CENTER FOR GLOBAL DEVELOPMENT

Presents

A Conversation with Henrietta Fore

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Steve Radelet: Good morning. I want to welcome everybody here, it's great to see you all here this morning. We are delighted to have with us this morning the Administrator of the U.S. Agency for International Development and the Director of Foreign Assistance, Ms. Henrietta Fore. And we're particularly delighted because she's feeling well enough to be with us today. She's been under the weather for the last couple of weeks and not on top of her game and she's making a great effort to be with us here today. And she may not like it for me to tell you this, but it's also her birthday. So we're really delighted that she's here celebrating her birthday with us today!

[Applause]

We're also delighted to have with us today her very able and highly respected Acting Deputy Administrator, Jim Kunder, who has been in that position since 2006. Jim's got a wealth of experience in the field, in Washington on Capitol Hill as a Marine Corps early in his career and is now the Acting Deputy and will be joining us in the conversation this morning.

This morning's event will not be full of long speeches and responses. Instead we're going to try to do this as an informal conversation as much as Henrietta's voice will allow. We invite the audience to participate, we won't be doing a traditional Q&A, and instead invite you, if you have questions, to write them on the little cards that you've got next to you and then during the event, Amy in the back, and Molly and Heather, who's around some place, but Molly and Amy are in the back and they will be wandering around. And if you have a question, please write it on the 3 x 5 card and hand it to them and we'll try to incorporate it into the conversation with as many of the questions as we can.

A little less than a year ago we gathered at the Center for Global Development to listen to the then recently nominated and appointed Henrietta Fore, taking up her duties at USAID and as the Director for Foreign Assistance. In her talk, she laid out four key things that she saw that point for her agenda in terms of modernizing foreign assistance and driving the development agenda forward.

First, she wanted to increase the foreign assistance budget to meet the challenges of the 21st century and to make sure the development was an equal partner in our foreign policy alongside diplomacy and defense.

Second, she wanted to rebuild USAID's capacity through building up more staff and increasing and strengthening training programs.

Third, she wanted to streamline the budget process and shift an emphasis to the field in terms of setting priorities and budgets

And fourth, she wanted to reestablish US intellectual leadership on development issues.

I remember thinking at the time, tall order with one year to go. But over the past year, there has been a number of successes on that agenda and we are very happy to have her back one year later to reflect on the progress so far and the agenda going forward ahead. There's much to be proud of in terms of what has been accomplished over the last year. She recognized the need, as she said she would, to strengthening USAID's capacity and she has begun the process of bringing more professional, people with strong professional skills and training the great staff that is at AID, providing them with stronger training. And for only the second time in the last 15 years, the hiring rate at USAID has been above the attrition rate, for only the second time in the last 15 years. So the long process is beginning to turn around.

Second, she recognized the changing landscape of foreign assistance and engagement in developing countries and the increasing role that private sector partners are playing, both in terms of private companies, but also philanthropists and foundations. And she's used USAID's convening power to bring those groups together, both here and in the field, in terms of thinking about development programs.

Third, she's kept her commitment to be consultative. She has made a great effort to engage with people outside of the agency, across the government, with NGO's, with consulting firms,

with other governments, to get the views of many people in terms of what's working and what's not.

Fourth, she's reinvigorated the important role of USAID in the Interagency Policy Coordinating Committee, which has the potential to be a very strong tool to enhance the coherence of US policies.

She's worked hard to bring the **** Declarations and the principals in those declarations in bringing those to bear in terms of how the US provides assistance. And she's been a key part of the unbelievable discussion and groundswell of the interests in USAID interest and developing programs that has been around Washington for the last year.

We find ourselves at a critical moment in time, as all of you know, for many, many reasons and made all the more difficult and more challenging by the global financial crises. But at the same time there are building costs and growing momentum for elevating development and making our foreign assistance much stronger and an equal partner with diplomacy and defense in our foreign policy.

Turning inward during this time of financial crises would be a mistake. It would be a very short-sighted for our own interests and for the interests of the world and I know that Henrietta and Jim both agree with me on that. But the challenge before us is even greater today so we want to focus not only on the accomplishments, but on what the agenda is going forward.

So I'm most proud to have Henrietta Fore with us today as the Administrator of USAID and the Director of Foreign Assistance. Please join me in welcoming her and Jim this morning.

[Applause]

So thanks for being with us this morning. I'm sorry that you're not feeling well, but why don't you start by giving us a little perspective on how you see things and otherwise frame our discussion for us.

Henrietta Fore: All right. Thank you very much, Steven. Please forgive my voice. Can you all hear me? All right, if you can't just come up forward, come up front.

First, can I just thank Steve and the Center, Nancy Birdsall, Sheila Herrling, for all the work that you've done and for doing it twice and for all of you to come again. Because I'm sorry to get laryngitis, but when these things strike, there isn't much you can do, but I'm coming back here.

I was in Doha last week and we were reviewing the Monterey Consensus, so I thought I'd tell you a little bit about what that was like, if that would sound interesting to you, because as the last administrator of an administration, you begin to reflect on what has happened over eight years, but also what has happened in your own term and I think a couple of things stood out.

The first is that we all began thinking about development differently after the Monterey meeting. It really became country-ownership directed, the idea of mutual accountability, the idea that we as a donor community bore a responsibility, but that the developing countries also bore a responsibility. And as that began, pledges were made and the United States pledged an increase of 50 percent in our development assistance. We met that goal and we met it three years early. And it was one of the things that is not known in the world. The NGO's that were in Doha, the developing countries that were in Doha, the bilateral organizations, other development owners didn't know that. So one of the things that strikes you immediately and Nancy luckily was with us, and Sam Worthington and others, who spoke about what the United States is doing for the world, but it is extremely important for the United States to speak up about what we are doing.

Gleneagles, we then made additional commitments and while the United States is not on a trajectory that is a flat line, given the amount that we have in the pipeline and if our appropriations come through, we should more than meet our commitments. But when you look around the world, it is not true for many other countries and in fact, one of the issues that

is bothering the developing world and is of concern, is are the developing countries meeting their commitments? In a time of financial crises will they have a tougher time meeting their commitments? And so the fact that the United States has met the commitments made in Monterey, that it came out as the first country saying that we would hold our commitments, was very important, it was very powerful and it's something that we all as a community need to continue to talk about because it is very important for the United States and our position.

