

U.S. GLOBAL LEADERSHIP COALITION

ANNUAL CONFERENCE 2010

INTRODUCTION/MODERATOR:

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TUESDAY, SEPTEMBER 28, 2010

*Transcript by
Federal News Service
Washington, D.C.*

(Applause.)

FRANK SESNO: Thank you all very much. In my former business, the TV business, you'd say this is not a bad booking. (Laughter.) This is quite a gathering, indeed, and so thanks to all of you for your time.

And what we're going to do here today for the next hour is talk about and try to dive into this newly announced Global Development Policy, what it means. The president has called it a pillar of American power. It is ambitious in its scope. It seeks to encourage nothing less than broad-based economic growth, democratic governance. It seeks to facilitate the stabilization of countries that are emerging from crisis or conflict, to alleviate poverty, to advance the basic welfare and dignity of all humankind. Those are the pillars of the pillar.

So Secretary Clinton, let me start with you. The presence of the five of you here today would seem to suggest that there's something significant and new. Let me start by asking you to address that. Briefly, what is the newest, most distinctive element of this new policy, or is it just packaging?

SECRETARY HILLARY CLINTON: Well, Frank, first of all, let me thank you, but let me also thank Dan Glickman, a long-time friend and great public servant, and Liz Schrayner, the entire USGLC team and tell you what a great pleasure it is I think for all of us to be here, because this organization cares about development – a lot of organizations do that – but then you bring an integrated approach, including business, the development community and the military together.

So that is a precursor to the answer to Frank's question. Because what we're doing in this presidential policy directive is making very clear that development is an integral part of America's national security policy, and it is part of an integrated approach that includes development, diplomacy and defense.

And I think that what we've tried to do with this global policy is to make very clear that we're not only a core pillar of our national-security mission – and by the way, this is the first time since Kennedy that any president has articulated a global development policy – but that we truly are elevating development to the highest levels of the United States government.

And let me just make a few brief points before my colleagues jump in. First – and I give Secretary Gates great credit for this – it became abundantly clear to everyone who follows these matters, starting in Iraq, then Afghanistan, that we could not be successful by militarizing our policy toward countries to the exclusion of working on their own priorities and the efforts to try to improve development, including governance, rule of law and the like.

So really, since the beginning of the administration, that's what we've been trying to do. We've actually been implementing the principles of this policy, even though the policy itself has just been rolled out by the president last week at the United Nations. And very simply, we are looking for results. And we're looking for results that are nonpartisan, not just bipartisan.

We want to establish development firmly so that no matter what the political winds may blow, they will not blow over the fundamental concept that development is a key element, now and forever, of our foreign policy objectives.

So number one, we highlight strongly the need for economic development. Tim will talk about that. But this is a key core principle, the difference between aid and investment, and why we want to make investments on a basis of partnership, not patronage. We want to make sure that we look to country-led and country-owned strategies, so that we are not just chasing the idea of development without seeing it become sustainable.

We're working to integrate this. It's a lot harder than I think any of us ever knew when we started, but we've got a real commitment to it. We are working to reinvigorate AID. We need to improve the coordination among our own government agencies so that we are speaking with, as much as possible, a single voice out of Washington.

In-country, we need to build up the capacity of our ambassadors to be true chief of missions and responsible for implementing this policy. And we want to find ways to increase our nation's investment in innovation in the area of development.

And then, of course, you would expect me to say we want to emphasize women and girls. And I want to –

MR. SESNO: Which you're going to do.

SEC. CLINTON: Yes, which I'm going to do. (Applause.)

And I want to end, Frank, by just reading something. "For no objective supporter of foreign aid can be satisfied with the existing program, actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies.

The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes – many of them now obsolete, inconsistent and unduly rigid, and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad."

That was from President Kennedy's policy on development, back in 1961. We made a lot of progress into the '70s. Those were AID's glory years, if you will. The Green Revolution is one of the hallmarks. And then, we lost our way again.

And we are determined in this administration to put development on a firm footing, and leave it there.

MR. SESNO: So let me ask you this, before moving on to the others. What's – how does this policy take these tenets, which are logical and have been the underpinnings, at least in principle, of America's development policy in the past, and make it real? I mean, what is – if somebody came up to you and said, in a sentence, tell me what's different about this policy, what would you say?

SEC. CLINTON: That we are taking the principles and finally forcing our government to act on those principles in practical ways that have real results for people, and improve and further the national security objective of the United States.

MR. SESNO: Secretary Gates, we've talked about this before. In fact, we've talked about it with the two of you last year at GW when you were there. But you led the way with this conversation, largely, starting with your – starting before then, but with your Landon Lecture at Kansas State in December of 2007. Then, you said military success is not sufficient to win, and you went on to talk about those other things. National security strategy says the burden of global threats cannot fall on our soldiers alone.

