

# Transcript

## Secretary of State Hillary Rodham Clinton

On Development in the 21<sup>st</sup> Century  
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**SECRETARY CLINTON:** Thank you so much. I am absolutely delighted to be here and to see a lot of familiar faces, colleagues and friends, development leaders, and especially to be here with the Center for Global Development. I want to thank Nancy for her kind introduction and for everything she has done with this organization and for development overall. I want to thank the Peterson Institute for International Economics, and of course, Fred – I learned that Fred was one of the incubators for the Center – and Ed Scott and others who have really made development and development policy such a central issue in their lives as well as in our nation's life.

I wanted to give this address months ago, but I thought it wise to wait until we actually had an administrator confirmed for USAID. (Applause.) And we are so pleased that day has come. Dr. Raj Shah, who if you haven't met yet, I hope you will. It's been a long wait to find the right person, but Raj was worth the months that we spent thinking about how best to build and strengthen USAID. He brings vision and passion, commitment and experience to this critical position. He will be, as he has been, at the table as we make decisions about development, and I look forward to a very close working partnership.

I also want to recognize, for those of you who have not yet met the new head of the Millennium Challenge Corporation, Daniel Yohannes, who is here. We're delighted that he left a very successful corporate career. He's an Ethiopian immigrant to this country who really exemplifies the American dream but wants to give back. And so we're so pleased that Daniel has joined this Administration as well.

I see Alonzo Fulgham in the audience, who served extraordinarily as our Acting Administrator of AID during this past year. I'm very grateful to you, Alonzo. We also have a number of the top team members from the State Department as well. This has been a labor of love working to put development front and center for Jack Lew, our Deputy for Resources and Management who has taken a particular responsibility for development and foreign aid; for Anne-Marie Slaughter who heads our Policy Planning operation; for Maria Otero who came from the world of development with ACCION, and for our economic team – Bob Hormats and Jose Fernandez – who are working with us on projects in the State Department on financial inclusion. So we are looking to have a not only coordinated response from State and USAID, but a whole-of-government approach as well.

I want to start today with a story that often goes untold. It's the story of what can happen around the world when American know-how, American dollars, and American values are put to work to help change people's lives.

Like many of you, I have seen the transformative power of development. I have seen the passion and commitment of aid workers who devote their careers to this difficult undertaking. I've seen American development at work in a village in Indonesia, where new mothers and their infants were receiving nutritional and medical counseling through a family planning program supported by USAID. I've seen it in Nicaragua, where poor women started small businesses in their barrio with help from a U.S.-backed microfinance project. I've seen it in the West Bank, where students are learning English today and learning more about America through a program that we sponsor. I've seen it in South Africa, where our development assistance, thanks to PEPFAR, is helping to bring anti-retrovirals to areas ravaged by HIV and AIDS and neglect.

But I've also traveled our country, and I have been in settings of all kinds. I've listened to farmers and factory workers and teachers and nurses and students, hardworking mothers and fathers who wonder why is their government spending taxpayer dollars to improve the lives of people in the developing world when there is so much hardship and unmet needs right here at home. That's a fair question, and it's one I would like to address today: Why development in other countries matters to the American people and to our nation's security and prosperity.

The United States seeks a safer, more prosperous, more democratic and more equitable world. We cannot reach that goal when one-third of humankind live in conditions that offer them little chance of building better lives for themselves or their children. We cannot stop terrorism or defeat the ideologies of violent extremism when hundreds of millions of young people see a future with no jobs, no hope, and no way ever to catch up to the developed world.

We cannot build a stable, global economy when hundreds of millions of workers and families find themselves on the wrong side of globalization, cut off from markets and out of reach of modern technologies. We cannot rely on regional partners to help us stop conflicts and counter global criminal networks when those countries are struggling to stabilize and secure their own societies. And we cannot advance democracy and human rights when hunger and poverty threaten to undermine the good governance and rule of law needed to make those rights real.

We cannot stop global pandemics until billions of people gain access to better healthcare, and we cannot address climate change or scarcer resources until billions gain access to greener energy and sustainable livelihoods.

Now, development was once the province of humanitarians, charities, and governments looking to gain allies in global struggles. Today it is a strategic, economic, and moral imperative – as central to advancing American interests and solving global problems as diplomacy and defense.

Because development is indispensable, it does demand a new approach suited for the times in which we find ourselves. For too long, our work has been riven by conflict and controversy. Differences of opinion over where and how to pursue development have hardened into entrenched, almost theological, positions that hold us back. These stand-offs aren't fair to the experts who put their lives on the line doing this critical work. They aren't fair to the American taxpayers who, by and large, want to do good in the world, so long as the money is used well.

So it's time for a new mindset for a new century. Time to retire old debates and replace dogmatic attitudes with clear reasoning and common sense. And time to elevate development as a central pillar

of all that we do in our foreign policy. And it is past time to rebuild USAID into the world's premier development agency. (Applause.)

Now, the challenges we face are numerous. So we do have to be selective and strategic about where and how to get involved. But whether it's to improve long-term security in places torn apart by conflict, like Afghanistan, or to further progress in countries that are on their way to becoming regional anchors of stability, like Tanzania, we pursue development for the same reasons: to improve lives, fight poverty, expand rights and opportunities, strengthen communities, secure democratic institutions and governance; and in doing so, to advance global stability, improve our own security, and project our values and leadership in the world.

A new mindset means a new commitment to results. Development is a long-term endeavor. Change seldom happens overnight. To keep moving in the right direction, we must evaluate our progress and have the courage to rethink our strategies if we fall short. We must not simply tally the dollars we spend or the number of programs we run, but measure the lasting changes that these dollars and programs help achieve. And we must share the proof of our progress with the public. The elementary school teacher in Detroit trying to send her kids to college or the firefighter in Houston working hard to support his family are funding our work. They deserve to know that when we spend their tax dollars, we are getting results.