The second thing that was not known at all was how much we actually do in the world, that we are such a large donor. As you know, as you look back over this administration, this idea of having three D's, of diplomacy and development and defense began to take hold and we began putting money behind it. So we have approximately doubled our assistance to Latin America, almost quadrupled our assistance to Africa, and nearly somewhere between doubled and tripled our assistance around the world. That is really a major commitment by a country, by the largest bilateral donor in the world. And it's very hard to get through in communication in media. So the more we can talk about it, the more important it is to aggregate this, because it is a fine group of building blocks to build on for the next administration. The United States has been a strong leader in development.

So those were two reflections that I carried back from Doha. And following Doha, I met with two funds in Kuwait. One was the Kuwaiti Fund, begun in 1961, and the other is the Arab Fund, they are all focused on development and assistance. And I was reminded that there are some of the models that we have used in the past where the DAC used to meet regularly with these funds, that should be put into place again. So I asked the OECD DAC would begin picking up this idea, they were there in Kuwait the day that I was, we will begin in May meeting again with these funds, but our doing collaborative projects around the world with these Gulf funds and Arab funds will be a very strong signal for the future of how we all jointly see development. The reduction of poverty, as well as the importance of stability and democracy and prosperity for all.

Those are just some thoughts.

Steve Radelet: Great, thank you. Let me follow up, you made the comment about the elevation to development as part of the national security strategy, as part of a three-pronged approach, alongside defense and diplomacy. How do you think that has changed the way that development is viewed within government, in the interagency process, both within the executive branch, also on Capitol Hill? And where do you see that going forward? I don't think anyone would claim that they're equal partners yet, but I think by putting it in the national security strategy certainly put development at the table.

So how do you think that has changed the discussion and the dialogue?

Henrietta Fore: I think it's been very important. I think it was one of the most important things that we as a community could do. I think it's also very important for the development that we do, it is actually how we do our work. We do it in concert with others.

What I do not feel is that it has taken hold within the interagency structure. Which is why the Development Policy Coordinating Committee that I've begun chairing is important, but it's also why the good suggestions that are out there with elevating the level of development within the NSC, the idea of re-looking at the funding, because this idea of not being an equal partner is a very important. So that if DOD has funding here and State has it here, and AID has it here, you just need to bring up, you need to strengthen this part of the three parts of development.

I also think that as the world has become more complicated and more insecure, that the importance of development has become all the more important and that we all as a community need to continually talk about the solutions of development and the solutions that development brings. It is not perfect but together in national security it is an extremely powerful tool and if we integrate it well, it is something that the United States needs, that's in our national security interests.

I might also add that it's in our interests for three reasons, this **** to me, one is, that it's in our strategic interests. In geopolitical terms, in security terms, it's also very much in our economic interests and that is a point that we all need to keep in mind in today's atmosphere. And thirdly, very importantly, it is very much a part of our moral obligations, our moral character as a nation.

So I think elevating development is something that we need to build on, we need to think about ways to gather it, to strengthen it in the years to come. And fund it.

Steve Radelet: Yeah, well, how do you see that being affected by the financial crises, going forward? I mean, what you just laid out was ambitious and I think absolutely correct and an uphill battle three months ago and now it's, shall we say a bigger uphill battle. So how do you see that playing out with the crises?

Henrietta Fore: Well, my thoughts would be running in a couple of areas. The first is, many of you, I see some wise old heads here, remember a time when in development we really thought about our national interest and how we could improve jobs in the United States by reaching out and helping in infrastructure and in trade and in trade finance. It's a time to re-look at some of those mechanisms and authorities that we have had in years past and how to integrate them in the modern world.

Because our developing world and our United States need economic growth and they need investment. As we are investing in infrastructure here in America, we also can get jobs and products and services made by Americans and American companies to be used in the developing world to help infrastructure, to help trade, to help products and services. It's a very powerful combination. But as you know, we've underinvested in infrastructure in Africa for decades and Africa needs help and development needs help and it's a time when we can be mutually beneficial and mutually helpful for the United States, as well as the developing world.

So we should make that case, this is not a time to pull back in, to retreat. It's a time to make our case strongly and clearly as to

why development is in our national interest and in our economic self interest.

Steve Radelet: Good. Jim, please.

Jim Kunder: I just want to elaborate on something that Henrietta just said. I know there's a lot of interest in this question of how can we elevate international development foreign assistance in the panoply of national security and foreign policy tools. And I know there's an enormous amount of interest within the community about creating a department for international development. And I have no clue whether that's in the cards or not, obviously that's something for the new administration to determine.

But I'd like to emphasize something that Henrietta said. That doesn't mean this is sort of an all or nothing approach. For those interested and within the community, there are a ton of issues on which we can be speaking in the coming weeks and months that have very significant impact on that question of where foreign aid is going to appear in the constellation of US foreign policymaking.

The Administrator mentioned the National Security Council. And I know some of you know more about this topic than I do, because I know many people in this audience, but for those of you who don't follow this, every administration stars off by passing by executive order, creating a new structure for the National Security Council. National security policy directives that establish how many senior directors they're going to be at the NSC.

If the National Security Council in the Obama administration has a senior director for development, which we currently and historically have not had, then all of a sudden when the core policy group is meeting at the White House, the development voice is more strongly at the table. And there are a dozen such structural fixes that are quite practical and can be done by the President-elect with the stroke of a pen that would have an enormous impact on this issue that the Administrator was discussing.

Steve Radelet: I want to come back to the issues about what to do in the future. I co-chair a group called the Modernize and Foreign Assistance Network and one of our recommendations has been exactly that, to have a senior director at the White House for development issues.

But I want to come back to that in a little bit, before we talk about kind of the future agenda, let's take a minute here and reflect a little bit more on the past.

