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"ORGANIZING U.S. FOREIGN AID IN THE 21ST CENTURY"

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P R O C E E D I N G S

MS. BRAINARD: Well, good afternoon. Whoever it was that said Americans don't care about foreign assistance has not come to this event today. We're delighted to have you all here, and apparently we have people in overflow rooms. So it looks like there's a great deal of interest in this topic.

We're going to go ahead and get started. We are missing one member of the panel who has a real job, and so my guess is that he's probably tied up and on his way over. And hopefully by the time we get to him he'll be here.

We are launching today a book, "Organizing U.S. Foreign Aid: Confronting the Challenges of the 21st Century," which Carol Lancaster and Ann Van Dusen have co-authored, and just by way of advertising, there are plenty of copies of this book, hot off the presses, in the bookstore which will be open when we wrap up today.

As many of you know, there has been tremendous change, tremendous growth and expansion in U.S. foreign assistance over the last four years, over a very short period of time. There's also been a lot more organizational fragmentation, and so the organizational structure has been changing very rapidly, as rapidly as the numbers, but in ways that defy common sense and certainly don't look like there is a guiding central intelligence creating the organizational structure.

So Carol and Ann have taken on a very knotty problem of trying to figure out what would be the right structure for the very complicated challenges we face in the 21st century. And I am going to hand over first to Ann to talk a little bit about the problem and the solution. But by way of introduction, Ann Van Dusen served as chief

operating officer for Save the Children most recently, and prior to that worked for many years in USAID, so is intimately acquainted with it, both from the inside and also from the outside.

Carol Lancaster is associate professor at Georgetown School of Foreign Service, and she also has a very long and intimate knowledge of USAID and the U.S. foreign assistance structure, both as Deputy Administrator of USAID most recently, but also working earlier in the State Department on Africa and policy planning.

Our other panelists who will comment on the recommendations in the book but also on the state of our foreign assistance organization structure more generally, to my immediate left is Peter McPherson, who is currently at Michigan State, but prior to that has had many posts in and around U.S. foreign assistance, for about six years as head of USAID, and most recently on Iraq.

Steve Krasner joins us. Thank you for coming. He is Director for Policy Planning over at the State Department, where I gather he is deeply involved in these issues and previously was at the National Security Council during the inception of the Millennium Challenge Account, and in between times and I guess prior to that, is a professor at Stanford University.

So, with that, I just want to turn over to Ann. Ann, there's a ton of new money and big, important new programs, including the Millennium Challenge Account, including PEPFAR. Interestingly, almost none of that has gone to the agency that most of us think of as our sort of preeminent development agency. I'm wondering if you could give us your diagnosis of why and also maybe a prescription for what would be the right way to organize this.

MS. VAN DUSEN: Great. Can you hear me? Good. I'm actually going to tell you the problems. Carol will give you the answers.

But the context for the book that has just been published is precisely as Lael described it. When we started talking about this last year, we saw that there was extraordinary commitment and interest on the part of this administration to development issues and international assistance. And it was not only that the levels of aid were higher than ever before and the growth faster than in decades, but it also was that development—in the national security strategy, development was put right alongside diplomacy and defense as a principal goal of the United States.

There were these very large, very special initiatives, PEPFAR and the Millennium Challenge Account, among others, and Carol and I asked ourselves how well organized is the U.S. Government to take advantage of these new resources, whether it's through foreign aid or through its trade policies or its debt policies. And the answer that we came to was, well, not very.

We saw a number of problems, starting with the sheer number of independent agencies that are involved in some way in international assistance within the U.S. Government. Now, the number by itself may not be a problem. We can talk about that later. But the absence of coordination mechanisms across that number of agencies means that duplication and sometimes conflict is almost inevitable.

Also, when you have a large number of independent agencies and inadequate coordination mechanisms, it becomes very difficult to make fully informed policy decisions. It's almost pure luck if you have all of the right people at the table when you're reaching policy or planning decisions.

We also looked at the problem that we see where there's a fuzziness or a lack of clarity about the purposes of the various aid programs of the various agencies, whether it is a development purpose or a diplomatic purpose or a security purpose, where we aren't clear about why we're doing it and what the goal is and it's very hard to extract lessons and to be able to say whether it's been effective or not.

The result of all this is that we see very high transaction costs within the U.S. Government, both in Washington and in the overseas posts, because of this proliferation and also very high transaction costs for foreign governments and for other partners doing business with the United States. We certainly know of a few instances where foreign officials have said we don't know which agency to approach on this or that issue. And I guess we probably know many, too many instances of agencies' having a proposal that is shopped from agency to agency until it finds a buyer. And our sense was, with all of those organizational problems, it's going to be that much more difficult for the administration to take advantage of the new emphasis and the new resources going into development and international assistance.

Now, just a word about some of the things that we focus on in the book. We certainly look at the history of previous attempts to improve interagency coordination as well as attempts to reform the management and structure of USAID, which has been the principal aid agency of the U.S. Government for most of the last 40 years.

We also look at the way other governments have organized their aid assistance and acknowledge and discuss that in the United States the legislature has a

much stronger decision-making role on development policy than in any other donor country.

We also comment on really the lack of information, poor understanding among the American public on foreign aid and the relatively minimal efforts on the part of the government to inform the American people about the problems of development and the uses of foreign assistance.

And, finally, I'll just say we take a glimpse forward—and Carol's going to talk more about this, but among the challenges and opportunities facing the U.S. Government is the changing group of actors in the development field. The growth in the role of private foundations, venture philanthropists, corporations and corporate foundations, high-visibility celebrities and high-net-worth individuals means that there are new actors that have to be part of the coordination equation and certainly will help set part of the development agenda, and that can be an additional challenge in the years ahead.

MS. LANCASTER: Thanks, Ann.

Just to sort of nail one or two of Ann's points, we have a problem, as we see it, of great fragmentation. Every single major agency of the U.S. Government, domestic agencies as well as foreign affairs agencies, has an aid program of their own. You're probably all aware of that, but that is something that has occurred in the last ten years or so. You can see signs of this in other governments, but it does, it seems to us, present a special problem here, and it's especially evident in the United States.

Not only do we have a fragmentation in programs where they're situated, we have a fragmentation, if you like, between policy decisions and implementation.

And we talk about this a little bit in the book, the problems that occur when you separate policy from implementation. You can see these problems in other governments. I hesitate to mention the Japanese Government, of which there are a number of representatives here, or the French Government, but it does complicate the effectiveness of aid delivery and the effectiveness of what you're trying to do. Some of it is inevitable, and some of it, it seems to us, is probably—it probably is needed to be dealt with or looked at fairly closely.

