

## **A New Way Forward on Global Development**

The Obama Administration recognizes that the successful pursuit of development is essential to our security, prosperity and values. In a world shaped by growing global economic integration and the fragmentation of political power; by the rise of emerging powers and the persistent weakness of fragile states; and by the potential borne of globalization and risks posed by transnational threats, development is a strategic imperative for the United States. Our investments in development -- and the policies we pursue that support development -- can facilitate the stabilization of countries emerging from conflict, address the poverty that is a common denominator in the myriad challenges we face, foster increased global growth, and reinforce the universal values we aim to advance.

Sustainable development also provides the foundation for our common future. Countries that are able to achieve sustained development gains make more capable partners, can engage in and contribute to a growing global economy, and provide their citizens with the opportunity and freedom to improve their condition. By investing in development, we can better meet the challenges of today while mitigating future risks and instability. To achieve these goals, however, we must build on our experience by crafting a deliberate strategy that reflects the conditions we now face while also and proactively shaping the world we want to see in our future.

Despite significant progress over the past 50 years, development has been far from even, and global trends mask large differences across regions and countries. Fifty years of experience also have been humbling; reinforcing the difficulty of the task and the need to be realistic about what can be achieved and over what period of time. Development is a long-term proposition, and progress depends primarily on the choices of political leaders in developing countries.

The United States will pursue a new approach to global development that focuses our government on the critical task of helping to create a world with more prosperous and democratic states, able to meet the needs of their people and to be our partners in addressing common threats, challenges, and opportunities. The Administration's approach is built on three pillars: a deliberate development policy that places a premium on economic growth and democratic governance, game-changing

innovations, and sustainable systems for meeting basic human needs; a new business model that positions the United States to be a more effective partner and to leverage our leadership and; a modern architecture that elevates development as a key pillar of U.S. foreign policy and harnesses the development expertise now spread across government in support of common objectives.

This policy seeks to forge a new and lasting bipartisan consensus on development policy. It builds on and formalizes some core tenets of the development approach set in place by recent administrations, while embracing new priorities and approaches that respond to the challenges we now confront.

#### **A Deliberate Development Policy**

Our current approach to development reflects successive Executive and Legislative Branch priorities that have accumulated over decades; United States Government agencies are today pursuing over 1,000 development goals, objectives, and priorities. The central challenge in formulating a new U.S. policy on global development is to identify distinct policy objectives, prioritize among them, and then align resources and policy attention accordingly. The United States will always have multiple objectives for its development policy -- supporting real-time national security challenges, responding to basic human needs, and creating the conditions for economic growth and more effective governance. Over the last several decades, trade-offs among these development objectives have been made implicitly rather than explicitly, and the budget process has more often driven rather than been informed by the articulation of clear development priorities. Moving forward, the United States will:

Foster the next generation of emerging markets by enhancing our focus on broad-based growth and democratic governance. Economic growth is the fundamental force that will eventually transform the developing world, and the only sustainable way to eradicate poverty. The United States will elevate broad-based growth as an objective across the board, and ensure that our investments and policies are guided by a rigorous assessment of what we can do to help countries achieve sustainable growth. As part of this strategy, we will ramp up our efforts in support of select countries and sub-regions where the political and economic conditions are right to sustain progress, working with other donors, philanthropic organizations, NGOs, and the private sector to deploy the full range of our development tools and policies. We will track, over time, our progress towards

reaching outcomes that see countries and sub-regions shift away from dependence on foreign assistance and towards financing their continued development through domestic savings, foreign investment, and other sources of capital.

Invest in game-changing innovations with the potential to solve long-standing development challenges. By leveraging the power of research and development and creating new capabilities, the U.S. will increase our investments and engagement in development-focused innovation by seeking and then scaling up potential game-changers such as vaccines for neglected diseases, weather-resistant seed varieties, and green energy technologies. We will pursue this goal by increasing public funding and securing more private funding for development-focused research; by capitalizing new models for innovation and bringing sustainable models to scale; by using our leadership to foster, highlight, and reward innovation; and by working with developing countries to increase their utilization of science and technology and to remove impediments to innovation and adaptation by the private sector.

