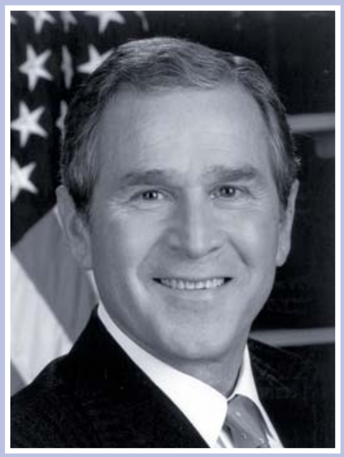
Successful Development

Models for the 21st Century

United States of America



"All fathers and mothers, in all societies, want their children to be educated, and live free from poverty and violence. No people on Earth yearn to be oppressed or aspire to servitude…."

President George W. Bush

January 29, 2002

The Challenge

How can the poorest nations attract the resources necessary to lift their people out of poverty? The starting point is good governance and the rule of law: political leadership determined to make honest choices and deliver basic goods and services.

It also begins with the hard work and initiative of the people who live in the developing world. Workers in these countries produce the overwhelming majority of their nations' goods and services. Their annual domestic savings of $1.7 trillion is one of the largest sources of funds available for development.

But breaking the cycle of poverty cannot occur in isolation. Developing nations need to gain access to the global marketplace, where far greater resources for development reside. In the past decade, for instance, trade with the developing world has more than doubled. At the same time, foreign private investment in developing countries quadrupled to $225 billion. Foreign trade and investment provide more than just money—they bring ideas and innovations that can raise productivity and build the foundation for domestic industries.

Official development assistance can be the catalyst for economic growth. Whether it is bilateral funding from one government to another or that channeled through multilateral institutions, development assistance can reinforce sound governance, promote investment in people, unlock local resources, build capacity to attract foreign trade and investment, and help attack poverty through increased productivity.

The stories that follow are about developing countries that have made smart choices at home that have attracted both private and official funds. In particular, they showcase how development assistance has deepened institutional foundations to unleash the productive and entrepreneurial energies of people around the world.

These examples also show how useful official development assistance can be as a catalyst for change when developing countries:

- Take the lead in addressing their own development challenges,
- Strive for visible results through the efficient use of capital, and
- Combine public and private efforts and resources.

These models for the twenty-first century illustrate that providing tangible economic benefits for the poor will require the deliberate, purposeful, and united efforts of all nations, donors, and sectors. Yet in the end, it is sound local governance, inspired local leadership, and sustained human effort that are the essential elements of successful development.

Sound Governance and Local Leadership

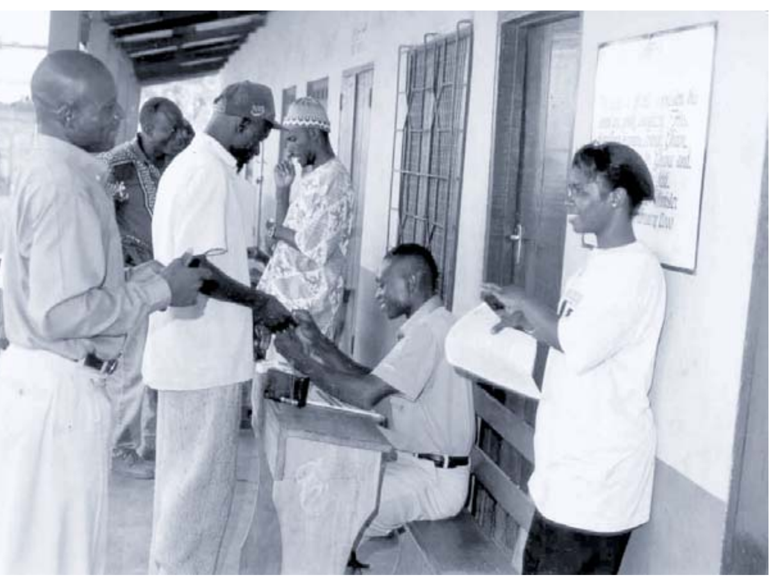
Sustained development of market economies depends on sound and honest governance. Without safeguards against instability and corruption, foreign investors will seek other opportunities and local businesses will face major impediments to growth.

