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TRANSFORMING FOREIGN AID FOR THE 21st CENTURY: NEW RECOMMENDATIONS FROM THE BROOKINGS-CSIS TASK FORCE

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Falk Auditorium

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Opening Remarks & Moderator:

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Panelists:

Charlie Flickner
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P R O C E E D I N G S

MS. BRAINARD: Welcome. Thank you all for coming this morning.

Just to give you a little background on the genesis of this project, a bit over a year ago, I was visited by a delegation of distinguished leaders in the field of foreign assistance, who wanted Brookings to undertake a study on foreign assistance effectiveness, making foreign assistance more effective in the United States.

They were worried about what they saw as the accretion of new missions and the proliferation of new programs leading to the possibility of the U.S. dollars having less impact on the ground than we all want them to have.

They also simultaneously went over to CSIS to make a similar request of my colleague, Patrick Cronin, who had been working on foreign assistance for President Bush and had just recently left. This bipartisan arranged marriage was the beginning of a year-long process that is leading to today's release of *Security by Other Means*.

Unfortunately, Patrick couldn't be with us here today. He's actually, subsequently been so overwhelmed by the problems besetting U.S. foreign assistance, that he moved to the UK where things are much smoother. But he is very much represented by Steve Morrison from CSIS, and later in the day John Hamre's going to be talking on some of these issues as well.

We have most of the members of the actual report — who wrote the report — here with me today. Larry Nowles of Congressional Research Services isn't here this morning but will be available later in the day, and Owen Barder from DFID and from CGD is unfortunately on the West Coast.

Over the course of this period of time, we formed a very engaged task force with a lot of depth that includes our colleagues from across the street, at the Center for Global Development, other think tanks and academic partners, as well as very deep representation from Capitol Hill, from the relevant committees from both sides of the aisle, and from the House and the Senate.

I think our task force members cover practical experience from every agency in the U.S. government that is involved in this enterprise at some point in their careers. We've met nearly 20 times. We've benefited from presentations by administration officials and practitioners, and we've invited outside experts to critique every chapter in this book.

Our hope is that this book is not the culmination of the process. Our hope is to help galvanize serious reflection and action on this topic, on serving as a resource perhaps from the congressionally-mandated HELP Commission, led by Mary Bush, or the relevant committees, or the newly-appointed director of Foreign Assistance, Randy Tobias. We certainly don't expect everyone to agree with every recommendation in this book, but we do hope the analysis will help people arrive at actionable policies.

Special thanks go to George Ingram and to the Center for Global Engagement, a new educational arm of the Global Leadership Campaign, who is sponsoring this event with us today. I also want to thank members of the task force, and particularly the people who have worked hardest on this, the associate directors, Ben Landy, Zoe Konovalov, and most recently, James Pickett and Kristie Latulippe, and Sarah Cannon, as well as Tristan Reed.

For those who think that there is no interest in this issue, I just want to let you know we had to close this event after we got 300 RSVPs. We have people in overflow rooms, unfortunately, watching screens with this event, not the World Cup on it. So I think there's a lot of interest in this issue.

With hard-power assets stretched thin and facing these 21st century threats — global poverty, pandemics, terrorism — America has reached a point where it absolutely must deploy its soft power more effectively, but to do so will require an overhaul of our relatively weak aid infrastructure. This isn't just about more money; it's about better money. It's about having greater impact on the ground where it counts.

The first lesson I think that we arrived at is that moving around the organizational boxes or

increasing aid alone won't do enough to boost impact unless there's first really broad agreement reaching into Capitol Hill, into the executive agencies, into the practitioner community, around a unified framework that's designed for 21st century challenges.

That means that we're going to have to integrate the national security perspective that sees foreign assistance as a soft-power tool designed to get strategic bargain with the developmental view of it as a tool that's allocated according to policy effectiveness and needs. We're going to have to find a way to bridge those two perspectives that are too frequently at odds.

Now, none of us are naive to think that U.S. is ever going to have a single objective. The United States is a superpower. We don't have the luxury of being Norway. We're never going to be just about development assistance. That accounts for about 17 percent of our overall foreign assistance. This report is about 100 percent of our foreign assistance. So we look at every piece of the foreign assistance puzzle and connect the dots to things like trade and investment that are increasingly vital.

For those of you who are not familiar with the numbers, America gave about $24 to each Egyptian last year on foreign assistance, about 6 cents to each Indian. Let's look at the poverty indicators; let's look at the governance indicators. They're almost inversely correlated. So the notion that we're doing this now according to governance and need just does not stack up with the numbers.

But we also cannot afford the luxury of pursuing more than 50 objectives, which is how many we have if you count up all the objectives in the legislation, if you count up the objectives over at USAID and in the various agencies that deliver aid. We need a unified framework that narrows down on a limited set of objectives and maps it against the capacities and needs of the governments in question and the countries in question, which Steve Radelet is going to go into some greater detail on.

Let me give you what we thought the five key objectives are. There can be debate around

these, but we think they capture pretty well what the U.S. is trying to do.

First and foremost, the U.S. should be about supporting the emergence of capable partners. We should be deploying a lot more of our foreign assistance to strengthen societies that are imprinted with the same values and similar economic and political systems.

Those are the countries that are aligned with our interest by virtue of their intrinsic nature, rather than through these often short-lived, quid-pro-quo kinds of deals. It's the highest yielding investment of American soft power, and it merits by any measure far greater prioritization, better intelligence on policy design, and much more constancy of purpose.

It is, in effect, applicable to the largest walk of humanity and it gets the least sustained attention and the most frequent criticisms. But if you think about the Green Revolution, there have been masses successes in this area.

The second one is the one that's in the news most perhaps, is countering security threats from poorly-performing or dysfunctional states. That is a very high priority now if you look at dollar terms. And the experience of the past decade made clear that we are going to be in this business for a long time to come.

What we've learned is that we need to invest much more systematically in tools for prevention for making dysfunctional states functional, for making them able to serve the needs of their people, or risk finding our hard security assets increasingly drawn into post-conflict stabilization and reconstruction.

Here is where I think we have some of the biggest organizational weaknesses, where the military increasingly finds itself in partnership with what one person referred to as the seven dwarfs, lots of civilian agencies but no central-coordinating location, and not enough capacity.

The third is countering security threats with foreign partners, and, in fact, this is where the majority of our funding goes. Most of the time, we're working to counter security threats with other governments. That means counter-terrorism, counter-narcotics, counter-proliferation,

coalition building, what Patrick Cronin dubs the Four C's.

But this is where the so-called transformational development agenda runs most squarely and head on into the conflict between needing to or choosing to work on a short-term basis to achieve strategic ends with repressive or non-transparent, non-accountable regimes, and where it's hardest to reconcile the much longer-term U.S. goal of investing in open, democratic societies.

I'll just give you one example. Last year, the Middle East Partnership Initiative, which is all around democratization, was about 5 percent the size of overall funding that was given to countries in the Middle East as a blank check. That calls for a major rethink of the traditional approach to security and strategic assistance.

The fourth area, of course, is countering humanitarian threats, and Steve Hansch will talk further about this. This is an area where America shines. We're the largest donor. We are technically and professionally very far along in terms of making aid effectiveness. So there are few successes like the famine early-warning system that has saved more lives than is widely known.

But even here, Steve's analyses suggest that the same problems besetting the rest of the foreign assistance enterprise means that the U.S. is underperforming its spending in this area. There is lack of coherence. There is a focus on sort of short-term, media-highlighted events, rather than risk-mitigation prevention, some of the neglected crisis around the world.