So how does this new strategy take the burden or help to relieve the burden off of America's men and women who are in uniform and in the civilian side – (inaudible) –

SECRETARY ROBERT GATES: Well, I think that it's – there's a short-term piece and a long-term piece. The short-term piece is that without development we will not be successful in either Iraq or Afghanistan. And so in the fights that we're in, the civilian component is absolutely critical to success.

And what we've discovered as we went along and we sort of came to it, I think, way late was that the civilian side of the government in the arena of development was significantly under-resourced. That – and I guess what caught my attention and helped prompt the Landon lecture was when I discovered that when I had retired the first time – (laughter) – in 1993 –

MR. SESNO: Coming back, so –

SEC. GATES: – AID had 15,000 or 16,000 people. They were deployable; they were expert; they expected to live in harsh conditions, often fragile security. But they were out there. And when I came back to government, AID had about 3,000 people, and it was basically a contracting agency. And so it seemed to me we needed the inherent capability inside the government with committed professionals to carry out this work to be successful in Iraq and Afghanistan.

But there's a longer-term piece to it that I think this strategy addresses. And that is, in military planning, what we call phase zero is, how do you prevent conflict? How do you – how do you create the conditions so we don't have to send soldiers?

And the way you do that is by – is through development. Development contributes to stability. It contributes to better governance. And if you are able to do those things and you're able to do them in a focused and sustainable way, then it may be unnecessary for us to send soldiers.

Now, in some cases it will be necessary for us to provide security for those doing the development work. But development and security are inextricably linked. You can't have development without security, and you can't have security without development.

So from our standpoint, and my standpoint, the three things that I think are important about this strategy is, first of all, it focuses on sustainability; it focuses on focus in making choices and acknowledging we can't do everything everywhere; and then I think the third piece is that it explicitly addresses the importance of partnering with nongovernmental organizations in a way that I don't think the government has done formally before.

MR. SESNO: What is it in here that you think will most quickly relieve the burden? I mean, we've talked and we've seen so many times the degree to which our men and women in the military are part of these larger efforts. What and when does that burden get – how and when does that burden get lifted?

SEC. GATES: Well, I think that burden already has been alleviated. In the last year, the civilian representation in Afghanistan, for example, has been tripled. And so the need – you know, the development – we can contribute and we do, do some development work, but let's just say it's not our core competency. And the truth is, you talk to a colonel who's a brigade commander in Afghanistan, and ask him about the contribution a single civilian professional brings leading a PRT, and he will tell you they are a gigantic force multiplier.

So having civilians who understand this, who know what they're doing and for whom it is a calling and a profession makes all the difference.

MR. SESNO: Secretary Geithner, Secretary Gates talked about focus and choices. And part of this policy emphasizes the fact that global development reinforces and is something to assist not just our national security but our economic security – in fact the economic security of the planet, ideally, right? – and that some of these choices will be made with a premium on sustainable economic growth.

So explain how that works and how some of these choices will be made to contribute to economic growth both abroad and at home, because it's also meant to be in America's economic interests.

SECRETARY TIMOTHY GEITHNER: Why does growth matter? It's self-evident. Without growth, no country will have the resources to educate their children, make sure they have access to health care. Growth is necessary for almost everything you try to achieve in these areas.

But of course it's not just enough to be for growth. Unless you're making sure countries are investing their resources, scarce resources, in educating women, girls; in basic health care,

you're not going to have sustainable economic growth – those two basic judgments at the heart of the strategy and, I think, the heart of any reasonable reading of the history of development policies.

The question is of course how to bring that about, and I'll just give you a few examples.

MR. SESNO: Please.

SEC. GEITHNER: If you can make it more likely that a – women – a woman – a farmer in Bolivia or Mali or India can get title to her land and is able to borrow, to go out and buy better seeds and fertilizer, she'll be more likely to be able to educate her children, grow a business and create a market for the exports of our country.

It's a simple, basic proposition. If you can help create that basic framework for property rights, for the capacity to borrow, if you can make it less likely that she has to pay a(n) exorbitant bribe to get the ability to bring a product to market, if you can make infrastructure better, so it takes two hours, not two days, to take her product to market, you can make transformative differences in poverty reduction around the world.

The most powerful way to this priority is not just – well, put it – I'll put it a different way. What matters most, first is: Are you at peace? Are you in conflict? Second is: Are you growing as a country?

So you have to recognize that for assistance to be effective, it has to come with conditions, and the conditions have to make sure it's less likely that these resources get lost to corruption or get devoted to things that aren't going to have a high return; and again, basically improving income growth in these – based in these countries.