We must also be honest that, in some situations, we will invest in places that are strategically critical but where we are not guaranteed success. In countries that are incubators of extremism, like Yemen, or ravaged by poverty and natural disasters, like Haiti, the odds are long. But the cost of doing nothing is potentially far greater.

And we must accept that our development model cannot be formulaic – that what works in Pakistan may not work in Peru. So our approach must be case by case, country by country, region by region, and cross countries and regions, to face the transnational threats and problems that we are encountering. We need to analyze needs, assess opportunities, and tailor our investments and our partnerships in ways that maximize the impact of our efforts and resources.

Two important and closely coordinated reviews of our nation's development policy are now underway. The inaugural Quadrennial Diplomacy and Development Review that I have ordered is led by officials from USAID and the State Department. The Presidential Study Directive on U.S. Global Development Policy is led by the White House and includes representatives from more than 15 agencies that contribute to our global development mission.

As these reviews are completed and recommendations are sent to the President, new ideas and approaches will be refined. In the meantime, I'd like to share a few steps that we are already taking to make sure that development delivers lasting results for people at home and abroad.

First, as President Obama has said, we are adopting a model of development based on partnership, not patronage.

In the past, we have sometimes dictated solutions from afar, often missing our mark on the ground. Our new approach is to work in partnership with developing countries that take the lead in designing and implementing evidence-based strategies with clear goals. Development built on consultation rather

than decree is more likely to engender the local leadership and ownership necessary to turn good ideas into lasting results.

But true partnership is based on shared responsibility. We want partners who have demonstrated a commitment to development by practicing good governance, rooting out corruption, making their own financial contributions to their own development. We expect our partners to practice sound economic policies, including levying taxes on those who can afford them, just as we do; or, in countries rich in natural resources, managing those resources sustainably and devoting some of the profits to people's development. The American taxpayer cannot pick up the tab for those who are able but unwilling to help themselves.

Now, some might say it is risky to share control with countries that haven't had much success developing on their own. But we know that many countries have the will to develop, but not the capacity. And that is something we can help them build.

The Millennium Challenge Corporation, for example, focuses on countries that have met rigorous criteria, from upholding political rights and the rule of law to controlling inflation and investing in girls' education. Under MCC compacts, we provide funding and technical support; the country provides the plan and leads the way toward achieving it. There is a lot of work ahead, but early indications of MCC programs are promising. We're using our resources to help countries that are committed to building their own futures.

This approach highlights the difference between aid and investment. Through aid, we supply what is needed to the people who need it – be it sacks of rice or cartons of medicines. But through investment, we seek to break the cycle of dependence that aid can create by helping countries build their own institutions and their own capacity to deliver essential services. Aid chases need; investment chases opportunity.

Now, that is not to say that the United States is abandoning aid. It is still a vital tool, especially as an emergency response. But through strategic investments, we hope to one day, far from now, to put ourselves out of the aid business except for emergencies.

Our commitment to partnership extends not only to the countries where we work, but to other countries and organizations working there as well. New countries are emerging as important contributors to global development, including China, Brazil, and India – nations with the opportunity to play a key role, and with the responsibility to support sustainable solutions. Long-time leaders like Norway, Sweden, Denmark, the Netherlands, the U.K., Japan, and others continue to reach billions through their longstanding work in dozens of countries.

Multilateral organizations like the World Bank, the IMF, the UNDP, the Global Fund to fight AIDS, Tuberculosis, and Malaria have the reach and resources to do what countries working alone cannot, along with valuable expertise in infrastructure, health, and finance initiatives.

Non-profits like the Gates Foundation, CARE, the Clinton Foundation, Oxfam International, networks of NGOs like InterAction, as well as smaller organizations like ACCION and Transparency International bring their own resources, deep knowledge, and commitment to humanitarian missions that complement our work in critical ways. And some foundations are combining philanthropy and capitalism in a very innovative approach, like the Acumen Fund. Universities are engaging in critical research, both to solve

urgent problems like hunger and disease, and to improve the work of development, like the work of the Poverty Action Lab at MIT.

Even private businesses are able to reach large numbers of people in a way that's economically sustainable, because they bring to bear the power of markets. A company like Starbucks, which has worked to create supply chains from coffee-growing communities in the developing world that promote better environmental practices and better prices for farmers; or Unilever/Hindustan, which has created soap and hygiene products that the very poor – long-overlooked by private business – can afford.

I mention all of these because we want to do a better job of both highlighting the multitude of partners and better coordinating among them. There should be an opportunity for us to strategically engage in a country with these other partners where we are not redundant or duplicative, but instead are working together to produce better results. We believe that this will open up new opportunities and increase our impact.

Second, we are working to elevate development and integrate it more closely with defense and diplomacy in the field. Development must become an equal pillar of our foreign policy, alongside defense and diplomacy, led by a robust and reinvigorated AID.

Now, I know that the word integration sets off alarm bells in some people's heads. There is a concern that integrating development means diluting it or politicizing it – giving up our long-term development goals to achieve short-term objectives or handing over more of the work of development to our diplomats or defense experts. That is not what we mean, nor what we will do. What we will do is leverage the expertise of our diplomats and our military on behalf of development, and vice versa. The three Ds must be mutually reinforcing.

The experience and technical knowledge that our development experts bring to their work is absolutely irreplaceable. Whether trained in agriculture, public health, education, or economics, our experts are the face, brains, heart, and soul of U.S. development worldwide. They are the ones who take our ideas, our dollars, and our commitment to turn them into real and lasting change in people's lives.