Ghana: A Smooth Transition Encourages Foreign Investment

Despite the presence of local and international monitors, the credibility of Ghana's 1992 and 1996 elections suffered from allegations of fraud. In 1996, five days passed before the Electoral Commission could certify final results of the presidential contest. The equipment used (ballot boxes, seals, etc.) afforded little protection from tampering.

In the year leading up to the December 2000 election, Ghanaians took steps to ensure the legitimacy of the vote. With the help of a U.S.-organized consortium of international donors, Ghana's Electoral Commission computerized its operations. A broad network between the commission in Accra and each of the country's 12 regions collected and transmitted election results almost as soon as they were certified. Radio stations conducted exit polls and did spot reporting on irregularities. A Web site was created for posting election results—which were also announced by the media.

With these reforms, Ghanaians knew the election results within 24 hours. This rapid turnaround increased public confidence in the outcome. In the context of such transparency, the defeated former government had little choice but to leave office peacefully, and a smooth, democratic transfer of power resulted.



International Foundation for Election Systems

Voter registration, Ghana

Central Europe: Improving Energy Management

The collapse of the Soviet Union exposed central European energy systems as inefficient, bureaucratic, corrupt monopolies with subsidized prices and old, polluting technologies. The transition required the newly independent republics to develop modern energy laws, price energy more rationally, restructure utilities, and reform energy-market policies. A new generation of energy managers and professional regulators has emerged to devise and implement these mechanisms.

In addition to building technical skills, this group represents the beginnings of economic democratization and a line of defense against corruption. To expand industry knowledge, 15 regulatory agencies—from countries in central Europe, the Baltics, and the former Soviet Union—created an Energy Regulators Regional Association (ERRA). The United States has worked closely with the international financial institutions and bilateral donors in the development of ERRA's programs and initiatives. For example, through the U.S. Agency for International Development (USAID), the United States brokered a cooperative agreement with the U.S. National Association of Regulatory Utility Commissioners under which American regulators and the federal government donated their time to ERRA's tariff and licensing/competition committees.

ERRA and its members have helped improve the energy-pricing environment, create greater predictability for investors, provide more transparency of collections, and ensure protection of the poor, pensioners, and other consumer groups. ERRA is developing a plan to achieve financial self-sufficiency within three years. Special working groups are examining issues related to interregional electricity trade and European Union accession. ERRA is formally interacting with the Council of European Energy Regulators, with the goal of creating an integrated European electricity system.

The Philippines: Economic Governance Enhances Growth

In the Philippines, centuries of centralized economic policy-making restrained local authority and popular participation. In the last decade, however, the power of local authorities has increased. This devolution of power and resources has resulted in a burst of creative local governance initiatives.

The Philippines' local governance revolution began with the passage of the 1991 local government code, which ordered one-third of national revenues returned to local government. Along with resources to the localities, a host of new local powers emerged—from authority over the management of municipal coastal waters and forests to the ability to raise funds through bonds and negotiate grants directly with international donors.

Communities took advantage of the devolution of health services to begin direct procurement of medications, often at substantial savings. Several cities began floating municipal bonds to finance local infrastructure. To facilitate investment, some municipalities streamlined services through "one-stop shops" where investors could obtain all necessary municipal authorizations.

With new responsibilities, local officials were made increasingly accountable to their electorates. Because of their shared interests vis-à-vis the central government, leagues of local mayors and governors emerged.

For almost two decades, the United States has assisted in the development of local governance in the Philippines. Initially the assistance was in the form of contributions to existing local projects, but USAID ultimately found opportunities to expand into direct programming.

In 1998, a consortium of private Philippine banks, in conjunction with a government development bank, established the Local Government Unit Guarantee Corporation

ARD, Inc.

Discussing local governance, Philippines

(LGUGC). The purpose of the corporation was to provide financing mechanisms to complement and strengthen the new authorities of local government. With a partial guarantee from USAID's Development Credit Program, LGUGC provides bond guarantees to private financial institutions to fund municipal infrastructure projects. As a result of the decentralization, local projects have become increasingly attractive to private investors.

With these reforms, local government and civil society in the Philippines have been provided a broad spectrum of new tools and sources of revenue to pursue dynamic new approaches to development.

Investing in People

A healthy and productive labor force is the bedrock of economic growth. Public health crises can quickly erode hard-won development gains. Sound investments in health and education can create and preserve a work force capable of meeting the economic challenges of this century.

