

THE BROOKINGS INSTITUTIONS

MEMO TO THE PRESIDENT:  
REDEFINE AMERICA'S GLOBAL DEVELOPMENT CORPORATION

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**Moderator:**

GEORGE INGRAM  
Vice-President of the Academy for Educational Development and  
board member of the Center for U.S. Global Engagement

**Panelists:**

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ANDREW NASIOS  
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## PROCEEDINGS

MR. UNGER: Thanks for making it to our event this afternoon. I'm the Policy Director of the Foreign Assistance Reform Project here at Brookings Global Economy and Development. It's a real pleasure to welcome you to today's event which takes place at a pivotal moment for shaping how America engages with the world.

The new administration that is currently transitioning in has an opportunity to refashion America's image and present a cooperative face to the world. U.S. foreign assistance is one of the key pieces at the heart of that agenda because when it is designed and executed well, foreign assistance is not just soft power but smart power that advances our national security, our national interests, and our national values.

Led by Lael Brainard, Brookings Global has been doing a lot of thinking over the last several years on Foreign Assistance Reform and International Development Cooperation, and we are particularly pleased to host such a distinguished panel of experts to discuss those issues today. You should have their bios in front of you, but allow me to quickly introduce them.

To my immediate right is Colin Bradford, who will present recommendations to the president-elect on how to lead in a cooperative way to address the global development challenges of the 21st century.

Colin was Chief Economist at USAID during the Clinton Administration where he also had the lead role in U.S. coordination with other bilateral and multilateral donors. Specifically, he played a leadership role in developing the international development goals which were the precursors to the millennium development goals.

As a senior fellow here at Brookings and at the Center for International Governance innovation in Canada, he is focused on global economic governance, environmental governance, international economics and development, and his professional path includes OECD work, work at the World Bank, Yale, in the Senate and other places, and I'm sure I've missed a few and you can look at your bios to see the rest.

Now, the next three gentlemen here on stage all show the distinction of having served as administrator of the U.S. Agency for International Development, and I'm sure many of you have read their recent jointly-authored foreign affairs article on reforming U.S. foreign assistance.

Andrew Natsios is a professor on the faculty at Georgetown University, and for the first five years of the current Administration, he served as the head of USAID. President Bush also appointed him Special Coordinator for International Disaster Assistance and as an envoy to Sudan. He had worked at USAID prior to his tenure as the administrator, and he's also been very involved in government in elected office on Massachusetts

and also a vice-president at World Vision, and a veteran of the Gulf War as a Civil Affairs officer in the Army Reserves.

Peter McPherson, next in line, in addition to serving as Ronald Reagan's USAID administrator, he is also a former Deputy Secretary of the Treasury, and he's currently president of the National Association of State Universities and Land-Grant Colleges, and a former chair of Board of Directors of the Dow Jones & Company; founding co-chair of the Partnership to Cut Hunger and Poverty, and has also served on a number of other organizational boards and commissions. And he was also president of Michigan State University prior to that and a lawyer in the White House.

Brian Atwood is the Dean of the Hubert Humphrey Institute of Public Affairs at the University of Minnesota. He served for six years as administrator of USAID during the Clinton Administration. He also served as an Under-Secretary of State for Management at the State Department, and that was during the Clinton Administration. During the Carter Administration, he was also Assistant Secretary of State for Congressional Relations, so he has State Department experience as well.

He joined the foreign service in 1966 and served in American embassies in Cote d'Ivoire and Spain, and has also worked on the Hill and was the founding president of the National Democratic Institute.

George Ingram will be our moderator for today's session. His professional career is focused on international economic and development policy in the Congress, the Executive Branch, and the nonprofit sector. He's currently vice-president at the Academy for Educational Development.

He's also chairman of the U.S. Global Leadership Campaign which, through its education arm has been conducting impact '08, a two-year initiative to bring the importance of rebuilding development and diplomacy to the forefront of the presidential campaign. He has also served for many years as a senior staff member in the House of Representatives on the Committee for Foreign Affairs, and he was also a principal deputy assistant administrator at USAID.

So welcome. Thank you for coming, and I'll turn it over to George.

MR. INGRAM: Thanks, Norm. Welcome, everybody. Let me explain the format we're going to use this afternoon. I'm going to ask Colin to tee up the conversation. I'm then going to pose a question to one of the former administrators who is going to respond to a five-minutes, and then the other two will have two minutes each to follow. And we'll save the last third of the session for engagement with the audience.

I know this may sound familiar to you, it may sound like a presidential debate. The difference is we have a panel today who know the issues very well, have a lot to say on them, so they will address the issues,

and they also know how to speak in short periods of time so they will stay within the time limits.

Colin, the three administrators who have written an article in Foreign Affairs, which focuses on how to improve the management and leadership of U.S. bilateral assistance programs, you have written a memo to the President addressing the international global development. In five minutes, tie these two together and give us the essence of how we should move ahead.

SPEAKER: Give me some more –

MR. INGRAM: No problem, George.

MR. BRADFORD: Time is short so let me be quick. I mean it seems to me that we're at an amazing global political moment, maybe the biggest political moment in 50 years. And one of the Barack Obama lessons that we can all draw is his famous phrase: "If not now, when?" And it seems to me that this is the moment for reform, reform globally but also reform at home and reform in the foreign assistance program itself. It's not later, it's now when we need to do this.

The U.S. has become a polarizing force in the world instead of what it has traditionally been, which is a force for reconciliation and leadership. So there's a need for a new face for America in this business of new development cooperation but, more broadly, obviously. So it's a

political moment which requires in my judgment political leadership for this new era of international cooperation when the U.S. seeks to redefine its role in the world and restore trust in America once again.

So I have figured out four C's for policy leadership and for people leadership for this new era. The policy leadership dimensions are international coordination with not only the OECD donors but the multilateral donors and the new non-DAC donors in the world to replace the sort of fragmented and competitive and even confrontational system that we've had of late.

The second policy piece of this is policy coherence, something that other nations, other industrial nations, do well we have done hardly at all; that the administrators, I'm sure, will testify where you integrate across trade, finance, debt, and even energy health, education, climate, and other things, the various instruments of American development cooperation that impact on the rest of the world in an effort to make a more coherent impact rather than give with one hand and take away with the other.

The people dimensions of leadership, it seems to me are intensive consultation with Congress and a new effort to capacitate the development cooperation effort in a different way by mobilizing private sector leadership and civil society leadership. The link between the policy leadership piece of this and the people leadership part, it seems to me, has to have some

content, and that is what the U.S. is doing in the world needs to be consistent with, in the American mind especially, with what we're trying to do at home.

The American people clearly want improvements in health, education, equality, opportunity, and environmental balance. These, in a way, are the millennium development goals, in fact, and it seems to me that it's not a stretch to say that the millennium development goals echo the aspirations of the American people not only for what condition they wish for themselves in the next era but the conditions that they wish for others in the world so that they can be comfortable in it.

So the NDGs at least potentially, I think -- I think in fact, but I admit that there could be other formulations -- the NDGs pose a vital link of content between domestic priorities and concerns of the American people on the one hand and the kinds of efforts that we need to make abroad on the other. And without that intensive consultation with Congress doesn't really make a lot of sense because the whole -- the whole point is not to just have more consultation and more coordination; the question is about what: What are we trying to get done?

