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AN ANALYSIS OF INTER-AGENCY COLLABORATIONS IN
DEVELOPMENTAL TECHNICAL ASSISTANCE
IN PARAGUAY

Master of Arts in Law and Diplomacy Thesis

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INTRODUCTION

The field of international development has exploded in recent decades, spearheaded by governments and multilateral bodies, and in its wake a number of related cottage industries have emerged. Grant writers, procurement specialists and expert consultants, roles that were once tangential to the process of providing technical assistance overseas, have all surfaced as integral to the development sphere. With the outcropping of new players, it is easy to forget that that the US' efforts to participate in international development began some fifty years ago, without the involvement of these relatively new figures.

With these “advancements” in development assistance in mind, the question begs to be asked: are the original players – the United States Agency for International Development and Peace Corps among them – better off? Have they become more effective by employing the methodologies and skills of these actors? Perhaps most importantly, have these newest players led to an increased interaction between the earlier agencies?

Significant differences between Peace Corps' and USAID's organizational cultures are seemingly obvious, despite the fact that the two agencies emerged from the same broad mandate. Less has been considered, however, about the similarities that the two share; both espouse expansive development goals and aim to involve civil society groups in the developing world in order to create sustainable impact. Recent unofficial collaborations between USAID, its contractors and Peace Corps volunteers suggest a major change in the way each agency views both itself and its associate, and perhaps even a sea change in how the public at large considers each one.

This paper considers the consequences of such a partnership on each agency; would Peace Corps be a more effective development organization if it could harness the formal relationships and financial reach of USAID? Similarly, would USAID enjoy a different reputation as a collaborator of Peace Corps programs and volunteers? Both groups could potentially leverage the legitimacy of the other, at minimal cost, as they each contribute their relative strengths to project work.

The issue of public-private partnerships, or the collaboration between funds- and influence-heavy private sector actors and highly accountable public-sector agencies, has become quite popular in today's policy world. United States Government officials have been recognizing and lauding the potential of such synergistic relationships for over fifty years,¹ so it is only logical for the next step in inter-sectoral collaborations to involve inter-agency goals and procedures.

In order to consider the effectiveness of these synergies, the paper looks at the example of two such partnerships, USAID-sponsored activities in Paraguay employing the expertise of Peace Corps volunteers. With the well-established development environment of Paraguay as a backdrop, two Peace Corps volunteers, Robert Hernandez and Matthew Hutcherson, specifically sought out work with locally-run, USAID-funded organizations: Hernandez with *Alter Vida*, a twenty-year-old nonprofit organization focused on sustainable development and civic activism, and Hutcherson with *Paraguay Vende*, a relatively young group established by the US-based consulting firm Chemonics International.

The paper first examines the histories of the two major agencies, Peace Corps and USAID, discussing their evolution and how decades of activity and political influence have affected each group's organizational culture. Turning to Paraguay, a small landlocked country and the second poorest in South America, the paper compares the presence of both Peace Corps and USAID since the 1960's, as well as other development activities undertaken in-country. The inter-agency collaboration case studies are presented and analyzed based on largely qualitative evaluations and reports, along with an overall analysis of USAID-Peace Corps partnerships. The final section of the paper offers recommendations and suggestions for future consideration; it should be noted that this paper chiefly looks at an issue seldom discussed in development literature, and as such is an initial, exploratory look into the subject. As Peace Corps has requested \$401 and received \$330 million for FY2005², figures quite modest in comparison to USAID's

¹ Interagency Working Group on US Government-Sponsored International Exchanges and Training: Public-Private Partnership (accessed March 27, 2005); available from http://www.iawg.gov/info/partner/public_indexpartner.html.

² House, *Foreign Operations Appropriations Bill for Fiscal Year 2005 – HR 4818* (accessed March 15, 2005); available from <http://www.house.gov/budget/foreignopsau071404.htm>.

FY2005 request for \$3.5 billion, it is interesting to note that the two agencies are often compared against each other, rather than considered potential partners. Yet Peace Corps' budget reflects only a \$7 million increase from FY2004, echoing similarly erratic increases in years past. This tenuous budgeting suggests that it is in Peace Corps' best interest not only to prove its abilities and capacities, but to consider more concerted collaboration with other agencies.

USAID MISSION AND BACKGROUND

President John F. Kennedy's September, 1961 Foreign Assistance Act authorized the creation of a non-military agency to administer aid to the developing world. Two months later, Kennedy established the US Agency for International Development (henceforth USAID), the first foreign assistance program decidedly separate from the armed forces, and with the express purpose of assisting Third World countries with a long-term development agenda. This new agency brought together four preexisting but disparate aid US foreign assistance programs: the Development Loan Fund, the Export-Import Bank, the Food for Peace program, run by the Department of Agriculture, and the International Cooperation Agency, which provided economic and technical assistance to developing countries. The ICA is perhaps the closest analog to the USAID of today, but the inclusion of agricultural assistance programs also mirrors the holistic approach of the agency.

The readjustment of US foreign assistance has most often been attributed to the post-Marshall plan global environment, in which American encroachment on international matters, and a subsequent increasing discontent with international relations and aid led to a highlighting of the issue in the 1960 presidential election.³ The matter continued into Kennedy's presidency as one of prime importance. The reworking of foreign assistance programs was rationalized by three assertions:

- Then-existing (in 1961) foreign aid programs... were largely unsatisfactory and ill suited for the needs of the United States and developing countries;
- The economic collapse of developing countries "would be disastrous to [US] national security, harmful to [US] comparative prosperity, and offensive to [its] conscience";
- The 1960s presented an historic opportunity for industrialized nations to move less-developed nations into self-sustained economic growth.⁴

³ History of USAID (accessed January 22, 2005); available from http://www.usaid.gov/about_usaid/usaidthist.html.

⁴ Ibid.

Thus, USAID was created in order to maintain and continue the image of America as a generous caregiver, as well as to improve upon historical efforts and to protect the US from impending global poverty and insecurity, most notably the impending “threat” of communism. Bilateral aid, or at least American aid, was intended as a synergistic process from which both the developing countries and the US itself would benefit. Implicit in the third premise above is the assumption that with self-sustainable growth and prosperity, the developing world would eventually phase out their needs and recuse the United States from further involvement, despite its best and most altruistic intentions. Foreign aid, therefore, was meant not only to be beneficial for the recipient countries, but to be manageable and not particularly expensive (in the long term) for the US. Assistance, particularly technical assistance, in which the US would harness its own expertise for the good of the beneficiary nations, would form the majority of American contributions in the future, once the developing countries had combated economic decline and were in the growth phase of their resurgence.

Based primarily upon WW Rostow’s modernization theory, US foreign assistance in the post-World War II era presumed that each country was capable of, and on the trajectory towards, development and mass consumption, mirroring the United States’ own historical economic development.⁵ The distinction in post-1961 development efforts was the acknowledgment that each nation had its own individual course to follow. The US, under Kennedy, redesigned the foreign aid program as requiring meticulous country-by-country planning, along with a multi-year commitment, in order to see the unique needs of each nation.⁶

Over the following decades, US foreign assistance trends frequently emulated efforts by the United Nations and other multilateral agencies, along with the World Bank and International Monetary Fund. Large-scale infrastructure projects made way for a more specific project-oriented approach,⁷ as political and public support for foreign assistance waned; Congressional leaders expressed concern that “aid, particularly

⁵ WW Rostow “The Five Stages of Growth” in Mitchell Seligson and John Passé-Smith, *Development and Underdevelopment: The Political Economy of Global Inequality*, 3rd ed. Boulder, CO: Lynne Rienner Publishers, 2003

⁶ History of USAID.

⁷ Ibid.

development aid, was a giveaway program producing few foreign policy results for the United States.”⁸ Thus the sentiment grew that there was little benefit to the US as a donor and contributor of technical assistance. Confusion over USAID’s goals came to light during the Vietnam War, as “critics... doubted the agency’s commitment to economic development and humanitarian relief, objectives that competed with the containment mission.”⁹ Was USAID working towards American or foreign interests?

Congress repeatedly challenged the validity and efficacy of USAID throughout the 1970s and 1980s, first with amendments to the Foreign Assistance Act in 1973, which focused on a more ‘basic human needs’¹⁰ agenda. This only exacerbated an ongoing dispute among Congress, the Department of State and USAID over “the Government’s short term foreign policy and long-term international economic development interests,”¹¹ and led to Senator Hubert Humphrey’s 1978 bill to establish the International Development Cooperation Agency. This new agency would coordinate and oversee aid projects throughout the federal Government, superceding the State Department. Although the bill was never enacted, the debate continued with additional attempts to reform, modify, or even dismantle USAID altogether eventually, culminating with a new reexamination of the 1961 Foreign Assistance Act in 1988.¹² The findings of the House Committee on Foreign Affairs generally echoed that which had been stated over 25 years earlier, but emphasized the value of market-oriented programs. The bipartisan committee “identified four critical objectives for the new aid program: promoting economic growth; environmental sustainability; poverty alleviation; and democratic and economic pluralism,” along with a plan to replace USAID. Again, these proposed reforms were never even voted on in the Senate, and the debate raged on throughout the Bush and Clinton administrations. Proponents of USAID and of assistance in general have continued to

⁸ Ibid.

⁹ Matthew R. Auer, “Agency reform as decision process: The Reengineering of the Agency for International Development,” *Policy Sciences* 31, No. 2 (June, 1998): 84. Auer writes that the amendment “steered a new course for foreign aid” as a “skeptical” Congress “demanded that AID direct more assistance to the poorest of the world’s poor.”

¹⁰ Ibid.

¹¹ Ibid.

¹² History of USAID.

impress upon the US population the value of aid as a foreign policy tool, one that ultimately advances US interests.¹³

Major USAID restructuring efforts were blocked throughout the 1990s, but with the UN-sponsored World Summit for Social Development (Copenhagen) in 1995, the US government, through USAID, pledged to concentrate aid to organizations and associations rather than to foreign governments. Following a trend set by other bilateral aid donors, USAID announced the New Partnerships Initiative (NPI) in March, 1995, in which US government assistance would aim to “leave countries with the capacity to sustain their own growth,” thus focusing funding attention on “strengthening civil society and helping to restructure the relationships between states and civil societies.”¹⁴ The most significant innovation in the development movement, strong and active non-governmental sectors have acted as a complement to failed or inadequate government efforts, or more generally, to participate in more of a bottom-up fashion. The rise of voluntary organizations as a subset of the non-profit sector has been considered important “in an age of government decline and ‘outsourcing’... [and] can also provide an integrating function, another way of organizing, of building community and citizenship.”¹⁵

The Clinton-Gore’s support of USAID providing direct support to NGOs continued through the early part of President George W. Bush’s administration. At the 2002 United Nations Financing for Development conference in Monterrey, Mexico, however, Bush announced a bold new foreign assistance initiative for implementation alongside USAID. The Millennium Challenge Account (henceforth MCA), unlike other Presidential or Congressional attempts at disruption of USAID, was ultimately signed into law, in January 2004. Partly as a response to mounting criticism that the US had not been sufficiently generous in its bilateral aid, and partly as a continuation of President Kennedy’s concept of moral obligation, President Bush pledged a budget of \$1 billion to the MCA and its operational subsidiary, the Millennium Challenge Corporation (MCC) for Fiscal Year 2004.

¹³ Ibid.

¹⁴ USAID, *Core Reports of the New Partnership Initiative* (accessed April 26, 2005); available from <http://www.usaid.gov/pubs/npi/corerept/npi-mas.htm>.

¹⁵ Ian Smillie, *The Alms Bazaar: Altruism Under Fire – Non-profit Organizations and International Development* (London: Intermediate Technology Publications, 1995), 20.