You were confirmed just over a year ago, I think, a year ago and a few weeks, and I wonder now as you begin to look back, what you see as the most important accomplishments over the last year and then also the key things that, in terms of the agenda going forward, without getting into the broader restructuring, but in terms of the agenda for USAID going forward. And then I want to ask either of you, and Jim, how that plays out in the field, how you have seen some of these changes play out in the field.

Henrietta Fore: Well, that's always an interesting one. I think two things happened early on. One was that about a year-and-a-half ago, I became Acting AID, and it meant that I caught the first summer. Now, why is summer important? Because of the budgeting process and I carried dual hats, which is one of those early decisions that an administration is going to need to make. And in that dual hat, it meant that I was the Director of Foreign Assistance and that therefore, I had the leadership of putting together our foreign assistance budgets. I would've dreamed it would've been the budgets that I could've operated on in this past year, but at least we've left good budgets for '09 and '10.

But that first summer, what we were able to do was to catch the budgeting cycle and put together our plans for the development leadership initiative. For the, as you said, the hiring above attrition for USAID, this is so important. When you think of 1,000 foreign service officers worldwide, it is just simply not enough. I see several great foreign service officers in the audience and you all know that it's just simply not enough. We would double in three years, adding another 1,000. Some people were skeptical, that we could not handle that at USAID.

Of course we can, of course we could, and it is really doing well. We've hired 161, almost half of what our first year intake is. 30 percent are minorities, something that USAID has needed for a long time, diversity, so that we represent diversity and the richness of our country and of points of view. We also have more than half that are women, which I think is a very good sign for USAID, great experience in their background. Usually take in about half that have Peace Corps background, that's still true, but many of them, almost half, have experience in private sector, with NGO's, and about 30 percent have prior experience in USAID. So while they're coming in as junior officers and now beginning to come in as mid levels, these are experienced professionals. They're coming in with a lot of experience. They're going to be training in many areas, but they're also coming in with languages. I believe there are something like 97 of these entry candidates that are carrying foreign languages, that is extremely important for us. If you already come in speaking Arabic or Chinese, it helps a great deal, but it's a time when USAID is re-looking at that.

So I think what strikes me first is the development leadership initiative and the diversity. They go together, but that's been a very important accomplishment in this past year and a half.

A second one is public/private partnerships. This is an area that has enormous potential. We really talked about it, this is private business, it's non-profit organizations, it's foundations, it's academic institutions, it's all of us together. And as a group, this is a huge opportunity. We set out to triple the number of public/private partnerships based on the great experience we've had with global development alliances. We've added another 240-some this year and our mission directors have really responded, you've mentioned in the field. I think this area has huge potential, but it's an area that we've really started picking up speed on in the past year and a half.

I might site agriculture. Many of you have been very helpful on the food assistance, but we clearly came into a crises in this past year and a half and we stepped forward as the lead agency to talk not only about emergency food assistance, but also about longer term agricultural assistance, both medium and long term

help. This is very important for the world, USAID was the intellectual lead, as well as the operational lead. Good collaboration with congress, there is a bill with Senator Lugar's and Casey, a bipartisan bill that would carry this on in future years, keep your eye on that, but I think that's been very helpful.

The Higher Education Summit comes to mind. This brings back the idea that universities, higher education universities, particularly in science and technology and other areas, should be collaborating. We hosted this at the beginning of last year and we brought in the leaders of universities, it was an exciting, intellectually-driven day. I think very important.

We talked a bit about health, so we can talk about that again later, but I think neglected tropical diseases reaching 14 million people would be one.

Foreign assistance reform, I think has really improved. I did pledge to collaborate and communicate and try to streamline and I believe we've made real strides on that. We have reduced the burden on our missions between 20 and 80 percent in the last year. We have focused on country-based programming.

Steve Radelet: The burden in what way?

Henrietta Fore: Paperwork, time it takes to fill out all of our paperwork and that has really—

Steve Radelet: Between 20 and 80 percent?

Henrietta Fore: Yes. And that is important for our people. We have lots of jobs to do and it's not to fill out paperwork for Washington.

And foreign assistance reform has, I think, begun to get its legs and I hope that it will be carried on and your thoughts and that of this room, I think have been very important. But I think that we are now really moving forward with common definitions, with a fax information system that can really pull up information that congress wants, that our agencies around the United States government want that we can really think about whole of government, and that's going to be very important.

And I think the last area, that we accomplished something, or at least I feel is a very good new area for us, I have gathered the international development ministers for two trips. One to Afghanistan that followed their Afghan national development plan, and the other to Liberia. When you gather the ministers from other bilateral donors and multilateral donors, you hear from the government their needs and priorities at the same time and it allows you, prior to a donor's conference, to actually prioritize your aid. It is putting action behind our words of **** and of the Paris Declaration. I think it's been very powerful and I think it's very important for the United States to lead. And so we have done so and I think that's been helpful.

So then what's left to do?

Steve Radelet: Right. What's the agenda going forward, right.

Henrietta Fore: I think lots.

Steve Radelet: Right.

Henrietta Fore: So I put workforce at the top. We've put on the docket to double our foreign service, I think we should double again. I think we ought to go to 4,000.

Steve Radelet: So the numbers now are roughly 2,000? Went from a 1,000 to 2,000?

Henrietta Fore: 2,000 is what we have in the budget.

Steve Radelet: Right.

Henrietta Fore: Hoping that congress will go with us.

Steve Radelet: How many do you actually have on staff now?

Henrietta Fore: A little over 1,000.

Steve Radelet: Little over 1,000. So in the budget you've got to 2,000?

Henrietta Fore: So we're going to 2,000. I think we should double again to 4,000. I mean, I would hope one could do that in the next five years. I think we need to strongly increase in civil service and

in foreign service national. We need to pay attention to foreign service national, pay their compensation and their grades. It is something that has not been keeping up and it needs to.

I think we have just barely begun in public/private partnership, we ought to fund public/private partnership and we ought to get more flexibility in our ways of operating, in contracting. Because whether it is cooperative or non-profit organizations or faith-based institutions or contracting offices or private foundations or businesses. All of this means there's a whole new way of doing business and we need to be with it. We desperately need more money in economic growth in democracy, we are extremely short of it.