If you grant us the problem, then what are the solutions? The first thing we did was we said, well, what is the world we're going to be facing? What are the key factors we need to take into account as we begin to think about how we might restructure the U.S. Government to manage its aid program, and especially its aid for development program in the 21st century? And a couple of points came to mind.

Number one is something that I would have never dreamed would happen in my lifetime, as somebody in the development field for many years here, and that is the prominence that development has gained in the United States and, indeed, worldwide in the last couple of years. Ann mentioned the Bush administration's national security strategy. That puts development right up there with defense and democracy. The administration has also provided an enormous boost in resources for this purpose, and that is also very important.

It has become an issue that people are talking about. They're talking about the ethics of why the rich should help the poor. This is something I have to confess I heard very little of when I was in various administrations over the last couple of decades. That's out on the table. The practical elements, the practical reasons for

taking development seriously, no doubt encouraged by the experience of 9/11 and other terrorist groups, is right there out there on the table. We have to be concerned about the practical issues of development.

And so I think that this is an issue whose time has come, and I might also say that extraordinarily, it seems to me, there is a degree of political support for providing development assistance in the United States an elsewhere that I certainly haven't seen for many, many years.

So it's a very important issue for us there. It's time to think about how to organize it to make it effective and make it coherent.

Ann mentioned the world we're entering, the world we've already begun to enter, where governments are only one of many actors. This is what we call in the book "a world of many to many," borrowing from the telecom field, many actors relating to many other actors. Ann mentioned a number of them, not just governments and international organizations, but private philanthropists and so on, dealing not just with governments and NGOs but with individuals, with social entrepreneurs, with a whole range of actors in developing and transition countries. It's a world where, if government aid is not provided in a strategic framework and a coherent manner, it's going to get lost. And its influence and its effectiveness is going to get diminished.

So, with all of that, what are the options for organizing U.S. aid in the 21st century? We push for an option that is not original with us but hasn't been much discussed, I think, and that is the creation of a Department of Development, a Cabinet-level development agency that would unify as much as possible the existing development programs—the Millennium Challenge Corporation, USAID, the Inter-

American Foundation, the African Development Foundation. I know I'm stepping on a lot of political toes here, but politics is not what we're doing. We're trying to get the ideas out there for you to consider them.

I am not sure we can reasonably push for including the many small aid programs, the small development programs housed in U.S. domestic agencies like the Department of Labor, Health and Human Services, the Department of Energy and so on, I think, but together with the department you could have the prospect of much better coordination. It's not possible for a sub-Cabinet-level aid agency to coordinate Cabinet-level agencies. It just ain't going to happen.

So if you want the development voice at the high table of American politics, which presumably is what is implied by the current situation, you need to do it at a Cabinet level. Ann and I and many of you have worked for sub-Cabinet-level aid agencies where you have to spend a great deal of your time fighting to be invited to principals meetings that talked about development issues and your agency wasn't there. And it's very hard to function effectively if that happens, and that is a tendency that has certainly been apparent in the past. So a Cabinet-level aid agency to meet Cabinet-type issues, to deal with Cabinet-type issues, and a unified aid agency that is perhaps like the British, which, it seems to me, have done it right above all other aid donors, that would have bilateral and multilateral and the other programs we've talked about. It would make a powerful, coherent aid agency.

I'm not suggesting that one puts aid for diplomatic purposes in there in such a Cabinet-level agency. That has to remain in the hands of the Department of State

where decisions are made on primarily diplomatic grounds, but perhaps implemented by a Cabinet-level aid agency.

So that is one option. It's the one we urge. It would include policy and implementation to the extent possible to get the best out of both.

Obviously, that has a lot of political implications. It could be very difficult and so on. A second best approach, another option, it seems to us, would be to unify USAID and the Millennium Challenge Account. I personally think it wasn't a bad idea to establish the MCC as a separate agency since it had to create its own *modus operandi* quite different from that of USAID. But it's a lot harder now, it seems to me, to justify that separation, which I think is becoming problematical.

So unifying those two agencies would be a second-best solution, give us a more coherent, more powerful voice for development within the administration, but not at a Cabinet level.

Another approach would be to merge one or both of these agencies into the Department of State. There are a lot of rumors in this town that this is being considered right now, and I know that Steve Krasner isn't going to be able to say anything about it, but you can speculate in your own minds what this means.

I have to confess I spent a lot of my time as Deputy Administrator of AID fighting the issue of merger, and I thought it was a bad idea then and I think it's a bad idea now. In my view, personally—we don't, I don't think, spend too much time in the book on this—the missions are sufficiently different to raise questions about how well they fit together, and the experience of the merger of USIA into the State Department

gives us real pause about the effectiveness of that kind of merger. But, in any case, it is an issue. It's an issue that should be considered.

And then the final option—which I will call, for want of a better term, the "wuss option"—is better coordination; that is to say, trying to create a more influential focal point within the administration, probably would have to be located in the White House, to coordinate all of these various programs. There's not such a focal point right now, to my knowledge, and I would say that in any case one would need to be established if it were going to be established on a permanent basis, because NSCs change and all the personalities change and the leadership changes, and so do the responsibilities of individuals in that agency. So you would have to have something a little special to make this work.

Those are the overall broad organizational issues we talked about. I won't go into detail, but there are plenty of challenging internal issues that need to be confronted whether one is dealing with small aid agencies or USAID. And I'll just mention a few of them: the need for greater flexibility and more streamlined programming processes. We all know how complicated these things get, and they tend to accumulate over time so that they become more complicated and more complicated.

Evaluation is a great weakness in USAID. That needs to be strengthened as well. Results management, for all of the cognoscenti here, is great, but if it takes away from real evaluation—which it has done in USAID—that becomes a problem. We all need to know how well these operations are delivering their promised goods. Contracting and reporting has been a problem and a challenge and so on.

Other issues that every aid agency has to face—and I think they are probably ripe for another look now—is the relationship between headquarters and the field. Any operation that is located in one place and functions in another is going to have this challenge. We think it's time to have a look at that relationship as well.

And then Ann hinted at this: development education. There is no government that can carry a large aid program over a long period of time without domestic support for that aid program. And having mentioned one of our colleague agencies here, one of our colleague governments here, Japan, I'd say the Japanese have done some very interesting things, as have many of the Europeans, on development education. We have done very, very little in this country, shockingly little, probably less than any other aid-giving donor on a per capita aid basis. So that I think is something that's out there. There's a real opportunity to do something important right now, it seems to me, with the growing political awareness and support for foreign aid, as much in the traditional development community as in the faith-based agencies. And so it seems that now is the time to take a look at all of these things. And, happily, that's what the administration is doing.