Through the key MCA principles, “Reduce Poverty through Economic Growth,” “Reward Good Policy,” “Operate in Partnership,” and “Focus on Results”¹⁶ the MCC compels recipient nations to reform and democratize their governance and develop an investment-friendly environment in order to receive funding. Indeed, the MCC itself (“a new government corporation designed to support innovative strategies and to ensure accountability for measurable results”¹⁷) evokes the private sector-oriented focus that the Bush administration had adopted vis-à-vis international development. Although the MCC does not supplant USAID, MCA/MCC literature suggests dissatisfaction with current and historical development efforts:

The MCA draws on lessons learned about development over the past 50 years:

1. Aid is most effective when it reinforces sound political, economic and social policies - which are key to encouraging the inflows of private capital and increased trade - the real engines of economic growth;
2. Development plans supported by a broad range of stakeholders, and for which countries have primary responsibility, engender country ownership and are more likely to succeed;
3. Integrating monitoring and evaluation into the design of activities boosts effectiveness, accountability, and the transparency with which taxpayer resources are used.

The ‘best practices’ approach notwithstanding, the MCA overtly politicizes foreign aid in a way that USAID has tended to avoid. Whether this tactic proves more effective or efficient, as the MCA indicates it intends to be viewed, remains to be seen. But with a \$2.5 billion request for FY 2005 funding¹⁸ in comparison with USAID’s FY 2005 \$3.9 billion request, the MCA’s few programs stand to benefit from a comparatively larger resource pool.

Although MCC guidelines encourage recipients to collaborate with local civil society organizations,¹⁹ the majority of USAID’s programs bypass host governments altogether and grant (predominantly US-based) non-profit and for-profit organizations large contracts to administer work at the country-level. Each USAID country mission aims for an “integrated package of assistance – sustainable development – based on an

¹⁶ Millennium Challenge Corporation, *Millennium Challenge Account Overview* (accessed February 1, 2005); available from http://www.mca.gov/about_us/overview/index.shtml.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ USAID, *About USAID: USAID Organization* (accessed February 12, 2005); http://www.usaid.gov/about_usaid/usaidorg.html.

integrated strategy that includes clearly defined program objectives and performance targets.”²⁰ Employing three sector-specific strategic objectives, each mission’s roster of projects focuses on some form of economic development (i.e., small business development targeted at women or other disadvantaged socio-economic group), education (i.e., development of secondary school systems) or health (i.e., HIV/AIDS education). Goals are developed according to the needs declared by host governments and perceived by USAID officials and representatives. Aside from emergency and disaster-related activities, the majority of the work a USAID mission engages in involves managing and tracking these contracts, administered to technical expertise organizations, often under multi-year, multi-million dollar terms.

PEACE CORPS MISSION AND BACKGROUND

The United States Peace Corps was established as an independent agency through President Kennedy’s 1961 Peace Corps Act. In so doing, the agency aimed to mitigate the mistrust and fear that had begun to grow worldwide as a result of the Cold War. The initial mission and three underlying goals of the agency have more or less remained the same for the forty-four years since their development:

The purpose of the Peace Corps is to promote world peace and friendship by:

- Helping the people of interested countries in meeting their need for trained men and women;
- Helping promote a better understanding of Americans on the part of the peoples served;
- Helping promote a better understanding of other peoples on the part of all Americans.

Certainly the second two goals, along with the underlying aim of peace and friendship promotion, suggest a sort of soft diplomacy. While modest in its intentions, this type of bilateral relationship relies not on governments but on private citizens to forge a connection with international counterparts. The anticipated results are intangibles such as goodwill and other ostensibly *peaceful* spillover effects on society. Such citizen diplomacy work, now commonplace via faith-based and other civil society groups, was considered innovative and radical in the early 1960s, at the start of the Cold War.

²⁰ Ibid.

The first goal, however, best defines how Peace Corps sees itself today, not only in line with other volunteering organizations with quasi-development objectives, but as a source of expertise it is prepared to share with *willing* developing nations. The term *willing* is notable in its aim to differentiate itself from missionary and proselytizing groups that target host countries without awaiting an invitation. Peace Corps has deliberately chosen to work in countries where its assistance is requested and sought out by host nationals, rather than in countries selected for their political or financial appropriateness.

At present, Peace Corps operates in 72 countries and has deployed over 178,000 volunteers²¹ to 138 countries since its inception. With the launch of each program, a strategic timeline is established to calculate a reasonable length of time for Peace Corps to remain in-country. For Eastern European and former Soviet Republics, for example, closure of Peace Corps programs was contingent upon a successful transition to a socially progressive, market economy and in 2002 after ten years of operations, Baltic nations Estonia, Latvia and Lithuania ended their relationship with Peace Corps. Other country programs end at the request of host governments, as in the Russian Federation in 2002.²²

By *meeting their need for trained men and women*, Peace Corps has envisioned itself as providing a supply of human and technical resources, able to satisfy the developmental needs of a country. In recent years, Peace Corps' re-branding campaign has encapsulated this with the tagline "Answering the Call to Service Around the Globe," implying not only that the volunteers may offer significant expertise, but that it is their duty to do so. In response to President George W. Bush's Millennium Challenge Account, Peace Corps has sought Congressional funding to increase the number of volunteers deployed each year, and as such a higher caliber of volunteer. Although it is not explicitly mentioned in Peace Corps' strategic plan²³, the implicit assumption in an increased number of volunteers is that among them, there will be a greater collective experience level, so that the

²¹ Peace Corps Press Release, *Highest Number of Americans Serving in the Peace Corps in 29 Years*, November, 2004 (accessed February 8, 2005); available from http://peacecorps.gov/index.cfm?shell=resources.media.press.view&news_id=1001.

²² "Russia, Citing Changing Needs, Ends Its Tie With Peace Corps" *New York Times*, December 28, 2002. Accessed February 8, 2005. Available from LexisNexis.

²³ Peace Corps Congressional Budget Justification FY 2005, 3. (accessed February 15, 2005); available from http://www.peacecorps.gov/policies/pdf/peacecorps_cbj_2005.pdf.

volunteers are better equipped to meet the “identified” needs of the host countries.²⁴ Others contend that it is the objective of the Millennium Challenge Account, via its USA Freedom Corps²⁵ to task private American citizens with the government’s economic, corporeal and consultative duties and to call it volunteering. In either case, Peace Corps, by assigning and training volunteers to work within one of five defined areas, exacts a skilled and specialized authority.

The average age of today’s Peace Corps volunteer is 28, up from 25 in previous decades. 83% of all volunteers and trainees possess undergraduate degrees, and 13% have completed graduate degrees or have undergone studies leading up to them.²⁶ Yet many argue that the strength of the agency lies not in the collective *expertise* of the volunteers, but in the image of a citizens brigade of private individuals *choosing* to offer their skills:

The Peace Corps says to the world as no private agency or technical assistance organization could say it, that the American people themselves want to help the people of the emerging nations fight the poverty, disease, and ignorance which are the greatest obstacles to progress... This concept of the doer, as opposed to the advisor or teacher, is the distinguishing feature of the Peace Corps.²⁷

Even different Peace Corps directors have held varying opinions on appropriate volunteer qualifications. Former Director Carolyn Payton, in 1976, attempted to reverse the “skilled volunteer” approach, saying “Having a sophisticated ability immediately made you superior to the host country person you’re working with. I would rather send volunteers who recognize their deficits and therefore relate to host nations on a level of equality and equalitarianism.”²⁸ Thirty years later, Peace Corps has decidedly billed itself as much as a development agency as a tool for cross-cultural understanding and equality. Yet the fact that administratively, Peace Corps headquarters organizes itself by region rather than by project sector, speaks to the focus on geographic, rather than technical, coverage. The

²⁴ Ibid.

²⁵ USA Freedom Corps is an office of the White House, created in President Bush’s 2002 State of the Union Address, “charged with strengthening and expanding volunteer service opportunities across the country and around the world.” USA Freedom Corps encompasses “National Service Programs” AmeriCorps, Citizen Corps, Learn & Serve America, Peace Corps and Senior Corps, in addition to other volunteer service projects and initiatives.

²⁶ Peace Corps Fact Sheet 2005. (accessed January 24, 2005); Available from <http://www.peacecorps.gov>

²⁷ Daniel W. Drezner., “Ideas, Bureaucratic Politics, and the Crafting of Foreign Policy,” *American Journal of Political Science*, 44, No. 4 (Oct., 2000): 740, quoting Roy Hoopes, *The Complete Peace Corps Guide*. (New York: Dial Press, 1965) 82, 100.

²⁸ Saral Waldorf, “My Time in the Peace Corps,” *Public Interest*, Winter 2001, 72.

sectors served (fig. 1) indicate that volunteers are placed in generic project areas in line with host-requested and current or trendy needs, rather than to meet long-term objectives or more specific development goals.

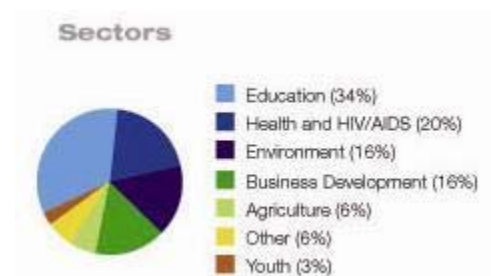


Fig 1. Peace Corps data, 2005

The explosion of English-language education (in addition to math, science and other academic teaching programs), for example, is today seen more as a response to governments' desire to globalize their youth and workforce populations. The inclusion of Information Technology (under Business Development) may also be viewed as direct and judicious response to the changing face of commerce, and to the United States' undeniable lead in the sector. Thus even without PhDs or thirty-plus years' work experience, many of today's volunteers bring a newly acquired and newly valuable practical expertise to their work overseas.

With such an argument in hand, Peace Corps' FY 2005 request to Congress was \$401 million, up from \$310 million for FY 2004; with approximately 8,600 volunteers and trainees deployed by the end of FY 2005, plus domestic and overseas staff and recruiters, the per-volunteer cost is approximately \$36,000 per year²⁹, although exact figures are unknown. In line with his USA Freedom Corps initiatives, President Bush has pledged to increase the number of volunteers in the field, to 10,000 by 2007. The number of deployed volunteers, at its peak of 15,556 in 1966³⁰, fell to around 5,000 per year in the 1980s and has been steadily climbing since, save for a brief drop after September 11th, 2001.

²⁹ Estimated by Lex Rieffel at <http://www.worldviewmagazine.com/issues/article.cfm?id=135&issue=33>, although others suggest a straightforward division of budget totals by number of volunteers, or \$38,000 (\$330 million divided by 8,600 volunteers) for FY2005.

³⁰ House, "Committee Report 106-018: Peace Corps Legacy," (accessed February 14, 2005); available from http://thomas.loc.gov/cgi-bin/cpquery/?&db_id=cp106&r_n=hr018.106&sel=TOC_2333&.

CURRENT USAID PRESENCE IN PARAGUAY

As a largely rural, landlocked nation with a significant informal economic sector, Paraguay possesses a unique set of problems, exacerbated by its dependence on the much stronger economies in neighboring Argentina and Brazil. Major economic downturns in these fellow MERCOSUR³¹ countries, along with currency devaluation and defaults on IMF loans, have adversely affected tiny Paraguay's ability to emerge from its own debt situation.

The first official US bilateral aid to Paraguay came in 1942, with the creation of three *Servicios*, sector-specific services to augment existing Paraguayan governmental efforts in public health, agriculture and education. Paraguay and the US were considered co-directors in the collaborative program, with each government providing financial and human resources towards the development of each *Servicio*.³² The *Servicios* continued well into the 1960s even after the introduction of the Alliance for Progress, a US-led multilateral aid effort, additionally intended to combat the spread of Communism throughout Latin America. The Alliance also introduced the need to service rural areas as a component of the national development approach, and the construction of the Trans-Chaco road bridging the capital, Asunción, with the Bolivian border over 700km away, is the most significant outcome of the compact.