MR. SESNO: So does this new policy tighten those conditions?

SEC. GEITHNER: Absolutely. And again –

MR. SESNO: It forces those choices?

SEC. GEITHNER: – it seems like a simple thing, but it is a very important thing to say you're going to put basic economic growth, with a focus on results, at the heart of our decisions on how we allocate scarce resources.

And again, a lot of people in this room are here because of the basic moral imperative for development. But, you know, we're living in a time where we have 10 percent unemployment; one in eight Americans are on food stamps; we face a deeply unsustainable long-term fiscal position. We have no credible strategy for making the case this is a reasonably effective use of scarce resources unless we can explain that they're going to be going to things that make a difference for this basic cause more effectively, and that they're going to translate into not just better strategic outcomes for our country, but better growth.

(I think ?) – you know, our exports to developing countries over the last decade grew six times the rate of growth of our exports to the major economies. Growth for this country in the future is going to be overwhelmingly dependent on our ability to see faster income growth in the most populous parts of the world and to, of course, benefit from access to those markets.

So what this does is give us a better framework for making choices and improving the odds that we're going to use these scarce resources more effectively in getting better outcomes – development outcomes. And the economic case for that is, I think, overwhelming.

MR. SESNO: So you're saying a – there should be a payoff here at home for the payout overseas.

SEC. GEITHNER: Absolutely. There absolutely will be.

And again, if you are worried about how we're going to grow as a country, you have to worry about what we're going to be able to do to make sure that we're playing an increasing role in the most populous parts of the world. And we want them to grow more rapidly. We have a big stake in that, and that makes an enormous difference in what's going to happen in the United States.

SEC. GATES: You know, Frank – (audio break) – to – further to Tim's point, there's another piece of this in terms of our domestic economy, and that's cost avoidance. Development is a lot cheaper than sending soldiers. (Applause.)

SEC. CLINTON: And we just have to make that case.

MR. SESNO: Administrator Shah, your USAID was referenced earlier in terms of the rapid, precipitous decline in the population there over years. I know you're trying to rebuild that. You've been at the helm there for about nine months now, is that right? – after a notable absence that was discussed in some circles.

How does this new policy translate into the rebuilding of USAID and the role that your agency is going to have in this development discussion, implementation?

DR. RAJIV SHAH: Well, thank you. The letter that Secretary Clinton was reading from was, of course, President Kennedy's development policy, and it led directly to establishing USAID. And so I am very excited and enthusiastic that this next version of a comprehensive development policy is actually a very clear roadmap for how to rebuild and reconstitute a premier development agency. I think you've heard from all of our secretaries here about the value of that kind of agency.

But at the end of the day, development is a discipline. It's a profession. And there's a way to do it in a way that is smart, is results-oriented, is focused on knowing how to spend resources and cooperate and design policies and build governance in environments where you get real results. And we have a huge experience base around the world; not just USAID, but MCC and so many other partners. And we know a lot about what works, what doesn't work.

This policy is a license to take that knowledge and use that evidence and make some real shifts in how we actually allocate resources, design programs. And we're starting to see it. We haven't been standing around for a year waiting for this. We've been implementing many of these principles in the two signature initiatives, in Global Health and Feed the Future.

MR. SESNO: For those in the public who may be watching this on television or listening to it on radio or having it streamed or whatever, they've heard of USAID, presumably. But they may not know what you do. And I guess the question I would have is, as a result of this new articulated policy, what will you do? What will your role be in this all-government approach that is meant to be the sort of spear of this initiative?

DR. SHAH: Well, you know, USAID will continue to be the primary development agency for the federal government. We will do a far better job of coordinating efforts across – and resources across the federal government and applying them in specific areas of excellence and application.

And we're constant – we're in another review right now, the QDDR, which is a review we're doing under Secretary Clinton's leadership, to identify those specific areas of focus. But it is basically food and agriculture, global health, sustainable economic growth and democratic governance.

MR. SESNO: And are you working with these guys at the Pentagon as well?

DR. SHAH: We absolutely are. In fact we have – we have a tremendous amount of shared relationships, and in fact we're working specifically most recently with DARPA, the Applied Research Products Agency, in order to create our own version of a development hub for science, technology and innovation, because many of the biggest wins in global development that secretary referred to, whether it's the Green Revolution or saving literally millions of kids from diarrheal illness in Asia and in sub-Saharan Africa in the '70s and '80s, came from big technological breakthroughs that our agency and our government helped support. And we want to rebuild that focus on science, technology and innovation as really a core part of our development strategy going forward.