So I think the reform era requires political leadership, so I join the administrators and many others of you in the room and others outside in thinking that a Secretary for Global Development is an answer to this



particular global moment, this global political moment and this moment for reform.

So there are a couple of other Barack Obama lessons that come to play here. One is what I call the Hillary Effect. The Hillary effect is that you name somebody who's already a recognized leader to lead the effort rather than somebody who becomes recognized because you've chosen them as a leader. You take a less journeyman approach to this than you do really thinking about who's the best and the leader who could have the most visibility and the most impact to carry forward such an effort.

The second -- or the third, in fact -- Barack Obama lesson is that you take a team approach to leadership rather than try to think about a single leader. If you look at what the president-elect has done with the national security team and the economic team, I mean it's clear that four is better than one, and that he's not lodging the leadership in a single person but in a team, in a group, all of whom were distinguished.

So I think it's a time to think big and to think bold in this endeavor. So who, what kinds of people, do I have in mind? What does this mean to have a new era of global cooperation based on these vectors of policy leadership and public leadership?

Well, just imagine a world in which the donor coordination functions of the United States are led by a person such as Jim Wolfensohn

or even Bob Zoellick. Think about what kind of a world we would have if the policy coherence element, the drawing together of the different threads of American development cooperation effort were led by the likes of Wesley Clark or Colin Powell or even David Gergen.

Think of what it might be like if we had the Congressional relations in the hands of someone like Lee Hamilton or Jim Leach. Think of what would happen if we had the capacitation effort, the mobilization of the private sector and the civil society in the hands of someone like Senator Chuck Hagel or Bill Gates.

Now, I'm not suggesting that we have a debate here about whether these particular people are the people we want, but rather encouraging you to think of people like them that we might think about to take on leadership segments of the development cooperation effort so that there's actually a team of people that approach this. We haven't lodged all our hopes and all the world's hopes in a single person, but in a team of people who are able to bring this off.

So I'm encouraging you to think also about flexible modality in which people of this stature, of this leadership capability, of this luster could be involved in the development and cooperation, the U.S. development and cooperation of the future. And think about the fact that Paul Volker is one of the most distinguished economists that Barack Obama has drawn on. He

has a fairly informal role which I'm sure will be intensive in some moments and less intensive in others, but he's involved. His name is there. People can have confidence because of it.

I think about Susan Rice having been just appointed as the cabinet-level ambassador to the United Nations. In the short run, wouldn't it make sense to have a cabinet Secretary for Development Cooperation or a cabinet Secretary for Global Development who has cabinet-level position even though we haven't yet gone through the tedious business of putting a cabinet-level department under him or her?

So I think that we need to think flexibly and think boldly and think big at this moment. It matters a great deal that we turn the corner now. The fact that there are internal bureaucratic reasons that people can give why we should and shouldn't do things really needs to be set aside to realize that at this moment in American history the American people and, maybe more importantly, the people of the world expect a lot of us now. And we need to do it. We need to exercise political leadership with political leaders, and we need to do it now.

Thank you very much.

MR. INGRAM: Colin, thank you for nicely expanding our horizon.

Brian, Colin has brought in some of the international dynamics into the management of U.S. assistance programs. What do you see as the role

of some of those international dynamics? The NDGs, the Paris Declaration Principles on local ownership, alignment, and harmonization?

MR. ATWOOD: Well, thanks, George. First let me say that I'm delighted to be on this panel with my colleagues here. Colin and I worked together back in the '90s, and I'll mention something about that in a minute, but it was a real delight to write this article with these two colleagues.

Not much compromise was needed. Every once in awhile maybe a different phrase, poverty alleviation or economic growth -- I mean both sides of the same coin,  
but --

MR. INGRAM: (Inaudible) -- all right?

MR. ATWOOD: That's right. But it was a real pleasure, and any time (inaudible) that you can come up with a bipartisan suggestion for change, then I think there will be more people paying attention. That was our theory. We've all had the same experience, and I think we have very commons views. There wasn't much compromise really needed. We may have a slight difference of opinion on the cabinet department. Reality is the politics that will take care of that issue one way or the other.

And, frankly, there was no one I worked more closely with in the Clinton Administration other than Hillary unless it was Patty Babbitt, who's sitting here, my deputy, former deputy. But Hillary knew new developments

as well as anyone. I heard her speak on the subject. She didn't need notes.

She's someone that really is schooled on this, and I have a feeling that she's going to develop a real partnership with the person who is selected, and I agree with Colin it ought to be someone who's got the immediate stature, who doesn't have to earn it the way the three of us did. And I expect that's what's going to happen, and there will be a great deal of confidence.

I've always been concerned in the past in Washington that you don't get the right answer to what is needed because you think about power as the zero sum game, and I was just saying earlier that when I was in the State Department back in the Carter Administration, when the State Department lost the foreign commercial service, it was seen as a real blow, that the secretary of state had somehow lost power.

I don't think that's the way to look at this. When you consider the challenge out there when half the world's population is living in poverty and we've got now a world food crisis and a financial crisis and the like, this takes on an immediacy, an urgency that is beyond all of those other things.

One of the things that's misunderstood, I think, when people from the national security community look at development, first of all they don't always understand it very well, but they see it as an ancillary thing, or maybe another tool in the tool kit as opposed to what I think is the national security argument for development which is prevention.

They also don't understand that there's a good deal of development diplomacy that goes on to get the kind of alignment that Colin talked about and George asked about. In the 1990s we worked within the DAC. We were constantly being bombarded by especially the Scandinavians about volume. You've reduced your volume. You only got .11 percent of GDP. And so the whole issue, it seemed to me to be kind of silly.

I mean if we had gone up to the .07 percent, which is the UN resolution on this subject, you know, we would have overwhelmed everyone, but we might not have been spending the money very well. So we tried to refocus the debate and talk about what the goals of the development community were, the donor community, and we managed to basically write a political document. Colin did a lot of the drafting, and I worked with people like Jon Tonk from the Netherlands on this, and it became the DAC 21st century report.

The next thing that happened -- and I was just discussing this with someone from DFID the other day -- the next thing that happened was a G-8 meeting, and the G-8 -- it was proposed by the British who were hosting it in Birmingham, England, that we adopt the DAC 21st century reports as goals for the G-8, although with some reluctance primarily in our government because Treasury and State at the time didn't think that the

goal of cutting extreme poverty in half by the year 2015 was realistic.

We argued that it was aspirational, that it would force action; and if it hadn't been for a very timely visit by Clare Short of Britain, who basically threatened to go public with the issue if the United States didn't agree to this, literally. And, of course, Birmingham was her constituency. That's where the G-8 meeting was going to be held. If she hadn't made those timely threats, we probably would have walked away from this. But that endorsement by the G-8 and later became the money and development goals, and I think we can all feel very proud.

Now, we need alignment at the global level, and that means alignment, not just because the donors agree to this approach, but because the developing countries agree that these are the priorities as well, because one has to remember that development aid is a catalyst. It's supposed to be a cooperative effort. If the governments aren't investing resources in change and in basically fulfilling these goals, then it just won't get done. It has to be a partnership.

You then need alignment at the country level, and that means donors have to coordinate with the government on what is needed: What are the priorities? Governments are very good at knowing when something has been earmarked, and they go after that money because they think that's the money that's available. But you really have to look at it and

analyze it from a development perspective which is why those World Bank meetings where they try to coordinate the consultative group meetings are so important to really understand what the priorities are within the country.