We do not have enough, we look at 19 elections coming up in Africa this next year and we are crowded out and we don't have democracy money. Economic growth is what covers agriculture, it covers the financial crises, these rapid response teams, we need funding on that. So we need more flexibilities there.

The Global Development Commons is one that is just beginning to take form and that, I think, is a real opportunity for the future and of course for an assistance reform that we'll talk more about. But I think those are all on the docket to be done. We've made good progress, but there's lots of opportunity here for the future.

Steve Radelet: Let me ask you about one specific, and which you didn't mention, but I think you were talking about around it. As you talk about economic growth programs, democracy programs, I think some people would say, well, not sure if our democracy programs in developing countries have worked very well. There's an ongoing debate within the political science community as to whether or not foreign assistance interventions from the United States or from anyone else has much of an impact.

My question is more about the broader issue of monitoring and evaluation, of where you see that in terms of its status in going

forward so that we have a better idea of what's working and what's not working and where that is.

Henrietta Fore: Yes, it's a very important area and Jim has been very involved in our management area, so I know he'll want to add to it, and I see Alonzo in the crowd and he may also.

But monitoring an evaluation, of learning lessons, of knowing what works and where it works and why it works, is going to be an increasingly important area. We had let it go for a while, it's back up. We need to fund it, staff it, be intelligent about it, because it's very important for our future. I think sometimes in development what happens is that we are in a way, we think that the world is structured for either success or failure and so I think sometimes we're a little hard on ourselves, on our democracy programs. These programs take time.

When I was in Romania and Bulgaria, you could see what had happened in these countries, coming out of a communist structure, over 17 years, and what they had accomplished, it's remarkable. But it takes time and steady political will in a country.

You know the statistics, between 1990 and 1995, 60 percent of our developing countries were in violent conflict. When you have that, it's very hard for democracy and government and good government programs to continue. So then we have to start again and build up again. But that is not the failure of the programs themselves. It is that the world has many influences and countries have many influences and that development is difficult, it is integrated, and it is long term. And we have to stay the course, be steady, be knowledgeable, and lead.

Steve Radelet: Good, that makes a lot of sense. Jim, let me ask you about these changes in the last year and how you see them playing out in the field and how they've affected field operations. We heard already that it's reduced the paperwork, which is great news. But how you see these changes already reflecting in the field and what you see the agenda going forward from that perspective?

Jim Kunder: I just wanted a quick follow-up comment on the democracy issue. I mean, all of us who pay attention to this issue recognize that there have been a couple of high profile issues that have been topics of news coverage during this administration and there's been, as you say, Steve, a very vibrant debate about the success of democracy programs, but I would invite everyone to visit the AID website because our democracy and governance office just completed a very substantial analysis of whether programs are working throughout the world and I think what you find is that, you know, the I manure case is going to be with us, and I understand that.

But if you look behind the scenes at sort of municipal services for individuals around the world so that they can feel more connected to their government and capacity building at the ministerial level and improvements in election commissions and functioning court systems, there is a lot of quiet and very effective work going forward on the democracy and governance front.

And we did, in the spirit of good measurement and evaluation, try to capture that. So I'd invite you to visit our website and it's just a great study that was just done in the last couple months.

Henrietta Fore: No, after you finish.

Jim Kunder: I'm going to change topics.

Henrietta Fore: Oh, okay. Could I just add something?

Jim Kunder: Yeah.

Henrietta Fore: One of the other things that I mentioned we were focusing on, training. One of the things we are doing now is we are really thinking through thoughtfully, what kind of training an officer needs in democracy. Sometimes because we live in a democracy, we think we know that we can all be democracy officers.

Steve Radelet: We take it for granted, right, right.

Henrietta Fore: But it is an expertise and we are moving now to professionalize our training and get it out to not just our foreign service officers, but also our foreign service nationals and all of the people that we work with. I think that will be very important for the years to come.

And it is very important that we as a community think about this and talk about it so that we are passing on best practices and lessons learned and that we are making sure that as a community we speak with one voice, we move forward effectively.

Steve Radelet: It's a great issue and it's one that's been on my mind a lot with the growing number of democracies. I've been doing some research looking at **** there in Africa and most people don't know that in 1989, there were three democracies in Africa, by international standards, today there are 24. Half the continent is now a democracy by standards of international measures of standards.

We've seen the elections in Ghana that have gone in the last couple days and apparently reasonably successful, which is good news, but what that means in terms of our programs, how we can interact to support those, to build those, I think is a big open question and you're right, just because we live in a democracy does not make us experts. And part of it is understanding how to build not just elections, but the other parts of democracy and where international actors can get involved without making the situation worse. Because if we're not careful we can actually cause problems.

And so we have to know not only what is needed to build the real foundation for democracy, but what role outsiders can play. And my sense is that for democracy, that's a very different issue than on agriculture or water systems, which are, you know, in many ways less sensitive.

Henrietta Fore: I actually think that this is a really important point, but that it's true for democracy but also agriculture, you have to listen to the people.

Steve Radelet: That's true.

Henrietta Fore: You have to know what their norm and customs and just their sensibilities. It is very important point. And I think the more professional we get, the more that we have people that are working in democracy these customizing for a country in Africa and elsewhere around the world, will be extremely important for our future.

Steve Radelet: Good. Jim, back to the question on, over the past year and going forward, but how you see this playing out in the field.

Jim Kunder: In general, our mission directors are, you know, reading the same signals all of us are back here, that it's of a great time for international development.

Now, as a practical matter, this is something the Administrator and I talk about a lot, I'm reminded, their lives are a lot like those highway signs that we see that say, "temporary inconvenience, permanent improvement," because of course right now what we're asking our mission directors to do is to train all these new employees that we're bringing on and look for additional computers and desk spaces for all of them. But I sense in the field enormous enthusiasm, the same sense of revitalization that we feel back here.