Thank you.

MS. BRAINARD: Terrific.

Well, let me turn first to Steve Krasner and just ask a question. For either of Carol's first two options, they'd require big lifts from the President, from the administration. And I think if—we've actually been holding a series of discussions here at Brookings looking at the history of foreign aid reform, and among the things that Larry Knolls (ph) has taught us is it really requires a crisis to see big organizational

structural changes. It's easy to create new things, little new things, but it's harder to force through big reorganizations.

As the administration thinks through what are the various options for rationalizing, how big a push does it assess fundamental change to be?

MR. KRASNER: What's your "it"?

MS. BRAINARD: Presumably you don't want to tell us what your "it" is, and we're not going to ask you what your "it" is at the moment—

MR. KRASNER: I don't know. I mean, I think I've talked—

MS. BRAINARD: —but just any kind of big organizational changes—

MR. KRASNER: I'm going to go into my kind of Washington naïf mode. You walk around, you talk to a lot of people, inside the administration and outside the administration. For the most part, but certainly not entirely, people say the system's broken to one extent or another for exactly the kinds of reasons that Carol described. But that's not by any means a universal judgment. I mean, I've seen people in Congress, I've had discussions with people on the Hill, staffers who say, "You guys are complaining about earmarking al the time. I sit on the Appropriations Committee, and actually foreign assistance is the least earmarked bill that we ever see. You should see what these other bills look like."

So the congressional perspective—so even in terms of the kinds of problems that people see with foreign assistance is not universal agreement on this. First point.

The second point is there has been a lot of, you know, for me, I mean, a striking degree of variation in people's assessment of how difficult this would be. And it is obviously related to how broken you think the system is.

Now, I don't think, though, if you look at—your premise was that you need a crisis to get this thing fixed, assuming that it's broken in the first place. There are issues that we're dealing with in our foreign policy that are very high on the President's agenda, central to the President's agenda, and the Secretary's agenda—democratization, the promotion of good governance, the promotion of freedom in general, and the war on terror, which speak to issues of foreign assistance. So you might not have an absolute direct crisis that you can point to, but it isn't evident that the environment doesn't provide an opening for doing something that would be significant.

Second, the fact is the Millennium Challenge Account, assuming it does get fully funded in the near year or two, is a 50-percent increase in American foreign assistance. It was not driven by some manifest crisis. It was a set of ideas which actually were not particularly related to constituent education. And yet it works. So it isn't completely—it is not completely clear to me—I will speak personally—what degree of heavy lifting you would have to do to make this work.

Having said all that, it's very clear that you wouldn't attempt anything like the first couple of options that Carol described without major buy-in by the President and a push from the President. I mean, that's not going to happen. But if you're asking me how big a push I think this is, in my conversations people have been all over the map.

MS. BRAINARD: Peter McPherson, a historical perspective. You operated as head of AID under very different circumstances. Can you reflect a little bit on how things have changed, how much you see the diagnosis similarly to Ann and Carol and whether you see a big organizational fix as important at this juncture.

MR. McPHERSON: Well, let me talk first of all about some of the suggestions. The Holy Grail of the development community has always been a Cabinet position, a person to articulate, to have the President's ear. The problem with that, in my view, is that Cabinet positions work if, one, there is a very big constituency—let's say when Vet Affairs became a Cabinet job—very powerful political constituency around the country, which is being built in this country. The last year or so you see a growing constituency for development as you never have before. But I don't think it's there. Or, secondly, it needs to be something which day in and day out the White House has to focus on, as they do defense, foreign affairs, et cetera.

None of those conditions in my view today make it likely to have a department, even though certainly at an emotional level I've always thought, wouldn't that be something.

But at a practical level, too, I think you need to have one of the three or four major departments in this town be the godfather or godmother of foreign aid. When I took over AID in 1981, I took the job as Administrator at about the same time that Haig became Secretary. And I talked to him and Shultz when Shultz took over. I said the same conversation. "I report to the President, Mr. Secretary, but you're going to see him all the time and I surely won't. I want to report to you. And, by the way, I want to go to your senior staff meetings every morning as well."

It worked out wonderfully. They were both very supportive of me. I had the protection that I, of course, occasionally needed.

Now, the structure, it wasn't nearly as fractured. This was '81, January '81 until I left in '87, early '87. When there became serious question of AID folding into State was when we began to have the big issues. AID always gets criticized. It's not like doing business in Ohio or something when you're doing business in Sudan or Bangladesh. There's always criticism. And, frankly, it got more and more criticism, and every time a new issue came along in the years after, for example, when the new republics came into existence out of the Soviet Union, State really took that over in terms of the policy and deep into the program—not the implementation. And the criticism at the time was AID can't do the job or doesn't have the policy strength to do it.

Well, when it was taken over, it is true AID got weaker, and year after year we split off HIV/AIDS, AID can't do this. Well, maybe it couldn't, but it sure couldn't after it was taken away. And now you have HHS and the State Department and AID. This is a three-headed program now.

I think they're all good people. Tobias, for example, I think is a very good person. So this isn't—this is not personalities in any sense, but we do have a very fractured structure.

What do you do about it? Well, I don't think it's practical to have a separate department. I think today the Secretary of State really day in and day out is the person that has the point in foreign aid, should have it, will have the President's ear, can speak to Congress about it, can get things done. So my idea, frankly, is how do you strengthen AID within the department, pull these various strands together, so have that

person be able to and expected to comment on trade, on investment policy, as well as development policy, just what pieces and parts the department will think about, but essentially consolidate some real control separate from the department. I mean, you can't have every Assistant Secretary for Africa or wherever commenting and really being able to effectively allocate money.

I don't say not input. It ought to be. I felt very comfortable going to Larry Eagleburger and saying, "There's politics here on money to a little country in Africa. Development-wise I don't think I should do that, or I should. Larry, give me your view." I mean, that really worked, but it wasn't the Assistant Secretary. He was then the Under Secretary, political. It was the Assistant Secretary that told the AID Administrator what to do with their money. It was really Shultz's office, as a practical matter.

But it has to be powerful enough within State so it is clearly at least an Under Secretary if not quasi-Deputy status to be able to engage the system. And I think that's consistent, but the Secretary, particularly in this administration, the Secretary is a very powerful, prominent figure that AID needs.