Charles North, USAID

Villagers use new potable-water faucet, El Salvador

El Salvador: Banding Together for Clean Water and Healthy Children

Twenty-five years ago, only one in five residents of Cara Sucia—a community of about 2,000 families in western El Salvador—had access to potable water. Intestinal diseases and diarrhea, among the great killers of very young children, were part of daily life. Decade after decade, the people of Cara Sucia sought government help to build a new water system, but the cost, estimated at nearly $2 million, frustrated their efforts.

Five years ago, this all changed. Cara Sucia's people reached into their own pockets for $115,000 toward waterworks construction costs and committed themselves to provide labor and other nonmonetary services. The local municipality chipped in an identical sum, followed by commitments from El Salvador's health, environmental, and soil conservation officials. Even the staff of a nearby national park (in which Cara Sucia's watershed area lies) joined in, as did a U.S. Peace Corps volunteer working in the area.

The web of support did not stop there. The private voluntary organization CARE, plus a local group named PROSAGUAS, brought the community's plan to USAID, which provided financial and technical support. And Official Development Assistance (ODA) from the European Union paid for a third of the total cost of Cara Sucia's new system.

In short, no fewer than eight institutions joined in the project, leveraging resources that individually were insufficient to solve Cara Sucia's drinking water problems. Today, with a new system in place, Cara Sucia's diarrhea rate for children 5 and younger plummeted to nearly half that of a few years ago. Better hygiene will push this figure down even further in coming years. The public-private, local-foreign teamwork that made this vital improvement possible has remained in place for the equally important task of maintaining what has been built.

Senegal: Shared Commitment Cuts HIV/AIDS Infection Rates

The west African country of Senegal has emerged as a leader in HIV/AIDS prevention. The country's infection rate is one of sub-Saharan Africa's lowest, with new infections of the at-risk population remaining steady at 1.4 percent per year. AIDS has devastated sub-Saharan Africa, striking the continent's middle classes as much as other segments of the population. The contrast between Senegal and much of the rest of Africa—where infection rates can be as high as 35 percent—is distinct.

Why has Senegal succeeded? The answer lies first and foremost in Senegalese political will. Government, community, and religious leaders all committed to heightening awareness and reinforcing core strategies: increased use of condoms, abstinence education, medical examination of commercial sex workers, and improved access to antiretroviral drugs.

Senegal's determination to confront the pandemic found a willing supporter in the United States, the world's leading provider of ODA to combat HIV/AIDS. American leadership and medical expertise, such as that concentrated in the U.S. Centers for Disease Control and Prevention, have supported the determined effort of countries like Senegal.

Sara A. Holtz

AIDS Day parade in Dakar, Senegal

Senegal's dramatic commitment to limiting the spread of AIDS was crucial to the success of U.S. assistance. Between 1998 and 2001, the rate of HIV-infection for pregnant women dropped from 1.08 percent to 0.9 percent. In Ziguinchor, the city where commercial sex workers suffer the highest HIV prevalence rates, infection rates for that population dropped from 34.4 percent to 26.8 percent in the same three-year period.

Uganda: Basic Education Improves Incomes, Lives

Over the past decade, many developing countries have worked to reform their primary education systems. Few have succeeded as well as Uganda, which has used ODA from the United States and other sources to effect far-reaching changes.

The Ugandan Ministry of Education has worked for over a decade to unite parents, teachers, and pupils in an expansive reform of basic education, reinvigorating what once had been among the finest education systems in Africa.

Working with USAID and other donors, Uganda has achieved:

- *Universal primary education:* A program announced in 1997 eliminated all primary-level school fees for up to four children per family.
- *Increased funding:* Education spending now amounts to 31 percent of the country's total recurrent public expenditure—and of this, more than 70 percent goes to primary education.
- *Higher teacher salaries:* Uganda increased teachers' incomes from $8 to $72 per month and completely revamped its teacher training systems.
- *Education Reform:* The comprehensive reform of the primary-school curriculum included enabling the private sector to supply school textbooks.

