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**TERRENCE “TERRY” BROWN**

*Interviewed by: Carol Peasley  
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## INTERVIEW

*Q: Okay this is Carol Peasley, and it's July 20, 2018. This is the first interview of Terrence "Terry" Brown. So, first of all, Terry, thank you very much for agreeing to do an Oral History interview and I very much look forward to doing this with you. Maybe if we could start out with just a little bit of your background. Where were you born? Where did you grow up?*

BROWN: Sure. I was born in Sarnia, Ontario, Canada, in July 1947. My father was Canadian, my mother American. He was a chemical engineer with the Imperial Oil Company, and they lived in Talara, Peru for most of World War II. He worked in the Imperial Oil refinery in Talara. My sisters were born in Peru. After the war, my family moved to Sarnia, Ontario where I was born. Then we moved to Regina, Saskatchewan. We lived in Regina until I was seven. Following my father's death due to illness, my mother decided she would take the family back to the U.S. to live closer to her family in Battle Creek, Michigan.

*Q: Were you a Canadian citizen?*

BROWN: I was a dual citizen. I was American by birth, through my mother, but I was a dual citizen until age 16. At that time, the U.S. did not accept dual citizenship, so I chose to be an American citizen when I was 16. So, we lived in Battle Creek, home of Kellogg's Cereal. After high school, I was fortunate enough to get into a small liberal arts college, Kalamazoo College, and majored in political science and economics. Kalamazoo College had a fabulous undergraduate program, which included a junior year abroad, as well as independent study. I did my junior year abroad in central France, and also, I came to Washington as an intern for three months for Senator Philip Hart of Michigan. The Hart building is named after him. During that internship I became quite intrigued by politics and international affairs.

*Q: Were you studying French in high school and college as well? Is that why you went to France?*

BROWN: Yes, I went to the university in Clermont-Ferrand which had a program for K. College students who spoke French but were not French majors.

*Q: Where again?*

BROWN: In Clermont-Ferrand, central France. It was a big industrial city, home of the Michelin tire empire. The interesting thing about Claremont was that we were the only group of American students in Claremont. This was 1968. It was kind of either the height or the depth of the Vietnam War. So, we were, as a group, not popular, regardless of our own views. So, that was kind of being a stranger in a strange land. It was a totally new experience and just, really, I think, quite worldview changing. It was a significant event, those six months in France, and then traveling around. I came back a totally different person, and really became interested in the Foreign Service.

*Q: Was this before or after you'd been in Senator Hart's office?*

BROWN: It was after. I was in Senator Hart's office the spring of my sophomore year, then we had a summer quarter back on campus, and then junior year the first two quarters were abroad. Then I came back, and as a senior, did another senior independent project, which was also back in Washington, writing my undergraduate thesis.

*Q: What was your thesis on?*

BROWN: It was on Fidel Castro and Che Guevara and the effects of the Cuban Revolution on Che's attempt to stimulate revolution in Bolivia. As you know, it didn't work quite as well as he hoped. So, that was interesting.

*Q: So, you had done some other Latin American studies in college?*

BROWN: None, actually. I don't know how I picked that topic. I'm not sure. I just read Che Guevara's book, and I thought it would be interesting. My geographic focus at K College was Africa.

*Q: You didn't have one of those Che flags in your dorm room, did you?*

BROWN: No, I didn't quite go to that point. At K College, my senior advisor, basically, helped me think through graduate school. He said, "You have to go to one of three schools if you are interested in the Foreign Service: the Fletcher School of Law and Diplomacy, Georgetown, or the Woodrow Wilson School." So, I headed off happily to Fletcher, and then did my two-year graduate school at Fletcher.

*Q: So, what years would that have been?*

BROWN: That would have been 1970 and 1971. So, I graduated from Fletcher with a two-year master's in 1971. In that period, I spent the summer between the first and second year of courses in Ghana doing an independent research project. I was able to work at the University of Legon with their Social Research Institute, working with a Ghanaian who had just received his PhD from Columbia. He was an econometrician, which was fascinating. I did my work on rural-urban migration in Ghana and at the end of the summer we wrote an article on that subject for the university research magazine. An American couple who had both recently graduated from Fletcher were there with the USAID Mission as IDI's and directly influenced my decision to apply to the AID Foreign Service as well.

*Q: Yes, like we said, there were a lot of AID people who went to Fletcher. Were there any in your class who then went into AID afterwards?*

BROWN: No. however, the class after mine at Fletcher included Wendy Stickel and Patricia Rader. I didn't know them then, but fortunately worked with both of them later in my USAID career.

I applied to USAID directly out of grad school and was fortunately hired. Never would have happened now, but it happened then. I joined AID in the summer of 1971.

*Q: Okay, so you were hired by USAID, and you were hired as an international development intern?*

BROWN: Correct. And the hiring process sort of foreshadowed my entire future Foreign Service posting process with the Agency. At that time your hiring letter also defined your post of assignment. My first post was supposed to have been in Rio de Janeiro. I thought, "Oh, that would be nice." Then, a couple weeks later I got another letter saying, "No, not Rio, but Recife," then just before I came on board, I got another letter saying, "No, it's actually going to be Brasilia."

*Q: And this was all before you were hired?*

BROWN: Before I was actually on board, yes. Then in the midst of new entry training, it changed again to Managua, Nicaragua. I thought, "Since I don't know where that is, it must be where I'm going to go." And that's exactly where I went. My first post: Managua, Nicaragua.

*Q: Okay, so instead of Rio, you went to Managua.*

BROWN: And instead of Portuguese, it was Spanish. Exactly. So, in the on-boarding process, I was 'transferred' three times. And in my career, I was never assigned to a post I actually bid on through the normal process. They all were off-cycle transfers.

*Q: And this would have been in...?*

BROWN: August of 1971. So, after orientation and language training, my spouse and I arrived in Managua in February 1972. I was there in the Capital Resources Development Office, referred to as the loan office. At that point in its history the Agency provided government-to-government loans as its principle business model in most of Latin America.

*Q: And you'd done your Spanish language at FSI (Foreign Service Institute)?*

BROWN: Yes, and at that time they provided only twelve weeks of Spanish to IDI's, which was totally inadequate. I managed to get a 2/2. When I got off the plane in Managua, I discovered that spoken Spanish in Nicaragua has quite a distinct accent than taught at FSI.

*Q: Yes. For the record, they slur everything, do they not?*

BROWN: Yes. It's more like the Spanish spoken in Cuba. It's certainly not like the Spanish spoken in Guatemala or even in Costa Rica, which has a much clearer Spanish. So, I had two culture shocks: One of them was the fact that whatever they spoke, I didn't speak. The other was the USAID mission. What an unexpected world that was.

*Q: Who was the director?*

BROWN: He was a political appointee, and quite good. But I saw him maybe twice. USAID was more hierarchical then, particularly in Missions. I was maybe 23 years old? And I was the youngest person in that USAID mission by like 20 years. They had no idea what to do with me. My first supervisor was a perfectly nice guy. I was younger than his son. He could not get over that and had no idea what to do with me. His idea of 'training' was to spend the day observing him.

*Q: Now were you married at the time, or were you single?*

BROWN: I was married, and that first post was more of an adjustment for my spouse than me. Agency policy allowed her only 4 weeks of Spanish (she studied German in college) and the language barrier was pretty isolating that first post. Housing was also pretty poor, as a matter of fact. So, it was relatively unpleasant for her, and I even considered leaving the Foreign Service. Fortunately, although my direct supervisor was a waste of time in terms of any career development or even providing interesting assignments, the Program Officer was pretty fabulous. He saw what was happening and kind of took me under his wing. You would call him a mentor now. He helped me develop a work plan that was interesting and got me to do a lot of site visits outside Managua with technical staff.

The Program Office was actually much more active, in many ways, than the loan office, which was where I had been assigned. So, that worked really quite well for me.

*Q: And who was that program officer?*

BROWN: Allen Goldstein. Allen was transferred to El Salvador as Deputy Director shortly before the December, 1972 earthquake that killed about 10,000 people in Managua.

*Q: And were you actually there?*

BROWN: We were actually on Christmas vacation in Michigan, because my wife was from Kalamazoo. The embassy/USAID building was basically destroyed. I got back about a week after the quake. I still had my passport and a ticket, so I was able to get back as soon as they had commercial flights landing again. I got back fairly quickly, and fortunately our house had only minor damage, and then my job was to change the existing project portfolio to one that responded to the earthquake. Also, at that time, John Sanbrailo had been assigned to the Mission to design new or amended projects to address the aftermath of the earthquake.

*Q: Was he the new mission director?*

BROWN: He was not. He replaced my former supervisor as the head of the loan office. Then it was redoing the portfolio to be responsive to the earthquake, adding an earthquake component, to existing projects as well as designing a couple of projects that were strictly related to reconstruction.

*Q: Was the earthquake... Was the damage all in Managua?*

BROWN: It was highly centralized in Managua. It destroyed the whole downtown area. But then, right outside the city, there was no damage at all. So, it was strictly an urban earthquake.

*Q: So that meant converting some of your program to be urban.*

BROWN: Yes, and renegotiating with the Government of Nicaragua. Since they were government-to-government loans they all had to be renegotiated with the government. It was also the government of Anastasio Somoza, supported by the USG for their anti-communist stance. So, that was all very interesting.

*Q: Yes. I assume that the OFDA (Office of U.S. Foreign Disaster Assistance) was there – Had they gone in immediately after the earthquake?*

BROWN: Yes, they provided immediate humanitarian relief. Subsequently USAID funded substantial rubble cleanup. The short-term issues were mostly around providing housing and restoring social services like health and education. We funded the construction of temporary housing, which was a mistake. Temporary housing for one thing is never temporary and for another when completed was unoccupied for a substantial amount of time.



*Q: Why –*

BROWN: People moved in with their relatives or moved to other cities. They didn't want to move into these sorts of artificially built little neighborhoods that were then outside of town and had no infrastructure around them. So, it was an attempt to provide short-term housing but relatively quickly done and, really, by the time it was done people had found other solutions.

*Q: Right. But you ended up having to reconfigure much of the portfolio?*

BROWN: Yes, for example, we had a project to build and equip primary health facilities, which was mostly outside Managua. We just shifted the focus to the Managua area. There was no functioning major hospital, so we helped to rehabilitate one of the peripheral hospitals to be a secondary care facility.

*Q: In order to ease the renegotiation of these loans, did you end up having to put more money in? Was additional money added to the program?*

BROWN: I think we had a Congressional supplemental authorizing additional funds

*Q: So, there was new money as well. It was not just reprogramming.*

BROWN: Exactly.

*Q: Well, one more question about Nicaragua here. Wasn't there a very famous integrated rural development project? I always associate it with John Sanbrailo, but maybe it came later.*

BROWN: Yes, it was designed after I left Managua.

And the big issue, really, after the earthquake was the fact that the U.S. Ambassador (Turner B. Shelton) was a major supporter of General Somoza, and the reporting done by the embassy under his signature was very favorable to Somoza. There was a political officer, Jim Cheek, who was then very opposed to what was happening, and I think he then did get one of the awards for dissent channel reporting, in terms of actually trying to lay out what was indeed happening, which was, the Somoza family was siphoning off resources that were meant for reconstruction, for their own purposes. This also affected all of us in the embassy community. There was a commissary in the embassy compound, so right after the earthquake, our Foreign Service officers got most of the food out of the commissary. Finding food was a problem in the weeks after the earthquake. We then moved the commissary food to the Ambassador's residence, which was called the "casa blanca" (white house), on the hill overlooking the city, and recreated the commissary for the use of the American staff. The Ambassador was quite willing to allow the Somoza family to take what they needed (and he needed) without paying.

*Q: Did anything ever happen to him on that account?*

BROWN: Actually, yes. After Managua he was nominated to be ambassador to the Bahamas, and there was such an outcry of opposition, being led by AFSA (American Foreign Service Association) at that point. The administration withdrew his nomination. He then retired. So, there was some accountability for his failure to protect American interests after the earthquake.

*Q: Good. Ok. So then?*

BROWN: So, then, Alan Goldstein had gone to El Salvador as the deputy director of USAID/El Salvador. Then the head of the loan office in El Salvador unexpectedly resigned, and they needed to replace him immediately. The LAC Bureau and Allen Goldstein selected me for the position and an immediate transfer. I was then transferred to El Salvador six months after the earthquake, to run the loan office.

*Q: Had you graduated yet as an IDI (International Development Intern)?*

BROWN: No, I was still an IDI for a few more months.

*Q: Wow, and you were heading up the office. That's fast track, Terry.*

BROWN: Yes, and this was because of Alan Goldstein, for one, and also a very supportive mission director, Ed Anderson. He was an economist, and a very smart guy. He was fun to work with and very encouraging. It was great to be in a Mission where age had nothing to do with responsibility.

*Q: Did you feel that you had had gotten enough experience in Nicaragua that you felt you knew the job well enough?*

BROWN: No.

*Q: So, how did you manage?*

BROWN: Basically, one way was still having a very good and supportive front office; both Alan and Ed were great mentors. The mission offices worked very well together, unlike Nicaragua, which didn't really have the same kind of internal cooperativeness. And also, it wasn't a huge portfolio. It was a great learning experience for me.

*Q: Right, yeah. I'm sure you referred to the handbooks a lot.*

BROWN: I did. There was guidance. There was a lot more guidance, and Washington was a lot more involved in project approval and portfolio management. Every project document had to be approved in the LAC Bureau in Washington. For project paper approval, there was the infamous trial by fire in the LAC/DR (Latin America Bureau)

conference room 2248 chaired by the DAA for LAC. The approval process was known as the Development Assistance Executive Committee (DAEC).

*Q: Right. Let's talk a bit... What was your first experience going in for a project review meeting in the Latin American Bureau Office of Development Resources? It was room 2248?*

BROWN: 2248, exactly. The smoke-filled room. The crucible of the Bureau. It was pretty stressful, actually particularly if for whatever reason you were not well-regarded by Bureau senior managers. That was the case with Ed Anderson. He wasn't a Bureau person, and he was an economist: two strikes against him. I was in the room when he presented/defended a small project he had developed that was then to support planning in the government of El Salvador. It was totally trashed by the Bureau review, and mainly for reasons that were quite trivial. I mean, it was really about him, and not about the project. So, I thought that was pretty unprofessional.

*Q: And you could tell that?*

BROWN: Oh, yeah.

*Q: Were you there at the meeting?*

BROWN: Yes, I was.

*Q: So, you could see that.*

BROWN: Yes, because during the same TDY I presented a much larger project proposal to create a land tenure institute in the government to help address inequities in the land tenure process. It was a hot issue in El Salvador and in fact the formation of it was subsequently abandoned by the government because of opposition from large landowners. The Bureau approved the project proposal I think in part because I was considered part of the LAC/DR team and Ed was not. I just think it was the gamesmanship – I got the benefit of the doubt and he did not. But that was not the last time I'd see that.

*Q: Yeah. That's interesting. So, the Salvadorans had put in place some kind of a land tenure center and we were going to support it, but then later in the early 1980s, land reform became an issue again in El Salvador.*

BROWN: Right, it was called the Salvadoran Institute for Agrarian Transformation. It was the creation of the Ministry of Planning, and was, essentially, a technocratic creation. It really wasn't something that emerged either from legislative action or political pressure. By the time it came into the public domain, the forces that be in El Salvador squashed it.

*Q: Okay, right. So, this was people in the Planning Ministry?*

BROWN: Right. Trying to do the right thing. It really never got any political support.

*Q: Right, because this was the time in El Salvador where they talk about the 14 families.*

BROWN: Yes. The former US Embassy in Salvador, where USAID was co-located, was on the main road between the university and government offices downtown. One of the first major demonstrations against the government went right in front of the embassy, and the first rock thrown through the embassy window was my window. So, I had the first rock of the revolution.

*Q: So, the AID mission, in those days, was in the embassy?*

BROWN: Yes.

*Q: Because later it was not in El Salvador. I guess it got bigger.*

BROWN: There was a subsequent earthquake which made part of that building uninhabitable. USAID moved into a commercial office building.

*Q: Was there much discussion of the political situation? I'm just curious, being that this was the 1970s. This was still pre-Jimmy Carter?*

BROWN: Yeah, it was mid-1970s.

*Q: So, this was the Nixon and then Ford administrations. Was there much discussion of that, or the fact that it was a very autocratic government?*

BROWN: Well, I think that was one of the reasons that the AID mission director was less regarded, because I don't think our relationship with the embassy was strong. There were certainly tensions around that, because as an economist, it was quite clear that the issues around income differential and concentration of wealth and the concentration of land ownership were issues that were driving that country into a crisis. But they were our cold war friends at a time when that was more important than reform as I recall.

*Q: Cold War, yes.*

BROWN: That was more important than actually dealing with the underlying economic dysfunction of that country. So, I think there was a lot around that, and the role of the AID mission was to focus on issues of poverty reduction.

*Q: But it was probably discussion, you know, whether explicit or not, about the direction AID might have had with the embassy.*

BROWN: Right. Yes.

*Q: But was Washington ever – Were those kinds of issues ever raised by Washington. I'm just curious because there was so much that went into Washington from the field.*

BROWN: Yes, I think that's one of the reasons that the land tenure project initial proposal was approved. It was seen as something that actually could be of interest. It just was, obviously, an idea that had gotten ahead of itself in terms of what was within the realm of the acceptable at the higher levels of that government and with its private sector supporters.

*Q: That's interesting, because when you look at the whole history of El Salvador and how it evolved over time...*

BROWN: Yes, it did evolve. USAID provided substantial and mostly short-term assistance to the Salvadoran government as the internal war with the FMLN escalated. Fortunately, I was not in Central America during that period.

*Q: But, did you think that the program that AID had there was a good program?*

BROWN: It was more patches of green during my time there. The small things were happening, but there really wasn't much of an emphasis on or a concern with broader country strategy or longer-term issues of sustainability. There was very little grant money in the portfolio, so projects tended to favor infrastructure. We had rural electrification, school construction and a large project in country-wide educational television for primary grades. It was a technical and educational failure based on an inappropriate use of technology (TV), and a government that could not afford to sustain the costs after the AID project ended.

*Q: Yes, that was a very famous one.*

BROWN: It was. We spent a lot of money, relatively. Salvador is so small, geographically, with a large population and a large public-school system. It was a way of trying to leap over the problem of weak teaching and didactic material and going and using television as a way to kind of jump start or jump over some of the slower growth of developing teachers and in-classroom equipment. But it became more about technology than about education, and it really had no sustainability built into it. As soon as our funding started to drop away, the whole process started to come apart. It was too expensive to be sustained.

*Q: And was that a loan as well?*

BROWN: Yes. There was some grant money for technical assistance, but it was mostly a loan the government would have to repay.

*Q: Okay, and that's the way those projects were then. The resources that went to the government were loan, and the resources that went for technical assistance were primarily grant. Just out of curiosity, as later in your career and particularly over the*

*last eight or ten years, where you've been helping AID rethink how it does many of these things, the whole idea of host country ownership is a drum that gets beaten a lot. I'm curious, was there a different engagement with the government on loans, and where the initial ideas came from? Did they come more from government in those days than AID? It just popped into my head.*

BROWN: I think the implementation was certainly more a joint undertaking. I think some of the initial ideas about what needed to be done were shaped by what USAID was able to finance. In Salvador, we tended to work with the Ministry of Planning and identify areas of mutual interest. There was one project of high mutual, but questionable interest, a basic grain market stabilization program. It was a large loan project that included funds for purchasing locally-produced grain (mostly corn), finance construction of grain storage facilities and even a storage facility at the port to provide for import and export of grain. The whole project was based on developing an economic model that would predict future grain prices locally. Totally crazy. It was a project to create a government-controlled market to somehow guaranty good prices for small producers and consumers of the country's staple food crop. It was an on-going project when I arrived and, in the end, I convinced the Mission Director, Washington, and the government to cancel it by mutual agreement. I could easily see the several million dollars in the loan for the government to actually purchase grain from farmers just disappearing. In addition, the government was not managing the procurement of the contract to build a number of grain storage silos in a transparent fashion and we withdrew USAID funds from that procurement.

*Q: You said there weren't the sort of country program plans that ultimately AID has used. But the ideas... Were a lot of them coming from the program office and their discussions with the Ministry of Planning?*

BROWN: Yes, and also, for example... Again, the loans tended to be concentrated in infrastructure, so one of the projects was in building an agricultural research and extension facility in El Salvador with the Ministry of Agriculture. That really went fairly well. It was just in the program with their grain stabilization institute, which was a poor development idea, but one they were very much interested in. Since the legislature had to approve the loan, there had to be at least some level of country ownership, and certainly the implementation was through the host country systems, either host country contracting or direct assistance.

*Q: So, did you do some host country contracting in El Salvador?*

BROWN: It was mostly host country contracting.

*Q: What are your views? Because actually I've interviewed a number of people in the oral history program, and I've had some who were very supportive of host country contracting, and others who were not very supportive of it.*

BROWN: Well, it certainly isn't strengthening the local systems, because basically the local government follows our procurement rules. They manage the process and sign the contracts, but they follow some basic guidance from us, and we approve key documents, like procurement documents and approve contract awards and typically make payment to the supplier. So, although we aren't a party to the contract between the government and the supplier, we certainly have a fairly heavy hand in that, like not approving the use of USAID funds for silo construction. We were more likely to not have to worry about mitigating fraud, because we saw most things in process. On the other hand, funding recurrent government costs like staff tended to be the problem, rather than funding construction or equipment or even technical assistance. So, I thought host country contracting was useful in that at least the host government had the lead, but it didn't rely on host country management systems

*Q: Yeah. Right. So, you were in Salvador for three years then?*

BROWN: Three years. I left Salvador in '76 and returned back to Washington.