Now, let me give you a couple nuances. There are some questions about the departments each having their foreign aid program. It would take a longer time to get them just to talk about that, but take Treasury. It has a wonderful little program of a few million dollars a year that works with banks, foreign exchange questions, central banks, and people that know about that want to work for Treasury. They don't want to work for State and AID. I mean, it's sort of a cone of people that have an interest and expertise.

So you've got that kind of question all over the government, how you tie that in, but you have Jim Fall, who runs it, a very good man, about to retire, I think does connect well. But that's in part because of the personalities. How you do that, Carol, I think is a good question.

Now, what hasn't been discussed here is the World Bank, at least only lately—the World Bank and the IMF. When I was at AID, I spent a fair amount of resources trying to get missions to comment on World Bank projects coming up through the process. It was always a bit of a struggle, but on major projects we did comment. Ann will remember. We did comment, we did have an impact, I thought. Now, some greater formalization of that is helpful.

I don't think in the end, even if you have a Cabinet job, you'd want to fold the World Bank into the Cabinet level, even if you could do that, and here's why. And not everybody will—Nancy Birdsall, for example, doesn't agree with me on this. We've had some discussions lately.

Treasury on the Bank and the IMF has a separate credibility [inaudible], a separate power with Finance Ministers around the world who usually run their World Bank/IMF relationships. And I think you'd want to keep that separate. Nobody proposed to the contrary in any case. But I do believe there is some need to have a stronger AID, have an ability to really engage the Bank.

The Millennium Challenge Account—and then I am through. I am sorry to go on too long here. The Millennium Challenge Account, in my view, is one of the most interesting institutional and substantive ideas that's come along for a long time. Carol and I have worked for ages on this question of conditionality, how you get

countries to do things, and I think the history is now quite clear. Countries do things when they decide in their body politic they're going to do it. And that's when it works. And if they don't decide that but they agree to it but don't really—it's not theirs, ultimately it hasn't worked very well. There are a few exceptions, but not too many.

I think this is a very interesting idea. It also gets away from some of that earmarking. That's a little point that—much of the Millennium Challenge Account money is going to rural areas, not to following the AID earmark [inaudible].

I'm not sure it would have—I think—it's like a big corporation. When you get a new, very different idea, it's pretty hard to incubate. It isn't that a person like Andrew Natsios wouldn't do it, because he surely believes in it. It's just hard to institutionalize. So getting it going as it is—and, Carol, I would think it would be some longer; otherwise, it hasn't—it hasn't quite got its legs, in my view—is important.

MS. BRAINARD: Let me just mention, since you did raise the Millennium Challenge Corporation, I think the signing of the Nicaragua Compact is happening today, and I just wanted to mention that Lex Rieffel, who's also here at Brookings, has just done an analysis of the first four compacts, along with James Fox, that I think is available at the back of the room on the way out, including the Nicaraguan Compact.

Let me turn it over to the audience for questions, and I would ask you to identify yourselves and your affiliation. And I think we have—do we have a mike? Yes.

QUESTIONER: Thank you very much, distinguished panelists. I'm from the Embassy of Bangladesh, and I'm really—it's enlightened to make one comment, very enlightened to have this discussion here at the Brookings. It worked for Bangladesh—

MS. : Can people hear in the back? Can you please—

QUESTIONER: The USAID efforts worked pretty good for Bangladesh, and one of the things that has spattered around the press in the New York Times and the Washington Post about a Muslim majority country, how they have contained the AIDS matter, especially two countries have been singled out, one is Bangladesh. And I think USAID can take a large part of the credit for that effort.

The other thing is that on the question of Millennium Challenge Account, my question is: The Millennium Challenge Account is very interesting. In fact, it is just like putting the countries into a race for democracy and also to meet some specific goals and criteria, which is very interesting, and I think the Bush administration did a marvelous and a magnificent job in trying to bring together this Millennium Challenge Account into its—but the way—the thing that has been mentioned by Mr. Peter McPherson, I think he's absolutely right. We have to understand the nuances of those countries, those countries like Bangladesh and other countries, the developing countries, that if Millennium Challenge Account has to be made into its—to make its goal, then I think, you know, there should be specific areas that the United States Government can extend to, that I would like to hear from Mr. McPherson that a country like Bangladesh, which has met almost all its criteria excepting one, how does-it's almost like hand-shaking distance. We have corruption, and, of course, the government of the day is trying its best to contain it, like many other countries in the region.

So may I just ask specifically to Mr. Peter McPherson, How do you think that the Millennium Challenge Corporation can do a little bit different in order to specify that keep those criteria and standards and also help countries like Bangladesh, which is a democracy, women's empowerment, and other areas where Bangladesh succeeded [inaudible]? Rightly so. Thank you, sir.

MR. McPHERSON: Well, I used to be very close to the Bangladeshi issues. I haven't been for a few years. Bangladesh—I always felt back in the '80s, when I worked with it—was so close to the margin that you had to do it. I mean, look at the food production and so forth in Bangladesh in the '80s was quite impressive, and now textile work, let's hope that continues, the offshore gas and so forth. It's a country that has a great deal more promise in the view of almost everyone than it would have in, let's say, 1975. Some comments internationally are pretty disparaging about Bangladesh.

I just don't know how those criteria would apply right now to Bangladesh, but clearly with its population and what else has happened in Asia, it's now something of an exception. Asia in 1960 had the per capita income of only half that of Africa. Look what's happened. I would hope Bangladesh would continue to make real progress.

I'm under the impression, to respond more directly to your question, that the MCC criteria are fairly specific and, in fact, (?)-ally it looks like countries are racing to get there—some countries. I don't have a view that there's a problem with the criteria. It sounds to me like you as a Bangladeshi are thinking hard about how to get Bangladesh there and [inaudible].

MS. BRAINARD: Jennifer?

QUESTIONER: Hi, Jennifer Windsor from Freedom House. I just want to bring the President's priority that he articulated in the second inaugural address to the table as part of this discussion because I know your book does address the issue of democracy promotion, so I'd like to at least hear you articulate what your suggestions are for reorganizing U.S. Government in terms of democracy promotion, and also to really get Steve Krasner's view on some initiatives that are coming from the Hill, the Advance Democracy Act. There's Senate appropriations language that actually puts an earmark on democracy programs, and generally comment on what the administration's ideas are for how to strengthen the implementation of the President's vision on democracy promotion.

MS. : I think we should yield to Steve on this.

MR. KRASNER: You know that this is a very high priority for the administration, and if you look at democracy promotion, it does, you know, suffer—maybe not more dramatically but it certainly as much as a number of other programs. You have programs in a number of different agencies. The relationship between DRL and the DG Directorate in AID, I mean, it's not completely separate, but they're not completely, entirely knitted together.