The 1970s signaled a somewhat schizophrenic approach to development in Paraguay; through official US assistance, development efforts began to focus on the "poorest of the poor," bringing technical assistance to rural communities in the form of cooperatives, small farm technology and educational development. Simultaneously, however, the Paraguayan government had begun construction on the Itaipú Hydroelectric Power Plant, a massive project spanning the Paraná River on the eastern border with Brazil. At an estimated cost of nearly \$10 billion, Itaipú, still the largest hydroelectric dam in the world, represented the type of massive infrastructure project that US Official Development Assistance (ODA) had begun to eschew in favor of smaller-scale

³¹ MERCOSUR, or the Mercado Común del Sur, is an economic bloc consisting of Argentina, Brazil, Paraguay and Uruguay, signed into effect in March 2001, with the "Treaty of Asunción" free trade agreement.

³² USAID "Asunción Paraguay," (accessed February 1, 2005); available from <http://asuncion.usembassy.gov/paraguay/usaid.html>.

developments in human populations. With the dam's output and employment contributing to the gross national product of Paraguay, per capita income increased from \$316 to \$1,404,³³ surpassing the \$1,000 per annum threshold that qualified Paraguay for US development aid. The US subsequently withdrew bilateral aid in 1981, but after reviewing the expected but ultimately disappointing windfall that Itaipú would bring to the nation, in 1982 re-launched official aid assistance programs. By 1984, USAID representatives decided to phase out pure bilateral aid once again, in its place opting to include Paraguay in a new strategy for Advanced Developing Countries (ADC).³⁴

This new chapter of assistance focused more on the development of human capital, collaborating with local and international non-profits, particularly private voluntary organizations (PVOs). In working with these NGOs and INGOs, USAID funded training programs that lent expertise to indigenous Paraguayans in both the private-corporate and agricultural sectors. Instruction focused on credit, entrepreneurial and technology-related skills in both private settings and in public educational institutions. In keeping with the collaborative nature of the development strategy in this period, USAID frequently contributed to projects run by the Inter-American Development bank and United Nations Development Programme.

In February 1989, General Alfredo Stroessner, at that point the longest-serving dictator in the Western Hemisphere, fell victim to an abrupt and violent coup d'état that ended his 35-year reign in Paraguay. A tumultuous decade ensued, with Stroessner sympathizers and adversaries each vying for positions of power within a new and fragile government. Despite this political chaos, many agreed that it was all a positive step toward democracy and good governance, and in 1991 USAID established a full-time mission and representatives to Paraguay for assistance in these matters.

With democratic institution building as the primary focus throughout the 1990s, the USAID mission created a broad and multi-sector Democracy Strategic Objective from which to outline its programming. In a review of the Strategic Plan for fiscal years 1997-2000, USAID declared that:

³³ Ibid.

³⁴ Ibid.

Local governments (departments and municipalities) now have an increased ability to generate and manage resources; are providing expanded services to citizens; have improved mechanisms for community participation in planning; and have established their roles in Paraguay's political system. Citizens have more access to a strengthened judicial system that has implemented important penal reforms; has the capacity to train judges, prosecutors, and public defenders; and is providing more information to citizens. In addition, pilot alternative dispute resolution mechanisms are taking some of the burden off of the formal court system.³⁵

In a country where it had been illegal for more than three people to assemble at once, the development of citizens' groups and accountability for them is significant. USAID has taken much of the responsibility – as well as much of the credit – for cultivating this environment.

CURRENT PEACE CORPS PRESENCE IN PARAGUAY

Peace Corps volunteers first arrived in Paraguay in January 1967, making the program one of the few in continuous existence since Peace Corps' inception. With over 2,700 volunteers having served since that time, the program considers itself as a steady, well-respected fixture in the Paraguayan landscape. The first group to arrive worked as agricultural extension agents, assisting small and rural farmers to diversify their crops and improve their farms' productivity. Since then, the program has expanded to include five other work areas: Business Development, Education, Environment, Health and HIV/AIDS, and Youth, and volunteers have conducted their work both in Spanish and in Guaraní, the native language, a further testament to their commitment to the Paraguayan population.

In the 1960s, volunteers were overwhelmingly assigned to generic "community development" projects, and were given significant autonomy to strengthen the civil society in which they lived and worked. During the 1970s, President Nixon took advantage of what was perceived as decreased US political interest in Peace Corps and folded the agency and several other federal volunteer projects (VISTA, for example) into ACTION, a new federal volunteer agency. The objective behind this new bureaucratization of Peace Corps was to discourage former and current volunteers enough to ultimately destroy all enthusiasm and consequently, reduce budget allocations,

³⁵ Ibid.

to Peace Corps: “[Nixon] decided... on a stealth campaign to destroy it... a White House staff memo to John Erlichman and Henry Kissinger argued for a ‘quiet phasing out of the Peace Corps,’ through appropriations cuts.”³⁶ Strong volunteer attachment to the agency negated these efforts, and ultimately President Carter granted full autonomy to Peace Corps in 1979. Today’s volunteers, perhaps in response to Nixon’s disdain for “a warm and fuzzy Peace Corps spreading goodwill... if it could not fulfill a specific foreign policy function, it should be ‘chopped,’”³⁷ are involved in more concrete, goal-oriented assignments than ever before. As such, the program responds to both local and governmentally recognized needs, as well as to US government requests. This broad accountability may account for the strong support Peace Corps has ostensibly received from the public and private sectors throughout Paraguay.

In response to the economic challenges the country has faced, post-dictatorship, in 1999 Peace Corps launched the Municipal Services Development project “to address the needs that have arisen due to increased political liberalization.”³⁸ Peace Corps Paraguay and other government groups have also looked to the 2003 election in of Nicanor Duarte Frutos as a step in the right direction of governmental accountability and responsibility. “In 2002, the Office of the President was perceived to be the second most corrupt institution in Paraguay; whereas, it is now perceived to be the least corrupt... This dramatic change in perception... is directly attributable to strong anti-corruption measures taken by President Duarte’s administration.”³⁹ Recognizing a great opportunity for the government to improve public services, volunteers with significant experience in business or public administration have been placed with municipal governments or commerce promotional centers throughout the country. Unlike their volunteer counterparts in agricultural, educational and environmental programs who are largely given project-specific training during the initial three-month orientation period, the municipality volunteers are required to bring considerable experience from the US prior

³⁶ Drezner, p. 742, quoting Karen Schwartz, *What You Can Do For Your Country: An Oral History of the Peace Corps* (New York: William Morrow, 1991), 161.

³⁷ Ibid., quoting Elizabeth Cobbs Hoffman, *All You Need is Love: The Peace Corps and the Spirit of the 1960s* (Cambridge: Harvard University Press, 1998), 222-3

³⁸ Peace Corps “Asunción Paraguay,” (accessed February 1, 2005); available from http://asuncion.usembassy.gov/paraguay/peace_corps.html.

³⁹ USAID Paraguay Congressional Budget Justification FY-2005

to volunteering. The average age of the municipal services volunteer is therefore greater than the rest of the Peace Corps-Paraguay volunteer population, which generally arrives with a Bachelor's degree and little if any work experience.

By matching volunteers to small governmental offices and regional business centers, Peace Corps aims to harness the knowledge and expertise of Americans who, after living within these rural communities, also leverage significant cultural and linguistic skills (many volunteers conduct their daily work in Guaraní, or in Jopará, a mix of Spanish and the indigenous tongue). The micro-level attention given to each municipality thus contributes to the larger objectives Peace Corps has outlined on a national scale; this approach is reflective of Peace Corps efforts worldwide.

POTENTIAL FOR AND OBSTACLES TO COOPERATION

What defines cooperation or inter-agency synergy? On a basic level, it is assumed that a partnership involves a project defined by mutual understanding and need, along with equal input and effort. The majority of academic work on synergy defines the concept as “linking mobilized citizens to public agencies,”⁴⁰ suggesting that it is creative political organizations that harness latent social capital in social groups to create public-private collaborations. Peter Evans writes that “governments are suited to delivering certain kinds of collective goods which complement inputs more efficiently delivered by private actors. Putting the two kinds of inputs together results in greater output than either public or private sectors could on their own.”⁴¹ Although the collaborations in this paper bypass, for the most part, local government in favor of foreign-led and –funded projects, there is an implicit assumption that Peace Corps and USAID representatives stand in as proxies for public and private actors. Inter-agency synergies within the US Government are, of course, different from traditional public-private partnerships, and yet there are many similarities in the structure of the relationships.

The Interagency Working Group (IAWG) on U.S. Government-Sponsored International Exchanges and Training, founded in 1987, defines *partner* as “an entity that

⁴⁰ Peter Evans, “Government Action, Social Capital and Development: Reviewing the Evidence on Synergy.” *World Development*, 24, No. 6. 1130.

⁴¹ Ibid, 1120.

has a formal relationship with a funded US Government agency to cooperate on a specific training activity, exchange, research project, or joint mission that seeks to promote the sharing of ideas, develop skills, stimulate human capacity development, or foster mutual understanding and cooperation.”⁴² The objective in engaging in such a partnership, therefore, is to advance some jointly agreed upon goal, and to use each group’s resources more efficiently and strategically. It is fairly logical, then, for any US development effort to involve the Peace Corps for its wide reach and human element, or USAID for its financial strength. The notion of them working together, however, has been less organic and straightforward than expected.

Despite its origins at the start of the Cold War, Peace Corps has depicted itself and its activities as decidedly apolitical. The Peace Corps Act, which inaugurated the agency, in fact, “explicitly stated that its operators were not obligated to agree with or defend US foreign policy,”⁴³ establishing itself as a firm counterpart to USAID. Even today, forty-five years after its founding, Peace Corps is a separate, independent agency not under the Department of State (as USAID is) but operating autonomously, with its own Congressional budget allocation. The National Director of the agency is a presidential appointee, but aside from this highly political engagement, the agency acts without consultation from or participation with the Executive, Legislative or Judicial branches.

In contrast, USAID’s status within the State Department renders it dependent upon political objectives and purposes. Overseas, the USAID Mission Director and his/her deputies report directly to the Embassy and their projects carry out political strategies mandated by Congress and the President. USAID, in comparison to Department of Defense overseas initiatives, is considered a representative of US “soft power” efforts, a significant component of US foreign policy. Although employees of USAID are not Foreign Service officers like their Embassy counterparts, they are nearly as visible an element of US presence, and must work in tandem on Embassy-approved and -initiated projects.

⁴² IAWG – *Peace Corps Models Best Practices in Partnership*, Summer 2003 (accessed March 10, 2005); available from <http://www.iawg.gov/info/dispatch/summer03/pcsummer03.html>.

⁴³ Drezner, p. 738, quoting Karen Schwartz, *What You Can Do For Your Country: An Oral History of the Peace Corps* (New York: William Morrow, 1991), 19.

By implementing a 60-month restriction on employees' service with the agency, Peace Corps has attempted to prevent a culture of complacency, indeed discouraging "lifers," employees who remain with comfortable positions for decades. Peace Corps employees are *not* officials within the Foreign Service, and as such have taken no pledge to uphold or espouse the beliefs of the presidency. Although the image of Peace Corps volunteers and staffers as left-wing peaceniks is a cliché holdover from the 1960s, there remains a shred of truth to it. Today the population within Peace Corps supporting the current Bush administration is certainly in the minority.