MR. SESNO: Mr. Yohannes, to you, again, to thinking of the larger audience, many may not know what the Millennium Challenge Corporation is. So, in a sentence, it is –

DANIEL YOHANNES: It's the government agency with specific mission to reduce poverty with long-term economic growth, working with poor countries, but those that are well-governed.

MR. SESNO: And “those that are well-governed” gets to the issue of accountability, which we see throughout this policy, and that's what I want to ask you about. A Swedish development economist, Frederik Segerfeldt, has analyzed the failure of development –

MR. YOHANNES: Yeah.

MR. SESNO: – over 50 years and what he estimates is nearly \$2 trillion spent in the effort. And he argues that corruption is a big problem, as we know, but cannot be resolved with development foreign aid.

So how's this policy get at the root of corruption? MR. YOHANNES: A couple things. Number one, you know, many of the principles that MCC has applied in the last couple of years are core principles of the new initiative.

I just got back from Honduras. Honduras was the first country that completed the first five-year program –

MR. SESNO: Five-year program.

MR. YOHANNES: Five-year program. And despite three presidential transitions and a major political crisis, the projects were done on time, on budget, with good results – because they were not owned by any particular person. They were owned by the Hondurans themselves.

When they were given the opportunity, they set the stage, they set the priorities, they designed the program to link farmers to markets. They wanted to build roads so those farmers have access to markets. They came to us with their proposals. We did a thorough analysis to make sure that the proposed projects would help the poor, would help both men and women and then would also return good returns.

And it was done by the Hondurans themselves from the beginning to the end, okay. We only had two people on the ground.

And also, the government created the incentives, if you will, the opportunities for sustainability. They passed major laws in the financial sector to make sure that, you know, businessmen and -women have the opportunity to get loans where previously they had to use land but now they could use other collaterals. They passed laws so that, you know, they doubled the road maintenance fund so that funds are available to create sustainability.

Now, they've done all – I mean, they've done the best job. I saw the results, what happened on the ground myself. I spoke to the farmers that were trained by MTC (ph). Many of those farmers are now – doubled their income, just about five years. Of course, we're waiting to hear the confirmation from independent sources. Because – why? Because it's owned by the Hondurans themselves.

MR. SESNO: Secretary Clinton, you have to make the case to the Congress and –

SEC. CLINTON: Yes.

MR. SESNO: – it's one of the highlights of your job, I'm sure – (laughter) – and to the American public – that these dollars are wisely spent, that they're making a difference. And the issue of accountability comes up again and again, right?

SEC. CLINTON: Right.

MR. SESNO: It's, as we've just heard, a core of this and building off of some of the lessons learned through the (corporation/cooperation) there. So what do you say is the key to accountability of the future and these investment decisions, which is how you're trying to frame them more, that are going to be made going forward?

SEC. CLINTON: Well, Frank, we really think we have to have mutual accountability, because we have to be more accountable within our own government.

MR. SESNO: So accountability starts at home.

SEC. CLINTON: Accountability starts at home. I mean, we have a less-than-perfect track record in actually delivering as big a percentage of the dollars spent on aid as is needed. We spend a lot of money doing things that is – are – that are not rooted in evidence, and we want to have an evidence-based development policy.

We are ramping up monitoring and evaluation. That's one of the things that Raj and I are working on to make sure that we can be very clear in telling the Congress and the American taxpayers, to echo Tim's point, that these investments are in America's interests.

You know, I gave a speech early this year in January at the Center for Global Development outlining a lot of the development approach that we were taking. And most of that is in this policy directive, because we were on the ground evaluating it as we went. You know, we weren't just sitting around the Situation Room abstractly discussing it. We were doing the hard work of trying to hold ourselves and others accountable. I ordered a complete scrub of all of our aid programs in Afghanistan and Pakistan.

And it wasn't a pretty sight. And that's not because people weren't well-meaning, and it's not because they were corrupt. It's because they were kind of 45 degrees off of what would actually work within the culture to produce the results that we and Pakistanis or Afghans were seeking.

So we have been, since the beginning of this administration, being very hard on ourselves – some would argue maybe too hard, but we don't know any other way to do it, because here is what we're looking at down the road: We do have the Quadrennial Diplomacy Development Review. I was on the Armed Services Committee. I saw how effective a tool the QDR, the Quadrennial Defense Review, was for the Defense Department, so I ordered that we do our own QDDR. And it's been an incredibly revealing process, because we're really trying to look deeply into how we do diplomacy and development, and ask ourselves: How do we do better?

That's number one. Number two, we have a stovepipe budget system, starting in our own government, and then becoming exacerbated in the Congress, because of jurisdiction and the like. So we often feel like we're running around trying to integrate something that is constantly being pulled apart. So our efforts to say, look, we have to be ultimately accountable to the

American taxpayer, at any time, but particularly now, given our own economic challenges – and we stand in our own way all the time.