We have welcomed the Advance Democracy Act. Our only anxiety is not to have a set of stipulations, and it's exactly what you always see in the relationship between—or often in the relationship between Congress and the Executive, not to have a set of stipulations that are so specific that they micromanage what we do. So there are earlier versions of the act—I don't know whether this is still a part of it—which specified the percentage of FSOs that should be in DRL. For instance, that's not something that

we would welcome, but in terms of trying to focus more attention on democracy, that is something that we welcome.

Now, I have to say if you look at the larger set of issues which the book addresses, in that sense of thinking about democracy promotion would be part of a larger set of changes if that takes place. Now, that might not take place. But, in any event, we've been sympathetic to the Advance Democracy Act, provided that it doesn't try to micromanage what the—micromanage and take away the Secretary's prerogatives for management within the department.

MS. BRAINARD: Charlie?

QUESTIONER: [inaudible].

MS. BRAINARD: There's a mike coming.

QUESTIONER: —with CSIS at the moment, was with the Congress for a few years. It's wonderful to hear Peter again. We missed your wisdom for years. And, Carol, you're ever changing and the same. We appreciate you.

[Laughter.]

QUESTIONER: It's a long way from after the wars in 1992.

This book, on page 14 you discuss U.S. foreign aid in terms of almost of ODA. You don't discuss police assistance, security assistance, a lot of other things that we'd normally call foreign assistance that Lael and I are working on in a separate study. So I'd like to ask Carol and Peter how you would—would you and how would you incorporate humanitarian, disaster assistance, the office that Carlos Pasquale heads and that he and Steve just did a Foreign Affairs article on dealing with conflict, reconstruction, and stability, and not to mention military assistance, which traditionally

was run by the Department of State using DOD implementers, and is now, at least in Afghanistan in Iraq, totally under DOD with minimal State Department input.

So the question particularly for you two former senior officials, and, Steve and Ann, if you wish to join in, is: Should we go beyond development assistance in looking at the reorganization issue? How do you treat disaster, humanitarian, post-conflict in the Pasquale-Krasner side of things, and military assistance, which isn't mentioned? I mean, can you only do development assistance if you're looking at this issue?

MS. BRAINARD: Carol, do you want to—

MS. LANCASTER: Thanks for the question, Charlie. I will just give my own view.

We looked at this exercise as a focus on purpose, and the purpose we were looking at was to, if you like, promote the betterment of the human condition, whatever ends that is connected to, in other countries and particularly looking at things that we think of in terms of development broadly defined.

It is very difficult, as we all know, to draw kind of red lines, bright lines, between development and, you know, international public goods issues and now with the military activities in Iraq and Afghanistan, the military and the Defense Department doing a lot of what used to be thought of as development. It gets very blurry, but somewhere you have to draw the line. And I think sort of what we did was try to draw the line where the DAC draws the line, which is on what we call development assistance. And that would include humanitarian assistance as well. That is normally included in the DAC numbers, and we intended to include it here.

Now, as the definition or the notion of what fits into this grows, and it has been growing quite rapidly, it seems to me, the last decade and a half, and we begin to grapple with conflict and conflict recovery and conflict prevention, that sort of widens this field a little bit. And I think we were thinking that that would be part of it, too, as Jennifer's democracy goals would be.

But at some point, I think we thought there's enough of a difference between development assistance, assistance to kind of better the human condition, and assistance related to military activities abroad that we thought we would draw the line there. We didn't include export promotion funding. We didn't include OPIC investment insurance or things like that. Ultimately, we're all in a bit of an arbitrary situation, but we tried to be as fair as we could.

MR. McPHERSON: I think that the military assistance really isn't something that the AID Administrator of that cone should try to take responsibility for. Whether it's at State or DOD is another discussion for experts, but I—and I think it is very important, by the way. I mean, this is not—this can be a real value. But I don't think it's part of that cone.

Now, I do think that you can't really separate assistance to failed or failing states from development assistance. I don't know where the line, and, of course, countries move back and forth sometimes. It's interesting that Mr. Pasquale started off as an AID employee, as I recall, and has some expertise and perspective clearly there. I do think that however this ends up to be structured in the time ahead, the AID Administrator, or whatever that person is called—we did have a huge reorganization in 1961 when Kennedy created it and people—we think of this as a permanent institution,

but it's 44 years old and institutions do change. But I do think that the failed/failing state work and the development assistance are too closely entwined to be viewed as separate institutional structures.

MS. : Could I just add something? Charlie, I think you've highlighted something that is precisely the problem. Is it military assistance if it is DOD doing things that would otherwise be seen as development—building schools for young girls, doing village reconstruction and other infrastructure?

I think that's part of the problem. We have agencies doing development work throughout the government, often without the expertise or the background to do it. And so I think whatever happens, there has to be some kind of a mapping so that we see exactly where this development work is happening, no matter whether it's called security or military assistance or whatever.

MS. BRAINARD: Steve, I don't know, since you're living this reality where the world has changed a great deal, and security and strategic assistance are just much more important than they were even ten years ago, do you want to just comment on whether that has implications for organizational home or structure, and also this interesting relationship that we observe between DOD now and State on some of these issues?

MR. KRASNER: Let me respond directly to Charlie's comment. I think these things are obviously integrated, and there is in a kind of theoretical sense, and sometimes in a practical sense, no way in which you can separate them. We know where we want to get, which is, you know, to a world of democratic, market-oriented states. The problem is: How do we get there?

The starting point is obviously very different if you're looking at Haiti than if you're looking at Brazil. They're not the same thing. On the other hand, there is something that looks like a continuum.

The issue is, again, if—in an ideal world, sure, you would integrate all of these activities, or many of them, under one roof. You would create capabilities which the United States doesn't have now; g*endarmerie*—that's an obvious one, which many people have noted. We're not living in an ideal world, and we're starting from an environment which is very highly institutionalized. And then the question is, I mean, how heavy a lift do you actually want to do?

If I could return to the Treasury Department for a second, I've been sort of going around town collecting stories. So the Treasury Department story is exactly the one which Dr. McPherson gave. We're extremely cooperative. We really work very well with everybody else. So here are two other stories.

One was a story from a U.S. Ambassador. This Ambassador gets a cable wanting entry for someone from the Treasury Department. And the Ambassador said, "What is this person doing?" And the answer was they were coming to dollarize the economy. It was the first that the Ambassador had heard about it.

I had a conversation on the golf course last weekend, Saturday, with somebody from the World Bank, who said—hadn't met this person before, said, "You know, it's not so easy to work with the Treasury because, you know, most of the time we're dealing with development issues and these guys don't understand it."