Then you need alignment or at least synergy among sectors. This is one of the more difficult things because again, because of our earmarking system, you have to understand when an initiative for girls' education will have an impact on family planning and population. You have to have an understanding of what the relationship among these sectors is in order to pursue a development strategy.

The United States government as a whole can be a leader in all of this. We can't do it with 23 different agencies having a different approach. You can't have this kind of donor and government coordination at the country level if you have nine or ten different government agencies doing different things. If you have PETFAR, PETFAR's a wonderful initiative by the Bush Administration, but treating all of these people is very expensive, and if 70 percent of your aid budget is going to one disease and that one disease is basically seeing two or three more infected cases coming on line as you're treating the one case and all of the costs that go with that, there's no balance in that. And we can't continue to spend money.

It's like AID has become -- or I should say our development assistance program has become like the NIH: In essence, if you've got the



disease of the year, you get the money. So I think it's really important for us to integrate these things, and if we do integrate these things in this way, we can work with the other donors and other governments and really achieve what we need to achieve, which is development results and at the country level.

MR. INGRAM: Thank you, Brian.

Peter, a lot to respond to, but in two minutes?

MR. Macpherson: Well, it seems to me that we really need the coherence of a program. But the thrust of the article that somehow or other over the 20 years we have -- we don't have policy coherence. The NDGs are very important and I'm committed to them, but they're been taken as a direction to really focus on short-term efforts, and I don't think that was intended. Gross -- people don't have food, they're not well anyway, but somehow or the other they become -- it fits right into the earmarking of various programs accounts.

Coherence is practical. I was hearing -- thinking about this the other day in the '80s, and I was lucky to take over an agency which now seems a simpler time, but it surely didn't at the moment at that time. There wasn't nearly as many competing factors, but was always people who wanted our money, and the Central American effort, which was huge money at the time, big prominence, Henry Kissinger had chaired a committee to

look at what to do, it would have been very possible to set that off and the State Department take it over. Indeed, they wanted to, and we were able to somehow or other to stop that.

The Africa famine in '84-'85, which was the big famine until that time, I remember people trying to get Secretary Shultz to segregate that off in AID. We were able to stop that, but for reasons that are complicated. Before either of these gentlemen took over, there was some splitting off of efforts.

We need to get back and say, okay, we need a coherent administration of foreign aid; we need to have the AID administrator, whatever the person's title should be, have PETFAR report to them; there needs to be chair of the MCC; there needs to be a member of the National Security Council, that person, and needs to have a separate line of OMB. We never should -- if you've got OMB, money is the deal. If you don't have that, you don't have power with the Secretary.

MR. INGRAM: Thank you. Andrew?

MR. NASIOS: Let me -- Peter was being a little bit more Diplomatic than I'm going to be. I think the MDGs, also they are written now, are flawed. I support them. I don't know anybody who's in favor of the literacy or high disease levels. I mean you don't need a prodisease lobby in Washington or any capital, of course, not. I mean it's motherhood and apple

pie.

The things that are most important to development in Africa, the poorest area of the world with the most development challenges, was put very well by a man who's about to assume the presidency. Senator Obama was asked the three most important things for Africa: improved agricultural productivity, which is not in the MDGs; rural roads, which are not in the MDGs; and improved governance, which are not in the MDGs, and I might add which have no earmarks.

It is interesting to me when you ask the Africans who have been chosen for the MCC what their priorities -- because the MCC doesn't say it has to be MDG -- the MCC, you make your own decision, you submit your proposal. The MDGs are not in the proposals that are being submitted for the most part. Their rural roads, their agricultural productivity, their economic growth. Ask the Africans what they think.

We didn't do that. We have these international conferences and the donors force the issue. Now, are the MDGs wrong? No. They're inadequate. So the notion that our AID program, which needs coherence, should be completely in sync with what the Europeans, the UN, and the World Bank are saying is wrong. Why? Because I think we're off track, and I don't think, frankly, that the international community listens to people very well from the developing -- we go to these conferences and privately many

of my friends in the South say, "You know, we're being pushed into this, and we don't agree with a lot of this stuff but we can't get up and say we oppose this stuff."

I mean, how can any African leader say they're opposed to health? No one's going to say that, but would they like more balance in the way our AID programs are created? Yes. Why is that? Why am I braising this point in terms of coherence? It's because the reason that there's this dispersion all over the federal government, and the reason I think there's a lack of coherence in our programming is because the domestic politics of this country is overwhelming our AID program.

The politics of the beltway is overwhelming our AID program but in terms of the constituency groups that support AID support other elements of our AID program, have a very powerful voice in Congress in terms of what their priorities are, but in terms of the reality in the field as to what needs to be done by our AID program, I think it's out of sync. And I think the reason for that is that AID has become so weak is that all these competing sources of authority. James Q. Wilson says in his book on bureaucracy the three most critical factors in a strong federal department, any department, are relative autonomy.

If the Defense Department had four other defense departments competing with it in the middle of every war we've fought, we would never

win any war. We would have lost World War II, for heaven sakes. When friends of mine say, "Oh, we need three or four different centers of power in foreign aid," no one would ever say that in the Defense Department. But they say it all the time for AID. It's rubbish. Unity of command is not only a principle of war, it's a principle of development of good foreign aid program.

There needs to be one AID program like there was from 1961 to 1991, and that should be in AID. If they need the technical assistance of other federal departments in expertise that isn't in the agency, then they can contract for it. If they need from the Nuclear Regulatory Commission to help the Russians with Chernobyl, we contract with. That's how we used to do it for 30 years. That's the way it should be done.

Having every federal agency running around the Third World when they don't really know development, they may know their technical discipline; they don't understand anything about institution-building; they don't know whether the technical skills they have are relevant to the Third World. Domestic agencies constantly introduce technology in the Third World that's very inappropriate. They think they're in the United States when they go to the developing world because they don't have any experience doing this.

Development is not principally about transferring technical

discipline; it's about ownership, it's about appropriateness; it's about institution-building and capacity-building in the appropriate context of the country. So I think we've got some serious problems. I think having the dispersion across the whole federal government is crazy. It doesn't make any sense.

If you read Jack Kennedy's defense of his -- or explanation for his creation by Executive Order of the AID, it's exactly what we had right now. We should go back to the disciplines that worked before.

I might add one last discipline that we ought to add. If we do not include the Defense Department and the State Department in this paradigm, we're going to have a problem. The way we should do that is go back to the discipline of an ESF account controlled by State but spent by AID. State should decide which countries the money should be spent in, in terms of how much money from that account only.

The Defense Department I think should have their own ESF-like account. They should be prohibited from doing any operations or programming except in war zones where American soldiers are fighting, Afghanistan and Iraq and that's it. Everywhere else in the world, it must be done by AID using the money that they get through this ESF-like fund. It would be appropriate in their budget. They can take that money and transfer it to AID and say we want a new AID mission in Chad, and we want

X-amount of money spent there, but AID decides how to spend the money, develop the country strategy and executes in the field.

That's, I think, would take the interest, the legitimate interest of our defense establishment and our diplomats and integrate that into our AID program, but also have programming coherence in the field in terms of operation and management.