*Q: Right. Were there other sorts of – I don't want to rush off from Salvador, if there are other significant things that you wanted to...*

BROWN: I think that was about it. Again, it was very much a project-based program. We funded six or eight projects, without really much of a broad view of how things fit together, or a terribly strategic process of selection. It tended to follow the government's investment program. That's one of the reasons that I think the Mission Director was so interested in working with the Ministry of Planning, because he did have the broader perspective and wanted to improve their planning function. He functioned as the Mission economist really.

*Q: That was Alan?*

BROWN: No, Allen was the deputy director. It was Ed Anderson.

*Q: As I recall, Salvador had the most vibrant industrial sector within Central America. It had a lot of textiles and that kind of stuff, and that was the 14 families. But you all weren't doing anything in private sector development at that time?*

BROWN: Nothing.

*Q: Okay. This is all pre-private sector.*

BROWN: Right. With the exception of working with a large membership-based savings and loan cooperative the portfolio was all public sector.

*Q: Right. The famous Salvadoran beach towels.*

BROWN: Absolutely, manufactured by a factory owned by one of the 14 families.

*Q: Okay. So, you went on a mid-tour transfer; you were there three years – Were you thinking about staying longer in Salvador?*

BROWN: No, for personal reasons, we wanted to come back to the U.S. Also it was after signing the peace accords between Egypt and Israel. The Middle East program and particularly Egypt program just exploded in terms of the huge investment of USAID funds managed by the Near East Bureau in AID. The Bureau needed experienced people. So, I was assigned to the Capital Projects Office in the Near East Bureau.

*Q: Was that –*

BROWN: Sy Taubenblatt . He was the deputy in the office. If you wanted to learn how to develop and implement major capital projects, that was the place to be.

*Q: Yeah, because some came out of the pre-USAID tradition. The Development Loan Fund.*

BROWN: Exactly. I was assigned to work in the non-Egypt part of the portfolio, which was essentially Syria and Jordan. We opened an Embassy and an AID mission in Syria just about the time I got there. I would go out to Syria frequently, Damascus, to help them develop projects for their portfolio. At the time, we were trying to buy their support for expanding the peace process. I spent a lot of time in project design developing for example a project to build a four-lane highway from Damascus to the border at Daraa.

*Q: Is that the border to...*

BROWN: With Jordan.

*Q: Okay, that's right. It's where the refugees are.*

BROWN: Exactly. Obviously, a very political program. For example, there was concern that the Syrians might use that highway as an alternative runway for their military aircraft, which was probably true. I think for that reason, it never got beyond the design/feasibility stage Also we explored the feasibility of building a highway from Tartus to Latakia on the Mediterranean coast. We also went did a preliminary feasibility study on a large irrigation project near Raqqa, the infamous Raqqa, below the Syrian high dam on the Euphrates River. That was a fascinating place.

An economist, an engineer, and I travelled to Raqqa for several miserable weeks, looking at that irrigation project. The local food and lodging were at best poor and the weather cold. The World Bank was already implementing a pilot irrigation project that the Syrians asked USAID to expand We concluded it was a dead loser in terms of high cost and risk and low economic returns; there was no way that it was ever going to be successful. We returned to Damascus and met with the Minister of Irrigation of the Government of Syria, and said we weren't going to fund it, and strongly advised the government not to proceed



with irrigation investment in the area because the cost of the infrastructure and risk of frequent and major canal failures. The unique and unfavorable soil conditions simply would not sustain a large irrigation project. There was too much limestone in the soil which would undermine any canal lining. While he clearly was not happy with our report, I believe he later stopped the World Bank project as well.

It was always odd working with the Syrian government officials, because they knew that at some point there would be a political crisis with the US. Having a relationship of confidence with officials of USAID could cause them problems in the future. The Syrians were highly educated, either in France or the Soviet Union. For that reason, there were very few English speakers, so we communicated in French or through an Arabic/English translator.

*Q: Were you using your old French?*

BROWN: Yes, as much as I could recall. But that was the first time I'd had to work through translators, which was frustrating, as all of us who do that at some point have found. But it was a fascinating country. I was in that position for about two years before transferring back to the LAC Bureau in Washington. I think the USAID mission was in Syria for another few years before we closed our Embassy for political reasons. We a number of loans that we had actually negotiated and signed with the Syrians that were never dispersed.

*Q: So, did anything get implemented under the program? They must have over five years.*

BROWN: There were a couple of things. There was a water project with the Damascus Water Authority, a few technical assistance and training, shorter-term things, but the big infrastructure projects never got off the ground. We weren't there long enough. Also, the Syrians were difficult to work with. For example, they had sealed bids for engineering work, but negotiated construction contracts. It was the reverse of our procedures, which was to negotiate engineering contracts and competitively bid construction contracts. We went around and around trying to reach agreement on such procedures.

For example, on my first trip out there with an AID lawyer from Washington, negotiating with the Syrian government and a U.S. engineering firm, around a host country contract they had been awarded for a water project in Damascus. We spent weeks arguing about the standard clauses required for a USAID-funded host country contract

*Q: Yeah, and all those standard provisions that are in every single U.S. loan agreement, they wanted to argue. That must have been fun.*

BROWN: No. And then it was actually figuring out, well, how flexible can we be? How much can we renegotiate? That was another fascination.

*Q: Then you were also going into – Jordan must have been a very small program in those days.*

BROWN: As I recall, it was quite substantial and, again, almost all infrastructure. I travelled to Jordan to update the World Bank's feasibility study for a major dam outside Amman to generate electricity and provide water for Amman and surrounding agriculture

We had been asked to fund some ancillary work around the World Bank project, but we concluded that the water quality, since it was actually a closed system, would just gradually deteriorate to the point that they couldn't use it either for drinking or for irrigation. That was not a happy outcome for the Jordanian water authority. We declined to provide any funding and again, encouraged the government not to proceed. I think they did. It was a several hundred-million-dollar dam project.

*Q: These kinds of negotiations for the World Bank, did they take place primarily in Washington or when you were out on TDY?*

BROWN: We did not have a direct negotiation with the Bank. The one in Syria was an on-going pilot project for which construction had begun. The other was a signed loan, for which the Jordanians were seeking funds for associated infrastructure, essentially their counterpart for the Bank loan.

*Q: It was a parallel.*

BROWN: Parallel finance, exactly.

*Q: So, USAID didn't necessarily deal directly with them, did you?*

BROWN: I did not, no. There may have been discussions with the Bureau in Washington, but I don't remember.

*Q: And in Jordan, was AID doing other things besides infrastructure, although you might not have known since you were part of the Capital Development Office? Do you recall whether they were doing anything with refugees at all, or with the Palestinians?*

BROWN: I don't remember. Half the population of Jordan at that time were Palestinian refugees from the 1967 war.

*Q: And this was – As you were there, doing all of this, it became higher and higher profile, politically, because of the Camp David Accords.*

BROWN: Yes

*Q: Right.*

BROWN: They were –

*Q: Right, because Jimmy Carter didn't come in as president until 1977. So, this was all pre- that.*

BROWN: Let me think a moment...

*Q: No, Camp David was Jimmy Carter.*

BROWN: Right. I was thinking about our later help to the Palestinians under Clinton.

*Q: Oh, yes, that was... Because I remember that. We had Brian doing his walk with the troops with Arafat, and Arafat holding his hand or something.*

BROWN: Yes, exactly.

*Q: I remember. We'll talk about that.*

BROWN: Yes. It's not my last experience in the Middle East, or so it turned out.

*Q: But interesting that... I think most of us don't recall that AID was doing so much infrastructure late into the 1970s. It was primarily in the Middle East Bureau.*

BROWN: Yes. I mean, the amount of infrastructure that we put into Egypt was stunning. We rebuilt the country; multi-hundred-million-dollar projects in water and sewerage, power generation and distribution, and irrigation just to mention a few..

*Q: Were you involved at all from Washington on the Egypt program?*

BROWN: Just anecdotally. I didn't travel to Egypt in that time, just to Syria and Jordan.

*Q: And again, these were all still loans. They started to – I'm trying to think, because AID didn't drop loans until sometime in the 1980s. That was Peter McPherson.*

BROWN: Right, it was.

*Q: So, that would have been the mid-1980s. So –*

BROWN: 1985, more or less.

*Q: While you were doing all these loans, was there much discussion of debt service and all of that?*

BROWN: As I recall, we had to have a section on each of the project papers that talked about loan servicing, and certainly there was a discussion at least annually about debt servicing. Of course, at that time, most of the places, not all, were doing 40-year repayments, 10-year grace period with no principle payment at two percent interest, principal payments at three percent interest. So relatively soft financing.

*Q: Right. I think they estimated that the grant element of it was 70 or 80 percent, so they weren't onerous.*

BROWN: It depended on how many you had. You stack enough of those together, and it gets pretty significant. Fortunately, the Congress approved moving to all grant funds. That was of major importance in USAID's development and helped shift from infrastructure to what was then termed basic human needs.

*Q: So, you were two years in that capacity.*

BROWN: Yes.

*Q: And did – You then went back to the Latin America Bureau. Was that at your initiative or –*

BROWN: Both. My area of interest personally was always Latin America. I certainly learn how to design capital projects, how to do cost-benefit analysis, how to negotiate large loans at relatively high levels of host governments. So, it was a great experience, but it wasn't terribly interesting to me, because we were, again, just looking at these big capital projects. Also, that was when the rest of the Agency, including LAC, was focused on basic human needs.

*Q: It was sort of the 1973-1974 period.*

BROWN: 1974 I believe.

*Q: That's right, and that's why the rest of the Agency stopped doing infrastructure, because they were being pushed into different things. But Middle East, I guess for policy purposes, was doing infrastructure.*

BROWN: I think that's right. Also remember the Near East funding was all ESF, not development assistance. After the Near East Bureau, I transferred to the Latin America Bureau as head of the South American Finance Division of the Office of Development Resources; a big title but a small office.

*Q: And that was again – So, you were now – You talked a little bit about your experience in Salvador, coming in and bringing a project into Washington for review. Now you were managing that review process.*

BROWN: Yes.

*Q: Did you apply any lessons learned?*

BROWN: Well, I think the lesson learned is focus on the project being presented and not who's presenting it. I did a lot of TDY (temporary duty assignment) also to South

America missions, mainly Peru and Bolivia. I helped them with project designs and writing project papers. Each mission had an annual budget target and a schedule for project design and obligation schedule to absorb its assigned budget. We had to obligate all of appropriated funds before the end of the fiscal year. So, it was very much watching the clock and watching the progress of project design.

*Q: Were those the main programs? The programs would have been Peru, Bolivia... Was there anything in Colombia then?*

BROWN: In the late 1970's we had one USDH in Colombia, basically doing close-out. The major programs we had in the past were essentially closed out. There was only a small program in Paraguay. So, most of our assistance was for Peru and Bolivia.

*Q: Ecuador?*

BROWN: Ecuador was relatively modest.

*Q: And Chile had closed out all ready?*

BROWN: Yes, and Brazil.

*Q: So, the two big ones, then, were Peru and Bolivia. So, you were going down a lot to help design programs.*

BROWN: And then reviewing the projects when it came back. I mean, that was one of the ways to co-op Washington, to have the head of the projects office come down and make sure that they liked what you were doing before you sent it in. But there was so much time devoted to Washington's review of projects. I mean, it was a project review machine. I don't know your experience in Africa; whether it was the same. There were a lot of parallels between LAC/DR and Africa/ DR.

*Q: Well, I was there for a couple of years in Central America Finance.*

BROWN: Right. Yes, you were.

*Q: Yeah. But maybe you could just sort of describe that process that you went through for Washington. I think all of us who participated in it would probably say it was overkill, but I think we would probably also say that, as young people, we learned a lot in the process of doing it. During that period when you were the head of the South America Finance division, you probably had a lot of IDIs who are assigned to you.*

BROWN: Yes, it was a kind of a training function, as well. What the Washington review did was to establish a standard of quality. It wasn't in any terms of metrics, but at least there was a level of review so that then a project paper, those wonderful documents, and the analysis supporting them had to be of at least a reasonable level of analysis. That was when we were still requiring logical frameworks for all projects. I think that did help,

especially on the training side, to prepare newer professionals in Washington so that when they went overseas, they were better able to develop and implement projects.

*Q: There were multiple levels of review. When the first... We had spoken earlier about the project implementation documents, the PIDs.*

BROWN: Project Identification Document.

*Q: Yeah. They'd be reviewed. Did you think there was value with the missions helping them to think through the main feasibility questions you need to be asking as you design a program?*

BROWN: Definitely. What you hoped to have around the review table was a good mix of technical staff looking at and basically laying out feasibility issues. That wasn't a second-guessing question; it mostly was guidance to the mission on what it should be doing to get to the final project design. They also offered assistance and support in doing that analysis, that so that they could identify people, either inside or outside the Bureau, who could be more helpful to the Mission.

Also, at that time, most of the strength of the Agency was in the regional bureaus. We had technical staff, economic staff. That didn't require, then, a lot of staff from outside the regional bureau to support project design. The central bureaus were still relatively small, and mostly focused on research or other non-country specific issues. It, of course, changed, but at that point the regional bureaus were the real powerhouse of the Agency.

*Q: Right, and they all had somewhat different processes and standards. They were all quite different.*

BROWN: Yes, and I think that's the point when the DFA (Development Fund for Africa) was authorized.

*Q: The African Development Fund. The DFA – Development Fund for Africa.*

BROWN: Yes, right. When did that start?

*Q: That was in the mid to late 1980s.*

BROWN: Right. That's when I went to Kenya. But in this one period I was in Washington for a couple of years in LAC before I was unexpectedly asked to go back overseas – to Bolivia in 1979. I replaced someone who had just resigned from the Agency. This was a year before my Washington tour was to end. Most transfers during my career occurred outside the normal bidding process.

*Q: Yeah.*

BROWN: Different times.

*Q: Yes. So, before we head to Bolivia, just on the South American Finance, were – You talked about how, in those days in the late 1970s, really, the geographic bureaus were much stronger than the central bureaus in AID. The policy bureau, PPC (Bureau of Policy and Program Coordination), they would also participate within these review meetings. Do you recall whether there were specific issues that they were particularly keen on? Was this sort of where the BHN (Basic Human Needs) issues might have come up, or where they might be raising questions as new projects were brought forward?*

BROWN: Project policy, yes. And also, things like debt servicing problems. Other donor issues, those were things that were more the purview of the PPC. As I recall, they didn't usually contribute much or put much effort behind the project review process in Washington. There were more focused on country strategies, although at that time I did not think there was a high level of analytical rigor associated with country strategies.

*Q: Right. Okay.... Do you recall, was there much interface with the State Department from your platform in the Development Resources Office? I don't know if Peru or Bolivia would have prompted that kind of interest.*

BROWN: No.

*Q: What about with other donors? Did you have to coordinate at all with the World Bank or others?*

BROWN: More the IDB than the World Bank.

*Q: The Inter-American Development Bank.*

BROWN: Yes. It was a bit easier to work with them informally, less US Treasury-dominant at that point, as well. It later became a huge issue to meet informally in Washington with either Bank because the US Treasury was the lead interface.

*Q: Right, because in those days you could just call up and go over to the –*

BROWN: Right.

*Q: We did it at the World Bank, as well, and then it became that that was a “verboten” thing to do.*

BROWN: Right, exactly. You could just go and talk to their loan or desk officers very easily, and that was frequently done, particularly when we were working in the same areas. Project Papers had a section on what are other donors are doing and how does it relate to what we're doing. So, at times it was quite a close relationship involved in that. Also, the IDB (Inter-American Development Bank) had a fairly large staff in the field, unlike the World Bank.

*Q: Now, you were talking a little bit about the assignment process. One of the things that the whole Capital Projects cadre and project development officer cadre had was the informal coordination process across the geographic bureaus. When you were in the South America Finance Division, I don't know the degree at which you would have gotten involved –*

BROWN: Not much, at that point.

*Q: But later on, where people were basically swapping and trading project development officers across geographic bureaus.*

BROWN: The bidding process was much more influenced by regional bureaus. There were assignment lists and people did submit their interests, but there was a lot done out of cycle and informally. It was a process where HR (human resources) tended to be more the movers of the paper than the deciders on assignments. So, especially in the 02 (Program Officers) and 94 (Project Design Officers) backstops, and even to some extent the technical backstops, the technical places in the Agency had much more influence over assignments. And that was good and bad, because then you could say, “Oh, this person really is ready for the best job. We need to give them an opportunity,” or, “This didn't work out so well”, so I would look for a not quite as challenging an assignment for that person. So, there was both good and bad in that informal process.

*Q: Right. And also, during that period, there were very strong management offices within the geographic bureaus, and they were the ones who managed all of this. They ran everything, right?*

BROWN: That's exactly right.

*Q: And that changed over time?*

BROWN: Yes.

*Q: So, it was kind of a unique period, the late '70s.*

BROWN: Yes, and also there was a much more interactive involvement, I thought, of the front offices, the bureaus, the AA's (assistant administrators), the DAA's (deputy administrators), especially with their mission directors. An office director was a significant position. For example, the LAC/DR (LAC Bureau/Office of Development Resources)) office director had a staff of 50 to 60 people, which is now the size of the entire LAC Bureau.

*Q: Wow, very different.*

BROWN: Very different.

*Q: Okay, so, you go off to – They need you in Bolivia.*



BROWN: Yes, I moved to Bolivia with my spouse and six-month-old daughter.

*Q: And this was one of the largest, most important programs in the Bureau.*

BROWN: Yes, and the trouble in Bolivia was they kept having military coups. We arrived in February of 1979, and there were four coups between February and November or October. You couldn't, most of the time, leave the city of La Paz because there was some national curfew or Embassy travel restriction. Also, the government counterparts kept changing, because there would be a coup and there would be new people. There was an election that year, and at least an elected civilian government was in place.

But within about three or four months there was a major military coup that essentially removed them from office and was fairly violent by Bolivian standards. Most coups in Bolivia aren't violent; this one involved a number of killings, and it was also clearly proven that the military responsible for it were involved in drug trafficking. As a result, we shut the USAID program down, except for a small humanitarian component. The entire portfolio that I was managing was government-to-government and the political decision from State was to cut off all direct assistance to the government. I do not recall whether that was also a statutory requirement, as it would be now.

*Q: And were those primarily loans?*

BROWN: Right, so you couldn't just terminate them. You had to follow the procedure laid out in the bilateral loan agreement. You had to identify events of default, notify the government of their default, give them a period to address that default and follow a documented legal process before you could actually terminate the agreement. Since I was responsible for managing the loan portfolio (along with the Regional Legal Advisor), I was one of the last USAID staff to actually leave Bolivia.

*Q: Did everyone leave? Did they close the AID mission?*

BROWN: Largely. We left in phases, and so I was one of the last to depart. We left behind basically the food aid program and some other humanitarian assistance and associated staff but shut down the rest of the portfolio. It was a fairly wrenching experience.

*Q: Was there an officer in charge left? Did the mission director leave, or did the mission director just stay and manage the –*

BROWN: The mission director left very quickly, in part because it was a political statement. So, Malcolm Butler, who was then deputy, was acting for this period of time. Malcolm and three or four of us oversaw this phase-down. I don't remember who was left in charge.

*Q: And was the program – Do you recall any of what the program was doing particularly?*

BROWN: It was, at that point, quite diverse. There was a lot involved. There was agriculture and natural resources management. We were doing rural electrification. primary health care, primary education. It was a fairly broad portfolio serving Bolivia's poorer population. There also was a large housing guaranty program.

*Q: Were they doing anything at that point on the drug front, with the coca production or anything? I'm just wondering if that had started yet.*

BROWN: It may have been a pilot project, but I don't think there was anything significant.

*Q: Okay. So, you were not there, then –*

BROWN: I was there not even a year.

*Q: Not even a year, and so you probably have no memories of particular counterparts if they were changing all the time.*

BROWN: There were several Bolivians I knew quite well involved with the housing guaranty program. They were quite shocked we terminated that program as well since it was largely private sector managed. Since it also involved the Central Bank, we had no choice. I remember the meeting with them when I informed them of the decision – one of my least pleasant memories.

*Q: Yeah.*

BROWN: So, that was difficult. Some of my counterparts were also, civilian public servants. They were not at the senior levels of government. So, the coup removed all the ministers, but the people who I mostly related with were the same. That was not very pleasant.

*Q: Right, because it was just people wanting to try to do the right thing.*

BROWN: We also had some remarkable failures in the portfolio that I was more than happy to terminate. My (least) favorite project in that was a land resettlement project. I don't know if you recall that one. The theory of change was to resettle indigenous small farmers from the Altiplano – living at 13,000 feet and barely able to feed their families because of the tiny plots they worked - to the sub-tropical lowlands where they would be given large plots of land to work more productively. Step one in the project was to build a road straight into the jungle – the pristine tropical lowlands – and then establish these nuclear settlements and literally move families from the highlands to the tropical lowlands, resettle them, provide them secure land title, help them clear the land, and then they'd live happily ever after. It was social engineering and a total fantasy.