Both overseas and in Washington, Peace Corps and USAID offices are housed in separate facilities. Some USAID missions share space within the Embassy quarters, along with other agencies (Department of Commerce, for example), in order to facilitate cost sharing endeavors and save on office requirements such as technology and security. This has proven difficult to coordinate, however, as USAID often faces imprecise staffing requirements, as "program staff levels increase relative to an immediate programmatic need"⁴⁴ Peace Corps, in contrast, is able to forecast staffing and subsequent office requirements fairly accurately years into the future. As such, facilities have more or less remained separate for the two agencies. Up until September 11, 2001, however, most Peace Corps offices employed minimal security personnel, and at present there have been discussions on security cost-sharing between the agencies in-country.

A prime example of fruitful inter-agency collaboration is in the deployment of Peace Corps volunteers Matthew Hutcherson and Rob Hernandez in USAID-funded projects. This collaboration was, as it were, a long time coming. All four groups – Peace Corps, USAID, Alter Vida and Chemonics/Paraguay Vende – share the same goals, mainly civil society and economic development, within this decidedly impoverished country. To a layperson new to the world of international development, collaboration between these parties appears obvious and logical. Why wouldn't these groups, each with their own comparative advantages, bring these different assets together and work jointly? In a

⁴⁴ GAO, *Embassy Construction: Proposed Cost-Sharing Program Could Speed Construction and Reduce Staff Levels, but Some Agencies Have Concerns*, November 2004 (accessed March 25, 2005); available from <http://www.gao.gov/htext/d0532.html>.

discussion of inter-agency cooperation in Malawi, a development expert echoes this sentiment:

“Despite abundant rhetoric about partnership and complementary goals, [the project] encountered potential international supporters that would not even consider providing assistance simply because [it] was a product of a particular donor, in this case USAID. This divisive competition, prevalent among donors, undermines their common objectives and, more importantly, weakens their NGO partners.”⁴⁵

A disinclination to collaborate exists not only between bilateral aid agencies and other donors, but also between the contractors or NGOs themselves. As the pot of available funding for development-related contracts is limited, USAID contractors tend to vie competitively and only collaborate when one has the ability to sub-contract an already awarded piece of work to another. Cooperation between Chemonics and other USAID contractors tends to be more out of necessity than out of desire; although field representatives may wish for increased collaboration and resource sharing, in Washington DC these firms only work together when it prevents a third party from winning a highly competitive contract.

The Peace Corps–USAID collaboration in Paraguay differs from the above relationships, however, in that Peace Corps and USAID are separate US government agencies. Although on one level they do “compete” for Congressional funding, as do all Federal agencies, the competition for funds between USAID and Peace Corps is perhaps more ideological than concrete, as USAID lies within the Department of State and Peace Corps exists independently. Additionally, Peace Corps operates in some countries where USAID does not, and vice versa. Where they can overlap, there exists a great opportunity for USAID and its contractors to harness their resources – which tend to be financial or more urban-centered associates – in conjunction with Peace Corps and its volunteers, which tend to exert more of a rural and community-centric expertise.

USAID, through its contractors, explicitly seeks to fulfill each Mission’s strategic objectives and award contracts to organizations it believes will creatively and effectively

⁴⁵ David Payton, “Transforming an International Development Project into a Local NGO,” *SIT Occasional Papers Series Issue 2, NGOs in Development* (Spring 2001): 82-83.

carry out these goals, on time and under budget.⁴⁶ Although aid projects in previous decades focused on developing physical infrastructure in the third world, more recent aid efforts have focused on sustainability. Thus the concentration on civil society development may be seen as a direct consequence of this overarching mission; by cultivating the skills and capabilities of non-profit, for-profit and community groups, meager development funds are expected to effect greater, more sustainable changes. “Capacity is enhanced in many ways, but it is sustainable only through institutionalization at the individual and organizational levels.”⁴⁷ This notion of institutionalization – the long-term synthesis, implementation, and growth of ideas – is the ultimate development goal. But as both USAID and Peace Corps are unable to realize this stage independently, collaboration is a coherent “next step.” Peace Corps- and USAID-Paraguay have perhaps begun to recognize this logic, but have yet to systematize it.

Peace Corps volunteers comprise the largest, or at least most visible, US presence in Paraguay. Although the majority of them are not based in Asunción but are dispersed around the countryside, a good number of volunteers are consulted with or invited to official diplomatic meetings and receptions. With the average volunteer age under 30, and with most volunteers identifying themselves as highly separate from US governmental efforts in Paraguay, most Embassy and USAID employees are reluctant to involve potentially volatile volunteers in their efforts. With traditionally separate and divergent organizational cultures, it is perhaps surprising that a number of volunteers in Paraguay have been assigned to USAID-funded projects. Yet the similar goals of the two agencies – namely, the social and economic development of the country – would appear to promote a natural collaboration.

Most volunteers are assigned to work with local institutions: NGOs, schools, agricultural cooperatives, a good number of which also receive funding from USAID in order to meet the Mission’s Strategic Objectives. However, USAID rarely, if ever, grants funds directly to these Paraguayan organizations; traditionally USAID awards contracts to

⁴⁶ Whether USAID actually rewards creativity is up for debate, but as projects are not always awarded to the lowest bidder, it may be inferred that USAID selects either the most creative or the most rote, dependable projects (or both) for implementation.

⁴⁷ Payton, 77.

US-based for- and non-profit organizations, who either work directly with or sub-contract to the Paraguayan institutions. Peace Corps volunteers' host organizations, therefore, may already be familiar to the development community by having received past USAID assistance. It is somewhat logical, therefore, for these local organizations to remain within the circles by first working with USAID and then Peace Corps, or vice versa.

The most straightforward example of USAID-Peace Corps collaboration is the Small Project Assistance (SPA) grant program. Established in 1983 as an inter-agency agreement between Peace Corps and USAID. Envisioned as a source of financial assistance for volunteers engaged in secondary projects, the greatest change in the program's transformation over the years has been its recent focus on primary project assistance. Peace Corps volunteers, often encouraged by their program managers, submit brief grant proposals in which they request up to \$5,000 (USD) and document community buy-in, either through in-kind or monetary donations, or initial project design. Although volunteers are encouraged to seek out local resources prior to applying for SPA grants, increasingly volunteers are turning first to the SPA program as an easy and uncomplicated procurement tool.

Most volunteers first learn of the SPA program during their pre-service training, via Peace Corps staff and facilitators, who describe it as a way to access capital more quickly than through other channels. With each monthly⁴⁸ batch of proposals submitted to the local USAID presence, funding approval comes through more promptly than if it were to pass through outside donors. As most volunteers have little or no experience writing grant proposals, the format is fairly simple, including a project narrative, identification of local partners, plans for sustainability, a comprehensive budget and timeline.

The SPA program is not limited to countries in which there is both USAID and Peace Corps presence, but local USAID missions contribute the majority of resources. Previously, all funding came from a general pot of funding so that non-USAID presence

⁴⁸ Or bimonthly or quarterly; each Peace Corps office's SPA committee functions differently, requesting SPA submissions monthly, bi-monthly, or quarterly. This depends on the amount of volunteer interest, as well as available resources from the local USAID office.

countries could still participate in the SPA program, but this method is becoming out of fashion, as USAID prefers to see its resources spent on in-country projects or training. USAID has specifically stated that SPA grants are not to be used to benefit Peace Corps-initiated projects, but for locally initiated work that is in line with USAID and other US government development goals within the particular country. During FY 2004, over \$1.3 million in SPA grants went to more than 750 volunteers' projects in 58 countries worldwide.⁴⁹ As the second largest annual budget in SPA history, both agencies believe the agreement will be renewed for an additional five-year term (it is currently operating on a one-year extension of a 1999 multi-year renewal). Despite limited resources allocated to both USAID and Peace Corps, the SPA program has been seen as a successful extension of both agencies' goals, and a fairly inexpensive way in which USAID resources can be harnessed for a large number of grassroots projects.

USAID envisions the future of SPA will involve a "more vigorous participation" by USAID missions,⁵⁰ as well as more project design management (PDM) training modules. As long as Peace Corps continues to absorb the costs for its volunteers to participate in these seminars, the USAID missions are likely to continue contributing to SPA funding pools, which work toward their country-level strategic objectives.

Likewise, Peace Corps is eager to tout the inter-agency collaboration as a creative way for volunteers to augment their roles in the field. "In many posts, staff view SPA projects as opportunities for volunteers to apply their skills and training to real community development concerns, and not as just another source of funding for the community."⁵¹ However, as host communities are learning about the program through neighboring villages or contacts, there has been an increase in their encouragement of volunteers to apply for SPA funding. Peace Corps fears this is symptomatic of the belief that volunteers (and Americans in general) are useful only as a source of cash and not as a technical assistance resource. Significant public information efforts are underway to counter the image of "volunteer-as-fundraiser"⁵² and to minimize the volunteer's

⁴⁹ Peace Corps, *Global Summary, Small Project Assistance Program*, 1. Internal Document

⁵⁰ Christopher Runyan (Democracy, Conflict and Humanitarian Assistance-Private Voluntary Cooperation, USAID), in discussion with the author, March 10, 2005.

⁵¹ *Global Summary, Small Project Assistance Program*, 2.

⁵² *Ibid.*, 4

responsibilities in project maintenance and evaluation, increasing the recipient community's involvement and accountability.

Still, many volunteers complain that persistent encouragement by their country Peace Corps headquarters leads them to infer that only via the receipt of SPA or outside grants is a volunteer's service legitimized. Returned volunteers believe they were over-encouraged to apply ("During training... they mentioned it over and over and over"⁵³) or that they were virtually assured of funding, accommodating USAID's objectives over community needs ("I was advised that anything with AIDS in it would get funding – in fact... that's how SPA was promoted by PC staff – 'AIDS-related projects'"⁵⁴). In an informal survey of 60 returned volunteers, only a few cited the SPA program as a highlight of their service or a demonstration of their efficacy as development workers, but those few were effusive in their praise ("...an example of what development work should be at its best... [the results] were great as far as a community being energized by unexpected support of a truly community-driven project..."⁵⁵) Rather, many expressed concern that their communities were too aware of their capacity to bring capital to a project, or even of bringing funds first and developing the project later – a more funds-driven than needs-driven scenario.

One current Paraguay-based volunteer articulated others' concerns that "some volunteers [apply for] SPA just to have a "tangible" result of their service... Some people use SPA as a crutch. I am a huge proponent of using everything possible at my site first. I've seen NGOs [in my region] just giving out money, not creating a sustainable atmosphere – 'volunteer as cash cow' – I didn't want them to see that; there's so much that could be worked with at the site itself."⁵⁶ Encapsulating his fellow volunteers' thoughts, he also noted that in Paraguay, there is little follow-up or maintenance of the projects, leading to what he considers a poor long-term success rate. Despite his own misgivings, however, this volunteer acknowledges that the SPA committee has approved

⁵³ Cara Carter Sechser (Returned Peace Corps Volunteer, Togo), in discussion with the author, February 22, 2005.

⁵⁴ Lilia Gerberg (Returned Peace Corps Volunteer, Zambia), in discussion with the author, February 22, 2005

⁵⁵ Ian Zaur, (Returned Peace Corps Volunteer, Uganda), in discussion with the author, February 22, 2005.

⁵⁶ Rob Hernandez, (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 12, 2005.

some great projects. Like most others surveyed, he expressed the feeling that volunteers are capable of more quality work, and more should be expected of them as grant implementers and administrators, including mandatory monitoring and evaluation.

