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SECRETARY OF STATE HILLARY RODHAM CLINTON

REMARKS ON THE QDDR

DECEMBER 15, 2010

WASHINGTON, DC

Thank you, Pat, for that introduction. I want to welcome all our guests from Congress, other agencies, NGOs, and think tanks. Thank you to all my colleagues from State and USAID for taking time out of your busy day to join us. I would especially like to thank USAID Administrator Raj Shah, Deputy Administrator Don Steinberg, and Director of Policy Planning Anne-Marie Slaughter for being here today. And, it is a special pleasure to welcome back OMB Director Jack Lew, our former-but-not-forgotten Deputy Secretary for Resources and Management.

Before we get into what this report says and how we will implement it, I want to thank all of you whose vision, inspiration and perspiration made it possible. Jack, Raj and Anne-Marie led a great team, including Karen Hanrahan, Bill Burke-White, Marisa McAuliffe and so many others. Hundreds of people from the State Department and USAID, other agencies across the U.S. government, Congress and outside organizations contributed ideas and suggestions. Thank you for your energy, commitment and ideas.

Let me also note that this week we lost one of our most respected colleagues and one of America's most distinguished diplomats: Ambassador Richard Holbrooke. This is a huge loss for our Department and our country, and we are dedicating this first QDDR to his memory. Because every day, I see many of the qualities that

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made Richard great – his love of country, his intellect and determination, his total fearlessness, and his insistence that we back up our words with actions – mirrored in women and men throughout the State Department and USAID who hold themselves to the highest standards of excellence. You, and your colleagues at posts across the globe, are among the finest public servants our country has ever produced. From my first day here at the Department, I have been honored to serve with you and humbled by your effort and energy.

So I am very pleased that so many of you could be here today for what I hope will be the start of a substantive and sustained conversation about how we can work better and smarter on behalf of the American people.

To drive that conversation, I am proud today to unveil the first-ever Quadrennial Diplomacy and Development Review – the QDDR. This is a sweeping effort, engaging hundreds of people for fourteen months in a process of asking a simple question – how we can do better? How can we adapt today to a world of rising powers, changing global architecture, evolving threats, and new opportunities? How can we look ahead, prepare for, and help shape the world of tomorrow?

The QDDR is a blueprint for how we can make the State Department and USAID more nimble, more effective, and more accountable. A blueprint for how our country can lead in a changing world through the use of what I call “civilian power” – the combined force of all of the civilians across the U.S. government who practice diplomacy, carry out development projects, and act to prevent and respond to crisis and conflict.

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Leading through civilian power saves lives and money. With the right tools, training, and leadership, our diplomats and development experts can defuse crises before they explode and create new opportunities for economic growth. We can find new partners to share burdens and new solutions to problems that might otherwise require military action. And where we must work side by side, in Afghanistan and Iraq but also in many fragile states around the world, we can give our military the partner it needs and deserves.

Now as you dig into this report, you'll see that it's driven by two over-arching factors.

First is President Obama's emphasis on fiscal responsibility and efficiency throughout the federal government. Through the QDDR, we have tried to minimize costs and maximize impacts, avoid overlap and duplication, and focus on delivering results. Across our programs, we are redefining success based on results achieved rather than dollars spent. And this will help us make the case that bolstering U.S. civilian power is a wise investment for American taxpayers that will pay off by averting conflicts, opening markets, and reducing threats.

The second factor is a rapidly shifting global landscape. Once, only a handful of great powers had the clout to shape international affairs. Now power is shared by a wide array of states, institutions and non-state actors. The information revolution has brought millions of people all over the world into an ongoing global debate – and they, too, can influence events, unleash new threats or devise new solutions to global problems.

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As you see in your work every day, today's challenges and opportunities spill over borders and they blur traditional bureaucratic divides. They are complex and interconnected. For example, advancing democracy, promoting sustainable economic growth, and strengthening rule of law in fragile states, are all overlapping and mutually reinforcing endeavors. They cut across bureaus and offices. And they demand not just the skills of our State Department diplomats and USAID development experts but also the expertise of civilian specialists from across the government. Specialists at the Department of Agriculture know how to boost crop yields and irrigate fields in Kansas *and* in Kandahar. Justice Department experts are adept at strengthening rule of law in countries whose democracies are young and vulnerable. To achieve our goals—for example, tipping a fragile state away from conflict and toward stability—all elements of America's civilian power must be prepared to work together.

The QDDR will help the State Department and USAID adapt to, shape, and stay ahead of these trends. This is a program of reforms that will fundamentally change the way we do business.

Let me outline four broad areas of change.

First, we will adapt to the changing diplomatic and development landscape of the 21st century. The State Department and USAID will direct and coordinate integrated civilian operations that draw on skills and strengths from across the U.S. government to make a real difference on the ground. That will require working far more closely with other agencies also active overseas—from planning to implementation. We will support our diplomats as they reach beyond their

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embassy walls to engage directly with foreign publics, the private sector, NGOs, and civil society – including with women and others who are too often on the sidelines. And we will ensure that our development experts have the tools they need to lead projects themselves, not just dispense grants and manage contracts.

At the heart of this effort will be our Ambassadors and Chiefs of Mission, who are responsible for directing and coordinating U.S. government personnel in their countries in a unified team. We will empower them and hold them accountable as CEOs of their missions, enhance their training, allow them to contribute to the evaluation of all personnel who serve at their posts, and engage them more fully in policymaking in Washington. We will also privilege experience in and collaboration with the interagency as criteria for selection of Chiefs and Deputy Chiefs of Mission.

