



CENTER FOR GLOBAL DEVELOPMENT

Presents

U.S. Foreign Assistance in Our National Interest

With
Henrietta Fore
Administrator, USAID and Director of U.S. Foreign Assistance,
Department of State

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Nancy Birdsall: Good morning, ladies and gentlemen and welcome to all of you. It is very exciting to see a full house. I think it should signal to all of us and to our speaker and our panel that there is a real movement going on to make a change in the way the US exercises its global leadership in the area of foreign assistance. I am Nancy Birdsall. I am the president of the Center for Global Development and I am very delighted to welcome you to this session on US foreign assistance in our national interest.

I am going to read a few words that are adapted from a statement on our website and that also take into account some of the ideas of my excellent colleagues at the center and I am doing that because I think it is important to get the spirit right about what we are hoping to see this administration and the next administration achieve in terms of US leadership in this key area.

There is no question that we need a new vision of American global leadership that is based on our core values, our ideas as a nation and our ingenuity, our ability to innovate. There is also no question in the context of US foreign policy that there could not be a greater case right now for increased emphasis on global development and on the needs in the developing world of people and the opportunities in the developing world for Americans.

This is in a way a moment when in my view, what we call globalization is becoming more and more global development. An integrated foreign policy that promotes our values, enhances our security, helps create economic and political opportunities for people around the world and restores America's faltering image abroad.

I think that is what we need and I suspect that is why so many of you are here today. We must make greater use of all the tools of statecraft through smart power. It is a wonderful expression. I hope many of you have looked at the report on smart power of our fellow think tank, the CSIS. The Center for Strategic and International Studies... Thank you.

So foreign assistance is a vital tool for strengthening US foreign policy in general and for ensuring that US ideas, ingenuity and the generosity that Americans sense is realized in a better way. What I want to do now is announce that with much pride the Center for Global Development is launching this morning a new initiative.

You will find it on our website. It is called modernizing US foreign assistance. It is under the direction of Steve Radelet who is on his way back I think from Liberia today and Sheila Herrling who is here somewhere.

Under their direction, the aims of this initiative are first, create a one stop shop at the Center for analysis and advocacy efforts on US foreign assistance reform. Second, provide CGD expert opinion on how to reform the mission, the mandate and the organizational structure of US Foreign Assistance and third, track presidential candidate statements on global development and US foreign assistance. I hope that all of you who are interested in this issue will look periodically at our website. You will hear from us also in terms of progress. As we see it on these issues, we need your help and your input on these issues too to realize the moment that we have in this country to make changes now and over the next few years.

Now, the real reason that you are all here today is to hear from a woman who has definitely seized leadership with lots of energy and enthusiasm and smarts, Henrietta Fore. Henrietta just from the short time that she has been at USAID, has already shown what can be done and I think she is going to tell us today a little bit about her vision of how much can be done in what is in some ways regrettably the short time that she has at... Who knows actually, I should not say that. One never knows, at USAID and as the director of foreign assistance for our esteemed government. So you have the bio of Henrietta Fore. I think what is very interesting is her experience both in the State Department and earlier at USAID itself. I am really pleased to welcome you, Henrietta and please come along and tell us what you have to say.

[applause]

Henrietta Fore: Thank you very much, Nancy. I really appreciate it and I appreciate your thoughts about a new vision and innovation and modernization so Nancy, that will help all of us. I also wanted to thank all of your advisor staff and colleagues and friends for the Center. It is wonderful to see all of you today. It is very rainy out. We were not sure that anyone would come but it is warm and full and it is a great room and a great place to talk about development and what we are doing with foreign assistance. So thank you all very much for coming.

In six short years, this center has set new benchmarks for thinking and acting on aid effectiveness, globalization, trade, health and a range of critical development efforts. CGD sets the standard for how developed nations take the measure of their foreign assistance and development work. All of us in the broader development community are deeply grateful for your insight, for your guidance and for your hard work. I have three objectives for our time together today. First, is to set the context for recent trends in the international development environment. Second, to share with you an aggressive agenda to revitalize foreign assistance and third, to lay out a vision for the future worthy of the people we serve.

As I was thinking about joining you today and reflecting on the issues that we face, what struck me was the degree of turmoil both political and economic that we see in the world right now. The violence in Kenya, the tragic assassination of Benazir Bhutto in Pakistan, the safety concerns that so many of our staff and the staff of our partners face on a daily basis, the humanitarian crises in Iraq, in West Bank Gaza, Darfur, Chad and Burma and the Democratic Republic of Congo just to name a few. The challenge we face in supporting the Iraqis and the Afghans to build peaceful and functioning governments. The humanitarian and development challenges of global climate change, of rising food and oil prices.