CASE STUDY:**CHEMONICS POVERTY REDUCTION PLAN/PARAGUAY VENDE PROJECT**

Chemonics International, Inc., a US-based development-oriented organization and one of the largest USAID contractors, has been operating in Paraguay since 2000. Engaged as both a prime contractor and sub-contractor, Chemonics provides technical assistance, training and management services for projects under the Agriculture/Agribusiness, Democracy & Governance, Environment & Natural Resources, Finance & Banking, Health, and Private Sector Development sectors. Bringing in expertise from North American development experts, Chemonics establishes offices and hires local staff for the life of a USAID-funded contract, with the intent of leaving it under Paraguayan (in this case) management after the contract has expired. Unlike many of its competitors based in or around Washington DC, Chemonics is a for-profit firm, and as such markets itself as aiming for higher standards of performance, making the best use of scarce resources.⁵⁷

At present Chemonics is the prime contractor for two projects in Paraguay, Municipal Finance (2001-2006), for which USAID awarded the agency \$7,612,000, and the Poverty Reduction Plan (2003-2006), for \$4,252,000. As outlined according to Chemonics' original funding proposal, and outlined in subsequent revisions, each program designed and developed multi-year, innovative approaches to tackling developmental challenges in Paraguay. Each proposal was drafted in response to Requests for Proposals (RFPs) announced by USAID, and Chemonics' significant experience and reputation in the region facilitated the organization of the projects. Run by two expatriate American directors, the bulk of the projects are staffed by local hires, each of which brings native and sectoral expertise. Deputy Director Tracy Shanks has called the Paraguayan staff

⁵⁷ Chemonics International, *About Us* (accessed March 1, 2005); available from <http://chemonics.com/aboutus/AboutUs.asp>.

among the best-skilled in the nation, the majority of them having worked with other international organizations prior to joining Chemonics.

The Poverty Reduction Plan, also known as Paraguay Vende, is the shorter of the two projects, with an expected time frame of four years. Responding not to a specific USAID-named Strategic Objective but to crosscutting goals that the US government in Paraguay has outlined, Paraguay Vende aims to alleviate the extreme and widespread poverty throughout the country through a focus on job creation, and development and maintenance of three economic centers. Citing an increase in the percentage of the Paraguayan population living in poverty from 30 to 49 between 1995 and 2002 and those in extreme poverty increasing from 13.9 to 25 percent during the same period⁵⁸, Chemonics views Paraguay's economy in a precarious situation. With its development of the export-oriented production sector, Chemonics intends to improve economic opportunities for countless poor Paraguayans, not solely those in Asunción.

Paraguay Vende selected and managed three Economic Service Centers (ESCs) in towns of varying size and existing commercial infrastructure. Ciudad del Este, on the Eastern border with Brazil, is known both as one of the three busiest commercial centers in the world and as a hotbed of terrorist activity and illegal product piracy. Coronel Oviedo, off of the primary east-west highway, had fallen into neglect despite having been named after a famed army general; construction of the new highway has brought industry to the town, though commercial activity has been poorly planned, if at all. Finally, Yby Yaú, a town 280 kilometers from Asunción, lies near the northern Brazilian border and is known as a center for organized crime and cross-border smuggling. From each ESC, Paraguay Vende identifies and selects locally owned and –run companies with considerable potential for growth, provided the management commits to substantial internal investment. Offering non-financial technical assistance, Vende educates the firms on how to make contact with overseas wholesale buyers and distributors, how to improve quality assurance in their products, and how to market with an eye on export markets. Exports have traditionally focused on cultivated Stevia,⁵⁹ artisan crafts and

⁵⁸ Chemonics International, *Paraguay Vende Factsheet*, July 4, 2004. Internal document.

⁵⁹ Cultivation and export of Stevia, an organic alternative sweetener, is a particularly lucrative part of Paraguay Vende's strategy, with Japan being the most profitable market.

furniture. In their first year of learning how to maximize the quality and unique nature of their wares, firms working with Vende increased sales by \$9,000,000, exports by \$3,000,000 and investment in local businesses by \$1,000,000.

From Paraguay Vende's administrative headquarters in Asunción, the directors sought to conduct a survey of the best practices that had been undertaken during the first two years of the project. Unable to encourage current employees to assume greater responsibilities and tasks without higher compensation, Paraguay Vende sought outside expertise to perform this assessment. Budgetary constraints ultimately led them to believe they would not be able to conduct this project review and the plans were put off indefinitely.

CONTRACTING OF PEACE CORPS VOLUNTEER HUTCHERSON

Matthew Hutcherson, a second-year Peace Corps volunteer, was eager to stay in Paraguay, having met with considerable success in his project site in the northern province of Concepción, near Yby Yaú. As the only small business volunteer in the district, Hutcherson was initially introduced to Tracy Shanks and Reinaldo Penner as they planned Paraguay Vende's expansion into the region. With significant local knowledge, as well as awareness of the North American-style business practices that Paraguay Vende was hoping to introduce to their client firms, Hutcherson proved a valuable contact to Asunción and made himself available throughout his term in tiny San Pedro.

Rubén Rolón, Associate Peace Corps Director (APCD) for small business development, suggested to Hutcherson that he stay on for an additional third year in a coordinator role, organizing and managing other small business volunteers in the northern-oriental region. Hutcherson, an Internet industry veteran from San Francisco, was amenable to the idea of staying on but preferred to find a position with an NGO and applied for a third-year extension in a non-coordinator role. Due to budget constraints, this type of position was considered difficult to attain.⁶⁰ Paraguay Vende offered

⁶⁰ Matthew Hutcherson (Third-year Peace Corps Volunteer, Paraguay), in discussion with the author, March 5, 2005. Hutcherson, in an argument that has been corroborated by other Peace Corps affiliates, explained that although Peace Corps Paraguay aims to improve the organizational capacity of numerous local NGOs, Peace Corps Washington has been reluctant to place third-year volunteers with them, preferring to justify their expenses when placed as quasi-staff members with Peace Corps itself.

Hutcherson a position as one of their northern consultants, and he submitted his request for extension to Peace Corps-Paraguay headquarters, lobbying from March until August 2004. Ultimately, his request was accepted with the provision that he be based in Asunción, as the northern regional capital of Pedro Juan Caballero is, like Ciudad del Este, off-limits to Peace Corps volunteers.⁶¹

Hutcherson began work with Paraguay Vende in August 2004, in accordance with a formal Memorandum of Understanding signed by Peace Corps Country Director Jim Geenen, Hutcherson and Penner, on behalf of Vende. As outlined by the *convenio* (contract), Matthew Hutcherson's obligations to Paraguay Vende are as follows:

- "Involvement with Paraguay Vende will be the principal objective of Hutcherson's voluntary activities;"
- "The volunteer will work under the technical direction of the director of CSE Norte, Gustavo Acuña, and will report to him directly on all of his activities. As necessary, the volunteer will coordinate his activities with Paraguay Vende in Asunción;"
- "The volunteer will support the generating of commercial activity in the Northern Economic Corridor, through the identification of market contacts both in and outside of the region, technical assistance to improve the clients' competitiveness (local resource management, technological advancements, crop yield, etc) and assistance in driving the expansion of client businesses;"
- "The volunteer will present a performance and activities report every three months;"
- "The volunteer will periodically submit plans for future activities and will collaborate on general technical assistance with Paraguay Vende and the Center of Economic Services;"
- "The volunteer Matthew Hutcherson declares that for the services he has agreed to undertake, according to this contract, he will not draw any honoraria or compensation."

Paraguay Vende, in response, agrees to:

- "Offer the volunteer the institutional support and know-how in agriculture that is necessary to work effectively with the Center's clients;"
- "Provide a place of work for the volunteer, with access to a computer and telephone, as well as logistical support in the Center in Yby Yaú;"
- "Cover travel costs related to assisting the Center in Yby Yaú, that will be incurred by the volunteer as per his part of this agreement. This does not include personal trips to Asunción or anywhere else;"

⁶¹ An interview with Peace Corps Paraguay Country Director James Geenen (May 31, 2004) revealed that despite Paraguay's long-term relationship with the agency, Peace Corps' greatest concern in the country is the safety of its volunteers. As such, volunteers are encouraged to purchase cellular telephones and "buddy" with volunteers in nearby communities. They are also forbidden from visiting a number of sites throughout the country, in response to persistent crime and xenophobia.

- “Reimburse corresponding travel allowances according to the Yby Yaú Center’s reimbursement rates, and for all authorized Paraguay Vende travel;”
- “Cover any other costs incurred which relate to the work contract between the volunteer and the CSE, as authorized by the management;”
- “Check, approve and repay the cost of any materials or equipment that have been approved and deemed necessary to carry out analysis or sales.”

Finally, Peace Corps’ responsibility in the contract:

- “Peace Corps assigns volunteer Matthew Hutcherson to Paraguay Vende to carry out the activities that pursue Paraguay Vende’s objectives in the Economic Corridor project;”
- “Peace Corps will cover the costs of the volunteer, including his housing, food and other basic necessities during his stay in-country;”
- “Peace Corps will cover the costs related to the volunteer’s health and medical needs;”
- “Peace Corps will provide supervision when necessary, for the volunteer’s activities.”

In essence, the majority of Peace Corps’ obligations to the agreement are financial, Paraguay Vende’s are to support the volunteer’s field activity, and Hutcherson himself is responsible for project-oriented deliverables.

Unlike his Paraguayan counterparts, however, Hutcherson’s job description is largely imprecise, requesting that he use his connections and local expertise to set up strategic alliances in the north, but not that he meet any specific goals. As a USAID-funded project, Paraguay Vende has outlined four intended results – sales, investments, employment, and exports – to be reached over the course of the contract. Yet despite this bottom-line, results-oriented approach, Hutcherson is considered exempt from meeting these very specific goals. This has created some friction between the director of the Economic Center in Yby Yaú, who has not recognized the value in Hutcherson’s presence as Asunción has. “In terms of [Hutcherson], it’s all in one’s perspective,” says Shanks. “His work hasn’t been measured against benchmarks [as with his colleagues], but his work has been more qualitative, planting the seeds for future alliances and interactions.” Hutcherson’s primary expertise lies in his ability to think strategically and recognize client declines in quality or professionalism. Still, Penner and Ramiro Rodriguez see Hutcherson’s involvement as a trial, noting that he has been the only employee to seek out more long-term, sustainable solutions to the market access problems Vende has tried to mitigate.

CASE STUDY: ALTER VIDA/PEACE CORPS VOLUNTEER HERNANDEZ

Robert Hernandez, a business volunteer with a dairy cooperative in Campo Aceval, an isolated village in the Chaco region, was completing his second year when his manager Rubén Rolón suggested that he apply for a third year in Paraguay. Hernandez, a first-generation American from southern California, was born to immigrant Colombian parents and often speaks of his connection to rural South America. Although he considered requesting an extension in his host village to continue the job that he had started in 2002, Hernandez ultimately decided in favor of moving to Asunción to work at Peace Corps Headquarters. Shortly after his move, he made one final trip to the Chaco in order to accompany a Miami Herald reporter on assignment to investigate a lost and dwindling native Indian group. Acting as the interpreter between Spanish, English and Guaraní, Hernandez speaks of the experience as a memorable one, in which he saw a life and a culture that few in the world will ever witness.

Seeking to continue with his string of unique experiences, Hernandez augmented his coordinator role with an agreement to work part time with Alter Vida, *Centro de Estudios y Formación para el Ecodesarrollo*, a Paraguayan NGO focused on sustainable environmental development, youth and community mobilization issues. In operation for twenty years throughout Paraguay, Alter Vida has been on the receiving end of USAID funding for the last ten.⁶² To formalize Hernandez's activity, Alter Vida and Peace Corps drafted and signed an agreement of institutional cooperation. Citing Alter Vida's collaboration with USAID's Global Development Alliance project⁶³, the *convenio* (see sidebar) outlined Alter Vida's role in the GDA, whose principal objective is the establishment of public-private partnerships, in order to achieve greater decentralization and democratization goals. By creating alliances with Peace Corps, Alter Vida is directly responding to the GDA's alliance-encouraging mandate, seeing public-private partnerships as the key to future international assistance.