And finally, on countering transnational threats, here we really shone the light on HIV-AIDS because this has been such an area of intense importance and also expansion, and Steve Morrison from CSIS is going to talk a little bit about his findings there.

Here, I think the interesting thing is how do you convert an initiative that has been so much imprinted about this particular president, this particular administration, into one that can be sustained over many administrations because it does in fact embody an American commitment to

continue providing life-saving medication to foreign populations for years to come.

So let me speak very briefly about the organizational problems besetting the enterprise, and then I'm going to turn over to Steve Radelet. I should be calling this project the Three Steves Plus Project, but I will pass over to the three Steves plus Charlie in a second.

In terms of organization, the story the last six years is not about congressional earmarks. Congressional earmarks have been with us for a long time. They still are; that's not the news. The news is a proliferation of presidential initiatives, each of which is very well motivated and compelling in its own terms, but the aggregation of which sums to much less than its constituent part because it's embedded in a series of ad hoc organizational arrangements that overlap with each other and create a lot of confusion in the international arena as to, who is the U.S., who speaks for the U.S., what objectives is the U.S. pursuing here?

To their credit, the Bush administration has recognized this problem with the creation of the Director of Foreign Assistance, but I think partly because we're as far along in the political cycle as we are, and partly because they've got some other things on their hands, and shied away from taking on the Bolger* (ph) reform agenda, and really engaging with Congress, which ultimately one would have to do to make some of the more meaningful changes. And Charlie Flickner will talk about those problems in a minute.

Just quickly, in terms of the problems and the principles, clear, we need to rationalize agencies and clarify missions. Peter McPherson has said just of PEPFAR, what would Peter Drucker, the management guru, say about being able to hold anyone accountable when the money for PEPFAR is in HHS, the policies in the Department of State and the implementation is in both AID and in HHS.

Secondly, we need to align policy operations and budget accounts. Right now, those three things are in three completely different areas. And according to three different logics, state and USAID keep completely different accounts that don't speak to each other on funding.

Foreign assistance at the end of the day is an operational task. It's about getting a job done. And it needs people that are go-to managers, technical experts. One of the biggest risks associated with putting the development mission into a policy, diplomacy and international negotiation kind of agency is that that laser like focus on doing a job and doing it well may get lost because those cultures are just so different.

Another area, third. The U.S. is now punching below its throw weight in the international arena. We've got a lot of money out there, but we're speaking with so many voices and working at counter-purposes to each other. Big contrast with the UK, Department for International Development, which with a lot less money is driving the international agenda much more effectively by having a single-minded purpose and a very high-level engagement in its government.

We have to achieve synergies across policies. There's no question that capital-flows trade have become ever more important relative to foreign assistance. Those decisions are made in completely different arenas right now in the U.S. government.

We've got to re-focus on core competences.
The USAID enterprise essentially got out of infrastructure decades ago, and yet it's one of the crying and felt needs in developing countries.

We have to invest a lot more in learning.
Some of the biggest successes, the Green Revolution, polio eradication, small pox eradication are associated with technologies that were very much oriented around developing country challenges.

Right now there's no R&D budget; no R&D budget for development. And we're not learning from our mistakes. The operational evaluation function is a small shadow of what it should be.

And finally, we need to truly elevate the development mission, not just in rhetoric but in

practice. And that means creating stature and morale among those who do foreign assistance to put them on equal footing with defense and diplomacy, not to make them a hand maiden of either of the two.

So what do we look at? We look at four different organizational models that are the most prevalent among the OECD, and we evaluate each one according to those principles. I'm not going to bore you with the details; it's all in the book, which you can buy shortly. But what I will say is that the answer is generally, the bigger an improvement, the more political capital it takes. And so we looked very carefully on what it takes to achieve fundamental reform. Larry Nowels looked at seven episodes of reform in the United States context. Owen Barder looked at how DFID came about in the UK context.

The lessons are sobering. You need to have presidential leadership. You need to have deep congressional involvement and a few very motivated members. You need to have the advocacy and the NGO community talking about this issue, focusing on it, creating a political payoff around this issue. You need a sense of urgency or crisis. And most often, you need it to be in the context of a new administration. I think we've got maybe one of those conditions satisfied at the moment. We're trying to add to one more and hopefully put this on a glide path for a new administration.

Let me just say, there's a lot of stuff you can do in the short run, and we advocate doing it chapter by chapter in each of the areas under consideration. And those are the things that should be done during the remainder of this term. But at the same time, looking back at the Goldwater-Nickles process that led to the most successful national security reform, I think most people think in the post-war era, it took three years of congressional hearings, and analysis, and failed legislation until that legislation was ultimately enacted.

And so we think, essentially, that right now is the time. It's the time to start building the political case for the NGO and advocacy communities. It's the right time for Congress to get

actively engaged for the authorizers to be much more involved in the subject than they are currently. It's the right time to start thinking about what are the steps we need for a fundamentally more capable and stronger foreign assistance capacity.

I guess the last thought I'll leave you with is if you look at the Goldwater-Nickels process, if you look at the analysis of reform, the clock has already started ticking.

Next, I'm going to ask Steve Radelet to come up and talk about making our assistance much more targeted to the needs and capacities of the country.

MR. RADELET: Good morning.

Thanks, Lael. My son just sent me a text message, "It's still 0-0." (Laughter) First things first. I can't understand why there's not a monitor back there.

This has been a great collaboration between CSIS and Brookings and a lot of other institutions. There's a long history of collaboration, particularly between the Center for Global Development and Brookings. Lael talked about an arranged marriage. And we took this to a greater extent just this past weekend.

When two great institutions or families want to collaborate, they put together their best offspring to get married. So this past Saturday, we offered up Jessica Wolf from the Center for Global Development here in the third row, and James Pickett, Lael's assistant, and they were married just last Saturday in the great tradition of collaboration.

(Applause)

MR. RADELET: So she wasn't kidding when she talked about an arranged marriage. And in our report, we talk about the importance of interagency collaboration. We don't just talk the talk; we walk the walk, and walk the aisle in some cases.

This has been a great process over the last several months, putting this together and thinking through a long range of deep set of issues about how to improve foreign assistance very broadly.

Three big points that I want to make rather quickly on this.

First, if we're going to improve the effectiveness of our assistance, we need to move away from one-size-fits-all approach, which is basically what we've used more or less for the last several decades. We give our aid basically the same way, regardless of the capacity and the commitment to development of the recipient countries. We work through U.S. NGOs and consulting firms. We basically design the programs. We set up three-year projects and we go from there.

It's time to move away from the one size fits all and take advantage of the differing commitments and the improving governance in many countries. In well-governed countries that are committed to democracies — and there's a lot more of them now than there were 10 or 15 years ago – we need to move much more to allowing those countries to set the priorities and to take the lead in implementation and much less for the U.S. to take the lead. We need to take advantage of the fact that there are countries that are committed to good governance and development.

We've moved a bit in that direction with the Millennium Challenge Corporation. That's the basic idea behind that. We need to go further along those lines and give those countries more money, give them more flexibility, provide some of the money through their budgets and not just through our own NGOs under certain circumstances, certainly not just willy-nilly, but under some circumstances, of course with good oversight.