I got to Bolivia as the road project was actually just beginning to take shape. I went down and spent a couple of days in the field. One of the problems of building the road was that, at night, the illegal loggers would be using the unfinished road to cut down the most valuable trees that had been inaccessible before the road. So, they'd be ripping up the roadbed with their heavy trucks. In addition, wildlife was also targeted by illegal traders. Also, there were all the other negative features of opening up virgin land to settle people who in their entire life had never experienced temperature over 50 degrees. Many contracted skin diseases and other tropical infections. It was just so wrong minded, it was incredible.

*Q: Was this a project that you had reviewed from your earlier platform in Washington?*

BROWN: No, I don't ever recall that particular project because it was quite well along. It was probably in its second year of implementation.

*Q: Yeah, it doesn't sound like they – Because I thought that in those days, we were supposed to do environmental assessments and social impact assessments.*

BROWN: Right.

*Q: It must not have been done.*

BROWN: Well, it was, I think, based on some theory of social change which just didn't take into consideration what were the obvious unintended consequences. I am not sure when the Agency implemented 22CFR216 on environmental impact assessment because this project did not meet those standards.

*Q: So, this was one you didn't mind closing down.*

BROWN: No. It also taught me that doing nothing is sometimes better than doing something wrong.

*Q: Yeah. You mentioned the housing guarantee program. Had you dealt with housing guarantee programs earlier?*

BROWN: In Salvador.

*Q: In Salvador as well. Do you have any thoughts about them as a program mechanism?*

BROWN: Well, for one, I think they were certainly mobilizing the capability of low-income housing, which was really quite important, and also building local institutions, local financial institutions, as well as, in some ways, the people that were doing some of the building. The program evolved over time to reach low income families. For example, it moved into sites and services as opposed to complete housing so that the cost would go down and the incomes of beneficiaries would be lowered. Initially, the program was

dealing with mostly middle-class people and then getting to lower-income people. So, I thought it had a lot of benefits. The head of the program was Peter Kim, one of the Agency's most innovative leaders.

*Q: Right, and they were really dealing with private financial institutions, so...*

BROWN: So, we built the backbone of a number of these local financial institutions that continue to exist, not just for housing finance but for other financial services for low income families as well.

*Q: And what the US did was just guarantee the repayment of loans to those financial institutions?*

BROWN: Right.

*Q: I don't know that I'd ever heard of guarantees ever having to be applied.*

BROWN: I never had any experience with any defaults.

*Q: So, they were successful in that as well.*

BROWN: Yeah. Peter Kim was transformational in his leadership of the program.

*Q: Yes. That's one of the stories that we probably don't talk enough about.*

BROWN: Well, the thing is it has so many successes as it went along, including the trade credit guarantee program, all the private sector resources we are mobilizing. It all started with Peter and the housing guaranty program. That's how you leverage private capital.

*Q: Okay. So, now, in Bolivia you knew – At what point – How long – You were there 10 or 11 months, and at what point did you know you were only going to be there 10 or 11 months?*

BROWN: I think it was probably September or October.

*Q: Okay. So, you had several months to try to figure out what you were going to do next?*

BROWN: Yes.

*Q: Oh, you had?*

BROWN: I mean, not me, the LAC Bureau.

*Q: Right. This mysterious group back in Washington that would plan everyone's futures.*

BROWN: As the Bolivia program was going down, the Eastern Caribbean was expanding and the Caribbean Basin Initiative (CBI) was taking shape. The Regional Office for the Caribbean was in Barbados, and until then, until 1980, the mission had been prevented from doing any bilateral activity on the small island states in the Eastern Caribbean. It had to channel all assistance through regional organizations. The staff in the Mission in Barbados was small, but significant new resources were coming with the CBI and the staff expanded accordingly.

*Q: Okay, so the early days of the regional program was just with a couple regional organizations...?*

BROWN: Primarily the Caribbean Development Bank (located in Barbados), CARICOM (the Caribbean Regional Secretariat in Guyana)) and some smaller regional organizations like the Organization of Eastern Caribbean States in Antigua).

*Q: So, everything had to go to those initial institutions?*

BROWN: It did.

*Q: Okay, and then that changed with Caribbean Basin Initiative?*

BROWN: Exactly, and then grew larger over time. The Mission in Barbados (called the Regional Development Office for the Caribbean – or RDO/C). The Bureau wanted to strengthen the Project Office and because of the reduction in Bolivia decided I was their choice. After a year in the cold, high altitude and generally unhealthy La Paz, Bridgetown sounded pretty good to me and my family.

*Q: Sort of like going on that road to Santa Cruz.*

BROWN: Exactly right. Just before Christmas, 1979 we flew from La Paz, Bolivia to Kalamazoo for vacation then to Bridgetown, Barbados in January 1980. I spent five years there. It was really probably one of the most challenging and interesting tours I had.

*Q: Okay. Who was the mission director then?*

BROWN: It was William (Bill) Wheeler.

*Q: Okay. And so, the Caribbean Basin Initiative was a President Reagan initiative?*

BROWN: Yes, we were building up the Caribbean assistance program in part in response to security concerns related to Cuba and the Sandinistas in Nicaragua. Then in 1983 there was this little problem in Grenada with the Cubans building a very large airport and supporting a communist-supportive regime on the island. In 1983, Madam Charles, who was then prime minister in Dominica and head of the Organization of Eastern Caribbean States (OECS), called President Reagan and on behalf of the OECS and, requested U.S. intervention in what they considered to be a communist takeover of Grenada.

There had been a Grenadian military coup against the in-place government of Maurice Bishop. He and others were killed in that coup. That was the trigger for the request by the OECS and justified our military intervention.

*Q: Okay, so the invasion of Grenada preceded the Caribbean Basin Initiative? The Caribbean Basin Initiative was kind of a response to what was –*

BROWN: No, I think the CBI had started before. Reagan had announced the CBI about a year earlier, citing Grenada as an example of Cuban expansionism in the area.

*Q: Okay, let's just focus then on Grenada, because that really was an important event.*

BROWN: Yes. My family and I were coming back from R&R (Rest and Recuperation) in Michigan. Our son was born about a year earlier, so it was Tristan, daughter Allison, my wife and I just flying back to Barbados non-stop from Miami. But the plane landed not in Barbados but in St. Lucia. So, we're kind of like, "Why the hell are we in St. Lucia? This is St. Lucia!"

The pilot came on and said, "We've been diverted to St. Lucia because there's military traffic in Bridgetown, and we've been advised to land here." We were there a couple of hours, then took off for Barbados. We landed in Barbados and saw all these C-130s were lined up on the taxiway. I was fairly quickly informed that we had invaded Grenada.

*Q: So, you hadn't known before?*

BROWN: No, because we had left the U.S. before the news hit the U.S. press. Actually, there were a couple of news photographers who had leaped on board the plane in Miami just before the doors closed, so they must have just gotten the news. RDO/C inherited the responsibility for figuring out what to do in Grenada after peace was restored.

*Q: Yeah. I'd always heard stories about Ted Morse. Was he in the regional office with you?*

BROWN: He was the Deputy Mission Director. I had been in the Mission for almost three years at that time - October 1993.

*Q: Okay. Because I'd always heard that he... Did he go ashore? That was the myth. You have to correct this myth.*

BROWN: He went over fairly soon after the shooting stopped to start developing a post-crisis assistance plan. The Deputy Administrator came down shortly thereafter to plant the USAID flag.

*Q: Jay Morris?*

BROWN: Yes. I was then assigned to accompany Jay on his first trip to Grenada. We flew over on a military C-130 since there were no commercial flights at that point. The question was, what do you do? I mean, what do you do to fix an economy in such disarray in the aftermath of a very socialist government?? There were 80,000 – 85,000 people living in Grenada. Most of the economy depended on tourism and nutmeg. They grew lots of nutmeg. Tourism was not doing well and there was this major not-yet-finished airport the Cubans had invested millions in building. We were asked by Washington to put together a proposal for a \$50 million supplemental in two weeks.

That's when I drew on my infrastructure background. We decided we'd finish the airport, rehabilitate several major roads, including one from the new airport to the capital, and as we wanted to work with the private sector, construct small-scale industrial estates or factory shells to attract investors.

*Q: And you forgot the mental hospital.*

BROWN: And the mental hospital. The mental hospital, which had actually been painted pink and we destroyed, presumably by mistake.

*Q: Not AID. The military. Just want to make sure this is clear.*

BROWN: Correct, during the fighting. So, then we had significant pressure from a major US-based health NGO to award them a grant to re-establish the mental health system in Grenada. The problem was, there was no mental health system in Grenada to rebuild. They had this little hospital that they largely used for the town drunks on the weekends. They had no mental health system. Frankly, I don't remember if we rebuilt the building but we spent hours and weeks fighting this huge proposal from the US NGO. Finally, we didn't do it. Thank goodness. Grenada had no capacity to sustain a separate mental health hospital.

*Q: Right. But you did end up rebuilding the –*

BROWN: That I do not remember.

*Q: Right. Well, had you been doing anything in Grenada before the invasion?*

BROWN: We were only doing small activities through our funding to the Caribbean Development Bank (CDB). Using USAID funds, the CDB was doing school construction – rural elementary school construction – and I think, from RDO/C, none of us had been in Grenada for several years because of the Bishop regime. Even the CDB had cut back its direct lending. So, there was no reason to visit Grenada. I had never been there until after the invasion, or rescue mission as it was called.

*Q: Right. Because there was no program in Barbados, per se, is that correct?*

BROWN: Only with the CDB which was headquartered in Barbados.

*Q: So, one of the decisions just on Grenada was, we really didn't have any programs there, and we were going to suddenly start spending a lot of money. So, you all must have had to figure out how this was going to be managed or how you would handle this?*

BROWN: Right. We actually established a branch office of RDO/C on the island with a staff of about 6 USDH, headed by an Associate Director reporting to the Director of RDO/C. State decided to set up a small embassy in Grenada with an ambassador, because the ambassador in Barbados was a political appointee who was not very well regarded – to be polite.

*Q: But had that ambassador been accredited to Grenada before?*

BROWN: Yes, but State wanted a presence on Grenada and established an independent embassy reporting to Washington. USAID decided it was impractical to have an independent office in Grenada and therefore had the head of that office, as an Associate Director, report to the RDO/C Director. In addition to having our technical staff support work in Grenada, RDO/C provided financial management, contract, legal and executive office support. Given the scale of infrastructure projects in the Grenada, Washington assigned an engineer as the Associate Director.

*Q: Now, were these loans?*

BROWN: No, these were grant funds under the supplemental. The overall portfolio had shifted to grants, except for providing some funds to the CDB as loan funds, since it provided sub-loans to member governments. Almost half of the supplemental money went dedicated to finishing the airport and its 10,000-foot runway.

*Q: Right, and the rationale for that was tourism?*

BROWN: Yes, because their other airport was really in poor condition. It had a very short runway, in a different part of the island. It took an hour and a half to get from the old airport to the capital, St. Georges, so for tourism, it didn't work very well. It also could not handle large aircraft.

*Q: And obviously this was all very high-profile, politically.*

BROWN: Oh, yes. How fast was the supplemental money being spent? What are we doing? While the completion of the airport and road rehabilitation activities went pretty well, other activities we thought were good ideas did not go as well. For example, the small industrial estate that we built only attracted one US investor. It was a toy company, building little wooden toys, but the investor was a fraud. He managed to get a loan, not from us but from OPIC (Overseas Private Investment Corporation), I think, to help him



set up his factory. He just took the money and left Grenada. Later he was convicted of fraud in the U.S.

*Q: He never made his toys?*

BROWN: Not one.

*Q: Right. Did anything legitimate get set up in those zones? I assume that something did.*

BROWN: Nothing for export. It all then became, essentially, small factory shells. There was a tire repair company, and some kind of a domestic clothing sewing operation. A number of the other Eastern Caribbean islands had some drawback industries. Grenada never attracted that type of investor. For a period of time Jamaica, St. Lucia, Barbados the Dominican Republic all had successful industrial estates producing for export to the US. Prior to WTO (World Trade Organization), the US permitted garments manufactured with US-produced cut cloth to enter the US with tariffs only on the value added of sewing the cloth if done in the region.

*Q: So, it was really getting people to do the stitching work.*

BROWN: Right, each country had a quota, and anything imported to the US below that quota on specific goods and their origin got favorable treatment.

*Q: Right. And those were called the drawback industries, right?*

BROWN: Exactly.

*Q: And that was a big thing in Central America, as well.*

BROWN: It was much bigger in Central America, because the cost of labor was so much lower. Central America attracted a lot of mostly Asian investors who then saw it as a way to get into the US market based on producing products in Central America.

*Q: Yeah. I mean, when I was in Costa Rica in 1976 to 1978 there were some drawback industries there as well.*

BROWN: We supported the development of those drawback industries and that resulted in, of course, the amendment to the Foreign Assistance Act prohibiting what was seen as the export of US jobs.

*Q: Yes, we'll get to that a little bit later, because I was quite curious. That was in the late 1980s, I believe. You're getting ahead.*

BROWN: Yes. Where was I?

*Q: Well, it happened when you were in Guatemala, because it was Central America that was the focus.*

BROWN: That's right. It actually an issue in the Clinton campaign vs. George Bush. Certainly, there was nothing of any significance being exported out of the Eastern Caribbean in terms of loss of US jobs in the garment industry.

*Q: Yeah, but the Caribbean Basin Initiative, which was another huge effort, that was again President Reagan. That was when the Latin American Bureau's name changed, right?*

BROWN: Right. It was Latin America and the Caribbean. And also, there was a point at which we began to work much more closely with the private sector. I had never had any working relationships with the private sector except in the housing guarantee program and several private development banks or savings and loan cooperatives. But in Barbados, the first year I was there, we entered into a grant agreement with the Caribbean Association of Industry and Commerce, sort of the umbrella of the private sector chambers of commerce on each of the islands. We created a Caribbean umbrella organization of those national organizations.

One of the projects I personally devoted a lot of time to was the development of a regional private sector development bank. The bank attracted the attention and equity financing of several major corporations in Barbados, Jamaica and Trinidad. I think it's still operating. Overall, there was a lot of work with the private sector, knowing that in terms of economic growth, it had to be private sector-based growth. Caribbean island governments had tax rates capturing about 30% of a country's GDP to fund basic social services, like health, education and infrastructure and their economies were so small. One of our principal goals was to increase private sector investment and stimulate jobs and economic growth,

*Q: Right. I vaguely recall some kind of – Certainly in Central America, but I thought in the Caribbean they also tried to do some agricultural processing stuff.*

BROWN: Yes.

*Q: Was that through one of the development banks?*

BROWN: No, it was an attempt to set up a commercial regional agricultural trading company. We had a couple of dramatic failures in the Caribbean. One of them was trying to figure out how to increase inter-island agricultural trade through that trading company.

*Q: Inter-island?*

BROWN: Yes. we had the idea of then developing a Caribbean inter-island agricultural produce trading company based in Barbados. So, we discussed the idea with the Board of the Caribbean Association of Industry and Commerce. Several trading companies in

Trinidad, Jamaica and Barbados were interested in investing in this regional company. They provided about a million dollars of equity, and we provided a loan plus a little grant-funded technical assistance, to see if the new company could facilitate importing and exporting of locally-produced agricultural products, thereby significantly expanding the regional market for these goods like bananas, onions, pineapple, etc. and make a profit. It was a disaster. The failure of that project design was low production volumes and the high cost of inter-island transport. It was cheaper per ton to ship from Miami to Barbados than from certainly Jamaica and even from St. Lucia to Barbados. Marketing margins were insufficient to induce any investment in expanding shipping capacity.

We did a poor job of doing an economic benefit/cost analysis, and so essentially that was also a project we put in place but terminated before we had actually expended much of the loan funds. Since USAID cannot forgive payment of an individual loan, we could have created a huge debt burden for those companies who invested in the trading company and guaranteed repayment. Fortunately I don't think we disbursed any of the loan funds before the company was dissolved. It was a lesson in how not to work with the private sector.

*Q: Yeah. It's interesting, and it makes an important point about the importance of analysis and really understanding the environment in which you're working.*

BROWN: Bureaucrats do a very poor job of actually calculating financial versus economic returns, or actually calculating commercial risk. At the same time, we developed the trading company project, we worked with the Eastern Caribbean Central Bank to develop a credit fund for private investors in building industrial parks or estates in its member countries. Located in St. Kitts, the main role of the ECCB was to maintain stable monetary policies since it managed the region's common currency – the Eastern Caribbean dollar.

*Q: Barbados was not part of it?*

BROWN: Barbados was not part of the ECCB, because the Eastern Caribbean states had one currency and Barbados had its own currency and its own very good central bank. So, we traveled up to St. Kitts and met with the Director of the ECCB. He agreed that they would support a financing mechanism that would help build drawback industry factory space. We had a demand study done, and it all looked quite good, and then loaned the ECCB 15 million dollars. A large amount for a small institution and doing something it had never done before – direct loans to the private sector. No loans were ever made from the fund to the private sector. In our analysis, we had failed to fully appreciate that, since the ECCB had to denominate the sub loans in US dollars, the private sector was unwilling to take any foreign exchange risk if the Eastern Caribbean dollar was ever devaluated. It was another example of our wishful thinking substituting for analytical rigor.

*Q: So, you capitalized a fund that no one really borrowed from.*

BROWN: Nope. It was another spectacular failure, or lesson learned.

*Q: Right, and you'd said earlier about this being the kind of thing when you have more money than needed because there was so much political emphasis priority; people really wanted to come up with programs that would make a difference. So, you guys were out looking for any ideas you could find, and that's a hard position to be in.*

BROWN: It is, especially in economies as small as those island economies. How do they work? How does Barbados have a per capita income at that point of US 5,000 dollars? You look around, and it is a combination of tourism and remittances, essentially.

*Q: Did anyone from the field ever say to Washington, "Maybe this is too much money?"*

BROWN: That would have been, I think, unsuccessful. Actually, the more successful part of the portfolio tended to be those things which were not regional but were bilateral. We were given the authority or allowed to develop projects with the various island countries that then fit more within their own development needs. For example, we funded a cadaster project, a land survey of the island of St. Lucia. They had no land transactions that were properly registered. It was a terrible system because there were conflicting land registry systems and it made land ownership uncertain. We were actually able to finance a cadaster for the entire island of St. Lucia and establish their land market and legally valid and transparent land ownership outside of the capital city. Terrific!

In Antigua, drinking water was a major problem. We helped improve water distribution by building transmission pipelines. In St. Vincent we financed a run-of-the-river hydro-electric plant to reduce the cost of electric power since it otherwise required imported fuel. Even in Barbados we developed a policy-based cash transfer with the Central Bank to support a market-based exchange rate.

*Q: Okay. So, that's what you were doing on a national level. How did you manage these national programs? Did you set up sub-offices like in Grenada? Did you have to do that anywhere else?*

BROWN: No, we just traveled a lot. We had a full-time charter aircraft since the local airline was less than reliable. I think I traveled at least once a week, and frequently it was just for a day, sometimes two. Given the short distances between islands you could leave at 7:30 am in the morning and come back at 7:30 pm. Most staff traveled with similar frequency and it was very wearing.

*Q: This is all just Eastern Caribbean?*

BROWN: Just Eastern Caribbean. We had some activities in Belize, but that was all through the CDB. I should also mention travel to Jamaica, but that was via commercial air lines.

*Q: And the Caribbean Basin Initiative itself also covered other parts of the Caribbean, is that correct? So, the DR (Dominican Republic) and Haiti and Jamaica would all see benefits.*

BROWN: Right, and each of those countries had its own bilateral USAID mission.

*Q: Right, but did you all ever have to do any coordination with Jamaica, the Jamaica mission? Did you have any relationship with them?*

BROWN: To some extent, yes, because through the CDB, we were building infrastructure in Jamaica. I would travel to Jamaica or others in my office would go, because the engineering staff was in my office, and the private sector office.

*Q: Were you responsible for overseeing the implementation of those programs, or did the Jamaica mission?*

BROWN: We were, since they were managed by the CBD using our funds.

*Q: Would there have been other regional programs that... It's interesting, because for the Southern Africa regional program, the Southern Africa regional office designed them and then gave them to the bilateral missions to implement. Sometimes you got very strange things. But you didn't do that?*

BROWN: No, because our funds either had to be spent through specific regional organizations, or bilaterally within the organization of the Eastern Caribbean States. We didn't have bilateral activities in Suriname, Guyana, or Trinidad, or any of the British or French islands.

*Q: Did the regional office for the Caribbean also provide support services to other missions in the region?*

BROWN: No.

*Q: So, you were just contained with the Eastern Caribbean?*

BROWN: Right, we had both a regional program through regional institutions and a bilateral program that we managed with each of the individual country members of the OECS.

*Q: So, you started out there as the head of the Project Development Office, which also included engineering, so all the infrastructure stuff.*

BROWN: As well as a private sector office.

*Q: Okay, so you were not just providing the project development service function, you also had projects in your portfolio as well.*

BROWN: Yes, and all the projects of CDB were managed from my office, as well.

*Q: Was that something hard to get used to, that change? Because before you'd been in more of a service function.*

BROWN: No, actually, in most places I did both project development and implementation, because if it was a loan, in Salvador I was largely responsible for its implementation. Sometimes in partnership with a technical office but managing the loan agreement was my responsibility.