In each aspect of this success, U.S.-provided ODA supported the Ugandan government to finance the reform. The Support to Ugandan Primary Education Reform program focused American support for Uganda's primary education reforms on two components—overall reform policy and technical assistance. With political commitment and on-the-ground donor collaboration, Uganda is now working toward an even bigger objective—implementation of a Poverty Eradication Action Plan, which aims to cut poverty to just 10 percent of the population by 2017.

Meddie Kidugavu

Schoolchildren at recess, Uganda

Tapping Local Resources

Domestic savings are often overlooked as a source of finance for economic growth. Successful development begins with harnessing local sources of capital.

Kazakhstan: Access to Local Lending

With no history of nationhood or market economies, the five former Soviet republics of central Asia faced profound hurdles upon independence. One of them, Kazakhstan, responded to those challenges with a serious program of economic reform, tackling exchange-rate stabilization and fiscal, legal, and regulatory reform.

As a complement to these macroeconomic reforms, the government increased access to financing for small private enterprises. These fledgling businesses helped alleviate the country's widespread unemployment.

With U.S. government assistance, the Kazakhstan Community Loan Fund (KCLF) became the first microenterprise organization in Kazakhstan to be licensed by the country's national bank. The license permitted KCLF to operate as a non-bank financial institution and to open branches around the country. KCLF's primary function is to provide credit and training to small-scale entrepreneurs (83 percent of whom are women) in need of working capital and technical assistance. Based on KCLF's success, the United States has supported its expansion.

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Processing fish caught in the Caspian Sea, Kazakhstan

KCLF has made more than 29,000 loans averaging $270 each, for a total of nearly $8 million. Incomes in the poorer sections of cities where KCLF is active have increased significantly, and an estimated 3,000 jobs have been created or retained as a result of the loans. KCLF recently began an individual lending program with the support of donor funds and was able to target small and medium-size enterprises with loans of up to $5,000. With 80 percent of clients planning to expand or renovate their businesses, more job creation is anticipated.

Bolivia: Financial Institutions for the Poor

Long one of Latin America's poorest countries, Bolivia has had a vast informal business sector comprising mainly microenterprises. These small businesses were largely separated from the established sector, especially in terms of access to financial services.

In 1992, Bolivian business leaders and the nongovernmental organization *Acción Internacional* joined with the U.S. government and other investors to form BancoSol, the world's first private-commercial bank dedicated to microenterprise. Pooling the deposits of microenterprises, BancoSol provides full banking services and has grown to accommodate an increasingly broad portfolio, including a recently introduced line of credit for the purchase or reconstruction of homes.

Kristine Heine, USAID

Small-business woman, Bolivia

U.S. technical assistance and a seed grant of $4 million played a central role in empowering BancoSol to emerge as a profitable commercial bank. The bank no longer has any need for subsidy or external assistance and today has a vast branch network, 60,000 clients, and generates an average of

more than $115 million in new loans every year for the Bolivian economy.

In 1997, BancoSol broke new ground by issuing dividends. Due in part to BancoSol's success, Bolivia has one of the most competitive microfinance markets in the world. With increased competition, opportunities for microfinance have proliferated, creating thousands of valued new bank customers in Bolivia.

India: Modernizing Municipal Finance

The slum population of Ahmedabad, the largest city in the Indian state of Gujarat, doubled in the 1980s. Living conditions for the city's poor became dangerously unhealthy, with streets crowded with animals, hawkers, and garbage. More than one-third of the city's residents lacked safe and reliable drinking water. By 1990, the city government was totally dependent on state grants and had neither the plans nor the funding for the capital projects needed to address deteriorating conditions.

In 1994, Ahmedabad took control of its destiny and, on its own, sought independent sources of funding for its much-needed capital improvements. The United States saw an opportunity to help as the city developed into a model for India.

Refusing to wait several years for Gujarat to provide the first grant funds for its $147 million capital improvement plan, the city government turned to the Indian capital markets. Ahmedabad sought its own credit rating and was awarded "investment grade." The city then tailored a $25 million bond issue to the domestic Indian financial market. Indian investors immediately oversubscribed the bonds.

The United States supported Ahmedabad in adapting and applying U.S. municipal bond-financing techniques to the Indian capital markets. Specialists worked closely with the city government, private Indian investment firms, an Indian credit-rating agency, and legal experts. Besides Ahmedabad's own $25 million bond issue, a U.S. government $22.5 million loan guarantee provided matching support from private U.S. lenders for the city's improvement plan.