MR. INGRAM: Andrew, you've -- we're going to address in one specific way a broader question I want to pose to Peter, and that is your article and other reports call for a consolidation, elevation, and independence. Along with that independence has got to be some relationship to foreign policy in the State Department.

And so, Peter, address how you make that linkage between development and foreign policy.

MR. Macpherson: Well, you've got too models, I think. One was the model that I had with George Shultz at the time, the law had me report to the President. I surely didn't think I was going to go see the President very often as an AID administrator. I'd been his lawyer, but then I was gone out of the building so that was that. So I went to see Haig first and then Shultz later when they became Secretary, and said, "I'd like to report to you. I want to go to your senior staff meetings every morning," and they both said that was fine. It was an excellent arrangement.

I always thought that I could be fired by both of them, that they could go to the President and say, "I want a new person," but because I had independence, I had my OMB line, and I had a separate structure. The assistant secretary didn't think that they could tell me what to do. They didn't think the Latin American or the African pile of money was half theirs or two-thirds theirs.

Now, that's one model with perhaps it being even a little tighter with that individual running AID reporting directly to the Secretary. You've got to word that carefully so you're not reporting to a bunch of assistant secretaries. And I think the key is, as I mentioned a moment ago, that you have to have -- sorry for my cold today -- you have to have the other components like the NSC, which I didn't have. That would have been very important to get to trade issues, to get to some international financier, the OMB line and so forth.

Now, that's frankly what I would tend to favor, but the option of a cabinet job -- and I will -- and, of course, that's separate about reporting to -- keeps you in touch with the ESF at State. We've got to be always careful about that ESF. State more and more has been involved in programming ESF. In the '80s I had X-number of dollars for Pakistan, and I programmed very dollar of it. I love the idea of DOD having a NESF account, which we would do, and then they would direct the overall allocations, consult with



that, so on and so forth.

As I say, that's a separate about reporting to. The other option is the cabinet job. And, frankly, if you had a cabinet position, you'd be able to sit around the table at the right time, it would be higher status and so forth. I worry about what would happen to the ESF relationship that we now have with State, but I think more practically I don't see Hillary Clinton wanting to have a separate -- wanting to have AID split off because, really, AID resources are a big chunk of the Secretary's resources.

But I would encourage everybody to continue to campaign for that because I think that if you need to -- the cabinet job for AID is a shorthand of saying we need a stronger, more independent development mission. And if we don't get the cabinet job, let's hope we get things like the budget line, the NSC, and it's going to be very difficult to pull in PETFAR. It's a powerful institution, it has more money than anybody else, but, in fact, it's screwing up programs in countries. Most of you have been in Africa one way or the other recently, and you just know it's just been messing up everything to have this unity commanded that were spoken of a moment ago by Andrew.

That's the vision I think we all have. We need to have organizational coherence, and people in this room and others who are advocates of AID, I believe, need to continue to work harder.

MR. INGRAM: Thank you, sir. Andrew, brief comment?

MR. NASIOS: Well, there are people on right of center, my friends who think that all foreign aid needs to be programmed along geostrategic lines. I believe some foreign aid needs to be, and I think we need to make a national security rationale to the American people, particular at a time of budget cut. It's not just purely humanitarian and ethical, although I believe that; it's not going to sell in the United States. It will not convince the public or the Congress to make this a priority.

National security is always a priority, particularly where there are threats to us abroad. There are threats. Everybody knows it. Failed states are a bigger threat according to a very conservative Administration than powerful states. That having been said, foreign aid plays a much larger role in dealing with failed and fragile states than either defense or diplomacy does. And yet the smallest D of the three D's is development.

There is, however, some things like our humanitarian budget that should not be in the State Department, it should not be in the Defense Department, it should not be programmed in any kind of F-process for any geostrategic purposes. The purpose of our foreign aid program in emergency response, our OFDA and Food for Peace, and our refugee program should not be based on any geostrategic calculation. The statutes say that clearly. Our practice has said that, except in some

very tragic instances in both Democratic and Republican administrations where we've denied food aid to people because there were geostrategic reasons we didn't like the government. And poor people die because we don't like the regimes they suffer under, which makes no sense to me. You'll let North Koreans or Ethiopians starve to death because you don't like Mengistu or -- APEDA fixed that -- and Brian fixed the thing in North Korea.

But I mean we had real problems of the people in the city. We need to detach from the strategic programming of that money. Certain elements of the AID program, like the MCC -- statutorily the MCC is not supposed to be responsive to our geostrategic interest; it's supposed to be based, the whole statute says, based on merit. If the board didn't exist -- and I saw on the board, I watched the attempt to manipulate that, and I won't embarrass people by saying who tried to do it and what instances.

But the President didn't intend that. It's clear in his speeches, it's clear in the statute which the United States Congress passed, that that account is not supposed to be programmed for strategic purposes; it is supposed to be for developmental purposes which, in a broad sense, improves our national security having more prosperous countries in the Third World that do not become failed states or fragile states is in, now in our national interest. That is the greatest threat to the United States.

So you can make a broad national security argument for both our

humanitarian assistance programming and our MCC programming even though it shouldn't be and isn't now part of any F-process that aligns all of our resources against specific, more narrowly focused, short-term political goals.

MR. INGRAM: Brian?

MR. ATWOOD: What was the question? I can't remember I'm so entranced by Andrew's passion.

(Laughter)

And I think maybe there's a relationship here if you've served recently in a job, you're even more passionate about these issues. I'm not sure, but I am, and I appreciate what Andrew says.

I think there are a couple of things that sort of fall into the category of maybe the American culture that make it difficult for us to understand how these programs, these long-term programs are supposed to work. One is that we tend to look at foreign aid as a gift, a gift to another country to reward it for good behavior or to influence its behavior.

And I think this is the common understanding on the Hill with few exceptions, the common understanding within the national security community, and so therefore it's tempting to look at it as simply a tool of American foreign policy. And what we've got to do is get beyond that and to suggest that making investments in long-term stability, making investments

in the prevention of crises, making investments in the development of other societies, economies, and political systems is exactly what we should be spending money on.

Now, the tensions that have existed between State and AID to a very large extent relate to the absence of resources within the 150 account. If the State Department doesn't have the resources to leverage the behavior of other countries, if you're a diplomat -- and I've been one and I've actually served twice as a presidential appointee at State -- if you don't have the resources, you'll look everywhere you can to find them.

MR. INGRAM: That's right.

MR. ATWOOD: And, of course, you're going to look at AID because they've got a lot of resources. But there's no real understanding there, and I admit to being fallible on those grounds as well when I served in the transition as the leader of transition at State. And it seems to me that understanding of what real development is and following -- I mean whatever alignment we can with developing countries and the donor countries is extremely important.

There's a difference between long-term development aid, which is supposed to be sustainable -- you work in partnership and postconflict aid that must be available, and that's where the real coordination has to take place. You'll never be able to sell a long-term development aid program if

AID isn't prepared to be involved in transition. That's why we created the Office of Transitions Initiatives and why all of those different elements, including what happens at DOD and State and AID need to be coordinated in common -- I mean training needs to be done in those situations so that we can do this as lot more smoothly.

MR. INGRAM: Andrew, your article calls for the creation of, the equivalent of a Joint Chief of Staff. Who would serve on that? What would its function be? And does that begin to address the broader coordination and coherence issue of getting just beyond development in foreign assistance activities into broader U.S. government international policies?