I want to build the answer to that question around a cable that Henrietta sent out recently and that cable was not to our mission directors, per se, but to chiefs of mission, our US ambassadors around the world. And what it did was suggest that chiefs of mission ambassadors took a lot at the AID mission director not just as a manager of an important set of development resources, but also as a coordinator of all of the different spigots of US foreign assistance going into the country and an integrator and a strategic planner in support of the ambassador's priorities.

This parallels in the field what Henrietta was talking about backing here in terms of doing better interagency coordination, a whole of government approach, the same phenomenon that we're experiencing back here, the globalization of US government. We share the Ronald Regan building with the

EPA. You're not going to tell the EPA, your mandate stops at the national boundaries. We live in a world of global environmental issues, we're globalizing. But at the mission, at the field level, what this can mean is a lot of enthusiasm, but some confusion as well.

And so what we're asking our mission directors to do increasingly is see themselves as the coordinator of that function so that we get the maximum impact within the host country of all of the elements in US foreign policy. It has a lot of implications in the field, all of them positive, but some challenging ones for our missions as they evolve toward this new vision.

Steve Radelet: Good.

Henrietta Fore: Jim's making a very good point and that is something, you know, we have such a fragmented structure in the United States for foreign assistance, but as the Director of Foreign Assistance, we sort of have a light net around these. But with my Director of Foreign Assistance hat, this kind of a gable is absolutely appropriate so that the ambassador knows that the AID mission director is the gatherer of all of the foreign assistance programs in the country. And that helps AID effectiveness and AID integration. It's a very important signal, but it's also a very important way of operationalizing what we do in the field.

Jim Kunder: Do you mind if I add just one last comment on that?

Steve Radelet: Please—

Jim Kunder: You know, I'm within 30 days of leaving the US government, so this is sort of the equivalent of a dying declaration, you can take this as absolute truth.

I hear, honestly in the community, a fair amount of debate within this broader context of how should foreign aid be structured going forward, how should USAID be structured going forward, that we somehow should roll back this change that was made in the Bush administration of dual hatting the Administrator of USAID and the Director of Foreign Assistance. Right now, Henrietta carries both titles.

If there is one thing that would be a catastrophe, in my view, for international development going forward, would be to, it's often couched as, don't we need a full time AID director and a full time Director of Foreign Assistance? That logic is catastrophically wrong. What we need is the AID Administrator being the Director of Foreign Assistance so that the development voice in the US government is magnified and Henrietta can call upon a title in the State Department, as well as a title at AID. It's one thing when the State Department says, "We're going to have a big interagency meeting," it's another thing if AID tries to call cabinet officials together and try to organize that same meeting.

So this isn't a structural area going forward, I guess I'm getting ahead of myself a little bit, because we want to save the future for the end.

Steve Radelet: Well, that's where we're going. No, not the end, we'll go their next.

Jim Kunder: But this is a particularly critical issue.

Steve Radelet: Right.

Jim Kunder: Breaking this apart would mean that budget decisions on foreign aid would be done at one institution, at State, and the AID Administrator would be sitting at the Ronald Regan building without that control over the budget, which Henrietta now has. So I just think this is an absolutely critical structural issue going forward.

Steve Radelet: Well, my own view on that and then we'll turn to the, going forward, because we're now into the issue of going forward.

I think it would be a huge mistake if the Administrator of USAID and someone who is the director or the overall organizer for US Foreign Assistance was separated. The concerns that I've heard about the Director of Foreign Assistance role are more that it's positioned in the State Department and a concern of bringing foreign assistance programs into the State Department, which is a different kind of

concern. But I think you're absolutely right, to separate those functions would be a mistake.

But that brings us to going forward and the issues that we've already talked about, of the fact that so many different agencies are involved in foreign assistance, over 20. The latest staff numbers have 21 different agencies in the US, by some count it's even more that are providing foreign assistance. And often, as you know better than anyone, the left hand doesn't always know what the right hand is doing and there's a lot of duplication and overlap and the opposite of overlap of things that don't get coordinated when they should be. So there's an organizational structural issue.

There is, in many people's view, certainly in my view, a legislative issue in terms of the Foreign Assistance Act, and not just the Foreign Assistance Act, but the many different pieces of legislation, including the Foreign Assistance Agencies Act of 1998, I think it was, and many other pieces of legislation. But the Foreign Assistance Act being at the center, written in 1961 originally, amended many, many times but written originally for a different time and a different set of international concerns and has been amended and is full of all kinds of restrictions, earmarks, tide aid, not just from the legislative side, but outside of the Act, of course there are presidential directives. But in the Act, many different kinds of restrictions that I think have added to cost and slowed things down.

In my view, that is actually a problem, but it's a reflection of a problem and the problem being a breakdown in trust, in the dialogue between the executive branch and the legislative branch, which first manifested itself in lots of earmarks and tide aid and all kinds of other things, but then manifested itself in a breakdown that the Act has not been reauthorized since 1985.

So there's an organizational issue, there's a legislative issue, there are issues around whether there should be a stronger White House presence, talk about a development strategy. As I mentioned before, I co-chair a group called the Modernizing Foreign Assistance Network, you'll see all of our propaganda out on the table outside in terms of some of the views that we

have going forward. But you've heard all of this debate and I'd like to ask you your views in terms of what you think some of the key issues are going forward. Let's try to take these maybe one at a time and maybe start with the legislation, if I can do that, and your views on whether or not the Act needs to be written or not.

Henrietta Fore: Well, the Foreign Assistance Act rewrite has been a Holy Grail for many of us for so long that I think it would be tremendous if we could push this over the line in this next administration. So, Steve, I'm very proud of your effort and I am a strong supporter that we try.

I think that it will be difficult, it has proved difficult over the years and so for those of you who have lived in congress, you should give our best counsel if it is doable and in what ways it's doable. It may be possible that you could do some parts of it, but I think it would be good to try to do. But it's going to be a heavy lift and I think we have to be clear-eyed about that and focus on what we think is most important.