By 1995, Ahmedabad had gone from budget deficits to surplus. After it issued the first municipal bonds in 1998, the city's improvement plan progressed steadily. Water, sewer, and sanitation services for 3.3 million people have improved. Further, the municipal bond-financing model is taking root, and more than 30 Indian cities have sought credit ratings for use as either the basis for issuing municipal bonds or as a guide to improving their overall financial condition. The growing appetite for municipal bonds among India's institutional investors opens a substantial new source of financing for the development of India's cities.

Attracting Trade and Investment

Worldwide, levels of foreign trade and investment exceed $9 trillion annually. By connecting to these flows of money and products, developing countries gain access to the capital to fund growth and the ideas and innovations to enhance productivity.

Mozambique: Economic Restructuring and Trade Liberalization

Few countries have faced a need for economic restructuring on the scale of Mozambique, which emerged from a costly civil war in the 1990s. Yet, while still in the midst of conflict, the country established one of Africa's most impressive economic reform programs, reducing price controls, liberalizing trade, and drastically cutting bureaucratic impediments to trade.

Working with donors from the European Union, the United States moved from active involvement in the peace process of the early 1990s toward support for improved governance, continued macroeconomic reform, and low tariffs.

Food for the Hungry

Sesame seed trader, Mozambique

Relative price stability and continuing donor support created a rise in foreign investor interest and helped stimulate domestic investment. Despite setbacks from severe floods in 2000, Mozambique's economy rebounded in 2001, growing between 10 percent and 12 percent.

Jordan: Joining the World Economy

A small country in an unstable region, Jordan's economy endured erratic growth through much of its history. Foreign investment levels remained low, while the country suffered from relative isolation and growing debt. Trade inefficiencies and poor international competitiveness contributed to the country's problems.

Today, Jordan is both a member of the World Trade Organization (WTO) and is one of a select group of countries to secure a free trade agreement with the United States. The country's progress testifies to the role that ODA—when combined with good policies and innovative approaches—can play in accelerating national development.

Determined to modernize, Jordan launched an ambitious set of economic reforms. The country dramatically expanded access to international markets and increased domestic market competition. Jordan's rapid accession to the WTO in 2000 was accompanied by far-reaching reforms. In December 2001, Jordan joined Canada, Mexico, and Israel as the only countries to share in a free trade agreement with the United States. Jordan also has established free trade agreements with both its Arab neighbors and the European Union.

The United States worked closely with Jordan during its WTO accession period. In cooperation with the State Department and the Office of the U.S. Trade Representative, USAID provided extensive technical assistance and training to both the Jordanian government and business associations. Likewise, the United States has helped strengthen Jordan's capacity to promote and facilitate foreign direct investment and streamline customs procedures. USAID continues to provide substantial assistance to promote the effective implementation of the free trade agreement.

Jordan's reforms helped pave the way for improved economic performance and sev-

Joanne Giordano, USAID

Aqaba Special Economic Zone, Jordan

eral new private-sector trade and investment initiatives. Despite the difficult external environment, Jordan's economy showed remarkable positive signs in 2001, with a 4 percent growth in GDP and a 25 percent surge in exports. The launch of the Aqaba Special Economic Zone in May 2001 has positioned Jordan's only port as a business hub and "growth pole" for the country's southern region. Jordan's commitment to trade and investment says to the world: "We are open for business." The world is responding.

Mexico: Growing Through Reform and Trading

For most of the last century, Mexico's economy was markedly inward-looking. Reforms came slowly, economic growth was intermittent and plagued by periodic crises, and vast disparities in income and widespread poverty persisted. During the 1980s and early 1990s, however, Mexico's major trading and investment partners joined domestic groups in increasing the pressure for economic reform, and the government responded.

In 1994, Mexico concluded its treaty with the United States and Canada on the accession and compliance requirements of the North American Free Trade Agreement (NAFTA). NAFTA encouraged the deepening and broadening of Mexico's pro-market reforms. NAFTA also led Mexico to significantly relax the relationship between the dollar and the peso and, eventually, separation of the two currencies. In late 1994, however, the peso was sharply devalued, triggering a domestic economic crisis that severely affected the banking sector and caused havoc in international financial and capital markets.