MR. NASIOS: Well, in five minutes you don't construct this whole thing, but let me just give you some broad outline. In all of the NSC meetings, for those of you who have not been to a National Security Council meeting, at a senior level, a deputy's level, or at the second -- the third level down, there are always representatives of the Pentagon, civilians from the OSD, the Office of the Secretary of Defense, and someone from the Joint Staff who is in uniform.

We don't do that with the State Department or USAID, or for that matter for the Treasury Department. Career officers who are experts in these areas who have historical knowledge about what has worked over the years and what has not worked -- I mean I wish during the first year and a

half of the War in Iraq that AID had been at the table at all. I wasn't even at the table; for a year and a half I was only allowed in one meeting where certain people at OMB wanted me to go after the Pentagon and so they let me to the meeting, and I did that, and then I wasn't allowed at any more meetings for UNF.

A lot of very bad decisions were made at those meetings because there was no one who understood anything about reconstruction, really, with any historical perspective. I happened to know this because I worked 20 years ago in AID, and I had been through reconstruction before. But if you're a political appointee with no prior experience in AID, I think having a senior career officer at the table, the foreign service officer, a senior, executive civil servant with 20 or 30 years of experience having done 10 reconstructions or emergency responses whose very useful, it's very useful to have those people at the table.

So we tried this five times, it failed five times. We tried this six times, it worked all six times. Why don't we learn something from that instead of repeating the same mistakes over and over again?

The Pentagon is much better at organizing this stuff than we are. They always have career officers at the table who can say, hell, this violates basic military doctrine for the last 200 years to do it this way. And sometimes they actually do say that -- not often to contradict the Secretary

of Defense, but it does happen.

I would think that we should have a permanent seat for the AID administrator or any follow-on agency, whatever it is with the permanency that the NSC. It doesn't say anything in the statute about the head of the AID agency being on the NSC. It is by invitation only, and you would have to call all the time to get in, and that's how it was. If they wanted you there, usually it's because they wanted your money, and so they would ask you to come so they could raid your account.

Well, that's fine and that's part of this, and I accept that. One way of ensuring this coordination between the AID program and our diplomacy and our development is to have AID at the table. Then if there are major foreign policy initiatives of whoever the president is, they will be forced at the table to participate in a give and take sense. In other words, if you influence the way in which the U.S. Trade representative's office or the Treasury with the banks' function on the reconstruction of Afghanistan, then you ought to be able to be influenced by the process, too. It's a two-way street, and I think that's the way it should be.

One of the reasons I think people have seen AID as outside our foreign policy in the broadest possible sense is because they don't have a permanent seat at the table. And I remember 20 years ago in the first Bush Administration, under the President's father, we were called to meetings I



think three times in the time I was there.

Now, people were at a more senior level, but there are major emergencies going on, and AID emergency offices were not in the room because there's no seat. So I think there needs to be a seat.

Secondly, I think we need to have a senior career officer from each of those agencies, and the agencies would have to be internally reorganized to do that, so we have more of an independent career service from the people who are political appointees.

MR. Macpherson: You could use the counselor job.

MR. NASIOS: Yes, you could, that's exactly right in AID. And State has several positions that are usually reserved for career senior foreign service officers.

MR. INGRAM: Peter, do you follow on?

MR. Macpherson: Well, I think -- I think we've all made comparable points here. We've got a real -- a real problem, a real political issue. I think we -- my guess is among last year, I know, there is a coherence of view, if you will about the need for the coherence policy. Maybe there would be more discussion about program, but I believe all of us would say we need to have more of a development agency and less of an emergency immediate relief agency.

We haven't talked much about that -- briefly -- but I think that's very

important. I think the real problem now is how to politically get it done, frankly. My guess is that the Secretary-to-be Clinton is going to want to have not totally loose connections with the Department, and that I think is fine as long as these other things follow. In fact, it may be feasible that Secretary Clinton could have the power to pull within AID some things like PETFAR that we wouldn't be able to do in ourselves.

I do believe it's going to take a fairly powerful personality, powerful in terms of stature, and really must to have some elbows occasionally to get this done over the month ahead. The three of us have recommended that President Obama appoint the same person that's head of AID and head of PETFAR and some other titles to sort of before the -- so the organization won't -- reorganization won't take place immediately, and we'd better lay the groundwork.

As I told my colleagues here, we got rid of IDCARE. IDCARE would so overload the AID during the Carter years.

MR. INGRAM: IDCA.

MR. Macpherson: IDCA, yes. We --

(Laughter)

SPEAKER: I drew a void there for a minute.

MR. Macpherson: My friend, Tom Brahm, what would he say, right?

SPEAKER: He'd be very upset.

MR. Macpherson: IDCA. I'll say my cold is -- (inaudible). They got rid of IDCA because when I was selected to be the administrator during the transition, I was able to go to the President, relax and say, "Why don't you just appoint me here at IDCA, too?" And you never heard a head of IDCA. I think that we need to have a -- we need to recognize these multiple appointments are important.

MR. INGRAM: Brian?

MR. ATWOOD: Let me add just one thing. I have the greatest admiration for AID professionals, but AID professionals would rather be in the field than in Washington. And, frankly, in Washington is where a lot of issues are decided, and AID, the new AID, whatever we call it, needs to have a much stronger policy staff that really understands the kinds of debates that go on within Washington.

Now, we're not going to win those debates every time, but if you're sitting at a table and talking about whether or not we should support a farm bill that has even more subsidies for agriculture, someone with a voice for the developing world has to be there saying, "You're undercutting what the taxpayers are investing in agricultural development in country X, Y, or Z. You can't so that."

Or if you've got a world food crisis, someone has to make the point

that using -- creating ethanol out of corn might have an impact or on the price of food. Or if you're talking about climate change.

MR. INGRAM: Corn or what about sugar?

MR. ATWOOD: Or sugar.

MR. INGRAM: That's right.

MR. ATWOOD: These are the kinds of issues that need at least to be at the table. When the initial discussions about the Africa Trade and Opportunity Act were held, AID wasn't at the table. I had to frankly shout over the phone to get AID at the table.

Well, why does AID have to be at the table? I said, "Well, what do you think we're doing? Do you want to be over there creating an act that simply pushes on a string? In essence what we're doing is trying to help these countries develop the capacity to trade, and so you've got to understand this. You've got to be at the table. You've got to put equal weight on the other end of that equation." And we finally got through the door, but you had to shout about it.

So I mean I just think that the policy staff needs to be beefed up, and the way you beef it up is to have the expertise that is respected. Bring in someone with a Ph.D. in economics that is respected, like Colin over here or someone else that gets to the table and can be there at the NEC meetings. I think the State Department stuff takes care of itself, if you have

a good relationship there. There will always be battles, but if you have a chain of command, you can take care of that, and if you have authorities, you can take care of it.

But where you need to be at the table is when the Treasury Department is talking about some initiative, a bail-out or Asian financial crisis, or whatever, or where the Commerce Department is talking about creating a fund to compete with France and Japan on tide aid, you know, those kinds of things, you need to be at the table. And AID often is not, as Andrew has suggested.

MR. INGRAM: Think about what questions the audience wants to ask. I'm going to pose one more question and ask for brief responses. Peter raised the issue of the political feasibility. Your article and a lot of other reports recommend focusing on our priorities, having a more target focus of U.S. development systems program.