To my mind, what we need to accomplish are some of the very things that you are suggesting. The building back of the trust, I worked hard to try to reach out to our entire community and to congress and I must say that congress, Anita Lowey, I will single her out, has been tremendous. But it's also on the senate side and it's Tim Reiser and Paul Grove and Senator Leahy and Senator Lugar, I mean, it's just across the board. People have wanted to help on development, but we have to give them a good case and we as a community must be united. And I think that has been one of the major accomplishments that we all as a community have done in this last year and a half, which is that we have come together as a community. And if we can stay together and if we can focus it, so your recommendations, Steve, are very important that we try to gather everyone around as much of the same recommendations as possible.

I think the idea of focusing our assistance in areas that we think are most important in getting accountability and measurement for result is important. I think consolidating the authorities, the funding. This idea that USAID and the Administrator of

USAID is first among other development agencies is a really important, organizational as well as intellectual basis for the United States. I think the idea of some kind of a grand bargain in exchange for flexibility with our earmarks and funding is really important because the earmarks become something that is created because of the lack of trust.

I think with the new budgets that we are putting forward for '09 and '10 and we will see how the new administration wishes to change and rearrange things and the new congress, but with those, I would hope that we could make a strong, bold step forward in trying to remove some of those earmarks, gain flexibility, and open up the abilities for both the Administrator, the Secretary of State, the President, to be able to operate in consultation with congress as needed, because the language is very constrictive now. But I must say, this relationship, this comradeship between congress and the administration and our development community is essential, it's really important. I think we've made good strides in this past year with both the Director of Foreign Assistance, as well as with USAID and so that's all a very important part of how we put it together for the future.

Steve Radelet: I think that's right and I should have said it up front and I'll say now, I think all of us would agree on two things in terms of framing the discussion around the Act. One is that there are a lot of things that can be done without legislation. I don't think any of us would argue that the legislation is everything.

Henrietta Fore: Yes.

Steve Radelet: And we've talked about some of those, adding to the staffing, monitoring and evaluation, reducing the paperwork in the field, procurement procedures. There's a lot of things that can be done without legislation, so I don't think any of us would argue that that is, you know, the silver bullet. That's number one.

And number two, that it's not only the legislation, that there are executive orders and other things that come from the executive branch that would need fixing and that this would be in the context of some of the other issues we talked about,

consolidation. So I just want to make that point that I think everybody knows, but from past experience, I've realized that we should say those.

But let me ask you, Jim, your thoughts about what you would like to see, a couple things, two or three top things that you'd like to see, if there was a rewrite of the Foreign Assistance Act.

Jim Kunder: Yeah, I mean, the consolidation issues that Henrietta talked about, I would put at the top of the list. I mean, we've got to make sure that we don't lose the progress we've made on having a clear, transparent vision of sort of all the spigots on sheet of paper. I know people have a lot of different points of views on the changes that have been made in the last couple years, but that is something that's just been a huge step forward. We now can ask the question that Secretary Rice classically asked, "Well, how much money are we giving to Pakistan?" And you know, instead of 15 voices sequentially answering the question, you know, Henrietta confirmed exactly this much and here's what we're doing with it. So there's been real progress made and you don't want to lose all that.

I think one of the issues that Henrietta, I think she gave exactly correct list of some of the progress that's been made and one thing that she didn't mention is there's been enormous progress made in civil military relations. USAID, and I know there's some folks in the development community would prefer not to deal with this issue. You know, it's something we have to deal with. The military is getting more and more involved in the entire area of international security and development and we've taken some great steps creating an office of military affairs, placing USAID liaison officers at each of the military commands. But still, this is an area of great ferment. And the military is a big institution and we've got a limited number of liaison officers that we can devote to it. So I think a rewritten Foreign Assistance Act ought to start trying to establish some boundaries between what the military ought to be doing, what we ought to be doing with military assistance and what the civilians, both State and AID, ought to be taking the lead on.

Steve Radelet: And there's a question here actually from the audience on exactly that topic. It says, "We heard yesterday that USAID is sending military liaisons to DOD to help in the implementation and the growing role of assistance going through DOD." And the question is, "Doesn't this just reinforcing military leadership role in foreign assistance instead of increasing the civilian role."

Henrietta Fore: Do you want to finish on that and then I'll--

Jim Kunder: Well, I mean, obviously one can look at the world as a glass half full or half empty, but in my stance, and I say this as a former military officer who has had some visibility into what the system looks like from the other side, I think there is sometimes a misperception that the military seeks to dominate this **** I think they are seeking leadership. And I think if the civilians stand up boldly and create the mechanisms and talk about what the military should be doing with its enormous logistical capacity during reconstruction or humanitarian assistance, I think the military will look forward to saluting the civilians. In the case of the tsunami and the Christmas tsunami in Indonesia on the Indian Ocean is a good example where we got out in front of that, we put some good coordination mechanisms in effect. Henrietta led a team doing humanitarian support after the Burmese floods. By getting out in front of that, the military fell right into place behind the civilian leadership. So I don't view it all, respectfully, I disagree with the logic of that question. I think we can control the tempo and the direction of military assistance.

Henrietta Fore: Could I add in on that one?

Steve Radelet: Please, please.

Henrietta Fore: Jim's point is right in that it's an area that we cannot avoid. We are now working side by side with the military in many, many countries and it's either because it is pre-conflict, it is in the midst of conflict or it's post-conflict and they become our partners.

Two things happen out there and one is that we do not do our programming and our planning in the same cycles with the

military. So we now have out this new civilian military policy an we are now starting to get into a pilot program where we are planning with SOUTHCOM, countries and what the activities are. This will be very important for this definition of roles because if a department as powerful as the Department of Defense begins to plan to do something, they will execute upon it. If we are not there and we are not part of that planning process, the development and the civilian side is not heard. So it's important for us to be there in the planning cycle for the military.

The second is that because of funding misalignment that we talked before so that we're just, we're very small, we don't have enough funds to move in many of these capacities and thus we don't have lift capacity in times of an emergency, we do not have some of the reconstruction money that we could utilize in times of post conflict. Because of that, we're not seen as being in the lead, but I think that it's an area that we can.