Despite the setback, Mexico remained committed to its reform path and to NAFTA. This determination encouraged trading partners and international and domestic investors, and in short order Mexico returned to the international credit market.

Privatization of state-owned enterprises continued, as did the restructuring of the banking sector. Finally, the federal government began to pay serious attention to fiscal imbalances, loose monetary policy, and relationships with the provinces.

Economic cycles remain a fact of life, and individual countries address them differently. Though Mexico's growth has slowed recently, it has avoided the scale of contraction faced by its trading partners. Until last year, Mexican GDP and trade growth held at 7 percent and 12 percent respectively. And, after Canada, Mexico is the United States' most important trading partner. Fueled by U.S. manufacturing-sector demand for commodity and semifinished inputs, exports have been the primary engine of Mexico's growth.

Since 1994, Mexico has maintained the reforms necessary to comply with its commitments and to realistically address the demands of the global economy. While the reforms have not been without cost, they have brought Mexico great credibility for its courage and commitment and helped solidify its status as a regional leader.

Attacking Poverty Through Productivity

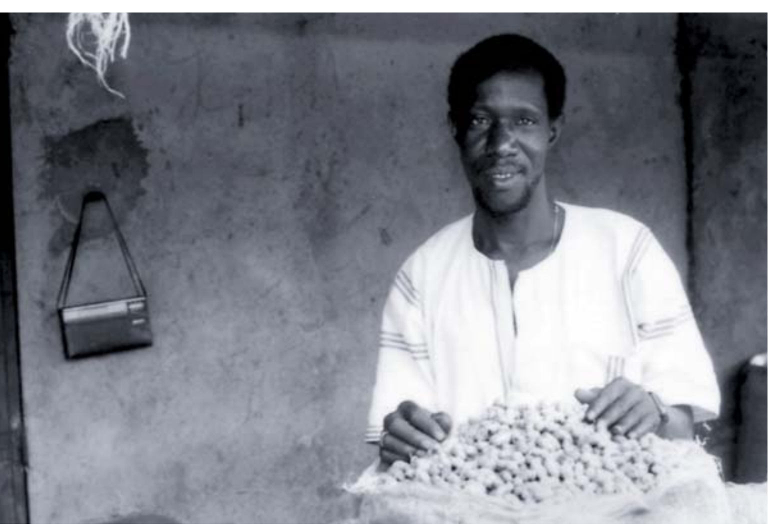
Increased labor productivity is the key to poverty reduction, enabling workers to produce more and retain more from their labor. Higher productivity also attracts more investment as returns to capital grow commensurately.

Mali: Price Information Boosts Agricultural Productivity

Until the late 1980s, Mali sought to limit urban discontent through food subsidies. By centralizing control of food marketing and trade in staple cereals, the government tried to ensure reliable food supplies at reasonable prices. Instead, these actions created severe disincentives for increased food production and distorted the distribution of crops.

Recognizing the problem, Mali initiated an agriculture reform program and got out of the business of fixing agricultural prices. The reforms, above all, aimed at increasing productivity in a previously stagnant sector.

Eighty percent of Mali's people rely on agriculture, raising livestock and growing millet and sorghum. As elsewhere, improving market efficiency requires better and faster information, in particular about the relative demand for product. But how could Mali increase the flow of price information to its widely dispersed farming communities, in an environment hampered by difficult transportation and a shortage of written material?



Millie Morton

Mali grain trader listens to the weekly radio broadcast of cereal prices

It works like this: Using solar-powered laptop computers, agricultural market-watchers send e-mail containing crop and livestock information to 142 privately owned rural radio stations. Each evening, an estimated 70 percent of Mali's rural population, even in the remotest villages, tune in to the timely broadcast of information collected from 64 markets. Rice growers along the Niger River follow paddy field rice prices, and herders in the arid Timbuktu region hear the latest prices for goats. Crop and livestock price information and news about better growing techniques have reinforced the government's commitment to market reform. This nationwide agricultural information system, funded by USAID, helped boost agricultural productivity.

Agricultural production has now reached a point where Mali, once chronically dependent on food aid, exported 55,000 metric tons of cereal in 2001. With trading in private hands, surplus cereals in some districts are shifted to others that face shortages.

An estimated $100 per year (in a country with a $260 average per-capita annual income) has been added to the income of more than 1 million small farmers who use the market information system.