*Q: Okay, and then you became the deputy mission director at some point.*

BROWN: Yes. When was that? I think I was there five years.

*Q: 1981 to 1986?*

BROWN: Actually, January 1980 to December 1985. So, I was named Deputy Director in 1984. The Director departed Post shortly thereafter, so I was Acting Director for many months.

*Q: You were acting director.*

BROWN: Right.

*Q: Yeah. Going to a deputy director job for the first time, and then to have the director leave and you're suddenly in charge of and responsible for everything... That was quite high profile. Were you a bit apprehensive at first?*

BROWN: Yes. The first challenge was to transition from being one of the more senior members of the staff, to the person that staff reports to. Because there were no direct reports to the mission director, except the Regional Legal Advisor and the deputy director, all the office directors were supervised by the deputy director. I had to establish different relationships with my former peers. It was going from a collegial relationship to be a more directive in that relationship. That took a while to figure out.

*Q: That's interesting, because I've heard people argue the pros and cons of whether it's good to move someone up for the reasons you're talking about, or whether that's a good idea or a bad idea.*

BROWN: I think it's a bad idea.

*Q: A bad idea in general, okay.*

BROWN: Unless you're really aware of what that shift in responsibility means, because it's not just a change of position. You also have your personal relationships with people,

and they're based on what your job is, frankly, and so you have a major power shift about that. It ripples through the many things, and some folks are easier with that transition, and some folks have a harder time adjusting to it.

*Q: Right. So as a general matter, you would recommend against it.*

BROWN: Frankly, I think was easier when I was acting director. At least I knew how to run the program, and I had the relationships with all of the counterparts in regional organizations and in each of the OECS governments. Given the amount of travel, I knew personally all of the prime ministers, the senior people in the CDB. So, I already had a fairly well-established network of people that knew me, and we worked well together. The only point of some disagreement was with the Government of Antigua.

*Q: They didn't get along well with the U.S.?*

BROWN: With the USAID. They wanted us to fund projects that did not make developmental sense, we declined to support them. In one case, I recall a meeting with the Minister for Agriculture when re requested our assistance to re-establish a sugar industry on Antigua. In mid- 1985, the new mission director arrived.

*Q: Oh, when you had to go back to being deputy.*

BROWN: Right.

*Q: How long did that period last?*

BROWN: About six months.

*Q: That's not easy.*

BROWN: We did not get along very well. Just basic disagreements about the direction of the program.

*Q: So, you could tell it was not going to be a match made in heaven?*

BROWN: Well, it was a fascination. The new director had been the office director for the Caribbean in LAC in Washington, so we had some relationship around that anyway. When he arrived, he basically said: "I am here to fix the program." I asked, "What's broken?" He felt it wasn't focused enough on the private sector investment. I thought he became too involved in supporting specific deals proposed by various investors looking for AID financing. In my view there were also issues of ethical conduct.

*Q: This is a career person?*

BROWN: Yes.

*Q: Let me go back to again being in the position of... You were heading up the project development office, then became the deputy and then acting director. And again, this is probably a little bit different in the Eastern Caribbean, but one of the big changes when you go into the front office of an AID mission is much more interaction with the embassy and an ambassador. Was that an issue that you had to grapple with at all?*

BROWN: Not really. There were actually three ambassadors involved in RDO's program. There was one for the Leeward Islands and Antigua. So, he and I knew each other quite well and essentially his desire was to be kept informed of what we were doing. He had no particular interest in the USAID program. There was a second ambassador for Barbados and the Windward Islands, and an ambassador accredited to Grenada after the rescue mission. In my five years in Barbados, there were three different ambassadors in Barbados. All of them were political.

*Q: They only stayed like a year?*

BROWN: Yes, and none of them had much interest in the USAID program.

*Q: So, it was more just tolerating them.*

BROWN: Part of it was, they just had no particular interest in what was going on in a development sense in the Eastern Caribbean.

*Q: So, they did not know enough to be trouble?*

BROWN: Exactly. The one of them disliked our working with the Caribbean Development Bank for reasons unknown. So, that was a bit of trouble, but otherwise, no, they didn't care. The ambassador we had to be careful with was the ambassador in Grenada. He was career Foreign Service and knew how crucial the USAID program was to Grenada. I was much more careful to keep him informed. There were no conflicts in that, he just wanted to be sure that things were moving and that we understood the political context. His focus was to move to a democratically-elected government in Grenada as quickly as possible.

I think the overall lack of interest in Barbados was that we were a regional office with a lot of activities outside the scope of that embassy.

*Q: One of the things you mentioned, quickly: Was the Caribbean Basin Initiative... Was most of it ESF (Economic Support Fund) money, or was it a mix? The only reason I ask, and that's not really important... But more important was, you mentioned that you all had a cash transfer with the Barbados Central Bank, and I was surprised. I hadn't realized that you had done some of that policy-based work.*

BROWN: It was a mix of ESF and DA.



*Q: So, you were able to do a program with the Central Bank to support some policy reforms they wanted to do?*

BROWN: There was a political decision to support Barbados. Then the question was, looking at Barbados, what do you do that makes some sense? It was then a discussion with both the minister of finance and the governor of the Central Bank, who was quite fabulous, about some areas mostly around their economic policy reform that they were considering

*Q: Because it was cost associated.*

BROWN: Exactly, yeah, and it was, I think, basically around the way they were handling their foreign exchange reserves, trying to make them more market-based. So, that seemed reasonable. The US dollars disbursed to the Central Bank help them build foreign exchange reserves to support a shift to a market-driven exchange rate.

*Q: Did you all then allow any local currency to be programmed or generated?*

BROWN: We decided not. We didn't generate local currency, no.

*Q: It was not the kind of program that could absorb it.*

BROWN: No, and I think the monetary implications would have been inflationary. I mean, the economy is so small.

*Q: Okay, this is Carol Peasley, continuing the interview with Terry Brown. Today is August 17<sup>th</sup>, 2018. Terry, when we last spoke, we'd finished up on the regional office for the Caribbean. But we agreed we wanted to talk a little bit more about staffing and recruitment and mentorship. I know that's something that you did a lot of in Barbados. If you could talk a little bit about that before we take you back to Washington?*

BROWN: Yes. I think one of the most significant things was when I became deputy director in Barbados. What was different about that job than running the Project Design and Engineering Office in the mission was, I think, the realization that the position was about staff development as much as program direction. Focus on staff development was my responsibility. In Barbados, we had a number of first and second tour officers, in part because there was no language requirement. People with young kids loved it. It was close to the States. So, it had a lot of attraction for fairly young officers.

I worked with them on improving and getting a better idea of their careers and where they were going in their careers. It also was important to provide more informal feedback on their performance, almost in a peer-to-peer sense. Not as a supervisor, but a mentor, particularly in interactions with local actors and organizations, giving them tips and guidance, trying to make them more self-aware than people tend to be. The Foreign Service is a place where self-awareness is extraordinarily important. You have to see

yourself in that environment and how you relate to it. So, to me, one of the significant things about becoming a senior manager is that you take on the responsibility of developing future leaders.

*Q: And this was particularly while you were deputy director, or also while you were head of the Project Development Office?*

BROWN: I probably was more aware of this as deputy director, although I have several outstanding IDI's in the Project Development Office.

*Q: When you were head of the Project Development Office?*

BROWN: Yes, supervising high performers takes far less effort than those who are struggling for whatever reason. One lesson almost everyone needs to learn is that you can't be successful on your own. You need to understand how you relate to people, how you communicate, how you engage especially with USAID foreign nationals and local organizations. That makes and breaks your career, and you need to be aware of it.

*Q: So, when you were going to meetings, because you were travelling around a lot throughout the islands and meeting with government officials and other counterparts, did you make an explicit effort to take younger officers with you so that they could see how good counterpart relationships evolve and develop?*

BROWN: Yes, I think it was more just for the experience. And also, in any USAID mission, you're never overstaffed. So, people have to step up, stretch themselves. It's also developing a level of confidence dealing with prime ministers and other senior officials of the small island states much earlier in their careers than in large countries with layers of bureaucracies. I always found that a lot of fun.

*Q: Yeah, and that's very important as well.*

BROWN: And then when I got back to the US after Barbados, one of the first things I did was take AID's senior management course. There was a real emphasis in that course as well on providing leadership and vision. It also redoubled my concern and focus around the issues of mentoring. AID is about people, and about enhancing performance – not your own, but theirs. How to build effective teams.

*Q: So, you were leaving the regional office in the Caribbean in December of 1986?*

BROWN: 1985, I believe. I left in December 1985 and I started my Washington tour in January 1986.

*Q: So, I assume that Washington talked to you about coming back to head up the Latin America Bureau, Development Resources office.*

BROWN: Yes, it was one of those things where I was selected for the job before it was actually on the bid list.

*Q: Right.*

BROWN: It was in those days when the system was far more informal.

*Q: So, you came in to head up an office that, again, had traditionally been the strongest office in the Latin America Bureau. Is that fair to say?*

BROWN: Yes.

*Q: It had both the project development side and the technical side. And you had not worked in it?*

BROWN: I had worked there, because when I first joined as an IDI, that was my office of assignment before I went to Nicaragua. Then, I had been there before I went to Bolivia. I was head of the South America Finance Office. So, it was, in many ways, familiar territory. What was unfamiliar territory was going from being a junior staff person in Washington to being part of the senior staff in LAC (Bureau for Latin America and the Caribbean). I recall there were six other senior office directors. The Assistant Administrator, Dwight Ink, was a non-AID person but had extensive senior experience in the federal government. During World War II, he was part of the Manhattan Project.

So, anyway, that was quite interesting. We had a terrific and unusual group of very strong office directors. Aaron Williams was head of the private sector office, Chuck Costello, Peter Askin, Frank Almaguer, Craig Buck were region directors, and Bill Wheeler was head of Development Programs. We had a very strong team in LAC at that office director level, and we worked, I thought, extraordinarily well together. Since we were trying to support each other dealing with a difficult AA, we basically helped and supported each other in a very collaborative way. It was a very interesting period.

*Q: And Malcolm Butler was the deputy assistant administrator?*

BROWN: There were several during that period, including Marshall (Buster) Brown, Fred Schieck, and Malcolm. He was DAA when I was in Barbados, and I assumed I would be working for him in Washington, but then he moved to another Washington assignment. So, yes, he was instrumental in getting me to LAC, and then left the Bureau.

*Q: Okay. This was, at the time, still early or mid-way into the Reagan administration. Central America was very hot, and you were managing an office and then being part of a Bureau senior management team that was under a lot of pressure, presumably. The Kissinger Commission may have already taken place –*

BROWN: It had.

*Q: And their recommendations were on the table, and then you all were having to then ramp up AID programs throughout the Central America region?*

BROWN: Right, and it was mostly Peter Askin, the Central America Office director providing leadership. So, a lot responsibility fell on Peter, including managing relationships with many stakeholders, including State. My job was basically supporting the project design and approval process in LAC since the vast majority of Mission projects were approved in Washington, as were the very large program assistance cash transfers that we were doing throughout Central America. These were annual programs in the \$100 to \$250 million range each for Costa Rica, Honduras, El Salvador and Guatemala.

*Q: And those were all ESF (Economic Support Fund) programs?*

BROWN: Those were all ESF, yes.

*Q: I know that there were other parts of the Agency that always felt that those “economic policy reform programs” might not have all led to significant policy reforms, and that they were highly political and disbursements at times might not always have met the highest standards. Is that fair?*

BROWN: I think we were careful, one, not to overcommit. So, I would say the condition and the political influence was around setting the height of the performance or reform bar, but subsequently we tried not to change the bar once the agreements were signed.

*Q: So, you had very realistic bars?*

BROWN: We tried to be pragmatic, so the answer is yes, and in some cases, large amounts were dispersed leveraging a fairly modest policy agenda. There were some key elements of policy reform. Our reform agenda was built around the reform programs of the International Monetary Fund and the World Bank and their structural adjustment programs. Our advantage was having a substantial in-country presence and outstanding economists in each Mission. The Missions had good access to host country governments, including reformist people in the government, particularly the ministers of finance and heads of central banks. The policy reform agenda we supported included market-based exchange rates, trade competitiveness, reduction of fiscal deficits, reduction of import and export duties and the like. Overall the objective was to create an enabling environment for private sector-led growth.

*Q: Some privatization?*

BROWN: Absolutely, yes. That varied, because in some places privatization wasn't a major issue.

*Q: Yes.*

BROWN: I recall Costa Rica had more parastatal entities. Privatizing is politically painful and comes at a cost. So, part of the rationale around each cash transfer was to compensate for either the government income lost through providing compensatory resources. Cash transfers required host government to provide the local currency equivalent of our US dollar disbursements and deposit them in a jointly-controlled local currency account usually in the central bank (known as host-country-owned local currency). Costa Rica was one place where we jointly controlled such large amounts of local currency that we had to make sure that we didn't actually disperse much into the economy to avoid a serious inflationary problem.

*Q: Right, because Costa Rica's a small country with only a few million people.*

BROWN: Exactly. A very small economy.

*Q: And those programs were hundreds of millions of dollars.*

BROWN: \$250 million over a three- or four-year period. That's a huge amount for that economy.

*Q: So, there were conscious discussions about the economic effects?*

BROWN: Absolutely. I think we were as good in our economists and our program, if not better, than anybody, including the Fund. I think that was a very interesting time to be a part of that, because we really were at the table around issues that were fundamental for growth and to encourage private sector investment and other engines of sustainable growth. But until you got those basic economic signals straight, it was patches of green. They were nice activities, but not sustainable.

*Q: Was there much involvement of the State Department in the reviews back in Washington, or was the NSC (National Security Council) involved? You were working in highly politicized programs, and somehow, I think that if they were happening today, I think there would be a lot of NSC meetings determining what the conditionality would be. But did that happen then?*

BROWN: I think that's true. There were always more informal discussions, so they didn't actually participate in the formal Bureau review meeting. A lot of the political discussions took place in the embassies in-country, and then with State in Washington. I don't really recall anybody from the NSC or Treasury participating in the Bureau program approval meetings at all.

*Q: Or even in review meetings, having State Department...*

BROWN: No. State would participate, usually, only at the desk level: the Regional Office director. If there were major issues, they were discussed and resolved before the formal review meeting.

*Q: Right. That's interesting.*

BROWN: Yes, that was an interesting period.

*Q: Now, while you were in that office, was the Contra Program, supporting the Contras... Remember Ted Morris and a group went down, and they were supporting the Contras in Honduras?*

BROWN: From Honduras.

*Q: The ones that were going into Nicaragua.*

BROWN: I didn't play in that.

*Q: So, LAC/DR was not involved in that at all?*

BROWN: No, not at all. That was the Central America Desk, the State Department, and other agencies.

*Q: So, LAC/DR had nothing to do with it?*

BROWN: No, we were focused on the traditional development portfolio. We just had no input in more clandestine operations. So, I'd follow the news and to some extent cable traffic.

*Q: But was it discussed very much? Because you started your discussion of being back in Washington with the senior management team of the Latin America Bureau and what a great group of people it was. But did you all, as a group, ever have to talk about those issues?*

BROWN: No. There was some level of compartmentalization.

*Q: I'm remembering, and I think that it was another Oral History interview I read that talked about Dwight Ink. I had been in the Latin America Bureau, in LAC/DR, shortly before you arrived. I remember...*

BROWN: Where were you when you were there?

*Q: I was in the assistant director for finance position, and then I went to the Africa Bureau. But I know that Dwight Ink was very interested in monitoring and evaluation. The Latin America Bureau got... I think they were spending a lot of time trying to come up with all kinds of different reporting systems on results. They were really, in some ways, ahead of the rest of the Agency, although the Africa Bureau, through the Development Fund for Africa, was doing some similar things. But I thought that, in fact, the Latin America Bureau had even sort of preceded that.*

BROWN: Yes. Dwight was very interested in metrics, or measuring progress, so he brought in a couple of people from the outside who never quite figured AID out. Also, at that time, Bill Wheeler was the head of LAC/DP (Latin America and the Caribbean Bureau Office of Development Planning). They were the ones who focused on monitoring evaluation issues at the portfolio level. I think there was progress around that and around dashboards and indicators, but I don't recall how much progress was made.

*Q: Okay. One of the other things that you had mentioned was, because so many of the programs in the Latin America Bureau during that time were the large ESF cash transfers and policy reform programs, and they did come back to Washington for review... But, during that time in the Agency, there was a greater delegation of authority to the field to approve projects. As I recall, there were certain threshold amounts. I think the preliminary idea would be approved by Washington, and then would be delegated to the field. I was just curious if you recall any of the dynamics around doing that in the Latin America Bureau. Were people eager to delegate more authority to the field? Because it was such a strong office, in terms of reviewing projects. I just wondered if there was resistance to delegation.*

BROWN: I think there was to some extent. Well, two things happened. There was a reduction of staff size. There was a point at which it was not even possible to do what I had seen done as head of South America Finance in past years, which was that every Mission project document crossed Washington, both preliminary concept papers – called a Project Identification Document and then a Project Paper. But the question then was, what is the value added from the Washington review process? And it tended to be more around making sure that certain issues were covered and making sure that the similar project designs benefited from the review process. There was no electronic database to look at what other Missions were doing with similar projects.

A lot of it was around cross-fertilization – peer-to-peer learning, as we now call it – and there was an increased level of delegation to the field. Part of the move to delegate was the belief that we were second-guessing too much, that the kinds of questions we were asking were perfectly legitimate if they were asked in the field. But in the Washington, it became too much of a “gotcha” game about raising issues that had no clear response. I tried to keep project review issues at a higher level, tried to provide more guidance and support. If something didn't look particularly good, we offered TDY (temporary duty assignment) assistance from the technical staff. So, we were getting away from being consumed by project reviews, because they took an immense amount of staff time for questionable impact on project design. The answer was delegation to the field for project approval.

*Q: Did you have a chance to travel in that role?*

BROWN: Not a lot. We were still doing at least annual mission director Bureau meetings overseas, and periodic regional meetings.

*Q: Okay. I have some notes written here and I'm trying to decipher them. Was there some special issue in Peru during this time?*

BROWN: Ah yes. The scandal around oral rehydration salts for children being contaminated.

*Q: Oral rehydration salts, yes.*

BROWN: There were about six babies who died because the oral rehydration salts (ORS) were improperly blended. It was really our contractor's fault. Dwight Ink was on that, and I think he discovered that we really did not have consistent standards for purchases of pharmaceuticals, or similar commodities. ORS was not classified as a pharmaceutical. It wasn't a commodity needing a prescription, but some similar standard was needed to avoid problems, even death. Dwight galvanized a major change of policy in the Agency to avoid a repeat of the death of children from USAID-procured commodities, like ORS

*Q: Right, and it sounds warranted.*

BROWN: I think it was one of his major contributions.

*Q: Going back to Central America, for a moment, one of the other big efforts there, besides the cash transfers, was something called the Central American Peace Scholarship. Was that a generalized participant training program or was it targeted? I'm just curious.*

BROWN: Well, this in part was in negotiation with the Hill, with a particular staffer on the Hill. The idea was to get away from just long-term participant training. It was mostly short-term training to significantly expand the numbers of Central Americans exposed to the US and our culture/values. Some of it was quite short – three months. It was mostly provided through a network of community colleges and HBCUs (Historically Black Colleges and Universities).

It was a project designed and funded by LAC/DR. We defined a participant selection process, the training they would receive in the US and a follow-up program in place once participants got back to their countries. There were even country organizations formed of returned participants. Total funding reached about \$250 million. I mean, it was a lot of money. And it was, again, getting away from the PhD model, even including people who did not necessarily have a high school diploma. But there were, then, these short-term programs with focused educational opportunities in community colleges. We hoped to influence future leader at all levels of society in Central America.

*Q: Right. So, it had as much political objective as developmental?*

BROWN: Oh, it definitely was.

*Q: And you said this was an initiative of a congressional staffer?*



BROWN: It was also a jointly developed initiative, with Georgetown playing a key, clearinghouse role. It was an interesting relationship. It was probably, in its life, about half-completed when I was returned to LAC/DR. Then, when I was in Guatemala, it was in its last couple of years. During the life of the project, more than 1,000 Guatemalans benefitted from the US training. I don't remember the total number from all countries since it was later expanded LAC-wide.

*Q: So, these were often, maybe, a community leader?*

BROWN: Oh, exactly. That was trying to get away from academic...

*Q: It was winning hearts and minds by bringing them to the United States.*

BROWN: Exactly. That was one explicit objective.

*Q: Good. Well, I hope they chose good places to send them.*

BROWN: They did.

*Q: That's good. Again, because all of this was so political, did you have a lot of contact with the Hill, with Congress? Did you have to spend much time, or was that the Geographic Office's responsibility?*

BROWN: That was the Geographic Office, and also Paul White, who was then an assistant office director in LAC/DR. Paul provided the leadership for the Peace Scholarship program very much supported by Dwight Ink. At the time Dwight's spouse was the head of international training in USAID.

*Q: Small coincidence.*

BROWN: It is.

*Q: You mentioned... Let me see here. I have another note on... I know that this was also a period in AID when there were lots of issues with the inspector general, and I assume that...*

BROWN: Oh, yes. General Beckington was the IG at the time.

