been struggling with the ending of the speech, so I know that she did not get the final version until the morning of the speech. She delivered the ending as it had been written, but then continued to speak for another several minutes. You could not tell when she departed from the written text and began freelancing. There was no break in the coherence and the rhythm of her speaking. And, the ending she did off the top of her head was better than the ending that the staff had struggled to draft.

I was also impressed by her sensitivity to issues. For example, while in Arusha, she recorded a tape for rebroadcast in Rwanda. I had been asked to clear the draft radio remarks prior to delivery. The draft spoke about the many crimes that had been committed in the spring of 1994; it referred to rape and murders, but it did not use the term genocide. I told the speechwriter that it would be a serious mistake not to say the word genocide, and that it was important to the Rwandans. The speechwriter changed the speech to add genocide. I was sitting near him in Arusha while she was recording her remarks. When she got to the portion of her remarks where he had inserted “genocide” and she didn't say it, he looked at me with horror. He told me afterwards that someone had given her the wrong version of the remarks. Immediately after she completed the recording, he went to her and explained what had happened. The rest of us had meanwhile been shepherded out of the room and told to get into our vehicles. But, the motorcade didn't move. Apparently, once Mrs. Clinton heard about the error, she insisted on rebroadcasting her remarks so she could indeed condemn the genocide that had taken place. I was really impressed by her recognition of the issue and her sensitivity to it, as well as her willingness to stop everything to correct the mistake.

Q: Was it recorded?

PEASLEY: Yes, it had been recorded, but she was able to redo it. Fortunately, it had not been a live broadcast. I suspect a lot of VIPs would not have taken the time to redo the recording.

Q: No.

PEASLEY: So I was very impressed by that as well, and glad that I had made at least one little contribution on the trip.

Q: Do you remember the stop in Eritrea?

PEASLEY: Oh yes, I do! Absolutely.

Q: Odd place.

PEASLEY: Yes, it was. It was a very interesting stop actually. At this point, President Isaias was high on the list of new leaders forging the so-called “African Renaissance.” He was very charismatic and had been to the U.S. on trade missions and was very popular with the U.S. When we arrived at the airport, there was a huge sign of the top of the terminal: “It Does Take a Village.” You know, she had recently written a book, It Takes a Village (*laughs*). And so, it was a very warm stop. We visited some USAID activities, but the most memorable part of the visit was at the conclusion of her meeting with the wife of President Isaias. Mrs. Clinton had met earlier with the President, along with George Moose and John Hicks. I was not in that meeting, but was when she subsequently met with the President’s wife in a women’s only session. Mrs. Isaias gave her a gift of a traditional Eritrean dress. It was a long, white linen dress with embroidery. Mrs. Clinton had not done this before at any stops, but, in Eritrea, she went to a back room and put on the dress. Shortly thereafter, President Isaias, George Moose, and Ambassador Hicks came into the room where we were meeting. The expressions on the faces of President Isaias, George Moose, and John Hicks were priceless. They were so startled to see Mrs. Clinton wearing the traditional Eritrean dress. After their shock subsided, the meeting continued with everyone present. We then all retreated for a meal with music and dancing. It was a wonderful send-off for the First Lady’s first trip to Africa. It was followed a year later by President Clinton’s trip to Africa.

Q: And you accompanied him on that trip?

PEASLEY: I accompanied on that trip as well. Brian Atwood was the principal USAID representative, but Brian had sent a letter to the First Lady’s office to ask if I could be added to her staff on the trip. By this time, I had been Acting Assistant Administrator for almost two years; Brian must have thought that I should be rewarded with a chance to go on the trip with the President. The First Lady’s office accepted me as a staff member, so I went on the trip. Obviously, it was a very different experience; there was a cast of thousands and most of the work I did was for Brian. The first stop there was Ghana, which was an extraordinary sight. Were you there then?

Q: I had left.

PEASLEY: That is too bad.

Q: Were you there when the crowd almost crushed the president?

PEASLEY: Yes, although a very long way away. The crowd was huge. We were sitting over on the side, so I really didn’t see much of what was happening. Also, I was put on the press plane for the second leg of the trip from Ghana to Uganda, so I was sent out to the airport early and missed some of the excitement.

In Uganda, President Clinton, accompanied by President Museveni, visited a rural school where both made speeches and commitments related to development. En route to South Africa, the President’s plane made a quick stop in Rwanda where he met with

government officials and genocide survivors. The rest of the rather large party went directly from Uganda to South Africa. The President visited the same housing project in Cape Town that I had first seen with Secretary Christopher in 1996 and then with the First Lady in 1997. By this time, there were a hundred houses built, and the women danced and sang with even more enthusiasm. They almost carried President Clinton away. From South Africa, the group headed to Botswana for about 24 hours. During that stop Brian Atwood and I participated in an opening ceremony for the new Southern Africa Regional Center. The newly elected President of Botswana, then Vice-President Festus Mogae, came to the ceremony. He spoke so warmly about the contributions of USAID to the country's development. It was a good reminder that Brian Atwood had indeed been right in located the new center in one of the continent's best success stories. The last stop was in Senegal where there were two especially memorable events. The first was in a village in the same general area the Hillary Clinton group had visited the year before. President Clinton donned a beautiful traditional "boubou" and spoke to the large mass of villagers. It was quite a sight. We also went to Gorée Island where President Clinton and President Diouf gave speeches – and where everyone visited the slave fort and saw the "door of no return." I had visited the fort during Mrs. Clinton's trip the previous year, but this time was especially moving as I was there with a group of very distinguished African-Americans, including Jesse Jackson. When the speeches ended, they assembled the traveling staff for a photograph with President Clinton and the First Lady. We had been told to rush from that photo session to one of two ferries that would take us off the island to the waiting motorcade that would take us to the airport for the return flights to Washington. I was obediently getting ready to run for my ferry when Mrs. Clinton stopped me to ask if I had met the President yet. She then introduced me to President Clinton -- I was rather surprised by this exceptionally kind gesture. But, it did slow me up and I ended up getting on the wrong ferry. I ended up on the smaller one with the President and high-level dignitaries. I remember hiding in a corner to make sure the Secret Service didn't throw me out (*laughs*).

Q: You didn't get in trouble though.

PEASLEY: I didn't get in trouble; no one noticed. But, I did remain outside in a corner of the deck trying to look very inconspicuous. Everyone else was down below. When we docked, I scampered off very quickly.

More generally, the trip was very successful. It focused on the many positive changes taking place in Africa and reinforced the phrase that had increasingly appeared in the press, the new young leaders of an "African Renaissance." Unfortunately, within a few months, the war between Eritrea and Ethiopia broke out – and we no longer heard about the "African Renaissance."

Q: After that they didn't like us because they thought we were too close to Ethiopia.

PEASLEY: Yes; relations with Eritrea went downhill quickly. I suspect that everyone had been too swayed by President Isaias's charisma and intelligence. But, it was clear from the outset that he was very control-oriented. I actually saw many similarities with

the H. Kamuzu Banda regime in Malawi, especially the fact that much of the private sector was within a holding company owned by President Isaias's political party. That kind of control usually leads to abuses.

Q: Anything else?

PEASLEY: Yes; let me just mention one other thing related to donor coordination. I spoke earlier about the consultative group process. In addition, the World Bank led another macro-coordination mechanism, the Special Program of Assistance (SPA) to Africa. This period was dominated by the IMF's stabilization and the World Bank's structural adjustment programming. Bilateral donors were often providing parallel funding, especially of the Bank's adjustment lending. The World Bank therefore set up the SPA to coordinate how such programming was done. By the time I came back to Washington in 1993-94, it had evolved into a forum for the donors to talk about how budget support and policy reform programs would be conducted. The SPA played a leadership role in developing a new model of sector assistance that led to the Sector Assistance Wide Programs or SWAPS that dominated donor budget support efforts for at least a decade. The SPA also highlighted the importance of host country ownership of the policy reform agenda. Over time, this also led to greater Africa participation in the SPA; by 1999, it was not just donors speaking to one another. To my mind, the dialogue within the SPA had a major influence on donor behavior, as well as African expectations, and ultimately contributed directly to the Paris Declaration on Aid Effectiveness that was issued in 2005. All of the issues discussed in the 2005 declaration had been debated during the 1990's in the Special Program of Assistance to Africa forums. In other words, I think that the SPA improved aid effectiveness by promoting better coordination, greater host country ownership, and more attention to capacity building.

Unfortunately, these sector-wide programs revolved around the ability to provide budgetary support through "non-project assistance." USAID had been an intellectual leader in developing these sector approaches through the kinds of non-project assistance programs we did like in Malawi -- GABLE and the Ag Sector Assistance Program -- and other African countries. But, many in the Clinton Administration had reservations about non-project assistance and budget support; they had identified it with the large cash transfers in Central America during the Reagan Administration. They also were concerned about the negative effects of macro-economic stabilization and adjustment programs -- and they viewed non-project assistance as the same thing. Also, the Congress disliked non-project assistance and budget support. So, even though we were an early intellectual leader and ally in defining the new principles for improved aid effectiveness, we became less and less able to participate in SWAPs and other innovative donor instruments. This greatly diminished USAID's influence globally in the donor community. The British Department for International Development (DFID) soon became the leading intellectual force among bilateral donors.

Assignment to USAID/Russia – 1999-2003

Q: Thank you very much. Today is August 20, 2015. We're resuming the conversation

with Carol Peasley. Carol, you are off to Moscow as mission director.

PEASLEY: Right.

Q: What was the situation there when you arrived? What were your preoccupations?

PEASLEY: Well, I should mention first that I arrived after 22 weeks of language training at FSI.

Q: How did that go?

PEASLEY: Well, it went fine. I was not a great student, but I actually enjoyed it and was very impressed by the quality of the instruction at FSI. The Russian language department was excellent.

Q: Did you start out with zero?

PEASLEY: Yes, with zero and I ended up getting a one-plus-two; I think I got fairly close to a two-two, so I was a bit disappointed.

Q: I think in 22 weeks that's good.

PEASLEY: I suppose so.

Q: Were there heavy demands for the language in the position once you arrived?

PEASLEY: No, I was able to manage in my job. But, I also think a fluent Russian speaker would have been more effective.

Q: In meetings would you take an interpreter?

PEASLEY: Yes, I always used an interpreter. Interestingly, I worked for two ambassadors, Jim Collins and Sandy Vershbow, both of whom had served in Russia multiple times and were fluent Russian speakers. I went to many meetings with them, and they would speak Russian most of the time, but would also shift to using their interpreter when certain issues arose. They seemed to always have their interpreters with them, in part, I assume, to make sure no misunderstandings would arise. It was the first time in my career that I had to work with interpreters, so it was an interesting change.

Q: The interpreters were Russian I assume, Russian citizens.

PEASLEY: Yes, my interpreters were Russian, initially a Russian man who left USAID to join the embassy's interpretation office and then for my last year and a half with a newly hired young woman who became a close friend.

Q: You arrived in 1999.

PEASLEY: I arrived September 1st, 1999 and I left in mid October of 2003, so I was there just over four years.

Q: What was the state of U.S. relations with Russia at that time?

PEASLEY: I arrived at the very end of the Yeltsin period. Vladimir Putin had become Prime Minister a month earlier. Relations were generally good. Russia was just coming out of the 1998 financial crisis, and things were still a bit chaotic. Some senior Russian economic policy officials had distanced themselves from USAID because of continued ill will following the Harvard scandal. The Gore-Chernomyrdin Commission was operating, so there was a lot of contact between our governments. There were some critics in the U.S. of the assistance program in Russia, including within the Congress. The Russian parliament (Duma) had just passed a new law on foreign assistance that was clearly designed to provide more Government of Russia control over what donors were doing. There were also on-going disagreements with the Russian government about taxation of assistance. USAID had signed a bilateral agreement with the Government of Russia back in 1993 that created a framework for the USAID program. But, the Ministry of Finance, not the Foreign Ministry, had signed it and the Government of Russia now refused to recognize the treaty as valid. We grappled with these bilateral treaty and taxation issues throughout my four years. Within a day or two of my arrival, the first of four apartment bombings in Moscow took place. They occurred over a two-week period and nearly 300 people were killed. Those bombings precipitated the Russians going back into Chechnya. The actions in Chechnya in turn began to negatively affect our bilateral relations.

So, relations were good, but not without issues. I saw it in a personal way, as well. When USAID first went into Russia, it operated outside of the embassy housing pool and was thus also outside of the Russian Government's pool of owned and managed housing used for diplomats. USAID directly rented apartments throughout Moscow. Shortly before my arrival, USAID joined the housing pool. Prior USAID Mission Directors had lived in a large, renovated apartment, but USAID gave up the lease to that apartment when my predecessor, Janet Ballantyne, departed post. The Embassy housing pool apparently did not have any apartments that would accommodate the representational responsibilities of the USAID Mission Director, so the USAID Executive Office was given permission to look for a new apartment that could be rented. They did so, but it was not part of the Russian Government's housing pool, and the embassy therefore had to get Russian Government approval before I could move in. They filed for that approval in August 1999, but it had not yet been granted, so I was temporarily living in a TDY apartment across the street from the office. In the middle of November, The Government of Russia rejected the application; apparently, a senior Government of Russia official lived in the building and they didn't want any Americans living in the same building. This would certainly suggest that bilateral relations were not great.

Q: Did you get a good place to live?

PEASLEY: Well, ultimately in mid-January 2000, I ended up taking over one of the 11 townhouses on the embassy compound. The DCM had Townhouse 1 and there were ten additional townhouses for agency and section heads down the row across from the new embassy building. One of the other agency heads unexpectedly had to leave in December, and the Ambassador decided that the USAID Director could takeover Townhouse 4. The other agency was very unhappy, but I certainly appreciated the chance to get settled finally. Also, the townhouse turned out to be excellent for representational purposes.

Q: You didn't -- were you disappointed that you hadn't gotten Janet's apartment?

PEASLEY: Not really, I had heard that it was huge and I suspect I would have felt rather lonely being there by myself. My initial concern was that I wouldn't feel as if I were in Moscow if I lived on the embassy compound. But, that turned out never to be the case. I almost never saw my immediate neighbors, the political counselor and the military attaché, unless I made a deliberate effort to try to see them. I never felt like I was living on a compound. Best of all, the embassy compound was very conveniently located. I could walk almost everywhere: to the Moscow Conservatory of Music, the Bolshoi, grocery stores, restaurants, and public transportation. It was also very convenient for entertaining. I did a lot of entertaining at lunchtime because that was easiest for our Russian partners and our own staff. Visitors would need to be escorted into the embassy compound, but my townhouse was very close to the main gate, so I would often at the end of evening receptions simply escort people to my door stoop and point them to the gate. Fortunately, I never got reprimanded for breaking the rules by not escorting them out.

Q: Using interpreters for the first time, were you sure that what you were trying to convey was actually conveyed?

PEASLEY: *(laughs)* Hm. Yes, I was confident because I had absolute trust in the two individuals who interpreted for me. In addition, we did have some U.S. personal services contractors in USAID who had been in Russia for a number of years and spoke very good Russian. They were much more locally in tune and were often in meetings and I am sure would have told me if interpretations weren't being done correctly. Other Russian FSN staff were also often in the meetings and would have spoken up.

Q: The staff was pretty big. Why was it that size?

PEASLEY: Yes. We had 15 or 16 U.S. Direct Hire positions, I believe, as well as at least half dozen U.S. personal service contractors. One reason for the large number was the sheer size of the country and the amount of time spent traveling to project sites, most of which were far from Moscow. Also, the USAID program had been much larger in the early 1990's. As I recall, the budget totaled about two billion between 1992 and 1996. By the time I arrived, our budget was around 100 million dollars a year, with some of it going to the enterprise fund and some to the Eurasia Foundation. Our discretionary budget was probably around 60 to 70 million dollars a year. By the time I left, the budget had dropped further. Nonetheless, Washington did not significantly cut our staff. I

believe they also wanted to use USAID/Russia as a training mission for newly hired staff. When I left, we had several New Entry Professionals at the mission. We also had a spectacular Russian staff.