Some of the most transformative figures in the history of development represent that convergence between development and diplomacy. People like Norman Borlaug, the father of the Green Revolution, or Jim Grant, whose global immunization campaigns saved millions of children, or Wangari Maathai, whose Green Belt Movement has planted millions of trees across Africa and trained thousands of women to be leaders in conservation. These development giants combined outstanding technical expertise with a passionate belief in the power of their ideas. They did whatever it took to convince at times quite reluctant leaders to join them, and as a result, helped to build and lead national, regional, and international movements for change.

Today, we have many such "development diplomats" working at USAID. They embody the integration between development and diplomacy that, when allowed to flourish, can amplify both disciplines.

For example, a lack of support from government leaders can be stalled or stymie development projects, particularly programs that target marginalized populations, like people with HIV, women, or refugees. In those cases, our diplomats, working hand in hand with our development experts, can help make the difference. They have the access and leverage to convince government ministers to offer support.

Development also furthers a key goal of our diplomatic efforts: to advance democracy and human rights worldwide. I remember vividly visiting some years ago the village of Saam Njaay in Senegal, where a former Peace Corps volunteer some of you may know, Molly Melching, set up a village-based NGO called Tostan, supported by USAID. Through Tostan's projects, women in the village began speaking out about the health consequences and the pain of female genital mutilation, an accepted practice in their culture. This collective wakening led to a village-wide discussion and soon the village voted, democratically voted, to end the practice. Then men from that village traveled to other villages to explain what they had learned about why FGM was bad for women and girls – and by extension, their families and communities – and then other villages banned it as well. And a grassroots political movement grew and eventually the government passed a law banning the practice nationwide.

Now, it takes a while for enforcement to catch up with the law there, as well as in our country. But the larger point is that the experience in this village demonstrates how development, democracy, and human rights can and must be mutually reinforcing. Democratic governance reinforces development, and development can help secure democratic gains. So those who care about making human rights a reality know that development is an integral part of that agenda.

Development is also critical to the success of our defense missions, particularly where poverty and failed governments contribute to instability. There are many examples we could point to, but consider the situation in Afghanistan. Many people ask whether development can succeed there. Well, my answer is yes. The United States supports a reconstruction and rural infrastructure initiative, run by the World Bank, called the National Solidarity Program, which has made progress even in very challenging circumstances. Through this program, more than 18,000 Community Development Councils have been elected and more than 15,000 infrastructure projects have been completed.

Now, progress is difficult. But it is possible. That is why, as we prepare to send 30,000 new American troops, along with thousands from our allied forces in NATO and the International Security Force, we are tripling the number of civilians on the ground. They include agriculture experts who will help farmers develop new crops to replace opium poppies, education experts who will help make schooling more accessible to girls so that they can have a chance at a better future.

The work of these development experts helps make future military action less necessary. It is much cheaper to pay for development up front than to pay for war over the long term. But in Afghanistan and elsewhere, U.S. troops are helping to provide the security that allows development to take root. In places torn apart by sectarianism or violent extremism, long-term development gains are more difficult.

Now in the past, coordination among the so-called Three Ds has often fallen short, and everyone has borne the consequences. Secretary Gates, Administrator Shah, and I are united in our commitment to change that. The United States will achieve our best results when we approach our foreign policy as an integrated whole, rather than just the sum of its parts.

Third, we are working to improve the coordination of development across Washington. In the 21<sup>st</sup> century, many government agencies have to think and act globally. The Treasury Department leads and coordinates our nation's engagement with the international financial system. The Justice Department fights transnational crime. Disease control is a global challenge in this interconnected world that includes HHS and CDC and so many other agencies. So is the quality of our air and waterways, something that the EPA has expertise in. But as a growing number of agencies broaden their scope internationally and add important expertise and capacity, even working on the same issue from

different angles, coordination has lagged behind. The result is an array of programs that overlap or even contradict.

And this is a source of growing frustration and concern. But it is also an opportunity to create more forceful and effective programs. The challenge now facing USAID and the State Department is to work with all the other agencies to coordinate, lead, and support effective implementation of the Administration's strategy.

Indeed, this is our core mission. Through our permanent worldwide presence, our strategic vision, and our charge to advance America's interests abroad, we can help align overseas development efforts with our strategic objectives and national interests. This will not be easy, but it will make our government's work more effective, efficient, and enduring.

We are already emphasizing this kind of coordination with our new Food Security Initiative, which brings together the Department of Agriculture's expertise on agricultural research, USAID's expertise with extension services, the U.S. Trade Representative's efforts on agricultural trade, and the contributions of many other agencies.

We know that attracting investment and expanding trade are critical to development. So we are looking to coordinate the foreign assistance programs at USAID, MCC, and other agencies with the trade and investment initiatives of the USTR, the U.S. Export-Import Bank, and the Overseas Private Investment Corporation. And we seek to build on the success of regional models of coordination like the Africa Growth and Opportunity Act.

We need to ask hard questions about who should be doing what in the work of development. For too long, we've relied on contractors for core contributions and we have diminished our own professional and institutional capacities. This must change. Contractors are there to support, not supplant. USAID and the State Department must have the staff, the expertise, and the resources to design, implement, and evaluate our programs. That is why we are increasing the numbers of Foreign Service officers at USAID and the State Department, and developing a set of guidelines through the QDDR for how we work with and oversee contractors, to make sure we have the right people doing the right jobs under the right conditions.