But I look to you to help us find pragmatic and workable solutions, as Secretary Rice recently said at the World Economic Forum, “It is American realism that informs our pursuit of just economic model of development. Despite the wealth of many, the amount of deprivation we see is still unacceptable. Half of our fellow human beings live on less than \$2.00 a day but we know what works. We know that when nations embrace free markets and free trade, govern justly and invest in their people, they create a prosperity of their own and they support social justice for all of their citizens. We must treat developing nations with dignity as equal partners in our shared endeavor. We must support leaders and brave citizens in developing nations who are transforming the character of their countries through good governance and economic reform and investment in health and education, the rule of law and a relentless fight against corruption.”

In recent years, the United States has put these principles into practice in our core development policies. Indeed, under President

Bush and with the full support of Congress, the United States has launched the largest international development effort since the Marshall Plan. We have met and we are on course to meet all of our international commitments to increase official development assistance. Since 2001, we have doubled our assistance to Latin America, we have quadrupled it to Africa and we have nearly tripled it worldwide. This unprecedented investment calls on us to focus more than we ever have before on setting clear goals, managing performance, demanding accountability and generating results. Today I am going to offer you an aggressive agenda to modernize and revitalize foreign assistance, getting it done in an extraordinarily complex and challenging task demands that we earn the active support of our partner countries, the government agencies, Congress, implementing partners and most importantly, the American people.

The task we collectively face will require better focus and better coordination by and between all of us. Our shared purpose transcends politics and I believe that our next step, our next shared step is to agree on a blueprint for action that is jointly owned by all stakeholders and supports our work and the next administration from day one. We have recently seen several significant reports on the future of foreign assistance and Nancy has referred to them. I am encouraged by the consensus that is emerging. Every one of them calls for an evaluation and an elevation of development and diplomacy in our nation's foreign policy and in our nation's budget policy.

Collectively, these reports make a bipartisan case for increased investments, modernized aid structure to reflect our current world and we agree that it is critical to increase the USAID operating budget to expand and better train and direct higher workforce and reinvent hiring and retention practices. We are all accountable for being a part of the solution, focusing less on defending specific regions, specific sectors and specific programs and more on reform priorities that meet the most critical needs at the ground level.

I believe we have an opportunity right here and now to build a new American constituency for global development. Looking ahead, I believe that this year provides that opportunity. I believe as you do that foreign assistance above all must create sustainable economic progress rather than permanent economic dependence. That is how people move up the path from poverty to prosperity. To support us

in this work, we have more broad based wealth in the world than has ever been seen in human history. While we have tripled official development assistance this decade alone, American private capital flows to the developing world have tripled over the last three years and now represent over 80% of the financial flows in developing countries. This is a profound, in fact, a radical change. The relationships between institutional and private foreign assistance flows.

Across the broader development landscape, I envision USAID making a unique contribution by using its convening influence within each country, integrating the public and private sectors their resources and programs that support human progress in the developing world. We will devote more of our management and technical expertise and financing resources to coordinating international development. We want to avert duplication of effort to break down silos and build partnerships that accelerate the pace of progress. We are creating and becoming a part of a global development commons, a community of continuous and real time information exchange, coordination and partnership as well as action between public and private donors, agencies, NGOs, host country governments, and civil society, all in constant collaboration. A global development commons gives people in the developing world the tools they need to lead their own development.

To support this ideal of a more cohesive development network, we must enlist technology. I have directed USAID to assemble an information platform when it is pragmatic and affordable, leverage what is already up and running to connect people on the ground with partners and solutions that can help us all work smarter. To give you a concrete example of the global development commons in practice, USAID in southern Africa has a sustainable tree crops program. It is a public private partnership among industry and growers and researchers and agencies and conservation groups. By building a web portal and intranet, this program creates a meeting place to access information to collaborate on effective practices and to provide better coordination of field activities among all the players that are involved. The result is more stable production and distribution for tree crops in cocoa and coffee.

Similar approaches can be applied to any of the work that we do. An effective global development commons will encourage global

knowledge management, promote empowerment of individuals, of communities, and more responsive institutions around the world. Now, while we have to push technology and advance technology, it is also clear that we need to do more in policy as well. Today, there is a broad consensus that our official diplomatic, development and defense efforts are not as coordinated and coherent as they need to be. We must synchronize these efforts to leverage each discipline's comparative advantages. An integrated national security policy in no way compromises the serious moral commitment to development. Rather, it recognizes that critical role that development plays in counter terrorism and stabilization efforts.

As I am consistently reminded by the military, a relatively small amount of money for development purposes and conflict prevention can save us from spending a much larger sum in the future and it is another reason why we are committed to ensuring development as an equal and essential element of our national security strategy and budget. I know that there are many positions on the various options being discussed to address the structure of foreign aid in the future and as you know, the secretary and I strongly believe in a strengthened USAID and I can assure you that my dual hatted position gives me great leverage in achieving that goal.