And one of the things that Bob and I have talked about is a national security budget because – I'll just say the obvious: It is really easy for him to get his budget. (Laughter.)

SEC. GATES: (Chuckles.)

SEC. CLINTON: And it's really hard for me to get our budget. In fact, we had that experience on the supplemental, you know? Bob waltzed in and said, "Oh, here's what we need!" and – (laughter).

SEC. GATES: And you – waltzing doesn't work for you? (Laughter.)

SEC. CLINTON: Well – you know, "Dancing with the Stars," I'm on the, you know, sideline here. (Laughter, applause.)

SEC. GATES: (Chuckles.)

MR. SESNO: So can I turn to the waltzer-in-chief for a – for a minute here, then?

Given this discussion about dollars, if this is such an imperative and if it's going to make a difference and be a multiplier, how about some of those dollars coming from DOD and going to –

SEC. GATES: Well, we actually – (laughter, applause).

First, I'll be clear. At the Landon Lecture, I said I wasn't volunteering my budget.

SEC. CLINTON: (Chuckles.)

SEC. GATES: I just wanted to work harder for the secretary of state to have one. (Laughter.)

But the truth is, I mean, one of the – one of the realities – as Hillary was saying, and Raj as well, we've actually been working on these problems well before this document came out. And one of the things that we have done is, taking into account that we are able to get money easier than State and AID, we have come up with some pretty creative approaches in terms of how to fund partnership capacity building.

We have a couple of sections in law in the Defense Authorization Act, Sections 1206 and 1207, that are basically – the money is in our budget, but it's basically dual-key: the secretary of state and I both have to approve these things – these projects. And in their agenda in 1207, the ideas come mainly from the State Department, in terms of where we want to put that money and turn toward institution building and capabilities for partners; in 1206, it comes from both buildings. And that has worked very well.

We have a counterinsurgency fund for Pakistan.

We have several of these funds that the Congress has worked with us on to meet – to meet specific needs in the short term. They are, I would say, though – they are inadequate to the need. They are stopgap measures.

But what has happened is that I think in a way perhaps unprecedented, you have seen the State Department and the Defense Department working cooperatively to identify these projects, and most of which are actually implemented, in many cases, by the State Department and AID.

MR. SESNO: You face a gargantuan task, though, because you're going to be going back to Congress, hard as it is to get the dollars up until now, with a \$1.4 trillion deficit, with a political environment that likely is going to make it even more difficult, regardless of what happens in –

SEC. CLINTON: Well, let me give you a couple of examples, Frank, because you are preaching to the choir. Obviously, I'm out of politics, but I am observing this election. (Laughter.) And I do know that we face some very difficult challenges ahead of us.

If you look at our transition in Iraq, the transition is from a primarily defense/military mission to a diplomatic/development mission. But it's never been done, to the extent it needs to be done, before. We have intensely planned for it, but there's always a gap between the plan and the execution. And we are really working as hard as we know to have as smooth a transition as possible.

But it's very difficult to do diplomacy and development without adequate security. So as our troops go out of Iraq, which is the plan, then we have to figure out how do we provide enough of a security envelope for our diplomats and our development experts to do the work that we're now asking them to do?

Similarly, in Pakistan, after the flood, AID did a terrific job in being the first to respond. Could not have done it without the military and the helicopters getting our aid workers and our material into Pakistan. But we have to fight to get the U.S. government's label on our material, because a lot of our aid workers and our NGO partners are afraid to have association with the U.S. government – whereas China, Japan, everybody else emblazoned across all that they do “gift from the people of China,” you know, that – “from the generosity of the people of Japan,” or you name it.

So the American taxpayer's looking at this and saying, yeah, we want to help those people. That's a terrible disaster. But they don't even want to admit that it's coming from us?

So we have so many challenges in doing what we have set out to do as, you know, very briefly envisioned by the president's directive. That's why we've got to get into the granularity, which is what we're doing in the very specific plans that Raj is implementing, that Bob and I

work on together. And don't forget the multilateral financial institutions which we partner with, that Tim is working with, and MCC.

MR. SESNO: We don't have a – we don't have a lot of time, so I want to mix it up with

SEC. GATES: Can I – let me pile on, on the –

SEC. CLINTON: Yeah, let him pile on, Frank.

SEC. GATES: Let me pile on – (laughter) – on the Iraq – on the – on the transition in Iraq. Because it really captures the nature of the challenge that we're facing. You can argue about the war all day long, but the fact is, we've spent hundreds of billions of dollars on this war. We're now in the endgame. We are leaving. We are making a transition to a civilian-dominated process of development, of helping build institutions and so on.