Colin, you worked on the Hill in your earlier incarnation. Is it politically feasible to better focus our development efforts, and is rewriting the Foreign Assistance Act a mechanism for doing that?

MR. BRADFORD: Well, I don't know whether I'm the best person to answer that, but I think there is obviously a lot of inhibition in the system to winnowing out things that people consider to be their expertise and their involvement in this enterprise. And I think there's an argument.

There are two sides to the argument the way I see it: One is that if you can identify what it is that you do best, you should obviously focus resources on that. It reminds me, frankly, of -- I've forgotten the person's name now, but the Swedish scientist, you recall, the environmentalist who called together a group of distinguished scientists, economists, and social scientists and did a cost benefit analysis of what global challenges needed addressing first if you had limited resources -- which, of course, does.

This Swedish scientist was an environmentalist, and after this extensive cost benefit analysis -- there's a volume this thick (indicating) -- they decided that health was the issue and that you needed to invest in health.

Well, I mean I think the thing that we've learned from the millennium development goals that's implicit in them -- Brian and I didn't realize it at the time we were working on them -- but implicit in the millennium development goals is a statement of the inner-connectedness, as Brian mentioned before of the sector, of the aspects of the human condition, that if you fix one of them and if you solve the HIV/AIDS problem in a girl in Asia or Africa or Latin America, and the girl can't read because there's no -- she hasn't -- there's no bridge between place of live [sic] in her village and the school, if agricultural productivity is low and hence her nutrition levels are low, she's not as bright as she could be if she was better

fed.

If the governance structure is such that she has no voice, if she -- if the economic growth pattern is sufficiently depressed because of deforestation, let's say, an environmental issue, if she has not got HIV/AIDS anymore, but there's a water and sanitation system that doesn't provide clean water and dispels with dirty water, then if you don't have a kind of millennium development goal multisector, multiministerial approach to this, if you don't have lots of spigots and lots of instruments to deal with what is in the end an integrated person with -- integrate with a diverse set of needs, then you don't have survival. And more than that, you certainly don't have the markets and institutions and networks that make not only for survival but for development in progress.

So I think -- I think that we're caught here in a moment where our -- between the realities of the domestic political situation on the Hill and in the development community on the one hand, and the need to winnow and to do what is the most efficient on the one hand, and on the other there's a new realization which I would call a 21st century realization that stovepipes and specialization and drilling deep and doing only well which you do best is not the way to go; that the inner-connectedness of these different elements are such that if you ignore a single element to your peril because the thing you're focused on and can do best doesn't work unless the rest of the

agenda's been taken care of.

MR. INGRAM: Would anyone like to follow on?

MR. Macpherson: Well, it seems to me that we too often believe we can figure this out, and when you look around the world over the last generation or so, there's been a number of countries that -- not just in Asia but several in Africa as well, you know -- Ghana, Mozambique, Mali and so forth, not perfect but done some really good things -- those countries have leadership that in China -- put China in there for sure -- that had a commitment to broad the economic growth and improve with luck.

And we wouldn't necessarily agree to how they did it, but their leadership and their country drove it. I'm very skeptical of us in this room being able to figure that out. I don't know whether you rewrite the law or not, but I -- I believe that we're really missing the boat when Washington processed. The F-process between the ultimate villain here of deciding everything in Washington instead of asking people what they thought.

I honestly believe that there aren't -- I think there are some fundamentals that screwed things up, fundamentals that can be screwed up that'll not allow your progress, but I'm all for giving countries real authority to figure out and help to do it. And they're not going to tackle everything at the same time.

MR. INGRAM: Brian.



MR. ATWOOD: Could I just say about that I agree entirely we can't figure it all out by ourselves, but we've got a pretty good list of indicators in the MCC, and we've put this into the Foreign Affairs article, and the MCC, of course, was a Bush initiative. A lot of really good work was done on that by the Center for Global Development. Steve Brattle and others have written on this issue. And so the indicators are sound, and the broad objectives are sound.

Now, I don't want to appear naive here. There's no way in the world you're going to stop appropriators from earmarking, but if there is an authorization bill that is relevant to the 21st century; if the strategic goals basically become a mandate for what the Administration needs to get done, and then you hold the Administration accountable for achieving those goals, then when people propose earmarks on the appropriations level, at least they have to justify those earmarks on the basis of the strategic context.

You add to that the requirement which we talked about in the article about writing a quadrennial strategic development report which the whole view include the entire government in that process, then you basically you've not only do you define things a lot better than they are now, but if you hold people accountable for results, then you probably have to organize yourself to achieve those, and you become a world leader in development, as we were in the '60s and '70s, in particular in the '80s -- sorry, Peter, do I

leave the '80s out?

MR. Macpherson: All good.

MR. ATWOOD: So that's, the Foreign Assistance Act is really crucial, and I hope that we can rewrite it. And I think I'm pleased to see that there is bipartisan support on both the Foreign Relations and Foreign Affairs Committee to get it done. And with presidential support I think we might get it done for the first time since 1985.

MR. INGRAM: Thanks, Brian.

MR. Macpherson: You know, we haven't talked at all -- just one quick comment -- about the need for a lot more FTD people --

MR. INGRAM: Right.

MR. Macpherson: -- in AID, and great strengthening of our technical competence and the fact that AID is basically a contracting agency, and there's these sort of nitty-gritty things --

MR. INGRAM: Right.

MR. Macpherson: -- that are key to making this happen.

MR. INGRAM: Let's move to the audience. I'm going to take three questions at a time. Please state your name, be concise, and we -- Hattie Babbitt, would you introduce yourself?

MS. BABBITT: I'm Hattie Babbitt. I'm Brian's former deputy, and I wanted to pick up --

MR. ATWOOD: You're much more than that.

MS. BABBITT: I wanted to pick up on a comment about, towards the end, about having countries make -- have a much larger role in making decisions about what's done, what the World Bank refers to as "ownership," and ask any of you to talk about these issues that were now facing of -- and of the global comments, the global public goods.

Who in the United States government ought to be in charge of -- how should be manage the climate change epidemics, not, you know, do you lower the malarial rate in X-country, but how do you deal with managing foreign assistance dollars with respect to what needs to be done, both with mitigation and adaptation for climate change which -- it just matters -- I'm not willing, I don't think the American taxpayer would be willing to leave it up to individual capital around the world to decide whether or not American tax dollars should be spent to deal with mitigation and adaptation with respect to climate change, for example. I think that's the hardest one, so --

MR. INGRAM: Thank you. Way in the back.

MR. SEWELL: Thanks, George. I'm John Sewell from The Wilson Center. I think what Hattie said --

MR. INGRAM: Hold the mike closer.

MR. SEWELL: Okay, can you hear now? Okay. What Hattie just said underlines the problem which is the U.S. is already going to have to --

has to be committed large amounts of money to climate change adaptation and mitigation, only it's all going to go to the World Bank without any debate as to whether that's a good idea or what the U.S. should do.

And it illustrates the problem, like my -- I thought this session was absolutely fascinating, but it seems to me the useful vehicle to drive the decisions that are going to be taken by the Obama Administration are to pick up your suggestion and the suggestions of others for creating a national development strategy. Once you do that, the issue of reorganization, how you manage these issues, what your priorities becomes a lot more clear and has sway by being in an Administration-wide position. And I would hope people would push for that in the near run because there will be a new head of AID, but it would be useful to use that along with the new secretary of state, to force decisions on the kinds of issues you raised today, including rebuilding AID.