On the other hand, for very poorly governed countries, we need to have shorter commitments, less money, more money going through their NGOs, not just through their governments, much more targeted approaches, less flexibility, and much more oversight. And in between, there's a lot of countries that are in between, where we need to use more mixed approaches, where we take some of their ideas, some of our ideas, some mix of governance, of working through their governments and NGOs, but to have a much broader spectrum of

approaches.

Our assistance historically has been categorized by sector, rather than by the type of country that we're working with. We're beginning to move away from that now. We need to move away further and change not just the amount of money we give to different countries but actually how we deliver the assistance. That's one point.

The second point, and it's something Lael touched on, is we need to improve the allocation of how we spend our money. We give way more money to upper middle-income countries than we do to low-income countries.

Upper middle-income countries that have access to private capital flows, that have higher tax revenues from their own countries, higher domestic savings rates, and we still give them much more money than we do to lower-income countries.

We actually give three times as much per capita to upper middle-income countries than we do to low-income countries. We give about $10.50 per capita to upper middle-income countries that have lots of access to other capital flows. We give about $3.50 per capita to low-income countries around the world. Lael gave the example of Egypt and India. There are lots of others. We give Macedonia $28 per capita; we give Bangladesh 50 cents per capita.

So we need to improve the allocation of our aid and actually deliver much more to countries where there's greater amounts of poverty and less to countries that have other means of obtaining capital from private markets. We've talked a lot about graduating countries; we don't always do it. So that's the second main point.

The third main point is that we've got to do much better on monitoring and evaluation. We talk a lot about it, and we don't do it.

It's very hard to look back and to see clearly where U.S. assistance has been effective and where it has not. And the reason is that we don't do such a good job of evaluating. And when we do evaluate projects — and we do do some evaluation — we do a very bad job of aggregating

those results, and looking across projects, and looking at trends and looking at where we do things well overall and where we do things poorly.

Each project is evaluated, but a lot of those evaluations fall short. We need to do a much better job of starting the evaluation process with the design at the beginning of a process and having an independent evaluation.

My colleague, Nancy Birdsall at the Center, has been arguing for a while that all international development agencies, not just the U.S., should collectively collaborate to have an independent institution that can evaluate projects, whether they're from the U.S., whether they're from the World Bank, whether they're from others, whether they're from DFID, so that we can have some independent analysis of what works and what doesn't work so that we can learn and improve the way that we deliver our assistance. So we need to do a much, much better job of monitoring and evaluation as we go forward.

Let me just leave you with those three points, and we'll move on to whoever is next.

MS. BRAINARD: We're going to move on to Charlie Flickner, who all of you I'm sure know was Steve and my collective nemesis when we were in government, and who controlled the purse strings, as far as we can tell, for probably about 30 years over on the House side. So he looks a lot at this issue of making Congress and the administration better partners on foreign assistance.

MR. FLICKNER: Well, first I have to say my name is not Steve. I don't know how I got caught in this group. I also spent a lot of time in the Senate as well as the House. I'm not sure which was more interesting, but certainly the House was more challenging.

The thing that we're trying to put in this chapter on removing impediments to a more successful partnership between the development part of the U.S. government and Congress is that in recent years, almost the entire burden of resource and oversight has fallen to the foreign operations appropriators. That is unsustainable, at least in my view and I think my colleagues'

view, and we're hoping to find ways of enticing other members of Congress back into more knowledgeable, constructive, big-picture advocacy.

At the moment — as some of you in this room know; it's your bread and butter – Congress basically responds to advocacy — the special interest groups — and the appropriation bills and often selective authorization bills reflect special needs, special interests. Everything from religious freedom, Tibet, microenterprise, all of these things have substituted for what for many years after the Marshall Plan were periodic reforms and reauthorizations of the entire foreign assistance area.

Congress sees itself as an equal partner with the president in foreign policy. I would argue that's not true and will never be true. If you look at policy, it's in the executive branch. Resources, Congress definitely has a strangle hold and can use it positively. Management implementation in between is certainly also an executive branch lead, but Congress can and should do — as Lael has mentioned and as Steve has mentioned — more than it does to have effective oversight. The executive branch would benefit from it. For example, the Iraq inspector general, Stuart Bowen, the only information we had about reconstruction in Iraq — the only public information perhaps even that the president has access to — comes from that office. That was a congressional initiative from the Senate Appropriations Committee. So when Congress is uneasy about something they're being asked to fund, they can sometimes take active steps that help everyone involved.

This afternoon in the breakout session we can go into some of the detail about how the authorizers can become more involved. But I would emphasize that when we talk about the authorizers of assistance as the operational part of U.S. foreign policy — not just development assistance but the entire range — we are not talking about only the international relations to foreign relations committee, we're talking about the Armed Services Committee and in some cases the Governmental Reform or Governmental Affairs Committee.

One of the amazing things that I reflect back on is often the members most knowledgeable and most interested in operational assistance abroad are not on the Foreign Operations Subcommittee of Appropriations, they're not on the International Relations and the Foreign Relations Committee.

People like Rob Portman, who's now at OMB, have demonstrated a deep interest for many years. I can go down a whole list of members often who don't stay in Congress, or go from the House to the Senate and start over, who have a deep and profound interest in these issues, who many of you could have intelligent conversations with, but for reasons we can discuss this afternoon, would not ever give up other opportunities to serve on the International Relations or the Foreign Relations Committee.

So if we take the Goldwater-Nickels model — which I agree with Lael is a very important, multi-year task, bringing together authorizers, anyone in Congress, including the leadership, who's interested, think tanks – that process is going to involve, as Larry Nowels' section tells us, active, involved, knowledgeable members of Congress. And until those folks, who do exist, can be drawn into a process, many of the recommendations in this book, particularly the medium to longer-term ones, are going to be very difficult.

MS. BRAINARD: Thank you.

Next, I would like to ask Steven Hansch, who is currently at Georgetown University but has worked extensively with NGOs in the field, to talk about the humanitarian assistance part of the foreign assistance enterprise, again one of the strongest pillars.

MR. HANSCH: The chapter in the book about humanitarian assistance builds on the idea that humanitarian assistance currently, and then for the last 30 years, has been America's strongest and best foot forward to many parts of the world.

As Steve Radelet just mentioned, a lot of USAID goes to slightly wealthier countries or better-off, middle-income countries. But a lot of humanitarian assistance is extremely efficient

for the poorest countries, where the Office of U.S. Foreign Disaster Assistance, and the Office of Transition Issues, and PRM at the Department of State channel a large portion of their funds to refugees and internally-displaced people and famine victims. And I would argue that unbeknownst to the American public, that's where a lot of the biggest bang for the buck has occurred over the last few decades, largely in partnership between the funders at USAID and Department of State and America's hundreds of private voluntary organizations who marry field-level expertise with U.S.-government expertise, doing a lot of good-child survival work and getting enormous returns on investment from public health interventions, Vitamin A nutrition, child survival.

This may have been the best single investment by the United States in trying to develop citizenship and democracy and entrepreneurship in the poorest countries of the world, and is relatively, as Steve Radelet has mentioned, undocumented, unevaluated.

There's a culture in humanitarian aid that we shouldn't evaluate because we're so busy doing things, and rushing in, and urgently saving lives. And so there has been some waste, and we don't necessarily even appreciate, if in our own community, what has worked well.

So in the humanitarian sphere, we encourage better documentation, such as what Lael mentioned, the famine early-warning system, which started in the 1970s and has saved hundreds of thousands of lives.