Q: Did Russia need American aid, compared to some places where --

PEASLEY: Yes, although certainly a very different kind of need than in Malawi or another poor country. The program in Russia was different. From the outset, our purpose was to support Russia's transition to a free market democracy. The early days of the program were very much focused on economic restructuring and privatization. Although the program was much smaller by September 1999, our focus was still on the democratic and economic transition of the country. Another purpose, of course, was to develop relationships and partnerships between our two countries, whether between technical experts or communities.

Q: I think it was well appreciated by the higher-ups.

PEASLEY: The higher-ups in Russia.

Q: In Russia.

PEASLEY: I believe so, although there were still some sensitivities coming out of the controversy and scandal about the old Harvard program that had consumed so much of Janet Ballantyne's time during her tenure.

Q: Can you tell us about that controversy?

PEASLEY: It had pretty much ended, so I wasn't personally involved.

Q: Capsule version.

PEASLEY: USAID had a contract or grant with the Harvard Institute for International Development (HIID) to provide technical experts for Russia's economic reform efforts. The contract was wide-ranging, but a major part related to privatization and capital markets development. The advisors worked very closely with the senior most Russian economic leaders, such as Anatoly Chubais. Two of the American advisors got embroiled in conflict of interest issues, including insider trading. It became a major scandal and ended up in the courts. USAID terminated the contract early, and I think that HIID had to repay money to the U.S. government. Some of the senior Russian reformers who had worked closely with HIID and the experts implicated in the scandal would have nothing to do with USAID following termination of the contract. They were still angry about what had happened.

But that said, there were other reformers, people like Yegor Gaidar, who had been the acting Prime Minister during the beginning of President Yeltsin's term, remained a leading reformer in the country. He headed a think tank that USAID supported, and we

worked very closely with him. He and his think tank, with support from USAID-funded advisors, drafted the country's tax reform legislation in the 1999-2000 period. It was ground breaking legislation that simplified the tax code, instituted a flat tax, and improved compliance. So, going back to your original questions about Russian views of USAID, there were people like Mr. Gaidar who obviously valued the relationship.

We saw this again in early 2000. As you will recall, on December 31st of 1999, President surprised everyone by announcing his resignation from the presidency. Prime Minister Putin then became Acting President until March of 2000 when a special election was held. He was obviously elected to his first four-year term. Shortly thereafter one of his primary economic advisors, Andrey Illarionov, contacted USAID to ask if we could bring in some specialized economic experts to consult with the new Putin Administration. Mr. Illarionov had worked in one of the think tanks supported by USAID, so the head of our Economic Reform Office knew him well. So, in the spring of 2000, at the request of Russian leadership, we brought in experts from the U.S., Chile, and New Zealand to consult on privatization, social security, pension reform, and other issues. I don't recall all of the names but it did include Professor Arnold Harberger from UCLA and Jose Piñera from Chile (and both members of the so-called Chicago-school), a fellow from MIT, and two former New Zealand officials who had led privatization in their country. Former U.S. Federal Reserve Chairman, Paul Volker, was coincidentally visiting Moscow about the same time to meet with Russian Central Bank officials, so we unofficially added him to the team. Over several days they met with Illarionov and his team of reformers, and also had a several hour meeting with President Putin. Ambassador Collins was very pleased that USAID was able to do this, and he hosted a reception for the team and many of the key Russian economic reformers. I might add that no one from USAID or the embassy accompanied the team to the meeting with President Putin. We respected their request for privacy, although we obviously asked a lot of questions after that meeting (*laughs*). All of the experts had been very impressed by President Putin's knowledge of the issues – they said that it had been a very technocratic meeting. More generally, I should add that the USAID staff working on economic policy issues had developed excellent working relationships with technocrats throughout the economic ministries and the think tanks. Many young Russian economists were in think tanks supported by USAID and our staff met with them frequently. Many of these “young” Russian economists eventually became leaders within the government.

So, I think it fair to say that many Russian economic reformers appreciated the relationships they had with USAID. This was also the case in other ministries, including the Ministry of Health where we were engaged in key policy debates on women's health, tuberculosis, and community health. Another excellent example is our work with the Russian judiciary. Strong collaborative relationships developed, in part because of the extraordinary efforts of Vermont Supreme Court Justice, John Dooley, and several federal judges from the U.S. court of appeals in Chicago. These American judges made many trips to Russia, working with their counterparts to develop new ethical guidelines and administrative procedures. I attended many of their sessions in the field and saw first hand how much the Russian judges appreciated their contributions.

As I step back, it is hard to reconcile in my own mind the broader relationship with some of the specifics at individual project or ministry levels. There are many examples of great working relationships, but they never really evolved to a larger understanding and partnership. At a macro level, I suspect that many Russians did not entirely trust us.

Q: Were you there for the rise of the oligarchs?

PEASLEY: Well, they were already pretty far risen by the time I got there (*laughs*).

Q: Well, for your program, for your -- for the free market economy?

PEASLEY: Most of the privatization work had been done before I arrived. USAID had not actually been involved in the “big ticket” privatization of oil and extractive industries that created the new oligarchs. I believe that USAID had been working more on capital market development, including of a stock exchange. USAID also worked on the privatization of smaller production companies, many of which transitioned into successful enterprises and thus helped to build a stronger market economy. By the time I arrived in Moscow, our private sector program was focused on small business development.

I recall having contact with only two of the oligarchs during my tenure. One was Roman Abramovich, who owned one of the major oil companies, but now lives in London and owns Chelsea Football Club. He became the governor of Chukotka, an autonomous region in far eastern Russia near Alaska, in 2003 or 2004. When he first became governor, he mobilized some of his oil company staff to design development plans for Chukotka. His staff members came to USAID, asking for ideas – and, in fact, at one point they had scheduled a meeting for us with Mr. Abramovich, although it never actually happened.

We had more contact with Mikhail Khodorkovsky, the owner of Yukos Oil Company. He clearly was an oligarch who gained his assets through less than ideal means, but he was also turning Yukos into a true multinational company that would meet global standards and be able to be listed on global stock exchanges. He brought in a European chief financial officer and was well on the way to turning his company into a global actor like Chevron or an Exxon Mobil. He also was becoming more political and created a foundation, the Open Russia Society, modeled after George Soros’s Open Society Foundation that was supporting various democratic initiatives in Russia and throughout the former Soviet Union. And so Khodorkovsky established his foundation called the Open Russia Society. During my last year in Russia, we worked very closely with the Open Russia Society. Its head was a wonderful woman, Irina Yasina, whose father was a well-respected economist and reformer. One of the last things I did in Russia was to sign an agreement with the Open Russia Society in which they would provide matching funds to support a collaboratively designed civic education program in schools. Irina and I signed the document, along with Ambassador Vershbow and Mikhail Khodorkovsky. Two weeks later Mr. Khodorkovsky was arrested. So, as I left, it became pretty clear that Mr. Putin was no democrat

Q: He's still being held?

PEASLEY: No, he was finally released sometime this past year, but he has not returned to Russia out of fear of being re-arrested. It is very ironic. He was the oligarch who had done the most to turn his company into a transparent, legitimate global company. But, he was supporting political causes and the Kremlin felt they had to get him out of the way.

One of those political causes was the Moscow School of Political Studies. Several Russian civil society leaders, including Dr. Elena Nemirovskaya, had created it in 1992 with initial support from the Council of Europe. It was a school, but without any physical infrastructure. They organized two-week residential seminars at various facilities around the country. They would bring together leaders from local government, local parliament, national parliament, business, journalism, and civil society for discussion and debate. Elena was an incredibly dynamic force with a huge network; she would bring in all kinds of Russian and foreign speakers. USAID and various European donors helped to bring in these external resources. We provided most U.S. speakers through our grant to the International Republican Institute. I attended a number of the Moscow School seminar sessions, including once in St. Petersburg where I had been invited to speak about federalism. I arrived in time to hear a U.S. speaker – Grover Norquist, the conservative anti-tax advocate – speaking. I had never heard of him before (*laughs*) and was a bit surprised by some of his rhetoric. I remember the next day telling the group that I didn't agree with a lot of what he'd said, but that USAID was nonetheless happy to provide all opinions for discussion (*laughs*). Anyway, Elena brought together speakers with all different political stripes; her main intention was to provoke discussion and to demonstrate that there is nothing wrong with a diversity of viewpoints. Khodorkovsky was a strong supporter of the Moscow School of Political Studies and often spoke at seminars. I suspect this was one of the things that got him into political trouble with the Kremlin.

Q: Did the school survive?

PEASLEY: Yes; the School still exists, although I believe I heard its name is now the Moscow School of Civic Education. I believe they still receive some European support, so I suspect they are grappling with the new law that requires any Russian organization that receives foreign money to register as a foreign agent. I do hope it is still able to bring together diverse views from the full range of actors – local and national government, parliamentarians, business people, journalists, and civil society activists.

Q: What happened with the Open Russia Society? The organization that you were talking about before you talked about the Moscow School, the one that you signed the agreement with, right?

PEASLEY: I believe the foundation bit the dust within a couple years after my departure. Khodorkovsky and Yukos funded it, and that would have been impossible after the Kremlin took over the Yukos assets. But, I have heard that Khodorkovsky, after his

release from prison, tried to revive the “Open Russia” name through some kind of internet-based community for advocacy. I don’t know if that has been successful or not.

In talking about foundations, I should probably also mention the Eurasia Foundation that was created shortly after the U.S. went into the former Soviet Union in 1992. It was a public-private partnership modeled after the Asia Foundation. Its early funding was all from the U.S. Government, primarily through USAID, but it also received support from private sources. In Russia, they received funds from private Russian countries to help develop community service activities – and, as we in USAID moved to develop some public-private partnership activities in 2002-3, staff from the Eurasia Foundation gave us some helpful advice. Around this same time, the Eurasia Foundation leaders in Washington were moving to “localize” each of their country offices. They converted them into truly national offices with local boards, national directors, and diversified funding. About the time I departed Moscow in October 2003, the New Eurasia Foundation was operating in Russia as a Russian organization affiliated with the Eurasia Foundation. Similar local foundations emerged throughout the region. Each continued to do the Eurasia Foundation’s core work: civil society building, small business development, and democracy strengthening. I know that the New Eurasia Foundation continued to operate after my departure, but I am not sure if that is still the case.

It is in fact these kinds of civil society organizations that are the major legacy of USAID in Russia. Many of them do continue to exist, and they still I think have the potential to play a stronger role in the country’s future. Let me cite a couple of them.

One was the Institute of Urban Economics that evolved out of one of USAID’s early contracts with the Washington, DC-based Urban Institute to develop new housing policies. As you know, during the Soviet period, most housing was publicly owned; many were communal apartment buildings and the Government of Russia wanted help in privatizing the housing and in developing a new housing policy framework. The Urban Institute, under the leadership of Ray Struyk, hired a fantastic group of Russians to work with the American housing experts. They had a rapid impact on housing policy, including the drafting and passage of legislation and development of a mortgage finance framework. But, as important as these housing sector results were, the greatest impact of the project was an unplanned one. Ray Struyk and his Urban Institute colleagues quickly recognized the quality of their Russian staff and they decided to add a new objective: to create the Russian equivalent of the Urban Institute. They thus created the local Institute of Urban Economics (IUE). The project was evaluated shortly after I arrived, and when the evaluation team debriefed they spoke effusively about the Institute of Urban Economics and recommended that we begin to support them directly. So, all of our future grants in the housing sector were directly with the Institute of Urban Economics. It, in turn, maintained a relationship with the Urban Institute, so there were still exchanges of ideas, but a strong Russian think tank on urban development issues had been created. The IUE continues to play a strong role in Russia, advising local municipal governments as well as the national government. Its director, Nadezhda Kosareva, is widely respected – and often sought out as World Bank-funded consultant in other countries. She was also invited to participate in a high-level Russian commission on local government in 2002

(Kozak Commission), although she was kicked off for pushing too hard for local authority and local elections. Once she was asked to leave the commission, we suspected what the results would be. The eventual reforms did indeed call for more vertical control from the Kremlin. But, there is at least some good news. The IUE continues its good work and its voice is still there.

We also helped create the Center for Fiscal Policy. It was an outgrowth of the original Harvard work on intergovernmental fiscal relations. When the HIID contract was terminated, that fiscal policy work was moved over to a contract or grant with Georgia State University. As the Georgia State contract was coming to an end, we decided that the strong Russian team could and should continue its important work. When the team agreed to move forward, we initially contracted with Deloitte to work with them to take all of the needed legal steps to create a new organization. After a year or so, the Deloitte contract ended and we then entered into direct contracts with the new Center for Fiscal Policy. It also continues to play an important research and planning role in Russia, advising on intergovernmental fiscal relationships. They have been contracted by the federal government of Russia, by local governments, and by the World Bank for work in other countries. So, like the IUE, the Center for Fiscal Policy is an important policy-oriented think tank in the country.

Let me also briefly mention another former USAID partner, Junior Achievement Russia, that is part of the Junior Achievement International family, but also an independent local organization with which we directly contracted. It has done a huge amount in terms of promoting entrepreneurship among people. I attended many Junior Achievement events while I was there, and it was quite inspirational to see the enthusiasm of the kids and the little enterprises they created. The father of Junior Achievement in Russia was a famous Russian physicist who was deeply committed to introducing young people to the idea of entrepreneurship. During fall of 1999, I was on a panel with him and an 18-year old Junior Achievement graduate. In my remarks, I referred to young “Nikolai” as a “future entrepreneur.” Mr. Velikhov quickly corrected me: “He’s not a future entrepreneur. He is already an entrepreneur.” The young man, Nikolai, was a freshman at the University of Kazan, and he had started his own website design company. When I next saw him a year or so later, he had dropped out of university; his company was growing so quickly that he couldn’t stay in school. You can imagine my surprise when I looked at a list of Russian cabinet members a year or so ago and saw that Nikolai is now the Minister of Communications and Mass Media in the Putin cabinet. I hope he still thinks fondly of Junior Achievement and his very frequent contact with USAID and the American embassy!

When I am saddened by the state of U.S.-Russian relations, I try to remember some of the fantastic Russian organizations that we supported and even helped build. Knowing the quality of their leaders, I can garner up some hope for the future.

Q: Were you there when George W. Bush looked into Putin’s soul?

PEASLEY: Yes.

Q: What kind of affect did that have either within the embassy or among the Russians and U.S.-Russian relations?

PEASLEY: I don't recall any major impact, although some of the many long-time Russian experts in the embassy did roll their eyes a bit. President Bush did come to Russia while I was there, although I think his perspective on Putin had changed a bit by then. Certainly, the White House had asked us to set up a meeting for the President with civil society and human rights leaders. That event took place at Spaso House, the Ambassador's residence, and many of the attendees were USAID civil society partners, as well as religious leaders from the Orthodox, Catholic, Jewish, Islamic and Buddhist religions. The President gave a speech in which he called for religious tolerance and respect for human rights and then, after his formal remarks, he did a great job individually reaching out to every Russian in the room showing his respect for the important work they were doing within civil society.

It is important to remember the exceptional talents of the senior staff of the U.S. embassy in Russia. Most had served there multiple times; they knew the country and culture well. People like the Political Counselor, George Kroll, were remarkable. He clearly loved the culture and people – his Orthodox Easter brunch was a highlight of each year. But, he also coolly understood the political realities. My ambassadors, Jim Collins and Sandy Vershbow, showed that same incredible balance of respect and affection for Russia's culture and people, while being cool analysts of the political realities. I learned a lot from all of them, including that there would never be any simple answers in dealing with Russia. I often recall Ambassador Collins's comments to the country team after he had attended Putin's first inauguration in the spring of 2000. First, he knew Russian music so well that he had identified the music that concluded the ceremony – from Glinka's opera, "The Life of the Tsar." He couldn't help smiling at the irony of that music to conclude the ceremony for Russia's first ever democratically elected change of leaders.