An essential element of strengthening USAID and increasing the coherence of foreign assistance is improving our coordination between USAID, State and other agencies. So with the support of Secretary Rice and the National Security Council, I am leading the Interagency Development Policy Coordinating Committee. As technical as it sounds, this committee is vitally important to the way that we align our efforts, make policy decisions and critical development issues and forge strong collaboration to deliver greater impact from the United States government's development efforts around the world.

The Development Policy Coordinating Committee has agreed to focus on intragovernment coordination in a select number of countries. Lessons learned from this pilot will then be adopted on a broader scale. We will better integrate the work of our nongovernment partners for a comprehensive development strategy in each country and with the National Security Council, we are intensifying our engagement in the international dialogue on the

Millennium Development Goals. In October, I asked the mission directors to know about and to help every US government program on development and every public and private donor program in their country. We must enlist the comparative talents and strengths of all of the development assistance donors and players both public and private. Only then will we minimize gaps, overlaps and intramural competition and make our efforts truly transformational and self sustaining. It is that mission delivering the promise of truly transformational and self sustaining foreign assistance that inspires all of us, moves us all forward and makes a difference in the lives of millions so I would like to share with you an agenda for foreign service, foreign assistance revitalization.

First of all, anytime anyone in this town uses the word reform, it implies that something is broken. In fact, we are building on decades of remarkable progress already made. Rather than reform, we are reforming as in reshaping, reinventing and modernizing the delivery of foreign assistance. I know there is a consensus among this group that it is essential to expand the resources that support development while we work to improve the coordination and efficiency of those resources across multiple agencies and accounts. We must improve transparency in the allocation and use of foreign assistance resources. We must improve performance and accountability for results.

Secretary Rice launched the foreign assistance reform to begin to address these challenges. I also know that you understand that there are many facets to comprehensive reform and revitalization. Let me highlight five areas. First, adequate funding. Second, rebuilding USAID capacity. Third, building consensus across the global development commons. Fourth, leveraging public private partnerships and finally, applying lessons learned and best practices to guide our efforts. So given this construct, let us talk about where our focus has been and will continue to be in the coming months. First, I am focused on getting the program funding that we need to support the achievement of our overarching foreign assistance objectives. I know you know that there is a great deal of competition for the tax dollar and I have been working vigorously with the administration supported by the secretary and the deputy secretary to make the argument for increased foreign assistance resources.

On Monday, we will roll out the president's fiscal year 2009 budget and I think you will see our hard work reflected. The budget will also reflect some of the issues and concerns that you have discussed with me over the past nine months but at this point, it is still three days too early to talk about the budget. Timing of sending our funding to the field is often as important as the amounts and together with Congress, we will be working to get the missions of our fiscal year 2008 funding out quickly. I would like to note the unwavering support of so many groups that provide for increasing foreign assistance budget. We appreciate your efforts and we will need you for fiscal year 2009.

Second, I am focused on getting the operating resources that we need to revitalize and reinvest in the critically important capacity that USAID needs to carry out our core mission. I can tell you that the fiscal year 2009 budget request will include a historic shift, the largest personnel increase USAID has ever requested and the doubling of our capital investment fund as we launch the Development Leadership Initiative. This will begin the restoration of technical expertise and the people that USAID has been famous for.

We need more USAID talent in the field, in more countries to help build the capacity of people and institutions and to engage more broadly with development partners and I want to see career tracks opened up for all employees, foreign service, civil service and foreign service nationals. Across AID, I have placed a renewed emphasis on training, core competencies and diversity training for all of our staff but also private sector alliances and management training and we are doubling our overall training budget.

We are making overseas staffing adjustments such as working to increase US direct hire staff in Africa and elsewhere and if transferred, not close, the regional platform from Botswana to South Africa and thanks to significant and successful efforts in country, we are closing USAID missions in three east European countries that are moving to a new level of a sustained development partnership. We make these decisions based on objective criteria and it is a pleasure to see when a country moves from a dependency on foreign assistance to being a strong partner in many ways in the new international community and a new donor country.

To anticipate societal losses and setbacks that occur when conflict disrupts our partner nations, USAID and State must have the same capacity to surge that other parts of the United States government have so that together, we can place enough of our conflict prevention and reconstruction assets in the right places at the right time. The budget request will therefore include significant investments in post conflict capacity.

Third, we are streamlining our foreign assistance budget and planning process. Over the past nine months, I have made significant changes in the specific feedback from our colleagues at USAID and State particularly those in the field and from you, our partners and I am glad to say that almost all of you have contacted us with your suggestions and ideas. But this includes shifting the emphasis to the field by providing more opportunities for the field input into the budget formulation and distribution processes. We have eliminated the Washington approval process for certain program and financial adjustments and are reducing the data required and the times that Washington requires data from the field.