Fourth, we are concentrating our work in what development experts call sectors – what I think of as areas of convergence. In the past, we've invested in many programs across many fields, often spreading ourselves thin and reducing our impact. Going forward, we will target our investment and develop technical excellence in a few key areas, like health, agriculture, security, education, energy, and local governance. Rather than helping fewer people one project at a time, we can help countries activate broad, sustainable change.

To start, we are investing \$3.5 billion over the next three years in partner countries where agriculture represents more than 30 percent of GDP and more than 60 percent of jobs, and where up to 70 percent of a family's disposable income is spent on food. Farming in these places plays such a large role that a weak agricultural sector often means a weak country. Small family farmers stay poor, people go hungry, economies stagnate, and social unrest can ignite, as we have seen with the riots over food in more than 60 countries since 2007.

By offering technical support and making strategic investments across the entire food system – from the seeds that farmers plant to the markets where they sell their crops to the homes where people cook and store their food – we can help countries create a ripple effect that extends beyond farming and strengthens the security and prosperity of whole regions.

We are applying the same approach in the field of health. One of our country's most notable successes in development is PEPFAR, which has helped more than 2.4 million people with HIV and AIDS receive life-saving antiretroviral medications. Through our new Global Health Initiative, we will build on our success with PEPFAR and other infectious diseases, and we will focus more attention on maternal, newborn, and child health, where there is still a long way to go. We will invest \$63 billion over the next six years to help our partners improve their own health systems and provide the care that their own people need, rather than relying on donors into the far foreseeable future to keep a fraction of their population healthy while the rest go with hardly any care at all.

Fifth, we are increasing our nation's investment in innovation. New technologies are allowing billions of people to leapfrog into the 21<sup>st</sup> century after missing out on the 20<sup>th</sup> century breakthroughs. Farmers armed with cell phones can learn the latest local market prices and know in advance when a drought or a flood is on its way. Mobile banking allows people in remote corners of the world to use their phones to access savings accounts or send remittances home to their families. Activists seeking to hold governments accountable for how they use resources and treat their citizens can use blogs and social networking sites to shine the spotlight of transparency on the scourges of corruption and repression.

There is no limit to the potential for technology to overcome obstacles to progress. And the United States has a proud tradition of producing game-changers in the struggles of the poor. The Green Revolution was driven by American agricultural scientists. American medical scientists pioneered immunization techniques. American engineers designed laptop computers that run on solar energy so new technologies don't bypass people living without power.

This innovation tradition is even more critical today. And we are pursuing several ways to advance discovery and make sure useful innovations reach the people who need them. We are expanding our direct funding of new research, for example, into biofortified sweet potatoes that prevent Vitamin A deficiency in children, and African maize that can be grown in drought conditions. We're exploring venture funds, credit guarantees, and other tools to encourage private companies to develop and market products and services that improve the lives of the poor.

We're seeking more innovative ways to use our considerable buying power, for example, through advanced market commitments to help create markets for these products so entrepreneurs can be sure that breakthroughs made on behalf of the poor will successfully reach them.

Here again, there is such potential for fruitful partnership between our government and the dozens of American universities, laboratories, private companies, and charitable foundations that chase and fund discovery. For example, with help from the State Department, U.S. tech companies are working with the Mexican Government, telecom companies, and NGOs to reduce narco-violence, so citizens can easily and anonymously report gang activity in their neighborhoods. We've brought three tech delegations to Iraq, including a recent visit by Eric Schmidt, the CEO of Google, who announced that his company will launch an Iraqi Government YouTube channel to promote transparency and good governance. And we're sending a team of experts to the Democratic Republic of Congo this spring to begin the process of bringing mobile banking technology to that country.

Now, of course, innovation is only the invention of new technologies. It's not just that. It is also any breakthrough idea that transforms lives and reshapes our thinking. Like Muhammad Yunus's belief that poor women armed with credit could become drivers of economic and social progress. Or Ela Bhatt's vision of rural destitute women in India pooling together as the Self-Employed Women's Association to generate incomes and build grassroots democracy. Or homeless women in South Africa who refused to be deterred by their circumstances and organized themselves to gain access to loans and materials that enable them to build their own houses and eventually whole communities that they now help lead.

Or the insight behind conditional cash transfer programs, which integrate efforts to fight poverty and promote education and health. These innovations have now traveled the world; New York City launched a conditional cash transfer program modeled after Mexico's; Grameen Bank has opened a branch in Queens. So we've got to ensure that extraordinary innovations are on a two-way street that we learn as well as we offer. And we need to discover and disseminate as many of these as possible.

Sixth, we are focusing more of our investment on women and girls, who are critical to advancing social, economic, and political progress. Women and girls are one of the world's greatest untapped resources. Investing in the potential of women to lift and lead their societies is one of the best investments we can make. You all know the studies that have shown when a woman receives even just one year of schooling, her children are less likely to die in infancy or suffer from illness or hunger, and more likely to go to school themselves.

One reason that microfinance is employed around the world is because women have proven to be such a safe and reliable credit risk. The money they borrow is not only invested and re-invested, and turned into a profit, it is used to improve conditions for their families. And it is almost always repaid. I have seen for myself what micro-lending in women's lives and their families and communities means, from Bangladesh to Costa Rica to South Africa to Vietnam and dozens of countries in between.

Well, you know the proverb, "Give a man a fish and he'll eat for a day, but teach a man to fish and he'll eat for a lifetime"? Well, if you teach a woman to fish, she'll feed the whole village. (Applause.)

So today, the United States is taking steps to put women front and center in our development work. We are beginning to disaggregate by gender the data we collect on our programs, to measure how well our work is helping improve women's health, income, and access to education and food. We're starting to design programs with the needs of women in mind – by hiring more women as extension workers to reach women farmers, or women health educators to improve outreach to women and girls. And we are training more women in our partner countries to carry forward the work of development themselves – for example, through scholarships to women agricultural scientists in Kenya.