Bangladesh: From Famine to Food Security

Once, densely populated Bangladesh seemed unable to escape from chronic food deficits and avoided famine only with foreign food aid. Yet, over two decades, Bangladesh has steadily reversed policies that unintentionally increased food insecurity.

USAID and other donors have assisted Bangladesh through this challenging period of reform. Contributions have been applied to varying facets of agricultural development. In total, these investments had a strong effect on the functioning of Bangladesh's agricultural markets. Efforts include:

- Development of an agricultural research system;
- Improved food-aid management and targeting to

reduce disincentives to local production;
- Liberalized agricultural service industry, including fertilizer and machinery inputs; and
- Steadily improved rural infrastructure, including roads and electricity.

While other factors have also contributed, the steadily widening role of the private sector has had a significant impact. Rice production has risen from under 12 million metric tons in the mid-1970s to 20 million metric tons by the end of the 1990s. With private traders now prominent, Bangladesh's agricultural exports have risen nearly 5 percent annually over the last five years. New diversification into livestock production and maize cultivation points to further gains from agriculture, once seen as a dead-end sector.

The lesson in Bangladesh is that ODA—when applied in conjunction with a country's serious effort to resolve its own development challenges—can yield dramatic results.

Costa Rica: ODA Reinforces Economic Diversification

Costa Rica, caught in a low-growth, high-inflation bind 20 years ago, has adroitly used ODA to achieve a high-value transformation, developing its tourism sector and building on its high-quality education system to attract high-tech industrial investment. The country's determined focus on political stability and strong institutional foundations enabled these changes to occur rapidly.

Costa Rica's transformation shows the crucial importance of building the capacity to engage with the international trading system. Costa Rica seized upon opportunities presented by a rapidly evolving international trading system. For example, Costa Rica early on saw the advantage of preserving its tropical forests and marketing them as Latin America's best ecotourist destination. Tourism, which brought in $87 million in 1980, exceeded $1 billion only 20 years later.

The Costa Rican government also seized the opportunity of a partnership with computer-chip manufacturer Intel, resulting in the building of a microprocessor plant near San Jose. Microprocessors have now displaced bananas and coffee as Costa Rica's largest export earner. Overall, agriculture's share of GDP has fallen from 25 percent in 1980 to about 13 percent today, and 78 percent of Costa Ricans work in the service and manufacturing sectors.

Gene Thiemann, Lutheran World Relief

Farmer tends his crops, Bangladesh

How did ODA enable these successes? American assistance sought to leverage Costa Rica's own efforts at policy reform. ODA also supported Central America's regional development through investments in highways, electrical and telephone connectivity with neighboring states, and expanded regional institutions for public and business administration and nutrition.

The overall impact of this modest but focused assistance, given the structural changes enabled by Costa Rica's flexible, pro-market leadership, is profound. The number of Costa Rican households living in poverty has dropped by 50 percent since the early 1980s, and the country's per-capita GDP has more than doubled.

Our Commitment

The United States stands behind the efforts of the developing world to achieve sustainable growth and prosperity. Doing so requires public resources. President George W. Bush's budget for fiscal year 2002 includes a 10-percent increase for official development assistance. But increased funding is not the only answer.

As these stories attest, successful development requires partnerships between developing and developed countries. USAID, with staff on the ground in nearly 100 countries, works with government ministers, elementary school teachers, business leaders, farmers, and others to make the changes necessary for long-term growth.

Development also means trade and investment. As the leading destination for developing country exports, the United States is focused on the successful completion of the "Doha Development Round" of multilateral trade negotiations, which will further open world markets to trade and encourage investment in developing countries.

Real development occurs only when countries are willing to shoulder the difficult burden of economic and political reform. When countries take on this challenge, the United States and other donors can help by providing technical assistance to governmental and civic leaders, building physical and market infrastructure, and offering vital services to ease the transition.

It is the commitment of the United States to help those who are determined to help themselves escape from poverty and realize the promise of lasting prosperity.

"Political freedom and economic freedom are inseparable. Their power for good is increasingly felt all over the world. The embrace of accountable, representative government, respect for human and minority rights, respect for the rule of law, civil society and open markets, all of these coming together are making economic development and poverty reduction possible for countries on every continent…."

Secretary of State Colin L. Powell

October 29, 2001

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