Q: The tsar.

PEASLEY: Yes, but on a more serious note, he also added that no one knew how Russia's political transition would turn out, but he was confident that Russia could never be closed down and isolated as it had been during the Soviet period. Russian people had already been exposed too much to the rest of the world; it could never be closed down again. I try to remember that when I look at the Russia of today. As Churchill noted long ago, it's a complicated country and it will evolve in its own unique way; believe he said something about it being a mystery wrapped in an enigma.

Q: Yeah.

PEASLEY: And I think that's probably very true. But it was an amazing experience to be able to play a small role in the country's evolution and to experience its huge diversity. Our program was mostly out in the regions. We had very few activities in either Moscow or St. Petersburg, so I spent lots of time traveling around the country. That included many

trips to the Russian Far East; it was about a ten-hour flight from Moscow to Sakhalin Island, or longer than from Moscow to New York.

Our program was also primarily with civil society organizations or local administrations, not the national Russian Government. There were, of course, a couple of exceptions, including our work with the federal judiciary, the Ministry of Health, and the Ministry of Small Business. I should also mention at the outset that USAID was only one entity in a larger U.S. government effort. There was an Assistance Coordinator, Bill Taylor, located in the State Department in Washington; he and his fairly large office oversaw all activities in the Former Soviet Union. There was also a representative from the Coordinator's Office in the Economic Section of the Embassy. By the time I arrived in Moscow, the bulk of the Freedom Support Act Funds for Russia were being implemented through USAID programs, although funds were also allocated to other embassy sections and agencies. The Coordinator's Office in Washington managed an annual review of all programs that also determined funding levels for each agency for that year. I believe these annual reviews had been contentious in the past, but they were relatively straightforward by 1999. Bill Taylor and his Deputy overseeing Russia, Dan Rosenblum, were easy to work with; I can't think of any major disagreements with them.

One of their major objectives was to focus resources more strategically. In late 1997 or early 1998, under the rubric of the Gore-Chernomyrdin Commission, they thus created the Regional Investment Initiative. They initially identified three cities or regions as initiative sites: Samara which is southeast of Moscow on the Volga River; Novgorod which is south of St. Petersburg, and the Russian Far East. Shortly after I arrived, a fourth RII site was created in the city of Tomsk in Siberia. Later, we moved away from a city focus and looked more at economic regions – for example, by expanding the Samara RI site to include other cities along the Volga. The Coordinator's Office asked each of the agencies at post to focus more of its resources in these areas, thus ensuring greater impact, especially in commercial and trade development.

The Regional Investment Initiative work in the Russian Far East was the most significant, in part because the senior Senator from Alaska, Ted Stevens, earmarked funds for the Russian Far East in our appropriations bill. I believe that the first RFE earmark was in fiscal year 2000 and was \$20 million, most of which USAID had to absorb. Since our program had fallen to \$100 million or less, it took a big chunk of our budget. As the program declined further, that chunk became a larger and larger percentage of our budget. It was challenging.

Q: What sort of things was he earmarking? Was he --

PEASLEY: He simply earmarked an amount of the Russia budget. We would then work with the Coordinator's office to determine how to allocate the earmark among agencies and how best to use the funds.

Q: Was it project specific?

PEASLEY: Not in the legislation, but there was often separate communication from the Senator's office or from his Alaska associates. When I first got to Moscow, there was an effort to get us to support some kind of an "internship program" for an Alaskan company that would enable them to bring in Russian labor. We didn't see any benefit to Russia for this; that it was simply a subsidy for the Alaskan company. So, I argued that USAID would not do it. Fortunately, people in Washington backed me up. I believe I heard that the activity I had rejected ended up as a Department of Labor earmark at some point, so that Alaskan company no doubt did eventually benefit. On another occasion, we had difficulties over a long-term grant we had been implementing with the University of Alaska, Anchorage. In the year 2000 or so, the mission organized an evaluation of the university's small business training activities and business support units in the Far East. It had been going on for more than five years, and the evaluation acknowledged the good work the university had done. But, the report also recommended that the activities needed to be built into Russian institutions. They couldn't remain University of Alaska facilities, and they needed to seek alternative, long-term funding if they were to be sustainable. USAID would not support it forever. The university took great umbrage at this. They of course contacted their senator, and we started getting heat from various places. I actually made a trip to Anchorage to try to explain our rationale and to work out a solution. I guess I didn't, because on a subsequent trip to Washington, I had to go up to the Hill to meet with Senator Stevens and his staff. It wasn't a very pleasant experience as he yelled at me for not being adequately supportive of the University of Alaska. I tried to explain that we were simply asking the University of Alaska to help us build a sustainable Russian institution. I don't think he cared too much for that point. Ultimately we worked something out with the university to proceed in a way that met our objectives. Several years later, folks at the University of Alaska thanked us for forcing them to do the right thing. They ended up proud that they had helped to build real Russian institutions. So, it all turned out okay, but this was quite typical of the pressures that were often on us from multiple quarters.

Q: Going back to the coordinator and activities in various sections of the embassy, didn't that sort of complicate your life?

PEASLEY: Yes, it did.

Q: And how did you cope with that?

PEASLEY: I can really only say that it was much easier for me than it had been in the early days of the USAID program in Russia. The system operated fairly smoothly. That said, I think there was a lot of duplication and inefficiency. For example, USAID had a long-standing grant with the American Bar Association to assist with various aspects of our rule of law program. The Legal Attaché's office also had a grant with them. To be quite honest, some of our grantees who had parallel grants with other sections of the embassy told us that it was not a very smart or cost-effective way to do business.

Q: Can you talk about some of your programs?

As I have said before, our major focus was on strengthening Russian civil society organizations. In the regions, we were working primarily with local community organizations, civil society groups, small business, and local governments. I traveled out frequently and was always struck by the extraordinary bravery, commitment, and drive of these people. They often had few resources, but they did so much with so little.

One excellent example was our program to support Russian orphans. Washington had actually pushed us into working in this area because of the major concern in the U.S. regarding the state of orphanages in the Former Soviet Union. As you may recall, during this period many Americans were going to Russia to adopt children. The mission looked carefully at the issues prior to designing a program, including the fact that 90 percent of the children in Russian orphanages had living parents. Therefore, the mission decided that the best approach would be to address the reasons why parents were giving their children to orphanages rather than simply putting money into the orphanages themselves. There were of course many reasons, some simply because the families were poor and couldn't afford a child and some because the children had special needs because of some sort of disability. Our eventual Assistance to Russian Orphans project therefore worked primarily with community groups that in turn provided services to families, especially families coping with special needs children. I know that I have overused the word "inspirational," but it was indeed inspirational to see these local community groups in the Far East, Siberia, and the Volga region working special needs children and helping them remain with their families. Equally importantly, we saw over the longer term that orphanages themselves began to change some of their approaches and to replicate services being provided by the community groups. So, orphanages themselves did improve because of the program.

Another excellent example of our work with civil society was in assisting regional support centers for local non-governmental organizations (NGOs). We actually supported several of these centers, but I was most familiar with the Siberian Civic Initiative Center in Novosibirsk. It was a network of local NGOs from throughout Siberia. They provided training and other services to what had become a very vibrant sector. Perhaps most interestingly, they had developed strong links to local businesses and many of the local governments – and some of the local governments were even providing the equivalent of block grant programs to fund NGO service delivery activities. But, my most memorable experience was of a very grassroots effort by a single elderly woman in the Novosibirsk area. She was a breast cancer survivor, and she wanted to do more to provide prevention services. Apparently there had been no mammogram machines in her area and no literature on self-examination. There was nothing! The issue was completely ignored. But, this woman decided that she was going to do something. Through the Siberian Civic Initiative Center (and the USAID grant), she and her associates got materials from the American Cancer Society and translated them into Russian so they'd have something to hand out to people. They organized a Breast Cancer Day and arranged for ten doctors to do examinations and talk with women. They had no idea how many women would actually come; one thousand came to that first Breast Cancer Day for examinations. It became an annual event. They also raised money and bought a mammogram machine for the local hospital. All this was because one elderly woman said she would "do

something.” In doing so, she also created a local organization that advocated for change and provided important services. We encountered these same kinds of stories time after time when out in the field. USAID had worked on some of the country’s biggest ticket policy issues, but our program also enabled small community-level initiatives such as this. It was so rewarding, both professionally and personally, to meet some of these Russian activists.

Q: And your health programs got into HIV/AIDS issues?

PEASLEY: Yes, we were doing some work on HIV/AIDS, mostly related to prevention in major urban areas, including in Siberia along the drug trafficking routes from Central Asia. We also tried to elevate the issue in the minds of Russian health authorities, although not very successfully. In general, they were reluctant to admit it was an issue. Most of the HIV/AIDS epidemic in Russia was related to heroin use, and then subsequent sexual transmission to partners of drug users. More generally, the U.S. Government became more seized with the HIV/AIDS issue throughout the region in 2002/2003 – believe this was after a CIA global report on the threat of HIV/AIDS in China and the Former Soviet Union. Ambassador Vershbow organized an inter-agency team at the embassy; this in turn got the U.S. military working much more closely with the Russian military on the issue. The Centers for Disease Control also expanded its outreach to the Russian scientific community. USAID itself was working with Russian partners on prevention, although political concerns in the U.S. somewhat inhibited our ability to engage with commercial sex workers and prevented us from supporting the most effective prevention activity, that is, needle exchange for drug users.

During my last year, we were designing a major new USAID health activity called Healthy Russia 2020. It was a broad-based program that focused on health education for the public, including efforts to reduce cardio-vascular disease by reducing smoking and drinking, the two major factors contributing to declining life expectancy for males. The program was trying to stimulate greater civil society action on health education and then greater advocacy for improved public health. Given the increasing global concern about HIV/AIDS in 2004/5, I believe the program ended up focusing more on HIV/AIDS after I left.

USAID also had major activities related to women’s health, especially family planning. As you may know, during the Soviet period, there was little attention to contraception. They instead relied upon abortion to manage the number of children born. In those regions where we worked with the Russian authorities to expand contraceptive services, the abortion rates went down, and women’s health status improved. We were also working with the Ministry of Health to improve maternity hospital services. In the Soviet tradition, women basically went into isolation when they entered a maternity hospital. Women went, had a baby, and stayed a week or so in hospital but without any visitors or contact. There was inordinate fear about protecting newborn infants from any outside contact. Our implementing partners were working with them to create more women-friendly hospitals – ones in which a family member could be present to help the mother during birth and families could visit mothers and infants immediately after birth. I fondly

remember visiting one of these “new style” maternity hospitals in the Volga Region and stopping at one room and seeing a brand new baby with mother and father beaming. These new approaches became so popular with women that the demand to go to the reformed maternity hospitals was increasing exponentially. Other hospitals soon noticed and began to make changes so they could compete for business. We also worked with them in creating stronger neo-natal wards, again creating a model for many more hospitals to follow.

Some of USAID’s most important work in the health sector was in improving tuberculosis treatment regimes, including for multi-drug resistant tuberculosis. The Soviet tradition had simply been to put TB patients into sanitariums. That was no longer the norm; more and more patients were being treated externally, but most were not following international protocols on tuberculosis treatment. Given the amount of drug resistant TB in the country, it was very important to try to get them following international standards and to better integrate diagnosis and treatment into the broader health system. The USAID activity was done in partnership with the World Health Organization, the International Red Cross Federation, the Centers for Disease Control, and local authorities in the three USAID-funded pilot sites. Some of the work was medical, but most was policy-oriented, seeking greater participation and funding from local authorities and better guidelines from the Ministry of Health. Ultimately, international treatment standards were adopted. But, USAID was working in only a few specific geographic areas, so I don’t know whether the lessons learned were ever applied nationally. But, it was very important scientific work.

Q: Were your programs affected by corruption issues?

PEASLEY: Not that I’m aware of. But, again, we weren’t doing large-scale government-to-government programs or transferring significant cash resources. Most of our dollars went for technical assistance, training, and modest commodity support. Actually, the only specific fraud case I recall involved one of our American implementing partners; allegations were made against the American chief-of-party; the USAID Inspector General came in to assess the situation; and the person in question was removed. I believe his case ultimately ended up in the U.S. courts and he was found guilty.

Increasingly, we were entering into direct contracts and grants with Russian organizations and not working through American entities. In doing so, USAID did very careful pre-award assessments to determine whether the Russian groups had sufficient financial and other management systems in place to comply with U.S. regulations. Thanks to Janet Ballantyne, my predecessor, the USAID Financial Management office had a small four-person unit that basically served as an internal audit function while also providing some advisory services. Since we weren’t supposed to have an internal audit function, we of course called it a Financial Analysis Unit. But, the analysts would visit our grantees to review their books and systems to make sure things were okay. This was done both pre-award and during the course of implementation. They focused mostly on Russian grantees and often worked with them to help them adjust procedures to meet U.S. government requirements. This little unit worked very effectively and is, I think, a model

that USAID should use more generally as it moves to increase direct grants with local organizations.

We were also supporting some anti-corruption activities in our program. The first was in the Regional Initiative site of Samara at the request of the Governor of the oblast (province) and then secondly in Tomsk. I believe it may have expanded further after my departure. The activity brought together civil society groups, the media, and small business to focus on the specific issues related to local governance, especially things like the granting of licenses, regulatory abuses, inspections, etc. The project built a coalition or network among civil society, the media, and small business to promote greater transparency in government operations and to heighten public dialogue around the corruption issue. At the very least, these activities heightened sensitivities to the corruption issue and helped build more public advocacy to clean things up.

Q: What was your relationship with the embassy front office?

PEASLEY: It was very good. I had an excellent relationship initially with Ambassador Collins and then with Ambassador Vershbow, and also with their DCMs. Whenever I needed to see either of the ambassadors they always made themselves available. But, I also recognized that USAID was a very small part of their concerns in Russia, so I tried not to bother them too much.

Q: Did you meet routinely with them?

PEASLEY: No, I did not meet routinely with the ambassadors. When I asked to meet with them, they always agreed, but my regular, routine meetings were with the DCMs. Nonetheless, the ambassador signed my personnel appraisals so that I would be treated like any other USAID director. So, on paper I reported to the ambassador. I had good relationships with both Ambassador Collins and Ambassador Vershbow and met with them fairly often, but my weekly or bi-weekly meetings were with the DCM, initially John Ordway and then John Beyrle. Ambassador Vershbow was especially interested in the USAID work and frequently visited our activities around country. He also very much liked the USAID staff and wanted to get to know them better, so we would organize monthly sessions for the USAID staff with Ambassador Vershbow and John Beyrle. They would come to the USAID office – in the old converted embassy warehouse – and be briefed on some aspect of our program. I recall sessions on health, small business, rule of law, civil society development, etc. The staff tremendously enjoyed the direct interaction with the Ambassador, and I think he appreciated the chance to learn about the on-the-ground work we were supporting.

Both ambassadors also made great use of the USAID program for representational purposes. Ambassador Collins was a huge supporter of the Junior Achievement program, and I suspect there are many young entrepreneurs in Russia today who can remember running around Spaso House, the Ambassador's residence, during his large receptions for Junior Achievement. Both ambassadors also very much brought USAID into the various and frequent visits by VIPs and Congressional delegations. I still recall one especially

moving dinner that Ambassador and Mrs. Vershbow hosted for a southern Senator and his wife (either Senator Shelby or Senator Lott – I can't remember). USAID had been asked to identify four or five of our young Russian partners to attend. One was the head of Junior Achievement; another a young judge; another a young economist leader; another the head of Transparency International. During the dinner, the Ambassador asked the young Russian attendees to talk a bit about their lives and visions for the future. They each spoke candidly about their background, including connections to the U.S. – often through U.S. Government exchange programs – and the work they were now doing. Those who were USAID partners spoke about how much the USAID support had meant to their organizations and to them. The praise of USAID was unprompted – and certainly unrehearsed. I was sitting there very happy and thinking: “This is the best dinner *ever* because these young Russians are saying everything you would want them to say, but each story is unique and therefore obvious that it was not prompted and that they hadn't been told what to say. Their statements about their affinity toward the U.S. were so strong.” I remember all of the Americans sitting almost in stunned silence, and the Senator and his wife looking so pleased. I almost thought we had gotten a convert for foreign assistance.