But the Congress took a huge whack at the budget the State Department submitted for this process of transition. And – and it is – it is one of these cases where, having invested an enormous amount of money, we are now arguing about a tiny amount of money in terms of bringing this to a successful conclusion.

And I will tell you it reminds me for all the world of the last scene in "Charlie Wilson's War," where, having forced the Soviets out of Afghanistan and having spent billions to do it, Charlie Wilson can't get a million dollars for schools.

MR. SESNO: How do you do it?

SEC. GEITHNER: You know, it's –

SEC. GATES: He prints it. (Laughter, applause.)

SEC. GEITHNER: "If only," I would say. (Laughter.) But Frank, you know, I think we all recognize that development is a graveyard of pieces of paper, lofty rhetoric not matched by action.

But it starts with what you have before you today, and it requires the commitment of people running these agencies understanding what's necessary and being willing to spend some time on fixing it. And you have to start with it. If you don't have that, nothing's possible.

But we have a lot we can point to that can demonstrate why this is a good return on scarce resources. I mean, I'll just give you an example. When we give the World Bank \$1, they can lend \$25 to a country to do things that help support our basic humanitarian, security, economic interests of the country. That is enormous leverage, a better return than many things we can say we do as a country with scarce taxpayer resources.

So – and we’re at a time – and this is important to say – we’re at a time with incredibly promising innovation by foundations, by the private sector, by governments around the world. We’re –

MR. SESNO: How does this new – how does this new policy work differently with the private sector?

SEC. GEITHNER: I think, again, if you – if you don’t recognize that how countries grow depends fundamentally on how good they are at creating the foundations for a market economy for business to work, then nothing is possible. And that’s why, again, the emphasis on growth is so important.

DR. SHAH: Frank, let me give you a concrete example, because I think it brings a lot of these strands together and it speaks to Secretary Gates’ point about phase zero in terms of the application of development.

In Ghana, despite effective governance and despite a reasonably robust growth environment, they have not made the kind of progress against food security that you would want to see. And in 2008, when food prices went up – and in many of these countries more than doubled – people who spend 70, 80, 90 percent of disposable income securing food go hungry. You saw food riots throughout sub-Saharan Africa, many parts of Asia.

So we have our Feed the Future initiative. In doing this initiative, we’ve worked with the government of Ghana that has developed the very robust and brave proposal to use the northern Ghana infrastructure and agriculture belt as their future breadbasket. MCC is building the road infrastructure there. USAID is supporting the agricultural research and extension activities that will reach farmers. We’re working in partnership with the World Bank and, in this case, with a few other – DFID (ph) and SIDA (ph) from other countries – to concentrate their efforts in the north as well.

And we’re making these investments against an effort where we’re collecting baseline data on crop yields and on farm incomes. So every year, we’re going to get a very clean understanding of what are we getting as real results and outcomes against an alternative baseline.

That’s going to allow us over time hopefully to help Ghana pull itself out of poverty, pull itself out of food insecurity and hopefully become a model for other countries that are willing to take that leadership step and do that work. And I just think it brings together so many of the aspects of technology, working together, coordination and most importantly accountability against real results. And it’s becoming a hallmark of how we want to do this work in Bangladesh, in Haiti, in Rwanda and so many other parts of that initiative and across USAID’s programs.

MR. SESNO: You’ve spoken about accountability; you’ve spoken about focus – and you can leave this one off – but you’ve spoken about focus and the – and the choices. The policy calls for an increased focus in support of, and I’m quoting here, “select countries and subregions where conditions are right to sustain progress.”

Now that means choices. So who gets more focus, and who gets less focus under that rubric?

SEC. CLINTON: Let Daniel respond.

MR. YOHANNES: Yeah, I think, you know, again, what we've done and what we continue to do is select countries that will be responsible for their own growth.

Now we've already talked about Ghana. I mean, Ghana is a very successful story, where we trained a lot of farmers over there, where now they are, in fact, selling, Raj, their food production to the United Nations, which is being distributed in the region. And we're also linking Ghanaian farmers with other outside farms, for example, you know, Dole. And they are sourcing banana and pineapples overseas, all right?

So many of these countries have taken their own responsibilities, you know? We work with countries that are transitioning themselves from a dependency to self-sufficiency. I think that's key. And in order for that to happen, you have to have a government that's committed to (protect ?) the environment, for sustainability, and also to replace our aid dollars with private sector investments. And you cannot work in those circumstances with every government.

You have to be very selective and work with those governments that are committed for the same principles.

SEC. CLINTON: And Frank, too, on the two major initiatives – Raj mentioned one, Feed the Future; the other is the Global Health Initiative – we're basically bargaining with countries.