We are in the process of implementing a number of changes to streamline the fiscal year 2008 operational plan preparation and approval process. We are pleased that these changes will reduce the amount of field time required to prepare the plan and reduce the volume of materials submitted to Washington by between 20% and 80%. So this is all very good news and we will make this approval process significantly shorter with increased transparency and improved feedback to the field. We are also starting a new competitive procurement for the operational plan database putting a premium on user friendliness, performance and flexibility in the system.

Fourth, we need to reclaim the mantle of foreign assistance intellectual leadership. This will include activities such as developing a multiyear global assistance strategy, developing the first economic growth strategy in USAID. Through the development PCC, we are working with our US government agencies to see how together we can align all of our foreign assistance programs. Using the National Academy of Public Administration, we have launched a consultative process with NGOs, policy experts, and key staff members as well as members of Congress to drive a consensus on the common language for

foreign assistance. A common framework of definitions supports better program coordination, clearer communication as to what we budget and plan to achieve across agencies and a more productive discussion over competing priorities and ultimately, I believe that foreign assistance leadership requires effectively and passionately, telling the story of what a generous people and nation we are, the life changing work that we do all over the world. Only then can we truly start to build a constituency for global development.

I have also challenged USAID to focus more on performance and accountability. So I am establishing a senior evaluation position at USAID and I am looking for your engagement to identify and deploy simple, clear and high quality outcome measures. We have them in healthcare. We need them now in sectors like agriculture, education and economic growth. While we are far from finished, there is no question that we are making progress.

We have benefited from the specific suggestions and ideas from groups such as ACFA, DFID and the Help Commission, the acronyms we have all come to love. We are working to be transparent and accountable to deliver results. Indeed I take this mandate very seriously. The revitalizing agenda that I have just laid out is aggressive but it is entirely achievable and working together, I want to capitalize on the tremendous energy and enthusiasm in play in the development community right now. I hope you all feel what a moment of opportunity we have together.

Most important, I hope you share my conviction that there must be a sense of perspective in all of these efforts. While the art of institutional change is in the specific brushstrokes and the imperative of revitalization and modernization demands a shared sense of a larger picture so I would like to close by offering you a proposition that transcends the immediate agenda that I have offered you today. If we were to define together a vision for the future of foreign assistance, how we would like the international community and structure to work. How would we shape it? I think we would agree on a common development language and a shared information system to see what is being done by the US government, other donors, public corporations, private foundations in order to leverage our work and place the power in the hands of our partner country. We would develop clear lines of authority with budgets aligned to interagency strategies with agility and

flexibility to move quickly when we are called on to respond without compromising commitments made.

We would have a continuous monitoring and evaluation program to let us track our progress. Continue to learn what is most effective and encourage a climate of experimentation, collaboration and innovation. We would have rebuilt and revitalized USAID's capacity with a flexibility to readily respond to urgent and unanticipated needs around the world with adequate funding and without compromising long term plans. We would effectively leverage corporate and private sector skills and capital in every program to assure greater returns and more far-reaching results. We would have integrated country based plans both from a development perspective and from the standpoint of the United States and other donor governments' strategic interests, but this is key, focusing on the host country government first and creating alignment, collaboration and partnership with every player on the ground.

We would operate effectively as a global development commons in real time, putting the power of information, knowledge, transaction, and best practices into the hands of our development partners and people on the ground. I hope you share many elements of this vision and I hope you will push it further. We have to find new ways of doing business together. This in no way obviates the progress of the past. But it does call for significant change. Reform that truly revitalizes takes time. The path from poverty to prosperity is a long one and I have seen enough to know that a shared vision cannot be realized in a matter of months or by any one administration or any one generation of development leadership. Instead what I offer and what every one of us has to offer is simply a step in the right direction today, tomorrow and everyday thereafter.

Should you ever lose your bearings on the complexity of how we do this work, the surest and truest compass that I know is to stop and remember why we do it and the people that we serve. The Peruvian farmer in the highlands, the Malayan girl who has just attended her first day at school, the Sudanese family that has fled to an IDP camp for safety, a youth activist in Ukraine, a young trafficking victim from Vietnam, a landmine victim in Lebanon, a Kyrgyz businesswoman looking to expand her business. We serve the people who have the least hope, opportunity and prosperity and

who want to build their lives and their nations and their futures. I know you share with me a sense of urgency, equal to the importance of this work. But it is urgent work and it will not wait and I am proud to do it with you. Thank you and I look forward to the discussions from the panel.