Place greater emphasis on building sustainable systems for meeting basic human needs. The United States will continue to meet basic human needs by providing medicine, emergency food aid, humanitarian relief, and other assistance where it is desperately needed. In countries where sufficient capacity exists, however, the U.S. will invest in systemic solutions that go beyond the provision of inputs, such as building sustainable health systems and productive agricultural sectors. This focus on sustainability will also be central to how we approach humanitarian assistance and our engagement in pursuit of the Millennium Development Goals.

Tailor development strategies in stabilization and post-crisis situations to the context(s) of the challenges. There is an obvious difference between Afghanistan and Ghana. In Afghanistan, as in other conflict and post-conflict environments, assistance efforts are focused more on the immediate challenges posed by the stabilization and reconstruction ends of the development spectrum than on the long-term objective of achieving sustainable economic growth. Such growth might well be a goal, but we know that achieving sustainable development outcomes in complex environments is challenging, that accountability and transparency can be elusive, and that absorptive capacity is often constrained. Applying lessons from past experiences, the U.S. will pursue development strategies that are appropriate to the circumstances

and program resources accordingly, taking into account our core interests. We will seek to maximize the development impact of our investments by bringing development expertise to bear in designing our interventions and by adopting metrics, appropriate to our objectives and the context, against which we can measure progress. In cases where security sector assistance is utilized, the U.S. will make investments in the reform of security sectors, with the goal of building capable, effective, and accountable institutions that can provide security for citizens and help us to address common security challenges.

Hold long-time recipients of U.S. assistance accountable for achieving development results. There are a number of countries to which the U.S. has provided substantial assistance over years or decades, but which have made little development progress. Going forward, the U.S. will be more aggressive in seeking sustained development progress, even in those countries where our assistance efforts have been driven largely by national security or foreign policy imperatives. We will do this by giving greater attention to pursuing policy reforms essential for development as a matter of our diplomatic engagement with the objective of making successful development outcomes more likely.

#### **A New Business Model**

The effectiveness of our development policy will derive in large measure from how we engage; from our ability to take into full account the complexity of development challenges and the changing development landscape; and from our commitment to incorporate development expertise and an orientation toward results. Moving forward, the U.S. will:

Be more selective about where and in which sectors we work. We cannot do all things, do them well, and do them everywhere. Instead, we must focus our efforts in order to maximize our long-term impact. The U.S. will make hard choices about how to allocate our attention and resources across countries, regions, and sectors; prioritize those countries, regions, and sectors that allow us to achieve sufficient scale; demand greater focus from our assistance programs within countries; and reallocate resources to those efforts and programs that yield the greatest impact.

Underscore the importance of country ownership and responsibility. The United States will respond directly to country priorities, making new investments in line with

established national strategies and country development plans. Where our partners set in place systems that reflect high standards of transparency and accountability, the U.S. will empower responsible governments to drive development and sustain outcomes by working through national institutions rather than around them.

Forge a deliberate division of labor among key donors. The United States will seek an explicit division of labor by focusing our efforts on select countries and regions and by concentrating our expertise in a smaller number of sectors -- such as global health, food security, democratic governance, support for competitive and open markets, or other areas where we have known advantages -- while working with bilateral and multilateral donors, including the international financial institutions, to ensure that other critical priorities are covered.

Leverage the private sector, philanthropy, nongovernmental organizations, and diaspora communities. The United States will reorient its approach to prioritize partnership with private actors from policy conception through to implementation, finding new ways to leverage our investments and to spur the action of others both in Washington and the field.

Strengthen key multilateral capabilities. The United States will redouble its efforts to support, reform, and modernize those multilateral development organizations most critical to our interests; increase our financial commitments to the most effective multilateral development institutions; ensure that we take advantage of their expertise in developing our strategies and approaches; coordinate our efforts with them; and create new multilateral capabilities as and where needed, with an eye toward filling gaps in the current international architecture.

