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**From:** Mills, Cheryl D <MillsCD@state.gov>  
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**From:** Klevorick, Caitlin B  
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**Subject:** Lugar Remarks tonight

Speech of Senator Lugar

## Foreign Assistance and Development in a New Era

Thursday, January 28, 2010

*U.S. Sen. Dick Lugar will deliver the following speech tonight at the Society for International Development's annual dinner.*

I thank the Society for International Development, its members and its leadership – Betsy Bassan and Joe Feuer – for the work they do on development issues around the world, and for organizing this annual gala. It is unfortunate that Chairman Kerry could not be with us tonight, but I know he shares my gratitude for your recognition.

I also want to take this opportunity to thank Dr. Shah for his remarks and to recognize the efforts of USAID and its new Administrator in responding to the tragic earthquake in Haiti. Dr. Shah has faced one of the most challenging crises imaginable only five days after being sworn in. The job ahead of him – in Haiti and around the globe – is monumental. I look forward to supporting his work and that of his agency in the coming years. I commend all of our responders from all government agencies for their courage, compassion, and skill as they continue their mission in Haiti, and I join all of you in extending our prayers to the people of that nation.

Tonight I would like to offer a few points about where we have come from and where we might be going with regard to U.S. investments in development.

The challenges of global poverty and hunger are growing at a time when worries about the sustainability of natural resources are increasing. Population growth and increased affluence in some parts of the globe will require that we more than double world food production by 2050 to keep pace. At the same time, to address environmental concerns, we will have to harvest that food from roughly the same amount of land that is in production today. The accessibility and availability of food deeply affects the health of populations. Childhood malnutrition has lifelong consequences for the productivity of individuals and nations. Poverty denies opportunity to the world's young people and breeds extremism and instability that spills over borders. It is not surprising that the CIA has long tracked and analyzed global food supplies as an indicator of potential conflict.

There is probably not a person in this room who would disagree that development is critical for U.S. national security and that the alleviation of poverty and hunger is a key component. This is a sentiment that is shared in most parts of our government, including the Department of Defense.

But even though the importance of advancing development goals is evident, constructing the most efficient, accountable, and transparent means for achieving those goals is complex and challenging. Differences of opinion exist with regard to who should be performing development functions and how these activities should be integrated into our broader foreign policy efforts. We have not reached a consensus within our government on who should be doing what, where, when and why.

As we debate these issues, we should keep in mind that diplomacy and development are two distinct disciplines. Although diplomacy and development often can be mutually reinforcing, at their core, they have different priorities, resource requirements, and time horizons. Most obviously, diplomacy is far more concerned with solving immediate problems, usually associated with countries of strategic interest. Although we hope that our development efforts will sometimes yield short-term strategic benefits, that is not their primary purpose. In a development context, we are willing to take a much longer view of the world and devote resources to countries of less, or even minimal, strategic significance. We are willing to allow the diplomatic and national security benefits of development work to accrue over time. And we are willing to engage in missions for purely altruistic reasons. These differences underscore why development must be an independent partner of diplomacy, not merely its servant.

### **Reforming U.S. Foreign Assistance**

Reforming U.S. foreign assistance – in both substance and architecture – has been a priority for the Senate Foreign Relations Committee. Secretary Clinton has stated: “I want USAID to be seen as the premier development agency in the world.” I share that sentiment. One of the basic questions with respect to foreign aid reform is how we can best strengthen the capacity of USAID to run effective assistance programs. During the last two decades, decision-makers have not made it easy for the agency to perform its mission. Development resources declined precipitously in the 1990s and reorganization initiatives resulted in the agency’s loss of evaluation, budget, and policy capacity. There is broad consensus among development experts that the loss of these functions at USAID is inhibiting the success of our development programs. Our development efforts will never be as effective as they should be if the agency that houses most of our development expertise is cut out of relevant policy and budget decisions.

Events since 2001 have spurred greater investments in foreign assistance. But many of these resources have been located outside of USAID. Roughly two dozen departments and agencies have taken over some aspects of foreign assistance, including the Department of Defense and the Department of Agriculture.

The President has advocated doubling foreign assistance over time, and has announced new initiatives on food security and health. Given the increased resources needed for these initiatives, it is crucial that the American people and Congress have confidence that these funds will be used efficiently.

USAID must have a central role in development policy decisions. If we are to avoid inefficient experimentation, it must have the capacity to evaluate programs and disseminate information about best practices and methods. That requires policy makers to continue augmenting the agency’s staffing and expertise. These principals are reflected in legislation that Senator Kerry and I introduced last year, S. 1524, the Foreign Assistance Revitalization and Accountability Act.

The Administration has initiated two separate studies – the State Department’s Quadrennial Diplomacy and Development Review and the National Security Council’s Presidential Study Directive on Development – in an attempt to make recommendations on how development programs can better support U.S. foreign policy objectives. The QDDR will not be completed until this fall and it is uncertain when, or if, we will know the outcomes of the PSD.