Humanitarian aid may be seen as maybe having plateaued, having reached a stable level of assistance, where the United States government has been a leader for about 20 years now. Unbeknownst to many of the critics of U.S. government aid, the U.S. provides between a third and a half of much of the multilateral humanitarian aid in the world: ICRC, International Committee of the Red Cross; UNHCR; WFP, have been receiving between a third and a half of all of their aid from the United States, even as, by other metrics and the development side, maybe the United States trails other countries.

So where it matters the most — from my own opinion where it matters the most — the United States has been a leader but kind of a quiet leader and could do a better job, as Lael said. We're punching below our weight class.

Part of the reason is because, as Lael mentioned, we have fractured our humanitarian aid apparatus between a variety of offices and a variety of agencies. So Health and Human Services, Department of Treasury, USDA, USAID, Department of State all have a hand in humanitarian aid. And USAID really tends to have the most competence and expertise in understanding what is needed in humanitarian aid.

So USAID, we argue, ought to be given a more coherent set up with leadership in defining when to involve Department of Defense, when to involve UFDA, when to involve food aid in humanitarian response.

We also argue that our humanitarian aid could be a lot better spent if it got ahead of the curve. We're pretty good at responding. We aren't doing nearly enough, and a large part of the problem is because of policymakers and Congress' lack of appreciation of the value of mitigation and preparedness to prevent disaster deaths as opposed to just coming in afterwards.

We raised $14 billion globally for the humanitarian response to the Tsunami. Very little of that money maybe, arguably — none if it saved any lives because it all came after the fact.

I just did an evaluation of the Tsunami working with a lot of NGOs, and it is a shame that we're still not spending any of that money — or, generally speaking, spending very little of that money — on those things that would prevent future risks to human lives. We're mostly spending it on recovery.

So the Office of Foreign Disaster Assistance and PRM need to be brought together; given a mandate to have a long-term vision, not just a short-term vision, and be given the funding to do upstream work in prevention.

A new area that we may be able to push U.S. government better into is to provide more

leadership to the American public. As the American public has become more interested in humanitarian aid — over the last, say, 15 years, the last five years; humanitarian aid is referred to more and more on page 3 of the New York Times, it's more and more on TV and on CNN — the American public doesn't really get much explanation of what's needed, of what is efficient from the U.S. government, from the administration.

We have that expertise. The Office of U.S. Foreign Disaster Assistance does have a lot of answers to help dispel myths, but we're not doing a very good job of lobbying and using the bully pulpit.

Similarly, at the field level, I feel as though we've already reached a level of maturity of what to give but we're not engaging with the local populations to try and provide to them the kind of information that they need to be able to save their own lives, the kind of thing that a Amartya Sen has referred to in the past, that we don't see famines where there's democracy and a free press. So this kind of dovetails the whole humanitarian enterprise with a broader democracy-building enterprise.

I'll leave it at that. Thanks.

MS. BRAINARD: Thank you very much.

Just to conclude, my colleague from CSIS, Steve Morrison, who is the director of their Africa Program as well as their HIV/AIDS Task Force, has written a really terrific chapter on PEPFAR with a lot of richness and detail, which I highly recommend. He's going to give you a little teaser today.

MR. MORRISON: Thank you, Lael.

CSIS institutionally has benefited enormously from this partnership, and I'm very grateful to Lael for her leadership on this. I think the point that was made about the centrality of combining the focus upon development together with a focus upon the security considerations and bringing those communities together is essential, and it remains essential.

You've mapped out an agenda and a set of propositions that can be carried forward from this point. I think that's enormously important, and congratulations. And it's been wonderful for us as an institution and me personally to be part of this.

We're at a big moment I think of rethinking foreign assistance. It's a period of great ferment and a certain amount of uncertainty and tension. But it's one that when you contrast it with where we were 10 or 12 years ago, it's profoundly different.

When you look at the particular area that I was focused on, which was the White House Initiative on HIV/AIDS, PEPFAR, there's a couple of things that kind of jump out at you, and we can talk about those in greater detail later in the day.

But one is, this was an unexpected surprise. This was not a big, new initiative that folks were predicting; it was an unexpected surprise. And it has its roots in a number of factors. One of the most important was White House Choice. Another big factor was simply the security environment.

PEPFAR became possible in the aftermath of 9/11 and the lead up to the assault upon Iraq, and they are linked. It became very much linked well with the rising moral consciousness within American society as knowledge of this epidemic was quickly maturing, rose among the general population as well as among opinion leaders, and officials on the Hill, and within the administration. All these factors came into play in a way that allowed for this big push forward. It came with remarkable speed. The fact that it was a surprise and unexpected acted to its advantage.

I think when you looked at the early start-up phase, the euphoric start-up phase, which is really the phase that we are in a position to think about because we're now sort of at the end of that and deep into the early implementation phase, it was a success. It was a relative success in terms of moving very rapidly towards its goals in sustaining bipartisan support, in demonstrating the utility of a new model of implementation that concentrated authority in the personality of

Ambassador Tobias, and bent institutions into new patterns of behavior.

That model became very important in the latter, subsequent discussion around the director for Foreign Assistance, a direct relationship in laying that down. It was not intended, I don't think, to sort of lay down that set of messages, but it generated this profound new image of how you might proceed in the kind of models that Lael was laying out as possibilities.

The PEPFAR forced folks to think in much bigger terms on dollars, in much bigger terms in terms of leadership and implementation and speed.

Also — and this is something that we don't treat with adequate attention, but it's one theme that I think is very important — while PEPFAR was launched with minimal prior consultation with the public health community, with the operational NGO community, with global institutions that work these issues, and it was cooked in relative secrecy and launched with great speed, it nonetheless touches American constituencies in a direct and profound way. That includes our military, it includes our churches, it includes our public health and biomedical institutions, it includes industry, and it includes the emerging body of very powerful and committed foundations, private foundations that are active in this area. That is something that is very long term and has very deep implications for sustainment of this type of operation into the future.

I said we've moved out of euphoria and into the grind of implementation, which then brings forward some of the more difficult challenges that have to be addressed to sustain this type of thing.

The quandary that America faces is we've made this big play on HIV/AIDS. We have stirred the rest of the world. The resource flows has gone from $1 billion dedicated to global aid in 2000 to over $8 billion this year, with the U.S. providing well over one-third of that sum.

But with the quandary we face, despite all of those big gains, we're still behind. It's still an epidemic that is outstripping response, and so how do you begin to address the enduring, difficult prevention challenges, our own domestic cultural wars which enter into that and erode

and threaten the bipartisan consensus?

How do you convince the American people to double or triple their commitments and leverage the commitments of others to meet the true demand that's out there, particularly if you're going to expand treatment to the levels that are proposed? And how do you overcome the huge gaps in the health workforce that we see today? And it is a complicated terribly difficult thing.

The last point; how do you keep that White House leadership piece consistent? If it had not been White House choice and sustained leadership on this, none of these things would have unfolded in the fashion we've seen. And as we look out beyond this particular administration, how are we going to guarantee that that kind of leadership is still there to carry forward this mission?

Thank you very much.

MS. BRAINARD: Perfect.

I think we will have some time for discussion. I believe there are microphones somewhere in the back, so if there are questions, please just wait for the mike and identify yourself.

The floor is open.

Do we have a microphone in the back? Why don't you just talk loudly if you don't mind?

MR. HOLMES: My name is Tony Holmes. I'm the president of the American Foreign Service Association. (off mike).

My question is, where does the amended

(off mike)?

MR. HOLMES: Okay. I guess they can hear me now in the other room. Sorry. I'm afraid I won't repeat all that.