Now, it's only to say that none of this stuff is simple. And, you know, one thing that's very clear to me after having looked at this for a few months is that there

is no—I think there are better—there are possibly better organizational arrangements than we have now. There is no ideal organizational fix, especially given the fact that you are starting from an institutional environment which has been created over a very long period of time.

I have to say, the most depressing thing I read in your book was this quote that Kennedy uses when he sets up AID, which is exactly what we could say now, word for word, exactly the same problems 40 years ago, hasn't changed one whit. So this is a long-term, challenging problem not,—I mean, I think—I do think there are ways in which we could do this better. But it's clearly not so easy to do, and in part because you are going to get big disagreements about how well it's being done now.

MR. McPHERSON: But, Steve, for decades after AID was set up, it was viewed as working much better than it has the last ten years.

MR. KRASNER: I agree.

MR. McPHERSON: And I totally agree that there's no mechanical formula to produce the right organizational structure. There's going to be personalities. There's going to be congressional interests. There are a lot of questions. But I think the department—which I don't really know what's going on, but the rumor is you guys are thinking about this pretty carefully. I think it's timely, and ultimately Secretary Shultz, who I saw the closest, felt he needed to have someplace that he could go to and get a coherent answer other than sorting it out in his office. And my guess is every Secretary feels that way, so I encourage your continued constructive thought.

MR. KRASNER: That's very well put.

QUESTIONER: Thanks. Gary Mitchell from the Mitchell Report. I want to preface the question by saying two things:

One, almost everything I know about this field I've learned in the last hour.

And, second, I'm not sure that—this question may come from some semblance of inattention, but I want to do it anyway, which is: It seemed to me in listening to this conversation that we went from defining problems to recommendations around structure. And, A, I may have missed something and, B, as I think about Steve's point about what the end goal is, where we want to be, my question is, either in the book or in your thinking or perhaps at some point in the conversation that I just didn't pick up on, did you look at strategy options in this discipline that will, A, make some difference and, B, help effectuate the end goal that Steve is talking about?

MS. VAN DUSEN: I think Carol labeled it "the wuss option." I happen to favor it, which is basically I think a lot more can be done through a very clear strategy and very muscular interagency coordination. And I don't think that truly has been tried as extensively as it need to. So I don't think that structure is the only answer, and the book does talk about what some of the problems are of putting coordination either at the NSC or at the State Department level. And you don't coordinate around a vacuum. You coordinate around some agreed on strategy. Right now I don't think there is a strategy across the entire government that encompasses the development field.

Carol?

MS. LANCASTER: I'd just like to say Ann and I have had some nice discussions, as you can imagine, on this and we don't always come out in the same place.

I come out a little differently. My view is that the structure has a great deal of impact on the strategy or on your ability to get a strategy. Anybody, I think — [tape ends].

— and a government or any bureaucratic organization understands that where you stand depends on where you sit, and that makes a big difference as to how much strategy you can get when there isn't a powerful agency driving it.

I also happen to think that where you sit depends on where you stand bureaucratically. And if your agency is a weak one—that is to say, in a weak position—then you're not going to be sitting in very many of the places where big strategy is going to be made. And that is kind of what we're grappling with here.

MR. McPHERSON: I really agree that this is the time to really look at this problem, and how much is done will be worked through. But I do think something will need to be done for purposes of more effectively managing things. And I believe if we don't do it this year, in the next few years it will be done, because it's becoming too serious of an issue. And, frankly, it's too important to this country, and serious people like Steve know it's important.

MR. KRASNER: I'm going to give my view on this. This is by no means anything I've even articulated much within the government.

I think the question of coordination depends on whether or not you have some kind of baseline agreement about objectives—that I think we have—but also agreement on what appropriate tactics and strategies are.

I think the problem we're looking at is that baseline agreement actually doesn't exist in the interagency process, and I would say also it doesn't exist even in the larger think tank or academic community with regard to foreign assistance.

Line up all your articles about, you know, what makes foreign aid effective. You get every possible outcome, you know, negative, positive, all of which have weak significance indicators.

Under those circumstances, I'm skeptical of the ability to get effective coordination, and I think it's easier to get coordination if you have some kind of baseline agreement not only on objectives, but also on tactics and strategies. I'll give you another couple of stories.

I was in South Asia last week. I had one conversation in Pakistan, and they had an idea for doing a rule-of-law program. But the only rule-of-law money that they had was counternarcotics rule-of-law money. All right. They thought they might be able to get this reprogrammed, but they weren't sure. And it was certainly going to take some time to do it.

I then had a conversation with some of the military people in Afghanistan. They have CER funds. CER funds might be the kind of Holy Grail for development assistance, but basically these are command or emergency relief funds. That's why these guys are building schools in places where AID doesn't even have assistance programs. But they have some degree of flexibility, and you can sit and listen to, you know, a military commander have a discussion about how you want to use these funds with this person in the field, in which you have an environment in which you're operating generically in environments which are fluid and unpredictable. And under those circumstances, I think there's some argument for having a more hierarchical structure which gives somebody the authority to say I know where I want to get, I know

what the local circumstances are in this environment, I'd like to have the flexibility to be able to do that.

So, I mean, you may be right about interagency coordination, and we may end up with interagency coordination because, frankly, it is a default position, and it might—I mean, it might turn out to work pretty effectively. My anxiety is that I think it can work well if you're doing—I think if you're looking at—PEPFAR has been a very successful program. It involves some interagency coordination. You do have a clear objective. You have some real technical constraints. And I think under those circumstances, interagency coordination is something that can work very well. If we're thinking now about, you know, democracy promotion, this is a very challenging issue for us. Circumstances vary across countries. It's not clear that there's—there isn't any technical template that's available. It's a critically important issue for us. And there, I think having a greater degree of hierarchical control rather than interagency coordination might be more effective. That's my view. It's not a view which I want to say anybody else in my department or the interagency process has necessarily bought into.

MS. BRAINARD: Back over here.

MR. THORPE: My name is Robert Thorpe, and I'm an alumnus of the (?) Center at the University of Maryland, and I have several questions, but I just want to begin by noting the comment that was made about Freedom House and democracy promotion. I recommend looking at a speech by Serlof (ph), who is very close to Putin. It's available on Johnson's Russian List, and it has a long discussion of Freedom House and who its chairman is and refers to—uses the phrase "To Freedom House," normally used with the KGB.