Going forward, to embrace the potential of civilian power, we will also draw on the personnel of other federal agencies, when appropriate, *before* turning to private contractors. Sometimes contracting makes sense and makes us more efficient and flexible. But there are core governmental functions that should always be performed by public servants, not private companies. And we don't necessarily have to build these functions in-house – they can often be provided by staff at other government agencies. This change will increase the cooperation among agencies, save money on overhead, and restore proper government oversight of core functions.

The second major area of reform is development. I'll say more about this at USAID on Friday, but a core message of the QDDR, following the President's

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Policy Decision Directive on Development, is that development is a strategic, economic, and moral imperative and we must elevate it alongside diplomacy as a core pillar of American civilian power.

To do this, we will focus our investments in key sectors where we have special expertise and the ability to make the biggest impact: in food security, global health, climate change, sustainable economic growth, democracy and governance, and humanitarian assistance. And we'll emphasize the rights of women and girls throughout.

At USAID, Raj, Don and their team are practicing high-impact development, investing in game-changing innovations that can scale up and potentially transform millions of lives. A new USAID venture capital-style fund called Development Innovation Ventures has already invested in solar lighting in rural Uganda, mobile health services in India, and an affordable electric bicycle that doubles as a portable power source. And that's just the beginning.

We are determined to rebuild USAID as the world's premier development agency. The USAID Forward agenda, which grew out of the QDDR process, is helping the Agency recruit, train, and retain top development professionals; reduce dependency on contractors; and improve oversight and accountability. USAID has established a new bureau of Policy Planning and Learning to promote innovation, research, and evaluation, and created a new office charged with developing the agency's annual budget proposal and overseeing budget execution. We will make our aid more transparent by, among other steps, creating a new Web-based "dashboard" that will publish data on State and USAID foreign assistance. And

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starting immediately, USAID will take the lead in our major future security initiative, Feed the Future. These are important steps that will help our development experts around the world do their work more effectively.

The third key area of change deals with how we work to prevent and respond to crisis and conflict. A hard-earned lesson of recent years is that the failure of even the most remote state can have serious implications for our national security. America's civilian power must be able to strengthen fragile states, stop conflicts before they start, and respond quickly when prevention fails. We will make conflict prevention and response a core mission of the State Department and USAID. For starters, we're uniting our own capabilities here at State under an Under Secretary for Civilian Security, Democracy, and Human Rights, which will consolidate the diplomatic and operational capabilities needed to prevent and resolve conflicts and to respond to disasters. And we're creating a new Bureau of Crisis and Stabilization Operations—CSO, in State parlance—that will coordinate early efforts at conflict prevention and rapid deployment of civilian responders as crises unfold.

As we make these organizational changes, we'll be strengthening State and USAID's ability to lead, support, and coordinate civilian operations that use skills from across the federal government, and we're also going to be strengthening our cooperation with partner nations and multilateral organizations like the United Nations.

Supporting our efforts in diplomacy, development, and conflict and crisis, the fourth set of reforms will help us all work smarter and better to deliver results for

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the American people. This is always critically important, but especially in times of tighter budgets and limited resources. So we will improve the way we manage contracts and procurement by rebalancing our workforce, enhancing oversight and accountability, and emphasizing local leadership. We will create strategies for regional and functional bureaus, and we will unite all the country-level planning for diplomacy, development, and broader foreign assistance under a single, overarching strategy. And we will modernize our planning and budget processes to ensure that we fund our highest priorities, set benchmarks for performance, and measure our progress on them. We want to make sure that each dollar we spend has the greatest possible impact.

Commented [JS1]: Can make this sharper – impose benchmarks and metrics to ensure that each dollar we spend has the greatest possible impact.

The changes in the way we work will affect everyone at State and USAID every day. For example, as part of the QDDR review, we surveyed staff at dozens of posts around the world and found that they are too often tied to their desks fulfilling hundreds of reporting requirements mandated by both the Congress and the Department. I know, try to contain your shock. This can and must change. So we are consolidating or eliminating duplicative reports, making reports shorter, and streamlining workloads. At every level, we will ask again and again: how can we do better?

As we move forward with our reforms, we will harness the power of innovation – applying new technologies, testing new approaches, and searching for creative solutions to entrenched problems. We will practice what you’ve heard me call 21st Century Statecraft, embracing not just new tools and technologies but also the innovators and entrepreneurs behind them. We will expand and accelerate our public-private partnerships, because we recognize that both government and the

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private sector bring important skills to the table. We will protect ourselves, our networks, and our confidential correspondence, through new approaches to risk management and through reforms like the creation of a new Coordinator for Cyber Issues.

In short, we are changing the way we do business from top to bottom. But the story does not end here. The reforms included in the QDDR will only make a difference if we all work hard to put them into practice. Implementing the full vision of the QDDR – building capabilities, changing mindsets and modernizing approaches – will take time, focused resources, and sustained leadership. I am determined that this report will not merely gather dust, like so many others, so this will be a priority at both State and USAID.

I will ask the next Deputy Secretary of State for Management and Budget – hopefully Tom Nides – to bring his enormous talent and energy to the task of overseeing the QDDR’s implementation at State. Administrator Shah will oversee implementation at USAID. But we won’t get very far without your help. So I ask you, first, to read this report. We’ve got an Executive Summary for those of you who don’t have time for all 200-odd pages.

And then I hope you will put your talents, your enthusiasm, your ideas and your practical expertise to work and help us turn this vision of reform into a reality.

And join me in asking that important question again and again: How can we do better?

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Now, I want to hear your suggestions and perspectives. I want this to be a two-way conversation and robust exchange of ideas.

So let's open the floor up to questions and discussions.

[Under Secretary Pat Kennedy will call Q&A]

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