But aid in Africa is positioned in a pre-9/11, survival mode on the basis of a conscious policy choice to invest in success. This is singularly inappropriate for a post-9/11, most effective

approach to maximizing particularly the political and security objectives of American foreign policy.

My question is, as you approach in your book, in your studies, in your analysis, how to most effectively utilize American foreign assistance, where is building back up, strengthening USAID? Because what we found in the State Department is there was tremendous bureaucratic resistance to launching initiatives in countries where USAID was not present. And they are not present in many of the crucial countries today in a post-9/11 context.

MS. BRAINARD: Let me talk a little bit about some of the organizational quandaries that AID finds itself in, and then turn to the two Steves on my right to talk a little bit about both the investing in success question and also just about the right model for being in Africa more generally.

Just on this question of organizational models, in most OECD countries, there about four different models that you could look at. Our model is pretty idiosyncratic. Our model is have a thousand flowers and do some coordination. And so AID is one among many organizations that do aid delivery.

We are in that organizational model together with Japan and Germany, and I think we could argue about whether that's the right place for us to be organizationally. What is clear is that within that constellation, AID has found itself continually weakened, that its staff has been reduced very significantly over the past 10 years with a much larger spending ratio. So they have been forced to rely extensively, and more extensively with reduced field structure and reduced staff, on mega contracts, on outside contractors, rather than building up internal capacity.

A second model is to have the foreign aid delivery be a separate implementing arm within a foreign affairs ministry. That model is seen in Norway, it's seen in Sweden, and there are some very strong examples of it.

You could ask are we going in that direction right now, and the answer's probably yes. The most recent set of reforms are some combination of slightly better coordination within the State/ USAID complex but not more broadly, or just a wholesale inclusion of USAID as an implementing arm, which really was kind of the spirit of the legislation in the 1990s.

A third model is merging it altogether into the foreign affairs ministry. That is the Danish model or the Finnish model.

I think as we looked at these different models, you have to keep in mind that many of these other countries don't have the complexity and the urgency of the foreign policy missions that we have. And so the relative balance between these two missions are much more equal in some of these other countries than it would be in the U.S. context, where the diplomacy mission is just so much weightier and more complex.

And then, of course, the final one is the cabinet agency model, the UK model, the DFID model, and also the Canadian model. And again, there's a lot of attractive things about it.

How do you build back up foreign assistance so that it has this stature and the morale to attract the next-generation talent, the best and the brightest, so that it can stand up and assert the priority of development as an objective and discussions of trade, which are otherwise dominated by commercial interest or agricultural interest that are domestic here?

The end of the day, you have got to give a stronger-voice, authority stature to the mission of investing in the strength and health of our foreign partners. At the end of the day, it probably means recreating a fresh sort of AID, but in a newer, stronger cabinet form. But again, as we looked at the obstacles getting from here to there, that's the toughest one. And so we may not at the end of the day find that a Goldwater-Nickels process would lead us there.

Let me ask Steve Radelet and perhaps Steve Morrison as well to comment on the Africa-specific quandary.

MR. RADELET: Well, Tony's point is a good one. And I think everyone who's in this

business recognizes the problems and the weaknesses at AID, and this is a long-term problem.

I think there's been just enormous missed opportunities over the last couple of years, where there was a chance to do a deeper reorganization, restructuring and strengthening of our existing organizations.

The administration had several chances and didn't take them. When they instituted the Millennium Challenge Corporation, they had a choice, and they could have decided to try to fix the existing organization. They decided not to, but to introduce a new one. They had a second opportunity with PEPFAR, and instead of sort of working with AID and HHS, they put this, frankly, very funny, weird structure on top of both of them to try to coordinate these things.

More recently, we've got this semi merger with USAID and State; we'll see how that plays out. But I think there's been an opportunity to rethink the use of this tool of foreign assistance post-9/11 as our foreign policy goals more broadly have changed, and I think we've missed this opportunity.

If it was up to me, there are lots of things we could do, but there are two things that would stand out in my mind, and I don't think everyone here agrees with it.

First, I'd re-write the Foreign Assistance Act of 1961, which is outdated, it's got wrong goals, it's got too many goals, it's got way too many earmarks, and it puts I think huge burdens on USAID with lack of clarity of what they're supposed to do, lack of clarity of how they're supposed to do it, and way too much earmarking for how to spend the money. It's time I think to redo that legislation; not everybody here agrees with that.

Second, I think the issues that you've raised are going to get worse in the next few years as a lot more people retire from AID. There's got to be a decision of either we're going to go with this institution or not. And if we do keep it, and I think we should, then there's going to have to be a mandate to re-hire much stronger, much more professional staff, give them the incentives to work hard, and to bring in a new cadre of well-trained, professional people. There's just been this

deterioration over time, which I think with people like you leaving and others, it's going to continue in the next few years, and that needs to be addressed.

MR. MORRISON: My reaction to Tony's comments are mixed. They're sort of yes, but. The reality that we don't have much of a strategy or a consistent set of capacities for dealing with weak and failing states in Africa, and that we've seen the erosion of capacity in terms of universality of presence on the continent and in quick response is true, to a significant degree.

You see it played out today very dramatically in the debate around Somalia that's suddenly become a big issue. Suddenly we're having a big debate after the failure of a counter-terrorism strategy, you look at Harry Bromchin's* (ph) testimony last week, you look at much of the play in the press, it's really around what's your strategy for weak and failing states. And you could make a similar argument about DRC.

Having said that, I'd also say that there was a dramatic turnaround in the support of the U.S., through the Security Council, for reinstituting peacekeeping operations into African states from 2000 forward. Whereas you had the complete collapse of support for U.N. peacekeeping in Africa in the late '90s, today you've got – I don't know their total number of operations. Of the 18 operations globally, you've got about 65 to 70 percent of your force deployment in Africa in eight or nine key operations with a couple of others coming on line.

This was a profound shift of U.S. policy, where we're playing our share and we're voting in favor of this. It was a complete reversal of position from the late '90s, and it helped restabilize many of the weak and failing states. It was not a bilateral strategy; it was a multilateral strategy.

The second point is, look at what we're doing in Sudan. It's a nation-building enterprise that's smaller in scale only to Iraq and Afghanistan. It's long term, it's highly ambitious, and it's in a stateless environment, and a very fragile stateless environment.

Look at what we're doing in Liberia right now, which is a slightly smaller, less ambitious version of this. We are coming in, and AID is getting pulled in as a lead element, certainly in the

Sudan case, a very big element.

On the HIV/AIDS piece, we're doing surprisingly well in terms of mobilizing U.S. assets in many of the core countries that are beginning to turn things around. Within the 12 countries in Africa, I'd say six or seven are doing pretty darn well. And to a significant degree, it ties back to the presence of an AID platform in those countries that already had consensus around a strategy and was able to enlarge their commitments very rapidly.

The MCC is not completely detached from AID. Look at the threshold countries. Look at the strategy on threshold countries. There's a role for AID. The idea that the stovepiped presidential initiatives are a complete abandonment or a walk back is less clear in practice when you look at the way that the strategies are being put forward.

MR. SHELTON: Todd Shelton from Interaction.

The NGO community — as some of you are well aware of and some of my colleagues are here from the NGO community — have a whole list of concerns, some of them in common with some of the ones you've expressed today or articulated, and some of our own related to poverty reduction, consultation with civil society, both here and in country, for the success of development programs, and looking at the new strategic framework, the country-by-country framework, and the new structure of the Director of Foreign Assistance Office.

