

Deputy Secretary Jacob J. Lew
Remarks to U.S. Global Leadership Coalition
October 14, 2009

It's a pleasure to be back at the U.S. Global Leadership Coalition. Thank you to Liz Schroyer for organizing this program and thanks to all of you for being strong voices supporting foreign assistance and U.S. engagement in the world. Thanks also to Judy Woodruff for once again moderating these important conversations.

I have always felt most at home in a room filled with passionate advocates for important causes.

My earliest involvement in public policy was as an advocate and organizer -- as the New York City high-school coordinator for the March on Hunger, also called the Walk for Development. With the confidence of a teenager convinced that my efforts would make a difference, I marched into a local bank and asked if we could use their vacant store front as an office. We went on to sign up thousands of people for a ten-mile walk to raise money for starving children. In spite of a rainy day, we had a lot of marchers. We followed up by arranging an event where a then new singer named Don McLean and a legendary figure named Arthur Schlesinger, Jr agreed to appear -- invited by a high school student who just asked them to help.

That experience left me with a lasting sense that it is okay to stay idealistic, as long as you're willing to roll up your sleeves and work for what you believe in. And this conviction has informed my public service ever since: in Congress, where I worked for Speaker O'Neill on issues of poverty and development here at home; in the White House, where my first job was to craft the national service program that created AmeriCorps; and now at the State Department.

When Secretary Clinton invited me to join her at the State Department, she described an opportunity to make foreign assistance and diplomacy work better -- to improve the lives of millions of people around the world and make Americans more secure at the same time. Needless to say, my answer was yes.

Secretary Clinton and President Obama are dedicated to elevating diplomacy and development as elements of American leadership -- giving them more support, and finding ways to do them better. From the beginning, Secretary Clinton has promoted "smart power" and whole-of-government approaches to foreign policy -- three Ds with diplomacy and development on par with defense. And she has made clear that she wants me, as the first Deputy Secretary of State for Management and Resources, to help her shape a program, make the case for the resources, and implement our plans effectively.

As a former White House Budget Director, my response to anyone who questions that commitment is simple: look at the numbers -- they often tell the story most clearly. Our first budget includes \$4 billion in new funding for the State Department and a \$9 billion increase in

foreign assistance. I do not need to remind anyone here that this comes at a time of trillion-dollar-plus deficits. But we have an urgent need to rebuild our civilian foreign-policy tools, and I remain confident that we will continue to prevail in our efforts to correct the chronic underfunding of diplomacy and development.

Over the past decades, this underfunding has led to a serious imbalance – leaving military but not civilian agencies resources to support expanding international roles. Concern about this imbalance is not confined to the State Department and USAID. Secretary Gates and others at the Pentagon have been among the leading advocates to restore civilian capacity, so civilians can do what they do best and the military can go back to doing what it does best.

At the same time, I am the first to acknowledge that resources are only a beginning. The world has changed, and we at the State Department and USAID have not done enough to change along with it. We use outdated tools and our organization was not designed to meet today's challenges -- the rise of new powers and non-state actors, increasing interdependence, the dangers of transnational challenges and weak, impoverished states.

This new reality is our starting point. My days are filled with countries like Pakistan, Afghanistan, Iraq and Somalia, because their challenges are part of our new reality. But so is the potential promise of our Global Health and Food Security Initiatives and the Cairo and Climate Change Initiatives. I had the pleasure of seeing this potential on recent visits to Ethiopia and Tanzania; and in multilateral and bilateral meetings it is clear that there are new ways to cooperate with traditional allies like the Netherlands and Canada, as well as new players like China and India.

The recognition that we are simply not designed optimally for success in today's world was the impetus behind Secretary Clinton's launch of the QDDR -- to develop the updated tools and institutional capabilities needed to elevate diplomacy and development and for both to work more efficiently and effectively. Like the Pentagon's Quadrennial Defense Review, the QDDR will help us to align policy, strategy, authorities and resources. It will produce a blueprint for re-organization and provide Congress and the public with clarity about what resources we need and why.

Elevating diplomacy and development also requires that they work better together – so that the sum of our effort is greater than its parts. The result will be a stronger foreign policy *and* greater progress in spurring growth, eradicating poverty, and saving lives. There are many examples where a diplomatic assist would advance development goals and there are also many cases where development advances our national security by fostering prosperity and stable societies.

After Secretary Clinton announced the QDDR in July, we launched a rigorous, thorough, and inclusive process, with clear questions we want answered and clear steps to answering them. I am pleased to serve as chair, with my outstanding colleagues Anne-Marie Slaughter, the Director of Policy Planning, and Alonzo Fulgham, Acting Administrator of USAID serving as co-chairs.

We have an excellent QDDR leadership team with veterans of State and USAID as well as the private sector and the nonprofit community.

Five working groups led by key stakeholders from State, USAID, and other relevant agencies will drive the details. They will work quickly and pragmatically to produce both analysis and solutions. There is a lot of fine work to draw on, which will make it easier to work quickly. The goal is full engagement of senior leadership informed by the people who can make bottom-up transformation a reality.

I want to briefly describe the goals of each working group and ask you to wrestle in your break-out sessions with a few of the questions we face so we can get the benefit of your thinking:

First, we are examining the kinds of capabilities needed to develop a new architecture of global cooperation. As President Obama has often emphasized, the major global problems today cannot be solved by the United States alone. We need to work with emerging powers, partner with actors outside of government, and build new kinds of institutions. We need to look outside the box -- to move beyond old models of engagement and think about how to organize ourselves to help build this new global architecture.