This is not only a strategic interest of the United States; it is an issue of great personal meaning and importance to me, and one that I have worked on for almost four decades. I will not accept words without deeds when it comes to women's progress. I will hold our agencies accountable for ensuring that our government and our foreign policy support the world's women and achieve lasting, meaningful results on these issues.

So as we apply these six approaches, more will follow – some new, some variations on the past, all reflecting our commitment to find, test, and embrace ideas that work and to learn from our work at every step along the way.

A half century ago, President Kennedy outlined a new vision for the role of development in promoting American values and advancing global security. He called for a new commitment and a new approach that would match the realities of the post-war world. And his administration created the United States Agency for International Development to lead that effort and to make the United States the world leader.

In the decades since, our nation's development efforts have helped eradicate smallpox and reduce polio and river blindness. We've helped save millions of lives through immunizations and made oral rehydration therapy available globally, greatly reducing infant deaths. We've helped educate millions of young people. We've provided significant support to countries that have flourished in a number of sectors, including economic growth, health, and good governance – countries like South Korea, Thailand, Mozambique, Botswana, Rwanda, and Ghana. And we've supplied humanitarian aid to countries on every continent in the wake of hurricanes, earthquakes, famines, floods, tsunamis, and other disasters.

Americans can and do take pride in these achievements, which not only have helped humanity but also have helped our nation project our values and strengthen our leadership in the world.

These efforts have not been the work of government alone. Most people don't realize that we contribute less than 1 percent of our budget to foreign assistance. The balance is made up by the generous spirit of Americans and is reflected across our nation's landscape, from farms to civic groups to churches to charities. Over the years, the American people have opened their hearts and their wallets to causes ranging from eradicating polio in Latin America to saving the people of Darfur, to helping people who are poor in Asia purchase livestock, to investing in microenterprise. This private giving exceeds the amount our government spends on foreign assistance.

Today, we call on that same American spirit of giving to meet the challenges of a new century – not only materially, but giving time and talent. So those of you who care deeply about development and who care deeply about the future of our country and our world, help us enlist more Americans in this effort. Help us recruit technology experts, business leaders, engineers, farmers, teachers, doctors, lawyers.

Help us tap into the talents of the first global generation of Americans – the young men and women graduating from our colleges and universities. Encourage them to volunteer, to intern, to work not only for NGOs, but to lend their energy and skill to the State Department and particularly to USAID. I promise that with Raj's help, we will do more on our end to make sure that our doors are open to this emerging pool of thinkers and doers.

Development work is never easy, but it is essential. It is the work that America is so in tune with. It reflects so clearly our own values, our spirit of cooperation. De Tocqueville noticed it all those years ago that we join up and we work all the time to help others as well as ourselves. So we have an opportunity now in the 21<sup>st</sup> century to not only do it, but do it better than it's ever been done before, and to do it for more people in more places, to give to every child the opportunity to live up to his or her God-given potential, and to help create a world that is more equitable, democratic, prosperous, and peaceful.

We can succeed, and when we do, our children and grandchildren will tell the story that American knowhow, American dollars, American caring, and American values helped meet the challenges of the 21<sup>st</sup> century. Thank you all very much. (Applause.)

**MS. BIRDSALL:** Madame Secretary, that was an extraordinary speech in its ambition and its reach, and I salute you and your colleagues for the many thoughtful ideas.

The Secretary has agreed to take a limited number of questions. I'm not – I'm going to try and insert one that won't count – (laughter) – in the --

**SECRETARY CLINTON:** It's called the Birdsall exception. (Laughter.)

**MS. BIRDSALL:** (Laughter.) The Birdsall exception. With my breath somewhat taken away, you know, so many ideas, so many ambitions, I thought it would be interesting to ask you, what do you see as the key constraints on this Administration, this State Department, this revitalized USAID meeting those constraints? Are they political? Are they bureaucratic? Are they organizational? Are they lack of understanding in the Congress? Are they issues and problems in place already, constraints because of contracting in the case of foreign assistance?

Anything you want to say that would give us a sense, if we want to be equally ambitious from outside, in how to help and how to push, how to monitor, how to make sure that this long-term development agenda is indeed realized in the way that you expressed it?

**SECRETARY CLINTON:** Well, as to the obstacles, I say all of the above and probably some that you didn't list. I think that there's a great commitment to development in this Administration. The President's budget is extraordinarily supportive of what we are attempting to do, and we appreciate that. So it will be important for those of you in the larger development community to make sure that foreign aid is a priority when the budget gets to the Congress, that we get the resources both in terms of dollars and people that are needed to begin to realize this long-term vision.

We have to do our own work inside the government. We have to do a better job of coordinating. We have to, frankly, try to look at what works and what doesn't work in our own backyard. There are lots of changes that were done either deliberately or inadvertently in USAID that I think need to be undone, that have really undermined the capacity for the United States Government to really drive the development agenda.

We also have to have better coordination on the whole-of-government front. I have been in countries where I've asked to see everybody doing any development, and the ambassador nicely invites people that are on a list given to him or her. He or she has never met the people, has no idea who they are or what they do, and even more, the people themselves have never met each other.

You have different programs from USAID or MCC or PEPFAR, and then you have all the other agencies who are providing assistance of some sort or another. It's not coordinated at the country level and it is certainly not coordinated at the national level or the international level.

So we need your support in making some of the tough decisions internally to try to break through some of the bureaucratic and organizational obstacles that exist. We need to tell a better story on the Hill. There are many people in the Congress who care deeply about development, but who, rather than supporting this broader vision, kind of go for a small piece of the pie, a program that is their earmark or their particular concern, which may or may not contribute to the larger need we have.