A lot of these changes are being made with very little consultation with the NGO community.

I'm not aware of a lot of consultation with the think-tank community or with Congress.

I'm curious to know what plans or prospects do you perceive for some of your own recommendations or what recommendations you would have for how we might get some of these ideas, particularly the ones where there's broadest agreement on, in front of the administration as they're implementing these reforms?

MS. BRAINARD: I'll just speak briefly first, and say that I think it is critical to engage

broadly on this set of topics. The NGO community has a lot at stake in the effectiveness agenda moving forward, nor less than the resources moving forward.

Again, the critical, critical piece that needs to be engaged is Capitol Hill, that they have not been part of the reforms that were proposed by the administration. I don't think they are deeply informed about exactly what the administration is planning to do. And I think, ultimately, to get congressional support for the kinds of effectiveness reforms that are being advocated is extremely important.

Our hope is that the HELP Commission will provide one such vehicle. So far it appears to be an extremely active and engaged group, very broad ranging across the political spectrum. And so the hope is that may be the leading part of the congressional involvement. But I think that Charlie is exactly right, that you need to get committees and key members who are actively serving now also engaged in that process.

My sense is that the administration is perhaps a little overloaded. We've certainly consulted with them quite a lot. We had people that moved into and out of the administration during the course of the task force, on our task force, and even more in our meetings. So our hope is that we will also be able to engage with them and that they will be reaching out increasingly to the NGO community now that their leadership is in place.

But I think, again, this is the beginning of a good, two-year process, and I think the engagement needs to be both broad and deep.

Charlie, do you want to talk about the Hill front?

MR. FLICKNER: Well, the only thing I would add, Todd, is the purpose of American foreign assistance, broadly defined as it is in this study, goes far beyond NGOs. It's not done for the purpose of providing public financing for allegedly private groups.

There are difficulties we have had in establishing rule of law, establishing security so that development in the traditional sense is possible. The infrastructure issues that Lael referred to

are not necessarily areas of comparative advantage or PPOs. Certainly, it's non-governmental groups that will carry them out but not the traditional PPOs that are represented here.

The HELP Commission is fairly, narrowly focused. I would hope that during the next two years, the changes taking place downtown are not irrevocable, that they don't further make difficult the changes that may emerge from a process that Lael and others here have described.

But the NGOs I think are now at a comparative advantage in an ever-shrinking percentage of foreign assistance. And it may well be time for a restocking of particularly humanitarian assistance and some of the geographical areas where they are at a comparative advantage, rather than trying to compete across the board.

MR. BREINER: My name is Gary Breiner* (ph) from Brigham Young University.

A climate change will exacerbate most of the problems that foreign aid is aimed at, so I'm interested in how your report addresses that issue and a couple of issues in particular.

One, if a key to addressing climate change is transforming the economies of developing countries so that they move away from fossil fuels towards alternatives, how will foreign aid address that; how can it?

Second, if part of the challenge is trying to get Congress, the executive branch, and American people to support more funding for that kind of —

MR. BREINER: — it's like it's a very similar problem. We're talking about foreign aid or climate change. You need to try to engage everyone in thinking about how to make those investments in developing countries.

What's your sense of how to do that?

MS. BRAINARD: Let me ask Steve to just talk about the humanitarian aspect of your question because I think there's a very close connection there, and then I'll come back to your broader, political question.

MR. HANSCH: In our chapter on humanitarian aid, we encourage the U.S. government

— the administration — to have what they don't really have now, which is an over-the-horizon, long-term view of these very problems. Climate change is an example of the kinds of disaster preparedness that we don't do now because there is no locus or responsibility anywhere in the system for doing it.

We do respond to global climate change when there's floods, hurricanes, and tornadoes, sort of severe-weather events, but we don't see the trend lines. So we're not looking at small-island states who may be overwhelmed by rising sea levels. We're not looking at the changes in patterns of rainfall and famine risks that are for sure going to be occurring over the next 20, 30 years. And we're not looking at how to channel more of our aid toward the local government and local civil society preparedness for those eventualities.

To the extent that we do, humanitarian aid plays a role for preparing societies for risks, but at least half or more of the preparedness needs to be on, as you suggest, the economic retooling of some of these societies.

MS. BRAINARD: Just on the broader political and policy question, this is a classic example where the current stovepiping that we have in our government serves us particularly ill. We don't actually have a voice at the highest level tables representing the interest, or our own interest, in developing countries, kind of moving along on paths that are sort of both good for their internal needs but also consistent with some of our values and interests as a country.

So until you have an empowered voice that is sitting at the table, not subordinate to another cabinet secretary that's sitting at the table, that can speak directly to the development issues, I don't think you're going to get a voice of concern about climate change from that perspective. That perspective simply is not voiced at the moment, which is why we make the organizational recommendations that we do.

Charlie?

MR. FLICKNER: Strangely enough there's been for many years an odd, general provision

in the foreign operations appropriation regarding climate change. There's an annual report required that was basically put in originally by David Hale at the Economic Growth Bureau under the Clinton administration. And it's married to a requirement for energy and clean energy spending, which is championed, oddly enough, by Senator Robert Byrd of clean, coal, Virginia.

So this provision has been there for years. It has been attacked. It was attacked by leader DeLay for years. The global environmental facility, also a target of Mr. DeLay for many years, has always survived if not fully funded.

This multilateral institution for cross-border climate issues, the bilateral earmark for these things are there. But like many such earmarks, it's less than meets the eye. No one to this day, including Senator Byrd, can tell you — and probably David Hale — what this money is used for and what impact it has had. I know it paid for an awful lot of conferences in Bali at one time.

MR. RADELET: Let me just add very briefly on that.

The climate change issue is a tricky one for a lot of reasons, but one of them is that it will require a different approach. It's not going to come out of a consultative process at the local level as a high priority. It's not going to come out of working with the government of Ghana or Senegal as their number one priority because they will see themselves as a very small player in a very big thing.

This is a transnational, global public good, transnational threat, that's going to require an effort not just with the U.S. government but with the World Bank and other development agencies that's going to take an entirely different approach because it is not going to emerge as a priority in the processes that we now use to set countries' specific priorities.

MS. PENCE: I'm Anne Pence. I'm now at the MCC but I'm also paid by the State Department. I think I speak for a lot of us in saying thank you to all of you up there because I think most of us here are impassioned about these issues.

Lael, you and others have talked about how DFID and some of the other organizations in

the international community maybe have more influence or have a core set of values that they drive forward very effectively and some of the organizations in which they're active.

None of you have really talked too much yet about some of the things that we as Americans I think are good at and care about, which is being practical, measuring results, trying to see that what we do actually is effective, even if we're criticizing ourselves for not yet doing it in a coordinated manner.

How do we, at this stage of the game, as we carry forward this two-year discussion, have it with the rest of the world so that we rebuild some of our influence and some of the respect that I think many people still do have for that pragmatism and I think the fundamental generosity that Americans have if they think their money's doing some good.

What does that tell us about how we can do better on performance-based aid allocation when the rest of the world doesn't agree with us on exactly what that means? Sometimes they're more concerned about need and about being learning institutions and societies, where we figure out what actually works. I mean, does money buy love? Is Egypt a place where we think the spending of all that money has really given the kind of return on a strategic basis? Is their society freer?

I mean, how do we answer these fundamental questions over these two years with the international community so that as we figure out how we want to look 10 years from now, that we're doing it in a way that leverages them with us?