⁶² Alter Vida's website (<http://www.altervida.org.py/html/nosotros.html>) also indicates that they receive support from British, Canadian, Dutch, German, Swedish, and European Union bilateral donors.

⁶³ The Global Development Alliance, in response to ever-increasing Foreign Direct Investment flows, "is USAID's commitment to change the way we implement our assistance mandate. GDA mobilizes the ideas, efforts and resources of governments, businesses and civil society by forging public-private alliances to stimulate economic growth, develop businesses and workforces, address health and environmental issues, and expand access to education and technology." (http://www.usaid.gov/our_work/global_partnerships/gda/)

As the majority of Hernandez's time is devoted to his Peace Corps coordinator duties, he has had to clearly define the parameters of involvement with Alter Vida: goals, work schedule, etc. Yet as he often overlaps his duties, by combining trips for Peace Corps with dissemination of Alter Vida projects and ideas, the line has become increasingly blurry: "so far we have driven only the Peace Corps vehicles because they don't have that many available like [Peace Corps does], plus we have the means with which to be taking out vehicles on a frequent basis."⁶⁴ And despite the offer of a workspace, computer and internet connectivity, Hernandez is able to take advantage of the (relatively greater) resources available at his office at Peace Corps: "I am also able to work from my Peace Corps desk when working on the Alter Vida project. They agreed that it isn't necessary that I have to be in their office just to be in their office."⁶⁵

DEFINING A CONVENIO: THE CONTRACT WITH ALTER VIDA

Hernandez's role is to act as the embodiment of Peace Corps' support of Alter Vida's goals, per the *convenio* (contract). Providing technical assistance to local governments, Hernandez's objectives are to aid in the improvement of financial and municipal services, incorporate anti-transparency mechanisms and educate the Paraguayan public on anti-corruption measures. As outlined in the agreement, Hernandez's activities include:

- Design of distribution and circulation mechanisms of the projects of the Global Development Alliance, including school and high school information campaigns;
- Support in the implementation of communication and educational plans (formal and informal) that support the attainment of program results and promote the spirit of social responsibility in the communities where Peace Corps Volunteers are employed;
- Conduct a preliminary study of agencies potentially interested in co-sponsoring activities, components and projects relating to [GDA], identifying potential local or international collaborators for different components;
- Compile information on agencies, local and foreign donors. Analyze data and propose marketing campaigns to attract resources;
- Create, under the supervision of the Executive Director, institutional or business contacts who may potentially be interested in establishing strategic alliances with Alter Vida;
- Coordinate joint efforts to strengthen local government capacity and join municipal efforts where individual organizations already have development programs.

By collaborating with the Global Development Alliance, Alter Vida's employment of Hernandez contributes to the fulfillment of their mission of building alliances between organizations in diverse sectors and environments. His status as a Peace Corps volunteer also assists in the nationwide dissemination of Alter Vida's programs and principles, as utilizing the Peace Corps network permits the organization to reach over one hundred towns and villages.

⁶⁴ Rob Hernandez, (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 21, 2005.

⁶⁵ Ibid.

EVALUATION- MEASURES OF COST AND EFFICIENCY

Volunteers Rob Hernandez, and Matthew Hutcherson each helped to write his own NGO contracts and workplans. For each Peace Corps Volunteer *convenio*, the volunteer was engaged to work either full time – in the case of Matthew Hutcherson – or one to two workdays per week, as with Rob Hernandez. In each situation, the outlined role for the volunteer did not perfectly mirror his Paraguayan counterparts, either in salary, goals, or time devoted to the partnership. Rather, Peace Corps and Chemonics together envisioned a supra-consultancy role for the volunteers to leverage their local and North American perspectives and experience over their relative youth and project-specific inexperience. As such, Hutcherson and Hernandez are not compared to their Paraguayan colleagues or expected to achieve the same goals.

Peace Corps, unlike USAID, chiefly employs a qualitative measurement system for judging project effectiveness. Monthly or bi-monthly project reports by the volunteers ensure, above all, that they are being utilized in their host environment. Counterparts' reports are less frequent and mainly seek to address problems, if any, between the volunteer and paid employees or clients.

USAID-funded projects adhere to strict measures of accomplishment and effectiveness, by and large to account for the meticulous budgets created for each proposal. As Chemonics is the prime contractor under which Paraguay Vende operates, and Alter Vida is a local NGO funded directly by USAID, GTZ (the German government's international development agency) and other bilateral aid agencies, each organization is required to submit quarterly reports to their USAID project manager. Paraguay Vende gauges success with increased number of contracts signed with North American vendors, sales quotas and increased investments by local and foreign backers. Tracy Shanks adds that Paraguay Vende hopes to foster a collaborative – and not competitive – office environment, and as such does not track the success of any individual employees or contractors, including Hutcherson.

Volunteers themselves are likely to be more goals-oriented in their considerations of success than their contracts would suggest. Both Hutcherson and Hernandez, like the majority of their group of volunteers, have acknowledged that their work is “highly

volunteer dependent... a volunteer doesn't necessarily have a written work plan [developed] by the APCD or Country Director. [Volunteers' projects] depend on their own experiences and views."⁶⁶ Without strict project-related targets as constraints, some ordinary (non third-year extension) volunteers have found themselves free to under-perform, shielded by Peace Corps from the rigidity of USAID- and other donor-funded development projects. Other volunteers, however, take the initiative to seek out additional work – either by adding collaboration with a local NGO, adding more hours to their teaching schedule or performing thorough needs assessments with their host communities. Recognizing the dubious prospects of volunteers accepting more responsibility, Hernandez sites an inconsistency within Peace Corps management in this respect: "I've seen APCDs do some site selection, but [they] don't foment or nurture relationships with NGOs. [There's] not enough time, too much paper pushing."⁶⁷ Volunteers might, he continued, be more inclined to work alongside NGOs with whom Peace Corps has existing, strong relationships. But with Peace Corps actually demanding so little of their volunteers, there is bound to be a missed opportunity when these volunteer-NGO relationships are not cultivated.

Hernandez believes that many local NGOs, those without links to American or International funding arms, are reluctant to take on Peace Corps Volunteers. "It's a free resource, and is so valuable. It's uncanny that more of these relationships aren't established."⁶⁸ In fact, Hernandez suggested that there is a "sense of suspicion" on behalf of the Paraguayans; rural *técnicos* (experts) "have their education and experience in that one particular sector, and consider collaborating with an American yet another [task] to do." Largely under funded, these smaller, rural organizations do not have the capacity and experience of their Asunción-based colleagues and thus do not recognize the potential of hosting a volunteer. With Alta Vida, however, "[Hernandez's counterpart, Celesta] knew *exactly* how to approach us, every step of the way. With [the rural NGOs], their mentality is so reactive. They don't think ahead."⁶⁹ Citing a fellow volunteer's negative

⁶⁶ Rob Hernandez, (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 21, 2005.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

experience with a small NGO working “the Paraguayan Way,” in which employees showed up late for high-level meetings and disregarded the volunteer’s needs, Hernandez noted that this behavior “burned bridges” and, harming the Peace Corps relationship, “burns” a volunteer.

The majority of Peace Corps-oriented academic literature comes from returned Peace Corps volunteers, many of whom are disgruntled and bemoan their lack of usefulness during their projects. Although support for the cross-cultural training and interpersonal skills development is near-universal, the primary complaint points to the value of Peace Corps volunteers vis-à-vis their expense. Yet more and more volunteers are assigned to education projects, in which they work in public schools teaching English, Math or Science, filling a gap left by an insufficient number of skilled local teachers. These volunteers fulfill their goals, per se, but in comparison with volunteers placed with local or internationally-funded NGOs who claim a greater awareness of the goals of sustainability and continuity, the teachers see themselves as more of a stop-gap measure.

WHAT WORKS AND WHY?

For USAID, Alter Vida, and Chemonics International, the Hutcherson & Hernandez utilization is successful, if for no other reason than because it is a cost-effective use of resources. By using Peace Corps volunteers as consultants, the government- and private sector-groups are able to employ pre-vetted, US government-approved individuals, and do so at minimal cost. Since Peace Corps continues to cover the majority of the volunteers’ expenses, Alter Vida/Chemonics/USAID’s financial contribution is negligible, usually extending little beyond the original contract, and covering not much more than the volunteer-consultant’s project-related travel expenses.

For SPA grants, the inter-agency cost sharing is even more explicit and suggests that USAID can expand its decentralization activities throughout a country with minimal financial obligation. With each potential SPA project receiving no more than \$5000 in USAID funds, the agency sees relatively modest (when multi-year USAID contracts often reach over \$3,000,000) contributions put to highly effective, sustainable use.

From Peace Corps' perspective, the most successful aspect of the collaboration lies in its legitimacy; by working with Chemonics on a USAID-funded project, Peace Corps is able to claim at least partial contribution towards overall USAID-Paraguay development objectives. A recent mandate from Peace Corps Headquarters in Washington DC requires all third-year extension volunteers to devote at least 25% of his or her time to an indigenous institution or NGO providing direct assistance to the local population. As such, it benefits Peace Corps to guide its volunteers in the direction of USAID-sanctioned organizations, both in the interest of the volunteers' own efforts⁷⁰ and in order to assist the local groups that USAID has already ostensibly deemed "winners."

USAID's most recent efforts at self-improvement have had it touting collaboration with other donors and development actors; the agency's FY 2005 Latin America budget justification, focusing on activities in Paraguay, state:

USAID has been very active in organizing a previously disjointed donor community and continues to be successful in having other donors build upon its pioneering activities. USAID has organized donor coordination activities in areas of decentralization, judicial reform, environment, and health and is participating in donor programs related to competitiveness and adolescents.⁷¹

Calling Peace Corps a "donor" is perhaps a philosophical question, but the joint activities going on between it and USAID in Paraguay are as legitimately a form of "donor collaboration" as USAID's work with the Japan International Cooperation Agency (JICA) or GTZ.

Unlike other bilateral agencies, which bring money or sector-specific expertise to a development agenda, Peace Corps' strength lies in its reach; with 205 volunteers in Paraguay during FY 2005, experienced and trained individuals permeate every corner of a largely rural country. No other international group – even other voluntary organizations or even faith-based groups – has a presence in as many remote pockets of Paraguay as Peace Corps. Furthermore, the two-year commitment Peace Corps demands of its

⁷⁰ According to Rob Hernandez, many third-year coordinator-volunteers "have had a very bad experience with finding an NGO to work with because... [it appears] there really aren't any institutions that they'd like to work with or, having found one, find it so difficult to work with because the organization has no idea how to work with a volunteer, what to expect from a volunteer, or whether the volunteer should do all the work, etc."

⁷¹ USAID Paraguay, *Budget, Fiscal Year 2005* (accessed March 1, 2005); available from <http://www.usaid.gov/policy/budget/cbj2005/lac/py.html>.

volunteers, coupled with Paraguay's relative isolation, augment volunteers' capacity as bridges between the local and international communities.

Hutcherson and Hernandez have already self-selected into a more elite group of volunteers in that they opted to remain in Paraguay for an additional third year. The two also brought private sector experience to their Peace Corps assignments, having worked in the US throughout much of their 20's prior to becoming full-time volunteers. Thus although neither one has relevant experience with Stevia production or environmental community mobilization both exploit time spent in Corporate America to bring consulting aptitude to the projects. Unlike foreign consultants or buyers visiting Paraguay for any brief period of time, the two volunteers also exhibit an in-depth knowledge of the country, and seek a time balance with both grassroots and professional groups.