So, I think we were a useful part of the embassy, and I think that both of my ambassadors appreciated the external relationships and outreach that we provided. One of the things I regret is that we at USAID were not very proactive in sharing some of our unique knowledge and perspectives. I tried to encourage staff to consider drafting reporting cables after some of their field visits, that we could enhance the U.S. government's understanding of what was happening in the far reaches of the country. But, I fear that most USAID officers are genetically incapable of writing reporting cables. We made a couple of efforts on this front, but too infrequently to make a difference.

Q: You didn't write trip reports?

PEASLEY: Yes; USAID did do trip reports, but they were internal documents, not reporting cables with the kind of pizzazz that State officers use to attract readers in Washington (*laughs*). The USAID folks did have a good sense of certain slices of Russian life in the regions. I think the understanding was important and I wish we could have shared it more broadly.

Q: What else would you like to add about your time in Russia?

PEASLEY: Let me just think for a second. I certainly should talk a bit more about democracy promotion activities that went beyond the civil society development that helped NGOs provide critically important social services, as well as enhance their roles as activists and advocates. During my tenure, as USAID's economic restructuring work declined, we began to move more resources into democracy initiatives, including greater support for human rights groups. I recall discussions within the mission on whether and how to expand our work in this area. Given the mounting issues associated with the conflict in the southern Caucasus, we made an explicit decision to be a bit “edgier” and to expand support for human rights groups and electoral observation work.

We were also providing electoral support through grants with the American political party institutes and the International Foundation for Electoral Support. It was, in fact, through IFES that the head of USAID's Democracy Office, Susan Reichle, and I served as election observers in fall 1999 for a local election in the St. Petersburg area. We similarly were observers in the March 2000 national election of President Putin; in that case, we served as members of the Organization of Economic Security and Cooperation delegation. Both experiences were fascinating – and they also had their amusing moments as we watched entire families crowd into voting booths. No one seemed concerned about privacy. I was impressed by one aspect of the Russian voting system – that was the mobile ballot box. People would register in advance to have the mobile ballot box come to them. Then, a poll worker and observers from the political parties (and external observers like I was) would traipse around the neighborhood with a ballot box, going to homes and helping the elderly or infirm to vote. I believe we also went to a hospital with the mobile box. I suppose this could lead to abuses, but I was impressed by the effort to facilitate voting by everyone. Our grants to the American political party institutes were also important. For example, IRI, the International Republican Institute, focused considerable attention on women and it helped to create a something akin to the U.S. League of Women Voters for women in Russia. It soon began to play a role nationwide.

Q: Any relationship with our League of Women Voters?

PEASLEY: I think that IRI did facilitate a link to the U.S. League, but am not absolutely certain. The National Democratic Institute (NDI) was also instrumental in supporting creation of a new Russian election observation organization, “Golos” or “Voice.” Golos organized local communities to observe elections, and they inevitably came into conflict with the powers that be, identifying electoral irregularities in the 2008 and 2012 presidential elections. When USAID was tossed out of Russia a year or two ago, Golos was often cited as one of the reasons. Being “edgier” in our program was the right thing to do, but it probably did also lead to greater Russian government discomfort.

While USAID was increasingly supporting Russian groups that pushed for transparency, including the independent media, human rights groups, and electoral oversight, we also supported strong partnerships between American and Russian organizations and individuals. Partnership was a key program theme. That included a program with the American International Health Alliance that began by supporting partnerships between American and Russian hospitals. The work quickly expanded into community-to-community partnerships around public health. The American partners were from across the U.S., including such diverse locales as La Crosse, Wisconsin; Los Alamos, New Mexico, Bemidji, Minnesota, and Houston, Texas. The Russian partner communities were also spread widely, although most were in Regional Initiative sites. They dealt with a variety of public health issues such as women's reproductive health, emergency and disaster medicine, environmental medicine, hospital administration, mental health, HIV/AIDS prevention and treatment. They also built strong partnerships and relationships that continued even after the USAID funding ended.

Other partnership programs included the Citizen Democracy Corps, an organization that was similar to the International Executive Service Corps, but focused in the former Soviet Union. Most of the volunteers who came to Russia were entrepreneurs working with budding Russian business people. The Farmer-to-Farmer program similarly provided agricultural volunteers; I certainly will never forget the goat farmer from Arkansas that I met in the outskirts of Samara who was helping a Russian woman farmer develop a new dairy industry. The Financial Services Volunteer Corps was another important partnership program that brought financial expert volunteers to Russia; some came from the Federal Reserve; some from commercial banks; some from regulatory agencies; and some from big law firms. I especially liked this program because it was practitioners working with practitioners. For example, people from our Federal Reserve worked closely with the Russian Central Bank to adapt Russia's payment system to the new market-based economic system and to develop a deposit insurance scheme. FSVC developed extraordinarily close working relationships with key financial sector officials. One indication of this was the Russian Central Bank's invitation to the head of FSVC, Andy Spindler, to join a donor-government working group on financial sector reform. I believe he was the only non-donor expatriate on that working group. Over many years, FSVC worked closely with Andrei Kozlov, one of the vice-chairmen of the Russian Central Bank and a real hero in the sector. Andrei headed up anti-corruption efforts at the Central Bank and was killed in 2006; I believe that the Russian courts ultimately found guilty people from a bank that Andrei had identified for money laundering.

Perhaps most importantly, these kinds of partnership programs developed relationships that went far beyond the USAID funded activities. All generated on-going informal consultation that extended beyond USAID grant terms of reference. I saw this most clearly with FSVC because I did some part-time consulting with them after I retired from USAID. I observed occasions when Russian Central Bank officers would call to get some informal – that is unpaid – advice from some of the distinguished FSVC board members who were legal experts or held prominent positions in Wall Street institutions. Trust and real partnership developed over time – and I suspect that contact still continues among some of those “partners” from the early days of the USAID program in Russia, whether entrepreneurs, physicians, farmers, or economists.

In talking about the USAID program in Russia, I have obviously been talking about some of its successes – and I think there were many. But, not everyone in the U.S. Government shared that view. Robin Cleveland was one of the major critics. When I first went out to Moscow, she worked for Senator McConnell on the Senate Foreign Operations Appropriation sub-committee. I met with her immediately prior to my departure for post in 1999 and she indicated that she thought aid to Russia was a complete waste of time and money. She asked for me to return after a year to report out on the program and to try to convince her that it was worthwhile. I thought we put together a good presentation for her in late 2000, but I don't think it did the trick. In fact, by the time we made our presentation, the 2000 election had happened and Robin was appointed to head up the international section of the Office of Management and Budget in the Bush Administration. She remained exceedingly skeptical about the USAID program in Russia

and in late 2002 or early 2003, we were asked to put forward a plan to get out of certain sectors and to move towards “graduation” of the USAID program.

I think we put together a very reasonable strategy to downsize and eventually phase out the program. We proposed phasing out the economic support activities first, that they were the least critically important. We also recommended maintaining robust democratic support initiatives until after 2008. We saw the 2008 presidential election as critically important to seeing how the country would evolve politically. I think we proposed a reasonable glide path to end the program, although we did argue strongly that the U.S. Government needed to keep a close eye on the core democratic institutions – the media, civil society, human rights groups, and others. Obviously, our proposed strategy was never implemented. The USAID program did not end in 2008. I don’t know if there was an explicit change in policy or if interest just faded away. Sometimes policy making is mysterious and not very clear when changes happen. Anyway, USAID remained in Russia until the Russian Government ordered it to leave in 2012 or 2013.

I mention this only because I think there’s a lesson here. I think it would have been to the U.S. Government’s advantage to agree upon and then implement a rational exit strategy, that doing so would have better ensured the sustainability of some of the legacy institutions. I think it would have been much better to leave on our terms rather than theirs. Because the program ended as it did, I think many people don’t adequately understand the value it had provided. After retiring, I was heading up an NGO and actually did a “blog” or commentary on USAID/Russia after the Russian announced the expulsion. I wrote about my sadness, that both the Russian government and U.S. government should instead have been celebrating the successes, the results, and the partnerships that had developed over nearly 20 years. It should have been a celebratory time. Everyone deserved better, particularly the many, many Russians that worked on these programs over the years. Their accomplishments and efforts to build new institutions and approaches should have been acknowledged. More generally, I think USAID and the State Department need to do a better job of determining when it is time for USAID to leave a country. If the U.S. had been able to end the USAID program earlier, that is closer to the 2008 plan, and on our own terms, we might have been more successful in putting in place some kind of funding mechanism to continue support for democratic strengthening. It would have been easier to create mechanisms through other embassy programs or other institutions if done prior to the expulsion notice and crisis it created. There would have been less scrutiny earlier. Anyway, I think proactive steps to terminate or graduate USAID programs are far better than to wait for an ultimatum from either the host country or even a higher up in the U.S. Government. Planned, multi-year departures can be much more effective, even they mean closing a program earlier than some might like.

I would maybe mention two other quick thoughts. First, we did speak a bit earlier about relations with the Government of Russia. I should talk a bit about how we interacted with them. Shortly before I arrived in Moscow, the Russian Duma had passed a law on foreign assistance. It was obviously an attempt to gain more control over what the many donors in the country were doing. While not entirely clear, the law suggested that the

Government wanted to approve and monitor all donor activities. We were trying to figure out how to operate within this law, but without allowing any government control over the bulk of our program that was with non-governmental organizations.

I think we put in place a system that worked well and could be an interesting model for other countries. We did an annual presentation to the Ministry of Economic Development on the USAID program. We invited officials from the Ministry's unit that was responsible for overseeing foreign assistance to the USAID office. We would do an all-afternoon presentation, office-by-office. Everything was done in Russian by our Russian staff, although senior American staff also attended. We also spoke a bit: some with their good Russian, some with halting Russian, and some via interpreter. But, our Russian staff did the substance of the presentations. We would have obviously carefully prepared the presentations in advance, highlighting activities that we knew would be of interest and quickly skirting over those that might create issues. The Ministry officials appeared to very much appreciate our effort. You could see them sitting up and thinking, "Wow, this is really kind of neat; we didn't know about this interesting work." I believe we did this for three years while I was there; each year the presentations got better and the Ministry officials seemed happier. There were of course some questions about our democracy and human rights work, but we were well prepared to answer in a way that would satisfy them. Also, in the presentations we would focus on the things that we thought they would be most interested in and did not highlight the edgier things. For example, it was easy to highlight our work with the independent media – for example, in strengthening independent regional television stations and highlighting the awards they were receiving for the quality of their broadcasts. We could then avoid mentioning other work the media was doing that might have been seen to be more political. Similarly, in talking about human rights grants, we could highlight the work of some groups on religious tolerance and not perhaps the work of others to defend dissidents. Anyway, we orchestrated our presentations carefully and, I believe, they did create better will with the Ministry of Economic Development. They asked questions, but they also seemed to appreciate that we made the effort to engage with them. I think that was helpful to the mission more generally.

Q: Were they ever at the ministerial level?

PEASLEY: No; the presentations were at the departmental level. I can't recall how the Ministry was organized, but believe there was a department that oversaw foreign assistance. I believe that this department also was responsible for Russia's own foreign assistance efforts. So, another objective of our annual meetings was to help them see the different ways in which donors can operate. Perhaps most of all, we wanted them to know about institutions like the Institute of Urban Economics and the Center for Fiscal Policy, Russian research and consulting firms, that the Russian Government could use if and when it reactivated its own assistance efforts.

Lastly, one cannot talk about USAID in Russia without talking about the incredible caliber of our Russian staff. It was pretty amazing. They were an incredibly bright, energetic, and committed group of folks. They came from a variety of backgrounds; some

very young, some older and more experienced. They were also a fun group of people, and they helped make the USAID mission a delightful place to work. One of the saddest parts of the expulsion of USAID from Russia was the effect on those Russian employees, although I do think the U.S. government stood by them very well. I believe they were all transferred over to the embassy for a certain period of time to help with the winding down of the program and their own transitions. I believe they were also given the opportunity to receive green cards for immigration to the U.S. if they wanted.

Q: I wonder if any took advantage.

PEASLEY: Yes; they did. There are at least a half dozen of my former Russian colleagues now here working for NGOs in the Washington D.C. area. That's an unfortunate Russian brain drain. In an ideal world, these are the folks who would be leading Russia's own foreign aid programs.

Q: You mention getting to know your interpreter as a friend. Were there other Russians that you got to be friends with?

PEASLEY: Yes, I did become friends with several of the remarkable women leading Russian organizations with whom we worked, although I unfortunately let all of these relationships lapse after my return to the U.S. My closest personal relationship was with my interpreter and her family. She was young enough to be my daughter and her parents were basically my age. But, they would invite me out to their dacha for cross-country skiing, for New Year's Eve celebrations, and for mushroom picking. It was great to get at least a bit of a feel for how Russians celebrate holidays.

Q: How was your Russian by the time you left?

PEASLEY: I could socialize, but I would not say my Russian was ever any good. I could get around town and I could certainly manage public transport, trains, and restaurants okay when I had visitors. But, I also recall getting lost several times while driving and stopping to ask for directions and not having much success. I guess I too often didn't pronounce places correctly, so I would get blank stares. Eventually, some of them would figure out I was accenting the wrong syllable and then give me some directional help

Q: How did you cope with the Russian winters?

PEASLEY: They weren't as bad as I expected to be honest. For much of the winter, the highs were in the mid-twenties or even thirty degrees. Then, there might be a week with temperatures below zero, so that would be tough. But, it would then it would go back to the mid-twenties. All-in-all, I didn't find it too bad.

Q: Did you wear big furry hats?

PEASLEY: Yes, but boots were the most important thing. We did all learn to dress warmly. I did make some field trips out to Siberia in the wintertime, and that was cold. I

have photos walking around a gulag camp somewhere with feet of snow piled around. I get cold just looking at it. I unfortunately never made in to Vladivostok in the wintertime. It is very hilly – something like San Francisco – and I always wondered how one could cope in the wintertime when the streets are icy. I used to slip and slide in Moscow; in Vladivostok, I probably would have simply sat down and slid down the hills (*laughs*).

Q: So you left Moscow when?

PEASLEY: I left in October of 2003.

Assignment to USAID/Washington – Counselor – 2004-2005

Q: Today is August 27, 2015. We're resuming the conversation with Carol Peasley. Carol, we'd gone up to November 2013. What happened then?

PEASLEY: Well, shortly before I left Russia the Deputy Administrator of USAID, Fred Schiek, came out to Moscow on a visit and we talked about what I would do next. I was considering retirement, but Fred knew that Bill Pearson, the Agency Counselor, would be retiring, so he suggested that I go in to speak with Andrew Natsios about becoming Counselor when I returned to DC. I did and I guess Andrew decided that I'd be okay. The Counselor job is an unusual one; there is no staff and no portfolio. The responsibilities get worked out between the AID administrator, deputy administrator, and the counselor. So, each Counselor fits in differently and probably plays a slightly different role. It was certainly an interesting change from being in a mission.

Q: No staff, no portfolio.

PEASLEY: Yeah.

Q: There aren't well-defined responsibilities?

PEASLEY: Not really. Up until the Reagan Administration, the Deputy Administrator had always been a senior-level career officer, usually the senior most Senior Foreign Service Officer. When the Deputy Administrator became a political appointee, they created the Counselor position. That was in part because many more authorization and implementation actions in those days had to go to the Administrator's office for approval. Most of those operational actions had traditionally been signed off by the career Deputy Administrator – a career person who knew agency procedures well. When the Deputy became a political appointee, I assume they decided to create a senior career position in the Administrator's office to handle those operational responsibilities. They may well have also done it simply because they wanted a senior career person closer at hand as an advisor. So, in the early days, there were clear responsibilities for the Counselor position. But, over time, more and more authority was delegated to the field or to the regional bureau assistant administrators. Therefore, many fewer operational things had to come to the Administrator's office for signature and approval.