That's an easy question.

MS. BRAINARD: It is an easy question.

MR. RADELET: It's a good question, Anne, and this is why I raised the point about the importance of monitoring and evaluation, and ensuring that we are achieving the goals that we want to achieve.

In some areas it's a little easier. For building roads or something that's nice and

measurable, it's fairly easy to say, this is what we want to achieve and here are the measurable kind of results. Building institutions and government structures, it's a lot harder to see what the progress is.

Buying love, as you say it, or what the progress is in a place like Egypt is hard to measure because by some measures, we haven't made much progress in Egypt; by other measures, the Camp David Peace Accords are probably one of the greatest foreign policy achievements of the last 50 years. And they've been very successful, and our financing has been partly contributing to that.

I think that comes back to the importance of clarifying what our key goals are, and we haven't done that. We make an attempt at this in the report. As I mentioned earlier, the Foreign Assistance Act is very vague and lots of different goals. I think we have to be very clear on our goals.

The MCC is moving in that direction for one part of our foreign assistance. But whether it's development assistance, or humanitarian assistance, or the transnational threats, or improving governance, or buying love, we've got to be more clear about what it is we're trying to achieve. I think we've got to state what those goals are more clearly, and then have ways to monitor that progress.

That serves many purposes; partly for mid-course correction, to figure out if we're off target and how to rectify things going on; partly to penalize countries that aren't achieving results, and we're going to reallocate the money to somebody else; partly for learning, as you say. And that's one of the areas that we don't do very well. There is a lot of information out there evaluating specific projects, but it's not aggregated and we're not doing a very good job from learning that.

So it's hard to do it, and I think it's going to take several steps along the way. But you've identified one of the key problems, and we do touch on that a fair amount in the report.

MS. BRAINARD: I just want to make two quick points.

I think the U.S. has actually shown that it can move the international dialogue when it really makes a very deep and bold commitment to do something and do something right. For instance, I think we've moved the world on HIV/AIDS. I think we've put a lot of money on the table. We've put a lot of high-level attention on it. And as Steve said, more money has flowed.

In a second area, I think the MCC over time could move the world in terms of showing a model that really works. Countries that are going through the process, the more they own their own programs and the more that they believe that that process is working for them, are going to become demonstrations that this kind of an approach may work better, and we may actually move the world community in that direction.

Again, I agree very much and there's a strong recommendation in the report that the oversight side — the monitoring and the evaluation, the showing results — has to be a piece of that.

Let me say a third area, where we probably haven't moved the world, and maybe it's a little trickier, is on the transformational diplomacy agenda or the freedom agenda.

The United States is not in a great position right now to say we're going to come in and transform you into more democratic states through things that we do. I think it's a much trickier agenda. And working through a diplomatic mechanism or a state-to-state mechanism, especially when we're doing a lot of things with our resources that are not consistent with that goal, has not been traditionally the best mechanism for moving that agenda forward.

So that's an area where, perhaps, not only is our money not buying us love, but we don't sound like we really know what we're doing in terms of enunciating that set of goals and then looking a little bit confused about how to achieve them through governmental challenges.

Other questions? Johannes?

MR. LINN: Thanks very much. My name is Johannes Linn from the Brookings

Institution's Wolfensohn Center. I've worked for many years in the World Bank and paralleled with USAID organizations. I think if your recommendations were to be accepted and implemented, this would actually make the U.S. a much better partner also with other international AID organizations, whether multilateral or bilateral. I think in that sense, your recommendations go very much also in the broader direction of making international assistance generally more effective.

But I wonder what did you say and what did you conclude in how the U.S. can actually in its aid effort also be a better partner to others? For example, in participating in the harmonization agenda, which is being pursued by the multilateral agencies and to some extent by DAC* (ph), where the U.S., as I experienced myself, has not been in fact too helpful on the ground. Central Asia, for example, is a case where the U.S. and EU actually were the odd men out and not cooperating effectively in one particular country in a case where that was promoted.

So I sort of wondered, do you have any recommendations for the USAID establishment, and how it can actually participate more effectively as a partner in the broader international sphere, aside from being better streamlined, having clearer mandates internally, which, of course, is very important.

MS. BRAINARD: Briefly, because it's a big question and it's an important question, one of the principles for making our aid mechanisms more effective on the ground is that we have to do a better job of being a good partner multilaterally and being part of the harmonization, being an active supporter of the harmonization process.

But it turns out it's very difficult for the U.S. to do that because we are not internally harmonized. And so in order to get to that point, we actually have to increasingly speak with one voice and have one actor that's working with the international community, rather than five actors on any given thing.

So there are two things we think are very closely connected. I wanted, perhaps, Steven

Hansch and Steve Morrison to talk about the kind of bilateral/multilateral interface in two particular areas of aid because each area of aid has its own particular kind of configuration of actors within the U.S. interfacing with a different configuration of actors internationally.

MR. HANSCH: As we mentioned, the multilateral front of the United States already may be the leader in working with U.N. agencies for disasters and refugee aid, and in many cases, making up the gaps for other bilateral donors who are dropping the ball.

In long-term provision, the U.N. system does not do a good job at all, and this is where I think the United States can be pushing them to be doing a much better job. In the area of commodities, my own view is that a lot of the efforts by the OECD and WTO are to try to move people away from in-kind contributions. I feel as though this is somewhat actually contrary to U.S. spirit, which is much more ground up, where people donate from their own volunteerism and donate goods in kind, and that maybe a government, top-down approach isn't the most appropriate.

Very specifically on where the U.S. can be driving, as Lael was speaking about, the U.N. system to be a better performer on humanitarian aid, right now there's a big debate over the role of OCHA* (ph) and the role of the U.N. agencies on how they can be harmonized in their approach.

The United States is in a funny position.

We have such a strong office of foreign disaster assistance role in large emergencies that we don't actually get a lot of return on our investment here from having a strong U.N., OCHA presence overseas. So while we are supporting it, a lot of the benefits from a strong, U.N., centralized approach are for the other donors, particularly smaller donor nations in Northern Europe. So our recommendation is to be a supportive partner to that process while still maintaining our strong bilateral presence in those countries.

MS. BRAINARD: Steve, did you want to talk about the PEPFAR global funds?

MR. MORRISON: The approach has been taken on launching PEPFAR. It's been overwhelmingly bilateral. There's been a lot of tension of course with respect to how much priority is attached to sustaining the Global Fund, and is it the White House that does that or is it Congress that's left to continue to keep the levels at a point that is seen as more appropriate?

The general sense that we argue is that there needs to be a balance-mixed approach, that you need several different instruments, both bilateral and multilateral, to leverage others, to have a mixed approach that can operate in these complicated environments.

What we run into, though, is the zero-sum tensions around access to funding. Increasingly, what we're running into today is the differential between the speed of disbursement in the unilateral case versus waiting for new instruments, like the Global Fund and the World Bank — to move vulnerability to disruption of funding and the vulnerability to corruption, and difficulties in disbursement, and procurement, and supply-chain management.

So you have these odd situations emerging. Like just this morning, we were talking to folks in Vietnam in our bilateral program, in standing up treatment programs at an early point. The Global Fund money runs out in the next 12 months. The World Bank money has petered out. The U.S. finds itself now in a position of steadily becoming the single player in providing treatment in that country.

That's not a good position to be in, overwhelmingly, and it requires more of a strategy and more of a focus of ensuring that the Fund and the Bank are there as well as DFID and others.