Perhaps more importantly, each volunteer is just that – a *volunteer* – who brings an altruistic investment to the success of each project, more so than a short-term consultant might. Peace Corps' "organizational culture" harnesses a level of commitment and immovability from its volunteers and staffers, so much so that critics' censures also resonate a grudging admiration. Drezner writes that after Nixon's consolidation of Peace Corps and other agencies into a single unit called ACTION, his appointees were expected to harbor as much resentment towards the agency as he did. Yet director Michael Balzano discovered that "all of the Peace Corps directors under Balzano were socialized into the agency's culture and refused to alter it."⁷² Indeed, his successor John Dellenback noted "I helped write the legislation that created ACTION... when I became Peace Corps Director I changed my mind and concluded that we... had made a legislative mistake... I became absolutely convinced of the uniqueness of the Peace Corps' mission."⁷³ If USAID were able to exploit such an organizational loyalty, perhaps it would not have to reinvent itself with each presidential administration. With such a makeover unlikely, the next best option for USAID is to focus on collaborations with more ideological agencies. The complementarity between USAID's relative financial strength, Peace Corps' idealism and local knowledge, and Chemonics' and other contractors'

⁷² Drezner, 743.

⁷³ Ibid.

entrepreneurism has allowed Hutcherson and Hernandez to improve upon the established contractor model.

The participatory approach that the two volunteers envision as successful is in fact, an amalgam of the Peace Corps and USAID-contractor paradigms. Hernandez says that his work with Alter Vida has stimulated multi-sectoral, widespread involvement where inactivity had previously been the norm. “I am currently helping [Alter Vida] write proposals to solicit funds for a *Centro Informático* in one municipality, and have gotten other Peace Corps volunteers involved... It’s a good example of what can happen with just a few phone calls. It trickles down. It doesn’t just stop and stay in the form of an idea; it’s action taking place.”⁷⁴

WHAT DOESN’T WORK AND WHY NOT?

At the most rudimentary level, USAID-Peace Corps collaborations rationally marry two separate government groups oriented towards the same end goals. At a higher level of complexity, however, partnership between these two groups is much less plausible due to inherent differences in organizational culture. T. Zane Reeves describes Peace Corps as “endowed with a rare organizational factor among governmental bureaucracies – an identifiable organizational culture... a coherent activist culture.”⁷⁵ This mentality applies both to Peace Corps employees and to volunteers as well; although the agencies began with similar mandates and at the same era in American history, Peace Corps has maintained what Daniel Drezner calls an “ideational” perspective. This type of “idea-infused” institution “possesses structural insulation from the influence of other organizations [and is thus] more likely to survive in a manner consistent with their founding ideas.”⁷⁶ Peace Corps volunteers, even forty years after the agency’s founding, are likely to adhere to ideological principles and cling to a more grassroots approach to development. As such, using volunteers for USAID-funded projects is bound to be contrary to how many of them envisioned their Peace Corps experience to be.

⁷⁴ Rob Hernandez (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 12, 2005.

⁷⁵ T. Zane Reeves, *The Politics of the Peace Corps and VISTA* (Tuscaloosa and London: the University of Alabama Press, 1988) 3.

⁷⁶ Drezner, 733.

Hernandez cites many of his fellow volunteers' resistance to "suit and tie guys," suggesting that NGOs, particularly those working with USAID, are considered too much like the corporate culture they either eschewed or escaped from in the US.

Neither Paraguay Vende nor Alter Vida, although required to maintain strict standards of accountability to all of their bilateral donors, is able to make equally stringent demands of Hutcherson or Hernandez. As both volunteers' primary allegiance is to Peace Corps, the organizations are not capable of monitoring or enforcing standards of performance. Tracy Shanks of Chemonics notes that the *convenios* are more a formality than an effective contract: "[Hutcherson and Crockett] are not employees, and thus, they do not have 'technical approval' that is normally required for all short-term consultants, and thus, we have no official way to measure their impact, or their input."⁷⁷ Although the volunteers' contributions to the overall goal of NGO and civil-society capacity building are significant, they are not measurable per USAID standards and measurements.

Congressional meetings held in the 1990s on the future challenges of Peace Corps recognized the difficulty that recruiters face in securing appropriately skilled volunteers, particularly as Peace Corps traditionally called on a host of generalists to fill the volunteer role. "However, even as it recruits more scarce skill volunteers, we believe the Corps also needs to be watchful to maintain a balanced generalist/specialist force to continue its grass-roots level programs."⁷⁸ This criticism is particularly pertinent to Hutcherson's work with Paraguay Vende; although Reinaldo Penner and Ramiro Rodriguez value Hutcherson for his prior work experience, Shanks believes that some of the other Paraguayan counterparts feel threatened by his presence. Ironically, the director of the business center in Concepción resents Hutcherson's involvement not for his North American expertise but for his in-depth knowledge of a rural Paraguayan province, little-known by both foreigners and locals alike.

Hernandez calls his own experience of working with Alter Vida as particularly productive and mutually beneficial, but cites the presence of his counterpart, Celeste

⁷⁷ Tracy Shanks (Deputy Country Director, Paraguay, Chemonics International), in discussion with the author, March 21, 2005.

⁷⁸ Milton J. Socolar, "Meeting the Challenges of the 1990s," Statement of the Special Assistant to the Comptroller General before the Committee on Government Operations Subcommittee on Legislations and National Security, House of Representatives. May 22, 1990. p. 2.

Meza, as integral to his success. Meza, a former program assistant at Peace Corps Paraguay, “understands what I do, what I’m capable of... many NGOs don’t understand [the Peace Corps] culture, our objectives.”⁷⁹ Despite a 38-year presence in Paraguay, Hernandez believes that Peace Corps is not particularly well known throughout the country, and thus cannot be utilized as it should be. Bemoaning a near-constant “reinventing of the wheel,” Hernandez notes that APCDs are unable to perform a more rigorous and thoughtful site selection for volunteers due to excessive “paper pushing.”

Even the coordinators had to do a lot of paperwork. So then they don’t have time to work with the NGOs to monitor and evaluate. There are no formal evaluations going on. A lot of communication, a lot of talk, a lot of handshaking – but nothing formal. Even on the NGO side- the *técnicos* will often build great relationships with the volunteers but there won’t be any follow-through or feedback. With no feedback to show how valuable the volunteers are... [it’s no wonder] we’ve been in this country so long and yet NGOs still don’t know who we are.⁸⁰

Poor or no marketing of Peace Corps and its services at best forces a constant reestablishment of relationships, and at worst foments suspicion and distrust. Without an awareness of the considerable history and dedication of Peace Corps in Paraguay, prospective partners may view the agency as interchangeable with USAID, or perhaps an even more invasive government presence.

With government bureaucracy endemic throughout the agencies, the marrying of USAID and Peace Corps has been unsettling for Hutcherson and Hernandez, in terms of paperwork and red tape. Hutcherson has commented on feeling “similar pressure on this assignment as I did working in corporate San Francisco before I joined Peace Corps,”⁸¹ and Hernandez agrees that this assignment does not necessarily provide access to the most deserving groups, but only to those who can navigate through American government bureaucracy. “The biggest problem is that we [Peace Corps volunteers working with NGOs] stay in the same circles. Working with the biggest NGOs and people ‘in the know,’ larger organizations will [continue to] take advantage of our

⁷⁹ Rob Hernandez (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 12, 2005.

⁸⁰ Ibid.

⁸¹ Matthew Hutcherson (Third-year Peace Corps Volunteer, Paraguay), in discussion with the author, March 5, 2005.

services, since they have salesmen who can turn it into a win-win. The smaller ones? I just see them not being prepared, working in the 'Paraguayan' way.⁸²

While working with established or up-and-coming "winners" has been USAID policy overseas, Peace Corps has purportedly been making the effort to seek out the less-informed counterparts and beneficiaries who, nevertheless, are well equipped to provide a worthwhile volunteer assignment. The 1990 evaluation notes that "some assignments... had little development value. Some volunteers were actually working for wealthy land owners. Other volunteers stated that their assignments no longer served useful purposes."⁸³ Thus despite painstaking endeavors in recent years to reverse the trend of working with established "winners," by collaborating with USAID-selected partners, Peace Corps actually runs the risk of returning to its former strategy, turning its back on those with a greater developmental need.

Despite the fact that all Peace Corps volunteers are ostensibly interested in the development of their communities, it has become apparent that Hutcherson and Hernandez are simply more involved than many of their colleagues. Aside from determined pursuit of these third-year projects, the two volunteers have also been able to take advantage of a particularly close-knit development community in Paraguay. Larger USAID missions in larger countries, or perhaps more by-the-book Peace Corps offices elsewhere may have been less flexible and encouraging of the volunteers' work on USAID-sponsored projects. In Asunción, however, the three American expatriate employees in the USAID office are all Returned Peace Corps Volunteers themselves. This lends credence to the speculation that personalities and individuals have made these particular inter-agency collaborations successful, but that they are not necessarily easy or possible to replicate.

Inter-agency synergies per se are not difficult to expect from each agency, and perhaps are more likely today than they were forty years ago. As a significant percentage of all bilateral and multilateral development employees likely began their careers as

⁸² Rob Hernandez (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 12, 2005.

⁸³ Socolar, 7.

volunteers,⁸⁴ it is plausible that they will continue to see the benefit in and push for similar collaborative relationships between Peace Corps and USAID. If, as Hutcherson and Hernandez indicate, most of the stumbling blocks are administrative, then an environment of more deliberate political and non-political synergies will only be more conducive to forming more projects like the volunteers' in the future.

SHOULD IT BE REPLICATED WITHIN PARAGUAY?

Does Peace Corps consider the Paraguay Vende and Alter Vida projects pilots to be replicated throughout Paraguay? Equally importantly, does USAID see them as paradigmatic of joint development efforts? Indeed, does this signal the path for the future of development work in Paraguay? Although some aspects of the collaboration are effortless – USAID had already granted funding to Chemonics and Alter Vida prior to the engagement of Hutcherson and Hernandez, and if anything their presence intends to aid in the arrival of outlined goals – others are more difficult to systematize.

Lawrence Crockett, a second-year volunteer reassigned to a Paraguayan NGO for his last six months in-country, works on Chemonics' *Finanzas Municipales* (Municipal Finance) project. Initially assigned to improve the project's professionalism and gather information on best practices in civic development, his coordinator has largely delegated him database and file archival tasks. Irrespective of his own personal disappointment, Crockett cited his work as outside of Peace Corps' scope of interest and objectives. "I don't foresee this as a pilot program; I don't see Peace Corps Paraguay's commitment to more situations as Matt [Hutcherson]'s and mine, mainly because of the absence of the community experience."⁸⁵ As Peace Corps increases its collaborations with more bureaucratic and well-funded groups, indicating a greater and more "serious" effort in development work, Crockett believes, they run the risk of losing sight of their original goals. If, however, the "original goals" are indeed a hybrid of aiding communities as well as providing an enriching experience for volunteers, then it appears that Peace Corps Paraguay may indeed have it in its best interest to replicate the Hutcherson/Hernandez

⁸⁴ Smillie, 42.

⁸⁵ Lawrence Crockett (Second-year Peace Corps Volunteer, Paraguay), in discussion with the author, March 11, 2005.

model throughout the country. Figures on attrition within Paraguay itself are not made public, but the worldwide rate of approximately 28 percent,⁸⁶ coupled with numerous reports from returned volunteers of project dissatisfaction suggest that more rewarding, effective work might mitigate these withdrawals.