We also have to be smarter about the story we tell about America's development efforts. It's discouraging to travel around the world and meet people in countries who are very supportive of America's efforts, particularly supportive of our new President, who say "I don't know what you spend money on. I never see it. Nobody ever tells us."

And then I look at the budget; we're spending hundreds of millions of dollars, and nobody knows. And then what's deeply discouraging is they say, "We know what the Chinese do. We know what the Japanese do. We can point to the buildings they build and the roads they've laid."

I want the world to know what the American people are doing to try to fight poverty and provide education and healthcare. So we've got to bring to scale, which is why I talked about sectors and areas of convergence. So I think there is a lot of work that Raj is going to be facing, that we need the help of the larger community.

And let me say a word about contractors. I mean, some of the best people in development are doing contract work. I know people. I know people who used to be at USAID or somewhere else who are now doing contract work. It is not financially sustainable. We cannot continue to send so many dollars out the door with no monitoring, no evaluation, no accountability. We can save – I want to bring some of those contract employees back inside as full-time American Government development experts. That will be controversial and people will say, "Well, we did it for a reason." Yes, but I don't think the reasons stand scrutiny.

There will always be the need for contract workers. But when you have – I think it's now down to, what, four engineers in all of USAID – I mean, that makes no sense at all. When you look at the added costs, we just have to break this in order to bring people inside to do the work they love to do and that they're experts in doing, and we will get more results for our investment.

So there are many problems that we know we're going to confront, but we're willing to take them all on. We are not into business as usual. The situation is too pressing. The problems of people are too visible. We have to do better and we will.

**MS. BIRDSALL:** Okay. Thank you very much. Questions. Let's take one back there and we'll have one up here. May we start with Hattie Babbitt, ambassador – former ambassador to the OAS?

**QUESTION:** I think I speak for all of this audience in saying what a thrill it is to have someone – to have a Secretary who has both the understanding and the commitment to the development agenda, so we are all here. This is a very crowded room for a reason, and thank you.

My question is a little bit of a narrower one, and that is that you talked a little bit about energy but not much about Copenhagen or climate change and the development assistance agenda with regard to adaptation and mitigation.

**SECRETARY CLINTON:** Right. Well, thank you, Hattie. As you know, we are very committed to a program of supporting adaptation and mitigation and technology transfer in the developing world. I went to Copenhagen and announced that the United States would commit to do our part of a hundred billion dollars by 2020. We worked very hard to get the building blocks of an agreement that would enable us to do so. The accord that we finally hammered out did have requirements for verification and transparency which have to be adhered to in order for us to be able and, frankly, willing to make these

investments. But I think that for many of the developing countries, this is a lifeline that they are desperate to have, and that they will work with us as we try to sort out how best to deliver on that commitment.

This is going to be an ongoing challenge, and that's why I mention we have to do a better job of getting some of the other countries that have a role to play more committed and more involved. I mean, China is fast on its way to being the principal manufacturer of solar technology and probably windmill technology as well. How are they going to distribute that, under what conditions, at what price is going to be a huge issue because they're going to have the capacity, and it's going to be really a market that they unfortunately are going to, if not control, have a major say in how it is accessed.

So we have a lot of work to do. We're trying to come up with some follow-on actions to the Copenhagen meeting. It wasn't, obviously, what many people had hoped for, but it did give us a starting point to make the case that we have to make. And transferring and mitigating and technology are all part of that.

**MS. BIRDSALL:** Fred, you wanted to ask -- maybe here comes a tough question on Yemen or Pakistan or -- (laughter).

**QUESTION:** No, no, it was more --

**MS. BIRDSALL:** -- the Chinese exchange rate -- (laughter).

**QUESTION:** No, I want to stick to the theme of the day.

**MS. BIRDSALL:** Thank you.

**QUESTION:** And it was really more on the question that Hattie just asked about Copenhagen. As you said, you played a critical role by bringing the development and resource transfer element into that discussion in a way that kept the debate alive. But as one looks to the implementation that you were just discussing, two questions come to mind. A, the amounts are daunting.

**SECRETARY CLINTON:** Right.

**QUESTION:** Ten billion a year now, a hundred billion a year a decade out. Those amounts would swamp current development assistance.

**SECRETARY CLINTON:** Right.

**QUESTION:** So, what's the prospect for making that assistance truly additional so it doesn't rob Peter to pay Paul? And secondly, what are your plans for implementation within the U.S. Government? Would this be through AID? Would it be separately? How would it be coordinated with the rest of the U.S. development assistance program?

**SECRETARY CLINTON:** Right. Some of it will be through USAID and the State Department and some of it will be through the contributions to multilateral institutions, like the World Bank. We are just beginning to work out how best to deliver on this commitment. It's a fair question, Fred, how much of it is additive and how much of it is out of the current budget. We don't know that yet because we don't know what

the Congress is going to do. We obviously believe that this is a critical point. We would hope that with the stimulus money, that we will actually be competitive on some of the technology, American technology which we would very much like to see used, because I know that that will be of particular concern to members of Congress.

But I think we're just starting to try to figure out how we're going to implement this. And the accord itself is going to be the subject of meetings throughout the year. We're looking hard at what's the best format for actually realizing this. The meeting in Copenhagen was not a particularly well organized effort, in part because there were many countries that wanted to avoid any kind of commitment, and made their voices unfortunately loud.