Climate change is a case in point. Our approach to combating climate change will involve traditional diplomacy and institutions – as we will see in December in Copenhagen, where delegates from more than 190 countries will gather in pursuit of an international agreement. But we will also need to fashion effective ways to help developing countries raise living standards without dangerous increases in emissions. And we need to coordinate across many agencies since in addition to State and USAID, the Department of Energy, the Environmental Protection Agency, and even the U.S. Forest Service are involved in international climate issues. And the private sector is responsible for the vast majority of research on clean energy.

So I ask you today to consider how we can engage non-state actors to further U.S. foreign-policy objectives, and what organizational changes on our end would make this easier to accomplish.

Second, we are looking at how we can reform ourselves to both lead and support a whole-of-government approach to foreign policy. As many in this room know, our foreign policy is too often defined by competing interests, fragmented efforts, and mismatched functional capabilities, in Washington and in the field. This QDDR group is considering where key responsibilities should lie, based on rationale rather than just current resources. It is thinking about how to organize the State Department and USAID so that contributions can be complementary, rather than redundant or competitive. And, perhaps most importantly, it is examining how to rationalize and streamline our operations in the field.

One of the first areas we are tackling is health. Health-related development assistance has grown from just over \$5.5 billion in 1990 to nearly \$22 billion in 2007. These investments have yielded tremendous results in terms of reduced mortality and morbidity. Yet our focused effort targeted

at specific diseases or populations lacks a comprehensive framework. The Global Health Initiative, announced by President Obama in May will focus on strengthening health systems to provide more efficient, integrated, and sustainable health programs. Our goal is for developing countries to build systems that provide low cost interventions to save lives and reduce the need for emergency-based diseases treatment models.

This raises another question we need your help in addressing: How can development and diplomacy tools be deployed most effectively to support host countries in building health systems and capacity?

Third, we are considering what capabilities we need to help contribute to the building blocks of strong societies. Both development and security assistance are key tools as we confront the dangers of instability and often the solution requires cutting across areas of assistance.

For example, food security, one of our major initiatives, is not just about food. It brings together complex issues that have a direct bearing on economic growth, energy and environmental concerns, and our strategic interests. As such, it demands a comprehensive response. If we can build partnerships with countries to help small farmers improve their agricultural output and make it easier to buy and sell their products, we can set off a virtuous cycle of growth and development.

So today, I ask you to consider what enhanced capabilities are need to effectively implement food security programs in environments as diverse and challenging as Haiti, Afghanistan and Ethiopia?

Fourth, we are looking at ways to build a strong civilian capacity to respond to crisis and instability. Too often, our response to a crisis situation is too slow to make a significant impact – as we stand up a response team one person at a time. In some cases, the military steps into the vacuum. In others, we have simply done too little. This group is considering how to build a civilian crisis-response capacity while defining the optimal balance between civilian and military action in the relief and rebuilding process. We want to effectively partner with the military and lead in areas where civilian action is appropriate.

Our growing civilian presence in Afghanistan is both an immediate urgent priority and a proving ground for a new approach that we will continue to refine. We are not just increasing the *number* of civilians we send to work on development and security assistance projects in Afghanistan. We are recruiting and sending people with specialized skill sets, from agronomy to police work to law, that meet particular needs. And we are training them to work effectively with the military in unstable areas, with the goal of taking on greater leadership as security improves.

We would like your advice on how can we most effectively tap into a non-traditional workforce to expand capacity quickly in specialized areas where the need arises.

Finally, we are evaluating how the State Department and USAID should be organized to maintain core capabilities and execute them effectively. This group is considering how we recruit, train, and promote our own diplomats and development professionals, and how we can better equip them to meet these challenges. They are also reviewing how we manage our own resources, including how we work with outside partners.

Consider contracting, an area that has been getting a lot of attention recently. We need to review all of our mechanisms for engaging contractors and grantees – from maintenance services in Washington to foreign assistance programs overseas – and then determine when outsourcing is appropriate and how we can manage it better – including our approach to hiring and oversight. As many of you know, we are asking these questions in Pakistan where our goal is to deliver services that will leave the maximum amount of assistance in country and build local capabilities while producing direct and positive results for the Pakistani people. Where the most effective approach is to work with local NGOs, businesses and government, we will pursue those options. And where most effective, we will work with U.S. and international implementers or provide direct government-to-government support.

So I would ask all of you to consider carefully what the right balance is between outsourcing and developing internal capacity within State and USAID and the right way to effectuate such changes, expeditiously, yet with minimal disruption.

While these are only a few of the questions we are asking, these five working groups are not meant to cover everything. They are the first step in a longer-term process of change that will depend on ongoing evaluation and a culture of reform. But Secretary Clinton has also made clear that they will begin to leave their mark immediately, starting with our next budget.

I also want to emphasize the importance of the process you are part of today. The purpose of this discussion and of the working groups later this morning is not just outreach. We want your ideas and knowledge to help inform our review. We need the contributions and insight of nonprofits, of development organizations, of think tanks, of the military, of business. You can help us find solutions – and to implement them so we can be better partners with all of you.

Thank you to the U.S. Global Leadership Coalition for hosting this important event and for all of you for taking part. I look forward to hearing reports on your conversations today, and to working with you as this process goes forward.

Thank you.