MS. BRAINARD: We've got time for I think one more question. Why don't I just take a few, and we're kind of wrap them all into one, and give the authors kind of one chance to respond to all of them.

There's one back here and three back there. We'll go through them quickly. Keep your questions short, and we'll try to remember them.

MR. HOUSEMAN: Hi. My name is Larry Houseman* (ph) from the Nature

Conservancy.

So far, all of your discussions really have centered around ODA, and I'm just wondering whether your book takes on the question about all the resource flows that are coming from the private sector, from remittances, and how do you work those actors into your overall kind of scheme of foreign assistance.

MS. BRAINARD: Let's see; back there?

MR. O'KEEFE: My name is Phil O'Keefe* (ph). I'm with the Catholic Relief Services.

In my opinion, we as a nation is perceived as leaders in overseas development assistance, when we're perceived to be acting out of something greater than our national self-interest. I think PEPFAR and humanitarian assistance and how we're perceived to have leadership role in that are evidence of that.

So I'm curious if you considered goals and objectives for foreign assistance more along the lines of ending poverty, or preventing hunger, or providing water to all people by 2010 or something. Because when I read these objectives, I see a lot of countering threats to us, and it doesn't speak to me from that aspirational, greater than our national self-interest way. And I think that's what the American people are also interested in supporting.

MR. REESE: Thank you. My name is Gareth Reese* (ph). I'm from the Embassy of South Africa.

My question relates more to the multilateralism and bilateral approach in the development assistance. What I haven't heard anything about is regionalism and the role of the regions because from an African perspective, through the NEPAD, the New Partnership for Africa's Development, what will be critical is the success of regional economic communities in implementing many of the programs that Africa has initiated for themselves in partnership with the developed world.

If I could just get some thoughts on the role of the regions and strengthening the capacities

within the regions, and how that can contribute through the aid programs.

MR. STEVENSON: Mark Stevenson, British Embassy.

A fairly simple question; do you think the U.S. administration is at a junction now where your report will precipitate the sort of reform (off mike)?

MS. BRAINARD: Shall I take the first crack? Okay. Very quickly.

To Larry's question, we talked very briefly about that area because I think it is enormously important and bigger. But thank you. We're about to release another report on private sector transforming the development landscape.

We do think that the U.S. has a really unique capacity advantage in this area, and that the public-private partnership is an area where the U.S. has done well and can really lead. We have some good models. It's an area of strength.

To Phil O'Keefe's question, this is a U.S. government, reform-oriented report. I think when you go out and you're making the case, which we hope you will do, that we need to do aid better, you will do it in the terms that you talked about, speaking from the heart, because that is what motivates the American people at the end of the day.

What we're trying to do in this report is say, we as a nation at the governmental level have a set of objectives that are directly achieved through this soft-power mechanism. But we're addressing a very different audience. And the advocacy community I think has made that bridge incredibly effective in the last few years. And so our hope and expectation is that as you take up this agenda or continue with this agenda, that you'll do it in terms that I think will move people, as you said.

To Gareth Reese's question — and I don't know if others will speak on this — the question of working to strengthen regional linkages, and the NEPAD process in particular I think is just a fantastic example, there are areas in the world where only by strengthening the neighborhood will you strengthen the individual countries. And so we need to be taking that very strongly into

account in our policies, some of which is not easily done in the organizational structure we have.

Steve Radelet?

MR. RADELET: Actually, just on the first two questions from Larry, our report really focuses on issues where there are policy levers involved. There's not a lot of policy levers. There's some but not as many policy levers in terms of how U.S. government policies affect private flows and remittances. I'm not saying there are no policies; they do affect us. So we're focusing more on the subset of official flows, where there are policy levers.

It's true that private capital flows have increased dramatically. It's often misstated that those have increased dramatically to low-income countries. That's only true if you include all the middle-income countries and high-income countries. If you actually separate out the low-income countries, there's been very, very little increase in private sector flows.

To the extent that there are remittances, which is the new flavor — and that's an important issue — it is for a small subset of countries, mostly in Central and Latin America. It's not nearly the issue in Africa. It's just not really there.

So for many countries, particularly the poorest countries in Africa, the official flows still do play an important role, the biggest role. And one of the objectives is to move on to those private sector flows, but we keep that as sort of a separate issue.

Phil raises a good point, although embedded in a lot of what we say are these broader goals; that if we're going to make partners more capable to do that, we need to fight poverty, we need to end poverty, we need to increase water supplies, we need to do all that.

So the issues you raised are quite important, and they are throughout in here as to those kinds of issues. And you're absolutely right. That's what sells with the American public. They want to get clean water to people. They want to fight HIV/AIDS. When you start talking about strengthening states and governance and all that sort of stuff, you lose them. So it is embedded in here as the way that we do strengthen states to empower themselves.

MS. BRAINARD: Charlie?

MR. FLICKNER: I would say that Phil's question brings to the forefront an issue that may make it impossible to do any of the things that this study advocates. More and more silver bullets, millennium challenge goals, silver bullets, whatever you want to call them; things that are not achievable in the short to medium run, and that may in fact contradict broader national interest and security goals.

There's no way of reducing the 50 objectives if we keep adding more. Yes, HIV/AIDS is one that is now a national consensus, perhaps malaria, a few diseases and health ones. But as we've gotten various groups involved in clean water and other autonomous interventions, ignoring what Steve just mentioned in terms of governance and having capable governments, why did we withdraw from 15 or 13 African countries? Was it because we were totally successful or because we found we couldn't achieve anything after a while?

So I think we cannot get anywhere if we go down the clean water and 20 or 30 aspirational objectives. I think that will defeat the purpose to rationalize the whole system.

MS. BRAINARD: Steve Morrison?

MR. MORRISON: A couple of closing comments.

On the AU NEPAD, the U.S. is moving towards dispatch of its first ambassador to the AU. That's a very promising step. It can bolster that with an elaboration of a strategy and the dispatch of senior figures to key AU gatherings, which has been very uneven.

The key test points are obviously Sudan, Darfur, and the inexorable kind of crisis in Zimbabwe, where there is some additional movement there. All of those things are live issues and put U.S. foreign policy engagement together with AU leadership.

One of the big questions, outstanding questions is after President Mbeki and President Obasanjo have completed their tenure – since they were the principal drivers of moving the AU where it is today and the NEPAD agenda – what happens, and how do you think about that, and

how does the U.S. think about doing that?

We haven't talked at all about China. We haven't talked about the way in which the discussion and the framework and strategy that is contained in this volume relates to the strategic dialogue. I think that is something that needs to be factored in.

As to Mark's question around impact, I think you have to take the long view. You have to look at the key moments that are going to be appearing in our own presidential cycle and congressional cycle. We need to be tying the work of this to the HELP Commission and to the broader agenda of building intellectual capital and consensus around this strategy.

I think that's the best way forward, is to just keep working this. It's not going to be a single transformational approach. While I think it's very useful to be referring to the Goldwater-Nickels model, we're not going to see an exact replica, but we can pull legitimacy from that and get people thinking differently and acting differently. I think the politics, and the dynamic, and the discourse around foreign aid has changed dramatically. So there is a window here.

Thank you.

MS. BRAINARD: Well, thank you all very much for attending. We will see some of you upstairs for continuing discussions on some of these issues in a little while. For others, let us know how the soccer game is going. I hope everybody will leave this room with a little sense of mission on this very important topic. Thank you.

(Applause)

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