So we have an enormous amount of work to do. But the commitment is real. We intend to follow through on it. Probably State, USAID, and Treasury will be the primary vehicles. There will be work to be done through USDA. There was a big agricultural piece of this that came out that Secretary Vilsack led on. There will be a piece out of Energy that Secretary Chu will lead on. So there's going to be a whole-of-government effort, but the bulk of the work will come through us.

**MS. BIRDSALL:** I actually was very encouraged to hear you refer to advanced market commitment, to the idea of spending money at home that can help people abroad. And on mitigation and adaptation, I hope that USAID and policy people there will take the position that 90 percent, maybe even a hundred percent, of the investments are in effect development investments. We have an excellent paper by my colleague David Wheeler that points out that looking back at how resilient countries are to floods and natural disasters, the single most effective investment has been girls' education.

**SECRETARY CLINTON:** I'm not surprised. (Laughter.)

**MS. BIRDSALL:** I have several other distinguished board members here. I want to see if they – Mark Malloch Brown, Susan Levine, if you want to – and former board members, do any of you want to take the floor?

Mark.

**QUESTION:** Well --

**MS. BIRDSALL:** Mark, introduce yourself. I think everybody knows.

**QUESTION:** Well, Mark Malloch Brown, a board member of CGD.

**MS. BIRDSALL:** Lord. Lord Malloch Brown.

**SECRETARY CLINTON:** Oh, Lord. Oh, sorry.

**QUESTION:** Well, look. Let me just say Lord works only in one regard other than waiters in restaurants, and that is to be able to say on behalf of the non-Americans in this room that I think your message today, Madame Secretary, your team, this vision is going to be hugely well received all over the world.

But let me just ask two very quick questions. First, you talked about the need sometimes to do things for strategic reasons, even if the development returns are not as high as they might be somewhere else.

Crudely put, that means how much for Afghanistan versus how much for Africa? And I'd be fascinated by your comments on how you are going to manage that important balance.

The second point is just – you know, as someone's admired USAID for years, one of its biggest difficulties is not so much just the sort of things you've referred to, but the fact that its political masters have shied away when it comes under attack because a development project somewhere has gone wrong. And development projects do go wrong because it's a risky, difficult business. I would just urge you to recognize, as I think you did in that speech, you're going to have to fight very hard, very often with the Congress and others to defend USAID, because so easily it gets into a risk-averse crouch, wondering what it dare do for fear that one day there'll be a congressional investigation, and that has led to a lack of, if you like, imagination and risk-taking in development – not just U.S. development, but multilateral as well, which I hope with your leadership will be corrected.

**SECRETARY CLINTON:** Well, hopefully we will avoid making a lot of mistakes, but of course, that is inevitable in any human undertaking. And we will certainly support well thought-out, but unfortunately unsuccessful efforts. But we want to avoid the "I could have told you so." We just want to avoid that.

I mean, there are certain things that – that's why we are focusing on the country-led partnership. We want to avoid doing something that makes sense in Washington that makes absolutely no sense on the ground in the country. So as much as we can, avoiding that, and then obviously, we're all on the same team and we're going to defend our teammates.

I think that the question about money for Afghanistan versus Africa is a little bit difficult to answer because we have many interests in both places. I went to Africa on a long trip in August, and in part to try to see what we could do and do better, but also to try to prod countries, particularly resource-rich countries, to invest in their own people. I mean, the oil curse is alive and well in countries. The failure to deal with corruption, with violence is alive and well. And it's heartbreaking because there is so much that could be done, but we're having to change the minds of both government and private sector leaders in order to achieve the kind of objectives we're looking for.

And in Afghanistan, we feel very strongly that we need to be an equal partner with the 3Ds in Afghanistan. And when I was there last month, there was a wonderful meeting in the American Embassy of a number of our military leaders and our development experts. And I think it would have made many of you feel very good about the positive support and interaction, and to have some of these very experienced colonels saying "I don't know what I would do without X, who's our agriculture expert, or Y, who is our rule-of-law expert."

Now, we only have, as I said, about a little less than a thousand people slated to go. And obviously, you have 100,000 troops, so you can't expect to get the same impact. But what we have found is that if we move immediately, we embed our development experts with the military, the military very quickly sees the value, and turns to them. And some of our development experts have been quite clever in trying to make up for the fact that we have limited personnel by enlisting from the ranks of our troops people who have expertise so that the agriculture expert down in the south is using men and women who come from farms and ranches who have experience. So when they go out to talk to Afghan farmers, it's not just the expert, but somebody saying, "Oh, yeah, I did that, and here's what I would do."

So we're really trying to be creative, but we want to be totally on an equal footing as much as we can going forward.

**MS. BIRDSALL:** I have Susan Levine, and I saw Byron. Susan and then Byron.

**SECRETARY CLINTON:** Hi, Susan.

**QUESTION:** Hi there. It's such an honor to be here today and hear you speak, and what a wonderful speech. You mention in your speech the idea – I thought it was really important what you said about people in this country not understanding how their tax dollars are being used and why they're being used outside the country. And you talked about transparency.

And I wondered if you could elaborate a bit on what you mean and how are you going to – I mean, that's been an issue that we've all felt. Any of us who have been in the government at some time dealing with development have known it's very hard to go to my home state of North Dakota and talk about what we're doing in countries far away when farmers are having their issues. So how are you going to be transparent?

**SECRETARY CLINTON:** Well, first we have to eliminate some of the myths. You've seen the same surveys I have when people complain about how much money we spend on foreign aid. And when you ask, "Well, how much money do you think we spend," and they say, "I don't know, 10 or 20 percent of our budget." And we say, "No, we spend less than 1 percent."