You know, countries have to be willing to make their own investments. Some will be much less than others, but there has to be buy-in, and there has to be a commitment to sustainability, because, you know, the unfortunate fact is that in health, particularly, oftentimes when donors came in, both governmental donors and nongovernmental, to do something in health, the government withdrew its money from health, you know, because they're – they figured: Okay, the United States, PEPFAR, DFID, Norway, you name it, the Global Fund – they're going to take care of this, so we don't have to be invested.

And we exacerbated the problem by cutting the government out, in many instances, so that we would contract with NGOs, who would come into a country and create parallel structures.

So often times, at the end of maybe even a successful period of PEPFAR investment or USAID investment, we would have seen numbers change on treatment for HIV/AIDS or maybe immunization, but there was no infrastructure. So if we pulled out tomorrow because we have our own budget problems, we would have done some wonderful humanitarian work, but we would not have created a sustainable development foundation.

So we're very clear in what we expect, and there's a lot that goes with this. On taxes, for example – it's one of my pet peeves – countries that will not tax their elite, who expect us to come in and help them serve their people are just not going to get the kind of help from us that historically they may have.

MR. SESNO: So, what, you're going to go to countries that are getting that now and say, we're going to stop?

SEC. CLINTON: There's got to be some reciprocity here. (Applause.) Because you know, one of the things that is now happening in Pakistan – and I said this when I was there last year – you cannot have a tax rate of 9 percent of GDP when big landholders and all the other elites do not pay anything or pay so little it's laughable, and you've got such a rate of poverty and everybody's looking to the United States and other donors to come in and help.

MR. SESNO: But do you mean – but do you mean to say that you're going to do – you're prepared to go to a country now, to a government, and say, “You're – you've got all these people in poverty, we're going to quit working with them or we're going to pull back if you don't tax your elite, which is, by the way, your political – base of your own political support”?

SEC. CLINTON: I'll tell you – well – that's just one of several messages that we are beginning to deliver.

MR. SESNO: Can you change that behavior, though?

SEC. CLINTON: Well, the finance minister in Pakistan is now presenting a package of economic and tax reforms.

MR. SESNO: Is that part of the message you take to them?

DR. SHAH: Absolutely.

MR. SESNO: It's – and you do this too?

MR. YOHANNES: Been practicing for the last couple years.

MR. SESNO: Is it working?

MR. YOHANNES: It's working extremely well, because they have taken accountability. We're using our grant dollars to make some major policy reforms, to make those countries attractive for the private sector – (inaudible) –

MR. SESNO: Do they ever say to you, well, when you fix the tax thing in the United States, come back, we'll do it here too? (Laughter.)

SEC. CLINTON: Well, I hope we don't end up at 9 percent of GDP.

MR. SESNO: (Chuckles.) I want to add –

SEC. GEITHNER: Can I just say, Frank –

MR. SESNO: Sure, yeah.

SEC. GEITHNER: Just say that I – you know, I, like many people, I've been doing this for a long time. I've never heard a discussion like this where you have a secretary of state saying what Secretary Clinton just said, which is recognizing that unless we are tougher on how we provide assistance, unless we look at those basic simple things like are they running their country in a way that gives us confidence that our resources are going to be used well, we should not be financing them at this level. That is – enormously consequential thing. Of course, you want to see how we do over time.

MR. SESNO: Well, it's also – it's also –

SEC. GEITHNER: But that is incredibly important.

MR. SESNO: Yes, it is. It's also difficult because it may be in conflict with some of the other things that you're trying to do. It's a bit like the CIA, where sometimes you have to do business with bad people because that's the reality of the world. So this is –

SEC. GEITHNER: All these – all these objectives are going to be in conflict at some point or another. But that doesn't mean that you're not right to start –

MR. SESNO: Yeah.

SEC. GEITHNER: – with the basic recognition that without a tougher, more selective, more conditional, more focused approach, we're not going to be able to justify financing these endeavors at a scale we think is necessary.

MR. SESNO: Let me come at it slightly differently. I had a very interesting conversation with a colleague before I came over here – Steve Livingston, who works with me and I think is here today. And he was talking about Amartya Sen and his work – Nobel Laureate – who has traced the role of a free media and free press in the economic – not just the economic development, but the actual appearance of famine in some countries.

What does this policy do to encourage a more open media, a more open society, before you – we start handing over Americans' dollars? How does that affect – does it?

SEC. CLINTON: Oh, it does. I mean, it's one of our core values, and it's something that we promote through both our diplomatic and development exchanges with countries. And we believe strongly, obviously, that democracies with not just part of our democratic tradition, like just elections, but the whole panoply, of protecting minority rights and independent judiciary, a free press and the like, is the best path, the most sustainable path, to development and prosperity, peace and stability. So we are totally supportive of that.