MR. INGRAM: Thank you, John. All right, let's take those two questions.

MR. NATSIOS: The first comment, just in terms of Hattie's remarks, negotiating the international treaties is what the State Department does, and having been a diplomat for a year and a quarter on Sudan, I mean I had fights with the State Department every day for five years when I was AID administrator. They are very good at understanding international

organizations and the way in which these things are negotiated. They have the patience for it, people are -- diplomats are trained to do that, they should be doing it.

On the operational side of actually carrying this stuff out, I think there should be an AID officer or whoever -- whatever follow-on to USAID there is, if there is one -- should be at the negotiating table, but the actual negotiations on these sort of things should be handled by the State Department. EPA, I'm sure, should have some role in that. But in terms of carrying out the program on climate, particularly climate adaptation, I mean the AID has had a program that goes back to the first Bush Administration 20 years ago, and the Clinton Administration did not change it because the strategy withstood the test of time over actually 20 years.

Henrietta orchestrated this 20 years ago, or Rich Bissell did, actually, during the first Bush Administration 20 years ago, and it's still in place now. It makes sense if you read it. It's still very appropriate, so I think there's a role for AID. But the lead in negotiating it should be done by State.

But let me raise the issue of what we're doing and how we're doing it. It doesn't make any difference what the strategy is in terms of the competence of the federal department. James Q. Wilson does not say in his book: Autonomy is only relevant if you've already written a strategy.

That's nonsense. If you want a highly functional federal department, you cannot have 20 people doing the same thing and having constant fights every time you do anything.

On the human trafficking issue, we spend \$50 million a year in the federal government on this, \$50 million, not a huge program. Four federal departments are managing it. You know how the thing was managed? Everybody who had grants required those -- Interagency Coordinating Committee under the State Department -- everybody had to approve everybody else's grant. Do you know what that means? Constant fights to do -- spend \$50 million. It's preposterous.

We had Labor Department has one, DOD -- why DOD has an antitravesty (inaudible) I don't quite understand, but they did. They had one, we had one. But it's crazy to do it that way. It's crazy.

Consolidation should be the order of the day regardless of what that strategy says. Do I support a creden- -- we need to take the disciplines -- second point: We need to take the disciplines of the Defense Department and apply them to ourselves because they worked with Defense. They have a quadrennial defense review; we should have a quadrennial development review for the whole federal government with technical experts with an agreed-upon strategy which will then be the strategy not of the AID agency but of the whole federal government. And that should cover

many of these larger policy issues, and that I think would go a long way to resolving some of these.

And we go back to this because the Defense Department programs their money. Their budget is based on the quadrennial defense review that goes on every four years.

The last point, the only person in this city who's going to fix this -- I don't mean personally -- is the President of the United States. The MCC would never have gone through if it had simply been initiated by Congress. If there are too many people -- I watch, I sat in the Oval Office when the President called legislators, and who didn't want to vote for it and both parties for different reasons, okay? It takes the President to do this.

Right now is the only time in the next three months it's going to work. Why is that? Once cabinet secretaries realize they have these little jewel programs, okay, and they do travel all day to international meetings, and they can be ambassadors and all, they will never give this stuff up. They'll never give it up. They won't realize what they have for three months or four months, okay.

(Laughter)

That's the time to strike to rewrite the Act. Once that takes place, you will have a war on your hands to reconsolidate all these functions in one place.

MR. INGRAM: It sounds like you struck a chord out there.

MR. NASIOS: That's right.

MR. INGRAM: Further comments?

MR. ATWOOD: On the climate change issue, and there are many issues like it. I remember the Asian financial crisis when it came down to trying to provide technical assistance to banks so they could figure out how to run a smooth-running bank, the same thing. There are so many technicalities if we go to a new regime on carbon trading. There's a great potential for a north to south sharing of resources based on a carbon trading regime, but a lot of these developing countries will not know, they won't have the technical expertise, and that's where I think an AID comes into play here, which is why, when negotiators are at the table, as Andrew suggests, there ought to be someone who knows something about development because if they agree to these things and it's mostly a western industrial country agreement, you're kind of leaving out the rest of the world, and at least there's some better understanding of how one would implement that kind of agreement.

MR. Macpherson: I think that some of these functions need to be in the hands of the international organizations. The climate change, frankly, I suspect the banks should play a (inaudible) role (inaudible).

The World Health Organization which at times has been just a



wonderful structure is really critical for the world. The CDC stepped in there, but we need them to handle a number of issues. We don't need to do everything. Indeed some things we don't have the competitive advantage.

MR. BRADFORD: Is this a Republican speaking? The endorsement of international recommendations, please let the record be clear.

MR. Macpherson: I've always been the way I am.

MR. INGRAM: All right, I'm going to take three questions in the order that I saw them.

SPEAKER: I'm very much taken with your comments about erosion of civilian capability in AID, and the need for an FTD --

MR. INGRAM: Why don't you introduce yourself?

MR. OFFENHEISER: Pardon me, Ray Offenheiser with Oxfam America, pardon me. And this is an issue we don't talk about a lot, but I think there is a consensus among the many of us who have been working on the reform process that we really do need to rebuild the AID structure, and we need to move it beyond being simply a contract agency, and we need to rebuild competencies in language facility and contextual understanding and so on and so forth.

I wonder, those of you that are on the stage represent three decades of work with the reorganization. I wonder if you might comment on

those of us that are in this reform process, what should be our level of ambition in terms of the scale and type of organization we should be looking for, for the 21st century in terms of OEs and civilian capability in field capacity and so forth? We don't talk about that very much.

We've been talking more about sort of a how to get the larger reform process done, but given what you all have seen and what you've had to work with in terms of human capacity and resources, what would you counsel us?

MR. INGRAM: Andrew's writing a book on the subject. Andrew, go a head.

MR. NASIOS: Well, what I --

MR. INGRAM: Let's go to two other questions first.

MR. NASIOS: I'm sorry.

MS. LUCAS: My name is Sarah Lucas, and I simply am interested in how essential do you think it is to rewrite the Foreign Assistance Act? Can we achieve the coordination and coherence that we're after without opening that up again, which has writs associated with it, of course.

MR. INGRAM: Right. And Ritu on front?

MS. SHARMA: Ritu Sharma with Women's Rights Worldwide. I think we've been talking a lot at the macrolevel, and the politics, and who in the structures. I think no matter what happens, whether we get reform or

whoever is going to run this agency, we still have the opportunity to change how we do our development programming. And one of the things, you know, that we know is integrating gender, not women but gender, as a methodology looking at men and women's roles is a best practice and makes our assistance more effective. It's something that the MCC has done extremely well, and I think has enhanced the impact that we're beginning to see, coming out of that program.

I'd be interested in hearing your viewpoint if, worst case scenario, let's say we don't have any structural changes. We have good decent leadership, what are the kinds of things that we ought to be doing at the level of how we actually deliver our assistance program?

MR. INGRAM: I can't resist commenting on that last question because earlier this week I was reading a document from the MCC which really shows how fundamental gender analysis is to development because they've integrated, in the project design and the project analysis, monitoring evaluation process. So anybody interested in that, check the MCC Web site.