Drive our policy and practice with the disciplined application of analysis of impact. The United States will set in place rigorous procedures to evaluate the impact of policies and programs, report on results and reallocate resources accordingly, and feed what we learn back into the policy and budget process.

#### **A Modern Architecture**

To ensure the effective implementation of our new policy, the U.S. will take the following steps to raise the importance of development objectives, create clear lines of authority and

responsibility, and generate greater coherence across the U.S. government:

Elevate development as a central pillar of our national security strategy, equal to diplomacy and defense. To ensure that development objectives are weighed across the U.S. government and that development expertise is brought to bear in decision-making, the U.S. Agency for International Development (USAID) Administrator will be included in NSC meetings when appropriate. In addition, as other major policies affecting developing countries are being reviewed (e.g., trade policy, intellectual property, immigration, etc.), an assessment of the "development impact" of policy changes will be included in the analysis.

Strengthen coordination between the Department of State and USAID. To ensure close coordination of diplomacy and development, the USAID Administrator will continue to report to the Secretary of State. A Quadrennial Diplomacy and Development Review conducted by the Department of State and USAID will ensure that we increase our ability to pursue diplomatic efforts that are informed by development goals and that we harness our diplomatic engagement in support of development objectives.

Establish mechanisms for ensuring coherence in U.S. development policy across the U.S. Government. Our new policy will require a more deliberate and rigorous policymaking and review process, defined by the following elements: a U.S. Global Development Strategy, to be undertaken every 4 years and approved by the President; the establishment of a standing, interagency Development Policy Committee (DPC) to coordinate development policy across the Executive Branch; and the design of country and/or regional development strategies to organize U.S. engagement and inform resource allocation. Coordination of implementation in the field is equally important. In that regard, State and USAID will work to ensure the coherence of development cooperation, across U.S. agencies active in country under Chief of Mission authority.

Reestablish the United States as the global leader on international development. This will involve attracting and retaining high quality talent, strengthening our development capabilities across the board, and bringing development expertise to the formulation, design and implementation of policies and programs. Core to this effort is a commitment to rebuilding USAID as our lead development agency with: robust policy and planning capabilities; responsibility and accountability for a core development and humanitarian

assistance budget; a leadership role, in close collaboration with the Department of State and other agencies, in cross-cutting sector development strategies (e.g., food security, global health); and the mandate, where appropriate, to lead U.S. government development efforts in the field. Critical, too, is a commitment to strengthening the capabilities of the Millennium Challenge Corporation (MCC), in response to lessons from its early years, and better integrating its efforts with those of USAID and U.S. development policy more generally. Finally, we will support the continued growth of centers of excellence across the U.S. Government (e.g., the Department of Health and Human Services, Department of Agriculture, Department of Justice), which house technical expertise on key development issues, while ensuring that their efforts are coordinated with U.S. development policy and programming in the field.

Foster the integration of capabilities needed to address complex security environments. Today's foreign policy challenges, especially those in complex security environments, demand an effective integration of all the tools of American power. The United States will seek an enhanced level of interagency cooperation in these environments by providing strong incentives for the design of common programs and relying on joint concurrence so that the distinct perspectives of development, diplomacy, and defense -- along with the expertise of other specialized agencies -- are harnessed in pursuit of U.S. national security.

#### **A New Partnership with Congress**

The Obama Administration is committed to working closely with Congress to establish a shared vision of the way forward on global development. Congress has been at the forefront of efforts to build up U.S. development capabilities and to chart new directions and priorities. Any meaningful and permanent change to how we approach development will require buy-in from and the engagement of both the Executive and Legislative branches. In forging this new partnership, we will seek greater flexibilities, including a reduction in earmarks and the ability to reallocate funding from less to more effective programs, while committing departments and agencies to a much higher standard of accountability for results.