As suggested by Robert Hernandez, many systemic changes are indeed quite plausible, but require high-level enforcement. The recent appointment of a new director for the Pre-Service Training period indicates potential for innovation at the helm, as he has focused his efforts not solely on training, but on promoting increased volunteer-NGO partnerships. “[Brian Murray], the training director, put something together, like a fair, with volunteers and coordinators who have worked with governmental or non-governmental agencies, to speak with the trainees. This encouraged both sides – the pre-volunteers of the legitimacy of working with Paraguayan and American government-sanctioned organizations, but also, I think, helped to convince the NGOs that we’re doing the same thing.”⁸⁷ If one of the main obstacles to the inter-agency collaboration lies in each party’s resistance to the ideals of the other, then introductory *charlas* (discussions) like Murray’s float the collaboration idea in a safe environment, in particular suggesting that each prospective partner is sanctioned and pre-screened.

SHOULD IT BE EXPORTED?

Despite the successes of Hernandez and Hutcherson (and to a lesser extent, Crockett), replication of their experiences does not necessarily signal a foregone triumph. Peace Corps’ 39-year presence in Paraguay has both heightened its ability to undertake significant development projects, and perhaps prevented innovative work from being accepted in the country, where it is constrained by historical expectations. If we assume that Peace Corps Paraguay has generally been considered successful in providing a fulfilling volunteer experience, and moderately successful in its community development goals, then it is logical to consider that an increase in the Peace Corps-USAID collaborations

⁸⁶ The “ET,” or Early Termination rate is estimated at 28% by Lex Rieffel (<http://www.worldviewmagazine.com/issues/article.cfm?id=135&issue=33>) although precise figures are not given by Peace Corps.

⁸⁷ Rob Hernandez (Third-year Peace Corps Volunteer/Coordinator, Paraguay), in discussion with the author, March 21, 2005.

might prove helpful towards the second goal. As such, provided cultural and societal conditions are amenable and open to inter-agency cooperation, this work could and should be exported to other countries. With low program costs and high potential for benefits, Peace Corps volunteers have exhibited great potential for accomplishment in working with USAID-funded projects, perhaps more so than with wholly indigenous NGOs.

Logistically, the placement of volunteers in short-term (two years or shorter) assignments with USAID-funded NGOs also sets a precedent for worldwide example. As Peace Corps has frequently been criticized for failing to “[develop] projects that would permit a transfer of skills from volunteers to local nationals... [instead] was simply providing free labor to help compensate for the ‘brain drain’ experienced by [any] region of the world”⁸⁸ collaborative efforts would place volunteers in decidedly temporary, unfunded positions. Local populations, who receive the relatively higher salary that being a USAID contractor provides, then fill support staff and longer-term roles. Thus program funds go directly to local employees, rather than to American or Northern contractors, whose “expertise” is one of the most expensive components of the multimillion-dollar contracts.

As USAID reporting and accounting mechanisms require a level of professionalism and bureaucratic sophistication often missing from small, indigenous NGOs, the coupling of a Peace Corps volunteer (as involvement with Peace Corps necessitates largely straightforward, qualitative monitoring and feedback) may also prove useful for the smaller USAID-funded organizations. “Bureaucratic demands that flow from the donor often precipitate unintended organizational ends.”⁸⁹ Thus Peace Corps’ assignment of a volunteer to an NGO with USAID involvement not only provides the opportunity for Peace Corps with a more effectual and high-level development project, but also assists USAID in its aims to improve the capacity of local NGOs.

Ultimately, it is important to recognize that Peace Corps-USAID collaboration benefits not only Peace Corps, its reputation, volunteers and constituents, but USAID as

⁸⁸ Socolar, 8.

⁸⁹ Payton, 76.

well. Despite general overall public support of development assistance,⁹⁰ experts point to a growing “evidence of an ‘aid administration fatigue’,”⁹¹ which suggests that prospective partners, allies and even beneficiaries are less inclined to work with USAID than perhaps they might have been in previous decades. USAID, in need of a reputation makeover, therefore needs to impress upon these would-be associates that they do indeed plan programs around host countries’ needs and wants, and that their approach is not as top-down as it is seen from the outside. Increasing partnerships with Peace Corps would be useful in this respect, particularly in countries where Peace Corps operatives enjoy a better community standing than USAID. Although USAID is already involved with the SPA program and with HIV/AIDS education projects with Peace Corps, in both situations their role is purely pecuniary; collaborations stand to benefit USAID greatly by encouraging their contractors such as Chemonics and Mercy Corps to utilize the resources of Peace Corps volunteers.

Although the 1990s represented a period of knowledge sharing in USAID organizational culture, they have been less open and public about prospective partnerships in more recent years. The Global Participation Network, begun in 1994 but disbanded in 2001⁹², represents the sort of interactive efforts for which USAID had begun to be admired. In the format of an online discussion board, GP-NET began “as a pilot project in response to USAID’s need to elicit some of the wealth of experience and expertise in applying participatory approaches and make it available in a useful form to other USAID units... the GP-NET listserv grew to include over 800 subscribers by the year 2000,”⁹³ With prior postings including the “dissemination of information regarding new sources of information about participatory development,”⁹⁴ it is surprising that the agency would terminate GP-NET and not re-launch it during a period of criticism for its ineffectiveness and insularity. The proliferation of both on- and off-the-books

⁹⁰ Smillie, 126.

⁹¹ Smillie, 127.

⁹² It is unclear why GP-NET disbanded; USAID has not offered a public explanation for the group’s demise, although one possible explanation may involve a rerouting of time and resources to combating the “War on Terror” after September 11, 2001.

⁹³ USAID: Global Participation Network (accessed March 10, 2005); available from http://www.usaid.gov/about/part_devel/gpnet.html.

⁹⁴ Ibid.

partnerships with other agencies would signal a new stage in USAID's approach to participatory development.

RECOMMENDATIONS

The relative dearth of academic and government-initiated literature on the effectiveness of Peace Corps as a development organization indicates that this is a topic begging to be researched in greater detail. As the US has begun to respond to the global call for more and more intelligent development funding, and particularly as the budget for USAID recedes in favor of the Bush-developed Millennium Challenge Account, the development community must make a greater examination of more collaborative options.

Steve Radelet, recognizing the ambiguity in MCA plans, wrote in 2003 that "the administration hopes that the MCA will have lower bureaucratic and administrative costs than current aid programs,"⁹⁵ but "it has not yet made clear its plans for operations on the ground in recipient countries, how programs will be evaluated, or how the MCA will coordinate its programs with other existing US aid agencies, particularly USAID."⁹⁶ Two years later, the only clear outcome is that the "solution" chosen by the Administration is to eschew collaboration altogether and slowly reduce funding to USAID, which many now view as "in flux." If US foreign aid is henceforth divided between USAID and MCA, the greater support that MCA is bound to receive from politicians compels USAID to improve its operations, so as not to render itself superfluous. Radelet sees this division of funds "imped[ing] coordination and increas[ing] redundancy,"⁹⁷ As Peace Corps, with its strong organizational culture and committed alumni, does not face the same risk of redundancy, it behooves USAID to actively seek out collaborations with it, both on the agency level, and through USAID contractors and program-wide volunteer deployment.

Peace Corps was initially launched to spread the ideals of democracy, on an interpersonal level. Although democratization aid has gripped USAID in recent decades, it is easy to forget that Peace Corps *continues* to espouse this broad-based development

⁹⁵ Steve Radelet, "Will the Millennium Challenge Account be Different?" *the Washington Quarterly*, Spring, 2003: 26:2, pp. 171

⁹⁶ *Ibid.*, 172.

⁹⁷ *Ibid.*, 80.

agenda. If the MCA focuses funds in economic development and democratization activities, then USAID and Peace Corps both naturally fill an additional development niche, that of battling corruption, empowering the disenfranchised and increasing transparency and the capacity of community organizations and host governments. With so few countries able to meet the stringent MCA criteria – “In Africa, only four countries... are likely to qualify for the MCA in the first year... another five would miss eligibility by only one criterion”⁹⁸ – then the MCA actually obliges USAID and Peace Corps to support the dozens of other poor nations through their own development methods.

President Bush purportedly planned to increase the size of Peace Corps in line with greater US foreign engagement goals. But as recent years’ budgets do not reflect an expansion to 10,000 volunteers, it appears that Peace Corps, like USAID, needs to partner with the other agency in order to meet the expenses of their ambitious goals worldwide. Leveraging its community-centered reach and expertise, Peace Corps has the potential to be a great tool used in conjunction with USAID’s array of resources. Although Rob Hernandez acknowledged that Peace Corps could do more to solidify its relationships with communities around Paraguay, the size and scope of the agency indicates that it has the potential to fortify and formalize these relationships. The World Bank, when discussing its own experiences with partnership, acknowledges that “participation has been greatest in projects with community-level activities, as in the agriculture, health, water supply, environment, education, urban and social sectors,”⁹⁹ or in other words, in each of Peace Corps’ project areas.

The examples given in this paper of collaborations between USAID contractors and Peace Corps volunteers, while restricted to a small, landlocked country, are indicative of the potential of innovative approaches to development worldwide. By permitting its contractors to operate outside the bonds of a restrictive project budget, USAID/Paraguay sets an example for other missions, where financial constraints hinder the extension of

⁹⁸ Gene Sperling and Tom Hart, “A Better Way to Fight Global Poverty: Broadening the Millennium Challenge Account.” *Foreign Affairs*, March/April 2003.

⁹⁹ World Bank Operations Evaluation Department, “Participation in Development Assistance,” *Précis*, No. 209 (Fall 2001): 2.

projects outside the capital city, or beyond the three Strategic Objectives. Admittedly, systematizing these collaborations without permitting the incorporation of Peace Corps into USAID or the larger State Department will be difficult and political. Yet a continued replication of case-by-case contractor-volunteer alliances will prove successful and, if performed thoughtfully and with care to the needs of all parties, quickly build an enviable track record.

Peace Corps suffers from a dual personality disorder in that it aims to serve both volunteers and host communities. If it opts to focus on the second constituency, becoming a more deliberate development organization, a different, more qualified cadre of volunteers will follow suit as well. This will then fulfill the agency's original dual-audience objectives, as Hernandez and Hutcherson have attested that a productive volunteer is a satisfied volunteer. By working with USAID, Peace Corps may alienate the volunteers and alumni who promoted a more personal, laid-back experience, but will please and attract more goals-oriented volunteers.

Likewise, USAID, rather than focusing exclusively on the budgets and indirect cost rates of their contractors, would be well served by embracing its "soft power" capabilities and seeking fewer bottom-line objectives. Chemonics, although not a wholly unique player in the development "industry," has proven insightful in its understanding that much of international development is about relationships. Recognizing that while they must remain accountable to their USAID funding agreements, their projects will be more successful if they coordinate private sector, non-profit, and public inputs. More research should certainly explore the cost-effectiveness of such collaborations, held against average consultant and volunteer costs, plus projected budgets and goals.

The Brookings Institution agrees that Peace Corps is at a crossroads, and contends that in the face of Bush's proposed program expansion,¹⁰⁰ bipartisan support is strong and even finding the necessary financing will not be difficult. Viewing the current dilemma as one between maintaining *status quo* or augmenting the organization, Brookings writes:

¹⁰⁰ The Brookings Institution counts this as 14,000 volunteers working overseas by 2007, a near-doubling of current numbers.

The basic choice is between preserving the Peace Corps as a boutique agency... or redefining the mission in a way that will attract more interest among host countries and appeal to a broader spectrum of talented Americans.¹⁰¹

This paper disagrees with the second option as a plausible direction; Peace Corps should avoid diluting its efficacy and perhaps consider whether it needs to *narrow* its mission. By streamlining the mission it stands to maintain its cachet as one of the few agencies with decent support from both Democrats and Republicans, and perhaps strengthen its global appeal as well. Only by demonstrating a more serious and stated commitment to development will Peace Corps' reputation remain optimistic.

¹⁰¹ Lex Rieffel, "Reconsidering the Peace Corps," Washington, DC: Brookings Institution, *Policy Brief #127*, December 2003, 1.

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