*Q: General Beckington. I know some of those controversies were in Latin America. Did this consume a lot of your time as well?*

BROWN: Since most of those were related to bilateral projects or with particular Missions, not particularly, unless there was some kind of related Washington issue. I think there was an audit of the Peace Scholarship Program, which I don't recall being that difficult. I had a lot more issues when I was Mission Director in Guatemala. One of their

issues, for example, was the issue you raised: did you release funds from cash transfers for political reasons? Did we alter the performance conditionality in order to fulfill a political agenda?

And part of that was the OIG (Inspector General) staff questioning the performance measures we were including in agreements, and why we chose one performance measure like opening foreign exchange rate markets and not another measure. They were in my view second-guessing our policy reform agenda in a most uninformed way. They were also seen as pursuing USAID staff for criminal cases in US courts for what appeared to be relatively minor issues in some cases. Clearly not an opinion shared by the IG.

*Q: So, it was really affecting morale, as well.*

BROWN: Absolutely. In a couple of cases, you could see that yes, the individual did commit fraud, in others it was a question of interpretation of regulations, That was troublesome.

*Q: Did the Bureau get involved in trying to fight any of these issues with the employees, or were they not much involved?*

BROWN: There was a case involving USAID/Ecuador case involving host country-owned local currency generated from the disbursement of cash transfer dollars. While there was very limited USAID guidance on what were actually host government funds, not USAID funds, the IG raised significant concerns about use and internal controls. Several senior Mission staff were subject to severe criticism for exercising poor judgment. That caused a lot of concern in AID as well as Congress, and was one of the reasons, actually, that we reduced the use of cash transfer mechanisms.

*Q: Right, because technically, the local currency was all owned by the host country.*

BROWN: Host country owned the whole currency, by definition.

*Q: And we usually programmed it...*

BROWN: It was jointly programmed but disbursed through host government systems. In addition, some funds were transferred to USAID 'in trust' to be disbursed by the Mission using USAID procedures for our local costs (like paying rent or local staff salaries). The IG saw host country-owned local currency as a huge gray area without adequate Agency guidance, generating many recommendations across many country programs.

*Q: Yeah. Those were very difficult years. Now, you started off talking about one of the things that you did shortly after you came back to head up the LAC/DR office, which was attend senior management training. I think that was another thing that started in the mid-1980s that I think had a very significant impact on a lot of people and on the Agency. I was wondering if you could talk a bit about that.*

BROWN: Yes. I thought it was probably one of the smartest things that the Agency had ever done, which is consider its senior management a significant resource and have as many as possible, career and non-career, take this two-week course on how to become a better senior manager. It was instrumental, I think, and it gave all of the corps of senior managers a vocabulary of management. To those of us who took the course, it gave us a different way of communicating. I think that's one of the reasons that the office director process worked so well in LAC. Most of us went to the same course. Obviously, you'd get to know each other much better taking the course together, but also developed ways of dealing with difficult problems – management problems, people problems – and gave you tools to try to resolve those. No one is a born manager, that's for sure. In the early 1990s, the Agency reached about 85 to 90% of senior managers who had taken the course.

*Q: And again, the contract was with Training Resources, with TRG, and they also did a mid-level management skills training course, which then gave that vocabulary and those values and a culture and spread it more broadly throughout the Agency.*

BROWN: Exactly. How do you have an adult conversation with a problem employee, how do you have a difficult conversation, how do you have a performance conversation. So, basically, having the employee, the person being supervised, and the manager, having experienced the same process about how do you have a conversation that isn't personalized, and tries to help rather than accuse? That was really quite significant. I see that the lack of that, now, with our mission directors...

*Q: Right. Because there's never really been anything sort of equivalent, has there? Even though the FEI, the Federal Executive Institution, was used, I guess, for a while...*

BROWN: Well, if you hear from people who take it, it's quite good. But, it's also not specific to AID. AID is, because of the mission issue and the mission director roles, the Washington field discussions, unlike most other federal agencies.

*Q: So, are there other federal agencies in the class?*

BROWN: Yes.

*Q: Oh, that makes it very different. Okay. Yeah, this has been mentioned by a number of people, so we'll bring this out as an important part of...*

BROWN: Yes, but it was considered part of the senior management group (now senior leadership group) process, so it was really run out of HR (human resources), HCTM now. You were assigned to the course. People then wanted to go in order to punch that ticket. But it also did have a significant impact, even on people who you thought were hopeless managers. A few names come to mind. But at least it made them think.

*Q: Right. So, are there any other things from that experience? You were three years heading up the LAC/DR office. Are there other things that were particularly important that you'd like to highlight?*

BROWN: No. Washington was really in a transition at that point. I think it was the beginning of the shift of balance of whatever you want to call it, power or authorities, in Washington, away from regional bureaus into central bureaus. There were significant staff reductions in Washington during that period as well. Through attrition, not through any RIF (reduction in force) process.

*Q: There weren't... At this point in time, did we still have any International Development Intern programs? They were still coming in?*

BROWN: Yes.

*Q: That stopped in the early 1990s.*

BROWN: Right. That's when I was really, again, back here, to some extent.

*Q: Right. So, we're approaching summer of 1990, and you're saying, "Oh, I'd love to go back out to the field."*

BROWN: Absolutely right.

*Q: Were you hoping to go to Guatemala?*

BROWN: Not initially. There were three Washington senior managers - Janet Ballentine, Chuck Costello, and me looking for assignment as Mission Directors in LAC. There were three vacancies: Guatemala, Ecuador and Jamaica. After Barbados, I liked the Caribbean, and so did my family. I thought Jamaica sounded great. I was then assigned to Jamaica. After the assignment, I even travelled to Jamaica at my expense to take my family to Jamaica to look at the schools, which are actually pretty bad, see the office and the Mission Director's residence, which was very nice.

Then there was an election in Nicaragua, which surprisingly brought to power Violeta Chamorro, and not Daniel Ortega. So, we suddenly had four missions that needed directors with the decision to re-open a mission in Nicaragua. Janet really wanted to go to Nicaragua as Mission Director, rather than Guatemala. Since I spoke Spanish, I was reassigned to Guatemala. That was actually a great turn of events. Guatemala had a much larger program, was a beautiful, complex country and had good schools. I don't know what we would have done in Jamaica to address the schooling problem. To fill the Jamaica position, the existing Deputy Director was moved op.

*Q: So, Guatemala. This was still the time of the big cash transfers. You were still doing...*

BROWN: The first year I was in Guatemala was the last big cash transfer: \$70 million.

*Q: Right. Because this becomes the end of the Reagan administration.*

BROWN: Exactly. ESF then becomes no longer of high interest to State for Central America; the focus was then shifting to the Middle East, and the amount of ESF was going down. Also, substantial progress had been made in Central America in terms of macroeconomic stability and the focus was on Development Assistance.

*Q: That's right. Because this took place over about a six-year period of substantial...*

BROWN: I mean, we were looking for things that were significant enough to put into a conditionality arrangement. The Fund and the World Bank were also major players. Really, our resources were no longer needed to leverage reform. We then worked on things like tax administration rather than tax policy. So, we were still fitting in with that broader donor relationship with Guatemala, but not ourselves providing a huge amount of funding. The USAID Mission in Guatemala was still quite essential for World Bank and IMF staff traveling there, because of our contacts with the Central Bank and the Ministry of Finance. We really knew what was going on. Of course, we had little direct contact with the same people in Washington because the US Treasury led any dialog with them in DC.

*Q: Right. That's the way it often was in the field. What was the political situation in Guatemala then? I know it's had a...*

BROWN: Guatemala can never seem to make sustainable progress in governance and human rights.

*Q: It's very cyclical.*

BROWN: Things seem to be moving in a good direction, like democratic elections and then something happens to reverse course. I got there when a civilian government was in power, although with significant issues of corruption. The ambassador was Thomas Stroock, who was a political appointee and a very good friend of then President H.W. Bush. They had gone to Yale together. Ambassador Stroock had been there about eight months before I arrived. He and my predecessor had several areas of disagreement. So, I spent a lot of time in the first few months cultivating a relationship of confidence with the ambassador, so he would feel more comfortable with my management of the AID program.

For example, he would review all of the local currency reimbursement requests submitted by the Government of Guatemala. I thought, "Are you kidding?" In the first place, it's too late. If there were fraudulent payments, they would be made to look correct so well you couldn't detect them reviewing these documents. Unless you have a more detailed, ongoing financial review, it's a waste time. But he was very concerned about fraud and USAID funding. I explained our own internal voucher review process and he was satisfied and stopped his own separate review. We had a very good working relationship.

He was a great supporter for the AID program. If we needed him to make public statements, talk to high-level officials about USAID issues, he was more than happy to oblige. He was also very supportive of my developing relationships with senior government officials like the Minister of Finance, or Health, or Agriculture, including the Governor of the Central Bank.

*Q: I know there have been various periods when a major U.S. concern has been human rights in Guatemala, and Guatemala had some of the earliest USAID administration of justice programming, I think. Was that during the period you were there?*

BROWN: Yes, and the head of that program was Hilda (Bambi) Arellano. Guatemala was her first Foreign Service direct hire position after some years working in Latin America. She arrived within a week of my arrival and was an excellent program manager. We did have an administration of justice project, which included things like reforming the criminal procedures code, making it more evidence-based and transparent. Then the Guatemalan Congress created the Office of the Human Rights Ombudsman. We supported that office and helped them establish a presence throughout Guatemala. While Roberto de Leon Carpio, as human rights ombudsman, exposed many human rights violations, he had no power to act. The fundamental problem was pervasive impunity of the powerful. While we made progress in some ways, it was limited in light of judicial and police corruption and a military operating without constraints.

*Q: So, had you found Guatemala and sort of reformers so that you could then follow their lead as you designed these things, or more that you were really pushing against the system that wasn't...*

BROWN: Well, you had to find some allies in there, otherwise you couldn't do anything. One of them, clearly, was de Leon Carpio himself. Bambi was so skilled in terms of her counterpart relationships and her ability to understand the context of the issues we were working, and the range of the possible. We also worked with the head of the Supreme Court, who didn't have a particularly a stellar reputation but wanted to be seen as a reformer. So, that was an interesting program, and one in which the ambassador wanted to be involved, particularly around the reform of the criminal procedures code.

*Q: Was he a lawyer by training, just out of curiosity?*

BROWN: He recognized the importance of the justice sector as a step to ending impunity. It was also toward the end of a long and violent civil war. Violations of human rights and extra-judicial killings were still actually going on. The violence level had gone down but the civil war continued and there were areas in that country that we couldn't go at all; they were still either controlled by the guerrillas or conflict zones. Since human rights issues were at the top of the USG bilateral agenda, he was interested in the justice reform program.

Many of our core country team meetings would be about our relationship with the Guatemalan military, because the core country team included the Station Chief, as well as

the military attaché and DOD (Department of Defense). We knew the Guatemalan military had been involved in the murder of a US citizen resident in Northern Guatemala and we had announced termination of USG assistance to the military. It later came out in the US press that the CIA was continuing to support them.

*Q: Yeah, that's a very complex environment when you have different parts of the U.S. government with all their different interests.*

BROWN: Yes, and one of the curious things was that the CIA was doing economic reporting cables to Washington, including about USAID assistance, that I never saw. I got a call from Jim Michel, who was then Assistant Administrator for LAC, asking had I seen the CIA cables? Nope. The problem was the apparent contradiction between USAID and CIA reporting on the Guatemalan political economy. I sat down with the ambassador and asked if the USAID economist could provide input into their messages so at least there was some consistency in economic reporting from the same embassy. CIA was basing its reporting on a source inside the Guatemalan government who they obviously did not want to reveal. In the end we did get to comment, and in some cases, modify their content based on the quality of our economist's input without compromising their source.. It was a 'win-win' for the ambassador by eliminating the conflicting reporting to Washington.

*Q: Wow. That's a very interesting case, because they were relying on, as you said, human sources who wanted to portray a certain positive picture.*

BROWN: Yes, although actually a negative perspective from their source in the Central Bank. It was then a question not of what the economic indicators said, but rather what they meant and how much the government was behind the economic reform process... It was then a judgement and not an analysis. The economist on the USAID staff has a PhD and was both insightful and articulate. I think we had some influence in balancing the kind of reporting the CIA was doing, or at least putting additional context within those reporting cables to at least not have this sort of stark contrast between what USAID was reporting and what was being reported elsewhere in the country team.

*Q: It must have been a lot of very interesting country team meetings there.*

BROWN: It was not in the all-Agency country team meeting, which was largely a show-and-tell, but in the classified core country team that included the eight senior members of the Embassy.

*Q: Oh, okay.*

BROWN: Interestingly, I was the third ranking person on the diplomatic list in the embassy in Guatemala. It was the Ambassador, the DCM (Deputy Chief of Mission), and myself. Actually, the DCM and I held the same rank in the Senior Foreign Service. It added to the influence of the AID mission overall within the country team, I think, and certainly added to my status with the government of Guatemala.

*Q: Were you able to... What was the embassy policy on meeting with the ministers and cabinet-level officials? Could you do that? Did you have to advise the embassy beforehand?*

BROWN: No. I would certainly report meetings to the appropriate embassy staff, but I did not need anyone's clearance beforehand. The only relationship that the ambassador specifically reserved for himself or the DCM was the president. He would invite me to those meetings if they were dealing with economic issues or something related to the AID program, but he said I was free to meet with anyone and counterparts within the structure of our program, including the head of the Supreme Court and the Human Rights Ombudsman.

*Q: Okay.*

BROWN: So, he had great confidence in me and my staff. We enjoyed excellent relationships across the Country Team.

*Q: The democracy governance people who would have the most controversy, and that was... Bambi?*

BROWN: Yes, Bambi.

*Q: Was it primarily her?*

BROWN: Yes. We had, I think, as USPSC (U.S. Citizen Personal Services Contractor), but it was really her.

*Q: There was also a USAID Regional Mission in Guatemala?*

BROWN: Yes, for many years there were two USAID missions in Guatemala: the USAID/Guatemala bilateral mission and a Central America regional mission. The two missions shared support offices, like the contract officer, Controller, and EXO, but had separate technical, program and project staff. The head of the regional office interestingly was a political appointee, at that time, the only Plumb Book mission director in USAID. When Clinton was elected president in 1992, the decision was made in Washington to merge the missions together and created a single structure to include regional and bilateral operations and eliminated the Regional Mission Director position. I was asked to become Mission Director for both.

*Q: For the – ?*

BROWN: Bilateral and regional, yes.

*Q: So, you combined the two missions. What did you do with the technical staff? Did you integrate them into one?*



BROWN: Yes, one of the reasons for the reorganization was to reduce staff.

*Q: So, just to give an example, your agricultural office, which had been doing only the bilateral agriculture program, would then have taken over responsibility for the regional ag program as well.*

BROWN: The bilateral program was largely natural resources. It was a major part of our funding. We were basically developing Guatemalan export agriculture to the U.S. and managing a large project to protect the Mayan Biosphere Reserve. The regional mission was largely working with Central American regional organizations in agriculture, not directly with producers, and had a mixed record of success from my perspective. Since I was one of the greater critics of the regional program, I think it gave the LAC Assistant Administrator some amusement in having me try to fix it.

*Q: Right. Did the regional program end up being reduced in size? Did the annual operating budget...?*

BROWN: It went down. Yeah. I think in part that was because the payoff or the results were fairly difficult to define.

*Q: Let me just ask, because I was talking to a health officer in a certain country currently in Africa, and his office has bilateral responsibility and regional responsibility, so he's overseeing the staff in both of those roles. He's found it rather complex.*

BROWN: It is very difficult.

*Q: I was just curious if you had any observations on that.*

BROWN: Well, for one thing, you are kind of captured by the country you're in. So, do you really want to travel that much more? I think the emphasis was more on the bilateral side than the regional side. Also, again, it's very difficult when you're supporting institutions as opposed to supporting more direct, on the ground activities. It's harder to gauge the efficacy of those programs.

*Q: Yeah, it's a different set of skills, almost.*

BROWN: It is.

*Q: You said the number of staff members went down; I assumed that was the American staff.*

BROWN: Also, the Guatemalan staff.

*Q: What happened with the Guatemalan staff, and how difficult was that to reduce staff?*

BROWN: That was quite difficult. While in theory we could have claimed immunity from Guatemalan labor law, in the end we followed local law. Basically, this meant fairly substantial financial settlements with Guatemalan employees since many were employees and not contractors and had years of experience with AID.

*Q: Oh, so these were all direct hires?*

BROWN: There were still a number who had been working for AID for so long that they really had U.S. civil service retirement benefits. Identifying which positions, and people, to terminate, was painful. We were very careful to follow local law and avoid local courts. Cutting Foreign Service positions was less difficult. For those whose positions were terminated, it meant early transfer to another Post.

*Q: Did some of those who had been direct hire FSN employees take advantage of the opportunity to get a green card and come to the U.S.?*

BROWN: I think a couple did, but I think most did not have that opportunity.

*Q: So, you were having a great time in Guatemala, managing all kinds of issues. There was an election, then, in 1992, right? That was when President Clinton came in and then Brian Atwood became the AID administrator. Was one of his early trips overseas to Guatemala?*

BROWN: Yes. It was.

*Q: Weren't you lucky!*

BROWN: I was. Brian wanted to travel and see a large USAID Mission. I think it was Brian's first overseas trip as Administrator. Because of his work in NDI (National Democratic Institute), he was quite interested in the justice program. So, I think Jim Michel had pointed to Guatemala as having a strong program. It was also a short trip from Washington.

The overall country strategy was, I think, quite good, with clear strategic objectives. The Mission was organized into strategic objective teams that Jim Michel thought would be useful for Brian to observe. My staff impressed him, as well as my management approach and he immediately wanted me to join his senior staff in Washington. It was difficult to consider departing Guatemala. I was beginning my third year at Post and had just completed home leave in August 1993 and gone back to Guatemala for two more years. A new ambassador had arrived in June: Marilyn McAfee. She was a Career FSO from USIS. Also, Guatemala had a new president, the former Human Rights Ombudsman de Leon Carpio. Because of our program with his office, we had an excellent existing relationship with him. Interestingly, Ambassador McAfee had asked me to accompany her when she presented her credentials to him as U.S. Ambassador; an unusual honor for a USAID Director because I was ranked second on the diplomatic list.

*Q: So, that was going to be the beginning of a golden age, right?*

BROWN: Yes, in many ways. I had a great high performing staff, the merger of the missions was complete and successful, I had an excellent relationship with the new ambassador, and was well-known to the government and private sector in Guatemala. We had high hopes for a peace accord to formally end the civil war. But the underlying control of the military and the wealthy class persisted.

*Q: But did you think, after he was elected, that it would be positive?*

BROWN: We were hopeful. We were a bit naïve. We are always naïve and hopeful. The social-political issues that existed in Guatemala when I was there are still there. They have not gotten themselves out of the cycle of corruption and impunity. So, it just continues.

*Q: Yeah, I remember someone who had worked in Guatemala many years earlier saying that it's the only place they worked where they thought some of their counterparts might have actually killed people.*

BROWN: Oh, I think that's probably true. I wouldn't be surprised.

*Q: In fact, in line with that last observation, you had mentioned earlier that there were parts of the country you couldn't go to. Security-wise, it was not an easy environment to be working in. Did that create any special management challenges? How did you deal with that? I know there's a lot of attention now in AID about non-permissive environments and things like that, but this was before that.*

BROWN: Yes. Since most of the civil war-related violence had largely subsided, because of the effectiveness of the Guatemalan military in violently suppressing the guerrillas. It was mostly just staying away from conflict zones in the rural areas, mostly the Western Highlands toward Mexico. It was at a time when the real violence facing USAID staff was urban armed carjacking and other street crime. My family and I, were actually held up at gunpoint at one point, driving from Guatemala City to the major tourist city on Lake Atitlan. I took a short-cut foolishly and ran into a roadblock. Very exciting. Fortunately, nothing happened other than the loss of a few dollars. I deservedly got a lecture on following security protocol from the Embassy Regional Security Officer.

*Q: So, anything else in particular on Guatemala that we should talk about?*

BROWN: Well, I did shift the program from mostly government-to-government to assistance through non-governmental organizations.

*Q: Because of your concerns about corruption within the government?*

BROWN: Corruption, yes. For example, an IG audit of our child survival project with the Ministry of Health found that there were five to six million dollars in undocumented costs. Money was spent but it was unclear how it had been spent.

*Q: And that was a project?*

BROWN: A project with the government financing commodities, staff and other local costs of rural health clinics.

*Q: So, you were covering a lot of local costs?*

BROWN: Exactly. So, we suspended the project. For Ambassador Strook, the issue of corruption quite significant. He fully supported my decision to suspend all funding for activities until the Ministry refunded the amount of undocumented expenditures. The suspension went on for months. Unfortunately, you could actually see the infant mortality rates starting to go back up. Finally, the Minister of Health was convinced that we wouldn't back down. So, they refunded the money and we restarted the program, but implemented better internal controls.

*Q: So, you were probably very happy that the big ESF cash transfer had stopped after your first year.*

BROWN: Yes. We signed the last \$70 million cash transfer agreement with the out-going government of President Vincencio Cerezo, but withheld any disbursement pending the election of a new government under Jorge Serrano. From a foreign policy perspective, we wanted to make sure the money did not support the old government, but rather the new government.