As this happened, the Counselor job began to morph and look different with each occupant. In my case, Fred Schiek had earlier been a career Foreign Service officer and former Mission Director before moving to the Inter-American Development Bank. He returned to USAID as a politically appointed deputy administrator, but he also knew USAID well, thereby somewhat reducing the need for an Administrator to rely on a Counselor for operational issues. In addition, Andrew himself had been the head of OFDA in USAID during the George H.W. Bush Administration, so he was also very familiar with USAID procedures and was a very “hands on” administrator. Anyway, my responsibilities were varied and mostly ad hoc. I was kind of a “utility player,” to use baseball terminology. Much of my time was spent as an interface between the career staff and the political appointees, explaining each to the other. I was also a bit of a kibitzer as well, and I certainly sometimes gave Andrew advice he probably didn't want to hear. But, I thought that was part of the position as well.

Q: Did you meet with him frequently?

PEASLEY: I was in all of his morning staff meetings, and then we would meet individually as well. My office was in the administrator's suite, so I was always near-by. Andrew himself was very operational, for example in convening almost daily meetings with the Iraq and Afghanistan working groups. I sat in on most of those meetings and often was tasked with something. As I recall, I spent considerable time on staff recruitment, as it was not easy to get staff for either country. USAID's expanded program in Afghanistan was in full swing. Andrew and Fred attended frequent interagency meetings at the NSC, and USAID was under frequent pressure to do more and to do it more quickly. I don't recall when the Iraq invasion took place.

Q: Wasn't it about March of 2003?

PEASLEY: Ah, yes. So, this was still very early in development of the USAID program in Iraq when I became Counselor. Andrew and Fred were frequently embroiled in interagency meetings, often trying to influence strategic choices being made by the Provisional Authority and other policy makers. There was also growing frustration within the U.S. Government about how it was organized to work in high-profile post-conflict countries. For example, there was mounting interest to create an office within the State Department to perform this function. Needless to say, this created even more pressure on USAID to perform. That office, the Office of the Coordinator for Reconstruction and Stabilization was created in 2004 and Carlos Pascual became its first director. He, of course, had begun his career as a USAID officer and then moved to the NSC and State to work on issues of the former Soviet Union. He was U.S. Ambassador to Ukraine before taking on this new post-conflict responsibility.

More generally, work in post-conflict countries like Afghanistan and Iraq, created greater need for strong interagency coordination. It also prompted much closer linkages between State and USAID. For example, during this period, a joint State-AID policy council was created. One of its main tasks was to develop a joint strategic plan that would serve equally well for both the State Department and USAID. I believe that Don Steinberg

headed the council for at least part of the time. A number of USAID staff members were seconded to State to work on development of that new plan. Working with them and USAID's Policy Bureau, I got involved somewhat in the countless meetings to develop consensus. Eventually, a glossy report and plan was issued – and it was very well done and provided an excellent foreign policy and development framework.

There were also, of course, many discussions with the State Department on management issues, including refinement of the new International Cooperative Administrative Support Services (ICASS) council and distribution of responsibilities among agencies at post. In general, USAID was very resistant to ICASS and to paying State or other agencies for services, in part because it was more expensive to USAID to do that. Our administrative functions were almost uniformly less expensive because USAID local hire or FSN staff did most of the work. Because of the greater security concerns surrounding the embassy, there were more direct-hire Americans involved and the costs were therefore higher. Anyway, there was lots of battling about shared administrative services, whether housing, motor pools, information technology, financial management, etc. Most people in USAID were encouraging Andrew Natsios to fight on almost everything, to minimize any USAID use of ICASS services. To be honest, I was a bit of an outlier on this issue; I was trying to convince Andrew and the USAID Management Bureau Assistant Administrator to concede on some issues at the outset. I for one didn't see the need to fight about USAID maintaining its own housing pool, that there were more important issues to fight for. For example, allowing USAID to maintain control over vehicles as its work depends upon getting out to the field to visit projects. USAID couldn't do its job effectively if it had to wait in a long queue for access to four-wheel drive vehicles in a common motor pool. But, I wasn't very persuasive. As I recall, USAID's Management Bureau fought against almost everything. I do think that was actually a strategic mistake and that it would have been smarter to concede some points at the outset and then get some later wins. But, again, I didn't convince anyone to take a more nuanced approach – but I did spend a lot of time trying.

One of the other traditional functions of the Counselor job is to be an interface between the Administrator's office and the career service. But, to be honest, Andrew didn't need anyone to play that function. He's a very outgoing guy who had excellent personal relationships with staff throughout the agency. As a corollary of that, I did try to be more of a conduit between the Administrator's office and the field missions. I sent out biweekly notes to USAID mission director in the field to talk about pending issues. The notes were informal, and I made clear at the outset that I was not sending official policy messages, that I was simply sending my impressions of things that were being discussed in the Front Office that they should be aware of and sensitive to. I believe I even titled them "notes and impressions" so mission directors would remember they were informal words. I didn't copy anyone in Washington and I certainly didn't get any clearances. I emphasized that I was only sending my impressions and that I could even be wrong at times. I didn't want to copy folks in Washington because I feared it would provoke second-guessing and disagreements. But, I will say that I was very careful with what I wrote. For example, Andrew kept a flip chart in his office with a list of his long-term

projects. Anyone visiting his office could see them. I passed those priorities onto the mission directors. Similarly, I would try to help the field mission directors understand the issues that really had Andrew's attention – such as his interest in the micro-economic policy constraints outlined in the World Bank's "Doing Business" reports; his concerns about recruitment for post-conflict countries; and even things such as the importance of labeling USAID activities as being USAID ones and not simply those of an implementing partner. I also tried to include a little humor and local color to make the notes more readable than most communication coming out of Washington. Anyway, people seemed to welcome the effort. I can recall only one hiccup. I once got a note from someone in the State Department saying, "I assume this wasn't supposed to come to me." Apparently, one of my USAID mission director colleagues had forwarded one of my notes to someone in State (*laughs*).

Q: Did it cause you any problems?

PEASLEY: No. As I recall, I had made a comment about ICASS deliberations, nothing inflammatory, but also not something one would want to go to State. The person who had gotten my note was very nice and promised not to forward it further. I think I probably reminded people in my next note to not forward. I was also probably even more careful about what I wrote, recognizing that notes can get around.

Q: Oh, absolutely.

Q: How many AID missions were there at that point?

PEASLEY: Oh, around the world there must have been about 70 missions. Beyond sending notes out to the field, I also tried to be their ombudsperson and encouraged them to let me know if they weren't getting the attention they wanted on a certain issue. I would then try to reach out to the responsible Washington offices or at least try to stir the pot. One of the most interesting cases was when our regional mission director in Kenya raised the concerns of his staff about a new housing complex that the U.S. government was leasing in Nairobi. Some USAID staff members were being directed to move into this new complex that was apparently adjacent to a hillside and some people were concerned that potential terrorists could too easily peer into their homes and gardens. USAID wanted assignment to housing in that complex to be optional, that no one should be forced to live there. I took the issue to Andrew and we ended up raising it in a nice, non-confrontational way with the State Department. And as I recall, they ended up making it optional to live there, and many people decided they wanted to do so because the houses were larger. They were therefore happy; and those who were afraid of the security situation were also happy because they weren't forced to do something that made them uncomfortable. This obviously wasn't a terribly significant issue, but I was happy to do my part to help resolve a bureaucratic fight in a non-confrontational way. That wasn't always the case on these kinds of management issues.

During my last six months as Counselor, the tsunami in Aceh, Indonesia happened. This obviously precipitated a massive humanitarian relief effort. USAID and the broader

U.S. Government, I think, did a fantastic job. Andrew Natsios, given his extensive humanitarian relief experience, of course played a major role. He was again chairing daily meetings on the tsunami – along with the meetings he already had on Iraq and Afghanistan. I took it upon myself to try to get this tsunami working group set up so it would not be so dependent on Andrew. Because of his enthusiasm, his extraordinary energy level, and his expertise, others laid back a bit too much. They instead relied on Andrew and seemed to say Andrew will...

Q: He'll take care of it.

PEASLEY: *(laughs)* He'll take care of it; he will identify all the issues and the solutions. Others were not being proactive enough in bringing the issues to him. So, I kept trying to tell Andrew that he needed to give them more space to set the agenda and to tell him what the issues were. I told him he shouldn't have to ferret them out himself. He finally designated two co-chairs for the USAID tsunami-working group, one the Deputy Director of the Office of Foreign Disaster Assistance and the other the Deputy Assistant Administrator for the Asia Bureau. They would have shared operational responsibility – and would be co-chairs. During the first two months when the priority was relief and recovery, the OFDA person would take the lead; subsequently, when reconstruction became the priority, the lead would shift to the Asia Bureau representative. But, throughout, they would work in tandem, thus ensuring better coordination within USAID from the outset – and avoiding the usual tension about whether the regional bureau or OFDA was in charge. We had all seen too many disasters in which the regional bureaus would feel they were being cut out, and the disaster people would feel they weren't being listened to. In this case, they were co-chairs, although with some nuanced shifting of responsibilities as conditions on the ground changed. It also of course worked well because of the two individuals involved, Bill Garvelink from OFDA and Mark Ward from the Asia Bureau. They both did a fantastic job – and worked well together.

Q: Did Natsios' management style have an affect where you say USAID stood in Washington?

PEASLEY: I suspect it did. There certainly were stories. He had worked for USAID earlier in the George H.W. Bush administration as head of the Office of Foreign Disaster Assistance, and then came back as the USAID Administrator during the George W. Bush administration. Andrew really cared (and still cares) about USAID as an institution, and he hated seeing USAID being pushed aside by other agencies. So, he fought a lot of turf battles, and I suspect it sometimes was counterproductive. That said, he clearly understood the relationship of development with diplomacy and defense and encouraged USAID officers to work closely with State and Defense counterparts. He himself played an important role in developing the new Joint Strategic Plan for State and USAID – and he was an intellectual leader in defining new USAID approaches in post-conflict and fragile states that were foreign policy priorities. Ironically, as I look back, the success in developing that Joint Strategic Plan and identifying common strategic objectives may well have been the first steps in creating the F Bureau at State and eliminating the USAID Policy Bureau and budget functions. This of course happened after my retirement and as

Andrew departed and Randall Tobias became the new USAID Administrator and Undersecretary of State for Foreign Assistance. But, I suspect it could not have happened without that earlier joint policy and strategic planning work. Some of that of course was rolled back in the Obama Administration. I think it would be interesting to look historically at how USAID authorities have increased and decreased.

Since I am talking about strategic planning, I should also mention that I was working closely with USAID's Policy Bureau during this period on a study of USAID business models and processes. This effort led to a closer explicit link in USAID programming to the Joint State-USAID Strategic Plan, to use of more common strategic objectives and indicators, and to greater Washington direction on funding priorities. This last point was in recognition of earmarks, that missions needed to develop strategies and programs consistent with the likely availability of funds.

Q: Did you have any role in personnel assignments?

PEASLEY: Yes, I did, especially on senior assignments. USAID had something called the Senior Management Group that was chaired by either the Deputy Administrator or the head of the Human Resources Office and comprised of senior career representatives from all of the USAID bureaus and the Counselor. That group would identify candidates or a slate for all senior positions that were opening in the coming year, as well as identify potential new entrants into senior positions. The Administrator would then make the final decisions. He usually approved the recommendations from the group, although he did infrequently ask for recommendations to be reconsidered. I played an active role in the SMG process, using my own knowledge of people, but also consulting in advance with Andrew on some key country assignments, such as Afghanistan and Iraq. In these cases, I would often then call potential candidates that Andrew identified to see if they would be interested – or, perhaps more accurately, to try to convince them to be interested! Also, as Counselor, I wanted to help identify new, younger staff to move into senior management positions.

Q: Did you get involved in resolving personnel problems?

PEASLEY: Not frequently, but there were some cases. I actually still have some files in my basement in case grievances are still pending. I wonder when I can shred them.

Q: Would you get called in to help decide on grievance issues?

PEASLEY: I don't recall ever being called to help decide a formal grievance, although I was asked to respond to questions a few times. Also, while serving as Acting Assistant Administrator for the Africa Bureau for a couple of months, along with my Counselor job, I did get involved in at least one very messy situation in which a USAID Director's tour was shortened. There were lots of rumors coming into Washington about "misbehavior;" then the Acting Ambassador at the post returned to Washington and advised informally that the USAID Director should be removed. Because of the complexity of the situation, I ended up calling the mission to talk with various people and

I got a very mixed picture. Therefore, I decided we should give the benefit of the doubt to the person in question and recommended that the individual be reassigned, but to a reasonable new position that would not be detrimental to the person's career. I tried to orchestrate it in a way that would do minimal harm to the person's career, but the individual didn't see it that way. Years later I got a very nasty letter from the person alleging misdeeds on my part and actions the person had taken against me.

Q: Oh really (laughs)?

PEASLEY: It hit out of the blue.

Q: In terms of a grievance?

PEASLEY: No, it wasn't a grievance. The letter said that allegations against me had been filed with the Inspector General. I have no idea whether it happened or not

Q: Well, they didn't come to a head I guess.

PEASLEY: Nothing ever happened, so I assume I am okay.

Q: Well, this letter, was he just saying nya-nya, or was he saying more? Well, I don't need you to go into details, but I'm just wondering --

PEASLEY: No; the person wrote to acknowledge that I had just been named CEO of an NGO and their hope that I would now be a better manager (*laughs*) and wouldn't repeat the mistakes I had made. I really felt a bit sick after reading the letter. I had actually taken a less punitive action in this person's case than colleagues were recommending. But, the person didn't recognize that I had actually tried to help them, that something much more severe could have happened. So, I ended up with everyone upset with the decision I had taken. I suppose there is a management lesson here somewhere!

Q: Did you answer the letter?

PEASLEY: No.

Q: Now, the reconstruction in Iraq and Afghanistan must have just sort of sucked all the air out of the room. How did that affect your role?

PEASLEY: yes; both consumed the Agency, although I didn't get very involved in either one. The Administrator and the Deputy Administrator were very heavily involved. Andrew primarily focused on Iraq and Fred on Afghanistan. I attended the almost daily meetings and would help facilitate follow-up actions by the various USAID offices. I also tried to help with recruitment of staff to both missions, but I was not substantively involved in either program.

Q: Were the provincial reconstruction teams underway?

PEASLEY: Yes, they were starting up in Afghanistan. Although I had never served in Vietnam, I did know about the old CORDS program there, so I did try to remind people of that history and that they should talk with folks who had served in Vietnamese outposts trying to win the “hearts and minds” of villagers. I also tried to encourage USAID staff that had attended long-term training at the National Defense University to offer their thoughts on how best to work with the military and to stand up the PRTs. But, I certainly wouldn’t claim to have done anything worthwhile in furthering USAID’s contributions to the PRTs.

Q: Well, I think that was a worthwhile approach because one of the problems I think with PRTs eventually was that there was a disconnect between the, you know, sort of the diplomatic culture and the military culture, particularly for people who had not served in the military?

PEASLEY: Yes; I am sure that’s right.

Q: Did your job take you overseas at all?

PEASLEY: Yes; I did a couple of things. One was very ad hoc and not really associate with my position, but also very interesting. I volunteered to be an election monitor in Ukraine for the December 26, 2004 presidential run-off election. I knew that it would be difficult to recruit monitors over the Christmas holiday and I thought my even rudimentary Russian language skills could be helpful. As you may recall, this was the “orange revolution” in Ukraine. It certainly was interesting to see the people camped in the main plaza in Kyiv waving their orange flags and chanting for democratic change. I ended up observing in Kyiv where everything operated very smoothly. While the proponents of that “revolution” prevailed in the election, the past ten years certainly have been disappointing. But, it was nice to have witnessed the early positive days of the change.