[applause]

***Interruption/tape change

Unknown Speaker: For commission reports is with this increase civilian capacity, I think pulling back some of the programs that are increasingly conducted under DOD with what is it, 20% of ODA now under the Pentagon's control? I think that that leads to further concern within the NGO community that leads to the ear marking but I have great confidence that there is in fact a moment right now that we have not seen in recent years to really move forward that dialogue.

Carol Lancaster: Thank you, I think what I would like to do now is to make one short comment and to ask each of our panelists to comment perhaps on the remarks of the other and then perhaps we can open it up, but my one comment is this, I think we are talking now not just about USAID as a major source of US foreign aid but of three other major sources. You just mentioned the Department of Defense which looks headed towards becoming a significant player in the development area and I do not mean just the commander's emergency response funds. There is PEPFAR, which is as you said represents an enormous increase in aid but for a single issue and there is the Millennium Challenge Corporation. So we have I think before us four major players and some twenty smaller players within the US government and I think the conversation here can be about any or all of those. Rich, would you like to comment on what others have said?

Rich Greene: I really like your concept of a grand bargain and Nancy's comments about that pulses as well and I was not born yesterday and I know what the calendar says—but I really think collectively we can make very significant progress on achieving something like that. And unless you achieve something like grand progress, grand bargain there will not be any sort of significant change in the way we do business, full stop. I think it is worthy task for all of us to take on and I pledge on behalf of Henrietta that we are willing to

engage on this with great energy and imagination. Let me link that back to the discussion of separate cabinet level agency. I think part of any sort of grand bargain in terms of what do you have to do to significantly improve what we collectively do is significant centralization of authority over foreign assistance flows in one entity much more so than it exists now. I think you need progress on a foreign authorization bill and I think you need significant progress on the appropriation bill. Those are sort of the three legs. I think what I am concerned about is that with the push on the setting up a separate agency, it sort of takes away from the focus on doing things better, on what are we doing? What is at stake and what this is all about? It comes across I think as being, in some respects to me anyway, as perhaps being bureaucratic or perhaps being turf and perhaps taking people's eye off the prize and I would much rather see the focus. It is not just me protecting State turf. I would much rather see the focus on how to improve things and what do we have to do to accomplish some of these things that you have talked about and what Nancy talked about in her opening remarks. The second thing in terms of an independent separate agency is that budget battles, policy battles in Washington each day become increasingly more of a contact and blood sport. That is the reality, full stop.

To have those battles and to have as your champion, secretary of state in terms of access and in terms of influence, in terms of authority and in terms of relationships is not bad. It is about as good of an asset as one could possibly have in these very important discussions.

Carol Lancaster: Thank you. I am going to bite my tongue because I have strong views on this and I am not part of the real panel. So let us go on to Paul.

Paul Clayman: In terms of commenting on others, getting back a little bit touching with Rich but maybe elaborating. The key and not because I am sitting on a hill now because I was at State for 15 years as well to anything is the administration, the White House has to have full force behind it and has to come to Congress with some vision and recognize that Congress is going to be at least an equal player in it. It was thing that prior F although well intentioned had very short period of time to engage and the hill just didn't buy it. Whatever is going to happen the hill has to be a full fledge partner or you can forget it. That is probably, particularly

so, if you are talking about a different cabinet level. It has got to be created. It has got to be funded and if you do not get buy in entirely up front, it is just not going to happen. It has got to be an administration willing to come full force to the hill and explain why it is necessary and get buy in early on. So that with respect to the cabinet level as well as any reforms.

That was something that was lacking with respect to the F process. I think in large part because there wasn't time. I guess in terms of commenting on others that would be the main thing I would say that nothing is going to happen and not because broken life from the Congress but just because it has to be congressionally invited and entertained and discussed.

Carol Lancaster: I might take the opportunity to just ask you. Do you think that we are looking towards a rewrite in some way of the Foreign Assistance Act? We all know how large it is and how old it is. We also know how difficult it has been to do that. Difficult for the authorization committees to drive an act through that would have the support of the administration.

Paul Clayman: I am smiling because it is the bane of my existence. I came from State after 15 years when Senator Lugar became chair, there hadn't been a foreign assistance authorization since 1985, the last time he'd been chair. I went and I talked to the smart people. George Ingram, you here? Larry Knowles. Smart people, what do I do and we discussed. Should we do a full rewrite and we said let us just play catch up. Let us just put into permanent law all that the appropriators have been doing since 1985 because the authorization, we'd ceded it. I took all those, very clean bill, nothing new. It went through committee three hours and got to the floor, two days no problem and then Senator Kennedy is his right wanted to come and talk hate crimes, minimum wage. Senator Frist couldn't tolerate that because he is running for president at the time, he thinks. So he pulled the bill down. This says a couple of things.