My comment, I guess, or question is: Why does it make sense to have two development agencies? I don't see the rationale for it, and I haven't heard one as to why it works. And each one of these countries where they have compacts, AID has had extensive programs for years, and so I assume that the funds that the MCC is putting into these countries are marginal funds; that is, the present marginal product of a dollar of aid is X, and they're now putting in funds that will be worth even less than that.

I also ask, if these countries were chosen because they were so good in governance, why then are these contracts so long? They're called compacts, but they're really contracts. And you have these huge, long contracts that control every little activity by the country. I thought the idea was you could give these countries money and they would spend it well on their own and you wouldn't have to worry about it. And I also ask, what are the administrative costs of these contracts? I would not want to be in the position in the private sector trying to carry out any of these activities under these kinds of contracts. That would be total nonsense.

MS. BRAINARD: Okay. Let me—

MR. THORPE: I would also ask, you know, how did Georgia get on the list—

MS. BRAINARD: [inaudible] questions.

MR. THORPE: What?

MS. BRAINARD: Let me ask you to—you've already given us three questions, so maybe we can ask the panelists to comment on that.

MR. THORPE: Fine.

MS. VAN DUSEN: Well, you're not going to ask us for the rationale for keeping them separate. I do think that they can be combined and yet maintain the different *modus operandi* and focus of the MCC and AID. I think that's possible, and I think there may be administrative savings to doing it that way, as you point out, that both organizations will be working in many of the same countries. I notice that the MCC is now advertising for a mission director for Benin where there already is a mission director for AID. And it's just surely going to confuse things. So I do think that there is a possibility of combining them.

Carol?

MS. LANCASTER: Yes, I think this was more of an attack on the MCC than anything else, and I don't want to particularly defend it because I'm not an expert. But I will say that the idea behind it, it seems to me, was a very good one, which is to try to create an operation that puts maximum responsibility in the hands of the recipients to sort of design what they want and take ownership. That's a little bit different than we're usually used to doing business.

And I would also say that although it's gotten off to a very slow start and it probably has a lot of problems, anything we do in government that's new is an experiment. And I think we can't write it off as a failure. We're still in perhaps the early stages, at least the middle stages of seeing if this works. So I think it's a legitimate activity. I think the question is eventually, organizationally does it need to be separate or should it be part of a broader aid agency.

MR. McPHERSON: It seems to me that this is one of the more original approaches to development of the last generation, and we struggled for years on

conditionality. And we did find that it was just very hard to get things done unless, as I said earlier, the countries buy into this. And in the MCC case, they've worked hard, it seems, from what I can see, to ask countries what they need. Part of the test on that is what they are coming back with is different than the earmarked allocations that the countries were receiving under AID, Madagascar being an extraordinarily good example. Half the Madagascar AID program is biodiversity, which I think is very important and the developed world probably should fund. But the Madagascar folks said we want land title.

I mean, so there's—they want something different, and I think this approach is very sound. I love the idea that it's really a partnership, and it looks like it's carrying that off. I also think if you folded MCC right today into the State Department, you wouldn't get as much money from [inaudible]. I think that's the political reality of it.

Now, where this should be in three, four years is a fair and good question.

MS. BRAINARD: Stephen, do you want to comment?

MR. KRASNER: First of all, it's obviously far, far, far from being a failure. I think the basic philosophy of MCC is terrific, and it's the best assistance program that's out there for the reasons that Peter has alluded to. The idea was to have the MCC be catalytic, not to be marginal. The reason the compacts are elaborate is because the MCC has really made a serious effort to engage with its partners as opposed to just having compacts written by outside experts. I won't mention the country. I read the PRSP for a Sub-Saharan African country with a very low per capita income, and I thought, boy, if there's anybody in this country that could actually write this, their per

capita income would be $5,000, not some small fraction of that. So I think the MCC has taken its charge very seriously.

You know, if you look at the issue of why was there a second agency created, it is that we're not starting from scratch. So people looked at this. AID is there with a set of existing practices, and it may be practices, obviously, that did not come from AID, because you see—I mean, the morphing of AID, as Peter said, over the years, but practices that were imposed primarily externally, you know, people within the administration looked and said if we really want to try this new way of delivering foreign aid, we're going to be able to do this more effectively with a separate and new government corporation.

Now, if you'd started in a world that was *tabula rasa*, would you have done that? No. But we're never in a *tabula rasa* world, which is why a lot of the institutional organizational problems are particularly challenging.

MR. McPHERSON: And there may be ways to tie this together for efficiency, for example, what I would, as my business background, call "the back room," the finances, the bookkeeping, the auditing, the car pool. I mean, there may be a bunch of functions which should be common functions, as they are in many embassies now, in a number of ways. I think that we've got to be careful that these two institutions don't get competitive, and really collaborate because AID, as represented by career person Ann here, has just an extraordinary number of dedicated career people, and we ought to make this—we ought to have this function together while this idea is incubating.

MS. BRAINARD: Let me just use that question just to reiterate that you really should take a look at Lex's brief. One of the things he does in detail is ask this

question: How different is this in what USAID would normally do? And he comes to a similar conclusion to Peter McPherson's across the four compacts. The programming is actually quite different, although the amount, the funding amount, is not catalytic except possibly in the case of Cape Verde, that it's too small to be catalytic in many of the cases.

Don Pressley, I wanted to give you a chance to...

MR. PRESSLEY: Thank you. Don Pressley with Booz Allen Hamilton. I wanted to come back to a question that I think has been resonating among many people, and it really started with Mr. Krasner saying, "What is `it'?" And Ann and Carol, in order to frame the book, said that "it" is development, "it" is the attempt to improve the human condition, if you will.

But I think in light of the evolving world in which we live, as Lael framed it, defining "it" is maybe a much harder step than the authors of the book tried to take on. I think that if you begin from a standpoint of "it" is the efforts of the United States to shape the world through various foreign assistance arms, that changes that dynamic and does re-engage the question that Charlie Flickner asked around police training and military assistance and those kinds of things, because the question is: What are we trying to accomplish? And I don't think we've gotten a collective sense of that, and I think the world has changed from the days when Peter was running AID. And I wondered, Carol, if you'd like to comment on that thought.

Thank you.

MS. LANCASTER: I think your point is very well taken. We are trying to shape the world in many different ways with many different instruments. But in order

to avoid writing a 900-page book, we decided to draw some limits. And I do think—it's not easy, but my own instinct—and Ann may disagree with me, and others, too. But my own instinct is that you can say something about trying to, if you like, reduce poverty and address human suffering and improve, if you like, the human condition without having to shape—to sort of define that so broadly that you include everything up to covert action.