*Q: So, how did you go about having this discussion with the government? Did they notice that you were suddenly not working directly with them but instead working through NGOs (non-governmental organizations) and others? Was there ever an explicit discussion or did it just kind of happen?*

BROWN: No. For one thing we did not terminate existing agreements with the government but started to work with NGO's and contractors directly for new activities.

*Q: Did you have to get that change... Did you have to discuss that with the embassy, or did you all...?*

BROWN: That was something that the ambassador thought was a great idea. But we did talk about increasing the resources through the private sector. We had a local private sector export organization we were working with and had been increasing funding for them to support diversifying production through export crops like snow peas and strawberries. We also were working with the private Coffee Growers' Association and worked with a number of small-scale health providers in rural areas, looking for options to provide primary healthcare outside the Ministry of Health. The Ministry of Education

was somewhat problematic because there weren't really organized alternatives in Guatemala working in girls' education and bilingual education. So, we stayed with the Ministry of Education.

*Q: When you moved to non-governmental, was it a combination of American entities and local entities?*

BROWN: Yes, and initially, largely, they were U.S. implementing partners, working with local organizations. Interestingly, both large local organizations grew and became independent of USAID funding. We also found ways of providing what was, in effect, equity financing for one organization, rather than just recurrent costs.

*Q: That's interesting stuff.*

BROWN: It was. It was great, and I enjoyed it. Guatemala was a great assignment. It was probably the most fun and rewarding of any part of my AID career.

*Q: So, you probably weren't excited when Brian Atwood asked you to come back?*

BROWN: Well, yes, I was, in part to be in Washington at the beginning of a new Administration in a very senior position. My family was unsympathetic with the move, particularly my children. We were in Washington on R&R (rest and recuperation) in August, and meeting with Brian and the deputy administrator...

*Q: Carol Lancaster?*

BROWN: Yes, they wanted me to come back immediately, so I assumed my kids would probably be great with coming back to Arlington. They didn't want to leave the States when we were transferred to Guatemala, but had been happy in Guatemala and had settled in very well. So, when I informed them that they were going back to the States, it was like, silence. That was very tough for them, because they had no opportunity to say goodbye to their school friends. We went back to Guatemala to pack out, and it was mid-September. School in Guatemala was starting, and we were packing out. They felt totally up-rooted. It should have been a family decision. A total lack of emotional intelligence on my part.

*Q: Yeah. Sometimes the Foreign Service career is not easy on families.*

BROWN: No, but until that point, it had been pretty easy.

*Q: Well, as kids get older it gets a lot more difficult.*

BROWN: Absolutely. Once you get into...

*Q: The teenage years.*

BROWN: Yes. Seventh, eighth grade. Their relationships with peers become very important, and it's just not only about the immediate family.

*Q: Okay, so what did Brian Atwood convince you to do?*

BROWN: He appointed me the Assistant to the Administrator for the Bureau for Program and Policy Coordination (PPC). It was a very senior career assignment, but not a White House/Senate-confirmed appointment. It was at the time when Larry Byrne was head of Management Bureau as its Senate-confirmed Assistant Administrator. At the time, I had no real understanding of the difference between a career appointment and a Senate-confirmed appointment.

*Q: The Management Bureau. And they took Budget away from the Policy Bureau.*

BROWN: Yes. Definitely. Carol Lancaster also was very involved in Agency policy.

*Q: The deputy administrator.*

BROWN: Yes, exactly. I was not exactly clear what my job was, or what the front office wanted from PPC. In my career, I had been focused on country strategies and project design and implementation. Developing policy documents is not first on my list of fun tasks. So, that really wasn't working out terribly well. The one area of Agency policy of great interest to me, operational policy, became a main function of Larry Byrne and the M Bureau because of the interest of the Vice President and his re-engineering effort government-wide.

*Q: Reengineering the whole region?*

BROWN: Exactly.

*Q: Well, in some ways, that was a policy function that was taken away from the Policy Bureau.*

BROWN: Correct. It was the most significant policy function. It basically was to make sure that USAID was aligned with, and visible to, the vice president's office. This was also at the time that the issue of USAID merging with the State Department began to rear its ugly head.

*Q: Right, because the vice president had begun... He was reinventing... Was his called reengineering or...*

BROWN: Reinventing government.

*Q: Reinventing government, right. Then we adopted a reengineering process that was...*

BROWN: Exactly, to try to get us on his radar scope. So, I came back to Washington as head of a major Bureau in the Agency and was frankly somewhat naïve about the internal and external politics of the Agency.

*Q: Right, because you were coming into what was a political position with no political experience.*

BROWN: Right, and that became very obvious to me.

*Q: And they did not put you into – because we'll come back around to this later... This was not a Senate-confirmed position?*

BROWN: Correct

*Q: So, they put a career person into...*

BROWN: Until my arrival, the head of PPC had always been a Senate-confirmed Assistant Administrator.

*Q: Right. Policy Bureau had always been. The other thing I recall was that Brian brought in some political policy people, into the Policy Bureau.*

BROWN: Yes, a group of policy advisors in seven areas as I recall.

*Q: Yes, the group of seven. That must have had its own challenges, in terms of...*

BROWN: Yes. I was handed their CVs (curriculum vitae) and said, "Here are your senior policy staff," and it was like, who are these people? And there they were.

*Q: They were environment and democracy and health?*

BROWN: Right. Several had strong technical backgrounds in health, the environment, democracy and governance issues. Others brought particular interests that were a bit more obscure to me.

*Q: So, you had a collection of...*

BROWN: And then they were trying to figure out what their jobs were, because almost all had technical counterparts in the newly-established Global Bureau. As I am sure you recall, that Bureau was created under Atwood as one huge technical bureau, incorporating most of the Agency's technical staff.

*Q: Yeah. There was a lot of stuff happening in that first year.*

BROWN: There was, exactly. The Global Bureau absorbed most of its staff and resources from the Regional Bureaus.

*Q: On the technical side.*

BROWN: Exactly. Not totally, but mostly.

*Q: Yeah, it took a lot of the regional programs.*

BROWN: It did, exactly. We also closed 21 overseas missions later in the Atwood period.

*Q: I was going to ask you. That was my next question. We closed this large number of missions, and to what degree were you involved in that? Because this was a big policy issue, and I've been trying to remember some of the facts behind it. I know we were given a list in the Africa Bureau of the missions we were going to close. Had there been policy-level discussions before this was performed?*

BROWN: It was mostly managed in the Administrator's office with AA/M.

*Q: I thought it was in the first year. It wasn't?*

BROWN: I think the basic framework was established then. So, we were talking about the criteria for closing and who would it be and those kinds of discussions; those had taken place. The most significant event launching the process was a meeting chaired by the Deputy Secretary of State, with all of the Regional Assistant Secretaries to discuss the overall plan of Mission closings. For USAID, Atwood presented the reasons for the proposal. Byrne and I were also present. So, I was involved in that.

*Q: Oh, I was unaware that there was ever... Because we were told, when we were given our list of countries, not to talk to the assistant secretary.*

BROWN: I think initially that was true, but there was definitely a discussion of the reasons for the closing, basically budgetary, and the specific Missions to be closed.

*Q: Before you left the Policy Bureau?*

BROWN: Yes.

*Q: So, the State Department was well aware, then, of the fact that AID would be closing missions. That's important, actually, because I think most of us didn't know that.*

BROWN: Essentially, the meeting was for the Deputy Secretary to inform, not debate, Mission closing

*Q: Christopher?*

BROWN: He was Secretary of State.



*Q: Oh, that's right.*

BROWN: It was Strobe Talbot, I believe. Anyway, Brian had a good relationship with him. The Deputy Secretary was very clear in the meeting and had been convinced that it was strictly a resource issue, and that AID would be closing missions. If there was an issue with a country that an assistant secretary had, that was fine, but who else would then go on the list? So, it was trying to make sure that everybody shared the pain. I think that's why it even went forward; their assistant secretaries I think still had some pushback, but we certainly had the approval at the highest level.

*Q: Okay. Actually, that makes the process sound much better than I had thought it was. There had been some coordination, at least, of the outside. We'll come back around to it, then, when you go to your next position, if that's when the specific lists were given.*

BROWN: That was when I started making the phone calls.

*Q: Yes, you had to manage a number of them. One of the other sorts of policy issues that I recall during that period, in part because it had been a political issue during the 1992 presidential campaign, and that was the Central American –*

BROWN: Oh, the exporting of U.S. jobs.

*Q: Yes. In fact, probably, we can discuss that in Guatemala, and whether you were guilty of that yourself?*

BROWN: Absolutely. I was in the forefront.

*Q: So, as I recall, AID... One, there was some legislation...*

BROWN: There still is. It was a legislative prohibition added to the Appropriation Act.

*Q: And we had to develop new policy papers and procedures on anything that AID would do that was basically private sector development and that might potentially attract new investment in developing countries. Was that a policy process that you had to...?*

BROWN: I was the recipient, because that was part of the presidential campaign, as you said. The first year it appeared, we had to demonstrate, basically, that we were not exporting U.S. jobs. Those programs were aimed, essentially, at drawback industries; a lot of it was textile, textile and electronics, although textile was the key one. The way that the GATT (General Agreement on Trade and Tariffs) worked at that point was that there was space in that for every country to have an allocation for a certain value of clothing sewn using U.S.-manufactured cloth which could be imported into the U.S. without applying the full tariff on the value of the good, just on the value added by sewing our cloth into a final product. So, that was the thing that made it possible to then support these essentially developing industrial parks, or changing policies to make it possible for

investors to come in and utilize low-cost labor to export to the U.S. Again, it was mostly garments.

*Q: But when you were in this role in PPC (Policy and Program Coordination) you had to help develop...*

BROWN: No, I was in Guatemala when this happened, as I recall.

*Q: Yes, it came up as an issue, certainly. But I believe, or I thought, that AID came up with some new policy papers in that 1993-1994 period. There was concern that AID private sector programs were a bit too aggressive, so we had to change our policy approaches on these issues, which must have been difficult to manage after you'd been implementing these kinds of programs.*

BROWN: Yes. I mean, it was one of the few things that actually supported development places like in Haiti, so we had to stop promoting things like industrial estates. No, but it had a major impact on Mission private sector portfolios in LAC.

*Q: Okay. So, were there any sort of memorable policy debates during that time? Because you were in that position for about a year, I think, and then...*

BROWN: Yes, a little less than a year. Most of it was about, then, developing and disseminating these broad policy papers. One of these things... One of my errors was thinking that setting policy should be about narrowing focus, and that wasn't the view of the front office. Revising Agency strategies was about making the tent as big as possible. This fits in with the issue of AID being under attack and needing to expand its supporters. We needed to make sure that we kept all our friends, rather than making it somehow appear that we were cutting some interests or organizations out. I didn't think it was a terribly useful process.

*Q: So, is there anything more that you'd like to say about that year, or do you want to move on to...?*

BROWN: I was informed somewhat unexpectedly that I was no longer head of the Policy Bureau and I was named Deputy Assistant Administrator for the Near East in the Bureau for Asia and the Near East (ANE). Atwood was not happy with the way the AID program was evolving in the Middle East. In part this was because the State Department was very critical of AID's failure to make use of the new resources for the Palestinians in support of the peace process negotiations with the Palestinians and the Israelis. They thought AID was not shifting its focus quickly enough to support to the Palestinians more directly. This concern was expressed by SMEC (Special Middle East Coordinator), and the State Near East Bureau.

Atwood had a problem that he wanted somebody to fix, and I was the one who was chosen to do it. That was fine with me. The person who was then Assistant Administrator

of the ANE Bureau, Margaret Carpenter, was just a fabulous person to work with. So, I was not particularly unhappy to be reassigned, but it was unexpected.

*Q: There had been no inklings earlier, Brian never indicated anything -- doesn't seem he handled very well.*

BROWN: Not terribly well. When the announcement of my reassignment was made at the Assistant Administrator-level staff meeting, the General Counsel gave this little speech about how I would be sorely missed. Although at that point I was no longer part of the senior political staff in the Agency, I retained easy access to the front office the other DAA's did not have. I think it benefitted the ANE Bureau a lot.

*Q: Absolutely. Yeah, it was an interesting political team, because there were also some factions within the team, so to have someone in a regional bureau who could deal with different parts of the factions would be very advantageous.*

BROWN: Yes, definitely

*Q: Right. It was interesting, because there were a number of career people who were in career positions. John Hicks became the assistant administrator for Africa; he was a career person. Jim Michel had an important role. So, it was an interesting assortment. Okay, an early Clinton Administration priority was the Middle East, clearly, and so all those dollars... The ESF that had been in Central America was now going to...*

BROWN: Right. \$400 million was going to the Palestinians.

*Q: So, the Asia Near East Bureau, which stretched from the Philippines to Morocco...*

BROWN: Margaret was the head of the Bureau, and then there was a DAA for Asia and a DAA for the Near East. The Bureau didn't align with the corresponding State bureaus very well. Margaret found herself in some very uncomfortable positions as assistant administrator, dealing with two State Regional Assistant Secretaries and SMEC. She was stretched very thin and needed me to step up. My major State counterpart was the DAS for the Near East Bureau, a political appointee.

There was an AID program of assistance to the Palestinians in the West Bank and Gaza designed and approved for that supplemental of \$400 million. Some of those funds had been dispersed supporting the Palestinian police and other costs of the Palestinian Authority, but a lot of it still was not been designed. State was talking about some very strange things to use that money for. We, essentially, at that point, were looking to expand our program with the NGOs we'd been traditionally working with in the West Bank and Gaza. A lot of it was humanitarian or educational was not clearly associated with USAID and USG support to the Palestinians. It was a group of NGOs, international and U.S.-based NGOs, working there. My job was to redefine the program strategy away from indirect assistance through NGOs and also build an AID Mission that could manage a program of more direct assistance.

*Q: In the field?*

BROWN: Yes. It was then getting enough qualified staff in Tel Aviv and Jerusalem to manage a very different kind of program, including transferring staff from other Posts to the Mission in Tel Aviv.

*Q: It was a very small staff, was it not?*

BROWN: We had a couple of people in Jerusalem, and a couple of people in Tel Aviv. Managing logistics of the program was complicated by the Israeli security system. Normally you could not travel directly from Gaza to the West Bank.

*Q: Was that was an issue? Hadn't there been communication problems between the two?*

BROWN: It was very time-consuming. US staff could travel to the West Bank and Gaza, but our Palestinian staff couldn't. The Israelis would not permit residence of the West Bank to travel to Gaza or the reverse. At the most basic level, we had to use drivers from Gaza when we traveled to Gaza but could not use them to drive to the West Bank. In addition, the question was how to make the AID program more responsive to priority Palestinian needs and also make the USG more visible as a source of that assistance. For example, there was a significant sewage treatment problem in Gaza, a problem with access to water in the West Bank. These major problems were not initially part of our assistance strategy.

*Q: That the State Department had initially defined? Or that we had not?*

BROWN: We had not.

*Q: Because we were focused too much on the small NGO, community-based work?*

BROWN: Right. Initially the strategy was to increase funding through our traditional mechanisms rather than looking at activities that would be more supportive of the peace process. To reduce the stress with State over the direction of the AID program, I worked to totally redefine our assistance strategy.

*Q: How did you do that?*

BROWN: One of the ways was identifying a couple of key people to transfer to the West Bank/Gaza Mission. I had authority to encourage people to volunteer to break their current assignment and move to Tel Aviv. Frankly, I raided a couple of missions; didn't make friends of Mission Directors that way but we got the staff that we needed, and then we were able to actually revise the strategy and implement it. I also reduced or suspended current or proposed activities under the old strategy. In one case, I stopped the award of very large technical assistance in health contract meant to strengthen the Palestinian

Authority's health capacity. There was no viable Palestinian health authority. So, we just terminated it before the contract was awarded and used the funding for other priorities.

These and other steps caught State's attention, and the negative view of the AID program went way down. There were always constant discussions fussing around this or that, but the major discontent was removed. At that time, I would travel fairly frequently to the region, including Cairo, Tel Aviv and Amman. So, I knew... I got to know the Ambassadors in Egypt and Jordan quite well, and the USAID Directors. In Israel, I worked mostly with the USAID Mission Director and less so with our Ambassador in Israel.

*Q: Did you have dealings with the consul general in Jerusalem?*

BROWN: Somewhat. The space allocated to USAID at the Consulate was literally a trailer converted to basic office space. I think there was room for maybe two people, so the staff for the West Bank/Gaza program was in Tel Aviv, with daily travel to both areas.

*Q: Right, and I think that today, the staff is all in Tel Aviv.*

BROWN: I have no idea what will happen after the embassy is moved to Jerusalem. We'll see.

*Q: An embassy inside of the consulate.*

BROWN: I guess that's right. I don't know what they're going to do, because the consulate is very small.

*Q: Yes. So, the program strategy, you began, then, to have it deal more with some of the big-ticket infrastructure items and...*

BROWN: We still had some of the more locally grounded activities going, but we were also working with the Palestinian Authority, working with the Palestinians, and other local organizations. It was the most political program I have ever dealt with because, I mean, everything is political there, and the Israelis were never particularly cooperative in terms of things like custom clearances for equipment, visas for technical advisor, building and well-drilling permits and the like.

*Q: Right. Did you have meetings with Palestinian leadership?*

BROWN: Yes, my main counterpart was the Minister for International Cooperation.

*Q: I vaguely recall something about a big ceremony or something that Brian Atwood went out to, and Arafat was there? There were the pictures...*

BROWN: Yes.

*Q: Because Brian talked about...*

BROWN: Being kissed by Arafat?

*Q: Yes and walking hand in hand with him.*

BROWN: Yes. Actually, I think that was a little more before my time. That was when the US announced \$400 million assistance package. The one meeting I had with Arafat began with him asking me for the \$400 million.

*Q: It's in my back pocket!*

BROWN: Exactly. "Where's my \$400 million?" Well, it's this way. That was funny, explaining why we were not talking about cash. The meeting was with the Secretary of State, and the Special Middle East Coordinator with Arafat and his team in Gaza. They needed an AID guy at the table to respond to those questions.

*Q: So, the relationships, then, smoothed out with the State Department? You did what they needed you to do?*

BROWN: Yes. they were satisfied that the AID program was helping Palestinians in key areas like water supply and being a visible USG presence. We had switched from grants to NGO's to contracts for infrastructure. And also, the Vice President was interested in working out an economic partnership with the Government of Egypt, the Gore-Mubarak Initiative.

*Q: Yes. I was going to ask about Egypt and how much involvement USAID had with that Binational Commission. We have discussed other commissions in a number of oral histories.*

BROWN: Oh, that was basically diplomatic theater.

*Q: So, there was a Gore-Mubarak partnership.*

BROWN: There was.

*Q: So, all of the U.S. cabinet offices were involved?*

BROWN: Several, but in addition to State and USAID, it was mainly Commerce.

*Q: And all travelling out to –*

BROWN: Exactly and having dinners.

*Q: Was there pressure on...*

BROWN: There was pressure on us to give them money.

*Q: To give money to the other U.S. government agencies, right.*

BROWN: Yes, and we did, but not much. They really didn't have much to actually fund.

*Q: Was this in the same period that Aaron Williams was in South Africa? Did you guys ever discuss?*

BROWN: I don't think I ever discussed the Egypt Partnership with either Aaron or whoever was Mission Director in Moscow – the third Gore Partnership.

*Q: The bi-national commission*

BROWN: Yes. The three commissions were coordinated by Gore's foreign policy guy in the NSC (National Security Council), Leon Firth was his name I believe. There were a lot of meetings in Washington, and high-level travel to Egypt, but not much substance.

*Q: When you were in that position in Washington, did you get involved in a lot of inter-agency work? You talked earlier about the State Department, but were there also a lot of NSC meetings?*

BROWN: Mostly related to the Gore-Mubarak Initiative.

*Q: Leon Firth was the Vice-President's foreign policy person. Right?*

BROWN: Yes, Leon Firth and several meetings with Vice President Gore

*Q: Okay. So, that was all very high-profile stuff.*

BROWN: Yeah. That was fun.

*Q: How was the Jordan program?*

BROWN: Jordan went from like \$12 million in one year, up to \$400 million shortly thereafter.

*Q: Yes, I've heard that when the Jordan program expanded greatly, they worked hard to expand and deepen activities in their existing strategic areas rather than spreading out. Is that correct? Is that your memory of it as well?*

BROWN: Yes.

*Q: Because that's, obviously, a difficult decision one makes when you have that kind of rapid increase.*

BROWN: And then clearly, sectors like water, the private sector, and a very large annual cash transfer.

*Q: Okay. Now, we did talk earlier about the closing of offices. Were any on the near east side closed?*

BROWN: Yemen.

*Q: Okay.*

BROWN: And that was the only one that we actually closed. We had this very small program in Yemen. It was a family planning program in Yemen, right? And we had on Foreign Service Officer out there, and it was like \$9 million a year. We played more in OE (Operating Expenses), practically, to keep the office open than we had in project expenditures. It was just crazy. But the U.S. Embassy and the Yemeni government were just terribly upset about all that.

*Q: Right. And was that in part so we'd have access to the Port of Aden? Was that driving it?*

BROWN: No. the Ambassador was quite upset, because it represented USAID presence in Yemen, and she thought she could get the decision reversed. Not.