Secretary Gates, when I saw him two months ago, asked that in the development PCC if we couldn't look at this issue of civilian and military. We now have a sub-PCC chaired by three assistant secretaries in defense, in development, and in diplomacy, looking at these roles and responsibilities in terms of humanitarian assistance, medium term assistance, and longer term development assistance. I think this is what you want to build on for any kind of Foreign Assistance Act rewrite or any kind of budgeting or authorities that are coming out of congress. Because we've learned a lot in these past few years about what's working and what isn't, but we should go forward strongly and build up the development side, that's how we can encourage the development leadership.

Steve Radelet: A big piece of the build up in the Department of Defense involvement in foreign assistance is our increased assistance to Iraq and Afghanistan, the two are absolutely closely intertwined. One of the biggest factors behind the increases in foreign assistance up through 2005 was in fact large increases in foreign assistance to Iraq and Afghanistan. And then the declines in US foreign assistance since 2005 has been the decline in assistance to those two countries and partly because

of a debt relief operation in Iraq a couple of years ago. We have a note that we just came out with, it's outside, that gives an analysis of the latest US foreign assistance numbers, including numbers that were just released last week on 2007 that goes through that. But the DOD is heavily concentrated in those two countries, outside of those it plays a much smaller role. At one point totaled, the DOD involvement was up to 22 percent of total US foreign assistance, it's down to 16 percent through 2007, so it rises and falls with those countries.

But the DOD's involvement is also partly a reflection of some of the concerns about USAID's capacity, with only 1,000 of the foreign service before, it now growing, but all of the concerns around the Foreign Assistance Act and everything else is one of the core reasons why I think we have seen DOD take a stronger role, we've seen the MCC become established as a separate entity. We've seen Pet Far become established as a separate entity. And so the perceptions of some of the issues at AID have increased this proliferation of agencies, which I don't think is in anybody's interest.

So we've talked a little bit about the legislation, now I want to ask about the agencies and the possibility for consolidation. As you well know and as we've mentioned before here already, there's talk about the possibility of a cabinet agency sometime in the future. I don't think anybody thinks that's going to happen on January 21st, that might happen sometime out in the future. But there are also options other than a cabinet agency that I think could lead to better consolidation and better coordination going forward.

So I'm curious on your views both on the long term about what the right solution might be and how to get there in the interim and what the options might be for organizational consolidation here.

Henrietta Fore: Well, since we are on the threshold of a new administration, let me start with a short term. In the short term, I think the first major choice for the administration is this question of the two hats and the hat of the Director of Foreign Assistance. And I think it has been one of the most important tools that I have

carried as the AID Administrator. It is what has allowed us to increase our budgets, to move the development leadership initiative. It's been very important.

But it also is just the beginning, you can just sort of see the beginning, of how to bring all of these fragments together and what I think is most important in this next year, hopefully early on in the administration, is to make a decision to pull all of the agencies together. There have been times in our past in foreign assistance when we have had IDKA and a variety of other structures that pulled all of these agencies together and there even was a time when OPEC and TDA were part of USAID.

One should look again at how to modernize, I mean, organizations operate because of authorities, operational capacities, budgets, but you can move all of that through a Director of Foreign Assistance, if you just structure it that way. That is the quickest, fastest, strongest approach that this administration could take, in my mind, and it could go much further than where we've taken it so far. So that one I would put on the plate as being number one.

As you look further out, as I have watched in the international fora, the **** model and we've seen how many of the United Nations' programs operate, what happens is that because of our level of not being cabinet in USAID, it means that we are relatively low in the world scope. So, for instance, in Doha, I was, I think speaking on day three, because I wasn't a head of state, I wasn't a cabinet minister. And so we should just think about it, how does that affect the world around us? And we'll have a very American solution to that, but we should think about how we match with other agencies and entities around the world because development at its core is global activity and it's now particularly global because of all the changes we've seen in the last years. It is now filled with public/private partnerships, we have thousands of actors around the world and the intellectual and operational leadership from the United States is very important, not only to us, but also to the world and our developing countries.

Steve Radelet: I think the notion of some sort of Director of Foreign Assistance that coordinates and has budget authority over all of those things makes a huge amount of sense. One of the problems with IDKA, of course, is that there wasn't budget authority that went with it and if you have responsibility without authority, you don't get very far.

My own personal concern about the Director of Foreign Assistance position as it is now established, is that it is part and partial of the State Department and my own belief is that over time, if we are going to re-professionalize and attract strong development professionals for career path, that I don't think that can be done as part of the State Department. So I agree with that caveat very much, with the idea of having someone who has those overall responsibilities and actually beyond the responsibilities of the position as it is now constituted, which is by and large State and USAID and does not go as far with a lot of the other agencies.

The Modernizing Foreign Assistance Network has proposed something along those lines as a step forward for the first step. We've proposed that the person who is named as the Administrator of USAID is at the same time named as the Interim Director of the MCC, and the Interim Director of PEPFAR, as a way to bundle those together, give a package of responsibilities that would attract a very high profile person who could drive the reform process forward, and still keep those agencies separate. We're not talking about folding them into USAID right now, they would be separate agencies, but have someone with that authority across all three. So I think it's similar to the idea, although the language might be a little bit different.

But in the long run, do you think that, let me press you a little bit, do you think that a cabinet agency might make sense? Do you think that something that looks more legally like the MCC as a non-cabinet independent agency with many development programs in there with a board that's similar to OPEC and **** might make sense? Do you think a structure, an agency structure somewhat like USAID had 20 years ago when it had a little bit more autonomy makes sense? Do you think it should

be rolled, everything should be into the State Department? If I could press you a little bit in terms of what you think your views might be as to what the ideal structure might look like over the medium term.

Henrietta Fore: This is a really interesting subject and I think it's worth a lot of discussion but I'll give you a quick sense, which is that if you go back to our national security strategy for development and diplomacy and defense, in effect you are saying that development needs to be a government activity. That it shouldn't be a private activity. But development has changed enough that the development entity should be seen as being public/private, something very modern, something that other government agencies haven't done as much.

Steve Radelet: Right.