And I do think that this purpose of U.S. foreign policy has become a great deal more prominent in the last three or four years than, alas, it was in the administrations I served in. And I think there's enough there not only to talk about but, you know, disagreeing a little bit with Peter, enough to shape a Cabinet agency around. And I would just say this: that it may not have the big constituency that an Agriculture Department has, or even perhaps EPA. But one of the things we see in other aid donor countries, for example, Germany, is the creation—in 1961, this was—I'm full of these trivial facts because I've just done a book on all this. In 1961, the German Government, for reasons that were domestic political, established a Ministry of Development. It hadn't anything much in it. It gradually acquired programs and responsibilities and has become a major voice in the German Government for development issues and I think has probably, although nobody can prove this, made the German efforts in development more effective than they would have been if they had been scattered about, as they had been, before this organization was created.

So, I mean, you can create it because the constituency exists right now, or you can create it because it's important enough and you expect it to become even more important in the future and you want to give a boost. But I do think you can talk about

development legitimately, broadly defined, without having to expand that so widely that you lose focus. That's my own view.

MS. VAN DUSEN: And I think in the national security strategy it does. It's not a tight definition, but it is distinct from diplomacy, it's distinct from defense.

MS. BRAINARD: I think we have time for one more question. Jo Marie?

MS. GRIESGRABER: Thank you. Jo Marie Griesgraber. I'm with a coalition called New Rules for Global Finance. And I just wanted to pick up the issue of policy research that hasn't been touched on yet and how, Dr. Krasner, you would see the development research function being played out in whatever schemes you're coming up with. And, also, it seems that Carol and Ann have identified and named a movement, an interest. There's some dynamic within the American population as well as geopolitical needs for development, and how you would capture that, that energy, in the designs you're coming up with.

From what I heard, the approach, the various options didn't seem to resonate with where your thinking is now. How are you capturing that energy?

MR. KRASNER: I thought I'd been sufficiently evasive so you would have no idea what my thinking is now.

[Laughter.]

MR. KRASNER: So I obviously have failed. I haven't actually given much thought to the issue of development research, not because I think it's unimportant but because I think actually there's a very big and rich community out there doing it now. And the one thing I know and I'm confident about, since I spent my two years

back at Stanford thinking about this, is that we don't have good answers. There are no knock-down answers in the academic literature. And there's hardly even a well-defined debate on a number of different issues. So this is still a very, very challenging question, I think, purely, I mean, in the academic—or academic and broader think tank world.

I think one of the things about American foreign policy that's great is that a lot of this—you know, we have a lot of this kind of activity going on now, and it's a great strength that we have it going on in a lot of different places. That's the first thing.

The thing in terms of capturing the energy, it gets back to the way in which other countries have actually dealt with this issue. There is one very clear finding in development assistance, and that is that there's a very powerful correlation between government share of GNP—government expenditures to GNP and aid ratios to GNP, and it's basically because countries project their own domestic, political, economic structures. Social democratic European states give a lot of money. The U.S., you know, a much more market-oriented state, gives as a percentage of GNP much less.

I think the challenge in the United States is that being—and this alludes to the prior question as well: How do you frame the challenge of foreign assistance? I think the President did it one way, which is very effective, which is to talk about democracy and human freedom, which is something that Americans understand. But how do you phrase all of these more complex issues in terms of development, which is a pretty abstract thing, as opposed to phrasing it in terms of let's get more kids in primary school or, even more to the point, more girls in primary school or provide mother/child health support or deal with counternarcotics, which are things that constituents in

America understand and have commitment to, but might not necessarily line up in the most coherent way for a development strategy for a particular country.

And I think that's a particularly challenging issue in the U.S. because given the way the U.S. is, given basic American values and attitudes toward government, reflected in both our own patterns of expenditure and in our foreign assistance, it's not something which automatically resonates with Americans in the same way that it would with Swedes. Which is a very good thing actually, in my book.

MR. McPHERSON: I think the work that you've done here is really very important. I think the continued interest in the Cabinet role, or whatever, is going to be there. As the constituency grows, it will continue to be surfaced.

I believe that the U.S. Government—there will be pressure for more and more fracturing. It's because every one of the departments or agencies have more and more international roles. Come to mind my friend, former Governor of Michigan, who was Ambassador to Canada, Jim Blanchard, who talks about his relationship with the State Department when he was Ambassador to Canada was really quite secondary to the relationship with HHS, with all this bureaucracy down here, because Canada is just a neighbor. And in a sense, what's happening to development assistance is the same kind of thing. You can't really tell HHS that they shouldn't be in development and so on.

MS. BRAINARD: A comment on either of those things?

[No response.]

MS. BRAINARD: I'll just use Jo Marie's question about development research, since I've been the moderator throughout, to just put out one thought, which is I think we spend no money on this as a government and it's a huge mistake, that we should

be thinking about building up knowledge capital as just as important as all the other pieces of our foreign assistance program, the fact that USAID has very little funding capacity and has not developed deep relationships by virtue of its funding with the research community. And I don't mean just in terms of research on development effectiveness, although there, too, you know, there's very interesting new techniques that are being pioneered on randomized trials, for instance, which we simply don't have any capacity to do right now. The MCC unfortunately is not pioneering new evaluation methodologies, and it's a missed opportunity.

But also, if you look at the big sort of smash hits in development—Green Revolution, huge investments in science and technology, big dollars, ROIs were enormous. And right now that's not a big focus of our development programs, and it's probably a big missed opportunity, which I hope we'll redress at some point.

I don't know if you wanted to—last words on your study?

MS. : Well, we will continue to welcome comments and thoughts. I think this is an issue that has been around for a long time, and the fragmentation didn't start with this administration. I think what brings it—what makes it so urgent is the ambitious goals of this administration and the resources that are being committed to really affecting development around the world. And so I hope that this will launch a much broader discussion of some of the organizational issues, which tend to get brushed away because they are so difficult.

MS. : Just one final thing. I guess the very fact that this is such an exciting moment, it seems to me, in the development field with so much attention to it, I assume that will remain for some time. I hope it will remain for some time. And the

significantly increased amount of resources directed towards it gives us, it seems to me, a real motivation to think hard about how to organize this right.

I know that the administration with Steve's and other folks' leadership is doing this, and we just have to hope that they kind of come out in the right place and that we'll all be able to move forward together.

I just want to say one more thing. Thanks to Brookings and to Lael for giving us a chance to do this little study, and I probably should say thanks to who I understand is a funder, Richard Blum, and we hope that this will contribute to the debate. And we look forward to the day when we see a new Cabinet officer sworn in.

[Laughter/applause.]

MS. BRAINARD: Thank you.

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