*Q: There were also programs in Lebanon and Morocco. Was Morocco to be closed? Morocco's been almost closed a whole bunch of times. Was it ever on that original list?*

BROWN: No, because of the king and his support of our foreign policy. That was very clear. Lebanon had been closed for a while, and then we reopened a small Mission there when I was DAA/ANE. We assigned Spike Stevenson as AID Representation. He was particularly skilled at managing non-traditional programs.

*Q: It was a busy time.*

BROWN: That was a time when you could only get to Beirut by the Beirut Air Bridge – a pair of U.S. military Blackhawk helicopters flying from Cyprus to the Beirut Embassy compound. For security reasons, no U.S. staff could use the international airport in Beirut.

*Q: Oh, yes. Spike talked about that in his oral history, where you went out to some appointed airstrip.*

BROWN: Yes. There were two Blackhawks that would fly at night on an irregular schedule. Passengers would have to put on a rubberized flight suit so, if the helicopter crashed, maybe they could find your body. Not a comforting thought as you sat in the back in utter darkness for a several hour flight.



*Q: Did you ever have to do that yourself?*

BROWN: No.

*Q: Doesn't sound like fun. And the sound.*

BROWN: Yes, in a Blackhawk you do have to use earplugs, because otherwise it's deafening. I flew in them in Guatemala.

*Q: Okay. So, one of the other big things that happened in Washington in either 1996 or 1997, was the RIF.*

BROWN: The great RIF, yeah.

*Q: The Reduction in Force. I think you were in the Asia/Near East Bureau at the time.*

BROWN: I was the in the Asia/Near East Bureau, yes. I was an implementer of that, as were you.

*Q: Yes, because we were both on the DAA (deputy assistant administrator) working group, which was working with Frank Almaguer, who was the director of personnel, to try to figure out how to do this...*

BROWN: Yes. The GS (civil service employees) system had a very clearly defined RIF process. The FS (foreign service) side was not clearly defined and Agency management exercised a lot more independence in managing the process. As a result, when I was later AA for Management I was deeply involved in an age discrimination class action lawsuit based on the Foreign Service RIF process.

*Q: Right. Did you have to advise any people in the ANE Bureau?*

BROWN: Yes. I think there were three or four. Awful.

*Q: Yes, it was terrible, and it had terrible results. That's the other irony. On the Foreign Service side, we ended up losing a lot of good people instead.*

BROWN: Well, same thing on the GS side. Because in the GS, you eliminate positions, not people. So, you may eliminate GS-15 or 14 positions but the actual people who lose their jobs are frequently GS-13 officers.

*Q: Right. So, anything else on the Asia Near East Bureau you particularly want to talk about?*

BROWN: No, and I think it was really... To me, it was the significance of having the ability to develop sound relationships with State and with other agencies, including the

White House, when necessary in major foreign policy settings. Because the possibility of AID coming across as bureaucratic, slow, lethargic, unresponsive, is very high, and it's a question of first, using the right words, and not finding yourself defending what really is pretty questionable.

*Q: Right. It's a lesson that seems to be hard for AID to learn.*

BROWN: It is. And people like Bambi, for example, is a master at managing these relationships. Have you interviewed her?

*Q: Yes. Well, I haven't, but she has been interviewed.*

BROWN: Great

*Q: Well, as part of the oral histories, we are doing some videos. I'm not sure if Bambi's has been done yet, but I will suggest that they do this. Because we've talked about how she should talk about experience with inter-agency collaboration. But if she has a broader schtick on what a foreign service officer should be doing, we should have that taped as well. That's a good point, thank you.*

BROWN: She can articulate mentoring better than anybody I have ever met.

*Q: Good. Now, was Margaret the assistant administrator throughout the time that you were at the Asia Bureau, because I know she left at some point.*

BROWN: Yes, she did. And Bob...

*Q: Bob Randolph?*

BROWN: Replaced her. By then I had moved on.

*Q: So, after the RIF and the whole new management system stuff, there was the 1996 election, and Larry Byrne departed shortly after the 1996 election?*

BROWN: Yes.

*Q: Was there a vacancy? This shows that you went in in November of 1997, so I'm wondering if there a vacancy, or did Larry stay on that long?*

BROWN: Larry left I think in July 1997

*Q: Okay, so Larry Byrne, the infamous assistant administrator for management, is leaving. Agency morale is still quite shaky from the RIF. There are problems with new management systems, all kinds of issues. Brian Atwood has to replace the assistant administrator for Management, and he approaches you. You solved his problems in the Asia Near East Bureau, so now you needed to...*

BROWN: Yes, I think that that, partially, was it. And also, I think from Guatemala, as well, in terms of being able to manage systems as well as development programs. It was also something that I was willing to do, because I thought that what Larry had done, we needed to undo and restore some balance in the Agency and some transparency. Too much authority had been concentrated in the M Bureau. Because as you recall, nothing was transparent in M., including their management of the Agency budget. As you recall, each Bureau had an annual budget hearing chaired by Byrne, which would include other Bureaus as well. There was no such open review for the M Bureau. So, one of the things I wanted to be able to do was to have the M Bureau present its proposed budget annually to the rest of the Agency.

*Q: So, that was something you proposed to Brian?*

BROWN: Oh, definitely. No question.

*Q: Now, when you came into this position, this time you came in as a political appointee and were confirmed by the Senate.*

BROWN: Right, so I had to have White House personnel approval.

*Q: And that probably took a few months to happen?*

BROWN: Yes, and I think it happened only because Brian really wanted it to happen. So, I certainly... I mean, normally if you're appointed by the White House, you have to have done something for the president, sooner rather than later. So, as a career officer, that certainly wasn't me. But Brian actually had two career people confirmed by the Senate. One was head of the E&E Bureau (Bureau for Europe and Eurasia) as a career person...

*Q: Don Presley.*

BROWN: Don Presley, and myself. At the time I was nominated, two external individuals were also nominated by the White House: Hattie Babbitt as the deputy administrator and Tom Fox as the AA for PPC (Policy and Program Coordination).

*Q: Did you have a hearing all together, the three of you?*

BROWN: We did.

*Q: Was that an interesting process, the hearing?*

BROWN: It was. There was one question on, what am I going to do about the NMS (New Management System), but that was the only substantive question, really.

*Q: Right. So, you... What was your answer to what you were going to do about the NMS? What did you do about it?*

BROWN: Well, first of all, we tried to figure out what the issues were, so we contracted IBM to do what was essentially a systems audit. Their recommendation was to start again. There were so many problems with it. All of that was just a huge challenge, at a time when the CFO (chief financial officer) left the Agency. We could not find or recruit an experienced leader for CFO. The CFO is controlled by OMB (Office of Management and Budget), so they have to approve who that person is.

*Q: Do they report to OMB?*

BROWN: No, they don't, but...

*Q: But they sign off on everything?*

BROWN: Yes, they do, and they also help identify people.

*Q: Is it the same on the CIO side, on the information side, or do they report to somebody else?*

BROWN: I don't remember that.

*Q: I'm trying to remember what was being done with the information systems -- was it primarily to integrate finance and procurement and project monitoring and all that stuff...*

BROWN: Yes, it was supposed to be a comprehensive, integrated, single entry system.

*Q: There was some discussion of using and tailoring off the shelf systems, versus starting from scratch. Was NMS a start from scratch, and then you moved towards more of an off the shelf?*

BROWN: As I understand it, early in developing NMS a commercial off-the-shelf product (COTS) was considered but none were able to handle our very complex financial management systems (managing dollars and local currency, multi-year funding, advances, etc.). It was decided to develop the software internally with a number of different contracts managed by M. AID is not a software developer and we ended up with a non-functioning system at a cost of something over \$90 million. One good thing that came out of NMS was that we established direct satellite connectivity with all of our overseas missions. That turned out to be great and was, for example, a lifesaver in Kenya. After the destruction of the Embassy, the USAID direct satellite VSAT was the go-to communications channel for the Embassy until they could re-establish their own communications. It also was used for all our telephone and email communication.

*Q: Right. You were the head of the Management Bureau when the embassy bombings happened.*

BROWN: Yes.

*Q: So, the embassy then moved into the AID facilities in Nairobi. Was there Washington discussion of that, or was that kind of brokered at post?*

BROWN: It was the only obvious thing to do. Because of where the building was located, in a residential area, it could fairly easily be secured. It was the only obvious thing to do. The issue then was, where would AID be on the new compound.

*Q: Oh, when they built a new embassy.*

BROWN: Yes, so that was a big issue with State's building office, FBO (Office of Foreign Buildings Operations) because of cost implications.

*Q: So, you had a lot of liaison with State Department as the AA (assistant administrator) for Management.*

BROWN: Right.

*Q: Was Kennedy in...*

BROWN: Yes, Pat Kennedy.

*Q: Was he there then? Yes? Okay. Because he was a formidable...*

BROWN: In my opinion, Kennedy was always trying to integrate AID overseas operations into State, primarily through what many saw as a non-transparent evolution of ICAS (International Cooperative Administrative Support).

*Q: That's right. Because ICAS had started... Did that start during this period or had it started earlier?*

BROWN: It had started a little earlier, yeah.

*Q: But it really gained momentum during the period when you were there.*

BROWN: It did, yes.

*Q: And then it became even more after you left.*

BROWN: Oh, it did. Yes, our mission directors and EXO's really had to fight to get to the table with comparative service costs and have any recognition of which Agency at Post was the lowest cost service provider.

*Q: Yeah.*

BROWN: Now, Kennedy was not a supporter of AID's overseas operations and independence of support systems.

*Q: Yes, I think that's...*

BROWN: That's an understatement.

*Q: Yeah, I think there was a lot of evidence of that. Again, we started talking about how morale was really pretty bad in the Agency during this period because of the RIF, in the early days when you took on this responsibility. Do you recall any extraordinary efforts that were taken to try to heal and improve the Agency? As an example, I vaguely recall that after the RIF, Brian met with a group of deputy assistant administrators and said, "I realize I have to regain the trust of the career staff." I'm wondering the degree to which he might have discussed that with you.*

BROWN: Well, I think one thing we tried to do, because it was all centrally budget-driven – that was the excuse and the reality – was to have winners and losers both agree to what was going on, so that the whole budget process internally was much more transparent. So, we all sat together and discussed consequences of resource choices. It wasn't grace and favor. It wasn't running up the back stairs. Larry played the grace and favor thing to a T; he used the OE (Operating Expenses) budget, particularly, to support or not support...

*Q: To reward and punish.*

BROWN: Exactly. So, that was, I think, one of the major things that we tried to do. There was then organized, informal discussion. Previously, the only time that the senior staff would get together was staff meetings with Brian, which had a whole different purpose. So, we tried to develop... At least, Tom and I tried to develop and did in formal meetings at the AA (assistant administrator) level, to basically have people come out of their title and really talk about the Agency and where it was going. So, I think... We wanted to encourage the same thing at the DAA (deputy assistant administrator) level. We tried to increase the level of informal communication. So, that was successful while Hattie was Acting Administrator.

*Q: Right, because Brian left in 2000 or so.*

BROWN: No, 1999.

*Q: Yes, because I left in the summer of 1999 when he was about to go.*

BROWN: So, Hattie Babbitt was then acting administrator. Hattie, Tom and I got along extremely well and met fairly frequently just to get together and chat about current issues.

*Q: Was Kelly Kammerer the counselor during that, or he wasn't part of that?*

BROWN: He was, but I think by then he had left. I don't remember him as counselor then. My assumption was that with so little time remaining in the Clinton Administration that Hattie would serve out that time as Acting Administrator. But the Administration decided to bring in J. Brady Anderson as Administrator. His chief of staff was a White House person who was basically there to manage the Agency. That was at least her view, which meant things didn't get done. Any reasonable decision-making process didn't work and didn't happen. So, it was very much back in the grace and favor system, based on who she liked and who she didn't like. So, that was quite unfortunate. The Administrator had very little interest in leading the Agency.

*Q: With the budget function, did you get involved at all, or was it just the regional bureaus having to fight out budget issues with the State Department coordinators, like for the Soviet Union and for Eastern Europe?*

BROWN: Not that much. The only discussion I had on that was with your State counterpart Susan Rice in the Africa Bureau. She wanted an increased share of DA (Development Assistance) funding to come from outside the Africa Bureau. I attended a meeting chaired by the Deputy Secretary and Rice to discuss the issue. My point was to argue that since State controlled the allocation of ESF that more ESF should be allocated to Africa and not DA.

*Q: Right, because the development fund for Africa, which was an earmark for Africa, was going down. So, they were asking for additional DA.*

BROWN: Right, to take it away from Latin America or elsewhere since Africa still had the largest regional bureau allocation of DA. I think there was virtually no ESF in Africa.

*Q: Right. Well, there may have been a little bit in a few places.*

BROWN: But it wasn't a significant resource. There was no resolution to the issue that I recall. At that point I wondered whether being at the most senior level in AID was more rewarding than being a Mission PDO.

*Q: Right. Sometimes it's better not to know how the sausage is made.*

BROWN: That's true, and how much leadership matters. That is absolutely the case.

*Q: Were you involved at all as the battles were going on behind the scenes about preserving USAID when the Congress wanted to merge USIA (U.S. Information Agency), USAID, and the Arms Control Agency into State? Two were going to be merged in with the State Department. I know that the AID front office, Brian Atwood and Carol Lancaster and others, were actively working to protect AID. So, it was not one of the two merged. Were you involved at all with that in the Management Bureau?*

BROWN: Not much. That had largely been resolved by having the Administrator of AID report formally to the Secretary of State and included that the AID budget request would be submitted to State, not directly to OMB.

*Q: Okay. I couldn't remember the timing of when all that was done.*

BROWN: Basically, the first Agency fiscal year budget I developed in the M Bureau was the first budget submitted to the Secretary of State to be included in State's budget request to OMB. So, that was the first meeting with the secretary, who was then Madeleine Albright, and with the deputy secretary. USAID was represented by Brian, Tom Fox and myself. The discussion was very high level and as I recall no changes were requested.

*Q: But that's when the direct link began?*

BROWN: Correct. And that was before the really dark days when PPC was dissolved and the budget process transferred to State with the creation of the F Bureau in State in 2005. Fortunately, neither of us was with AID at the time.

*Q: Okay. I'd forgotten about the timing of that. Other things from your time at the political level?*

BROWN: The one thing I should have done was transfer AID budget management back to PPL with the confirmation of Tom Fox. That was an error of mine. Brian would have gone either way, I think. The issue with having the Management Bureau oversee Agency budget, is that it consumes so much of the OE budget, particularly. I tried to counterbalance by at least having the M Budget reviewed in an all-Agency process. However, budget and policy formulation belonged together in PPC

*Q: The Management Bureau also covered the Procurement Office?*

BROWN: The M Bureau included the offices of human resources, assistance and acquisition and assistance, facilities management, the CIO and CFO.

*Q: Okay, so HR was part of it. Because at various times it was in...*

BROWN: HR had been independent in the past.

*Q: Did that create any special challenges for you as the head of the M Bureau?*

BROWN: Yes. It was always very difficult to find a very senior person to head HR since it was an office within M, and not a direct report to the Administrator. I spend a great deal of time on Agency HR issues.

*Q: Yeah. People's expectations are one thing, and the system is another. And you weren't involved at all in the senior management selection of mission directors and stuff?*



BROWN: Yes, definitely.

*Q: Oh, you were?*

BROWN: Quite.

*Q: Okay, I wasn't sure if it was just HR.*

BROWN: I tended to chair the SMG assignment meetings.

*Q: Oh, you did, okay. Because the deputy administrator did it at one point in time, but you picked that up. Super. I'm sure you did a good job at that.*

BROWN: I did. It was a time when you kind of managed all the career senior managers in the Agency.

*Q: Good. And then procurement stuff, that went on. Was the CFO part of management as well?*

BROWN: Yes.

*Q: And those functions just went on?*

BROWN: Well, this was trying to figure out what to do about an accounting system. We couldn't get a clean audit from IG because we lacked an integrated financial management system with the failure of NMS. That went on and on and it wasn't resolved during my tenure. It was kind of on the road, but we hadn't gotten there yet. In the Procurement Office, it was mostly, then, around being understaffed; the Agency had substantially shifted to acquisition and assistance, and away from government-to-government direct assistance. We always seemed to be short of qualified procurement staff, particularly in the field.

*Q: But it was important, I think, to the rest of the Agency that you went there when you did.*

BROWN: I think I was at least trying to give back to senior managers the ability to make decisions.

*Q: Now, after this scintillating period heading up management, you decided...*

BROWN: To retire. Absolutely. I left the Agency in June 2000. Never thought I'd work for it again, and not in a negative way. I was very unhappy with the last few months I was with the Agency, just because of the relationship with the front office. But until that point, for me, it was great. Most days were great. It was always challenging, but that was fun.

*Q: Okay, this is Carol Peasley continuing the interview with Terrence Brown. Today is August 24<sup>th</sup>, 2018. So, Terry, I think when we finished up, you had left USAID (United States Agency for International Development) in June of 2000 and joined World Wildlife Fund.*

BROWN: After a six-month break, yes.

*Q: After a six-month break. Very good.*

BROWN: Yes, it was. I was mentally stressed when I left AID, and needed a chance to recover, which I did. So, by the time I started applying for jobs in the late fall, I was at least ready to go back to an employed lifestyle.

*Q: So, when you retired, you really didn't know what you were doing next. You really did take a break.*

BROWN: Yes. I knew I wanted to continue to work in development, but other than that, no, I really wanted to take some time off, which I did.

*Q: Good. So, you came back with a completely recharged battery to work at the World Wildlife Fund.*

BROWN: Exactly, and I actually took a job that paid significantly less money than I was making at AID. But it also wasn't a job whose primary requirement was fundraising, because a lot of the things that are out there, as you know, especially in the not for profit sector, are all about fundraising. That is a driving goal. Although everybody was involved in that, that was not one of my primary responsibilities around developing proposals for donors.

*Q: So, what were your responsibilities?*

BROWN: I worked for World Wildlife U.S. World Wildlife U.S. oversaw, on behalf of World Wildlife International, the country offices in Latin America. In a way it was kind of like overseeing AID missions. The LAC (Latin America and the Caribbean) Secretariat, as it was called, was the governance structure for LAC programs. There were five or six country offices and then three national offices – that is, the small World Wildlifes. Brazil and Venezuela and Argentina had their own independent organizations with their own governing boards, that really was part of World Wildlife International and looked to the U.S. for support. But they were otherwise independent. Then there were five program offices, which were like AID missions. They were actually integrated into World Wildlife U.S.'s accounting system. So, they were included in the annual A-123 audit. As the operations director, my job was to oversee those offices in terms of their compliance with donor and WWF procedures (financial management, procurement, reporting, HR, etc.)

*Q: So, you weren't just looking at compliance vis a vis USAID, but more generally looking at how they were operating.*

BROWN: Right, because funding came from many sources, it wasn't all USAID. It was also money that came from the World Wildlife unrestricted budget, as well as from other major donors, particularly the Dutch and the Brits. They were the two major donors interested, other than the U.S., in Latin America.

*Q: When you looked into those other donors, the Brits, the Swedes, the Dutch, did you sort of say, "Gee, I wish we had thought of that at AID"? Did you see anything you wished AID were doing?*

BROWN: Well, they had their own kind of control. The U.K. was into much more rigorous financial control, for example, than even AID was. Also, I think they were mostly focused on an overall conservation program. So, each country had its own sort of country strategy in a sense, and its own biodiversity strategy within that. Then, each of the donors had their own particular interests, and one of the tensions in World Wildlife was that the interests of the big national organizations like the U.S., and other funding in the WWF network.

*Q: It's interesting that that phenomena happens between international and national organizations and country offices. There are a lot of non-profits that are grappling with that issue. Someone should be writing a book and putting all of these different models together. What was it like working...? Your mandate may not have been advocacy, but was it interesting to be working for an organization that spent as much time as it did on advocacy?*

BROWN: People working in the organization were, like most AID workers, highly motivated. I mean, these were visionary-driven people who worked there because they believed in conservation and were highly qualified. Many had PhDs. So, it was an interesting bunch of folks to work around.

*Q: I assume they did some lobbying on the Hill. Did you have any engagement with the Hill at all?*

BROWN: No. They had their own office that managed that, as well as an office that managed fundraising. It was for direct support fundraising, which was very important to them because of the importance of unrestricted funding to any organization.

*Q: Right. So, they did a lot with just their own funding.*

BROWN: Oh, yes.

*Q: It's a much more mature non-profit NGO (non-governmental organization) than many of the ones that USAID works with.*

BROWN: They were more guided by World Wildlife conservation strategy and priorities than by donor funding. And when they competed for funds – for example, U.S. cooperative agreement (they would not compete for contracts) – they did so only in the context of their own conservation program. So, they had a major USAID-funded program in the Congo around natural resource conservation and biodiversity.

*Q: Right. That's the way it should work.*

BROWN: I agree.

*Q: That's good. I suspect that when we get towards what you've been doing the last several years, this kind of experience working for an NGO was helpful in thinking through some of the approaches to things.*

BROWN: Yes. World Wildlife, basically did push back when AID tried to manage their grants like contracts

*Q: Good. So, you were there for about four or...*

BROWN: About five years. It was really a very enjoyable period of time. About that time WWF was considering a reorganization which would have reduced the role of the LAC Secretariat. At that point, John Sanbrailo (former AID colleague for many years) was Executive Director of the Pan American Development Foundation (PADF). They had just received two huge awards in Colombia that totaled over \$100 million dollars. PADF was scaling up to manage those awards. One of them was a cooperative agreement, and one was a large subcontract. John needed help in terms of managing their field offices, as well as retooling their internal controls to meet AID standards.