One, nothing will happen unless you have leadership engagement. We did not have the White House involved. The White House didn't submit an authorization bill, they didn't care. And the other thing is, if you are getting an authorization bill, the process on the hill has to change, there has to be a rules change, which you cannot really affect, but maybe all together we can. Authorization bills,

unlike appropriation bills can be amended with anything at any time and you have to put up with that.

This why you see the only authorization bill that traditionally goes through is defense authorization and and military construction. This year there was a problem with defense authorization and the speeches, if we do not get this authorization we are letting our men and women down our military around the world. What about our foreign service? We do not care about that, it is the military. You could run a defense appropriations through the whole thing, but we will not do that. Foreign assistance is not a problem. I laugh for a couple of reasons about that. I am sorry I did not write down your other. You are going to have to get Congress playing. The authorization will be a good thing. Oh the rewrite, I laugh about the rewrite. That was the other thing what George says, should we do the rewrite. A rewrite we could do in two weeks. A lot of NGO's here would not be happy because your names and your programs would not be specifically limit.

I can actually do an authorization authorizing the President of United States to provide such assistance as is necessary to promote the economic, political, development agenda of the administration. That is all you need. You do not really need a lot and then you start getting restrictions the Congress wants to pull you, but basically you do not need much. The issue is, who wants their particular piece and I cannot tell you how many people come up and want their particular piece. How about basic education, first grade? How about all basic education? Well I just want first grade and it is like, you all are going to have to be involved in a rewrite and just tap down and say, no, we do not want anything. Good luck. That is not going to happen. Everybody wants to see their words and go even though none of them are necessary. Nothing is necessary.

The authorization exist, all of you do not come see us. You all have authority to do it. Remember also once in the state, I just introduced legislation to help women and children in refugee camps, 57 pages, wonderful. Bump up the Foreign Assistance Act, it does nothing to allow additional assistance to be. It was always there, it exists. You don't need that, but it is us who want our verbiage put in there. It is not needed. That is why I think a mere rewrite it is silly, it is not a goal and of itself. It should reflect an

administration goal to achieve a certain result, and then the verbiage just follows and it is very finite and very broad based.

Carol Lancaster: I am not sure whether to be optimistic or pessimistic about this comment, but Nancy you want to probably make some comments, but also it is sometimes from the nongovernmental organization community that these pressures arise to write a little more language in the saying—do it here, do it there. I cannot tell you how many board meetings I have been in where the conversation was how do we get an earmark? It is not completely the Congress's fault or the administration's fault. Do you have any views on that Nancy?

Nancy Lindborg: I think the NGO community should absolutely cop to the earmark approach. I just refer briefly back to my other comments which are, it comes in part and I recognize not entirely, but in part to a certain lack of trust that some of these basic poverty alleviation agendas will remain. If language follows form, if you come up with a great strategy and the language will follow, arguably the form should as well. A lot of the conversations that all of us are participating in right now about what should the structure look like are based on our assumptions of what can best accomplish the goals of what we think foreign assistance should look like. Putting my NGO hat on which probably never came off, but there has been a lot of emphasis on the cabinet level position because of a concern that without that elevation of the agenda that is implicit in that, it will continue to be eroded by an over reliance on shorter term objectives or the primary determination of shorter term political objectives.

I think everybody acknowledges that both are important, but that you just cannot have a structure that prioritizes one over the other. Maybe the dialogue is better fastened on, how can whatever the resulting structure insure that the longer term development objectives receive the same level of support and emphasis and funding at all of the various policy dialogues that occur and is that possible if somebody is double hatted? That to me is the critical question to ask. The follow on to that is, as you look at the strategy itself, I think everybody is wrestling with how do you marry the twin imperatives, the moral imperative and the security imperative and how do you make them not dichotomous but working together. The problem that we see in the field is for example a lot of funding is coming through DOD now.

Great development activities are now being labeled as counter terrorism initiatives and while it is the same stuff that is doing good things all of a sudden you have got an assistance program that is interacting with the host government as a counter terrorism program instead of a really great program that helps their youth get employed and have hope in the future. So why do we need to label it counter terrorism? It is because of the politics that are occurring domestically back here. I think the dialogue would be very well served by getting the grand bargain first of all at how do you get the strategy that acknowledges both of those imperatives and how do you create a structure that ensures both are equally well served. Then, there is the additional question of how do you wrangle, the many, many competing interest that make up this great democratic dialogue that we have going on.

We should sit in a room like this and get everyone to like make a pledge before they leave, that they will go with a larger framework right? Because it is a problem when everything is tied up and the embassy and the USAID mission get a budget that is 100% done already. You cannot do good and work that way.

Carol Lancaster: I know what you mean. I have lived it too. I am going to open up the floor for questions. I would like to ask of you that you introduce yourself and say where you are from and keep your questions short because if I am not mistaken there probably going to be a good few of them and we have a microphone so can I invite you to.