I am eager to review the Administration’s ideas when they are ready. But in the meantime, Congress should be offering its own ideas on how to improve our government’s development capacity. The Kerry-Lugar foreign assistance reform bill is the product of well over a year of research and analysis by Senators and their staffs. It has strong support in the aid community. And it is co-sponsored by a bipartisan group of 23 Senators, twelve of whom are members of the Foreign Relations Committee. This level of backing for a bill related to foreign assistance is extremely rare. It provides an opportunity to build something approaching a consensus on this issue. I am hopeful that the Executive Branch will recognize that a bill co-sponsored by a majority of the Senate Foreign Relations Committee and nearly a quarter of the full Senate should be given substantial weight in its review process. A strong development agency that serves under the foreign policy guidance of the Secretary of State, as envisioned in our bill, will best empower her to advance U.S. goals.

### **A Development Policy Guided by Objectives**

Even as we reconsider our development architecture, it is vital that development policy is guided by objectives rather than by how we organize our government to deliver development assistance. We should focus on the big issues – food scarcity, poverty, disease, environmental degradation -- that prevent economic growth in a large swath of the world’s countries. Those objectives require that strategies reflect the needs of the countries we are helping rather than the vagaries of our own budget process, which often allocates funds in response to lobbying pressures, media interest, or political favoritism. Country strategies based on broad objectives also give us the best chance to avoid dependence on arbitrary spending targets for specific sectors. For example, promoting food security requires investments not just in agricultural productivity, but in clean water, infrastructure, basic and higher education, and land titling, to name just a few factors.

The Global Food Security Act, which I authored with Senator Casey and which Senator Kerry has co-sponsored, reflects these principles. The food price crisis that occurred in 2008 resulted from a culmination of policy choices by

donor and recipient governments over a decades-long period. That crisis was a wakeup call for the development community, for international donors, and for policymakers worldwide. Because achieving food security must be a multi-sector endeavor that goes beyond simply raising crop yields, U.S. policy must seek to integrate a variety of approaches and actors. At the same time, we do not want to delegate responsibility for food security policy to multiple departments. That could further weaken our already fractured foreign assistance structure. That is why our bill designates USAID, which has the broad development experience necessary, as the lead agency to implement the strategy.

### **"Whole-of-Government" in Perspective**

The term "whole-of-government" has come into vogue in policy circles. To the extent that the term underscores the complexity of development problems and the need to apply the talents of a diverse set of agencies to their solution, it is useful and descriptive. Our government must have the capacity to draw on expertise to achieve vital development missions without artificial barriers erected by agencies. Many agencies are working together successfully on development problems in many parts of the world.

But we should not mistake the term "whole-of-government" for an organizational strategy. Even if multiple agencies are making contributions, someone must be in charge, someone must coordinate the activities of all involved, and someone must take responsibility for inefficiencies and failures.

This is especially important in a development context because of our highly fragmented aid system. The risk is that the term "whole-of-government," will be used to justify that fragmentation or preserve roles for agencies where they are not justified. We also must be careful that the whole-of-government concept does not re-define development as a series of technical decisions – from where to dig wells to which seeds to plant in which soils. Such a redefinition would devalue the discipline of development, which many practitioners have spent a lifetime studying and testing. We know from long experience that technical expertise must be grounded in an understanding of development. For example, agricultural advancement depends as much or more on reaching women farmers, building agriculture education, and engaging civil society in support of rural development than it does on seed quality and planting decisions. An integrated strategy can only come from an agency that understands development is a separate discipline, as Dr. Shah has said.

I believe the starting point for any future design of our assistance programs should not be the status quo, but rather the period in which we had a well-functioning and well-resourced aid agency. Even if we emphasize the talents of multiple agencies, a strong aid agency that can design integrated country-specific strategies is a key to success.

### **Unity of Purpose**

Instead of accepting whole-of-government, or any other organizational model, as the guiding narrative, I believe there is a more helpful way of viewing the development mission – that is "unity-of-purpose." We need to be unified around common purposes for which we can marshal the appropriate level of resources and variety of approaches. There will be situations that call for the involvement of multiple agencies under the direction of one government entity. But, the decision to involve other government actors should be driven by the purpose. Such is clearly the case now in Haiti. The U.S. government and international actors are unified for the purpose of disaster response. That response involves the coordination of hundreds of organizations to rescue people and to provide basic elements needed for survival. At some point soon, the mission will evolve from disaster response to reconstruction to development. We should be asking whether we will be able to maintain a unity-of-purpose even as that purpose changes.

The Lugar-Casey bill proposes that there be a unity-of-purpose around achieving global food security. Regardless of the situation, it is the unity-of-purpose that should guide how foreign assistance is designed. I applaud Secretary Clinton for adopting food security as a top priority. Her inter-agency team has been working diligently on its Global Food Security and Hunger Initiative, and Congress has been responsive in appropriating funding. Many operational decisions have yet to be made, particularly decisions relating to coordination, but I stand ready to work with the Administration to pass the Lugar-Casey bill as soon as possible. I look forward to achieving a unity-of-purpose between Congress and the Administration on food security.

These are not easy issues to solve. I applaud all of you here tonight for your dedication to development and your willingness to work with Congress and the Administration as we try to rebuild our assistance infrastructure. I would conclude with a quote from Dr. Norman Borlaug, the Nobel Laureate and Father of the Green Revolution, whose optimism never flagged. He believed that constant striving would eventually wear down all obstacles. He said, "I cannot emphasize too strongly the fact that further progress depends on intelligent, integrated and persistent effort by government leaders, statesmen, tradesmen, scientists, educators and communication agencies." That is as true today as when he said it 39 years ago, and I invite everyone here to make their own contributions in that spirit.

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