More importantly, I headed up a mission management assessment of the USAID office in Bangladesh. One of the recommendations coming out of the Policy Bureau’s business model study was to conduct mission management assessments in each USAID office every five years. These kinds of management assessments had been done in the 1980’s and early 1990’s but had dropped away. Many of us felt that they had been very useful, so we recommended that they be reinstituted. A four to five person team would do the assessments and they would look comprehensively at the program and management. There would be formal reviews in Washington and lessons learned would be shared across the agency when applicable. One of the responsibilities of the Counselor was to coordinate these assessments and to manage the process, including identification of teams and missions to be assessed. We wanted to time the assessments so they could be most useful to a mission, for example early in a new mission directors tenure or when some other kind of significant change might be happening.

The first of these new assessments was in USAID/Bangladesh. I headed up the team that

went out to Dacca. Other team members included the person in the Policy Bureau who was responsible for the business model study, an Executive Officer, a Controller, the Agency's Contract Ombudsperson, and a Presidential Management Intern who was about to convert to the Foreign Service. We intentionally added a junior officer to all teams, thinking it would be a great training opportunity for them. The mission was viewed as a very well performing mission, both programmatically and managerially, so we knew it would be a good test case. The review was fundamentally very positive, but we did identify some issues and made recommendation that I think helped them. We also identified some best practices managerially that we subsequently recommended to the agency more broadly. This included an embassy-wide mentoring program that enabled senior State officers to be mentors for junior USAID officers and for senior USAID officers to mentor junior State officers. The Ambassador was in fact mentor to a young USAID officer.

The assessment team was also very impressed by some of USAID's public outreach, including an innovative inter-agency effort called America Week in which all parts of the embassy went out to a provincial city, meeting with local groups to discuss the USAID program, commercial services, visa, etc. As I recall, we identified this as a best practice for other USAID missions and embassies. In recognition of the growing threat of terrorism from some extreme Islamic groups, USAID worked with the Asia Foundation on a training program for imams that included site visits to USAID activities, thus encouraging their participation and support when they became full-time clerics. In line with this concern about growing terrorism in Bangladesh, we also looked at the program and noted the shortage of funds to deal with some of the key political and governance issues facing the country. Once again, we saw the effects of earmarks and the lack of flexible funding at post. We went back to Washington to push for more security assistance or Economic Support Funds (ESF) for Bangladesh, but I don't think our recommendations on that front helped.

In line with these broader governance concerns, we also looked carefully at USAID's formal implementing partners. Because of past difficulties working directly with the Bangladesh Government as well as changing habits globally within USAID, the mission over the 1990's began to work less and less directly with the national government. In doing so, on a positive note, they helped create a very strong network of non-governmental organizations that were providing key social services throughout Bangladesh. These networks had produced strong results. But, as more and more of the donors began to work more closely with the national government on sector-wide programs – that is the kinds of things I talked about when we discussed the World Bank's Special Program of Assistance for Africa – USAID had become a bit of an outlier. The assessment team became concerned about the long-term sustainability of USAID's investments in the NGO sector, especially since many of the new sector-wide health programs supported by other donors did include block grants from the national government to NGOs. It would be important for USAID's NGO partners to also gain access to those kinds of block grants. If not, USAID would either need to fund them forever – or the services could not be sustained. We on the assessment team therefore encouraged USAID to participate more actively in these sector-wide, multi-donor

programming efforts with the national government. We also thought that the greater direct engagement with national government officials could potentially help to strengthen longer-term governance. In retrospect, that was probably a pretty naïve thought on our part. But, our focus on sustainability did help convince Washington to slow down the reductions in family planning funding for Bangladesh. Andrew had been expressing major concern about the allocation of family planning funds – that too much was still going to Asian countries and not enough to countries like Ethiopia that had urgent need to increase contraceptive prevalence and reduce population growth rates. The Bangladesh mission management assessment helped to demonstrate that USAID needed to develop a longer-term plan to ensure the financial sustainability of the USAID-supported family planning activities. Andrew quickly picked up on this and the immediate pressures to cut family planning for Bangladesh receded. So, while the assessments focused primarily on management matters, valuable programmatic lessons also emerged.

Q: Are these mission management assessments sort of the AID version of State Department's inspections --

PEASLEY: To a certain extent, but a bit more modest. Also, doing them has been very cyclical. There've been various times when USAID has used them, and then years will go by and there won't be any, and then someone will want to reinstitute this "valuable tool" and the process will start again. One probable reason for the on-again/off-again approach is because they are very labor intensive. I believe that a special office does the State inspections. In USAID, the Counselor's office (me) and one person in the Policy Bureau managed the process, but everyone on the team had another job from which they had to be released for several weeks to participate.

Q: Was there a separate AID inspector's office?

PEASLEY: Yes; there is the Inspector General's office that manages the audit and fraud inspection functions. But, agency management did these mission management assessments, not the inspectors.

Q: I see.

PEASLEY: So they were very separate. In fact, I now vaguely recall that the degree to which the assessments would be made available to the Inspector General's office was an issue. I believe we ended up referring to them as manager-to-manager documents; that in turn provided some limits about distribution. But, again, I don't recall the specifics.

Q: The IG would do inspections of AID missions separately?

PEASLEY: No; I don't believe so. They tend to look at programs or specific issues as opposed to the mission at large. For example, they did go to South Africa to review the contracting process; I believe I mentioned that earlier.

Again, doing assessments has been very cyclical. I believe that USAID has once again

started doing them after a multi-year absence. I myself participated in several, including assessments in Peru and Zaire in the late 1980's. In Malawi, I actually brought in a couple of outsiders to do one for us in 1989. I thought it would be a valuable tool for the mission and would also help me identify changes that we might want to make in the mission. Washington did not initiate it, but I believe I did end up sharing it with the Office of Southern African Affairs in Washington.

Q: Did you do mentoring?

PEASLEY: Yes.

Q: Personnel mentoring.

PEASLEY: Yes, I probably did a bit officially and probably more unofficially. I think there are a number of people that probably would say I had been a mentor to them. As Counselor, I did meet frequently with newly hired employees to discuss various kinds of programmatic, management, or USAID institutional issues. For example, in meeting with the New Entry Professional classes, I would try to share some of the cultural lessons I learned during my career. I emphasized things like working hard and being flexible; remembering that every USAID officer is part of multiple teams; remaining open to new ideas and learning each day; respecting and learning from the Foreign Service Nationals at post; keeping an eye on the big picture, meaning the people for whom we work and not becoming consumed by paperwork; maintaining a sense of humor; and seeking ways to improve and being open to feedback from supervisors.

I also spoke to any employee I could about aid effectiveness, highlighting such things as host country ownership and leadership; the importance of a sound policy environment; the importance of strong institutional capacity and the need to put host country institutions, whether governmental or non-governmental, at the heart of every USAID activity; donor coordination and partnership; and clarity of objectives and commitment to honest monitoring and evaluation. These aid effectiveness principles were being discussed globally and agreed upon at the OECD Development Assistance Committee and other forums. I believed that most of these principles had also been embodied in the old Development Fund for Africa and in the Special Program of Assistance for Africa meetings I had participated in throughout the 1990's. Unfortunately, as USAID increasingly contracted out entire projects, and not just technical assistance components, we had become, I think, a less "effective" donor. I was probably a bit obnoxious in arguing for greater direct work with local institutions. Anyway, I certainly liked to engage in discussions with younger staff on these kinds of issues. I similarly represented Andrew frequently in talking to various cadres of USAID employees – for example, in speaking to technical officers when they were in Washington, DC for what we called "state of the art" training. I also did external speaking, including at the National Defense University and other places around town.

You may also recall that during my time as Counselor, the Bush Administration had proposed and Congress passed legislation to create the Millennium Challenge

Corporation. Needless to say, this was a bit traumatic for many of us at USAID. It was being created to focus on economic growth programming, and implicitly seemed to be saying that USAID had not done a good job in this area. As an economist – and someone who had seen some very good economic programming in the past – it was hard not to feel discouraged. There was an interagency working group, headed up by staff in the National Security Council, determining how the MCC would be structured, how it would work, and the kinds of criteria that would be used to select countries. Steve Brent was in USAID’s Policy Bureau then, and he was the primary USAID liaison to the working group. Drew Luten in USAID’s General Counsel Office was also heavily involved and seconded to MCC for some time. I worked closely with Steve and Drew on all of it.

As I recall, we were involved in almost all aspects of the planning, but I most clearly recall two issues that we engaged with them on. While we certainly applauded the MCC’s efforts to follow aid effectiveness principles, especially in looking to the host country to identify investment or program priorities, we expressed some concerns about the operating model. Most specifically, they seemed to follow the old World Bank model of project implementation units. They created new entities to manage each program – or “compact” to use their terminology. These units were equivalent to parastatal organizations and were therefore exempt from normal host country government procedures and policies. This clearly enabled them to hire the best people – and possibly even from some government institutions. It also certainly ensured stronger accountability over U.S. funds. We nonetheless argued that they should instead place responsibility for the compacts in on-going local institutions, that this would be critical to strengthen those institutions over time and also to ensure long-term sustainability. We didn’t convince them, and I have lost track of how the MCC is currently operating. I suspect they are still using the original model. I also suspect, given the strength of their commitment to host country ownership and to aid effectiveness principles, that they are also finding other ways to ensure institutional strengthening and sustainability.

As I am sure you recall, the MCC works only in countries that have met certain benchmarks relating to good governance, economic freedom, and investing in their citizens. From the outset, there were discussions about using some MCC funds to help “threshold” countries improve their performance so they could meet the benchmarks within a set time period. In those early days, the MCC transferred funds to USAID to manage those threshold programs. I worked closely with Steve to determine how USAID could best do that. As I recall, USAID missions submitted proposals; we then reviewed them and worked with the missions to put in place rapid response mechanisms. Steve did most of the substantive work, but it was sometimes helpful to have the Counselor position backing him up. Unfortunately, I have not kept up on the MCC process; so I don’t know how many of the early USAID threshold programs did indeed help countries achieve compacts.

Q: When you had your assistant administrator for Africa hat on, did you have any contact with Connie Neumann? Was there advantage to having an assistant secretary for Africa sitting in State with experience as USAID Assistant Administrator for Africa?

PEASLEY: Certainly; yes. I was the acting Assistant Administrator for only a few months while they were awaiting confirmation of Lloyd Pierson. For me, it was wonderful, and we spoke often. It was especially nice because she understood so well the constraints under which USAID operates, so she never made any unrealistic demands. But, again, I do recall many sessions with her on Sudan and southern Sudan issues, Liberia, the DRC, and the Great Lakes

Q: I don't know if they still have it, but when I was a DAS in AF one of the other DAS's was from AID. Was that arrangement continuing?

PEASLEY: No, it had not continued. As I recall, that was how Princeton Lyman originally went to State.

Q: That's true. Yeah, Princeton Lyman, There was also Roy Stacy and Allison Rosenberg.

PEASLEY: Yes. It also reminds me that the Latin America Bureau had similar arrangements back in the Alliance for Progress days in the 1970's. In that case, I believe that the geographic offices were joint State/USAID offices. Office directors were either State or USAID senior officers. More generally, back in the 1960's and 1970's, joint appointments were not that uncommon. Some USAID Mission Directors also served as Minister Counselors for Economic Affairs, thus also providing leadership to broader U.S. economic issues. Andrew Natsios and I frequently discussed this history, and he was trying to convince State to consider again such joint appointments. For example, our USAID Director in Kenya had a PhD in Economics; he had exceptionally strong relationships with the Kenyan Minister of Finance and Central Bank head and could have easily played a broader role for the U.S. Embassy. But, that spirit of joint appointments had unfortunately disappeared. I really do think both organizations would be better off if people would try to reinstitute joint appointment and things like a senior USAID officer as one of the Deputy Assistant Secretaries in State/AF.

Perhaps people can learn from one good example in 2004. Carlos Pascual, a former USAID officer who had become ambassador to Ukraine and then to Mexico, was named to be head of the new State Department Office of the Coordinator for Reconstruction and Stabilization. I had known him for many years and we met to discuss his new office. I mentioned to him that a former colleague of mine in Moscow, Susan Reichle, then a student at the War College, had written a paper on interagency cooperation in post-conflict countries. I knew that she had done considerable research, had spoken with many people from throughout the government, and had lots of recommendations. I suggested that he talk to her, but I also pleaded that he not offer her a job because we needed her to take on the USAID Office Director position for Eurasia when she graduated a month or two later. Once he met her, he knew she was the perfect person to become his deputy in CRS.

Q: She got offered the job.

PEASLEY: Yes; Susan was offered the job and did it in spectacular fashion. While I was disappointed that USAID temporarily lost her services, I also knew it would ultimately be best for both State and USAID. Again, I wish this would happen more often, that more USAID officers would have an opportunity to take on actual management responsibilities in State offices. Susan, of course, did return to USAID and became an outstanding Mission Director in Colombia. Ironically, she is now the USAID Counselor.

Q: I agree.

PEASLEY: Although it's interesting because there are some practical issues that do arise. As I recall, Susan recruited at one or two other USAID officers to join her at CRS to work for Carlos. There was also someone seconded to State's Economics Bureau. When it came time for personnel appraisals, some concerns arose, in part because the USAID appraisal process is a bit different than State's. As Counselor, I took up the issue, ensuring that their appraisals were done on time, that they met USAID's idiosyncratic standards, and that appraisal committees formally reviewed the appraisals before they were submitted to the Human Resources office. I wanted to make sure that taking on positions at State or other agencies did not hurt employees. Unfortunately, these kinds of nitty gritty things, if not handled at the outset, can end up destroying the bigger idea of improving interagency collaboration.

Q: You said that you didn't have a staff, but you must have had some people who helped you while you were counselor.

PEASLEY: *(laughs)* Well, I had an assistant, I had a secretary.

Q: You and your assistant?

PEASLEY: Yes. But, again, most of my work was either as a facilitator to others within the agency or even an extra pair of hands for the Policy Bureau. For example, I worked closely with Steve Brent on the MCC work, helping him to reach out to other parts of the Agency, especially as we sought ways to do threshold programs.

During 2004, the Policy Bureau was also completing a white paper in which USAID was trying to create a new foreign assistance framework for the new century. Barbara Turner, one of the Deputy Assistant Administrators in the Policy Bureau, and Andrew Natsios himself were the main intellectual leaders. Among other things, it tried to clarify the multiple goals of foreign assistance: to promote transformational development; to strengthen fragile states; to provide humanitarian relief; to support U.S. strategic interests; and to mitigate global and transnational issues. It argued that different kinds of resources and programs were needed for each goal – and different measures of success. Because of the importance of this new focus on fragile states – and the critical importance of identifying them before they spun out of control – I spent a lot of time on this issue, working with the Policy Bureau and USAID's newly created Office of Conflict Mitigation and something else starting with an M. It was called CMM – what was the second M?

Q: Conflict, Mitigation, and Mediation?

PEASLEY: That could be it, but think now that it was probably the Office of Conflict Management and Mitigation within the Democracy, Conflict, and Humanitarian Assistance Bureau. The office was particularly focused on creating an early warning system. Unfortunately, this put them into some conflict with other offices and bureaus. Andrew asked me to step in and to try to bring people together. We therefore created something called the Fragile States Council with representatives from the Policy Bureau, the Office of Foreign Disaster Assistance, the CMM office, and the regional bureaus. My job was to get everyone into a room at the same time and to come to some agreement on how to move forward with this process. We ultimately did agree on an internal USAID collaborative process, but then people in the State Department were unhappy because they didn't want USAID identifying its own fragile states.

Q: (laughs)

PEASLEY: So, as fragile states became more integral to foreign policy, the universe of interested people expanded. Obviously, the intelligence agencies were also involved. In fact, as I recall, much of the CMM analysis originated with the intelligence agencies.