We have to sort of set the table so that people know what we're spending and what we're spending it on and how it actually benefits our country and the people of our country. But that's why I included this in the speech because I think that's a major part of our responsibility. I don't think that Raj or I or anybody else can expect to have the support we're looking for, particularly in a difficult economic time, unless we can make the case. And I'm more than happy to make the case.

And I think too that when it comes to transparency, that's why we've got to do a better job of explaining what we do, how we do it, and what the results are. It is just not enough for people, no matter how passionately they feel, in the development world, to say you know it's the right thing to do, we have a moral obligation to do it, we have to help humanity.

Well, that's all true. But you've got to go the next step and say, "And here's how we're doing it and here are the results we're getting." And it's not just because it is the moral and right thing too, albeit that's absolutely right, but because it is smart and it is important, and here's why. Because especially in this tight economic times, there are a lot of Americans who feel that they are far more deserving of their government's help. And you've got to recognize that. If you don't recognize that, you will never build a constituency that deals with the political challenges, but withstands them and keeps going, and avoids what happens now, particularly on the Hill, where people want to earmark and slice up so they can protect one piece because they're not sure that the whole thing can be protected.

We want a holistic approach to development that can have a constituency in both the Congress as well as the country that can enable us to keep making the case effectively, and we intend to do that.

**MS. BIRDSALL:** All right. I'm going to sneak in two more. Byron and then Ed Scott.

**QUESTION:** Hi, Byron Auguste from McKinsey, Secretary Clinton.

**SECRETARY CLINTON:** How are you?

**QUESTION:** Good.

**SECRETARY CLINTON:** Glad to see you again.

**QUESTION:** Good to see you again. So I want to commend many things of the speech, but particularly the emphasis on building the capacity of governments to deliver – governments and broader delivery system much – which might be outside of government. That’s so important. But I also want to ask you about a bit of a tension perhaps between local ownership, genuine local ownership, and you said, almost in the next sentence, sort of evidence-based approaches.

So take water, for example. McKinsey just did some work with the IFC and a number of other partners that looked at water scarcity across the major river basins. On a business-as-usual scenario, you have a 40 percent gap; also mapped all of the different interventions and the marginal costs to those interventions to actually close that gap. But of course, once you start getting down on the ground, it’s a very political thing. It’s not just about the technicalities or the evidence. How do you square that circle as a matter of principle in our development work?

**SECRETARY CLINTON:** Well, water is a great example because water is going to be the source of increasing conflicts. And I think it’s a perfect example of combining diplomacy and development. I would hope that sometime in the near future, we’re able to have an international effort focused on water that takes some of the politics not out of it but diminishes it, because it’s not just about what this country is doing to that country but it’s about what all countries are doing to themselves. And that we try, by using technical expertise and political efforts, to begin to make the case that if we don’t have a 21<sup>st</sup> century international water compact, for example, millions and millions of countries are going to not only be deprived of water but you’re going to have more and more conflicts because of it.

So I think you have to move on both fronts at the same time. You need the evidence-based technical expertise because what will we do in order to deal with the melting snow in the Himalayas and the failure then to replenish the major rivers of Asia, or what will we do about the continuing struggles and conflicts between pastoralists and herders in much of North Africa? I mean, there’s lots of consequences.

But I think we have to try to take it out of the finger-pointing and the bilateral or regional context and try to put it into a broader one. I am very concerned about it and I will welcome the advice of the study group that you referred to from McKinsey. But I think it’s something we’ve got to get on, and we’ve got to get on it quickly. There are going to be wars fought over water in the next 10 years if we don’t try to get ahead of this and look for ways to come up with as many win-win strategies as possible. Not easy, but I think that let’s try to eliminate as many of the solvable aspects of this problem, leaving the hard core ones for the sort of end of the game, where we’re just going to have to try to create leverage to force countries into making these decisions.

**MS. BIRDSALL:** Said like a great diplomat. Ed, very quickly. They are giving me signals. (Laughter.)

**QUESTION:** Secretary Clinton, we at the Center want to thank you very much for honoring the center by coming here. And it’s an organization I know you are aware is made up of very high quality people who stand ready to support you and Administrator Shah in this effort. When I’m asked to talk about these

issues, people say, well, what are the – if you could only do one or two things, what would you do? The first thing I always say, would be near and dear to your heart, is increase the effectiveness and the status of women in the society. There's nothing that would be more highly impactful from that.

And then I go on to say something that you didn't mention in your speech, and that is free trade. There's a study by one of our fellows on trade which basically postulates that 500 million people would be lifted immediately out of poverty if we had unfettered free trade. What are your thoughts about that issue?

**SECRETARY CLINTON:** Well, I mentioned trade because I do think trade is an important tool, but obviously didn't go – didn't have the opportunity to go into it. I believe that we've got to resume a trade agenda. And the political circumstances are challenging, but we have to try. I do, however, believe – when you talk about unfettered free trade, I do believe that we have learned some things about the benefits from trade. And we've learned some of the challenges we face, so that in some of the sort of free trade agreements that we've entered into in the last several years, the benefits have not really been broadly distributed. And in fact in several countries, the benefits of the free trade advantages have not only gone to a very small group but they've gone to people who were imported in to do the work instead of the people from the country itself.

So I think we need to enter into a new trade agenda with as many lessons learned as possible. And that is my view. We're working on that in the State Department, and we have to make the case to our friends on the Hill that the right kind of trade agreements are really in America's interests as well. And we're going to revisit that and see if we can't be moving that up the agenda in this coming year.

**MS. BIRDSALL:** Secretary Clinton, for your ambitions and your passion on this issue in particular, we thank you. Join me in thanking – (applause).

**SECRETARY CLINTON:** Thank you. Thank you so much. Thank you for your latest work on girls. We really appreciate it.