Kevin Murphy: Hi, Kevin Murphy from JE Austin Associates. Carol cannot answer this directly so it will have to be the panel, but Carol, a couple of years ago with Andrew Natsios here in this room you said you predicted that the unification of State and USAID would cause a greater politicization of the US foreign assistance and lesser commitment perhaps to long-term economic development objectives. I think it is time for a report card. Enough time has gone by to see whether or not you folks on the panel think that this has been the case, and if it has whether it is good thing or whether it is a bad thing?

Carol Lancaster: Well you know, I am going to take the opportunity to answer that question since I have just done a book on it and let me just say this that, I carried some prejudices or biases into doing the book

and I have carried them out, but I will tell you why. I think I am quite certain Rich can correct me that this administration's intention was not to create a State Department take over of AID and in fact there are quite a few fears in the State Department that the reverse was taking place. I do not know the inside and I do not know what inside decisions were made and on what grounds, but I think that the issue is still open. What really concerns me though is not what this administration intended or did, but what the next one does or the one after that. In my view, if you have a director of foreign assistance who reports to the secretary of state and it is probably appointed by the secretary of state that person is going to be accountable to the secretary of state.

And I think the inherent tendencies and incentives in the way our bureaucracy works in the way any bureaucracy works, put the development mission in danger. I have been in the State Department. I know the pressures to deal with today's crisis. In fact, I was sent out to raid the aid budget when I was a deputy assistant and secretary of state for Africa. I know that I was not very successful in part because there was too much distance. The closer you get, the easier it is to do. So I think that issue is still open. I do not think that this administration has lead the AID into a takeover at the State Department and I am very much concerned that in the future the underlying incentives and forces will take us directly in that direction, but Rich you can correct me. Probably, I am wrong.

Rich Greene: No, actually you are right and I live this stuff for better or for worse everyday on a senior level and I have not seen the slightest evidence of politicalization of the development agenda. And I have not seen the slightest sign of that from any senior State Department official. Clearly, I do not think that is an important issue with all due respect to your question. I think the important issue is how do you best accommodate the short term/long term tensions that are inherent in trying to achieve short term political goals and the need to sustain long term attention to achieve long-term development goals. I mean that is the issue and how we organize to make sure that is balanced out and are we doing everything possible to ensure that when we develop foreign assistance strategies and role out allocations and role out budgets that we have properly accounted for that tension.

That is a fair question, that is an open question and so I think it becomes more of a product or function of where we end up in the appropriation process, where we end up with appropriation levels, as opposed to political imperatives dictating the allocation of development assistance.

Carol Lancaster: Would our other panelists like to say a quick word on this issue or you can have go ahead?

Rich Greene: I just note in terms of the dual hatting that our committee we went to 24 or so countries to see how the foreign assistance is implemented on the ground and there wasn't an even split but in trying to empower USAID we were trying to—we did not reach a consensus as to which way it would be better. Some argued it is better to have the dual hatting and actually have the AID administrator sitting with the secretary everyday in that dual hat role but some said no that should be separate. Ultimately our recommendation was to keep it separate, but I think people of good will who want to empower AID can come out either way. When you say when you are down the hall from the secretary of state everyday you say do not forget the development agenda and that can be powerful when some crisis is happening in some other country.

Nancy Lindborg: I would just add that I really think that when we talk about USAID, inside somebody made the point, you need to think also what you do with PEPFAR what do you do with MCC and how do you gather the collection of major development initiatives into greater coherence focused on an agreed upon strategy that unites all of them.

Carol Lancaster: Yes, that is the other issue here. Okay, another question.

Asif Shaikh: Asif Shaikh, President of IRG. Carol and all of you have talked about the multiplicity of development agencies, but Administrator Fore consistently talks about the 80% capital flows that are private. If we are talking about coordinating public agencies and coordinating development assistance, upgrading the development assistance act, what about that 80%. How does that change the discussion?

Rich Greene: I think that is a great question and I think that dramatically changes or the increase in significant private flows changes what

we should be doing and how we should be doing it. I have taken to start using the term, not cleared by anybody, but that we are sort of morphing into a foreign assistance, venture capitalist, integrator role and you have US government flows not just from State and AID from DOD and from other agencies, PEPFAR and MCC. You have private flows, you got flows from other donors. You got in kind contributions, you got people all over the place doing all kinds of things and unless you are able to look at the big picture and unless you are able to get a better integration of all those flows, again you are not going to make progress and so your point is spot on. I think Henrietta is really taking this issue on. I do not say that just because I happen to work for her.

Henrietta has spent an awful a lot of time working with significant private sector entities here and around the world. She comes back for meetings with people and I will not mention names and she goes off to this meeting and I sit there and say you know you are going to go and they are going to say okay, here, do you want 20 laptops and she will come back and say Rich it was not 20 laptops. It was 100 million dollars. There was a lot out there to be tapped and we just have to figure out how to open the door for that and an integrated way that makes sense and just sort of get out of peoples ways.