*Q: So, in the fall of 2005, then, you moved over to...*

BROWN: It was October 2005. Correct.

*Q: To become the Senior Operations Director?*

BROWN: Right, sort of like the Chief Operating Officer.

*Q: What were the two programs? What were they doing, out of curiosity?*

BROWN: It was implementing the second phase of AID Plan Colombia, so it was working both on crop diversification, and then there was one that was more focused on local government strengthening kinds of issues.

*Q: Maybe actually start... Could you say a bit about what the Pan American Development Foundation is? Did it come out of the OAS (Organization of American States)?*

BROWN: It has a relationship with the OAS. It was associated with the OAS but operated independently and was registered as a 501c3.

*Q: Right. But then, does the bulk of the money come from –*

BROWN: The majority of funding at the time came from USAID and, to a lesser extent, the State Department.

*Q: Do they get private contributions as well, or is it mostly donor?*

BROWN: They do, but it's mostly government donors, including the Government of Colombia. The vast majority, at that point, was USAID funding activities in Haiti and Colombia.

*Q: I mean, it's interesting, because... You said crop diversification was one of the main parts.*

BROWN: Right, and then working with the displaced persons in Colombia. We were working with the IDPs (Internally Displaced Persons). That was the other major component of Plan Colombia.

*Q: Do you have any observations on crop diversification programming? Because I've talked to a number of people or have read a number of oral histories of people, who were involved in different approaches.*

BROWN: The history is quite mixed, because some of the solutions are relatively long term. In Colombia, it was cacao and rubber that were two of their major substituted crops, which both have a fairly long period before the crop actually matures and provides sustainable yield. So, it's also trying to figure out what farmers can do to both nurture their trees, essentially, as well as feed their families while the trees are maturing.

*Q: But they never just gave money to people to cover a gap in income?*

BROWN: No. Not that I'm aware of.

*Q: Was there eradication in the same areas?*

BROWN: Right. PADF basically followed the eradication effort. The government would either voluntarily or involuntarily eradicate coca in the areas, and there was after that efforts to help the people to switch to other things. So, there was always... And also, the violence and the FARC (Revolutionary Armed Forces of Colombia) and others were always a factor in that program. There were obviously areas not under government control that we did not operate in. It was a very politically difficult and at times dangerous program to run.

*Q: Did you have to invest a lot in security measures?*

BROWN: We had a person who was responsible for security in the office, a former military guy in the Colombian army, actually. So, we were quite sensitive to security issues, but didn't have any hugely visible security efforts, no. We tried to have at least an understanding of local communities, because we were then essentially supporting Colombian farmers, not eradication efforts. We weren't doing that. So, in most places we could operate okay, although there were times when people were threatened. At times, field work was very stressful and dangerous for our Colombian field staff. Except for the PADF Colombia director and finance officer, all our staff was Colombian.

*Q: Had PADF (Pan American Development Fund) been there for a long time, so that they had a lot of credibility. If so, did that help to protect them?*

BROWN: Oh, definitely. They had a local brand, FUPAD – the “Fundación Panamericana de Desarrollo” (Pan American Development Foundation) – and that's really what they operated under. It appeared to be a Colombian organization. This helped attract resources from the Colombian government, although it would not pay our indirect costs as required by USAID. We had to cover those indirect costs from other resources.

*Q: But getting resources from the Colombian government?*

BROWN: Yes

*Q: Oh, alright. Interesting. And the other major program was to work with displaced persons? And that was displaced from...*

BROWN: Yes, displaced from violence in Colombia. I think there were in total something like two million displaced. It was a very large number of internally displaced persons. Under our cooperative agreement, our partner was IOM (International Organization of Migration) for a while, at least. We were doing a variety of things, including housing opportunities and income opportunities, job skills training. So, it was a fairly diverse program spread around the country based on where the displaced populations were. There were some very interesting field trips to some very difficult places.

*Q: I know that the AID program there, at least at some point in time, was trying to reach out to disadvantaged populations and minorities within the Colombian population. Were you involved with that?*

BROWN: Yes, especially the Afro-Colombian community in Quibdo and in Cartagena, two major centers of Afro-Colombians.

*Q: So, you were doing that through the displaced persons program?*

BROWN: Correct, yes.

*Q: Okay. Any other significant observations about that period in time? Because PADF is interesting; it's not a traditional NGO (non-governmental organization). Because it was created out of the OAS it has a bit of a public nature to it. I was just curious whether...*

BROWN: Again, it was largely the same kind of issue around a Washington headquarters and field offices. Some funds were directly managed in Washington. There was a program in Cuba managed in Washington and in Venezuela, managed by an office in Caracas. Both were

*Q: And doing what in Venezuela? Rabble rousing?*

BROWN: It was an OTI (Office of Transition Initiatives) program, so most of it was...

*Q: So, rabbleroxing.*

BROWN: PADF's purpose was to sustain local civil society organizations. Sustaining, in some ways, information freedom and supporting small, local organizations. OTI wanted more short-term deliverables and could care less about sustainability.

*Q: And in Cuba, as well, there was a program?*

BROWN: Yes.

*Q: Doing something similar?*

BROWN: The program was very limited.

*Q: Out of curiosity, I assumed PADF has a board of directors?*

BROWN: Yes.

*Q: Where are they from? Are they from different countries?*

BROWN: Yes, quite.

*Q: Because some of the things you were doing were being funded by the U.S. government, and certainly fulfilling U.S. government objectives, did that ever become an issue within the board, or were those folks all comfortable with it?*

BROWN: Well, I think it was all-around issues of supporting democracy by supporting local organizations and helping maintain independent voices. I don't think any of that caused any real concern on the Board. The Executive Director was very effective at managing and communicating with Board members to avoid any conflicts.

*Q: It's interesting... But I guess you choose your board to make sure they're not going to be ones that would be upset if you're working with the U.S. government.*

BROWN: Right, I think that's true.

*Q: Relations with the USAID mission? For example, in Colombia, where you were doing two very large grants or cooperative agreements, did you have any observations about how USAID works? Did you ever mutter under your breath, "This never would have happened if I were in the AID mission"?*

BROWN: At the mission director and deputy level, we maintained excellent relationships because we were delivering results for the Mission. John Heard (Colombia country director) and I enjoyed real credibility with AID leadership in part because we were colleagues in the past. At the COR (Contracts Officer Representative) and AOR (Agreement Officer Representative), it was a bit more complex. My major issue was that the AOR did not know the difference between a contract and a cooperative agreement, so that caused some friction. On several occasions I had to informally approach the Mission OAA office to intervene. Overall, I thought the Mission staff micro-managed the awards.

*Q: You would just go to self-negotiate?*

BROWN: I would just go to the contracts officer informally.

*Q: In Washington?*

BROWN: No, in the mission.

*Q: The boss or whoever this underling was.*

BROWN: Right. That relationship around what an AOR can and can't direct the recipient to do at times was just craziness.

*Q: All good learning for you.*

BROWN: Yes, I mean, basically, when AID was asserting technical direction in the cooperative agreement... That's not appropriate.

*Q: Okay. Any other significant thoughts about the time with PADF?*

BROWN: Not really.

*Q: Okay. So, you left that in early 2011.*

BROWN: Yes.

*Q: And?*



BROWN: I came here and returned back to the womb. Back to AID.

*Q: I was thinking that it was earlier that you came back. I thought you had been here throughout the entire Obama administration but no, I guess not.*

BROWN: No, it was 2011. When PPL (Bureau for Policy, Planning, and Learning), had just been stood up for a few months, and as they were revising the guidance around a revised program cycle, (country strategies, projects, monitoring, evaluation, and learning) Susan Reichle (head of PPL) was seeking help outside USAID. At that time, Bambi Arellano was Agency counselor. They were both interested in seeing if I could come back and help out since I had substantial past experience.

*Q: And this was to put in place a new process for doing country strategies and program design, project design?*

BROWN: Right. In part, it was bringing back more discipline in that process, because by the time the Obama administration started, there was no project design. Country strategies, if they existed, only existed because a mission director remembered what to do. There wasn't even a process for reviewing and approving them. Evaluations also had atrophied. So, it was all about managing activity awards, grants and contracts. That's all the Agency did.

*Q: So, how did you get started on this process of change?*

BROWN: I was given the responsibility to draft the guidance around project design. We had a contractor who did some draft of that, and it needed to be simplified, so I then essentially was principal drafter of one of the ADS (Automated Directives System) chapters around project design. At the same time, the Agency was bringing back the use of direct government to government assistance (G2G) and had very few people inside the Agency with G2G experience. I was also part of the group that revised that guidance as well.

*Q: Maybe you could talk a little bit about that, because AID traditionally had done much of its work through government to government work, including...*

BROWN: Right; we were in the past mostly a sovereign lender with limited grant funds.

*Q: Including passing resources through host countries. Then, suddenly, it was not done, and then to start it up again, a very elaborate process was put in place.*

BROWN: A very elaborate risk assessment process, in part because of the discomfort on the Hill with returning to direct government to government assistance. Also, our partners in the community, especially the PSC (Professional Services Council), were looking at this more as potentially losing resources. But nonetheless, we did develop an elaborate system of assessing and developing risk mitigation procedures around government to

government management of AID resources. What developed was a very elaborate but certainly conservative approach to risk assessment and mitigation.

*Q: I don't know the degree to which you might have been involved, but it always struck me as a bit funny that a fairly elaborate risk assessment process would be put in place that showed a fairly strong aversion to risk. But simultaneously, in some countries, such as Pakistan and Afghanistan, there was a political push to try to do more?*

BROWN: A political directive from State. We were told to do more directly with those governments.

*Q: It must have been kind of a chaotic scene with these two different things coming together in those two countries -- were you involved at all?*

BROWN: Mostly after the fact. Pakistan, of course, is not Afghanistan. At least Pakistan had a government that functioned; you might have had issues with it, but they actually had systems in place. In Afghanistan, we developed a relatively elaborate trust fund structure in Afghanistan rather than direct agreements. They were called qualifying trust funds. In Pakistan we did direct assistance, mostly infrastructure.

*Q: And a qualifying trust fund is what?*

BROWN: Funds that we initially obligated through a donor trust agreement that were then passed through to the Government of Afghanistan

*Q: Is that a trust fund with other donor resources?*

BROWN: World Bank mostly.

*Q: World Bank manages it?*

BROWN: Yes.

*Q: And the Bank may or may not put money into it. They may just manage it.*

BROWN: I think it does. But it does provide oversight.

*Q: Okay. I read somewhere that the Bank has some trust funds they don't put any money into, they just manage.*

BROWN: I think that is correct.

*Q: Right. Was it difficult to try to push for change within AID? How do you manage that kind of change? Do you find some people within the organization who are fellow champions and work with them to help bring the change, or...?*

BROWN: Well, I started out with the Implementation and Procurement Reform (IPR) group led by Lisa Gomer, who was then GC (General Counsel). It was a directive from the Administrator, that Missions should obligate 30% of your funds to local actors, either government or non-government. That was a big shift and caused good things and bad things to happen. It took leadership from the top to say, "You shall do this." Otherwise, people won't change behavior.

*Q: And then the way in which he did it ended up creating more resistance from the Professional Services Association and others?*

BROWN: They did, absolutely right. The PSC saw it as taking funds away from our traditional US-based contractors and increasing risk to the Agency. Missions also faced the difficult task of finding capable local organizations but not increasing the risk of funds mismanagement.

*Q: I assume that part of the discussions acknowledged that AID is increasingly working in the most fragile countries with the least capacity, which is very different than much of the development experience that you and I have, where we were working with a little more normal country.*

BROWN: Yes, countries with more of a history of working through local organizations.

*Q: But many of these countries were also politically important, so there was another dynamic.*

BROWN: Especially with the bilateral donor that we are, there are always all kinds of internal contradictions in terms of, we need to work locally, we need to work directly, but in places like Sudan, how do you do that? Obviously, there are countries in which a 30% target was totally unrealistic.

In addition to more direct local awards, we changed our definition of sustainability to have it very much be sustaining the ability of local systems to support their own development outcomes, as opposed to delivering outputs. That's a significant shift.

*Q: Can you explain that further? A shift from the sustainability meaning you can deliver, or you are delivering...*

BROWN: Well, I think with the local assistance framework paper, which was done in 2014, stated that our objective is to develop local ownership and strengthen local systems because we know no single actor can deliver development results. We want to strengthen those systems so they can sustainably deliver desired results. The focus of our assistance should be on local system strengthening, not contracting for outputs.

*Q: How do you go about doing that kind of training? That's a very nuanced point.*

BROWN: We've just started. We have launched a new Agency course on Project Design. This course took us a year to develop, because we had to develop material and a case study to teach participants how to develop a theory of change and associated monitoring, evaluation and learning approaches. How much will the organization adapt to these changes? That is our challenge.

*Q: And that's being led by the Policy Bureau?*

BROWN: Yes.

*Q: I assume that much of this was developed in a collaborative way with input from others around the Agency, and models field tested?*

BROWN: Exactly. We piloted it, we tested it out, we tried it on ourselves first and we initially facilitated the course with AID staff. The hand-over to a contractor to deliver the course also was not easy

*Q: So, go back to the strategy process that was put in place. Does that remain, and was that firmly ensconced within the AID programming cycle now?*

BROWN: Yes, although the guidance on drafting a CDCS has been revised and simplified based around the concept of self-reliance.

*Q: Now, in many and certainly in Africa, the major resources that most countries have are HIV/AIDS (human immunodeficiency virus/acquired immunodeficiency virus) resources from PEPFAR (President's Emergency Plan for AIDS Relief). Are those in any way either incorporated into the country strategies, or is there a mandate to at least factor that into the country strategy and helping to define priorities?*

BROWN: They are included in the CDCS. This is strictly my opinion, because this is an area of much discussion, and I'm sure this maybe a politically correct or incorrect thought: Missions who have used PEPFAR or tried to use it as a way of strengthening their health systems have found themselves out on a limb, because PEPFAR is not a development program. It's a disease control program, and that's what its goals are. It's about reducing HIV/AIDS prevalence and treatment. So, the resources that we are putting into that are way beyond most countries' ability to maintain. And the whole issue around sustainability? I don't understand it. I do not understand how there is any sustainability in this, except to say, if we can get the prevalence down low enough, then the cost will be low enough to sustain. So, now the directive to the field is to obligate 70% of PEPFAR funds to local organizations. As if that was somehow a proxy for sustainability. Obviously, no one learned anything from the failed efforts of IPR to use percentage of funds obligated locally as a measure of local capacity-building.

*Q: Yeah, and I think one of the other difficulties is that some AID missions have been able to use resources to do some health system strengthening work, but the problem is, PEPFAR operates on these one year operating plans, so you get started on something, and then they decide they're not going to support it anymore, and you're left holding the bag.*

BROWN: Exactly, or they shift target areas because of prevalence rates. So, it's driven by a whole other set of metrics, and those country operating plans (COPS)... 1,000 pages? What is that? So, it's a totally centralized system, a lot of it dominated by CDC (Centers for Disease Control and Prevention) and their approach not to development, but to treatment. And we have a huge Washington-based bureaucracy critiquing COPS.

*Q: So, in developing the AID system, you understood that there was this parallel thing, and we'll try to figure out what makes the most sense for us?*

BROWN: Yes, the project design process is not applicable to PEPFAR funds. It would have been ridiculous to ask missions to prepare both an annual COP and then try to do a Project Appraisal Document. They'd be awash in paper. Since PEPFAR funds are approved through COP approvals in Washington, a Mission-approved multi-year PAD would be a waste of time.

*Q: So, they just go directly into a procurement, then?*

BROWN: Well, there are various ways in which PEPFAR funds are used, including buy-ins to central mechanisms, direct transfer of commodities from central purchases, and in-country agreements of various types. US-based contractors hire local individuals to staff public sector hospitals and clinics.

*Q: But the reality is that at some point, people are going to have to deal with this, and the sooner the better, I think. But nonetheless...*

BROWN: If the goal is to reduce HIV/AIDS and treat those with the disease, sustainability does not appear to be an immediate concern in my view.

*Q: Now, in doing the project design process, one of the things that we old timers would talk about was the amount of analytic work you needed to do up front. But in saying that, I think I would also admit that we probably wasted a lot of time doing unnecessary analyses in the old days.*

BROWN: Right, or not even fully taking into account what the analyses was telling us.

*Q: Right, just doing it because we had to. It was an annex, as opposed to really using it very effectively. So, how did you sort through what kind of analysis might really be needed, and what's realistic. How did you sort through that whole set of issues?*

BROWN: Basically, we didn't. We left it to a mission's choice. There were only three mandatory analyses: One relates to the environment, one to climate risk mitigation, and one to gender. Any other analysis is up to the Mission. The type, depth, breadth and timing of analytical work is up to the project design team as approved by the Mission Director.

We all know that the day after a project is approved, the context changes. Therefore, you need a strong monitoring system and learning system, so the project design and its activities can adapt to change. Don't overdesign.

*Q: But you have a good first year implementation plan of what you want to do?*

BROWN: Yes, you need to know where to start.

*Q: And an idea of what you want to get at the end?*

BROWN: Right. A clear statement of purpose. You need to have a 'north star' to guide adaptation during implementation. So, the mind-set is one of a sailboat adapting to changes in wind and current to reach the destination, not a train running on a fixed track.

*Q: So, part of it is, how do you continually monitor your implementation so you can adjust as needed during the course of the project?*

BROWN: This is key to project and activity design. Fortunately, PPL/LER has great resources to help Missions.

*Q: How does that then factor in if one is... To me, it's much easier to do that if you're doing a government to government program where you sit down with the government on an annual basis and you make the adjustments and you do all of that. Is the procurement process changing to also facilitate that kind of flexibility over time?*

BROWN: Without going into detail, there has been a sea-change in OAA and field AO's and CO's on this issue. It is very promising.

*Q: It sounds, really, like a lot of progress has been made, and a lot of improvements.*

BROWN: Yes. I would say that's exactly right.

*Q: Do you feel proud of what you've done?*

BROWN: Yes. It's a lot of change. The question is, what will be sustained?

*Q: No, it does. It sounds exciting. In doing this work, did you look at how other donors do some of their work? Was that fascinating in any way?*

BROWN: Probably we learned the most from DFID (UK aid), or at least some of its more innovative staff around issues of sustainability of local systems, learning and adaptation.

*Q: Really all sounds quite exciting.*

BROWN: And we now have a learning agenda to look at what we're actually doing and how it's actually affecting what we do on the ground. There's a learning plan, over the next five years, to see how that's going. So, that's good.

*Q: And you're doing a lot of training as well?*

BROWN: Yes, and what I need to do now is figure out when I actually retire. It's soon.

*Q: No, I think they may put a ball and chain around your leg.*

BROWN: I think that depends on who you talk to. Fortunately, I have been working part-time off-site so the final cutting of the cord will be pretty easy.

*Q: Is there anything more you'd like to talk about on this? This is just your experience being back in the center in Washington, really over a six- or seven-year period.*

BROWN: It's been a long time. I think one of the things that's really remarkable is the ability of the Agency to adapt to change, and basically to not find itself trapped in old ways of doing business. There's always, with 70 missions and political changes, still a high level of commitment around development, a willingness to look at things in a new way, a willingness to evaluate experience. So, it's always, I think in that way, a very positive experience.

*Q: Good. Before we finish up, any thoughts you have looking back on your career, things you might be most proud of, most satisfied with in terms of accomplishments? Things that you wish had maybe gone differently. Just curious if you have any of those kinds of final thoughts.*

BROWN: Well, I think one of the most disruptive things has always been unexpected decreases of resources, particularly staff resources. The Agency cannot function without an adequate staff, particularly in the field. That is always under threat. So, as marvelous as our systems are, unless AID has people who are understanding and committed to development and highly qualified, it just won't work. So, I think there's always this underlying threat of the deterioration of the Agency's most valuable resources, our people.

*Q: Has a decision been made to move the FSNs (foreign service nationals) to State?*

BROWN: Local compensation and position grades of FSN's are largely controlled by State. However, the Agency is investing a lot of effort to enhance the role of our FSN staff.

*Q: Right, but I'd heard there was some suggestion that they actually work for the embassy, I mean directly for the State Department.*

BROWN: Fortunately, I haven't heard that.

*Q: Okay.*

BROWN: Another step towards integration.

*Q: Right. Do you think that AID leadership understands that importance of people? Because you've seen a lot of AID leaders at the political level over time, not focusing on today's but just in general.*

BROWN: That's true. I think Ambassador Green has just as good a grasp on development as any administrator we've had, and the need for adequate resources for people and programs. Currently AID is protected by Congress in the budget process despite devastating cuts proposed by OMB. Not a terribly healthy situation for AID.

*Q: Yeah. That's awkward.*

BROWN: Indeed.

*Q: Any final thoughts?*

BROWN: I just want to thank you Carol for the huge support you are giving ADST in collecting experiences from USAID former senior staff. I hope the Agency can figure out a way to continue its support to ADST and how to make use of the material developed to date.

*Q: Well, thank you very much Terry for agreeing to do this with us, and I will turn this off for now.*

*End of interview*