Who would like to start? Peter?

MR. Macpherson: Well, I would say as to how ambitious we should be on personnel and restructuring the agency, I think we should be very ambitious. We always had a lot of contracts, we just didn't have the

huge contracts. But we need to be very ambitious because we have to establish our competence and broadness to be able to play the game and not have it be rely upon the personality of the administrator at the institutional shifting.

See, the second question -- what was the second question?

MR. INGRAM: Rewriting the Foreign Assistance Act. Is that essential, or is it -- (inaudible)?

MR. Macpherson: Well, let me defer to my other colleagues here for the third matter. It seems to be that you've got to have a -- you've got to rewrite the Act. It's so messed up. I think the last major rewriting -- by the way, I got something done in '85 --

MR. BRADFORD: That was right, it was '85.

MR. Macpherson: But, by the way, I don't think it made any difference.

(Laughter)

Which is a lesson.

MR. Macpherson: We got our four pillars written in the law, but I don't think -- I think only people like me remember the date.

MR. BRADFORD: It really goes to '61, actually.

MR. Macpherson: You shouldn't put too much faith in it, but I do think that you're going to have to have a rewriting to get these reporting

responsibilities into law and get the delegation straight. That can't be done by a President's Executive Order. It's too dangerous to do it that way. It can be changed too easily, and I think that just as there's a spirit of change, revitalization in '61, it may well be that we can capture that this time. So I am all for rewriting this Act.

MR. BRADFORD: The questioner asked what the risk was. I mean are we opening up something that is -- well, frankly, it's the system. I mean we've got to follow the system. There is supposed to be an authorization bill. I see some people who used to work for the Appropriations Committee. I mean technically, you could raise a point of order if appropriations comes up without an authorization. And this authorization bill, I mean the law is so old and so antiquated that it has no relevance.

So it's the challenge, it's the job of these authorizing committees to do this. And I think that what is required here is a real collaboration with the Administration because you can't get a clean, meaning a good bill done, if the President is in the White House, and State and AID aren't deeply involved in the drafting, because of the threat of veto has to be there, if necessary.

And that's the way you avoid it, and you just don't work with one House, you work with both Houses so that when they get to conference,

both Houses can pass what they think they need to for political reasons, but when you get to conference, that's where the Administration has to really weigh in so that you get a good bill, and I think it's possible, and I think we've got excellent leadership on both committees now, bipartisan leadership. I think it can be done without risk, without as much risk --

MR. Macpherson: Right.

MR. BRADFORD: -- you have implied by your question.

MR. INGRAM: The third question on the role of gender analysis.

MR. NASIOS: Can I just mention, talk about the personnel issue for just one second? We are increasing in our members, and we had got an agreement from OMB and the Congress, and they're going to double over three years, and this, presumably, will go into the Obama Administration.

That does not fix the problem. We are sending contractors from AID to international meetings representing the United States, and these are not low-level meetings. Why is that? Because there's no OE to have people travel on planes, because they're direct hires. Contractors are program-funded, you can get money to send them to meetings. So we're sending contractors to meetings.

We have contractors negotiating agreements with sovereign governments in the developing world, because there's no staff left to do this. And I might add, people who do development work are complaining that

our younger officers who are contracts officers and who -- that have that term for contracting -- I remember -- I don't remember for it, but --

SPEAKER: CTO.

MR. NASIOS: CTOs, whoever created these terms. CTO, okay, they're not trained enough. They have two weeks of training. I installed the training program. Not enough training. If you want a highly functional agency with one culture where the standards are the same from country to country in contracting, in program implementation, in procurement -- I mean go through the whole list, you have to have a training culture.

Twenty percent of DOD's budget in a normal year without a war going on is devoted to training. AID's training budget did not exist when I arrived. Nothing. Nothing was spent on training. When I started it, it was \$15 million. I think it's \$20 million now. In an agency that spends \$12 million, that is ridiculous.

The only way to fix this, institutionally -- and Charlie tried to do it when he was in but it -- you can't do it at the staff level; it's got to be done at a senior level, all right? Charlie quietly redefined what OE --

MR. INGRAM: Not quietly.

MR. NASIOS: Well, he did quietly. People didn't know what was going on. If he didn't fix it, we would have shut down. We'd have shut down, okay? He gradually redefined what OE means, okay, and that's how we

survived, and what we could spend OE to do, how we could use program funding for some kinds of categories of personnel.

We have 17 personnel systems in AID which were created to get around all these restrictions. I think what we need to have is a redefinition of OE. If you have a Ph.D., an M.D., a law degree, or a master's degree and a technical discipline, and you go to the field whether you're a foreign service officer or whether you're a civil service person who transfers to the foreign service, it should be paid out of OE -- not OE, out of program money.

The training for those people should be training taken out of program money, and their travel should be out of travel money, because right now we're hiring contractors to do this using program money. It doesn't make any sense.

We should have career officers of the United States Government representing the United States at international meetings. You have to fix the OE issue, not just increase the number of people in the agency.

MR. INGRAM: You know when you get into the history of foreign assistance that at some point Charlie's name's going to come up.

We're at the witching hour. I'm going to take Andrew's comment as his final comment.

MR. Macpherson: He didn't answer this lady's question.

MR. INGRAM: Could you answer it, Brian?



MR. ATWOOD: You know, we've -- the issue obviously has been around for a long time. There's a Women in Development office at AID, and the constant battle is whether you have separate programs related to gender, or whether you integrate. And I think there are a couple of demographics that need to be taken into consideration.

Women is one, because again women in many of these societies are not fulfilling their potential, and girls' education is a key factor. But youth is another one as well, and it's becoming there's a youth explosion, and we need to be thinking about development programs that basically involve understanding of what needs to be done to create gender equity in these countries and allows women to fulfill their potential, but also how these programs can capture the problem of the youth explosion.

MR. Macpherson: When I got there, it was mostly a separate program. Advocacy grants is what it amounted to, and I moved most of that into an integration and held people accountable for the role of women in the individual projects that I thought we had much more impact. That was my view.

MR. INGRAM: Let me close. I have to comment on the issue of the risk of the Foreign Assistance Act and rewriting it, and --

(Laughter)

MR. Macpherson: Right.

MR. INGRAM: -- we can't do any worse, we know that. When you look at when the Congress acts responsibly with the Freedom Support Act, the MCC, PETFAR, if the Congress is given a vision, if there is something that is driving a clear objective, the Congress will act responsibly. And I see the forces building up for that vision and that clarity. And more than anything else rewriting the Foreign Assistance Act, writing a new law will do two things: It gives you the opportunity to write into law a new version for how we want foreign assistance to function, and it serves as a vehicle to submit a new accord, a new grand bargain between the new Congress and the new Executive Branch of how we move ahead.

MR. Macpherson: I think that's really -- really just right, George. If you've got a vision, which a new Administration is (inaudible) of highlighting and doing, you can get things done. Otherwise you get mired. But Congress will follow a vision if you've got a -- (inaudible).

MR. INGRAM: That's right. With that, let me thank Brookings, particularly Noam for putting this together. I know what he had to go through to get these three gentleman here at the same time.

(Applause)

This was a two or three months' scheduling effort, and I thank all three of you for joining us today. Colin, thank you for teeing us up, and I thank the audience.

(Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

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