Carol Lancaster: Nancy, I know you have to leave, but would you like to comment on this or any other things.

Nancy Lindborg: Well, I will just make two quick points. One is that's absolutely the right comment to bring forward. There are so many new actors and so many new resources that are working. That I do think if you USAID could play more of that coordinating role, helping to provide the frameworks so that everybody is moving forward and actually accomplishing goals all together. That is an enormously important role to play and the private public partnerships that a number of us are working with USAID on I think are a good indicator of that. That is another part of this new moment that Nancy and Henrietta are talking about that there is a new opportunity also to bring serious resources forward, but it is also additional responsibility to make sure that it is not further squandered. Because five to ten years from now if none of that has made any difference, if we're no closer to the MDG's or security or however your defining progress then you know the whole enterprise would go down. The other actor in addition to private

and I just want to say one more word about this is I do think it is so important to increase civilian capacity and have this enterprise be civilian led that that is the face that we want to present to the rest of the world and that is the way we want our leadership to be present around the world.

Henrietta talked about how do we insure that the rest of the world knows the American public is committed to in doing this. The proliferation of logos that go on right now especially from the different USG agencies is really confusing. It is really most important and the most effective way of letting people know that the US has been supporting and his helping them take ownership over their own projects. It is a little counter intuitive with the logo mania that were going on. I want to tell you that when we work with USAID money whether it is logo or not people know it is through the American people which is more important than which agency which spigot its come through and that to me seems again the area where we should be focusing our energies and not coming through military lens.

They do great work. It is an important thing to include that security lens, but if that is our primary face with the rest of the world I think we undermine an important part of who we are as country and what we are trying to accomplish.

Carol Lancaster: It is really useful to read the speech by Secretary Gates, that he gave at Kansas State University, the Landon speech. I think it was of weeks ago where he talked about the importance of the American government and the American people supporting development and the problems of limited resources. I took that speech as A-an observation, B-a lamentation and, C-I do not think he meant it, but a threat. If they cannot do it in a civilian part of the government, it is likely to happen in the military part of the government. I do not think he meant it to be a threat, but I think that is the way it sort of came across and I think that we need to keep that in mind. Thank you Nancy very much.

So a question here, now do we have somebody with a microphone. Alright, this is probably going to be the last question because people actually, some people in this town have real jobs and need to get back to them, but not me and not you, Paul.

Dan Martin: Okay, I'll try to ask a provocative question then. I am Dan Martin of Conservation International and now I maybe should not mention that Obama for America. I worked for many years for two very large private foundations that made many grants in developing countries. What has been said here about a coordinating role for USAID seems to me very unattractive from the point of view of private sector donors who see USAID so thoroughly hamstrung by all of the special interests, many represented in this room. By all of the set asides and earmarks just it appeared to me just speaking personally, not for those organizations, that AID could not possibly coordinate given the way it is hamstrung itself. What can be—is there anyway out of that or do we continue with USAID being a development program for Montgomery County, Maryland?

Paul Clayman: I think that there is a clear recognition within the administration led by Henrietta that USAID needs a significant infusion of resources. You will see the first step of that take place in the president's budget that rolls out on Monday. As Henrietta said, the largest increase in operational resources for AID that has ever been requested. Fair point on that. Second point is, I do not think we are talking about kind of micromanagement of foundation projects. We are talking about if there is an overall broad agreement on programs, policies that work that need to be addressed in particular countries and in particular sectors helping those that want to be engaged in those countries and those sectors do something that will yield the most positive impact. And I think this is what it is about.

It is about better information flow. Many of you have worked on this stuff for a long time and we all have great stories about coordination problems and coordination woes and how most major responses are just a mess early on. I think that is what it is about. A lot of it is about information sharing and it is a lot about getting better position so cumulatively the efforts just work better. It is not about taking over or anything.

Carol Lancaster: Thank you. I would like to echo that. I think sometimes certainly when we're in government. I have been the perpetrator of this sin. We think about ourselves controlling what is going on out there. I have just seen something that came out of the administration, a statement that said we want to shape the world. I guess when you got out of it a little bit, you get a little bit a few steps away, you think we want not to shape the world or maybe

cannot shape the world, but we want to help others and ourselves as we try to engage together. I do not know whether there is a mind set here that affects are language but especially in the development area we are big but there are a lot of people out there who are even bigger and there are a lot of them. I think the thing is to figure out how to help all of us do it better. I think the global development alliance that the administration has put together is a good start in that area. So, Paul do you want to have the last word. Thank you all very much on the part of the CGD and all of us up here. Thank you.