Q: Is there anything else you'd like to say about your time as counselor?

PEASLEY: I think I probably covered most of it. I guess I would only add that another important part of the job is to fill in and perform some functions that others in more structured positions don't have time to do. For example, I drafted a number of award nominations, including for a couple of USAID staff that won the government-wide SAMMIE awards. It was obviously good for those individuals, but also for agency morale more generally as employees saw the agency's work acknowledged by others. But, it takes time to do those kinds of things.

Q: Does AID have the equivalent of the meritorious honor and superior --

PEASLEY: Yes, USAID has the same award system as State. This includes distinguished career awards. I also prepared several of those for deserving folks who were about to retire. The regional bureaus should have done them, but they often didn't have sufficient experienced staff. I saw a couple of very skimpy, not very well done, draft distinguished career awards by junior people and was a bit offended by them. My view was that "if we're going to do it, we're going to do it up right." So, on several occasions I went to the Human Resources office to look through files and document their careers so that stronger award nominations could be prepared. I thought it important for the awardees. Coincidentally, it was fun and inspiring to see what people had done.

Q: Supervisors weren't nominating them?

PEASLEY: No, most of them were too busy. And that was discouraging sometimes to

see people not able to take the time to do it.

Q: Your time as counselor came to an end in --

PEASLEY: June of 2005 when I retired.

Q: June of 2005. You retired. Did they make a fuss of any kind? For a senior officer at AID is there any process for retiring, or is it just you put your cardboard box with things in it and --

PEASLEY: There was no fuss for me, as I am a bit adverse to such things. But, many people do have very nice celebratory events. I think they are wonderful, especially for the families.

Q: Do AID officers check out the way the State officers do?

PEASLEY: Yes, there is a formal checkout process. Or, are you asking about time in class for senior foreign officers? If so, yes; it works the same for USAID senior Foreign Service officers. I was career minister by this time and was coming up to my time in class. I think they would have extended it, but I didn't want to ask

Q: Was there a position above career minister in AID?

PEASLEY: No; they could have extended it, but I was a bit discouraged. I felt I wasn't actually being used very well, so it wasn't all that satisfying. I think I found good things to do, but I didn't feel that I was really part of the decision making process. I might add that some of my marginalization may have been because the USAID White House Liaison person reputedly had been monitoring political contributions of employees. After I made a small contribution to the Kerry campaign I suddenly noticed that I was excluded from more meetings – and I also recall the snide smiles from a few folks the day after the 2004 election. I certainly felt as if I didn't have their full confidence. I also find it very ironic since I had worked equally hard during my entire career, regardless of which party was in power. In fact, most of the career staff used to joke that USAID ironically fared better in Republican administrations than Democratic ones. So, I considered myself pretty bi-partisan. But, I think that as more and more political appointees came into USAID over the years and as many of the issues we worked on became political in the U.S., such as family planning, politics became more present in our daily lives. I think that is a very unfortunate part of the increasingly dysfunctional U.S. political system.

Post-USAID Career

Q: And what good things did you find to do out of the service?

PEASLEY: Well, initially I didn't do anything but pull weeds in my garden. More seriously, before retiring, I had interviewed for a couple of interesting positions – one with an international organization, one with a consulting firm, and one with a U.S. non-

governmental organization – but none of them worked out. I did do a couple of consulting assignments, including one with USAID to head up a mission management assessment team for Armenia. Also, within a couple of months, I had been invited to join two boards and did do that

Q: Of your various consulting and directorships, those were pro bono?

PEASLEY: The directorships were pro bono. The consulting work was paid. Besides the mission management assessment for USAID, I started working as a part-time senior advisor for the Financial Services Volunteer Corps. They're based in New York and they had a small office here in Washington.

Q: Is that like the International Executive Service Corps?

PEASLEY: Yes. FSVC was created at the time of the fall of the Berlin Wall. Former Secretary of State Cyrus Vance and Federal Reserve Chairman Paul Volker were the key architects, along with former Deputy Secretary of State and former Goldman Sachs Chairman and John Whitehead. Mr. Whitehead was the chairman of the board. I got to know and respect the organization when I was in Russia. In late 2005 and early 2006, the Congress had urged greater attention to financial market reform and development in the foreign assistance program, so FSVC was hoping that its programs would expand. They therefore opened the small office in D.C. and asked if I would work part-time, particularly strategy and program development. I very much enjoyed the chance to think more deeply about financial development and the chance to meet their distinguished board members, including Mr. Whitehead.

Q: You were in good company.

PEASLEY: Yes indeed. They were very impressive individuals. Best of all, they were all deeply committed to the work of the organization. Several of the board members served as volunteer advisors themselves, including one man who had been the General Counsel for the FDIC and who went to Malawi to consult with their Central Bank on deposit insurance schemes. One of the board members even anonymously contributed \$250,000 to start a program in Malawi. Somehow through his church in Manhattan, he had gotten involved with Malawi and wanted to do something for the country.

Q: (laughs) Close to your heart.

PEASLEY: Yes; I definitely thought that was a great idea. It also enabled me to make a trip out to Malawi where I was able to help FSVC develop the program with the Central Bank.

Shortly after retiring, I had also joined the board of the Centre for Development and Population Activities (CEDPA), a DC-based NGO working on reproductive health, girls' education, and community development. I knew CEDPA because it had a long history as a USAID grantee, including its long-time women's leadership training program. It also

had significant funding from several foundations and some corporations. It was eye opening to be on a board of directors and to see issues from a very different perspective. In 2007, the CEO of CEDPA went on maternity leave, and the board asked if I would temporarily step down from the board and fill-in as CEO while she was on maternity leave. I did that. Then, after she had come back from maternity leave and was at work for several months, she decided that it was going to be too demanding with the new baby and another child, especially given some of the management challenges CEDPA was then facing. So, she unexpectedly resigned. Given the number of issues we were facing, the board concluded that it would be hard to recruit a new CEO, so they asked if I would do it for at least a year. During that year, we would try to solve the problems and figure out the kind of person we needed to become CEO. I remained as the CEO for four years.

Q: Really (laughs)?

PEASLEY: So needless to say, I didn't fix the problems *(laughs)*.

Q: I hope that was a paid position.

PEASLEY: Yes, that one was a paid position. CEDPA itself was an incredibly interesting organization that was created in the early 1970s. Its roots were in community based family planning and then women's leadership and management training. Its leadership training programs were fantastic and there are thousands of alumni all over the world. In spite of the good work it was doing, CEDPA, like most non-profit organizations, was facing financial challenges. I don't want to go into the details, but can say that we were not able to retain a level of programmatic funding to have the kind of impact we wanted to achieve. The board therefore determined that we would need to look at some new partnership or merger opportunities. That is how I spent much of the last two years of my tenure, talking with other NGOs to see how we might join with them, as well as working to secure new business, increase our unrestricted donations, and ensure that we maintained high quality in the work we were doing. We had detailed conversations with several NGOs and came quite close to signing merger papers with one organization before, at the last minute, realizing that it would not be a good fit. That put me back out to look for potential partners. Ultimately, CEDPA joined with Plan International, USA. It was not technically a merger; but was an asset acquisition by Plan USA. We began discussions in January 2012 and completed negotiations and signed the asset acquisition agreement in November 2012. We had pro bono lawyers and Plan had pro bono lawyers, but we still ended up with an acquisition agreement of some forty pages with another fifty pages of annexes.

Q: You were both nonprofits.

PEASLEY: Both nonprofits. And, even with pro bono lawyers we generated a lot of paper and had many technical questions to iron out. It wasn't an easy process, but a necessary one. I still feel badly because CEDPA itself no longer exists as an organization. But, the work continues as all of CEDPA's programs transferred to Plan International. Even more importantly, our entire program related staff transferred to Plan USA. Because

CEDPA staff knew during the last eighteen months that some kind of transition would take place, most of our overhead funded staff, including financial management, human resources, and business development, left as they found new positions. At the end of the day, I think we had to let go and provide severance pay to only four or so individuals. At least I took some comfort in minimizing the personal pain for staff.

Q: What was CEDPA's relationship with AID?

PEASLEY: We were implementing some AID contracts and grants, and in the past had had some much larger activities, including some very large contracts that were not really in CEDPA's core business, but instead had CEDPA hiring and training health and education officers who ended up being deployed to USAID missions or other organizations. USAID used these "technical advisors in AIDS and child survival" (TAACS) contracts and program funds to supplement their technical capacity. CEDPA had multiple "taacs" contracts over a fourteen-year period, so they had been core financing and had in fact enabled CEDPA to expand significantly. When the contracts ended, it took time to downsize the organization, including closure of some CEDPA country offices. This downsizing was done quickly enough and it resulted in the significant drawdown of CEDPA's own reserves. Thus the financial challenges we faced. It can become a vicious cycle for NGOs – you need to downsize while also expanding your efforts to gain new business. In government, we often spoke of "doing more with less," but I can say it is even harder in the non-profit sector. Raising funds as you shrink in size is not easy.

Q: You had to do a lot of fundraising.

PEASLEY: Yes, right.

Q: Is that maybe in the terms of looking for contracts, or actually getting donors?

PEASLEY: Both. We had individual private donors as well as grants for some excellent programs from a number of foundations, including Packard, Hewlett, MacArthur, and Ford. We also had corporate sponsors, including from Exxon-Mobil Foundation, which funded CEDPA's Global Women and Management Training Program. I am really pleased that the women's leadership training work continues to this day under Plan USA with funding from Exxon-Mobil. I don't recall the numbers, but I think at least six or seven hundred women have gone through the women's leadership training program through Exxon-Mobil, including several multi-week women's leadership workshops in Saudi Arabia. I am still a bit involved because Plan USA asked me to join their board of directors after the acquisition, so I can see personally that the good work continues.

Q: Oh boy.

PEASLEY: Interestingly, most of that work continues to this day. Follow-on grants from the foundations and USAID on the old CEDPA work have happened. So, I guess it turned out to be a win-win.

Q: So when you took over as president and CEO of CEDPA, October of 2008. Was the handwriting already on the wall?

PEASLEY: Not really. We knew we had financial challenges and needed to raise more funding, including unrestricted giving. But, I was optimistic that we could do so.

Q: Having been president of ADST for 14 years, I understand.

PEASLEY: *(laughs)* OK, I'll give some money.

Q: (laughs)

PEASLEY: Honest -- I am a soft touch now for all the nonprofits around the world. I understand how important unrestricted funding is.

Q: Well, going back just briefly to the Financial Services Volunteer Corps whose board you served.

PEASLEY: No I wasn't on the board, I was just working there part-time.

Q: Oh, you were working there.

PEASLEY: I was working there as a senior advisor.

Q: You were an advisor. I see, yes. Did they recruit financial experts to go overseas?

PEASLEY: Yes. The model is practitioner-based assistance, so it's very short term. Almost all the volunteers were already employed at commercial banks, law firms, private companies, or the regulatory agencies. They therefore did very short-term assignments, often only a week at a time. As an example, the Russian Central Bank was making a major effort to control money laundering. They asked FSVC to provide some American experts who were running anti-money laundering programs in U.S. banks to come to Russia to train Russian commercial bankers. As I recall, the Russian Central Bank was requiring all Russian banks to attend such training programs. FSVC brought in experienced practitioners to do that training. Again, their visits would be very short term, but they would often remain in contact with their Russian counterparts over time via email.

I really support this approach to technical assistance: practitioners working with other practitioners, rather than the use of lifetime consultants. I think if one were to look back at USAID's history for the most successful examples of technical assistance, I think you would find that the most effective assistance often came from practitioners. For example, in the old days, it was American agricultural extensions experts and public health experts who went overseas to share their experience and knowledge. They weren't simply consultants who went from one consulting firm to another; they had roots back into real

American institutions, whether agricultural, public health, educational, or business. To my mind, that is how best to do technical assistance for capacity.

Q: It sounds very similar to the International Executive Service Corps.

PEASLEY: Yes.

Q: Did you have any contact with them?

PEASLEY: Yes, I knew IESC well, although their focus was on using retired people. FSVCS normally used currently employed professionals. There are a number of other similar organizations such as the Citizen Democracy Corps, which was also created at the time of the fall of the Berlin Wall. There was also a Farmer-to-Farmer program, which was managed by ACDI/VOCA. So, there are a number of these volunteer-based groups, although each does things a bit differently. I know that Citizen Democracy Corps now has a new name, but one of the innovative things they did was to provide opportunities for newly minted MBA students to work internally, thus bringing you professionals into the volunteer space.

Q: So then, after the merger, you got a little bit more serious about retirement, or had you --

PEASLEY: Yes, I went on the Board of Plan International USA, and have done a little bit of consulting since then. But, after completing this work at CEDPA, I told myself I didn't want to have a management job ever again in my life. I didn't want to be responsible for other people.

Q: I hear you. Back before then, I note that you were team leader for one of these management missions to Armenia.

PEASLEY: Yes, I did that as a consultant after I'd retired initially.

Q: Now is that frequent that they would bring in retirees to be parts of these missions?

PEASLEY: Yes; they would often ask retirees to serve on assessment teams or even to go out to the field to fill in as acting mission directors or in other positions for a couple of months at a time. I had been asked to do that a couple of times, but didn't because of the logistical challenges of managing my house here in DC while I was gone. I have been trying to simplify my life, not complicate it.

Concluding Observations

Q: During your career in AID, and even afterwards, particularly with CEDPA, what was your management style? What makes a good manager?

PEASLEY: What makes a good manager? That's a tough question, as I am sure there are

many, many things. But, to my mind, one of the most important things is to create an environment in which others can perform their best and feel a sense of accomplishment. I think that often means playing more of a facilitative role and not always being in charge. I do, however, have strong views on some subjects and am usually not hesitant to let them be known. I have especially strong views on development policy and probably always expressed them – perhaps more than people wanted to hear. But, I also tried to work in a way that encouraged others to take responsibility and to run with something and to feel at the end that it really was their success. I can even recall cases in which I may have put the kernel of an idea into someone's head, but they then ran with it and took it on wholly as their own. When it succeeded, I am sure they had forgotten any involvement on my part. But, that's fine. I am now trying to remember any cases when my initial suggestion failed miserably – I suspect then the individual would have remembered my involvement in that case (*laughs*). But, to be serious, I was very lucky in my career to have worked with some extraordinary younger officers. When I look back at the staffs in Malawi and Russia, many became mission directors themselves. I ended up working with some of the best people in USAID throughout my career. Not all of my contemporaries were so lucky. So, it was relatively easy for me to give responsibility to folks working for me. I knew they would do a great job. Does that answer the question at all?

Q: Yes. Yes, indeed. Does -- what advice would you give to someone aspiring to a career in international development, particularly with AID?

PEASLEY: Whew...another huge question. I don't really know how to start to answer, but I do think I have learned some things about development during my career that suggest certain kinds of skills which USAID officers should have.

First, we in the international development community have to focus on sustainability at the outset of our programming – and on the strengthening of local institutions to sustain the efforts that donors often initiate. There are obviously different kinds of sustainability, but here I am emphasizing financial and economic sustainability. I think that every USAID officer involved with the program side of the house should have some grounding in economics and finance. They need to be able to construct and understand budgets and be able to talk with counterparts about the financial realities of life – and then build sustainability into their work. That needs to be done whether you're working on a health, education, technology, agriculture, or whatever program. It's a critically important variable to the success of all USAID does; and it is therefore a critically important skill. So I think anyone interested in international development should study economics and understand economics and budgeting and finance.