Henrietta Fore : We have a moment in time to be able to do this, it would be very interesting. But I think it would have to be a government agency, if not, what happens is you lose your link with foreign policy, which is integrally involved and you lose your link with our national interests in a way that I think is not helpful.

As I look at the agencies as they've developed, some are sort of floating out there free, you know, OPEC, XIM, TDA, a number of agencies that don't have an anchor in our national security in a way that is, that uses their authorities and talents so that if you can bring in MCC, PEPFAR, and all of these entities together, you will be much stronger as the United States.

And I would go back to a comment that you made about responsibility without authority. You need the authorities, you need to consolidate the leadership, and you have to have budget. If you sent budget and authorities to that individual, that place, all will begin to fall in place, organizations do not need to lose their identities. We've learned many good lessons out of MCC, out of PEPFAR, out of AID, so they can all be their own entities. Draw the best lessons, that's what the world of development is about. So you don't have to homogenize everything.

Steve Radelet: Right. We need to begin to wrap up, we've got lots of questions, but I wanted to know your thoughts on that issue, Jim, if you want to share them.

Jim Kunder: Just very briefly, I think if anything there is, I think you're correct in mentioning MCC and PEPFAR, but if anything, there's too much focus just on that small group of issues.

Steve Radelet: Yes, that's true.

Jim Kunder: I think if the US government, the new administration is going to take on the question of a whole of government approach as the Administrator's been describing, let's face it, I mean, USDA has enormous assets, HHS, CDC, has enormous assets. And I think what we ought to be looking for in the mid term is a Director of Foreign Assistance kind of mechanism that puts all of these instruments of the national tool kit into the mix in some way. A regular part of my life is hearing from ambassadors who say, "How did you let that energy team in the country and without getting country clearance from me?" And I promise the ambassador I'll check and then two weeks later I find that it wasn't us at all, it was the US Department of Energy that had the team in the country. And people are being activists, people are leaning forward.

I just had one last thought, you asked a very, you know, important set of questions about what would you put in a foreign assistance bill and you can tell the Administrator and I are focused on the structural issues. I mean, you know, who is going to control these decisions. But on the program side, on a substantive issue, we need to rebuild the capacity and the economic development and trade area. One of our health officers was telling me just yesterday, you know, geez, we're doing such great things—

[Applause]

—that's a USAID economist that was starting to clap.

[Laughter]

Steve Radelet: I think he revealed his identity.

Jim Kunder: We're doing such great things with AIDS and with malaria and with neglected tropical diseases, we're really doing fantastic things, and this health officer was appealing to me, you know, we've got to do more on the revenue side. We've got to get these countries to build up their revenue flow so they can sustain this important investment.

And that's an area where so much is going on with trade and foreign direct investment and our capacity. So if I had to rewrite the Foreign Assistance Act, I'd reiterate the fact that economics is at the core of sustained investment in human capital and we need to re-strengthen AID's capacity in that area.

Steve Radelet: Good. A couple more questions that come from the audience, but one follows directly on this, which is, you mentioned the HIV-AIDS program, we've talked about Pet Far several times, and the question is, "Does this provide a good model for wider reforms within the US government?" I think Pet Far is seen as being very successful, USAID manages more than half of the funding for HIV-AIDS programs and if I have my numbers right, almost two million people have been put on anti-retrovirals and I think that about 12 million infections have been prevented from mother to child transmissions and I think 6 million people are on CARE. So lots of accomplishments over the last few years, undoubtedly along those lines.

But as Jim's point recognizes, there are some concerns that maybe it might be too much emphasis, not that those are unimportant, not that HIV-AIDS and tropical diseases more broadly, malaria and tuberculosis and neglected tropical diseases are unimportant, but there's a growing concern that maybe the balance has shifted a little too far. And concern that increasing funding going forward for HIV-AIDS, the $48 million that's been authorized in the new bill for HIV-AIDS, TB, and malaria over the next five years, might squeeze out other programs and we've already seen our note that I pointed to you, shows that in **** here in Africa, the increases in funding for HIV-AIDS are terrific, absent that in terms of disbursements, funding for other programs has been relatively flat for the last few years.

So question is, are you concerned at all about this issue about the possibility of the funding and the great successes in those programs squeezing out funding for other programs?

Henrietta Fore: I think it's always a concern because we don't have unlimited resources as a country. The programs have been very successful, HIV-AIDS, malaria reaching 25 million, neglected tropical diseases, I mean, only one year in and it's reached 14 million people. I mean, these are real accomplishments. But it also shows what you can do in development. I mean, you could do this in education, you can do this in a variety of sectors. And I think it's very important for the United States not to be seen as being one issue or focused on three issues. We should be broad. Development is broad, it is an integrated activity, it's a long term activity.

I think all of you know my sense on economic growth, the issues that came up earlier. Poverty is reduced if we can bring economic growth and participation to countries. And in the last 25 years, the poverty rates have dropped from 50 percent to 25 percent. That is a real accomplishment. And it comes from being focused broadly, it is not just in one area. So part of our challenge going forward is to get a balance and to make sure that if we can get a grant bargain or some flexibility in our funding, that we exercise that judgment in a way that allows for the balanced development of countries in all of their sectors. It's important for all of our futures and it's also important for how the United States is seen around the world.

Steve Radelet: I think that's right. Last question from our audience and a good one to wrap up, what advice do you have for your successor?

Henrietta Fore: Well, what has benefited me most was that I knew and loved and respected the people of AID and AID's work and that of all of our partners, our NGO's, and our businesses and our foundations and our universities. If you carry that as an administrator, it helps as just a basic starting point. So faith in what we do is number one.

Number two is to know what you want to get done. I knew a few things right away, which was that I wanted to help revitalize USAID and that was helpful.

The third is to listen. Listen to the great ideas and the people around. This is an extraordinary community and we really collaborate, we've really come together in this past year in a way that the next administrator has a chance to build on this, to really just pick up the momentum. And so I think that is, that's my strongest advice.

Steve Radelet: Great. Well, thank you very much, we appreciate you taking the time on your birthday, but also with your cold. You've done well, your voice has held up well. Thanks to Henrietta, also to Jim as well. Thank you very much.

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