But the problem that we encounter is exactly as Tim said. There's a lot of conflict. You know, countries make progress on indicators that we think are in their own interests and important to us at different paces. And we have some great partnerships with some countries that are not particularly respectful of a free press, but on other indicators have made enormous progress. So, you know, we keep pushing and pulling, but we want to see effort, and we want to see a level of commitment in order to be able to continue on a development relationship.

MR. SESNO: We're going to have to wrap up this conversation because – and I'll leave you guessing; at least one of you has an appointment with a very important person soon – (laughter). So what I'd like to just do is – (laughter) – I'd – what I'd like to do is, I'd like to ask you to take this – this plan and project into the future, five years from now, 10 years from now, when – unless Secretary Gates continues (his/this ?) fine tradition, none of us will be sitting here – (laughter) – what will we see, what will have happened, what will have changed if what has been laid out as goals here has been achieved – at least largely achieved? Give us two or three things to scorecard or to watch for.

DR. SHAH: I think if you asked that question 15 years ago, nobody would have sat there and told you that mobile phones would have actually been the most transformative force in the developing world, and that's in fact exactly what's happened.

And so I would say if you were to look forward over that frame – period of time, you would want to see a series of tremendously disruptive technologies, business models and innovations that serve low-income countries and low-income communities and effectively address the things we're talking about. And I actually think in that time frame, we can actually wipe out food insecurity on the planet.

MR. YOHANNES: Yeah – if we do everything that has been discussed today, for transition many countries from a dependency to self-sufficiency, where investment would flow from the private sector, instead of from various development agencies around the world.

MR. SESNO: Secretary Geithner?

SEC. GEITHNER: Well, I'll end with the multilateral case. It's not going to be just about what we do bilaterally; it's going to be about what we do to make the multilateral institutions stronger, because they give us great leverage for scarce resources. In some ways they're more effective provider of conditions than we can do unilaterally, on our own. And we need to make sure that we're working alongside them, making them stronger, as we try to get better at this as a country.

MR. SESNO: Secretary Gates, (a couple of things we'll have ?) –

SEC. GATES: Well, I would say, in my particular area, I don't – it's what you don't see that will be the success, and that is less conflict, less requirement for American soldiers to be sent around the world, and more stability and peaceful development.

And again, I go back to the cost-avoidance point. You end up almost having to prove the negative. How many – how many wars did you prevent?

MR. SESNO: Go ahead.

SEC. CLINTON: Well, we, number one, want to see significant lasting changes in the way the United States government does business when it comes to development. And some time in the next 30 to 60 days we'll be rolling out the QDDR, and in it will be very specific answers to all of these questions – everything from how we change our procurement and contracting policies to how we better train ambassadors to be chief executives of all the different missions that they're responsible for, ultimately, in partner countries, to the personnel policies, to be able to open up the State Department and USAID so that we can get the people with the expertise that is needed in the jobs that we're doing.

Secondly, we will have developed a strong, lasting political constituency here at home that understands the role that development plays and the necessity that it provides in achieving our national security objectives as one of the three pillars of American foreign policy; that there will be a recognition that it does cost money, but it costs a lot less – as the military pulls out of Iraq, the military saves \$15 billion; we ask for, you know, about one-tenth of that, and that's considered too much, even though there's savings accruing to our transitioning to the civilian side – that there will be political constituency in these countries that recognizes what they must also do, which is one of the reasons why we are using technology – what we call 21st century statecraft, to communicate these ideas.

Now, I sent a technology mission to Syria, and some people made fun of it, which was fine. But we now have seen young people in Syria recording abuses by teachers on their mobile devices, which were then uploaded onto YouTube, which caused the government to be so embarrassed that they had to fire teachers and change the way they were doing business.

Think of the implications of that for holding accountable not just our aid flows but the actions of governments in these countries, so that we can make better partners out of them.

So we are at an – a ripe moment of opportunity, and we hope that, you know, through the president's directives, through the QDDR, through our cooperation, we'll be able to make the case to the Congress and the American public why this is in our vital interests and why it must not continue just for this administration but be sustained for years to come.

MR. SESNO: Well, if this is going to be a pillar of American power, this case does need to be made. The explanations need to be made. The QDDR needs to be published, and then connected to the Congress, obviously, and the American people.

And this has, I think, been a tremendous conversation, a great down payment on a very important investment. So, thanks to you all. (Applause.)

We'll hold our seats – (inaudible). (Applause.) Thank you.

SEC. CLINTON: Thank you.

SEC. GATES: Thank you.

MR. SESNO: Thank you.

(END)