Second, when I look back at where programs worked or where there've been problems, the failures have been usually associated with poor governance and/or the absence of commitment by the countries themselves to make the changes that need to be made. I think we need to be much more honest as donors in assessing that commitment and the real potential for success. So, people wanting to work in development need to develop the skills to understand better the local context and commitment – and then be honest in

acknowledging whether it exists or not. It is, of course, possible that it doesn't exist at the highest levels of the country, but one needs to then look at lower levels. Where are the reformers? How can you work around obstacles? What kinds of networks exist that you can associate with to bring about change? This means that USAID officers need a real understanding of the local context in which they're working; they can't superficially apply programs from one part of the world to another. Effective USAID officers need to spend a lot of time looking at a country and talking to people. This may mean staying multiple tours in a country, not looking to leave every post after one or two years in order to get a "better job." They also need to develop analytic skills and be prepared to look critically at issues and potential programs. Nothing comes easily in the development space, and effective officers need to take time to develop all the necessary skills and then take the time to use them. I think those things are really important.

Q: What would you tell the aspirant about sort of life in the Foreign Service?

PEASLEY: I think it's a tremendous life; I was honored to serve and can't think of a better career to be honest. It's a career that provides stability as a government official, but it also offers the opportunity for change – and I do think that we all need a certain amount of change in our lives. Certainly, there were times in my career when I had begun to feel stale, but then I was able to make a major change and literally be re-energized. This happened when I left the Latin American Bureau to go to the Africa Bureau in 1985 and then when I had been beaten down in the Africa Bureau in the late 1990's and went to Russia. A Foreign Service career offers the chance to learn, to see extraordinary places and things, to meet people, to learn from other cultures. I honestly can't think of any career that would be more fun for a young person today. Sure, there's a down side. There is a bureaucracy, and it can be frustrating. But, I suspect one would find that anywhere. Also, I think that creative people can always find a way to manipulate the bureaucracy. You also get huge opportunity. I think I was particularly lucky as the countries I served in were always in a relatively positive period while I was there. I was never evacuated (*laughs*). I never served in a really tense, difficult situation where I was concerned about my personal safety. I realize that young Foreign Service Officers today will most likely not be as fortunate as I was.

I think I would also want to emphasize is the quality of the people with whom I worked, both host country counterparts and within the U.S. government. In countries as diverse as Nepal, Costa Rica, Thailand, Malawi, and Russia, I worked with extraordinary counterparts. It was humbling to see them in action and I would welcome many of them to become senior leaders here – and I would gladly vote for some of them if they were American citizens and running for office in the U.S. It was an honor to get to know them – and one that I wish more Americans were able to experience. Similarly, a Foreign Service career gives one the chance to work with exceptional Americans. Certainly, I was lucky to work with wonderful USAID and State colleagues.

Q: What would you tell the aspirants about the effects of marital status, particularly service abroad?

PEASLEY: I'm not sure if I can generalize. I obviously never married, although many of my friends met their spouses when they were working overseas. They obviously found the right partners. I had many friends who were married before going overseas, and their marriages thrived and their children thrived overseas. But, some others didn't thrive. So I think it's a completely mixed bag. I do think there are many challenges, and probably more today than in the past because of the growing number of two career families. It is not easy to accommodate a spouse's career while you're in the Foreign Service. Many embassies make a real effort to try to facilitate employment for spouses, although some do better than others. I wish that the U.S. could negotiate more liberal arrangements with other countries so that spouses would have opportunities beyond the embassy community. That would of course require reciprocity. Perhaps if we could be more liberal here in the U.S., other countries would make it easier for the spouses of U.S. diplomats.

Q: What about being single though overseas in general? What was the impact of serving in particularly a country where not much is going on?

PEASLEY: I think it varies a lot. Some single women (and men, too, I guess) find it difficult and even confining, but I actually found the structure of an overseas post helpful. It seemed to suit my personality. I felt more at ease within a structure; I knew that I had a role to play and that included organizing dinners and bringing people together. That framework that often mixed professional and personal roles made it easier for me. Other people, however, felt constrained by the same framework and needed a complete separation between personal and professional. So I think it, it varies a lot. One clear downside, however, was the distance from family in the U.S. I certainly regretted that I was unable to share the kinds of experiences with my niece and nephew that I had enjoyed with my aunts. There are definitely some costs to the foreign service life.

Early in my career, there were not a lot of women officers. I was the only woman in my intern class; 14 men and me. So early on in my career, I got used to being a minority, including at overseas posts. That is not the case today. I often became good friends with the spouses of my male colleagues. I was fortunate that never became an issue; I know of cases where there were tensions between wives and female employees. It also helps to have outside interests. In my case, I played a lot of tennis, especially in Nepal. The American embassy had a recreation facility with courts; there were also public courts at a couple of the hotels. I became friends with many Nepalis who played tennis, including the Nepali national champion who played mixed doubles with me in tournaments. We played tennis almost every Saturday for most of the time I was there.

Q: You must be a pretty good player.

PEASLEY: I was okay for a while, but it quickly deteriorated after I left Malawi. Washington in the 1990's did me in! But, overseas, tennis provided a great network of friends from the country itself, other embassies, and the U.S. community. I actually made a trip back to Nepal a few years ago and an old friend had a brunch with most of my Nepali tennis-playing friends – and it had been at least thirty years since I had seen many of them. So I think there are things like tennis that can make a big difference if you're

single overseas. But, again, it is not just sports. In Russia, there were a number of single officers – they/we would often join up to attend the ballet, opera, or concerts. The key is that there are things to do within a country. Single people need to make that extra effort to make sure they take advantage of them. For many of us, it works well. For others, it doesn't. This is one of those times when a person needs to understand his/her own druthers.

Q: What was the impact professionally of being a woman?

PEASLEY: Again, it changed a lot in my career. By the time I retired, I think there were almost as many, if not more, women in senior positions in USAID than there are men. But, when I started women were more of a rarity. I was very fortunate in Nepal to have an USAID director who was very much gender blind. I can think of only one occasion in my career when I faced a real issue. In Nepal, I went to a senior officer's office on something; he didn't want to deal with me and sent me away saying that he would discuss it only with my boss.

Q: An American officer or a Nepali officer?

PEASLEY: An American officer.

Q: Within the mission?

PEASLEY: Yes; within the mission. I went back to my immediate boss and told him that he would have to deal with the fellow because he wouldn't talk with me. My boss then handled that specific issue, but he also told the USAID mission director. The mission director then went to this officer and said, "If you ever do that again you're out on the next plane." So again, I was lucky having a mission director like Carter Ide who wouldn't tolerate that kind of nonsense. Carter was amazingly supportive. For example, he often had working dinners at his home when senior officials were visiting from Washington. Spouses were not included, so they were referred to as "stag dinners" although I would be included. When I left Nepal, I went to Costa Rica where views were very different. The AID representative had some working "stag dinners" and I should have been included, but was not. He was not comfortable having just one woman at the table. So, in the 1970's, it varied a bit by who was in charge. I don't recall any differences in how host country officials treated me, although the Costa Ricans sometimes felt the need to exhibit a little "macho" behavior. In most countries, I think we were just seen as Americans, a bit foreign, and perhaps a little weird anyway, so it didn't matter if one was male or female.

More generally, the entire Foreign Service changed immensely during my career. When I was initially in Nepal, Carlton Coon was the embassy DCM. His wife Jane, who had previously been the Political Counselor in India, had to resign her commission when she and Carl got married. The women's class action suit against State must have been settled in 1976 or so. Thereafter, Jane returned to the Foreign Service and at some point in the 1980's, she was Ambassador to Bangladesh and Carl to Nepal. So, it is a very different world today.

Q: Different world today. Looking back on your career, what would you consider to be your most important achievements?

PEASLEY: I think the program that we put together in Malawi was the best one that I worked on during my career, in part because of the flexibility provided under the Development Fund for Africa legislation. It enabled us to put in place a program that addressed major policy issues, that supported reformers within the country, and that was positioned to make a difference to the lives of the vast majority of poor people in the country. Ultimately, it didn't have as much impact as it should have because of the political transition that took place – and the stop and start resource flows that created economic turmoil. But, ironically, I also think that our program helped contribute to that political transition, so I suppose I can't complain. I guess we should have better understood how everything would be affected. But, even if our program didn't have the hoped for long-term impact – except perhaps in the health sector where I think USAID did contribute significantly to the reduction in child mortality – I am proud of the way in which we developed our strategies and individual programs and projects. We reached out to multiple stakeholders and interest groups; we listened to host country officials and to some of the country's poorest farmers; we spoke to politicians; and we spoke to the opposition. I think we designed an excellent program even if it didn't have as much impact as we had hoped for. So, perhaps I am crazy to call it one of my major achievements. But, it is something I am most proud of.

I suspect that in fact my greatest personal contributions were not in fact programmatic. Rather, I think I did help to recognize a lot of good people in USAID who went on to have excellent careers – and hopefully greater programmatic impact than I had. These people succeeded because of their own talents, but I do think I helped some of them. Some were people who had worked for me. I think I helped some of them grow and also to be recognized. Although a relatively small thing, I am proud to have nominated two of the office directors in USAID /Russia to attend the War College in the 2003-04 academic year. Both were accepted – and I think was rare to have both USAID attendees at the War College to have come from the same post and to have been nominated by the same person. I am glad I defied logic and did it. Both were obviously already outstanding officers, but I do think that their time at the War College helped to advance both of their careers. More generally, because I was involved in the selection of senior officers during the mid-to-late 1990s and then again in 2004-05, I think I helped to identify some “under appreciated” officers for senior positions – and was thanked by others in the agency for having helped develop some new outstanding leaders. As an economist, I am sorry to confess that my greatest impact was probably on the people side of the agency. I wish it had been programmatic (*laughs*).

Q: I'm sure there were achievements in terms of programs. Were there disappointments?

PEASLEY: Yes; Malawi was certainly a disappointment in the sense that I wish the country's democratic transition had worked better, that its democratically elected governments had been more effective in reducing poverty. I can still recall the incredible

sense of optimism I felt that June night at a rural polling station when I saw the clear vote for multi-party democracy. I wish it had all turned out better. I wish we had been able to foresee some of the difficulties and done more to help the country overcome them. I wish we had built stronger democratic institutions that could withstand corruption and other negative pressures.

Similarly, in Russia, I think that many of our projects were successful – and that we helped to build some very important Russian civil society organizations, headed up by such impressive people. Yet, it is disappointing to read about Russia today in the newspapers and also to know that the partnerships we helped build between Russians and Americans were not enough. But, I keep trying to remind myself that development is a long-term process; everything might look very different – and perhaps even better – in another ten years. Lastly, I am a bit disappointed that I did not take advantage of opportunities to take on a State Department assignment. I had good reasons at the time for saying no, but must confess that I am disappointed not to have tried. But, I don't lose sleep over it.

Q: Over the years of USAID's existence, do you think AID is achieving its goals? Does AID matter? Does USAID matter?

PEASLEY: Yes; I think that USAID and the earlier predecessor agencies achieved tremendous amounts, much of which is not appreciated by the public. You can look at countries like Korea and Chile that had very large USAID programs; both of which have become donor countries themselves. You can look at the eradication of diseases like small pox and the dramatic reductions in child and infant mortality rates around the world. You can look at many of the institutions that USAID helped to create, such as housing finance institutions in India and Central America and India's agricultural universities that were key to the Green Revolution. All Americans should be proud of the contributions their tax dollars have made to improve the lives of countless people in the developing world.

One of the major dilemmas USAID has always faced is that foreign assistance is provided for multiple purposes. Sometimes the U.S. goal is a short-term foreign policy objective; sometimes it is long-term development; sometimes it is humanitarian relief; sometimes it is countering a global pandemic. USAID gets asked to meet all of these needs, but often gets judged only on whether long-term development goals have been achieved. Too many politicians talk about aid money being thrown down a rat hole. That has probably been the case a few times – but not when the real goal is development. Those cases have been when the U.S. interest is Voice of America broadcasting facilities, listening stations, landing rights, UN votes, or post-conflict reconstruction in dysfunctional societies.

I think the current administration of U.S. foreign assistance through multiple spigots is unfortunate. I think the U.S. would be better served if all assistance were channeled through a single organization, presumably USAID or a re-named organization. That is not to say that the MCC and PEPFAR are not doing good work. They are, but there needs to

be more coherence in approaches. This means greater focus on sustainability, something that most USAID officers understand implicitly. That would happen more effectively if the three big actors – USAID, MCC, and PEPFAR – were brought together.

I think it's sad that the Obama administration didn't take advantage of the opportunity in 2009 to bring these "big three" together and to create a cabinet-level development agency. Many outsiders and think tanks were recommending it. It is too bad they didn't take it on as a priority.

I do think that development remains important in much of the world, in part because we care about poverty and the moral imperative to help others, but also because it is important to security around the globe. We can see the despair that arises when people in some countries live without hope. It provokes violence; it creates political instability; and it causes huge refugee flows. We can see many of those pressures today in Europe. Some of the refugee flows are out of conflict in the Middle East, but many are trying to escape poverty. Some of these problems are different than the ones I dealt with during much of my career. We need to figure out how to do a better job in post-conflict countries. Perhaps even more importantly, we need to do a better job in helping countries avoid crises by helping them provide more opportunities, including education, health care, and jobs, to their people. This probably means that USAID needs to work differently than in the past, especially in better tailoring its programs to specific contexts. I do think that the work USAID is doing remains critically important; I also think that a lot of good things are being done. But, the work is far more complex, as more and more USAID countries can be classified as fragile and conflict prone. How one works in those countries is so much more challenging than any of the work I ever did. So, the job is harder now, but no less urgent.

Q: Just talked about some of the things that should be done and earlier you talked about missed opportunities and -- but also sort of the pendulum swinging back to USAID regaining some of its authority. What do you see as the future of USAID?

PEASLEY: I have no idea, although I do think there is increased recognition of the importance of development. There are the so-called three D's: Defense, Diplomacy and Development?

Q: That's right.

PEASLEY: Get them in the right order (*laughs*).

Q: Start it off with Diplomacy.

PEASLEY: Diplomacy, Defense, and then Development. Or maybe it should be Diplomacy, Development, and Defense last.

Q: Now you've got it.

PEASLEY: Now I've got it right. This recognition should mean that USAID itself has a

strong future, but a lot more thinking needs to be done on how the development infrastructure fits together, either into a superagency or even if it's simply within the State Department. I feel strongly that the U.S. need a more coherent framework so people don't spend 50 percent of their time arguing about turf, coordination, duplication and redundancy. Too much time and energy is wasted in inter-agency battles. Whether it's USAID or a brand new agency, I don't know. When people proposed a new unifying foreign aid organization in 2009, many of us hoped it would be USAID. But, maybe that is a bad idea. Perhaps there are too many bruises from past interagency battles and it would be better to come up with something completely new. Certainly the British have had no problems changing the name of their organization multiple times. Maybe that is what we also need to do here.

I might add that I am currently on the board of the USAID Alumni Association, and we are raising money to do a history of USAID. Thus far, we have pledges from former administrators, the executive committee of USAA and membership of about 160,000 dollars. We are also trying to raise matching funds from foundations in order to sponsor a truly independent history that would compile successes, failures, and lessons learned and thus be useful to current and future policymakers. We also hope to get an author who can write accessibly – we don't want it to resemble an USAID bureaucratic document. We would very much like the record to be much clearer about what USAID has done well and where it has fallen short. I certainly have been frustrated during much of my career by the lack of appreciation of USAID and the work it has done. We seem to have been genetically incapable of telling our story very effectively to either the public or to the political establishment. I don't know how many times I have been in congressional briefings or with congress people when they were visiting development programs overseas. While in country, they would seem genuinely enthused and supportive of the work we were doing. But, they seldom retained what they had seen. They would get home and far too often rant to their constituents about wasted foreign aid dollars. Aid is simply too attractive as a political target and it has always too easy for politicians to ignore the facts or even ignore what they have personally seen on the ground. It has been very frustrating – and very disappointing. USAID has made it share of mistakes, but it has also done a lot of good things that few people want to recognize.

Q: Yes. Well, as we conclude is there anything that you'd like to add?

PEASLEY: No, only that it's been a pleasure to have this chance to reflect on the past. I would just end by saying I feel very lucky for the career that I've had.

Q: Well, we very much participate your participating.

End of interview